



ANNUAL REPORT 2023/2024





CONTENTS

PART A:

GENERAL INFORMATION

3

1.	SANAS General Information	4
2.	Abbreviations and Acronyms	5
3.	Foreword by the Minister	7
4.	Foreword by the Chairperson	8
5.	Acting Chief Executive Officer's Overview	10
6.	Statement of Responsibility and Confirmation of the Accuracy of the Annual Report	15
7.	Strategic Overview	16
8.	Legislative Mandate	17
9.	Organisational Structure	18

PART B:

PERFORMANCE INFORMATION

20

1.	External Auditor's Report on Pre-Determined Objectives	21
2.	Overview of SANAS Performance	21
3.	Achievement of Institutional Impacts and Outcomes	25
4.	Performance Information by Programme	27
4.1	Programme 1: Administration	27
4.2	Programme 2: Corporate Services	30
4.3	Programme 3: Strategy and Development	39
4.4	Programme 4: Accreditation Provision	43

PART C:

GOVERNANCE INFORMATION

59

1.	Introduction	61
2.	IT Compliance and Governance	61
3.	Portfolio Committee	62
4.	Executive Authority	62
5.	Roles and Responsibilities of the Board	62
6.	Board Charter	63
7.	Composition of the Board	63
8.	Meetings Attended by Board Members	64
9.	Committees	65
10.	Risk Management	68

11.	Internal Control	69
12.	Compliance with Laws and Regulations	69
13.	Fraud and Corruption	70
14.	Minimising Conflict of Interest	70
15.	Code of Conduct	71
16.	Health, Safety and Environmental Issues	71
17.	Company Secretary	72
18.	Social Responsibility	72
19.	Audit Committee Report	73
20.	Broad-Based Black Economic Empowerment	75

PART D:

HUMAN RESOURCE MANAGEMENT INFORMATION 76

1.	Introduction	77
2.	Achievements at a Glance	77
3.	Employee Performance Management Framework	78
4.	Employee Wellness Programmes (EWP)	78
5.	Policy Development	79
6.	Resourcing Challenges	79
7.	Future HR Plans /Goals	80
8.	Competencies and Skills	80
9.	Internships	81
10.	Human Resources Statistics	81

PART E:

PFMA COMPLIANCE REPORT 85

1.	Irregular Expenditure	86
2.	Fruitless and Wasteful Expenditure	89
3.	Information on Late and / or Non-payment of Suppliers	91
4.	Information on Supply Chain Management	91

PART F:

ANNUAL FINANCIAL INFORMATION 94



GENERAL INFORMATION





1. SANAS GENERAL INFORMATION



REGISTERED NAME OF THE PUBLIC ENTITY

South African National Accreditation System (SANAS)



REGISTRATION NUMBERS AND/OR OTHER RELEVANT NUMBERS

Not applicable



REGISTERED OFFICE ADDRESS

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



CONTACT TELEPHONE NUMBERS

+27 12 740 8400



E-MAIL ADDRESS

info@sanas.co.za



WEBSITE ADDRESS

www.sanas.co.za



EXTERNAL AUDITOR'S INFORMATION

Lunika Incorporated Unit 5, Lonehill Office Park
Sandton, 2068



BANKER'S INFORMATION

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



COMPANY SECRETARY

Mr Dawood Petersen
Company Secretary Legal Affairs



2. ABBREVIATIONS AND ACRONYMS

AfCFTA	AFRICAN CONTINENTAL FREE TRADE AREA
AFRAC	AFRICAN ACCREDITATION COOPERATION
B-BBEE	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
CABs	CONFORMITY ASSESSMENT BODIES
CEO	CHIEF EXECUTIVE OFFICER
CFO	CHIEF FINANCIAL OFFICER
COBIT	CONTROL OBJECTIVES FOR INFORMATION AND RELATED TECHNOLOGY
EWP	EMPLOYEE WELLNESS PROGRAMME
EPC	ENERGY PERFORMANCE CERTIFICATE
EVP	EMPLOYEE VALUE PROPOSITION
GRAP	GENERALLY RECOGNISED ACCOUNTING PRACTICE
GLP	GOOD LABORATORY PRACTICE
IAF	INTERNATIONAL ACCREDITATION FORUM
IB	INSPECTION BODIES
ICT	INFORMATION AND COMMUNICATIONS TECHNOLOGY
ILAC	INTERNATIONAL LABORATORY ACCREDITATION COOPERATION
ISMS	INFORMATION SECURITY MANAGEMENT SYSTEM
ITIL	INFORMATION TECHNOLOGY INFRASTRUCTURE LIBRARY
KTD	KNOWLEDGE TRANSFER DEPARTMENT
MRA	MUTUAL RECOGNITION ARRANGEMENT
NDP	NATIONAL DEVELOPMENT PLAN
NEHAWU	NATIONAL EDUCATION, HEALTH AND ALLIED WORKERS' UNION
NLA-SA	NATIONAL LABORATORY ASSOCIATION SOUTH AFRICA
NRCS	NATIONAL REGULATOR FOR COMPULSORY SPECIFICATIONS
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
OVC	ORPHANS AND VULNERABLE CHILDREN
PAQI	PAN-AFRICAN QUALITY INFRASTRUCTURE
PDI's	PREVIOUSLY DISADVANTAGED INDIVIDUALS
PFMA	PUBLIC FINANCE MANAGEMENT ACT

POPIA	PROTECTION OF PERSONAL INFORMATION ACT
PPPF	PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT
PT	PROFICIENCY TESTING
QMS	QUALITY MANAGEMENT SYSTEM
RMs	REFERENCE MATERIALS
SADC	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SADCA	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY COOPERATION IN ACCREDITATION
SANAS	SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM
SATS	SOUTH AFRICAN TECHNICAL SPECIFICATION
Seda	SMALL ENTERPRISE DEVELOPMENT AGENCY
TBT	TECHNICAL BARRIERS TO TRADE
the dtic	THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION



MR PARKS TAU
Minister of Trade, Industry
and Competition



3. FOREWORD BY THE MINISTER

I hereby table the Annual Report of the South African National Accreditation System (SANAS) for the 2023/24 financial year. The Report sets out the performance information, governance report, human resources and financial information for the past financial year.

The report reflects the performance of SANAS in implementing their core mandate and related 2023/24 targets as outlined in their 2023/24 Annual Performance Plan as well as their contribution to the joint efforts to align the work of the dtic's 18 entities in order to achieve the 45 Outputs identified within the dtic Group of Entities.

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

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

In the coming year, SANAS should align its work around a common set of outcomes defined for the dtic-group, including the forty-five central outcomes established for the 2024/25 Financial Year. These outcomes are focused on measuring performance in terms of real impact, defined through key measures like the number of jobs supported, investment unlocked, and output generated by our work.

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

Mr Parks Tau
Minister of Trade, Industry and Competition

**MS LINDI TLOU**

Interim Chairperson of the Board



4. FOREWORD BY THE CHAIRPERSON

Introduction

SANAS is a Schedule 3A Public Entity mandated to provide an internationally recognised and effective accreditation service that supports Government's policy objectives, as well as initiatives to revitalise the economy, which supports the needs of the enterprises competing in a fast-paced global economy.

Overview of SANAS Strategy and performance

SANAS contributes to the competitiveness of South Africa's enterprises and on Government achieving its policy objectives with specific reference to regional integration, health, safety and the environment, as well as on the sustainability of the organisation. During the 2023/24 financial year, SANAS was able to achieve 13 of its 15 planned APP targets, resulting in an overall performance of 87%, with four targets being over-achieved.

Strategic Relationships

Given that SANAS is focused on supporting Government's policy objectives related to economic development, it has signed Memorandums of Understanding (MoU) with various regulators that use, or aspire to use, accreditation to reduce risk in the sectors that they regulate. The demand for accreditation from regulators has been on an increase, not only in South Africa, but also globally, given the value add brought through accreditation within the regulatory domain.

As a signatory to the International Laboratory Accreditation Cooperation (ILAC), Mutual Recognition Arrangement (MRA), and the International Accreditation Forum (IAF), Multi-lateral Arrangement (MLA), SANAS is an internationally recognised accreditation body. ILAC and IAF attest to the competence of SANAS and its accredited Conformity Assessment Bodies (CABs) across global economies.

Furthermore, SANAS has in place Memorandums of Agreement with the African Accreditation Cooperation

(AFRAC), the Southern African Development Community Cooperation in Accreditation (SADCA) and the National Laboratory Association South Africa (NLA-SA) to formalise their strategic relationships and partnerships.

Challenges faced by the board

During the reporting period, the Board of Directors exercised its fiduciary and oversight responsibilities over SANAS. When the term of the Board came to an end on 30 November, 2023, the dtic extended its till the end of March 2024, while the appointment of a new Board was being finalised. This was, later, further extended to 31 May 2024. It is critical that a new Board of Directors be appointed for a full term so as to ensure organisational stability and business continuity.

Strategic focus over the medium to long term period

SANAS will focus on the implementation of its mandate to provide an internationally recognised accreditation service aimed at the economic growth of the country. SANAS will identify and implement interventions which are focused on the achievement of its 5-year outcomes in support of the achievement of Government's policy objectives largely related to economic development, job creation, regional integration and the growth and sustainability of the organisation. Furthermore, SANAS will ensure that, through the implementation of its mandate, it optimally contributes to the relevant output targets of the dtic Group.

Given the onset of the 7th Administration, SANAS will prioritise the development of its 2025 to 2030 Strategic Plan while taking into consideration both the external environment within which it operates, as well as its internal environment, inclusive of industry and sector trends. Through the implementation of its Strategic Plan, SANAS will continue to support and contribute to the priority outcomes of Government through the provision of services as specified in the Accreditation for Conformity Assessment, Calibration, and Good Laboratory Practice Act, Act 19 of 2006. In this way it will contribute towards the achievement of the strategic priorities defined by the dtic.

Acknowledgement/Appreciation

As the Interim Chairperson of the SANAS Board of Directors, I would like to express my heartfelt gratitude to the members of the Board, the SANAS employees, management and stakeholders for their contribution towards the entity's success.

As we look towards ushering in a new Board of Directors, I am further grateful to my fellow Board members for allowing me to lead the entity for the period that I was appointed as the Interim Chairperson, and I appreciate



Ms Lindi Tlou

Interim Chairperson of the Board



MR MPHLO PHALOANE
Acting Chief Executive Officer



their dedication and devotion to the entity. A special thanks to Mr Ebrahim Patel, the former Minister of Trade, Industry, and Competition, as well as the dtic staff who contributed to the success of SANAS during the period under review.

5. ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW

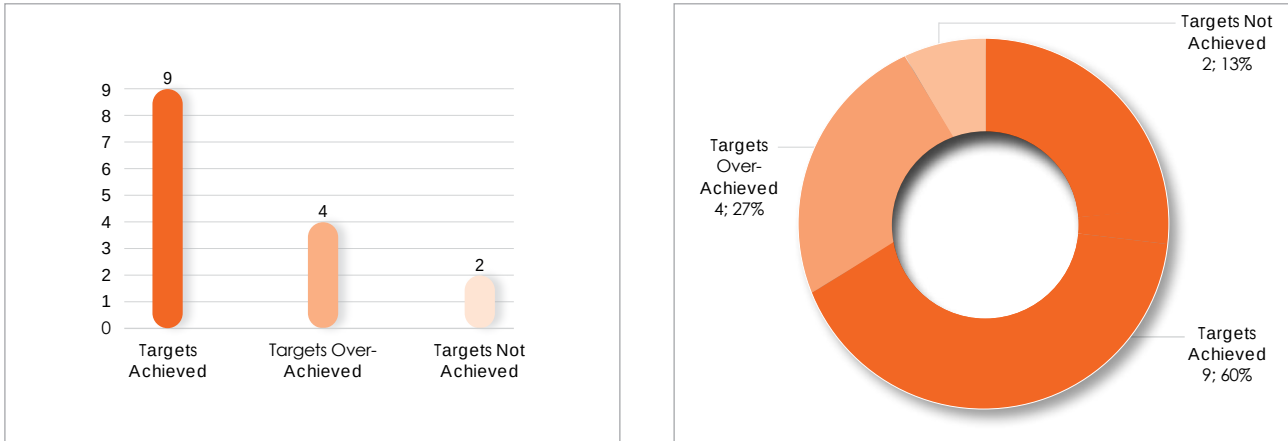
Introduction

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

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

Overview of the Performance of SANAS in the year under review

During the 2023/24 financial year, SANAS committed to achieve 15 Annual Performance Plan (APP) targets. As of 31 March 2024, SANAS achieved 13 of its 15 planned APP targets resulting in an overall performance of 87%, with four targets being over-achieved, as illustrated in the graphs below:



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

Programme	Number of Annual Targets	Performance against APP Annual Targets as of 31 March 2023	Performance Results
Administration	4	Achieved: 1 Over-achieved: 2 Not Achieved: 1	75%
Corporate Services	2	Achieved: 1 Over-achieved: 1 Not Achieved: 0	100%
Strategy and Development	4	Achieved: 4 Over-achieved: 0 Not Achieved: 0	100%
Accreditation	5	Achieved: 3 Over-achieved: 1 Not Achieved: 1	80%
Total	15	Achieved / Over-achieved 13 out of 15 annual targets	87%

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

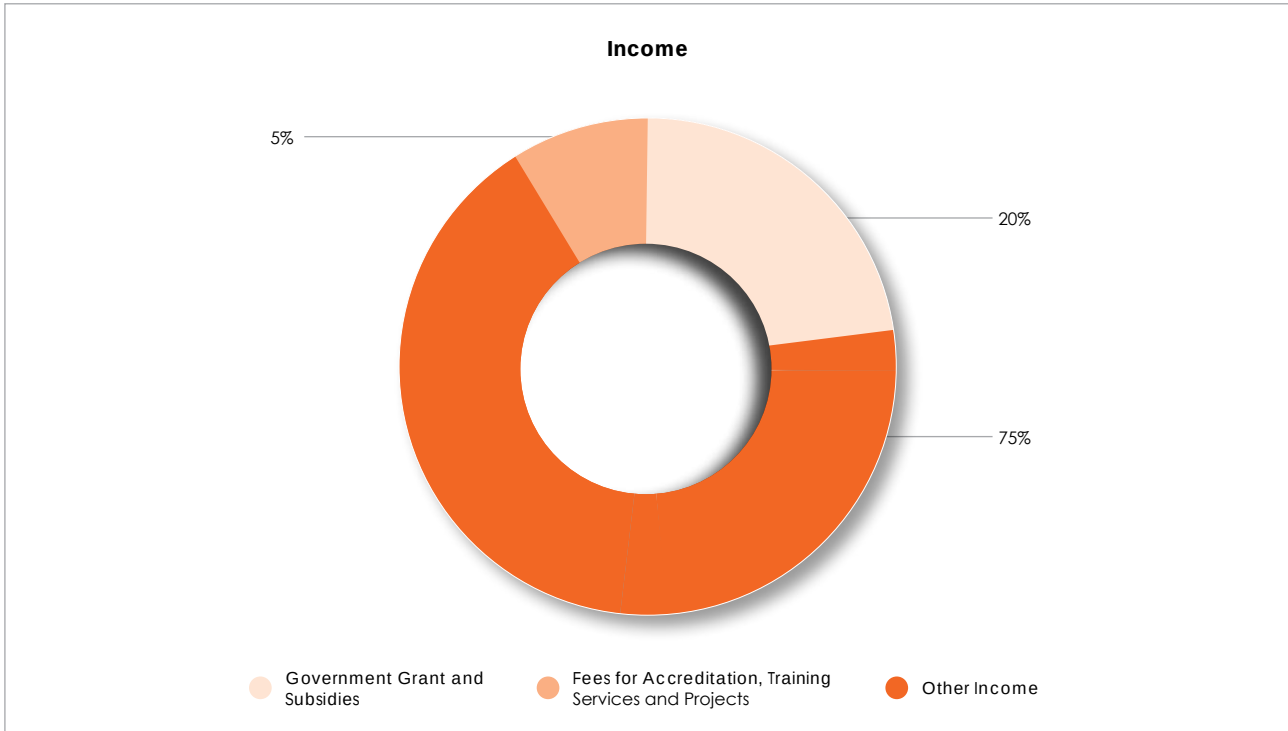
Overview of SANAS' Financial Performance

Income

Economic conditions remained tough in South Africa and withdrawals of accreditation remains a key area to manage for SANAS. Despite this challenge, SANAS's services revenue increased by 16% to R112 million (2023/2024) from R96 million (2022/2023). This growth was due to an increase in the number of Conformity Assessment Bodies (CABs), as well as the extension of scopes by accredited CABs. SANAS' Medical Laboratory Accreditation Programme remains the biggest programme, accounting for 25% of CABs.

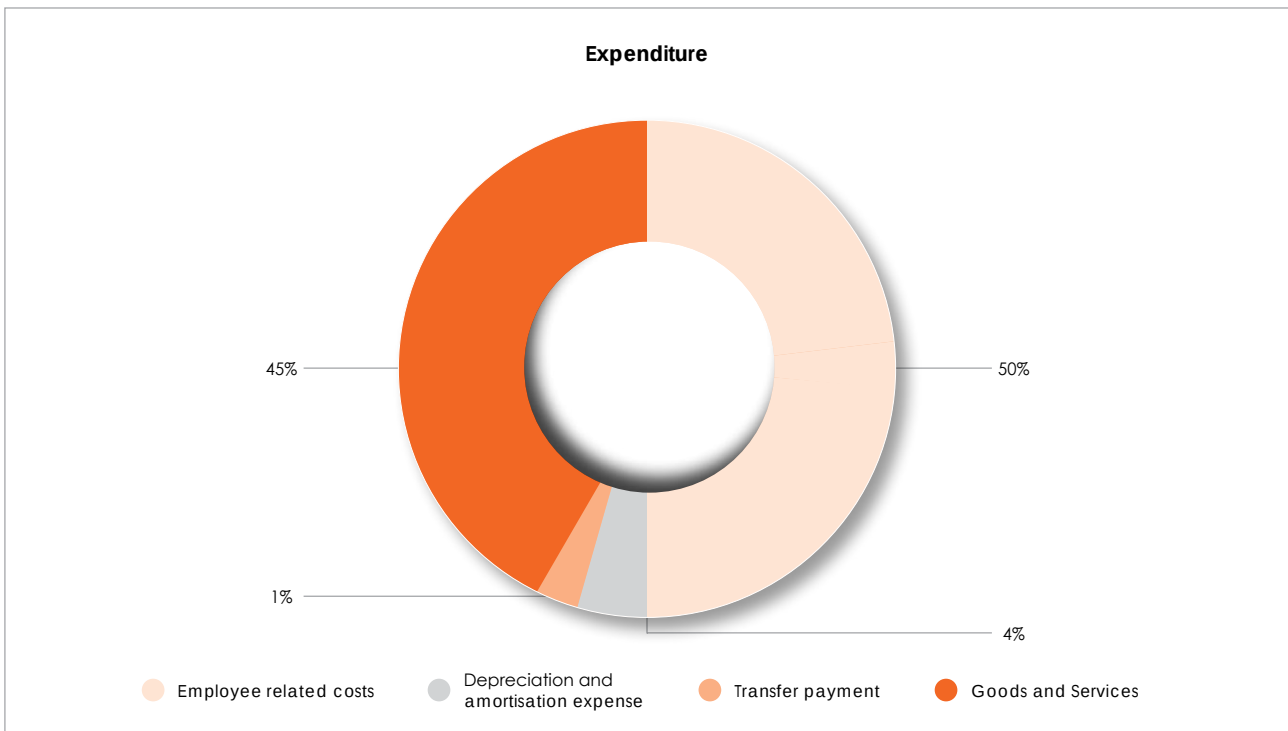
SANAS' income is derived from fees charged for accreditation services, the government grant, training services

and projects. The largest contributor to SANAS' income for 2023/24 was the fees collected for accreditation services, training services & projects, at 75%, followed by the government grant at 20% and other income at 5%. Other income includes investment income.



