



Culture, Arts, Tourism,
Hospitality and Sport Sector
Education and Training Authority
(CATHSSETA)

ANNUAL REPORT

2018/2019 FINANCIAL YEAR

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higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Submission of the Annual Report to the Executive Authority

To the Minister of Higher Education, Science and Technology, Dr Bonginkosi Blade Nzimande, I have the honour of submitting to you in accordance with the Public Finance Management Act, 1999 (Act 1 of 1999), the Annual Report of Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) for the period of 1 April 2018 to 31 March 2019.

Victor Ramathesele (Dr)
Chairperson of the Board

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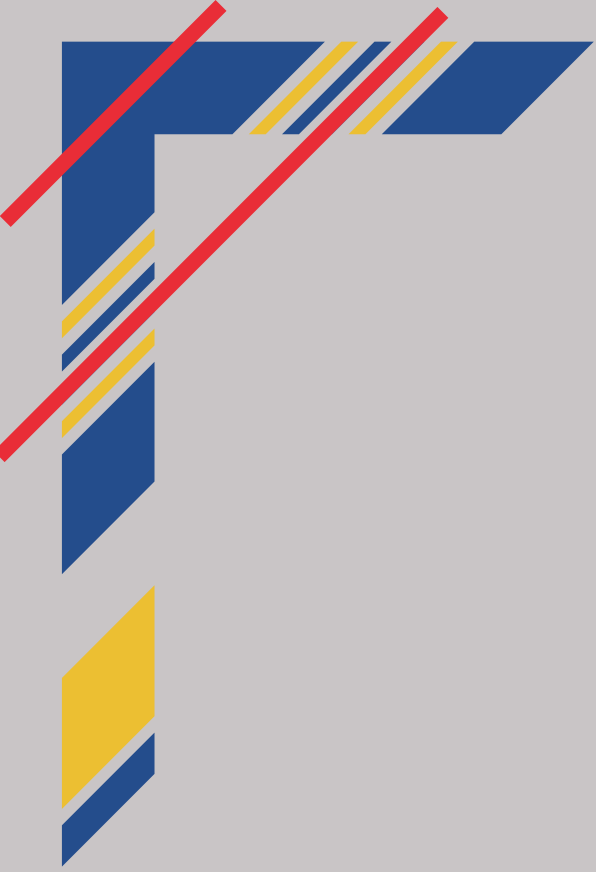
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PART A

GENERAL INFORMATION





1. Public Entity's General Information

Registered Name: The Entity is Registered as the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority, also known as CATHSSETA

Registration Number	25/CATHSSETA/1/04/11
Physical Address:	01 Newton Avenue, Ground Floor, Killarney Johannesburg, 2193
Postal Address:	P O Box 1329, Rivonia, 2128
Telephone Number/s:	+27 11 217 0600
Fax Number:	+27 11 783 7745
Email Address:	info@cathsseta.org.za
Website Address:	www.cathsseta.org.za
External Auditors:	Auditor-General South Africa, 300 Middel Street, New Muckleneuk Pretoria, South Africa 0001
BANKERS:	
Nedbank	Upper Ground Floor Block I 135 Rivonia Road Sandown Sandton 2196
Investec	100 Grayston Drive Sandown Sandton 2196
Rand Merchant Bank	1 Merchant Place Cnr Fredman And Rivonia Road Sandton 2196 South Africa
FNB	7th Floor 1 First Place Bank City Cnr Simmonds and Pritchard Streets Johannesburg
Company Secretary:	Imbokodvo Bethany Governance & Statutory Compliance (IKB) Ground Floor, Woodview Offices 1 Humber Road Woodmead

LIST OF ABBREVIATIONS/ACRONYMS

Below is a list of abbreviations/acronyms for reference when reading through the Annual Report.