Expenses

The focus of expenditure remained on accreditation services which is the core function of SANAS. The bulk of expenditure relates to employee costs, assessor costs, travel, and accommodation. For the 2023/2024 financial year, variable costs that relate directly to accreditation activity like travel and assessor cost increased in line with the growth of CAB's. The graph below summarises the expenditure for the 2023/2024 financial year:



50% of the expenditure was attributable to employee-related costs while 45% of expenditure to goods and services, with a major portion of these expenses related to accreditation assessors and travel costs. The remaining balance of 5% is made up of depreciation and amortisation and the transfer payment.

The overall financial health of the entity was still assessed to be good as the total assets exceeded the total liabilities by a ratio of 7:1.

Discontinued activities / activities to be discontinued

No programmes were discontinued during the period under review.

Requests for roll-over of funds

As per Section 53(3) of the PFMA, SANAS, as a Schedule 3A Public Entity, may not accumulate surpluses without the prior written approval of the National Treasury. SANAS had, therefore, submitted a request to the National Treasury, in terms of National Treasury Instruction No. 12 of 2020/2021 to retain a surplus of R49,7m from the 2022/2023 financial year, which was approved. The total surplus for the 2022/2023 financial year was R51,8m. Thus, SANAS surrendered the balance of R2,1m to the National Revenue Fund by 31 December 2023.

Supply Chain Management

The Supply Chain Management Unit resides within the Finance Unit at SANAS and consists of a Procurement Officer, Supply Chain Administrator, and an intern. SANAS meets all the compliance requirements of the PFMA, Treasury Regulations, Preferential Procurement Policy Framework Act (PPPFA) and National Treasury Instruction Notes. In the 2021/22 financial year the Preferential Procurement Regulations, 2017 were deemed to be invalid by the Constitutional Court. New Preferential Procurement Regulations 2022 were introduced by the National Treasury which came into effect on 16 January 2023. SANAS updated both the SCM policy, which was approved by the Board of Directors, and related procedures. SANAS is implementing the revised SCM Policy and related procedures to align with the Preferential Procurement Regulations 2022.

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

For the 2022/2023 financial year, the external auditors, Balushi Chartered Accountants and Auditors Inc, provided SANAS with an unqualified opinion with no matters of emphasis. An audit action plan had been developed from the previous audit to deal with the findings raised in the management report. As of 31 March 2024, two items remained in progress while all others were completed.

Outlook/ Plans for the future to address financial challenges

80% of SANAS' income is derived from internally generated funds which includes fees charged to Conformity Assessment Bodies. Due to the tough economic climate, withdrawals of accreditation by accredited CABs remain a key risk to SANAS's revenue generation. On a net basis, SANAS continued to increase the total number of CABs to 2 152 by the end of the 2023/2024 financial year. The result is that the revenue estimated for the year was realised and surpassed. Given this positive trend, it is likely that the revenue targets of SANAS will be realised in the future.



4. The Annual Financial Statements (Part F) were prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
5. The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
6. The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
7. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

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

Yours faithfully

Mr Mpho Phaloane
Acting Chief Executive Officer
 Date: August 2024

Ms Lindi Tlou
Interim Chairperson of the Board
 Date: August 2024

8. LEGISLATIVE MANDATE

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

Mandate



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

- Accrediting or monitoring, for Good Laboratory Practice (GLP) compliance, organisations falling within its



VISION

A better life through accreditation.



MISSION

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



VALUES

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

EXCELLENCE

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

INTEGRITY

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

INNOVATION

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

DEDICATION

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

SOCIALLY RESPONSIBLE

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



scope of activity;

- Promoting accreditation to facilitate international trade and to enhance South Africa's economic performance and transformation;
- Promoting the competence and equivalence of accredited bodies; and
- Promoting the competence and equivalence of GLP-compliant facilities.

Core Functions

The Accreditation Act empowers SANAS to perform the following functions:

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



BOARD MEMBERS



Ms Lindi Tlou
Interim Chairperson: Board of Directors



Ms Lerato Mothae
Chairperson: Audit and Risk Committee



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



Mr Fezile Flip Wetes
Chairperson: Human Resources and Remuneration Committee



Ms Irene Ramafola



Dr Sarah Mohlala



Dr Tshenge Demana



Ambassador Sadick Jaffer



Mr Mpho Phaloane
Executive: Accreditation



Mr Farhad Osman
Executive: Strategy and Development



PERFORMANCE INFORMATION





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

The external auditors, Lunika Incorporated, performed the required audit procedures for this Annual Report. The outcome of this audit is captured in Part F (Annual Financial Statements), which can be found on page 94.



2. OVERVIEW OF SANAS PERFORMANCE

Service Delivery Environment

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

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

Global Trends

Accreditation of conformance assessment bodies is crucial to ensure products, services, and processes meet specified standards and regulations. Several global trends, as follows, are shaping the landscape of accreditation:

International Standards Harmonisation: There is a growing trend towards the harmonisation of accreditation standards internationally to ensure consistency and mutual recognition across borders. Bodies like the International Laboratory Accreditation Cooperation (ILAC) and the International Accreditation Forum (IAF) play significant roles in this process.

Expanding Scope: Accreditation bodies are expanding their scope beyond traditional areas like laboratories and certification bodies to include newer fields such as cybersecurity, data protection, and sustainability. We call this "horizontal growth" and it entails significant work that does not necessarily result in an increase in the number of CABs.

Digital Transformation: The accreditation process is increasingly becoming digitised, with online applications, virtual assessments, and electronic documentation. This trend improves efficiency, reduces paperwork, and enhances accessibility. SANAS manages this as a project, to ensure effective implementation.

Risk-Based Approaches: There's a shift towards risk-based approaches in accreditation, focusing resources on areas with the highest impact on safety, quality, and compliance. This approach allows for more targeted assessments and resource allocation. This has taken prominence since the ISO/IEC 17011:2017 version called for it.

Globalisation of Supply Chains: With the globalisation of supply chains, there is a growing demand for accredited conformity assessment services to ensure products meet regulatory requirements across multiple markets. Accreditation facilitates market access and promotes international trade.

Specialised Accreditation Schemes: There is a rise in specialised accreditation schemes tailored to specific industries or sectors, such as medical laboratories, food safety, environmental management, information security and the verification and validation of greenhouse gases, etc.

Emphasis on Competence and Impartiality: Accreditation bodies are placing greater emphasis on the competence and impartiality of conformity assessment bodies. This includes ensuring that assessors are adequately trained and competent to assess the specific technical areas.

Recognition of Remote Assessment Methods: The COVID-19 pandemic accelerated the adoption of remote assessment methods such as virtual audits and remote witnessing. While initially driven by necessity, these methods are likely to remain part of future accreditation processes due to their efficiency and flexibility.

Focus on Continuous Improvement: Accreditation bodies are promoting a culture of continuous improvement among conformity assessment bodies. This encourages them to regularly review and enhance their processes to maintain accreditation status.

Sustainability and Social Responsibility: There is a growing recognition of the importance of sustainability and social responsibility within accreditation frameworks. This includes considerations for environmental impact, ethical sourcing, and social accountability throughout the conformity assessment processes.

These trends reflect the evolving nature of accreditation to address new challenges and opportunities to ensure the quality, safety, and compliance of products and services in an increasingly interconnected global economy. Moreover, governments have embraced accreditation as a mandatory activity in many regulated areas, because of the benefits accreditation that brings to help governments meet their responsibilities and safeguard the public.

Regional Trends

In Africa, the accreditation of conformance assessment bodies is influenced by several regional trends:

Harmonisation Efforts: Similar to global trends, there's a push for harmonisation of accreditation standards and practices within regional blocs such as the African Union (AU) and regional economic communities like the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC). Harmonisation facilitates trade within the region and enhances the credibility of accredited bodies and the acceptance of results from accredited CABs.

Capacity Building Initiatives: Many African countries are investing in capacity building initiatives to strengthen their accreditation infrastructure. This includes training programmes for assessors, technical experts, and accreditation body staff to ensure competence in the conducting of assessments and managing of accreditation processes.

Enhanced Market Access: Accreditation is seen as a means to enhance market access for African products and services both within the continent and globally. Accredited conformity assessment bodies provide assurance of quality and compliance with standards, which is crucial to access international markets and attract foreign investment.

Focus on Key Sectors: Accreditation efforts in Africa often focus on key sectors such as agriculture, mining, manufacturing, and health care. These sectors are vital for economic growth and development and require robust conformity assessment systems to ensure quality, safety, and compliance with regulations.

Promotion of Intra-African Trade: Regional accreditation initiatives aim to promote intra-African trade by reducing technical barriers to trade and facilitating mutual recognition of conformity assessment results among African countries. This supports the implementation of regional trade agreements such as the African Continental Free Trade Area (AfCFTA).

Alignment with International Standards: African accreditation bodies are working to align their accreditation practices with international standards and best practices, including those developed by organizations like AFRAC, ILAC and IAF. This alignment enhances the credibility and acceptance of African accreditation within the global community.

Public-Private Partnerships: Collaboration between public authorities, private sector stakeholders, and development partners is crucial for the advancement of accreditation initiatives in Africa. Public-private partnerships can help mobilise resources, share expertise, and promote the sustainability of accreditation systems.

Emphasis on Regional Collaboration: African accreditation bodies recognise the importance of regional collaboration in advancing accreditation objectives. Initiatives such as joint assessments, information sharing, and mutual recognition agreements foster cooperation and contribute to the harmonisation of accreditation practices across the Continent.

These regional trends reflect the dynamic nature of accreditation in Africa and the ongoing efforts to build robust conformity assessment systems that contribute to sustainable development and regional integration. The non-acceptance of conformity assessment results is one of the Technical Barriers to Trade (TBT) that could potentially obstruct Africa's regional integration efforts. By ensuring that the required infrastructure and competence exist within Africa, much of these TBT's can be eliminated, thus allowing for the free flow of quality goods and services across borders. SANAS, as the largest and oldest accreditation body on the African continent, is actively involved in expanding the global acceptance of, not only South Africa's, but the continent's conformity assessment results globally. This is done through SANAS' active involvement and influence in the regional accreditation cooperation infrastructures, i.e., the Southern African Development Community Cooperation in Accreditation (SADCA) and the African Accreditation Cooperation (AFRAC).

National Trends

The increase in the number of accredited Conformance Assessment Bodies, year on year, demonstrates the growing demand for accreditation from the private sector. The increase in demand for accreditation within South Africa also highlights the value that industry places on obtaining accreditation and the positive impact thereof. There is a trend towards expanding the scope of accreditation to cover a wider range of conformity assessment activities and sectors, which is also based on industry needs.

There is a growing recognition of the importance of supporting SMMEs in accessing accreditation services. Initiatives such as capacity-building programs, affordable fee structures and simplified accreditation processes help SMMEs comply with standards and regulations and compete in domestic and international markets. Collaboration between public sector agencies, private sector stakeholders, and industry associations is key to advancing accreditation objectives in South Africa. SANAS has numerous Memorandum of Agreements (MoAs) with key stakeholders that can help mobilise resources, share expertise, and promote the adoption of best practices.

South Africa recognises the importance of a robust quality infrastructure, which includes accreditation, standardisation, metrology, and conformity assessment. Efforts to promote quality infrastructure contribute to economic development, consumer protection, and public health and safety. Accreditation efforts in South Africa are aligned with the priorities of the National Development Plan 2030, including job creation, economic transformation, and sustainable development. Accreditation supports these priorities by enhancing the competitiveness of South African products and services in domestic and international markets.

These national trends reflect South Africa's commitment to build a robust accreditation infrastructure that supports government to achieve its goals of protecting the health, safety and the environment, as well as initiatives to revive the economy, boost local industries and promote consumer confidence in the quality of products and services. SANAS' strategic role to lock in export markets and lock out unsafe, poor-quality goods and services as part of South Africa's technical infrastructure, continues to contribute to the achievement of South Africa's developmental goals.

Organisational Environment

From the beginning of the 2022/23 financial year, SANAS returned to full on-site assessments after undertaking remote assessments in 2020 and 2021 due to the COVID-19 pandemic. During the reporting period, all assessments were physically undertaken on-site which, unavoidably, resulted in increased expenses related to travel and accommodation.

During the period under review SANAS continued with the implementation of a hybrid approach for its knowledge-transfer courses which enabled training to be provided through contact sessions, virtual live, and contact-virtual live hybrid platforms.

Despite the poor economic growth experienced within the country, SANAS' customer base grew from 2 059 to 2 152 CABs. However, during the reporting period, SANAS also experienced the withdrawal of 62 CABs which was largely due to financial challenges that impacted their ability to maintain accreditation. This could result from factors such as declining business revenue, increased operational costs, or inadequate financial resources to sustain accreditation activities. Some withdrawals were the result of mergers and acquisitions in the industry.

To address the scarcity of technical expertise in some specialised areas of accreditation, which can exert undue pressure for SANAS to provide cost-effective accreditation infrastructure, SANAS continues to roll out its long-term strategy of investing in tertiary education institutions. This is done through the provision of training on accreditation through assessor training, internship, and bursary programmes to address skills shortages. As part of the transformation of the SANAS assessor pool, key focus was given to increase the number of black assessors by an additional 20 assessors during the reporting period.

To optimise service delivery, SANAS is implementing its Digital Transformation Strategy. The aim is to automate identified business processes and systems while implementing cutting-edge equipment for staff and protecting its IT infrastructure from cybercrime which also facilitates the continuation of its hybrid working arrangement.

In terms of its human resources SANAS was able to maintain an average vacancy rate of just 2,9% over the reporting period. However, the key position of the Chief Executive Officer remains vacant. The appointment is envisaged to be done within the 2024/25 financial year. At the time of reporting, the Executive: Accreditation was the Acting CEO.

Key Policy Developments and Legislative Changes

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



3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

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

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

Outcome 1: Competitiveness of South Africa's Enterprises

South Africa's enterprises operate in a diverse and dynamic economy, influenced by various factors including global market trends, domestic policies, and socio-economic conditions. South Africa's enterprises face competition not only domestically but also internationally. The country competes with other emerging markets for foreign investment and trade opportunities, as well as with developed economies in various sectors such as manufacturing, technology, and services.

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

In fulfilling its responsibility to manage the accreditation of new and existing clients in terms of legislation and international good practice, and ensure that accredited organisation's services are available to the South African industry and regulators, SANAS increased the number of accredited organisations, from 2 059 to 2 152, by the end of the 2023/24 financial year. During the reporting period, SANAS accredited an additional 150 CABs which is 60 more than the set annual target of accrediting 93 additional CABs.

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

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

The South African government is actively pursuing policy objectives focused on regional integration, health, safety, and the environment in recognition of the importance of regional integration within the African continent for economic development and stability.

SANAS' membership of the highest decision-making structures, i.e., AFRAC, SADCA, ILAC and IAF reinforces SANAS' credibility as an internationally recognised accreditation body. The expansion of the scopes of

recognition of SANAS, its accredited organisations, and its ability to influence international accreditation criteria contributes to the enabling of trade and investment.

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

In the 2023/2024 financial year, the strategic objectives of the AFRAC Secretariat and the SADCA Secretariat, which are hosted by SANAS, was to support regional integration on matters of accreditation. This was measured through the respective Secretariat's Annual Performance Plans, of which all of the planned key interventions were successfully implemented. Furthermore, SANAS currently hosts the positions of the AFRAC Secretariat and Technical Committee Chairperson. AFRAC is part of the Pan-African Quality Infrastructure (PAQI) institutions recognised by the African Union Commission as the platform for accreditation and conformity assessment.

South Africa has a growing ecosystem of business incubators and accelerators aimed at fostering entrepreneurship, supporting small and medium-sized enterprises (SMEs), and promoting economic growth. These programmes provide a range of support services, including mentorship, training, networking opportunities, access to funding, and infrastructure which play a crucial role in nurturing entrepreneurial talent, stimulating innovation, and contributing to economic development in the country. During the period under review, SANAS, in collaboration with the Small Enterprise Development Agency (Seda) focused on the promotion and roll-out of the Business Incubators and Accelerators Programme. During the 2023/24 financial year, as part of developing the Biobank Accreditation Programme, SANAS developed the Biobank feasibility study report. Biobank accreditation programmes are designed to ensure that biobanks adhere to high standards of quality, safety, and ethical practices in the collection, storage, and distribution of biological samples and associated data. The accreditation programme will help to establish trust among researchers, clinicians, and the public, ensuring that biobanks meet rigorous criteria for the handling of biological specimens.

In assisting Government to achieve its policy objectives, during the 2023/24 financial year, SANAS contributed to the relevant output targets of the dtic Group through implementation of identified initiatives.

Outcome 3: Organisational sustainability

During the 2023/24 financial year, SANAS increased the number of accredited organisations, from 2 059 to 2 152, which resulted in higher than projected revenue. This growth in CABs resulted in SANAS achieving a higher-than-expected ratio of 80:20 SANAS income vs the government grant.

As part of transforming the SANAS assessor pool to represent the demographics of the country, during the period under review, twenty additional black assessors were registered on the SANAS assessor database.

In terms of stakeholder engagements, SANAS over-achieved the 2023/2024 target with regards to rolling out the planned activities within the approved Annual Stakeholder Engagement Plan by achieving a 100% of planned activities against the planned target of 95%. Moreover, SANAS achieved an average vacancy rate of 2,9% against the target of maintaining its vacancy rate at below 5%.