ACEO	Acting Chief Executive Officer
AET	Adult Education and Training
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CEO	Chief Executive Officer
DHET	Department of Higher Education and Training
EC	Eastern Cape
EPWP	Expanded Public Works Programme
ETD	Education Training and Development
GIBS	Gordon Institute of Business
GRAP	Generally Recognised Accounting Practices
HEI	Higher Education Institution
HR	Human Resource
HRD	Human Resource Development
IT	Information Technology
KPI	Key Performance Indicators
KZN	KwaZulu-Natal
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NACTU	National Council of Trade Unions
NAMB	National Artisan Moderating Body
NCV	National Certificate (Vocational)
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation

LIST OF ABBREVIATIONS/ACRONYMS

Below is a list of abbreviations/acronyms for reference when reading through the Annual Report.

NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
OFO	Organising Framework for Occupations
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PMO	Project Management Office
PMS	Performance Management System
QCTO	Quality Council for Trades and Occupations
QMR	Quarterly Monitoring Report
SACCAWU	South African Commercial, Catering and Allied Workers Union
SANBI	South African National Biodiversity Institute
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SASCOC	South African Sports Confederation and Olympic Committee
SCM	Supply Chain Management
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SIPs	Strategic Infrastructure Projects
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SOP	Standard Operating Procedures
SP	Strategic Plan
SRSA	Sport and Recreation South Africa
SSP	Sector Skills Plan
TR	Treasury Regulations
TVET	Technical, Vocational, Education and Training
UIF	Unemployment Insurance Fund
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

3. Foreword by the Chairperson



Victor Ramathesele (Dr)
Chairperson of the Board: CATHSSETA

It is my pleasure to present the 2018/19 Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) Annual Report. On behalf of the CATHSSETA Board, I wish to extend our sincerest gratitude to the Minister of Higher Education, Science and Technology, Dr Bonginkosi Blade Nzimande and the organisations we represent for allowing us to serve on the CATHSSETA Board and to provide oversight to the operations of this organisation.

As we embark on the second year of our tenure, we want to acknowledge all CATHSSETA stakeholders, and reiterate our commitment to serve you. We are still fully committed to the oath we took on our appointment in April 2018. We will continue to serve this organisation and all its stakeholders earnestly.

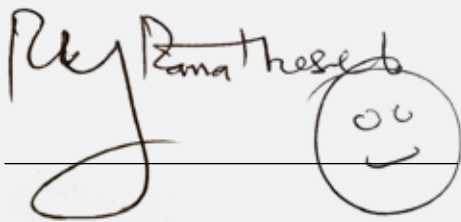
In the year under review, the Board suffered a minor setback when two of its members resigned. The gaps created by the two resignations have since been closed with the appointment of three additional Board members who represent the organised employer and organised labour.

We are very pleased to share with you that the vacancy of the Chief Executive Officer (CEO) has finally been filled. The then Minister of Higher Education and Training appointed Ms Keitumetse Lebaka, who is no stranger to CATHSSETA, to fill this position. Ms Lebaka has been with CATHSSETA for eight years and has been instrumental and a driving force for a number of successes that this SETA has achieved. We have seen remarkable improvement in our year-on-year performance – where in the 2017/18 financial year the performance was at 87%, the performance for the 2018/19 financial year is currently sitting at 91%. These are just some of the achievements we have witnessed under her tenure as the Acting Chief Executive Officer (ACEO) and currently as the CEO. In the financial year under review the SETA has received an unqualified audit opinion, we receive the outcomes of the audit process and look forward to improving our financial and regulatory systems towards a clean audit in the next financial year.

CATHSSETA continued to operate optimally and filled a large number of critical positions with suitably experienced individuals. In the same year, we received some resignations in our top management and as such, have appointed acting executive managers to close these gaps while the recruitment process is underway. This was to ensure that the performance of our organisation is not compromised.

We continued to strive for better interaction with our stakeholders through initiatives such as stakeholder roadshows, seminars and workshops. As part of these engagements we also empowered small businesses with the relevant information to create an enabling environment for them to succeed. It is our conviction that without our continued support, the small businesses which happen to make the highest percentage of our stakeholder base, will not grow as much as they should. Ours is to ensure that we continue to support them so that they too continue to contribute earnestly towards growing the economy of this country by creating employment opportunities.

As I conclude, on behalf of the Board I wish to thank the Department of Higher Education and Training (DHET), CATHSSETA governance structures as well as all our stakeholders for their continued support. My deep appreciation also goes out to the CATHSSETA CEO, management and staff for their commitment to this organisation, their hard work and dedication in ensuring that we live up to our vision of being a *leader in skills development within our diverse sector*. With your continued support and dedication, CATHSSETA will continue to meet its goals and improve its performance.



Victor Ramathesele (Dr)
Chairperson of the Board
Date: 31 March 2019

Chief Executive Officer's Overview



Keitumetse Lebaka (Ms)
CEO: CATHSSETA

To the Honourable Minister of Higher Education, Science and Technology, Dr Bonginkosi Blade Nzimande, our Accounting Authority and our valued stakeholders, it is my pleasure to present the CATHSSETA Annual Report for the year ending 31 March 2019.

In the year under review, I occupied the role of the Acting Chief Executive Officer (ACEO) and was later appointed into the CEO role on January 1, 2019. Since my appointment, my firm commitment has been to provide effective leadership to the organisation in order to improve our year-on-year performance. It is my utmost pleasure to share with you that our performance continues to improve significantly as we continue to tighten our ropes by putting in place policies that will ensure that quality, service excellence and compliance are always adhered to. To this end, I am pleased to report that our current performance has increased to 91% and our goal is to achieve 100% in the coming year. I strongly believe that the 100% achievement target is attainable. As I continue to provide support and guidance to all our personnel, I implore all our staff to do things right the first time around. I also implore our stakeholders to adhere to the compliance requirements so that we may not be found wanting come audit period.

Our mandate as CATHSSETA is to ensure that we identify and implement skills development programmes supported by credible research and we should do this with minimal inconveniences to our stakeholders. Instead we should strive to add value and advance our stakeholders through skills development in such a way that it contributes positively to the wellbeing of our beneficiaries, our subsectors and the economy at large.

Through our Strategic Projects Unit, CATHSSETA embarked on a number of strategic partnership projects with the aim of developing and supporting the small businesses, trade unions, Non-Governmental Organisations (NGOs), Non-Profit Organisations (NPOs) and, Co-ops. It is also our aim to contribute towards the upliftment of those in previously disadvantaged areas. The establishment of the regional offices has assisted us in identifying the gaps in the areas in which we operate and thus making plans to change the status quo. Our continued strategic partnership efforts have strengthened our rural development drive and township revitalisation. We partnered with the Ncera Macadamia Plantation in the Eastern Cape province by offering funding towards the Annual Macadamia Harvesting Festival, which is already in its second year of its festivity. In addition, unemployed youth from the Ncera community were offered bursaries in Hospitality and Tourism and some were registered in the Event Management Learnership Programme.

As a skills development entity, our mandate is to empower and upskill stakeholders within our diverse sectors. It is against this background that in the year under review, and for the first time in the history of CATHSSETA, we

partnered with the Chinese Culture and International Education Exchange Centre to provide 112 students Technical and Vocational Education and Training (TVET) college students with the opportunity to undertake a one-year internship programme in China. The programme, focusing on Tourism and Hospitality is fully funded and supported by CATHSSETA and the Chinese Culture and International Education Exchange Centre. We are grateful to the TVET colleges for embracing the opportunity and for assisting us in recruiting suitably qualified students for this programme. We are now looking at recruiting the arts TVET college students for the same internship programme. They too will undergo a 12-month programme. In March 2017, we appointed the Gordon Institute of Business Science (GIBS) to train executive and senior managers the Global Executive Development Programme at Level 8 for twelve months to close the skills shortages in the sub-sector. A total number of 67 managers from three provinces i.e. Gauteng, KwaZulu-Natal and the Western Cape completed the programme and graduated in June 2018.