4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME 1: ADMINISTRATION

Purpose

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

Description of the Programme

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

Policy Development

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

Financial Management



Mr. Jonas Shai
Chief Financial Officer



Ms. Angelique Brits
Business Manager



Ms. Elwina Daniels
Debtors Administrator



Mr. Mpho Morebe Mothlala
Creditors Administrator



Ms. Deborah Makama
Finance Temp



Ms. Zanele Ngwenya
Procurement Officer



Ms. Nkhesani Mathebula
Supply Chain Administrator:
Procurement



Ms. Katlego Motsepe
Supply Chain/
Procurement Temp

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

Legal Services

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

Company Secretary



Mr. Dawood Petersen
Company Secretary/Legal Advisor

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

Institutional Outcomes for Programme 1

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

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

Programme: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	
Organisational sustainability	Reduced reliance on government funding	Percentage ratio of SANAS income generation versus government grants	73:27 SANAS income vs government grant	75:25 SANAS income vs government grant	75:25 SANAS income vs government grant	Annual Target Overachieved. 80:20 SANAS income vs government grant	5:5	Increase in the number of accredited CABs, specifically within the Medical Programme as well as the refund of R3, 1 million to the dtic due to cost containment.	
	Increased payment efficiency	Percentage of eligible payments processed after 19 days.	2% of payments were processed after 20 days but within the legislated 30 days	Percentage of payments processed after 19 days was greater than 5%	<5% of eligible payments processed after 19 days. All eligible payments to be made within 30 days.	Annual Target not Achieved. The annual target was not achieved as more than 5% of eligible payments were processed after 19 days and there were payments made after 30 days.	Despite committing to quarterly targets for all 4 quarters, the deviation from the planned target is calculated from quarter 2 onwards as the performance for quarter one could not be calculated since invoices were still being processed using the old method of calculation. The deviation using calculations from quarter 2 onwards are as follows: 14% with regards to payment of suppliers 32 (6%) invoices paid after 30 days It must be noted that even with the inclusion of results from quarter one, the status of the annual target would have remained as 'not achieved'.	Due to introducing a revised method of calculation in quarter one, SANAS was not able to calculate the actual performance in the first quarter which impacted the calculation of actual performance for the financial year. The new system of calculation is now fully implemented and will be further streamlined in the 2024/25 FY.	
Government achieving policy objectives (Regional integration health, safety and the environment)	Acceptance of conformity assessment results	Percentage implementation of AFRAC Secretariat's Annual Performance Plan	90% of the AFRAC Secretariat's annual performance plan was implemented	100% of the AFRAC Secretariat's annual performance plan was implemented	Implement 90% of the AFRAC Secretariat's Annual Performance Plan	Annual Target Overachieved. 100% (cumulative) of the AFRAC Secretariat's annual performance plan was implemented	10%	Additional milestones than anticipated was completed.	
		Percentage implementation of SADCA Secretariat's Annual Performance Plan	90% of the SADCA Secretariat's Annual Performance Plan was implemented	90% of the SADCA Secretariat's Annual Performance Plan was implemented	Implement 90% of the SADCA Secretariat's Annual Performance Plan	Annual Target Achieved. 90% (cumulative) of the SADCA Secretariat's Annual Performance Plan was implemented	Not applicable	Not applicable	

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	51,471	46,876	4,595	49,553	43,139	6,414
Total	51,471	46,876	4,595	49,553	41,641	4,219

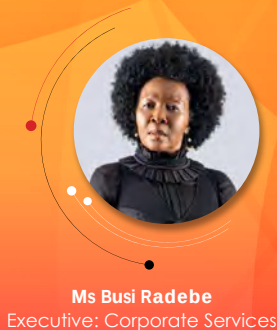
Strategy to overcome areas of under-performance

The target to ensure that <5% of eligible payments were processed after 19 days was not achieved as planned. The calculation method used by SANAS, in the 2022/23 financial year, did not take into consideration the date of receipt of the invoices by the relevant managers. In quarter one of the 2023/24 financial year, SANAS introduced revised systems and processes to address this shortcoming. Such processes and systems, which were implemented from quarter two onwards, are still being institutionalised and further refined. Despite gradual improvement over the quarters, the target was not fully achieved. In the 2024/25 financial year, SANAS will ensure full implementation of the revised systems and processes, including addressing identified gaps to ensure achievement of the target.

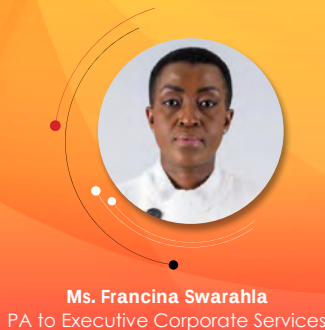
Changes to planned targets

There were no changes to the annual targets during the course of the 2023/2024 financial year.

4.2 PROGRAMME 2: CORPORATE SERVICES



Ms. Busi Radebe
Executive: Corporate Services



Ms. Francina Swarahla
PA to Executive Corporate Services

Purpose

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

Description of the Programme

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

Quality Management

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

OECD/AFRAC and government. In the 2023/2024 financial year, the key objective for Quality Management was to ensure the continuous review and improvement of SANAS' Management Systems and processes.

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

- 115 SANAS documents were reviewed, of which 80 were revised with new versions published;
- 11 complaints against SANAS and/or its processes were dealt with satisfactorily;
- 180 Assessor Certificates were re-issued;
- Eight Team Leaders and 25 assessors were registered;
- There was good progress with regards to the roll-out of the Assessor database
- Continuous upskilling of Quality Management staff; and
- Three related APP targets were achieved and/or over-achieved.

Facilities Management



Mr. Ndima Maphaha
Facilities Administrator

The Facilities Management Unit ensures the management of SANAS buildings, infrastructure, and other related assets, as well as the services and processes required to keep them functioning effectively and efficiently. Facilities management is essential for the smooth operations of SANAS as it plays a crucial role in ensuring the health, safety, and well-being of the people who use these facilities, which include both SANAS staff and visitors, while also ensuring that the facility is cost-effective to operate and maintain. During the period under review, the Facilities Management Unit managed the day-to-day operations of the SANAS building and related assets while also planned and managed maintenance, repair, and renovation projects.

International and Regional Development

International Development



Ms. Yolanda Vinnicombe
Quality Manager



Ms. Lufuno Ramogodo
Quality Administrator



Ms. Fikile Skosana
Project Assistant:
AFRAC & SADCA Secretariat

As a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA) and the International Accreditation Forum (IAF) Multi-lateral Arrangement (MLA), SANAS is an internationally recognised accreditation body for the scopes of testing, medical testing and calibration

laboratories, inspection bodies, proficiency testing (PT) providers, reference material producers (RMP) and certification bodies in the management system, product certification and personnel certification scopes. ILAC and IAF attest to the competence of SANAS and its accredited Conformity Assessment Bodies (CABs) across 109 global economies. The results from CABs accredited by SANAS must be recognised internationally, which assists in reducing technical barriers to trade, and allows for the free flow of quality goods and services across borders.

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

In the 2023/2024 financial year, SANAS voted on 78% of IAF voting requests and 100% of ILAC voting requests.

Regional Development

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

African Accreditation Cooperation (AFRAC)

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

In the 2023/2024 financial year, the strategic objective of the AFRAC Secretariat (hosted by SANAS) was to support regional integration on matters of accreditation. This was measured through the Secretariat's Annual Performance Plan, of which all of the planned key interventions were successfully carried out and resulted in:

- The registration of AFRAC as a legal entity (NPC) in South Africa;
- Successful running of mid-term and General Assembly meetings, allowing AFRAC to meet its annual strategic objectives;
- The extension of AFRAC's scopes of recognition under the IAF MLA to include sub-scope Medical Device Management Systems (ISO 13485);
- AFRAC's successful evaluation of two accreditation bodies which resulted in the maintenance of their international recognition, including scope extensions;
- A total of five training courses presented to AFRAC evaluators and/or AB members;
- The qualification of four AFRAC Peer Evaluation Teams Leaders and five Peer Evaluators, which included two SANAS staff members;
- Reviewing and publication of 20 AFRAC policies and procedures;
- Reporting to ILAC and IAF on the MRA activities of AFRAC;
- Securing of funding for AFRAC projects; and
- Representation of AFRAC at the forums of ILAC and IAF.

The Southern African Development Community Cooperation in Accreditation (SADCA)

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

In the 2023/2024 financial year, the strategic objective of the SADCA Secretariat was to support regional integration of accreditation. This was measured through the Secretariat's Annual Performance Plan, of which all of the planned key interventions were successfully carried out. This resulted in the following achievements:

- Successful running of the General Assembly and other meetings, allowing SADCA to meet its annual strategic objectives;
- Finalisation and publication of the SADCA Annual Report for 2022;
- SADCA's successful evaluation of one accreditation bodies which resulted in the maintenance of their international recognition;
- The qualification of two SADCA Peer Evaluation Teams Leaders and three Peer Evaluators, which included three SANAS staff members;
- Reviewing and publication of 36 AFRAC policies and procedures;
- Reporting to ILAC and IAF on the MRA activities of SADCA; and
- Securing of funding for SADCA projects.

Administration Coordination



Ms. Cleon Andrews
Administrative Coordinator



Ms. Tshilidzi Mutavhatsindi
Receptionist



Ms. Esther Ndlovu
General Assistant

The Administration Coordination sub-programme provides administrative support to all SANAS' accreditation programmes and general operations. The function of the sub-programme is to ensure quality administrative outputs such as the Certificate and Schedule of Accreditation, and timeous service delivery to our customers. This sub-programme also focuses on addressing bottlenecks and challenges to improve the accreditation administration processes.

In the year under review, the alignment of planned outputs and activities with the organisational strategic priorities, was integral in crafting further improvement of the accreditation administrative operational processes. Administrative staff were committed to improve their skills by taking up various training and development opportunities. A concerted effort was made to improve communication with customers and also expedite the processing of the certificate and scope of accreditation to our customers. The review of internal processes and the continuous customer feedback provided further insights on future service delivery improvement opportunities.

Creating Efficiencies through Information and Communications Technology (ICT) Management



Mr. Miyoba Sichimwi
IT Security Officer;
Acting IT Manager



Mr. Kamogelo Tlale
ICT Applications Officer



Ms. Kgomotso Tau
ICT Help Desk Agent

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

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

Some of the technological investments made during the 2023/24 financial year include the following:

- Development and approval of the comprehensive 5-year Digital Transformation Strategy
- Continued development of automated and remote helpdesk processes for customers;
- Further automation and roll-out of the online accreditation system;
- Automation and digitising of document signing within SANAS;
- Enhancement of the Human Resource Management System (HRMS) processes;
- Planning for the automation and enhancement of Supply Chain Management processes.
- Commencement of the procurement of the server infrastructure in line with digital transformation direction and demands; and
- Commencement of the procurement of the Course Management System (CMS) to assist Knowledge Transfer Unit to perform and streamline its training processes.

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

- Making strides towards creating a paperless workplace;
- Implementing responsible disposal of all IT equipment;
- Driving the reduction of printing costs; and
- Driving the recycling of ICT-related consumables (paper, cartridges etc.).

The focus for the current financial year will be on the continued rollout of the digital transformation strategy which will see our customers receiving efficient and effective services.

IT Security: Risk Management and Business Continuity

Business continuity and the need to secure customer and employee information have become imperative during the 2023/2024 financial year as there has been an escalation in various system cyber-attacks. SANAS has utilised a continuous improvement strategy towards its cyber security framework in accordance with ISO/IEC 27001 and COBIT (Control Objectives for Information and Related Technology) Framework. This framework helps SANAS to protect its information assets, improve business continuity and customer experience, thus meeting SANAS' strategic objectives.

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

Communications and Marketing - Engaging our Stakeholders



Ms. Tshenolo Molamu
Manager Communications & Marketing



Ms. Nombongo Ngobe
Team Assistant

The Communication and Marketing Sub-Programme has been monitoring the implementation of marketing and communication, as well as stakeholder engagement plans. The engagements were aimed at facilitating activities that increase SANAS' brand awareness as well as the importance and value of SANAS accreditation.

Brand Awareness and Customer Relationship Management

SANAS' regular engagements with stakeholders is aligned to the commitment of transparent communication and reporting through various platforms. During the reporting period, engagements included the extensive use of available resources for continuous internal and external marketing and communication during the year under review, and, as a result, efforts to position the SANAS brand and its value were strengthened and accelerated amongst various stakeholders.

SANAS hosted and participated at various industry engagements to share information regarding the SANAS processes with the general public, industry bodies and representatives as well as regulators.

Stakeholder Engagements

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

- **World Accreditation Day (WAD)**, which was attended by Representatives from SADCA. Regional Accreditation Bodies presented on the background and importance of the various structures, and highlighted how accreditation has supported the sustainability of economic growth and the environment within the region.
- **Accreditation Information Sessions** were hosted quarterly and they focussed on different themes that were identified as critical for the year. Simplified details were provided about the relationship between accreditation and different industries, as well as how it impacts daily operations.
- **New Applicants Workshop** provided new clients in pursuit of accreditation, with information regarding the SANAS processes, procedures, terms and conditions and other relevant information that might simplify the accreditation application process.
- **Industry Partnership and Collaboration:** SANAS participated in a total of six industry aligned engagements where information regarding accreditation offerings and requirements were shared. This assisted in ensuring that there is increased awareness of Accreditation activities and its importance to the nation and the world.
- **Tertiary Institution Awareness Campaign / Collaboration:** In line with the commitment to create awareness through tertiary institutions, SANAS participated in annual conferences and information sessions to showcase the offerings to academics and students. The aim is to ensure that the future industry leaders are exposed to Accreditation before they enter the workplace. This will ensure that these future industry players drive the decision to enforce accreditation and the culture of quality in our products and services.

Brand Awareness Campaigns

Brand messaging to promote and create awareness of the SANAS brand is part of the initiatives that are aimed to raise awareness of the SANAS brand and the significance and impact of SANAS accreditation. The implemented initiatives were in line with the priorities specified in the relevant strategic documents and strategies which take into consideration partners and stakeholders from both the internal and external arenas.

Social Media Platform

SANAS launched the social media/digital platform to increase its digital presence and to increase brand awareness and broaden customer reach, create on-line networks and promote SANAS offerings and services.

Human Resources (HR)



Ms. Mimi Sekoboane
Human Resources Manager



Ms. Zelda Strydom
Human Resources Officer



Ms. Lesedi Aphiri
Human Resources Administrator

The Human Resources Department is responsible to ensure that SANAS has the human resource capacity to deliver on its mandate in terms of the Accreditation Act and is able to respond to customer's different needs and expectations. In its drive to ensure organisational effectiveness, HR embarked on a number of strategic initiatives. Detailed activities of the HR Department within the year under review are covered in detail under Part D: Human Resources.



Institutional Outcomes for Programme 2

- Organisational sustainability

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

Programme: Corporate Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Organisation sustainability	Internal business excellence	Percentage roll-out of the approved Stakeholder Engagement Plan	90% of the planned activities within the approved Annual Stakeholder Engagement Plan were rolled out	100% of the planned activities within the approved Annual Stakeholder Engagement Plan were rolled-out	Roll out 95% of the approved Annual Stakeholder Engagement Plan	Annual Target Overachieved. 100% of the planned activities within the approved Annual Stakeholder Engagement Plan were rolled-out	5%	Quarterly activities on related interventions were simultaneously rolled-out.
	Internal Business Excellence (Managing Resources)	Percentage of vacancy rate of the total funded positions for the financial year.	Vacancy rates for all quarters were less than the targeted maximum of 5%. Average target for the reporting period was less than 1% (1.3% + 1.3% + 1.3% + 0% = 3.9% / 4 = 0.97%)	All quarterly targets were achieved resulting in an average vacancy rate of 3.6% (5.2% + 2.6% + 3.9% + 2.6% = 3.6%)	Maximum of 5% vacancy rate of the total funded positions for the financial year	Annual Target Achieved. All quarterly targets were achieved resulting in an average vacancy rate of 2.9% (3.9% + 2.6% + 2.6% + 2.6% / 4 = 2.9% on average)	Not applicable	Not applicable

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	12,940	9,410	3,530	12,825	10,411	2,414
Total	12,940	9,410	3,530	12,825	10,411	2,414

Strategy to overcome areas of underperformance

Not applicable, as all planned targets were achieved.

Changes to planned targets

There were no changes to the annual targets during the course of the 2023/2024 financial year.

4.3 PROGRAMME 3: STRATEGY AND DEVELOPMENT



Mr. Farhad Osman
Executive: Strategy & Development

Programme Purpose

The purpose of this programme is to provide effective direction and leadership in developing accreditation programmes in new fields, project development as well as knowledge transfer to the SANAS assessor pool and accreditation clients. These initiatives are all aimed at driving the Government's sub-regional, regional and international objectives. Its purpose is also to support South Africa's objective of effective regional integration by playing a leadership role in accreditation development in the SADC region and the African continent. Furthermore, the strategic planning and organisational performance monitoring and reporting functions are also housed within Programme 3.

Description of the Programme

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

Knowledge Transfer



During the period under review, the Knowledge Transfer Department (KTD) maintained its role as a training service provider within SANAS and a training service provider of choice by Conformity Assessment Bodies (CABs) nationally and internationally. Parallel to the provision of its categorised services, the KTD contributed directly and indirectly towards the overall achievement of the following key milestones:

- Development and introduction of new accreditation programmes: Through Cognate Services, the KTD supported the development of the Business Incubator Accreditation Scheme by training technical assessors who will be utilised in the final rollout of the accreditation programme.
- Assessor pool expansion and demographic transformation: KTD's Lateral Service offering, was used in the provision of Technical Assessor training for medical laboratories, thus contributing towards the availability of competent assessors and the transformation of the demographics of the assessor pool.
- Empowerment of CABs on accreditation scheme and requirements knowledge: KTD's Contact and Virtual Live Commercial Services made it possible to offer training services to personnel of CABs that are preparing for accreditation and those already accredited CABs. The knowledge gained from the courses served as a foundation for CAB personnel's understanding and implementation of accreditation schemes and requirements.
- Contribution towards SANAS financial sustainability: The provision of commercial courses generated revenue that serves as input towards SANAS' financial sustainability.

The Cognate, Lateral and Commercial training services provided were based on International Organisation of Standards (ISO) Accreditation Scheme standards, national standards, national normative documents, International Laboratory Accreditation Cooperation (ILAC) requirements, International Accreditation Forum (IAF) requirements and SANAS accreditation requirements in alignment with each CAB's core business and competence.

KTD also provided Value-added training services to CABs through courses and workshops such as Root Cause Analysis and Corrective Action, Technical Assessing Techniques, Nominated Representatives and Technical Signatories and Laboratory Risk Management for CABs to maintain and improve the effectiveness and efficiency of their accreditation. Services provided to CABs covered the following SANAS accreditation fields and scopes, to name a few:

- Voluntary and Regulated Inspection of Occupational Hygiene, Medical Devices, Lifts, Escalators, Major Hazardous Installations, Gas Test Stations and Pressure Vessels.
- Testing laboratories in the Medical, Chemistry, Microbiology, Hydrobiology, Mechanical Food testing, Veterinary, Pharmaceutical, Blood Transfusion and Civil Engineering fields.
- Calibration laboratories in the Mass, Volume and Radiofrequency fields.
- Certification Bodies in the product and management certification fields.
- B-BBEE rating agencies in line with the B-BBEE Codes of Practice and Sector Charters.

KTD conducted 75 courses, attended by 915 delegates over 194 training days. The annual customer satisfaction index average for internal and externally provided courses was rated at 97%. Successful delivery of these services was made possible through a team of dedicated, competent, experienced and professional course facilitators and training coordinators.

New Programme Development



Mr. Tumelo Ledimo

Project Manager Research & Development

Business Incubator and Accelerator (SATS 2234:2020)

During the period under review, SANAS rolled out the accreditation scheme for business incubators and accelerators and further hosted a promotional webinar with the Small Enterprise Development Agency (Seda) to promote the accreditation scheme within the business incubators and accelerators.

The rollout and promotion of the business incubators and accelerators accreditation scheme succeeded the work that SANAS undertook with the industry experts for the development of Technical Requirement with the support of Seda.

The development of SMMEs plays a pivotal role in realising the goal of economic growth and jobs creation within South Africa. To attain this goal, Seda has established the required ecosystem for the development of incubators and accelerators within the private and public sectors. These incubators and accelerators are to meet the minimum requirement of South African Technical Specification (SATS) 2234 2020, developed as a possible maturity model for incubators and accelerators.

Biobank Programme

The accreditation of Biobank to the ISO 20387:2018 will impact positively on the future of the biobanks and improve the level of trust between the biobanks, donors, researchers, and regulatory bodies. By undergoing third-party assessments, biobanks can demonstrate compliance to these standards and increase confidence in their users. Due to the increase in complexity and requirements of basic and clinical research, accredited biobanks to ISO 20387:2018 will have a competitive advantage over non-accredited biobanks.