In the next financial year, CATHSSETA in collaboration with the DHET will host an inaugural Heritage Careers Expo. The request to host this expo was approved by the Board and it is as a result of the urgent need to expose high school learners to endless opportunities which exist in the Arts, Culture and Heritage sector. This is one of the sectors that do not get the necessary exposure and as such do not attract the right calibre of students for training opportunities. We have also started plans to support and participate in sectorial events with the aim of promoting and positioning CATHSSETA in the minds of all our stakeholders.

In the 2018/19 financial year, CATHSSETA received R392 900 00 in total revenue compared to R379 582 000 in the previous year. The 3,5% increase in revenue has not matched the organisation's increased cost base. Owing to the increased cost base, CATHSSETA is striving to reduce its administration costs to stay within the 10,5% threshold permitted for administration in terms of the legislation. This involves implementing a three-year cost reduction glide-path to the 10,5% administration threshold.

It is pleasing to note that the percentage of the Mandatory Grant paid out to companies continues to increase year-on-year, along with the Discretionary Grants pay-out ratio. There was an operating surplus of R10 667 000 for the current year as compared to the R37 869 000 for the previous year. It should be noted that over the years, CATHSSETA has generated enough cashflow to meet the needs of its financial obligations.

CATHSSETA has made an application to National Treasury to retain R3 100 000, and access to these funds will enable the CATHSSETA to fund skills programmes, administration contracts and partnership contracts with various stakeholders. The Finance Department, particularly SCM needs to be further capacitated to strengthen the SCM operations within the organisation and these will be actioned going forward.

Let me take this opportunity to thank the DHET, our partner departments; Tourism, Sport and Recreation, as well as Arts and Culture – at both national and provincial levels; the Auditor-General South Africa (AGSA), governance structures as well as other stakeholders and service providers who continue to support CATHSSETA and show great confidence in our operations.

Finally, I wish to extend my gratitude and appreciation to CATHSSETA management and staff for their commitment to the efficient running of this organisation, thus leading to improved performance.



Keitumetse Lebaka (Ms)

CEO: CATHSSETA

Date: 31 March 2019

5. Statement of responsibility and confirmation of accuracy for the Annual Report

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

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements and annual performance information audited by the Auditor-General.

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity. The annual performance information has been prepared in accordance with the National Treasury guidelines for performance information.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the governance information, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2019.



Victor Ramathesele (Dr)
Chairperson of the Board
Date: 31 March 2019

6. Strategic Overview

6.1 Vision

A leader in skills development within our diverse sector.

6.2 Mission

To facilitate skills development through strategic partnerships for CATHSSETA to contribute to economic growth.

6.3 Values

CATHSSETA's institutional values are:

VALUE	Living this value means that CATHSSETA will seek to:
Service Excellence	<ul style="list-style-type: none"> • Understand stakeholder needs, respond timeously, efficiently and effectively to stakeholder queries and requests. • Display an image of professionalism and accountability. • Drive quality and high performance.
Fairness and Transparency	<ul style="list-style-type: none"> • It conducts its operational business without fear or favour. • All providers feel confident that their bids are given adequate consideration and evaluated professionally. • Stakeholders are entitled to believe that nothing is hidden and there are no undeclared meanings and intentions. • Everything is in the open for all to see, subject to ethical conduct and legal boundaries.
Respect	<ul style="list-style-type: none"> • Every stakeholder experiences humane relations from the employees. • Their self-worth is not eroded or negatively impacted by our conduct or actions. • Stakeholders experience humility from CATHSSETA staff in their relations.
Accessibility	<ul style="list-style-type: none"> • Develop and promote skills development programmes to ensure equal access to opportunities by all. • Develop skills development programmes aimed at improving opportunities for people in rural areas. • Ensure that upon request, conversations, documentation and publications are translated to prominent languages relevant to a geographical area.
Integrity	<ul style="list-style-type: none"> • Value openness, honesty, consistency and fairness. • Act in good faith in all our day-to-day activities. • Conduct operations to fulfil public expectation about what CATHSSETA was established to do and be.
Stakeholder Orientation	<ul style="list-style-type: none"> • Build partnerships with relevant government departments public and private training providers and organisations. • Offer quality education and skills development opportunities and experiences to learners to ensure ultimate employability and reduce inequality in the sector.

7. Legislative and other Mandates

Both the Constitution of the Republic of South Africa and various other statutes passed by the National Assembly direct CATHSSETA to perform skills development functions and conduct its operations in specific ways. Various government departments develop policies with direct relevance and impact on the legislated mandate of the Sector Education and Training Authorities (SETAs) and thus enjoin CATHSSETA to commit resources towards realising such stated imperatives.

Constitutional mandate

Section 29 of the Constitution provides for all South Africans the basic right to education. It states that everyone has the right:-

- To a basic education, including adult basic education.
- To further education, which the State, through reasonable measures, must make progressively available and accessible.

Working towards this Constitutional imperative, CATHSSETA is established to research and develop a Sector Skills Plan (SSP) to roll-out skills development programmes to service the interest of the following sectors within our economy and society:

- Arts, Culture and Heritage
- Conservation
- Gaming and Lotteries
- Hospitality
- Sport, Recreation and Fitness
- Tourism and Travel Services

Legislative Mandate

Table 1: CATHSSETA establishment legislation

LEGISLATION or REGULATIONS	PURPOSE
Skills Development Act (Act 97 of 1998, as amended)	<ul style="list-style-type: none"> The Act establishes SETAs, defines their mandates and responsibilities. It also sets parameters for the use of the grants and relationship between the DHET and SETAs. It regulates governance framework scope of operation for each SETA.
Skills Development Levies Act (Act 9 of 1999, as amended)	<ul style="list-style-type: none"> To impose the payment of skills levies by employer organisations to motivate investment in skills development.
Public Finance Management Act (Act 1 of 1999 as amended)	<ul style="list-style-type: none"> To regulate financial management in the national government and provincial governments. To ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively, to provide for the responsibilities of persons entrusted with financial management in those governments and to provide for matters connected therewith.
Broad-Based Black Economic Empowerment Act of 2003 (B-BBEE Act 53 of 2003, as amended)	<ul style="list-style-type: none"> It aims to accelerate the participation of black people in the economy by encouraging change in the following key areas of business: ownership, management and control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.
Basic Conditions of Employment Act (Act 75 of 1997: Sectoral Determination No 5: Learnerships)	<ul style="list-style-type: none"> The Act makes sectoral determination establishing binding conditions of employment and rates of allowances for learners in all sectors where SETAs operate.
The SETA Grant Regulations, Notice No. 35940 of 2012	<ul style="list-style-type: none"> The Grant Regulations regulate the use of monies received by the SETA and processes required for disbursement of such monies.