During the year under review, the database of the biobank stakeholders was compiled, and identified stakeholders were engaged. The draft feasibility study was concluded from the data collected from the biobank fraternity. The study will inform SANAS approach in developing the accreditation scheme for biobanks.

Institutional Outcomes for Programme 3

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

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

Programme: Strategy and Development								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Government achieving policy objectives (Regional Integration health, safety and environment)	Acceptance of conformity assessment results	Business Incubators and Accelerators Programme rolled out	Technical requirements were developed and Technical Assessors were sourced.	80% of the Business Incubators and Accelerator project was implemented as planned.	Roll out the Business Incubators and Accelerators Programme	Annual Target Achieved. Multiple workshops held in collaboration with Seda focused on the promotion and roll-out of the Business Incubators and Accelerators Programme.	Not applicable	Not applicable
Government achieving policy objectives (Regional Integration health, safety and environment)	Acceptance of conformity assessment results	Number of new accreditation programmes initiated (Biobank Programme)	Engaged the Asset Management Industry Association and rolled-out the Asset Management Programme.	Through engagements with the Asset Management Industry Association, the Asset Management Accreditation Scheme was promoted via the SAAMA platform	Initiate 1 new Accreditation Programme: Underfate the feasibility study for the Biobank Programme	Annual Target Achieved. Following stakeholder engagements and research the Feasibility Study Report on the Biobank Programme was developed	Not applicable	Not applicable
Government achieving policy objectives (Regional Integration health, safety and environment)	Contribution to the implementation of the relevant Outputs of the dtic Group	Number of quarterly progress reports on SANAS contribution to the relevant Outputs of the dtic Group	New Indicator	New Indicator	Develop 4 quarterly progress reports on SANAS' contribution to the relevant Outputs of the dtic Group	Annual Target Achieved. Progress reports on SANAS contribution to the relevant Output Targets of the dtic Group were developed for quarters 1, 2, 3 and 4.	Not applicable	Not applicable
Government achieving policy objectives (Regional Integration health, safety and environment)	Acceptance of conformity assessment results	Number of relevant initiatives of the PAQI structures, participated in	New Indicator	New Indicator	Participate in 4 relevant initiatives of the PAQI structures, focused on reducing the technical barriers to trade within the African Continental Free Trade Area	Annual Target Achieved. SANAS participated in all 4 relevant initiatives of the PAQI structures, as planned.	Not applicable	Not applicable

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Strategy and Development	5,970	3,061	2,909	6,418	1,909	4,509
Total	5,970	3,061	2,909	6,418	1,909	4,509

Strategy to overcome areas of underperformance

Not applicable, as all planned targets were achieved.

Changes to planned targets

There were no changes to the annual targets during the course of the 2023/2024 financial year.

4.4 PROGRAMME 4: ACCREDITATION PROVISION



Mr Mpho Phaloane
Executive: Accreditation



Ms. Portia Hlope
PA to Executive Accreditation

Purpose

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

Description of the programme

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

Calibration Laboratories



Dr. Sam Thema
Accreditation Manager



Ms. Nthabiseng Molemane
Senior Administrator



Ms. Mabatho Malepe
Team Assistant

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

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

The programme has received several new applications which are currently in various stages of consideration and should be finalised within the 2024/25 fiscal year.

Producers of Reference Materials

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

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

These RMPs assist testing laboratories seeking confirmation of their metrological traceability using reference materials.

Proficiency Testing

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

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

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

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

General Testing Laboratories Testing Program



Mr. Shadrack Phophi
Accreditation Manager



Ms. Kenalebeng Moirapula
Assessment Specialist



Ms. Rebecca Ramabulane
Assessment Specialist



Ms. Busisiwe Hlongwane
Team Assistant



Ms. Senelisiwe Ngwenya
Senior Administrator



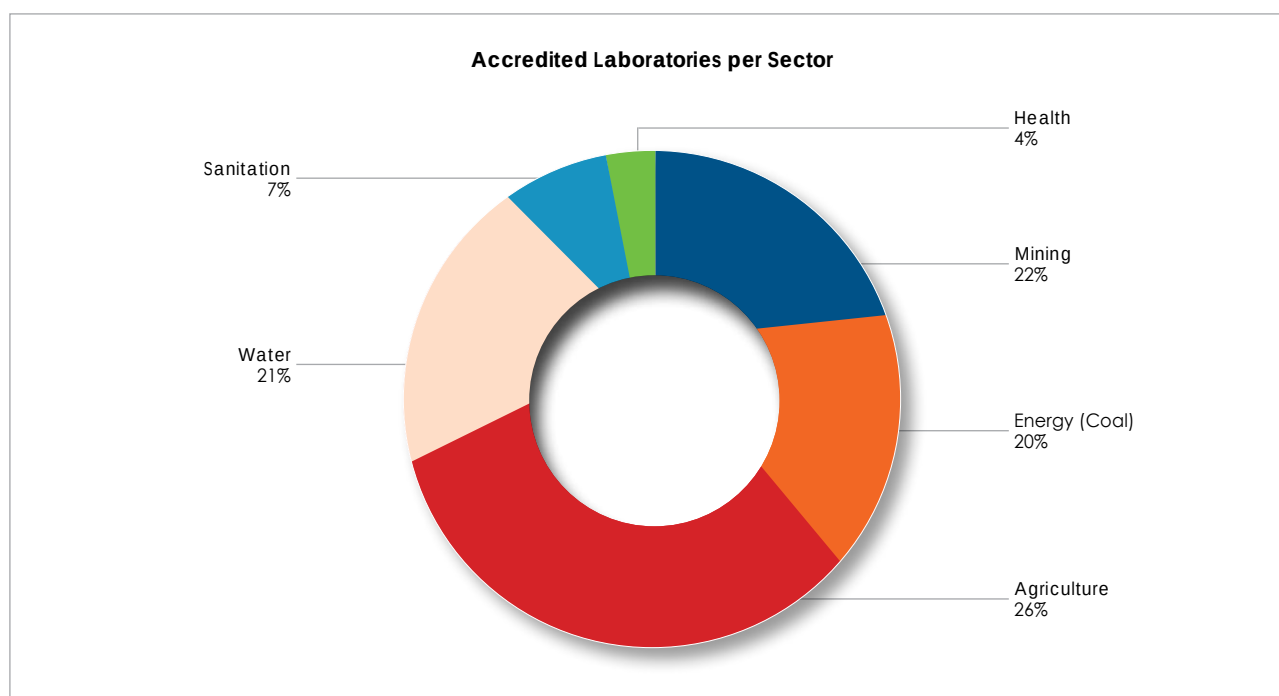
Ms. Kgomoiso Masemola
Senior Administrator



Mr. Lesley Lihiga
Senior Administrator

During the year under review, there was no growth in the chemical and microbiology sub-programme, as anticipated. Currently, the sub-programme has 308 accredited CABs. The zero growth was due to the withdrawal of 13 laboratories for various reasons. The sub-programme is expected to perform better in the coming financial year, if the number of new applications that are currently being processed is used as an indicator. In addition to its vertical growth (i.e., in numbers), the programme is known for its bullish horizontal growth through accredited laboratories expanding their scope of operation, and the 2023/2024 financial year was no exception. This type of growth helps the sub-programme to be financially self-sufficient.

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



Overall, accreditation of testing laboratories plays a crucial role in ensuring the accuracy, reliability, and integrity of test results. It provides confidence to customers, regulators, and stakeholders in the laboratory's competence and compliance with established standards, thereby facilitating trust, consistency, and comparability of test results for various applications.

The sub-programme has a total number of 83 assessors of which 58 are from the previously disadvantaged (PDIs) groups, which translates to 70% PDIs. Thus, the programme has achieved the set assessor pool transformation target.

GLP Monitoring Authority

The GLP sub-programme has granted GLP compliance recognition to a total of 18 test facilities within the continent. In the period under review, three additional test facilities were granted GLP compliance which translated to a 20% growth. The test facilities that are part of the GLP sub-programme conduct studies on behalf of research organizations who intend to submit non-clinical health and environmental studies to national authorities for the purposes of assessing the health and environmental safety of chemicals and chemical products. The OECD principles of GLP provide a standardised and internationally recognised framework for the conduct of non-clinical safety studies. Adherence to these principles ensures the quality and integrity of data generated, thus facilitating the regulatory acceptance of test results and protecting human health and the environment.

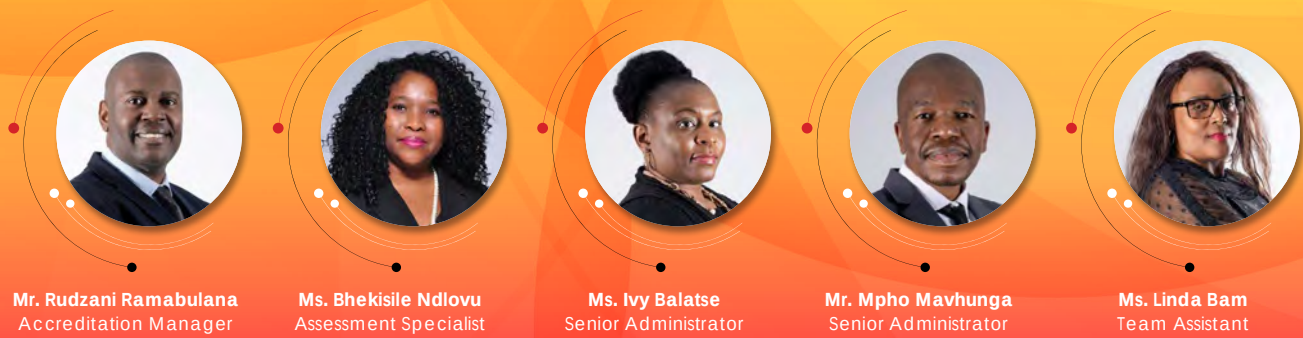
Currently, the GLP sub-programme is operating in three African regions, namely, Southern, Eastern and Western Africa. SANAS is the only GLP Monitoring Authority in the continent. South Africa achieved this historic feat in 2002. It was the first non-OECD member country to be accepted as a full-adherent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

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

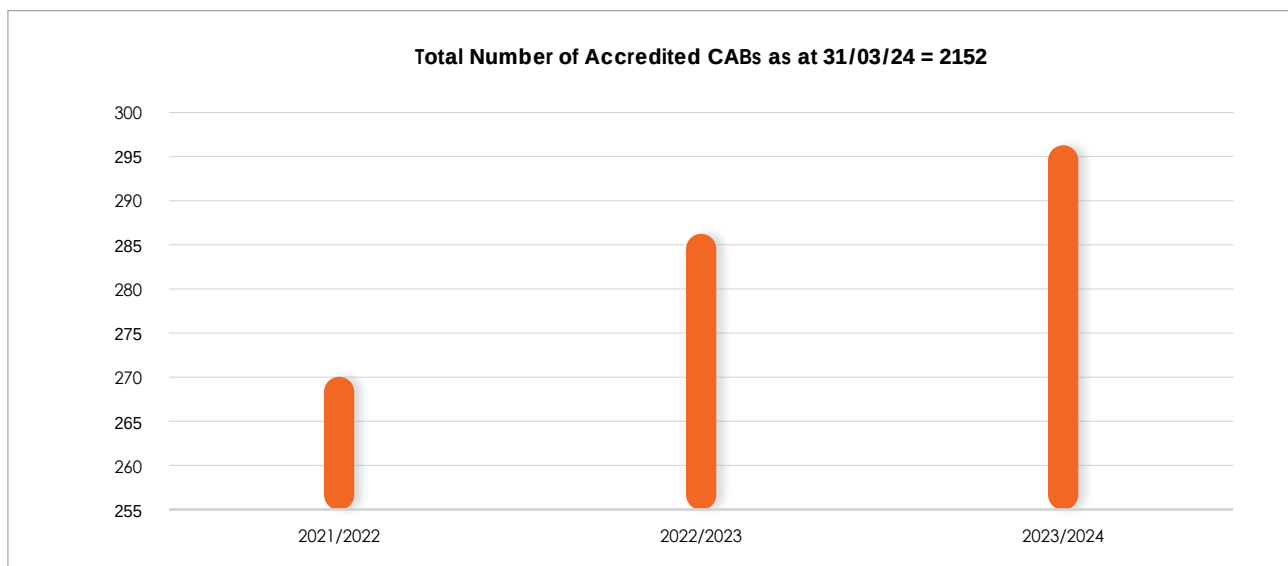
Land Reform and Rural Development (DALRRD) had published a regulation that requires certain types of non-clinical safety studies to be done in accordance with the OECD principles of GLP. This regulation will become mandatory as from August 2025, thus, research facilities that perform non-clinical safety studies were given two years to set up and implement the OECD GLP quality system. There is, thus, a great likelihood that the GLP sub-programme will grow markedly in the coming years.

Inspection Programme

Inspection Bodies



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



Inspection Program Growth between 2021/22 and 2023/24 Financial years.

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

Others carry out inspections of pressurised equipment in accordance with the Pressure Equipment Regulations, etc. Inspection bodies also support the Green Industry Initiative through the measurement and verification of

energy efficiency savings in accordance with the standard SANS 50010; and the energy performance of buildings in line with SANS 1544.

New Accredited Facilities

Even though there has been some voluntary withdrawal of accreditation due to poor business sustainability as a result of COVID-19 and competitions within other sectors, the programme has witnessed growth as compared to the previous financial year, especially regarding energy performance, non-destructing testing as well as the pressure equipment regulations. The IBs for the Energy Performance Certificate Pressure Equipment Regulations were the leaders of the pack with six accredited facilities each out of a total of 21 accredited facilities, increasing the total accredited facilities within the inspection programme to 296. This translates to a 9,7% growth in the period under review.

Highlights for Inspection Programme

Among the highlights of the inspection programme are: 1. Accreditation of 27 new facilities. 2. Chairing and submitting the AFRAC Non-Destructive Testing (NDT) guidance final draft document for comment. 3. Participation in the Major Hazardous Installations (MHI) Regulations Guidance Note documents for the Department of Employment and Labour where the accreditation process was simplified so that all MHI facilities can apply with ease. 4. Presenting the SANAS TR71 during the Department of Employment and Labour Explosives Regulations Explosives Regulation Amendment Launch.

Assessor Pool in the Inspection Programme

SANAS largely makes use of external assessors as part of the assessment teams that assist it in achieving its mandate. The inspection programme currently has a total of 72 assessors in various fields. The programme is prioritising the training and appointment of more black assessors. In this regard the programme has increased the percentage of Previously Disadvantaged Individuals (PDIs) from 37% to 39% through the qualification of seven PDIs with more PDIs that were trained in February 2023, still to be qualified.

Eighteen new assessors were trained in February 2023 to address the shortage of black assessors with certain scopes such as EPC, NDT, OH, XRAY and electrical. Even though there is a Technical Assessor training being planned for 2025, the remaining Technical Assessors are to yet to be qualified which will further increase the PDI percentage.

Legal Metrology



Mr. Thabo Chesalokile
Accreditation Manager



Mr. Letoke Mahlase
Assessment Specialist



Ms. Rorisang Rankune
Team Assistant



Ms. Lerato Marabe
Senior Administrator



Ms. Phumla Motlhale
Senior Administrator

Verification and Repair Bodies

Legal Metrology comprises of the legislative, administrative, and technical procedures established by public authorities (**the dtic** and other related bodies) and implemented on their behalf by the relevant regulatory body such as the National Regulator for Compulsory Specifications (NRCS) and the South African National Accreditation System (SANAS) to ensure consumer protection. **The dtic**, through consultation with all the relevant stakeholders, established the required legislation and applicable technical regulations via the National Regulator for Compulsory Specifications (NRCS). In the process of implementing all these requirements the activities are guided by the Legal Metrology Act, 2014 (Act No. 09 of 2014), approved technical regulations, the Accreditation Act, and other related accreditation requirements. The focus is on appropriate quantity, quality and credibility of measurements related to trade, health, safety, and the environment. This activity has become more critical for consumers who deserve protection against short measures. The strength of globalisation wherein numerous countries trade with one another for various products has strengthened the need for a proper legal metrology infrastructure.

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

Growth in the Verification and Repair Bodies

During the year under review, there has been a slight decline in the growth of Verification bodies with the number of accredited laboratories dropping from 137 in 2022/2023 to 134 in 2023/2024. In stark contrast, the Repair bodies experienced a substantial growth from 47 in 2022/2023 to 54 in 2023/2024. The most common reasons cited for the voluntary withdrawal of accreditation were due to rising operational costs. The glaring imbalance of Verification Bodies (134) versus Repair Bodies (54) is mostly due to the majority of CABs preferring to offer only one of the two services to avoid increasing operational costs.

Mechanical and Physical Testing Programme

Mechanical and Physical Testing

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

There is also an immense economic benefit derived from the work carried out by our accredited laboratories. SANAS accreditation facilitates regional and international trade because of the AFRAC and ILAC MRA.

Growth in the Mechanical and Physical Programme

During the year under review the Mechanical and Physical programme recorded a total of 20 active applications. These applications were from various sectors of the economy such as Metals, Plastics, Fibre and Polymer, Civil Engineering as well as Electrical and Electronic Appliances. This scenario is pleasing given that the sustainability and growth of the economy in these sectors depends substantially on internationally recognised accreditation which, among others, facilitates the global acceptance of testing results, thus minimising Technical Barriers to Trade (TBTs) within the importing and exporting of goods and services between our country and its trading partners throughout the world.

Number of New Accreditations

Despite the challenges brought about by difficult economic conditions, the lack of dependable energy sources, due to loadshedding, the Mechanical and Physical programme still managed to record an annual increase of 4, 8%, bringing the total number of accredited laboratories from 145 in the previous financial year to 152 by the end of the 2023/24 financial year.

The significant increase in Civil Engineering laboratories is noted with keen interest. Research shows that this growth is further driven by the requirements of provincial departments to use the services of SANAS accredited laboratories for road maintenance projects and tenders. There are currently more than 90 SANAS accredited Civil Engineering laboratories in good standing spread across all nine provinces.

Assessor Pool

SANAS remains committed to transforming the assessor pool to reflect the demographics of the country. To date over 55% of the assessor pool in both Mechanical and Physical testing and Legal Metrology has been drawn from previously disadvantaged communities. In addition, we are transforming our assessor pool by reducing the age gap, through the introduction of young people to the accreditation system.

Pharmaceutical Laboratories



Ms. Lebogang Motsoeneng
Accreditation Manager



Ms Charmaine Morobe
Assessment Specialist



Ms Irene Kali
Team Assistant



Ms Charmaine Block
Administrator

The pharmaceutical industry is still at the forefront of ensuring that vaccines and medication is available to assist ordinary citizens in the fight against new diseases. To date, SANAS has accredited six facilities, including the one facility that is responsible for testing some of the vaccines (e.g. Polio, Measles and Yellow Fever) and the testing of everyday medication from antibiotics and vitamins, including the testing of disinfectants.

SANAS continues to work together with the World Anti-Doping Agency to ensure fairness in the sports and recreation sector. Interest continues to grow amongst laboratory in the testing of cannabis after the legalisation of cannabis for medicinal use. In the 2023/24 fiscal year, SANAS was involved in the SABC TC 0041 (Cannabis and Hemp). This committee will assist the government in the implementation of the Cannabis and Hemp Masterplan.

The Pharmaceutical, Blood Transfusion, Forensic and Veterinary Programme saw an increase in the PDI stats in the 2023/24 fiscal year to 83%. This was an increase of 4% from the previous fiscal year. The programme continues to support, qualify, and make use of black assessors and empower them as experts in their field.

Blood Transfusion Facilities

The Blood Transfusion facilities continue to provide life to those that need blood. The accredited laboratories, blood banks and donor sites work together to ensure that donated blood is safe for transfusion to recipients, thus, saving their lives. The number of accredited facilities remained unchanged at 176 in the 2023/24 fiscal year.

The publication of the new ISO 15189:2022 standard in November 2022 with a 3-year transition period, as communicated by ILAC, is in progress. To date 23% of the 176 Blood Transfusion facilities have successfully transitioned to the ISO 15189: 2022 standard. SANAS is working hard to ensure that no accredited facilities are being assessed on the new standard and that their transitions can be finalised before the deadline.

Veterinary Laboratory

The World Organisation for Animal Health (OIE) Reference Laboratories have a pivotal role to play. They provide the international community with impartial advice and support in diagnostic test selection, development and validation which can be applied to the specialist diseases for which they are designated. Most of the diseases that we see today were almost unknown of a decade ago and the radical change of trading conditions for animals is also one of the contributors to such new diseases. The Veterinary programme continues to be at the forefront of ensuring the safety of ordinary South African citizens and their animal stock.

SANAS continues to work with the Department of Agriculture, Land Reform and Rural Development to ensure that all veterinary laboratories, both private and provincial laboratories, that test controlled and notifiable diseases, are accredited. Working closely with the South African Veterinary Council, it also ensures that people working in the veterinary professions practice ethically. Not only are these laboratories critical in the preventing and controlling of animal diseases but they also help in reducing sanitary risks in the import and export of animals and animal products.

During the period under review, there was a marginal increase in the number of accredited laboratories to 30 laboratories. During the 2023/24 financial year, SANAS saw a breakthrough in Uganda as the first two veterinary laboratories (Uganda Wildlife Authority Diagnostic and Research Laboratory and Mbale Veterinary Diagnostic Laboratory) were accredited under the ISO/IEC 17025: 2017 standard. This was a huge milestone for Uganda, because work carried out by internationally recognised conformity assessment bodies assist in the diagnosis of diseases and ensure correct treatment to protect the health and safety of ordinary citizens.

Forensic Laboratories

Forensic laboratories gather and examine evidence related to crime or unlawfulness. As South Africa is one of the countries with the highest number of gender-based violence cases, forensic laboratories ensure that the right offenders are held accountable for their actions. In the 2023/24 fiscal year, Ampath National Laboratories, NRL Non-Clinical Genetics Laboratory became the first laboratory to be accredited under the Forensic Programme and ISO 17025: 2017 standard for the DNA scope. Although this laboratory has been accredited for numerous years under the ISO 15189:2012 standard for paternity testing scope, this is a step in the right direction to ensure that the laboratories comply with the "Criminal Law (Forensic Procedures) Amendment Act (Act 37 of 2013)". Section 7 of the regulation states that "Forensic DNA examinations must be performed in accordance with the Quality Management System of the Forensic Science Laboratory, based on ISO 17025". This is a great step to ensure that victims of crime get the justice they deserve. SANAS will continue to support and provide information to the different stakeholders when it is needed and work with them to ensure that the number of accredited forensic laboratories increase.

Broad-Based Black Economic Empowerment (B-BBEE) Verification Agencies



Ms. Lindiwe Ncube
Accreditation Manager



Ms. Mpho Mukhahluli
Assessment Specialist



Ms. Irene Kali
Team Assistant

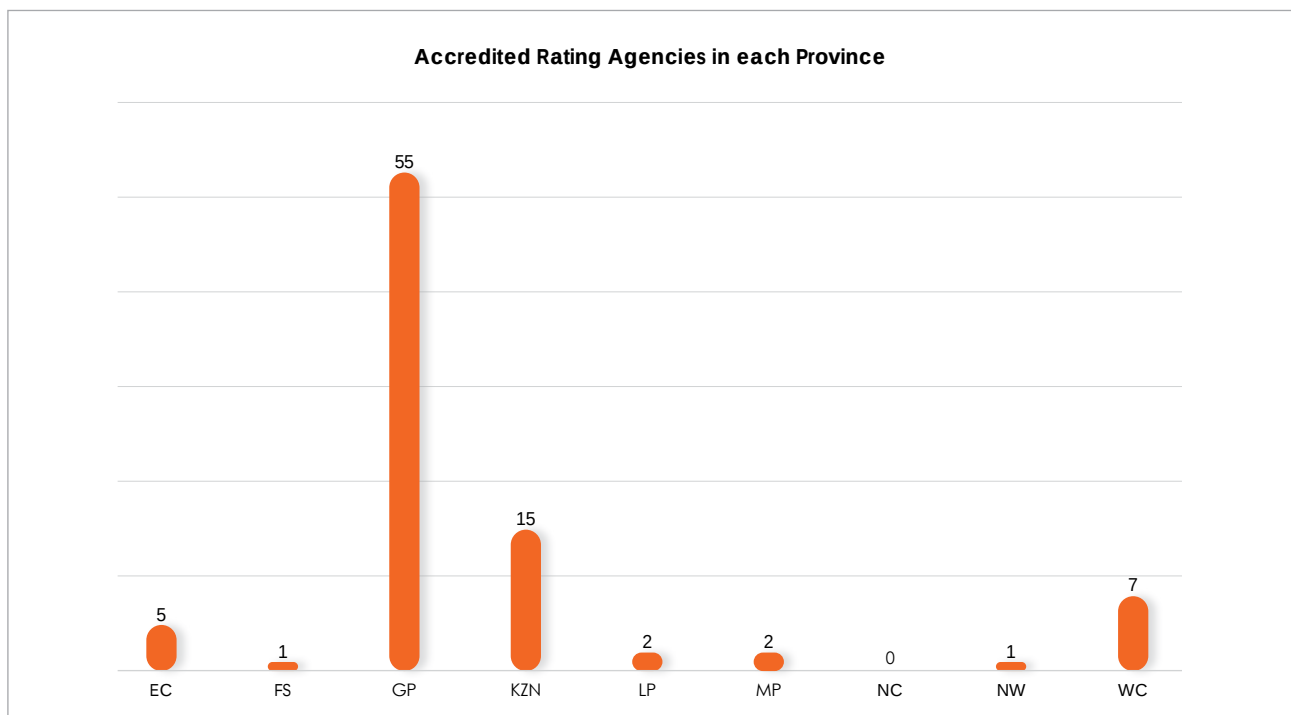


Ms. Shirley Dolamo
Senior Administrator

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

Five B-BBEE Rating Agencies were accredited by the programme during the year under review, bringing the total up to 88 B-BBEE accredited Rating Agencies.

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

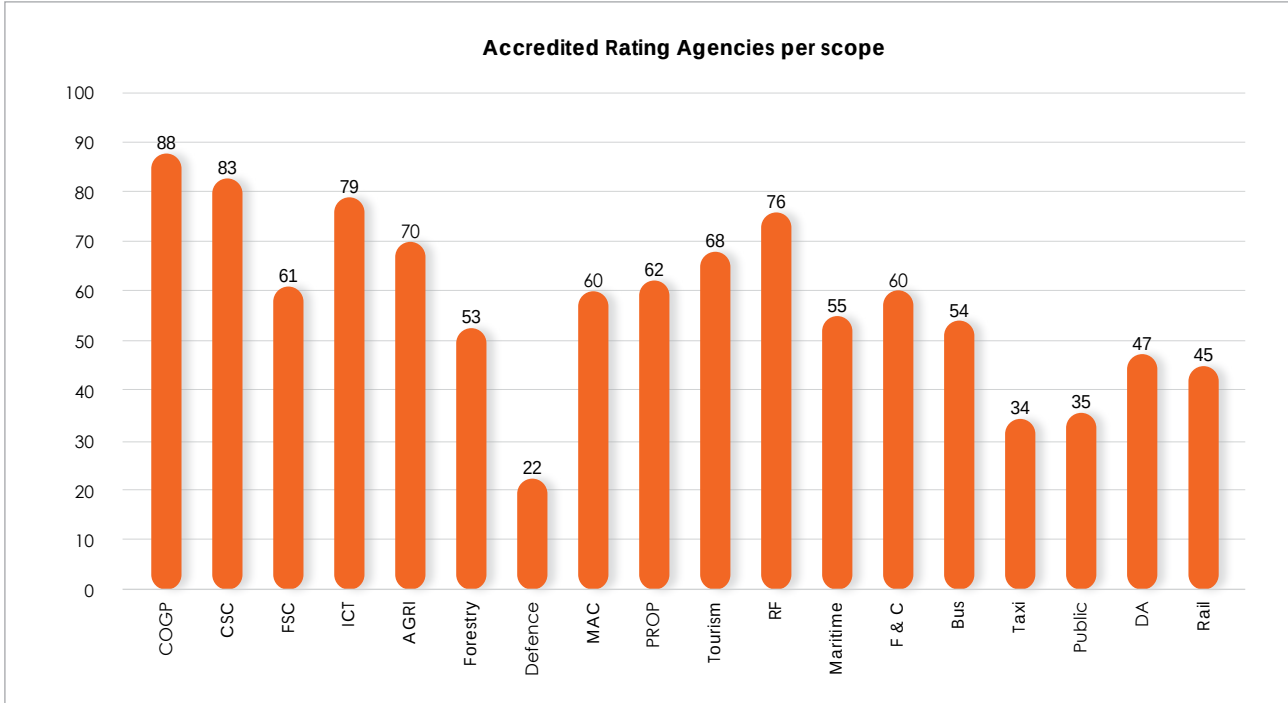


According to Statement 005 of the Broad-Based Black Economic Empowerment Act, 53 of 2003, B-BBEE Rating Agencies need to demonstrate transformation and rated as a Contributor to B-BBEE (Level 1 to 3 Contributor). The significant number of SANAS accredited B-BBEE Rating Agencies are equal or more than 51% black owned.

Furthermore, SANAS ensures that black people are part of the assessor pool. Thus, 76% of this sub-programme's assessor pool are black people.

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

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



Medical Laboratories



Ms. Barbara Mokgethwa
Accreditation Manager



Ms. Tati Kubheka
Assessment Specialist



Ms. Movha Hellen Morokane
Assessment Specialist



Ms. Dimakatso Nyofane
Assessment Specialist



Ms. Shiela Moeketsi
Team Assistant



Ms. Bongeka Gwalisa
Senior Administrator



Ms. Morongwa Moshaba
Senior Administrator



Ms. Kgomo Ntombela
Administrator

In the 2023/2024 financial year, the medical programme continued to grow from 497 to 547 laboratories, which is a growth of 11,12% from the previous financial year. The growth has been impeded by the withdrawal of the accreditation of ten laboratories which were handed over to the KENAS Accreditation Service and also due to financial constraints.

Accreditation of new medical laboratories is growing due to the demand for accreditation both in South Africa and across the borders, especially Uganda, and recently, a significant growth within Nigeria. At the moment SANAS has 60 accredited laboratories in Uganda and 15 accredited laboratories in Nigeria. It is envisaged that as soon as those countries establish their own internationally recognised National Accreditation Bodies, SANAS will surrender the laboratories following a mutually agreed process.

The programme has a total of 159 active assessors of which 76% are Previously Disadvantaged Individuals (PDIs). The programme has over-achieved on the set targets for PDIs. The programme is busy with the training of more technical assessors to become team leaders. This will increase the SANAS Team Leader pool as well as having assessors who can assess both technical and management requirements. Costs will therefore be reduced as only one person will be assigned to an assessment, especially for small facilities and regional facilities.

The Medical programme is in the process of ISO 15189:2022 transition. This is the standard used for the accreditation of Medical Laboratories, Point of Care (POCT) facilities as well as Blood Transfusion Services Laboratories. The transition for ISO 15189:2022 is progressing well as SANAS started assessing to ISO 15189:2022 as of October 2023. At the moment 30% of the Laboratories have been assessed and 10% have successfully transitioned to ISO 15189:2022. The transition plan is maintained, and we envisage to meet the deadline as set for December 2025. SANAS is actively involved in the ISO TC212 working group responsible for the revision as well as development of the standards for Medical Laboratories.

Certification Bodies



Mr. John Ndalamo
Accreditation Manager



Ms. Mookho Morienyane
Assessment Specialist



Ms. Irene Kali
Team Assistant



Ms. Nonceba Sawa
Senior Administrator

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

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

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

- quality management systems (ISO 9001);
- environmental management systems (ISO 14001);
- occupational health and safety management (ISO 45001);
- food safety management systems (ISO 22000);
- energy management systems (ISO 50001);
- road transport management systems (SANS 1395-1); and
- information security management systems (ISO/IEC 27001)
- Asset management systems (ISO 55001) – the most recent addition.

Customer-centricity and brand pride through the provision of strategic leadership is at the core of the SANAS culture and underpins the development of transitional arrangements in standards in information security management systems such as ISO/IEC 27001:2022.

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

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

Institutional Outcomes for Programme 4

- Competitiveness of South Africa's enterprises;
- Organisational sustainability; and
- Government achieving policy objectives (health, safety, environment and regional integration).

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme: Accreditation								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Competitiveness of South Africa's enterprises	Growth in the number of CABS	Number of accredited Conformity Assessment Bodies (CABs)	1 960 cumulative	2 059 (Cumulative)	Accredit an additional 90 CABs	Annual Target Overachieved An additional 150 CABs were accredited	60 CABs	Higher than expected growth in the number of accredited CABs, especially in the Medical programmes
Competitiveness of South Africa's enterprises	Growth in the number of CABS	Number of SAPS Forensic Laboratories accredited	New Indicator	New Indicator	Accredit 3 SAPS Forensic Laboratories	Annual Target Not Achieved Despite undertaking extensive engagements with SAPS, applications for accreditation were not received.	3 SAPS Forensic Labs	The SAPS Forensic Science Laboratory (FSL) has identified that transition training in ISO/IEC 17025: 2017 needs to be conducted prior to applying for accreditation. Once applications are received in the 2023/24 FY, SANAS will prioritise the processing of such applications.
Competitiveness of South Africa's enterprises	Reduced turnaround times	Average number of working days to issue certificates and scopes of accreditation after completion of approvals process.	Average time of 13,5 working days was achieved for issuing certificates and scope of accreditation after completion of approvals process	Certificates and scopes of accreditation were issued within 13 working days on average, after completion of approvals process	13 working days on average to issue certificates and scopes of accreditation after completion of approvals process	Annual Target Achieved Certificates and scopes of accreditation were issued within 13 working days on average, after completion of approvals process.	Not applicable	Not applicable

Programme: Accreditation								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Organisational sustainability	Transformation of the Assessor pool	Number of registered black Assessors	Eight additional black assessors were registered during the financial year, thus increasing the actual total to 304	Twenty additional black assessors were registered during the financial year, thus, increasing the actual total to 324	Register an additional 20 black assessors	Annual Target Achieved Twenty additional black assessors were registered	Not applicable	Noe applicable
Government achieving policy objectives (Regional Integration health, safety and environment)	Acceptance of conformity assessment results	Increase in the number of Regulators Programmes relying on SANAS accreditation for their conformity assessment needs	Testing/certification of PPE has been made a priority to combat COVID-19. SANAS engaged with regulators and specifically with SAHPRA, following which a MoU with SAHPRA was developed focused on relevant fields of accreditation	SANAS and SAHPRA concluded the MoU which informed the identification of priority areas and the development of relevant action plans	Engage relevant stakeholders on accreditation requirements focused on increasing the number of accreditation programmes in the regulatory domain	Annual Target Achieved SANAS undertook engagements with relevant stakeholders on accreditation requirements, in the planned accreditation fields within the regulatory domain.	Not applicable	Not applicable

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Accreditation	66,935	73,168	(6,233)	64,861	65,813	(952)
Total	66,935	73,168	(6,233)	64,861	65,813	(952)

Strategy to overcome areas of under-performance

The target to accredit three SAPS Forensic Labs was not achieved. Despite extensive engagements with the SAPS, SANAS did not receive applications for accreditation. In the 2024/25 FY, SANAS will prioritise continued engagements with the SAPS FSL, participate in forensic congress/meetings for SANAS to be visible in the forensic space and also process applications as soon as they are received from SAPS.

Changes to planned targets

There were no changes to the annual targets during the course of the 2023/2024 financial year.

Revenue Collection

Sources of revenue	2023/2024			2022/2023		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Accreditation	89,520	104,192	14,672	84,423	88,964	4,541
Training	10,349	8,010	(2,339)	12,141	7,114	(5,027)
Total	99,869	112,202	12,333	96,564	96,078	(486)

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

Additional accreditation services are invoiced upon request of the service; however, the income is only recognised after service delivery. In special circumstances, deviation from the policy is allowed if kept to a minimum to keep control over debtors.

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

Capital Investment

Infrastructure projects	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
R'000	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	0	0	0	-	-	-
Computer Equipment	3,911	698	3,213	4,200	589	3,611
Intangible assets (Shanduka)	0	0	0	525	54	471
Total	3,911	698	3,213	4,725	643	4,082





GOVERNANCE INFORMATION





1. INTRODUCTION

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

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

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



2. IT COMPLIANCE AND GOVERNANCE

During the period under review IT Compliance and Governance has been key to the attainment of SANAS' Corporate Governance objectives. The entity regularly reviews its technologies, policies and processes to align its governance framework to new legislation and/or regulations in the accreditation environment. This mitigates any associated risks and ensures continuous improvement and alignment to meet new technological advancements and emergent business objectives.

In its operations, the entity ensures alignment to related IT governance frameworks including, but not limited to:

- ISO/IEC 27001 Standard for Information Security Management System (ISMS) for the IT security risk management, protection of personal information and alignment to the Corporate Risk Management Plan and Strategy.
- COBIT (Control Objectives for Information and Related Technologies) – providing quality, reliability and control of information and related information technology architecture.
- ITIL (Information Technology Infrastructure Library) – focusing on the alignment of IT services with SANAS' business objectives.
- Project Management Framework (PMF) – providing quality, timely and cost-effective delivery of IT projects and programs to meet SANAS' business objectives.



3. PORTFOLIO COMMITTEE

The Portfolio Committee on Trade, Industry and Competition exercises oversight over SANAS' service delivery performance in pursuit of enhancing economic growth. During the period under review, SANAS presented its organisational performance reports to the Portfolio Committee for the first, second and third quarters of the 2023/24 financial year.



4. EXECUTIVE AUTHORITY

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

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



5. ROLES AND RESPONSIBILITIES OF THE BOARD

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

- Approves SANAS' Strategic Plan and Annual Performance Plan;
- Monitors the implementation of the plans and approves all budgets;
- Ensures that policies and procedures that provide for effective risk management and internal controls are established and reviewed;
- Recognises the need for establishing and appointing committees to enable it to comply with the PFMA and other legal requirements;
- Determines the composition of committees and amends, develops, and implements any rules, regulations, and procedures, which it may deem necessary;

- Formulates and makes publicly available rules consistent with the provisions of the Accreditation Act, including the form and procedure for applications for accreditation or GLP compliance, fees applicable to different categories of accreditation or GLP compliance, and fees for training or other projects undertaken;
- Monitors the proper use of the name, accreditation body logo or accreditation symbol of the SANAS logo, and the regional and international accreditation logos; and
- Approves all permanent executive positions.