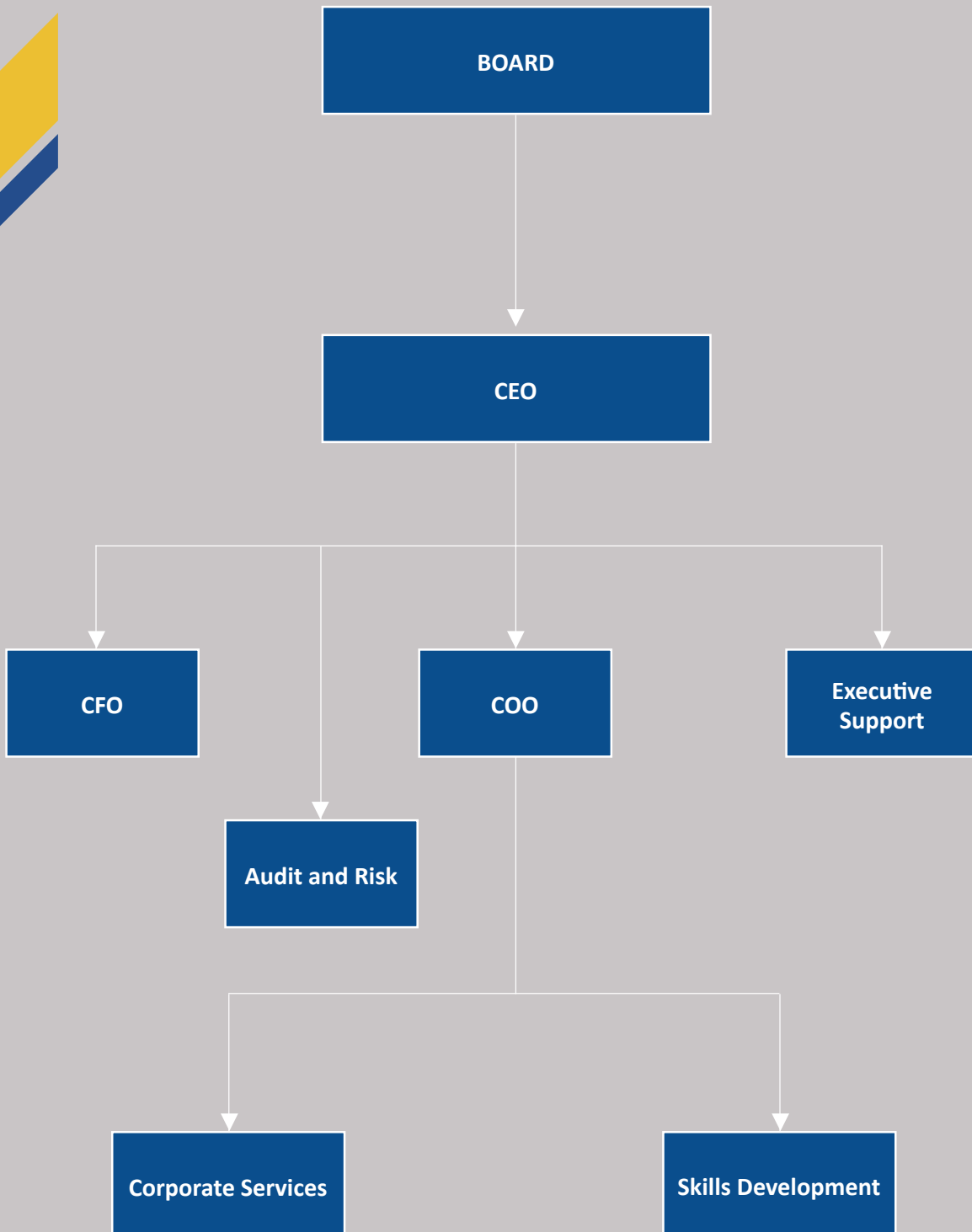
Policy

The above legislation is supported by the following policy directives:

Table 2: Policy directives

Policy	Purpose
National Development Plan (NDP)	<ul style="list-style-type: none"> The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the State, and promoting leadership and partnerships throughout society.
National Skills Development Strategy (NSDS III)	<ul style="list-style-type: none"> The key driving force of this strategy is improving the effectiveness and efficiency of the skills development systems and effective responses to the needs of the labour market and social equity. The strategy seeks to establish and promote closer links between employers and training institutions and between both of them and the SETAs. It represents an explicit commitment to encouraging the link between skills development and career paths, career development and promotion of sustainable employment and career progression.
White Paper on Post-School Education and Training (WPSET)	<ul style="list-style-type: none"> The White Paper provides a vision for a single, coherent, differentiated and highly articulated post-school education and training system; that contributes to the country's fight against structural challenges facing our society by expanding access to education and training opportunities and increasing equity, as well as achieving high levels of excellence and innovation.
National Skills Accord	<ul style="list-style-type: none"> The National Skills Accord establishes a partnership between DHET, communities, organised business and labour aimed at promoting common skills development and training needs. The Accord has eight commitments and commitments four, six and seven have specific focus on skills planning and the operations of CATHSSETA.
National Human Resource Development (HRD) Strategy of South Africa	<ul style="list-style-type: none"> The National HRD Strategy of South Africa (2010 to 2030) is a social compact distilling the critical skill challenges for the socio-economic growth and development of the country. The document also set out collective commitments for all sectors of the society.
Medium-Term Strategic Framework (MTSF)	<ul style="list-style-type: none"> The MTSF outlines government priority spending and delivery areas for the period 2014–2019 electoral terms. It reflects the commitments made in the election manifesto of the governing party. It sets out the actions the government will take and targets to be achieved. The MTSF is structured around 14 priority outcomes which cover the focus areas identified in the NDP and Government's electoral mandate.

8. Organisational Structure





PART B

PERFORMANCE INFORMATION



1. Auditor's Report: Predetermined Objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading.

Refer to page **68** of the Report of the Auditors Report, published as Part E: Financial Information.

2. Situational Analysis

2.1 Service delivery environment

The CATHSSETA delivers its services to a diverse but very important constituency comprising of the following six sub-sectors: Arts, Culture and Heritage; Conservation; Gaming and Lotteries; Hospitality; Sport, Recreation and Fitness; and Tourism and Travel Services. The sub-sectors served by CATHSSETA are labour intensive and constitute a major source of employment for those at the lower end of the labour market spectrum. Critical in these sub-sectors is the degree to which women, youth and migrant labour gain relatively easy access to employment and entrepreneurship. As a result, these sub-sectors play a significant role in addressing national unemployment.

In the financial year 2018/19, the total number of enterprises registered with CATHSSETA was 30 752. From this total, 30 050 of the enterprises are Small, Medium and Micro Enterprises (SMMEs). Only 7 380 entities paid skills levies, making up the total budget for CATHSSETA. The analysis above indicates that the CATHSSETA is operating in an environment that is proliferated by small enterprises. The implication of this fact is that the annual payroll of many employers served by CATHSSETA is less than R500 000 and are exempted from paying the skills development levy. This impacts the budget, thus resulting in a gap between the available financial resources and those required to address skills shortages within the sector.

The extension of CATHSSETA's physical footprint, by establishing regional offices and operational presence in all provinces, has enhanced service accessibility, improved partnerships with TVET colleges as well as support for work placement opportunities, resulting in closing the gap between skills development and work experience. In the financial year under review, CATHSSETA witnessed an increased participation and uptake for our Mandatory Grant funding as a result of the stakeholder roadshows which enabled our stakeholders to participate in CATHSSETA offerings.

Despite the establishment of the regional offices, CATHSSETA still has challenges of shortages of training providers in rural areas as a result CATHSSETA is not able to address some of the occupational shortages. Another challenge is that some employers do not adhere to industry funded learner enrolment processes, while some providers do not achieve learners on the system which leads to delays in the learner certification processes. Some employers do not submit contract deliverables to enable CATHSSETA to release the tranche payments, this negatively affects learners registered in various learning programmes and results in dropouts.

The CATHSSETA has overachieved in the target set for the establishment of partnerships with sector employers, this resulted in learner entries overachievement in two new programmes namely, AET and ITC. The CATHSSETA partnership with the Chinese Culture Centre resulted in an overachievement in the number of TVET learners entering a WIL programme. CATHSSETA reflects on these achievements on item 2.4 below.