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



6. BOARD CHARTER

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

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



7. COMPOSITION OF THE BOARD

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

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

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



8. MEETINGS ATTENDED BY BOARD MEMBERS

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Date appointment period ended	Area of Expertise	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)
Dr Tshenge Demana	Independent Non-Executive Director	1 January 2018	N/A	N/A	Science Strategy Governance Management Drafting Legislation	Human Resources and Remuneration Committee member
Amb. Sadick Jaffer	Independent Non-Executive Director	1 September 2021	N/A	N/A	Investment promotion and facilitation	Audit and Risk Committee member
Mr Sammy Mlangeni	Independent Non-Executive Director	1 December 2018	N/A	N/A	Engineering Aviation Management Information Technology	Audit and Risk Committee Member and Information and Communications Technology Strategy Sub-Committee
Dr Sarah Mohlala	Independent Non-Executive Director	1 December 2018	N/A	N/A	Science	Human Resources and Remuneration Committee Member and Audit and Risk Committee Member
Ms Lerato Mothae	Independent Non-Executive Director	1 December 2018	N/A	N/A	Accountancy Finance	Chairperson of the Audit and Risk Committee
Ms Irene Ramafola	Independent Non-Executive Director	1 September 2021	N/A	N/A	Auditing Forensics Finance	Audit and Risk Committee Member
Mr Mpho Phaloane	Executive Director	1 December 2018	N/A	N/A	Engineering Management Accreditation	N/A

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Date appointment period ended	Area of Expertise	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)
Mr Farhad Osman	Executive Director	1 December 2023	N/A	N/A	Strategy Development Management Performance Management	N/A
Ms Lindi Tlou	Independent Non-Executive Director	1 December 2018	N/A	N/A	Administration Accreditation	Interim Chairperson of the Board Human Resources and Remuneration Committee Member
Mr Fezile Wetes	Independent Non-Executive Director	1 December 2018	N/A	N/A	Human Resources Management	Chairperson of the Human Resources and Remuneration Committee



9. COMMITTEES

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

Human Resources and Remuneration Committee

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

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

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

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

- Annual review of the remuneration terms and conditions, and making recommendations to the Board;
- Consideration of any changes to the employee benefit structures and making recommendations to the Board;
- Consideration of the remuneration, incentive, and benefit arrangements of the CEO - including pension rights and any compensation payments, and making recommendations to the Board;
- Consideration of the cost-of-living increases, performance bonus awards, changes to employees' terms and conditions and any other related activities, and making recommendations to the Board;

- Review of the human resources strategy and policies, and making recommendations to the Board;
- Promotion of a culture of excellence throughout SANAS; and
- Ensuring compliance with applicable legislation and regulations.

Human Resources and Remuneration Committee Membership and Attendance

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

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

Board member	Meeting attendance records					
	18 April 23	21 July 23	23 October 23	11 November 23	23 January 24	22 February 24
Dr Tshenge Demana	AP	P	P	P	P	P
Dr Sarah Mohlala	P	P	P	P	P	P
Ms Lindi Tlou	P	P	P	P	P	P
Mr Fezile Wetes	P	AP	P	P	P	P

**p – present, ap – apology, and a –absent.*

Audit and Risk Committee

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

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

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

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

Audit and Risk Committee's Responsibilities

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

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

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

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

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

Audit and Risk Committee Membership and Attendance

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

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

Board member	Meetings									
	20 April 2023	23 May 2023	31 May 2023	09 June 2023	24 July 2023	30 July 2023	24 Oct 2023	22 Nov 2023	25 Jan 2024	20 March 2024
Dr Sarah Mohlala	P	P	P	P	P	P	P	P	P	P
Mr Sammy Mlangeni	P	P	P	P	P	P	P	P	AP	P
Amb. Sadick Jaffer	P	P	P	P	AP	P	AP	P	P	AP
Ms Lerato Mothae	P	P	P	P	P	P	P	P	P	P
Ms Irene Ramafola	P	P	P	P	P	P	P	P	P	P

**p – present, ap – apology, and a – absent*

Remuneration of Board Members

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

Name	Remuneration	Other allowance	Other re-imbursements	Total
	R'000	R'000	R'000	R'000
F Wetes	137	74	0	211
S Mlangeni	154	61	0	215
L Tlou	205	93	0	298
L Mothae	266	74	0	340
S Mohlala	167	74	0	241



10. RISK MANAGEMENT

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

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

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

- Monitors the major risk areas, including financial, legal, and fiscal risks, the internal control environment, and the control process;
- Monitors areas that expose SANAS to potential financial risks and ensures that SANAS' Management Team effectively manages the risks;
- Ensures that an effective system of accounting and internal control is established and maintained to manage financial risks;
- Oversees the development and annual review of the risk management framework and makes recommendations to the Board for its approval;
- Monitors the implementation of the risk management framework by means of risk management systems and processes, and quarterly reports;
- Makes recommendations to the Board concerning SANAS' levels of risk tolerance and appetite;
- Obtains assurance that risks are managed within the levels of tolerance and appetite as approved by the Board;

- Ensures that the Risk Management Plan is widely disseminated throughout SANAS, and integrated into its day-to-day activities;
- Obtains assurance that risk management assessments are performed on an ongoing basis;
- Obtains assurance that frameworks and methodologies are implemented to increase the ability to anticipate unpredictable risks;
- Obtains assurance that SANAS considers and implements appropriate risk strategies and responses;
- Obtains assurance that continuous risk monitoring by SANAS takes place;
- Liaises closely with the Human Resources and Remuneration Committee to exchange information relevant to risk;
- Expresses its formal opinion to the Board on the effectiveness of the system and process of risk management; and
- Reviews reports concerning risk management for comprehensive, relevant, and timely inclusion in the integrated reporting.



11. INTERNAL CONTROL

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



12. COMPLIANCE WITH LAWS AND REGULATIONS

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

This responsibility entails:

- Reviewing policy documents, to ensure incorporation of laws, regulations, ethics and policies, and the reviewing of rules that ensure compliance and address conflicts of interest;
- Monitoring compliance with policies and procedures;
- Noting and addressing significant cases of employee conflict of interest, misconduct or fraud, and the resolution of related cases;

- Reviewing the internal auditor's report on the scope of compliance reviews, and the resolution of findings and follow-ups on recommendations;
- Monitoring developments and changes in legislation regarding the accountability, responsibilities, and liabilities of SANAS' Management Team, and monitoring and reviewing the extent to which SANAS' Management Team meets its obligations;
- Monitoring developments and changes in the legislation and regulations that relate to SANAS' operations; and
- Monitoring and reviewing the extent to which SANAS complies with such legislation.



13. FRAUD AND CORRUPTION

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

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

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

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



14. MINIMISING CONFLICT OF INTEREST

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

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



15. CODE OF CONDUCT

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

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

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

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



16. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

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



17. COMPANY SECRETARY

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

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



18. SOCIAL RESPONSIBILITY

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

Corporate Social Investment

In the financial year under review, it should be noted that SANAS continued to monitor the previous beneficiary income generation projects whilst amplifying its Broad-Based Black Empowerment (B-BBEE) improvement plan. In addition, as part of supporting the socio-economic environment, SANAS donated office furniture estimated at between R170 000 – R200 000 to one of the beneficiaries, Asher Group. This group operates within the agriculture industry where it offers training and funds support of emerging players in this space.

Impact Monitoring of CSI project

SANAS ensures that monitoring and evaluation is in place for all its CSI initiatives. This is done to establish the impact of the investment, or contributions made. There have been various monitoring interventions on various projects such as the implementation of a vegetable garden, the implementation of a baking oven and the installation of gas geysers.



19. AUDIT COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its' Report for the financial year ended on 31 March 2024.

Audit and Risk Committee Responsibility

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

Key Committee Activities

Statutory Duties

The roles and responsibilities of the Audit and Risk Committee as per Section 51 (1) (a) (ii) and Section 76 (4) d of the PFMA, National Treasury's Regulations Section 27 (1) and the requirements of the King IV Code of Corporate Governance include:

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

Internal Controls

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

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

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

Whistle-Blowing

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

External Auditors

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

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

Evaluation of Annual Financial Statements

The Audit and Risk Committee has:

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

Governance of Risk

The Audit and Risk Committee has continued to fulfil its oversight role regarding:

- Enterprise Risk Management;
- Combined Assurance.
- Compliance Management;
- Anti-Corruption and Fraud; and
- Business Continuity Management.

Internal Audit

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

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

Conclusion

The Annual Financial Statements for the 2023/2024 financial year and the Audit Opinion were presented to and duly approved by the Board for inclusion in SANAS's Annual Report for the year ended 31 March 2024.



Ms Lerato Mothae
Chairperson of the Audit and Risk Committee
SANAS



20. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

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

During the period under review, SANAS focused on the improvement plan for the previous B-BBEE evaluation outcome. Whilst efforts are made to improve performance, there are ongoing challenges that are posed by budget cuts which limit certain initiatives.

Skills Development as contribution towards B-BBEE

During the period under review, SANAS focused on engagements with higher education institutions, to offer students opportunities for work exposure whilst in the process of completing their studies. SANAS continued with three interns in the 2023/2024 financial year. One intern was assisted through the internship program to obtain their formal qualification, and another intern was appointed on a twelve-month fixed term contract. These interventions assist the interns to obtain permanent roles post their internships.

BBEE Compliance Information

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



HUMAN RESOURCE MANAGEMENT INFORMATION





1. INTRODUCTION

The Human Resources Department is responsible for ensuring that SANAS has the human resource capacity to deliver on its mandate in terms of the Accreditation Act and is able to respond to the different needs and expectations of customers. The aim of the Human Resources Management function is to ensure organisational effectiveness through creating a fit for purpose entity, improving on the employee life cycle as well as complying with statutory requirements.

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



2. ACHIEVEMENTS AT A GLANCE

During the year under review, SANAS embarked on an organisational work-study, job evaluation and benchmarking exercise to ensure organisational effectiveness and a move towards a fit for purpose structure. Furthermore, SANAS automated some HR processes aimed at enabling efficiency and enhance turnaround times of employee requests. HR aims to continue with the automation of HR processes to ensure that employees have easier and improved access to HR services. The automation has contributed to assisting management in making management decisions based on easily accessible information.

Continued support of SANAS to deliver on its mandate has been key to HR. This has been seen through HR's commitment to strategic and innovative ways of maintaining a low vacancy rate. This has pushed HR to improve turnaround times in recruitment as well as multi-skilling employees to be empowered to act in vacant roles whilst recruitment processes are running. SANAS has successfully managed to maintain the vacancy rate target of below 5%, although challenges were experienced in filling some key roles.

SANAS is committed to providing learning, personal growth, and development opportunities for its employees. Special attention was given to the development of the talent pool, identified for succession planning, to promote business continuity. The skills development initiatives available to employees include short courses, workshops, conferences, in-house training, and bursaries. In support of this, 19 bursaries were awarded to qualifying staff members who applied for funding. A total of 39 employees were also exposed to various short courses, workshops and training interventions.

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

Description	
Employees bursary spent	R 392 328
Number of employees that received bursaries	19
Short courses, workshops, training spend	R 253 204
Number of people who were trained	39
Number of wellness engagements with employees	7
Number of training interventions (excluding bursaries)	18
Internal customer satisfaction level	8/10



3. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

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

The SANAS performance management system and policy also encourage constructive feedback to employees about expected outcomes, achievements, potential development and growth areas. SANAS believes that the success of every performance management system lies in the effectiveness of its implementation.

During the year under review performance of staff was maintained at an acceptable performance level in line with the framework. All employees were kept up to date with the entity's strategic direction and link to performance management so as to ensure that there is harmonisation of key performance indicators to the approved strategic and annual performance plans.



4. EMPLOYEE WELLNESS PROGRAMMES (EWP)

SANAS is committed to optimising employee well-being so as to enhance performance excellence in the workplace and in their personal lives. SANAS has a well-structured and effective Employee Wellness Programme offered to employees through a contracted service provider, ICAS. The SANAS Employee Wellness Programme assists and supports employees with personal, work-related problems and other challenges which employees may be experiencing from time to time.

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

SANAS continued to support staff through the Employee Wellness Programmes offered by ICAS. ICAS continuously reports on the utilisation of its services. The main challenges experienced by employees are related to anxiety, stress, fear, uncertainty and financial challenges. To mitigate against identified challenges, communication relating to healthy lifestyles, creating a positive work environment, ergonomics and other health-related challenges were shared with employees through internal publications and face-to-face employee wellness events.



5. POLICY DEVELOPMENT

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



6. RESOURCING CHALLENGES

SANAS' ability to sustain and grow its existing customers and programmes, integrate new programmes, and support accreditation depends on its ability to attract, develop, and retain talent which will enable the entity to keep pace with the growing demand for its services. SANAS' strategy to maintain, grow, and support national, regional, and international developments in accreditation continues to place a significant demand on its human resources.

The model of SANAS' business requires employees that possess technical and managerial capabilities. During this period, the major challenge experienced was related to sourcing individuals with the required technical skills and experience. There is, however, an ongoing effort to promote skills transfer to ensure business continuity in case of an unexpected vacancy.



7. FUTURE HR PLANS /GOALS

The future human resources plans and goals include, maintaining continuous development of employees, a focus on leadership development initiatives, ongoing communications and engagement with staff, enhancing the culture, enhanced and automated HR system, improved talent management interventions aligned to the competency framework, maintaining the vacancy rate to below 5%, rolling out organisational development initiatives and measuring the effectiveness and impact of such interventions.

There is a concerted effort to contribute effectively to economic transformation and to improve SANAS's B-BBEE contribution level. It is the intention of the HR Department to implement an effective corrective action plan aimed at improving the contribution level. Such corrections will impact the awarding of bursaries, improving training and development by focusing on priority skills, improved support of suppliers and enterprises and an improved internship programme.



8. COMPETENCIES AND SKILLS

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

In the year under review, SANAS invested a total of R 645 532.00 between courses, training programmes, workshops, and bursaries, as reflected in the table below.

Training Costs

Activity	Training Expenditure	Number of employees
	R'000	
Bursaries	R 392 328	19
Short courses, workshops, training interventions	R 253 204	39

Feedback received from various surveys confirmed that participants extracted value from the training. Planning for future training will be informed by additional skills gaps identified during the 2023/2024 individual performance reviews.



9. INTERNSHIPS

The SANAS programme helps interns gain the necessary skills which they can apply in future jobs, thus contributing to job creation. This is also done as part of SANAS' commitment to the transformation of the economy in line with the B-BBEE provisions.

In the financial year 2023/2024, SANAS continued with three interns. One intern was assisted through the internship program to obtain their formal qualification, whilst another intern was appointed on a twelve-month fixed term contract in the organisation and the third intern's contract came to an end in February 2024.



10. HUMAN RESOURCES STATISTICS

Remuneration, Recognition and Rewards

During the year under review, SANAS embarked on a benchmarking exercise, which provided guidance in assessing whether its remuneration packages are competitive and applied fairly with the market.

As part of the Recognition and Awards system, SANAS also recognised employees with long service. In the year under review, twenty-two employees were recognised for their long service. This was celebrated by a formal event during which employees with five to twenty years of service received awards.

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

Personnel Cost by Programme

	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	9,524	15%	11	866
Corporate services	15,195	23%	17	894
Strategy and Development	7,541	12%	7	1,077
Accreditation	32,191	50%	40	805

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)*	% of personnel exp. to total personnel cost (R'000)	No. of employees*	Average personnel cost per employee (R'000)
Senior Management	8,269	13%	4	2,067
Professional qualified	25,318	39%	19	1,333
Skilled	15,703	24%	24	654
Semi-skilled	14,904	23%	31	481
Unskilled	257	0.4%	1	257
Total	64,451		75*	

*Figures include 2 contractors

Performance Rewards

During the year under review, an amount of R3 261 322 was budgeted for the payment of performance bonuses. Provision for the payment of performance bonuses was made in the Annual Financial Statements. However, it is yet to be paid in the current financial year, pending the outcome of a CCMA case in this regard.

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

Employment and Vacancies

No. of Employees	Approved Positions	No. of Employees	Vacancies	% of vacancies
Top Management	1	Acting	1	1,3%
Senior Management	4	4	0	0%
Professional qualified	33	32	1	1,3%
Skilled	36	35	1	1,3%
Semi-skilled	1	1	0	0%
Unskilled	1	1	0	0%
Total	76	73	3	3,9%

Employment Changes

SANAS had a total of 73 employees by the end of the period under review. There was one appointment on Senior Management level, two appointments on professional qualified level and four terminations within the reporting period.

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

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management*	1 (Secondment)	0	1	0 (Acting)
Senior Management	4	1	1	4
Professional qualified	32	2	2	32
Skilled*	32	2	0	34
Semi-skilled*	4	0	2	2
Unskilled	1	0	0	1
Total	74	5	6	73

*Two internal employees moved from Semi-skilled to Skilled

Note:

- i) Table excludes Interns and Temporary Employees
- ii) Terminations refers to end of an employee's work with SANAS through resignations, retirement or expiry of contracts.

Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	2	1,36%
Dismissal	0	0%
Retirement	1	1,36%
Ill health	0	0%
Expiry of contract	1	1,36%
Other	0	0%
Total	4	4,1%

Labour Relations: Misconduct and Disciplinary Action

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

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

Nature of disciplinary Action	Number
Counselling	14
Verbal warning	4
Written warning	3
Final written warning	2
Dismissal	0

The tables below provide employment equity statistics per category.

Equity Target and Employment Equity Status

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0
Professional qualified	15	0	1	0	0	0	3	0
Skilled	28	0	2	0	0	0	0	0
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	1	0	0	0	0	0	0	0
Total	46	0	3	0	0	0	3	0

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	1	0	0	0
Professional qualified	11	0	1	0	0	0	1	0
Skilled	5	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	18	0	1	0	1	0	1	0

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	1	1
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	0	0	1	0



PFMA COMPLIANCE REPORT





1. IRREGULAR EXPENDITURE

a. Reconciliation of irregular expenditure

Description	2023/2024	2022/2023	2021/2022
	R	R	
Opening balance	0	207,175	26,584 211
Prior Period Errors	0	0	0
As Restated	0	207,175	26,584 211
Add: Irregular expenditure confirmed	0	0	511 808
Less: Irregular expenditure condoned	0	207,175	26,888 844
Less: Irregular expenditure not condoned and removed	0	0	0
Less: Irregular expenditure recoverable	0	0	0
Less: Irregular expenditure not recovered and written off	0	0	0
Closing balance	0	0	207 175

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

Reconciling notes to the annual financial statement disclosure

Description	2023/2024	2022/2023
	R	R
Irregular expenditure that was under assessment in 2021/2022	0	0
Irregular expenditure that relates to 2021/22 and identified in 2022/23	0	0
Irregular expenditure for the current year	0	0
Total	0	0

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

Description	2023/2024	2022/2023
	R	R
Irregular expenditure under assessment	1 690 000	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	1 690 000	0

During the 2023/24 audit, there was an audit matter relating to the payments of the Board Retainer fee allegedly not approved by the Minister. The matter may result in possible irregular expenditure. Management has initiated a process of investigating the matter as required by the National Treasury Irregular Expenditure Framework.

c. Details of current and previous year irregular expenditure condoned

Description	2023/2024	2022/2023
	R	R
Irregular expenditure condoned	0	0
Total	0	0

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

Description	2023/2024	2022/2023
	R	R
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

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

e. Details of current and previous year irregular expenditure recoverable

Description	2023/2024	2022/2023
	R	R
Irregular expenditure recovered	0	0
Total	0	0

There were no instances of irregular expenditure recovered

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

Description	2023/2024	2022/2023
	R	R
Irregular expenditure written off	0	0
Total	0	0

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

Additional disclosure relating to Inter-Institutional Arrangements

g. Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None
Total

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

Description	2023/2024	2022/2023
	R	R
N/A	-	-
Total	-	-

There were no such instances

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

Description	2023/2024	2022/2023
	R	R
N/A	-	-
Total	-	-

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



2. FRUITLESS AND WASTEFUL EXPENDITURE

a. Reconciliation of Fruitless and Wasteful Expenditure

Description	2023/2024	2022/2023
	R	R
Opening balance	284 824	284 824
Prior period error	0	0
Restated opening balance	0	0
Add: fruitless and wasteful expenditure confirmed	179 683	0
Less: fruitless and wasteful expenditure written off	0	0
Less: fruitless and wasteful expenditure recoverable	0	0
Closing balance	464 507	284 824

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

During the 2023/2024 financial year, unauthorised access to the entity's safe occurred where 1750 USD (spot rate: R18.84 on 30th October 2023) and approximately R1 675 was stolen (total loss translated into Rands is R34 640). A case with the SAPS has been opened and investigations are ongoing.

During the 2023/2024 financial year, SANAS was a victim of a phishing scam where a net amount of R145 043 was deposited into an account that was believed to be that of a supplier, following a fraudulent change in the supplier's bank account. A case has been opened with the SAPS and investigations are ongoing.

Reconciliation Notes

Description	2023/2024	2022/2023
	R	R
Fruitless and wasteful expenditure that was under assessment in 2022/23	0	0
Fruitless and wasteful expenditure that relates to prior years	284,824	284,824
Fruitless and wasteful expenditure for the current year	179,683	0
Total	464,507	284,824

Fruitless and wasteful expenditure was incurred in December 2019.

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

Description 5	2023/2024	2022/2023
	R	R
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total	0	0

The fruitless and wasteful expenditure was raised in a prior year by the external auditors and was recorded in 2021/2022. There is no expenditure that is under assessment, determination or investigation for the 2023/2024 financial year.

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

Description	2023/2024	2022/2023
	R	R
Fruitless and wasteful expenditure recovered	0	0
Total	0	0

There is no expenditure that was recovered for the year under review.

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

Description	2023/2024	2022/2023
	R	R
Fruitless and wasteful expenditure written off	0	0
Total	0	0

There is no expenditure that was written off, for the year under review.

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

Disciplinary steps taken

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

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

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

Material losses have been highlighted above.

b. Details of other material losses

There were no material losses.

c. Other material losses recovered

Not applicable, as no material losses were incurred.

d. Other material losses written off

Not applicable, as no material losses were incurred.



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

Description	Number of Invoices	Consolidated Value
		R'000
Valid invoices received	8,935	28,615
Invoices paid within 30 days or agreed period	8,533	27,074
Invoices paid after 30 days or agreed period	402	1,541
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	0	0
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	0	0

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



4. INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

Project description	Name of Supplier	Type of procurement by other means	Contract number	Value of contract R'000
ELMS migration	Core focus	Single source	D2023-24-01	R18 572.50
Annual Membership Fees.	The Institute of Directors in South Africa	Sole source	D2023-24-02	R28 200.00
Finance Temporary Staff Member	Only Recruitment	Single source	D2023-24-03	R22 537.20
Licence Fee renewal for SAGE Evolution system	SAGE South Africa	Sole source	D2023-24-04	R136 364.01
Moving of SANAS Furniture from the dtic to SANAS offices	Mini Removals (Pty) Ltd	Urgent case	D2023-24-05	R33 925.00
Meeting registration fees for the AFRAC Mid-Term meetings to be held from 12 – 18 June 2023 in Tunis, Tunisia	African Accreditation Cooperation (AFRAC)	Sole source	D2023-24-06	\$600
Membership and subscription fees for the financial year 2023/24.	Consolidated sole source	Sole Source	D2023-24-07	R586 749.55

Project description	Name of Supplier	Type of procurement by other means	Contract number	Value of contract R'000
Participation at the 8th Annual Green Youth Indaba 2023 through exhibition, advertisements (website, print and radio) and presentation at breakaway session.	Green Youth Network NPC (GYN)	Sole source	D2023-24-08	R210 000.00
Participation at the 26th SMLTSA Congress 2023 through exhibition and workshop attendance on the 19th to 22nd October 2023.	The Society for Medical Laboratory Technology of South Africa (SMLTSA)	Sole source	D2023-24-09	R57 250.00
702 Walk-the-talk (Fun activity)	Octagon Pty Ltd	Sole source	D2023-24-10	R26 139.50
Professional membership payment	ISACA; PECB; ISC2	Sole source	D2023-24-11	R6 338.13
Information collection, networking and benchmarking.	International Society for Biological and Environmental Repositories (ISBER)	Sole source	D2023-24-12	R7 600.00
Participation at the Test and Measurement Networking brunch hosted by the National Laboratory Association – South Africa for Calibration and Testing industry representatives.	National Laboratory Association – South Africa	Sole source	D2023-24-13	R4 600.00
Participation at the 2023 Post Graduate research and Innovation Symposium (PRIS) through exhibition on the 02nd and 03rd November 2023.	University of KwaZulu-Natal	Sole source	D2023-24-14	R10 000.00
Participation at the 2023 African Society for Laboratory Medicine (ASLM) Conference through exhibition and attendance from the 12th to 15th December 2023 organised by Professional Conference Organiser (PCO) Eastern Sun Events.	Professional Conference Organiser (PCO) Eastern Sun Events	Sole source	D2023-24-15	R98 408.07
Participation at the annual Campus-Community Drives and Provincial Roadshows scheduled to take place at the various Tertiary institutions across the country through exhibition and community radio station advert.	Green Youth Network NPC (GYN)	Sole source	D2023-24-16	R330 000.00
Diagnosis and Repair of Clients Applications issues on Shanduka	Core focus Pty Ltd	Single source	D2023-24-17	R6 807.40
Maintenance on the SAGE BIC Variance Report	About IT group Pty Ltd	Single source	D2023-24-18	R1 437.50
PTS & CAL standards	SABS Commercial	Sole source	D2023-24-19	R29,720.31
Finance Temporary Staff Member	Only Recruitment	Single source	D2023-24-20	R45 074.14
KTC standards	SABS Commercial	Sole source	D2023-24-21	R628 452.00
PTS & CAL standards	SABS Commercial	Sole source	D2023-24-22	R30 711.83
Accreditation standards	SABS Commercial	Sole source	D2023-24-23	R116 645.09
CaseWare training	Adapt IT (Pty) Ltd	Sole source	D2023-24-24	R48 601.21
R & D standards	SABS Commercial	Sole source	D2023-24-25	R20 252.71
Total				R2 515 419.04

Contract variations and expansions

Project Description	Name of Supplier	Contract modification type (Expansion or Variation)	Contract Number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
Organisational work study	Emergence Growth South Africa	Contract variation	N/A	R418 312.5	N/A	R61 237.50
VLAN	EOH Mthombo	Contract variation	N/A	R53 238.33	N/A	R1 598.50
Moving of SANAS furniture from DTIC	Mini Removals Pty Ltd	Contract variation	N/A	R33 925.00	N/A	R21 850.00
Microsoft licence Year 2	Allron Karabina	Contract variation	N/A	R4 737 967.68	R311 457.59	R318 436.86
IT disaster recovery	Afrocentric IP (Pty) Ltd	Contract variation	N/A	R2 544 876.10	N/A	R8 214.31
Catering services	Fumi Akie Pty Ltd Imbenge events	Contract expansion	N/A	R545 615.00	N/A	R71 250.00
Temp Finance Administrator	Only recruitment Pty Ltd	Contract expansion	N/A	R45 074.14	N/A	R5 187.89
SANAS Infrastructure	EOH Mthombo	Contract expansion	N/A	R2 245 919.62	N/A	R317 824.93
Total						R805 599.99

PART F

ANNUAL FINANCIAL INFORMATION



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

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

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

The member is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The member has reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 96.

The annual financial statements set out on pages 100 - 132, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2024 and were signed on its behalf by:



Ms L Tlou
Interim Chairperson of the Board



Mr M Phaloane
Acting Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the Financial Statements

Opinion

I have audited the financial statements of South African National Accreditation System set out on pages 100 to 132, which comprise the statement of financial position, 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 31 March 2024, and notes to the financial statements, including summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of South African National Accreditation System as at 31 March 2024, and its financial performance and cash flows for the year then ended 31 March 2024 in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

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

The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and the Public Finance Management Act. No. 1 of 1999, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 International Standards on Auditing 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.

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. 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.
- Obtained 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 company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability 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 or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated with those charged with governance 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 identified during my audit.

Report on the audit of the Annual Performance Report

I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance indicators presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enable it to deliver on its objectives.

I evaluated the usefulness and reliability of the performance information in accordance with the criteria developed from the performance management and reporting framework as issued by National Treasury, for the following programme:

Programme	Page numbers	Purpose
Programme 4 - Accreditation	43 - 59	The purpose of this programme is to provide, manage and maintain accreditation services for new and existing clients in both the voluntary and regulatory domain.

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

I found no material findings on the usefulness and reliability of the performance information of the Programme 4 – Accreditation.

Other matters

We draw attention to the matters below.

Planned targets not achieved

As disclosed in the annual performance report, not all the planned targets were achieved for the programmes we selected for auditing.

We will draw the attention of oversight to the non-achievement of key indicators by including the table that follows in the 'other matters' section in the auditor's report, with reference to the pages in the annual performance report where the reasons for the non-achievement are included.

Targets for key indicators not achieved – Programme 4 – Accreditation

Key indicators not achieved	Planned target	Reported achievement
<i>Targets achieved: 0%</i> <i>Budget spent: 0%</i>		
Number of SAPS Forensic Laboratories accredited	Accredit 3 SAPS Forensic Laboratories	Annual Target Achieved

Report on the audit of compliance with legislation

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

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

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

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

Expenditure

Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure amount to R179 683 disclosed on note 29 to the financial statements, as required by section PFMA 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by theft of cash from the safe and payment to fraudulent supplier account as a result of phishing.

Annual financial statements, performance and annual reports

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of related parties, cash flow statement and fruitless and wasteful expenditure were identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

The accounting authority is responsible for the other information. The other information comprises of the Accounting Authority's Responsibility and Approvals which we obtained prior to the date of this report. Other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

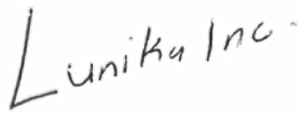
In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, 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

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.

The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on compliance with legislation included in this report.

The Public Entity did not exercise adequate oversight over the controls that ensure that the annual financial statements submitted for audit are prepared free from material misstatements as related parties, cashflow statements and fruitless and wasteful expenditure were materially misstated.



Samkelo Mxunyelwa CA (SA)

Registered Auditor

Lunika Chartered Accountants and Auditors Incorporated

31 July 2024

Lonehill Office Park, Sandton, Johannesburg

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

Figures in Rand thousand	Note(s)	2024	2023
Assets			
Current Assets			
Receivables from exchange transactions	7	14,916	9,651
Cash and cash equivalents	5	79,848	62,365
		94,764	72,016
Non-Current Assets			
Property, plant and equipment	3	51,474	54,880
Intangible assets	4	3,748	4,500
		55,222	59,380
Total Assets		149,986	131,396
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	4,911	6,245
Income received in advance	8	10,707	6,679
Provisions	9	452	840
Employee benefit obligations	10	6,395	6,434
		22,465	20,198
Total Liabilities		22,465	20,198
Net Assets		127,521	111,198
Accumulated surplus		127,521	111,198

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Rendering of services	11	112,202	96,080
Other income		347	139
Interest received - investment	12	7,668	4,080
Total revenue from exchange transactions		120,217	100,299
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	30,738	33,820
Total revenue	11	150,955	134,119
Expenditure			
Employee related costs	14	(66,238)	(66,319)
Transfer payments		(845)	(795)
Depreciation and amortisation	15	(4,864)	(4,944)
Debt Impairment	16	707	382
Accreditation Assessor Costs	34	(19,520)	(16,908)
General Expenses	17	(41,755)	(35,510)
Total expenditure		(132,515)	(124,094)
Surplus for the year		18,440	10,025

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Note(s)	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2022		116,022	116,022
Changes in net assets			
National Treasury 2021/2022 cash surplus surrender		(14,849)	(14,849)
Surplus for the year		10,025	10,025
Balance at 01 April 2023		111,198	111,198
National Treasury 2022/2023 cash surplus surrender	22	(2,117)	(2,117)
Surplus for the year		18,440	18,440
Balance at 31 March 2024		127,521	127,521

CASH FLOW STATEMENT

Figures in Rand thousand	Note(s)	2024	2023
Cashflows from operating activities			
Receipts			
Rendering of services		111,504	93,414
Funds received from dtic - grants		30,738	33,820
Interest income - investment		7,668	4,080
Other receipts		326	-
		<u>150,236</u>	<u>131,314</u>
Payments			
Employee costs		(66,272)	(65,349)
Suppliers		(63,666)	(54,057)
National Treasury 2022/2023 cash surplus surrender		(2,117)	(14,849)
		<u>(132,055)</u>	<u>(134,255)</u>
Net cashflows from operating activities	18	<u>18,181</u>	<u>(2,941)</u>
Cashflows from investing activities			
Purchase of property, plant and equipment	3	(698)	(588)
Purchase of intangible assets	4	-	(54)
Net cashflows from investing activities		<u>(698)</u>	<u>(642)</u>
Net increase (decrease) in cash and cash equivalents		17,483	(3,583)
Cash and cash equivalents at the beginning of the year		62,365	65,948
Cash and cash equivalents at the end of the year		<u>79,848</u>	<u>62,365</u>

STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS

Budget on Accrual Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 32
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Funds received from dtic - grant	34,153	(3,415)	30,738	30,738	-	
Rendering of services	99,869	-	99,869	112,202	12,333	a
Other income	123	-	123	347	224	
Interest received - investment	3,610	-	3,610	7,668	4,058	b
Total revenue from exchange transactions	137,755	(3,415)	134,340	150,955	16,615	
Expenditure						
Compensation of employees	(71,679)	-	(71,679)	(66,238)	5,441	c
Goods and services	(58,941)	3,415	(55,526)	(60,568)	(5,042)	d
Transfer payments - Other	(835)	-	(835)	(845)	(10)	
Depreciation and amortisation	(6,300)	-	(6,300)	(4,864)	1,436	
Total expenditure	(137,755)	3,415	(134,340)	(132,515)	1,825	
Surplus/Deficit	-	-	-	18,440		

SIGNIFICANT ACCOUNTING POLICIES

1. Significant account policies

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

1.1 Basis of preparation

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.

These accounting policies are consistent with the previous period. Figures have been rounded to the nearest thousand.

These accounting policies are consistent with the previous period.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Receivables from exchange transactions

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

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

Impairment testing of assets

SANAS reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible and intangible assets are inherently uncertain and could materially change over time.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Buildings	10 to 12 years straight line
Furniture and fixtures	10 to 20 years straight line
Motor vehicles	5 to 7 years straight line
Office equipment	5 to 18 years straight line
IT equipment	4 to 7 years straight line

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.

1.5 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

Item	Depreciation method	Useful life
Computer software	Straight line	10 - 12 years
Automated Accreditation Management System	Straight line	10 years
Knowledge Transfer Management System	Straight line	12 years

1.6 Financial instruments

Classification

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

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

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

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

Initial recognition

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

Initial measurement of financial assets and financial liabilities

SANAS measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities.

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

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

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

Derecognition

Financial assets

SANAS derecognises a financial asset only when:

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

Financial liabilities

SANAS removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived. The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

1.7 Leases

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

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

1.8 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.

1.9 Employee benefits

Identification

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

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

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

Recognition and measurement

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.11 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.

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 SANAS;
- 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 Income

Revenue arising from the use of SANAS's assets yielding interest 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 using the effective interest rate method for financial instruments.

1.12 Revenue from non-exchange transactions

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.

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

1.13 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.14 Irregular expenditure

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

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

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

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

1.15 Budget information

The approved budget is prepared on a accrual basis and is included in Vote 39 of the Department of Trade, Industry and Competition. The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

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

2. New standards and interpretations

2.1 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:	Expected Impact
GRAP 1 – Presentation on Financial Statements	Dates still to be determined by the Minister of Finance	Not expected to impact results but may result in additional disclosure
GRAP 104 – Financial Instruments	Dates still to be determined by the Minister of Finance	Not expected to impact results but may result in additional disclosure
GRAP 105 – Transfer of functions between entities under common control	Dates still to be determined by the Minister of Finance	Not expected to impact SANAS
GRAP 106 – Transfer of functions between entities not under common control	Dates still to be determined by the Minister of Finance	Not expected to impact SANAS
GRAP 107 – Mergers	Dates still to be determined by the Minister of Finance	Not expected to impact SANAS
IGRAP 22 – Foreign Currency transactions and advance consideration	Dates still to be determined by the Minister of Finance	Not expected to impact SANAS

Figures in Rand thousand

3. Property, plant and equipment

	2024			2023		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8,859	-	8,859	8,859	-	8,859
Buildings	55,559	(16,146)	39,413	55,559	(13,372)	42,187
Furniture and fixtures	3,507	(2,065)	1,442	3,507	(1,713)	1,794
Motor Vehicles	1,259	(980)	279	1,259	(870)	389
Office equipment	859	(750)	109	985	(822)	163
IT equipment	7,103	(5,731)	1,372	6,873	(5,385)	1,488
Total	77,146	(25,672)	51,474	77,042	(22,162)	54,880

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal	Total
Land	8,859	-	-	-	-	8,859
Buildings	42,187	-	-	(2,774)	-	39,413
Furniture and fixtures	1,794	-	-	(352)	-	1,442
Motor Vehicles	389	-	-	(110)	-	279
Office equipment	163	-	(8)	(46)	-	109
IT equipment	1,488	698	(3)	(830)	19	1,372
Total	54,880	698	(11)	(4,112)	19	51,474

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	8,859	-	-	-	8,859
Buildings	44,954	-	-	(2,767)	42,187
Furniture and fixtures	2,185	-	(41)	(350)	1,794
Motor Vehicles	641	-	-	(252)	389
Office equipment	286	-	(6)	(117)	163
IT equipment	1,655	589	(41)	(715)	1,488
Total	58,580	589	(88)	(4,201)	54,880

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	(1,214)	(591)
------------------	---------	-------

An asset verification was conducted during the financial year. Various assets were written off and the asset register was updated accordingly.

There is no property, plant and equipment pledged as security.

Useful lives and residual values of all assets were reviewed and were necessary adjusted prospectively.

Figures in Rand thousand

4. Intangible assets

	2024		2023			
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	316	(269)	47	316	(248)	68
Automated Accreditation Management system	6,775	(3,215)	3,560	6,775	(2,533)	4,242
Knowledge Transfer management system	549	(408)	141	549	(359)	190
Total	7,640	(3,892)	3,748	7,640	(3,140)	4,500

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Transfer	Amortisation	Total
Computer software	68	-	-	(21)	47
Automated Accreditation Management system	4,242	-	-	(682)	3,560
Intangible assets under development	-	-	-	-	-
Knowledge Transfer management system	190	-	-	(49)	141
Total	4,500	-	-	(752)	3,748

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Transfer	Amortisation	Total
Computer software	91	-	-	(23)	68
Automated Accreditation Management system	4,720	54	140	(672)	4,242
Intangible assets under development	140	-	(140)	-	-
Knowledge Transfer management system	239	-	-	(49)	190
Total	5,190	54	-	(744)	4,500

Intangible assets under Development

Intangible assets under development related to the Automated Accreditation Management system. This system was being developed for the automation of the accreditation assessment process up to the monitoring of the accreditation process and a website front end for external stakeholders. Phase III of the project was under last stages of finalisation with one module remaining in the 2021/2022 financial year. This module has been completed in the 2022/2023 financial year and transferred to completed assets.

Useful lives and residual values of all intangible assets were reviewed at year end.

Figures in Rand thousand	2024	2023
--------------------------	------	------

5. Cash and cash equivalents

Cash on hand (including foreign exchange)	10	5
Bank balances	19,330	62,360
Funds with the Corporation for Public Deposits	60,508	-
	79,848	62,365

Cash on hand consists of petty cash and foreign exchange on hold at year end.

Bank balances consist of funds in the cheque account of SANAS used for daily transactions. Surplus cash is deposited with the Corporation for Public Deposits at the Reserve Bank. There are no restrictions relating to any component of cash and cash equivalent.

6. Payables from exchange transactions

Trade payables	4,911	6,245
----------------	-------	-------

7. Receivables from exchange transactions

Trade debtors	15,184	10,458
Prepayments	-	163
Deposits	45	45
Provision for doubtful debts	(349)	(1,056)
Staff debtors	36	41
	14,916	9,651

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. None of the financial assets that are fully performing have been renegotiated in the last year

Trade receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2024, R 9 894 908 (2023: R 6 627 222) were past due but not impaired.

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

1 month past due	576	24
2 months past due	9,319	6,603

Trade and other receivables impaired

As of 31 March 2024, trade and other receivables of R349 (2023: R 1056) were impaired and provided for.

The ageing of these impairments is as follows:

0 to 90 days	-	35
Over 90 days	349	1,021

Figures in Rand thousand	2024	2023
--------------------------	------	------

7. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1,056	1,438
Amounts written off as uncollectible	(707)	(90)
Unused amounts reversed	-	(292)
	349	1,056

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

Other Receivables

Staff debtors relate to a debt for the recovery of funds because of the application of the no work no pay rule that was applied due to strike action that had taken place in 2017. These funds are currently being recovered from staff. Amounts for former employees have been handed over to debt collectors.

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

8. Income received in advance

Income received in advance consists of

Income received in advance	9,805	6,679
Staff costs	902	-
	10,707	6,679

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

9. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Utilised during the year	Total
Expenses	840	(388)	452

Reconciliation of provisions - 2023

	Opening Balance	Additions	Total
Expenses	-	840	840

Certain services have been rendered to SANAS, however, the service providers have not billed at year end. These have been raised as expenses.

Figures in Rand thousand

10. Employee Benefit Obligations

Reconciliation - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance Bonuses	3,261	-	-	-	3,261
Accrual leave pay	3,173		(39)		3,134
	6,434	-	(39)	-	6,395

Reconciliation - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance Bonuses	-	3,261	-	-	3,261
Accrual leave pay	2,598	575	-		3,173
Employee cost of living	2,867		(2,867)		-
	5,465	3,836	(2,867)	-	6,434

The provision for performance bonuses was raised in the 2022/2023 financial year. This provision was not utilized in the current year as the matter has been referred to the CCMA.

Accrual leave pay has been raised on outstanding leave balances for all staff members as at 31 March 2024.

11. Revenue

Funds received from the dtic - (non-exchange revenue)	30,738	33,820
Rendering of services - Exchange revenue	112,202	96,080
Other Income	347	139
Interest received - investment	7,668	4,080
	150,955	134,119

12. Investment revenue - Interest

Interest revenue

Interest received - investment	7,668	4,080
--------------------------------	-------	-------

Interest received has been earned from SANAS bank accounts and the Corporation for Public Deposits.

13. Government grants and subsidies

Funds received from dtic - non exchange revenue	30,738	33,820
---	--------	--------

Figures in Rand thousand	2024	2023
--------------------------	------	------

14. Employee related costs

Basic	40,051	38,261
Bonus	-	3,261
Medical aid - company contributions	2,757	2,462
UIF	319	285
WCA	179	296
SDL	568	527
Defined contribution plans	7,402	6,897
Other employee costs	14,962	14,330
	66,238	66,319

15. Depreciation and amortisation

Property, plant and equipment	4,112	4,201
Intangible assets	752	743
	4,864	4,944

16. Debt impairment

The movement in provision for doubtful debts is as follows:

Debt impairment	(707)	(382)
-----------------	-------	-------

Figures in Rand thousand	2024	2023
17. General expenses		
Accounting Authority emoluments	1,304	1,341
Advertising	896	1,790
Bank charges	35	39
Cleaning	234	400
Consulting and professional fees	141	465
Donations	6	282
Electricity and water	878	762
External Auditors remuneration	393	316
HR expenses incl bursaries and staff wellness	2,251	2,189
IT expenses	4,922	4,993
Insurance	543	485
Other operating expenses	3,329	1,233
International and regional responsibilities	1,470	1,190
Internal Auditors remuneration	909	374
Marketing costs	864	1,067
Operating lease	126	163
Printing and stationery	134	237
Property levies	446	513
Property rates	862	819
Project expenses	261	322
Repairs and maintenance	1,214	591
Security	502	442
Subscriptions and membership fees	103	47
Telephone and fax	200	253
Training course expense	883	766
Travel - local	18,849	14,431
	41,755	35,510

18. Cash generated from (used in) operations

Surplus	18,440	10,025
Adjustments for:		
Depreciation and amortisation	4,864	4,944
Gain on sale of assets and liabilities	11	88
Impairment reversal	(19)	-
Movements in provisions	(388)	1,140
National Treasury 2022/2023 cash surplus surrender	(2,117)	(14,849)
Changes in working capital:		
Receivables from exchange transactions	(5,265)	(3,990)
Employee benefit obligations	(39)	575
Payables from exchange transactions	(1,334)	(2,073)
Income in advance	4,028	1,199
	18,181	(2,941)

Figures in Rand thousand

19. Operating lease

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

The outstanding commitment under the non-cancellable operating lease was as follows:

	2024	2023
Up to 1 year	128	128
More than 2 years less than 5 years	91	218
	219	346

20. Financial instruments disclosure

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

Categories of financial instruments

2024

Financial assets	Total
Trade and other receivables at amortised cost	14,871
Cash and cash equivalents	79,848
Utilities deposit	45
	94,764
Financial liabilities	
Trade and other payables at amortised cost	4,911

2023

Trade and other receivables at amortised cost	9,443
Cash and cash equivalents	62,365
Utilities deposit	45
Utilities deposit	163
	72,016
Financial liabilities	
Trade and other payables at amortised cost	6,245

 Figures in Rand thousand

21. Commitments

There was no authorised capital expenditure nor commitments already contracted for but not provided at year end.

22. Contingencies

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

The final reports were submitted in December 2019, however upon finalisation of the reports, the service provider issued an invoice for R729,080. SANAS management disputed the amount above the proposal amount of R39,900 as no discussion was held regarding additional fees at time of assignment. Additional engagements were made between the service provider and SANAS to reach consensus on the matter and the service provider was not satisfied with the conclusions reached by management regarding the alleged invoice outstanding. New correspondence has been received from the service provider and the balance of R689,180 is still regarded as being in dispute and the contingent liability of R689,180 has therefore still remained for the 2023/2024 financial year. The matter is currently sub judice.

In September 2020, the Internal Audit service provider presented SANAS with an invoice for services rendered for their involvement in disciplinary matters initiated by the Board between November 2019 and July 2020.

These disciplinary matters emanated from Irregular expenditure projects, Whistle-blower, and other pertinent matters (as stated on their invoice). Additional engagements were made between the service provider and SANAS to reach consensus on the matter and the service provider was not satisfied with the conclusions reached by management regarding the alleged invoice outstanding. This invoice has still been disputed by the service provider and a contingent liability of R317,064 has thus remained for the 2023/2024 financial year. The matter is currently sub judice.

Request to retain cash surplus 2021/2023

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

Therefore, in terms of this section and National Treasury's instruction no.12 of 2020/2021, SANAS will make a submission to National Treasury to retain surpluses for 2023/2024 in line with this instruction based on the final audited figures.

The cash surplus as per this instruction note is based on the cash and cash equivalents plus receivables less current liabilities.

	Surplus
Cash and cash equivalents	79,848
Receivables	14,916
Less: Current liabilities	(22,465)
	72,299

SANAS transferred back R2,117,000 to the National Revenue fund for surpluses realised in 2022/2023 financial year. This transfer has been recognized against retained earnings.

Figures in Rand thousand	2024	2023
--------------------------	------	------

23. Related parties

Relationships

Executive Authority	Department of Trade, Industry and Competition (the dtic)
Accounting Authority	Ms L Tlou Dr T Demana Mr S Mlangeni Dr M Mohlala Ms L Mothae Mr M Phaloane Mr F Wetes Ms I Ramafola Ambassador S Jaffer
Members of key management	Mr M Phaloane Mr T Baleni Ms F Radebe Mr F Osman Mr D Petersen Mr J Shai

Related party balances

Amounts included in trade receivables from exchange transactions

Agricultural Research Council	42	36
Department of Agriculture	-	7
Council for Scientific and Industrial Research	(12)	34
Eskom	904	347
Lepelle Northern Water	42	52
National Regulator for Compulsory Specifications	118	211
Sedibeng Water	-	32
South African Bureau of Standards	(9)	58
National Health Laboratory Services	3,770	1,090
National Metrology Institute of South Africa	183	-
South African Nuclear Energy Corporation	-	27
South African Airways Limited	-	29
Transnet Limited	217	171
South African Weather Service	-	4
Total	5,255	2,098

Amounts included in trade payables from exchange transactions

National Laboratory Association	441	24
South African Bureau of Standards	-	705
National Health Laboratory Services	-	4
National Regulator for Compulsory Specifications	218	-
National Metrology Institute of South Africa	43	28
Total	702	761

Figures in Rand thousand

23. Related parties (continued)

2024

Name	Members Fees	Committee Fees	Total
Ms L Tlou	205	93	298
Mr S Mlangeni	154	61	215
Dr M Mohlala	167	74	241
Ms L Mothae	266	74	340
Mr F Wetes	137	74	211
	929	376	1,305

2023

Name	Members Fees	Committee Fees	Total
Ms L Tlou	200	117	317
Mr S Mlangeni	156	85	241
Dr M Mohlala	136	93	229
Ms L Mothae	239	81	320
Mr F Wetes	142	92	234
	873	468	1,341

Some members of the Accounting Authority were not remunerated in their personal capacity as they are employees of government or institutions, agencies or entities of government. These Accounting Authority members for the 2023/2024 financial year were as follows:

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

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

- Mr M Phaloane (2023/2024)
- Mr T Baleni (2022/2023)

Figures in Rand thousand

23. Related parties (continued)

Executive management

2024

Name	Basic salary	Acting Allowance	Contributions to Medical aid and Pension Fund	Other benefits received	Total
Mr M Phaloane	1,841	140	440	54	2,475
Ms F Radebe	1,800	-	414	120	2,334
Mr F Osman	1,099	-	358	342	1,799
Mr D Petersen	1,305	-	277	-	1,582
Mr J Shai	641	-	90	-	731
Ms N Thomas	147	-	16	-	163
Mr T Baleni	909	-	-	-	909
	7,742	140	1,595	516	9,993

2023

Name	Emoluments	Acting Allowance	Travel Allowance	Post-employment benefits	Total
Mr M Phaloane	1,835	-	322	54	2,211
Ms F Radebe	1,769	-	322	120	2,211
Mr F Osman	1,188	-	174	342	1,704
Mr D Petersen	1,343	-	152	-	1,495
Ms N Thomas	1,682	-	191	-	1,873
Mr T Baleni	1,373	292	-	-	1,665
	9,190	292	1,161	516	11,159

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

Ms N Thomas, resigned on 01 May 2023.

Mr J Shai joined SANAS as CFO from 6th November 2023.

Figures in Rand thousand

24. Change in estimate

During the financial year ending 2023/24, SANAS applied various changes to the useful life of various classes of assets. During this process residual values were also evaluated. This review included Property, Plant and Equipment and intangible assets.

The following is the impact of the revision of useful live in the current year:

Vehicles (R000)

- Decrease in Depreciation	142
- Decrease in Accumulated Depreciation	142

Office (R000)

- Decrease in Depreciation	11
- Decrease in Accumulated Depreciation	11

IT Equipment (R000)

- Increase in Depreciation	163
- Increase in Accumulated Depreciation	163

25. Restatement of Comparative Figures

Costs relating to employee benefit were included in provisions in prior years. This was not in line with GRAP 1 requirements. A restatement of comparative figures has been effected on the statement of financial position where employee benefit obligations have been separately disclosed. The effect of this reclassification is as follows:

	2024	2023
Statement of financial position		
Employee Benefit Obligations	-	6,434
Provisions	-	(3,261)
Accrual leave pay	-	(3,173)

Figures in Rand thousand

26. Risk management

Financial risk management

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

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The accounting authority provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash and cash equivalents are sufficient to settle current liabilities.

At 31 March 2024	Less than 1 year
Trade and other payables	4,911
At 31 March 2023	Less than 1 year
Trade and other payables	6,245

Credit risk

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

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

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

Financial instrument	2024	2023
Trade and other receivables	14,916	9,651
Cash and cash equivalents	79,848	62,365

Market risk

Interest rate risk

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

Currency risk

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

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

Figures in Rand thousand	2024	2023
--------------------------	------	------

27. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus (deficit) of R 127,521 and that the entity's total assets exceed its liabilities by R 127,521.

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

28. Events after the reporting date

There were no significant events after reporting date.

29. Fruitless and wasteful expenditure

Opening balance as previously reported	285	285
Add: Fruitless and wasteful expenditure identified - current	180	-
Closing balance	465	285

Fruitless and wasteful expenditure was incurred in December 2019. It related to the signing of a mutual separation agreement. Confirmation is being sought if this amount is recoverable or not.

During the 2023/2024 financial year, unauthorised access to the entity's safe occurred where 1750 USD (spot rate: R18.84 on 30th October 2024) and approximately R1 675 (total loss translated into Rands is R34 640) was stolen. A case with the SAPS has been opened and investigations are ongoing.

During the 2023/2024 financial year, SANAS was a victim of a phishing scam where a net amount of R145 043 was deposited into an account that was believed to be that of a supplier, following a fraudulent change in the supplier's bank account. A case has been opened with the SAPS and investigations are ongoing.

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Mutual Separation Agreement	Confirmation of write-off is being sought	285	285
Theft	A case has been opened with the South African Police Service and investigations are ongoing	35	-
Phishing scam	A case has been opened with the South African Police Service and investigations are ongoing	145	-
		465	285

30. Irregular expenditure

Opening balance as previously reported	-	-
Add: Irregular Expenditure - current	-	-
Closing balance	-	-

Figures in Rand thousand

31. Segment information

General information

Identification of segments

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

Information reported about these segments is used by management as a basis for the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Administration	Policy development, financial management, legal and administrative support
Corporate Services	Human Resources (HR) management, quality management, information and communication technology and communication and marketing
Strategy and Development	Research and development of new accreditation programmes, knowledge transfer and regional and international development
Accreditation	Accreditation assessments and good laboratory practice monitoring

Figures in Rand thousand

31. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Administration	Corporate Service	Strategy and Development	Accreditation Provision	Total
Revenue					
Funds received from dlic - Grant	30,738	-	-	-	30,738
Revenue from exchange transactions	-	-	8,010	104,192	112,202
Interest revenue	7,668	-	-	-	7,668
Sundry income	347	-	-	-	347
Total segment revenue	38,753	-	8,010	104,192	150,955
Expenditure					
Salaries and wages	33,065	-	-	33,173	66,238
Other expenses	5,087	17,153	2,648	36,525	61,413
Depreciation and amortisation	4,864	-	-	-	4,864
Total segment expenditure	43,016	17,153	2,648	69,698	132,515
Total segmental surplus/(deficit)	(4,263)	(17,153)	5,362	34,494	18,440

Figures in Rand thousand

31. Segment information (continued)

2023

	Administration	Corporate Service	Strategy and Development	Accreditation Provision	Total
Revenue					
Funds received from dtic - Grant	33,820	-	-	-	33,820
Revenue from exchange transactions	-	-	7,113	88,967	96,080
Interest revenue	4,080	-	-	-	4,080
Sundry income	139	-	-	-	139
Total segment revenue	38,039	-	7,113	88,967	134,119
Expenditure					
Salaries and wages	31,444	-	-	34,875	66,319
Other expenses	4,376	14,756	2,278	31,421	52,831
Depreciation and amortisation	4,944	-	-	-	4,944
Total segment expenditure	40,764	14,756	2,278	66,296	124,094
Total segmental surplus/(deficit)	(2,725)	(14,756)	4,835	22,671	10,025

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Budget differences

Comparison of amounts

The following are the explanations of material differences as required by paragraph 12(c) of GRAP 24. The budget was adjusted during the year to account for a reduction in funds received from dtic - Grant.

- Rendering of services revenue exceeded budget due to additional CAB's that were accredited in the year.
- Interest Income exceed budget due to higher cash reserves. These reserves were because of both higher revenue and the retention of surplus from the 2022/2023 financial year.
- Employee Costs were lower than budget due to a vacancy in the CEO position and non-payment of bonuses.
- Good and services costs were higher than budget due to variable costs relating to accreditation, matching the increased activity of increased CAB's.

Budget and classification

Budget for the year is prepared on an accrual basis and is included in the budget Vote 39 – Department of Trade, Industry and Competition.

The approved budget covers the fiscal year 1 April 2023 – 31 March 2024.

33. Departure from Reporting Framework

National Treasury Instruction No 12 of 2020/2021 requires that public entities that have identified surplus as defined in the instruction, must either recognise a provision or a contingent liability in consideration of past practices. The Instruction further states that when, in the subsequent reporting period, the entity surrenders funds, this must be debited against the statement of financial performance.

The application of the above treatment will result in SANAS reporting a loss of R4.8 million in the 2022/23 financial year from a surplus of R10.0 million. This is not a fair presentation, as SANAS is surrendering funds based on a strong financial performance. SANAS has instead recognised these cash surpluses against retained earnings and separately disclosed them in the Statement of Changes in Net Assets.

According to GRAP 1.21, where compliance with a requirement would be misleading and in conflict with fair presentation, a departure can occur. This departure does ensure that the financial statements present fairly the entity's financial position, financial performance and cash flows.

34. Assessor Costs

Assessor Costs	19,520	16,908
----------------	--------	--------

NOTES

[illegible]



 303 Liberty Office Park Highway Street, Equestria

 +27 (0) 12 740 8400

 www.sanas.co.za

RP119/2023

ISBN: 978-0-621-51076-8

SANAS Annual Report 2023-20234



**Scan the code to
download Annual Report**