2.2 Organisational environment

On the 26 March 2018, the Minister of Higher Education and Training, Ms Naledi Pandor appointed an Accounting Authority, comprising of members with extensive knowledge and experience in the designated sub-sectors, three members from the previous Board were retained.

CATHSSETA established Board committees to strengthen governance and accountability. The committees include Executive; Finance and Remuneration; Audit and Risk; and Governance and Strategy. These have played an oversight role to ensure the SETA maintains exceptional performance standards. All committees reviewed and adopted Committee Charters that respectively outline their functions and responsibilities.

2.3 Key Policy Developments and Legislative changes

In the 2018/19 financial year there were no policy and legislative developments and changes for implementation.

2.4 Strategic Outcome Oriented Goals

The development of the CATHSSETA goals and goal statements were guided by the mandate as legislated, policy framework and government priorities. The existing challenges faced by CATHSSETA were taken into consideration in the implementation of its programmes during the financial year. Greater focus was placed on improving performance monitoring and evaluation as well as ensuring maximum and institutionalised stakeholder participation in CATHSSETA's programmes.

Strategic goal 1: Develop sector capacity to deliver responsive skills development programmes informed by labour market research.

In the 2018/19 financial year, CATHSSETA identified top ten priority Professional, Vocational, Technical and Academic Learning (PIVOTAL) programmes targeting 415 learners to address the priority occupational shortages and skills gaps in various sub-sectors. A total of 2 380 learners were registered in nine of the top ten priority PIVOTAL programmes which exceeded the target by 1 965. In addition, CATHSSETA had also identified 31 learning programmes where there are occupational shortages; targeting to register 747 learners in such programmes. A total number of 3 687 learners were registered in nineteen (61%) of the learning programmes which exceeded the annual target by 2 940.

Furthermore, the partnership agreements signed with employers have resulted in CATHSSETA achieving the annual targets in work experiential learning programmes such as WIL and Internships. CATHSSETA has also entered into partnerships with an institution engaged in Recognition of Prior Learning (RPL) and with People with Disabilities Associations to increase the number of learners with disabilities to participate in various learning programmes.

Strategic goal 2: Effective facilitation of learning interventions to address skills needs in the sector.

In the financial year 2018/19, CATHSSETA added programmes such as Adult Education and Training (AET), Information and Communication Technology (ICT), and Recognition of Prior Learning (RPL) in order to increase access to occupationally directed programmes. In addition, CATHSSETA increased the number of SMMEs sustainability and effective growth. The SETA also supported employees of labour unions and those of NPOs/CBOs by registering them in legacy projects to increase the skills levels in these organisations. In March 2017, the CATHSSETA appointed the GIBS to train executive and senior managers in the Global Executive Development Programme at Level 8 for twelve months to close the skills shortages in the sub-sector. A total number of 73 managers were registered in the programme and 67 beneficiaries from three provinces i.e. Gauteng, KwaZulu-Natal and the Western Cape completed the programme.

CATHSSETA also partnered with UNISA Graduate School of Business and the National Department of Tourism to implement the Executive Development Programme for Women in Tourism. This programme was designed to build leadership capacity for women in Tourism and Hospitality sector. To date 50 women have participated in this programme and 20% have been promoted to managerial positions in the Tourism Industry. Initiated in 2016 this programme was designed as a transformation intervention to capacitate black women for executive positions within the sector. The programme ran for a period of 12 months based on the model that South African business schools use to train working students to allow them time to continue with their work while studying.

During the period under review, CATHSSETA increased the number of career and vocational guidance as a result all targets for entries in various learning programmes were achieved. CATHSSETA also experienced an increase in the application of the Mandatory Grants which has resulted in an increase in the overall organisational performance from 87% in 2017/18 to 91% in 2018/19 (4% increase).

Strategic goal 3: Improve sector capacity in delivering training provision.

During the period under review, CATHSSETA signed a partnership agreement with People with Disabilities Associations to increase the number of beneficiaries with disabilities that are skilled. The workshops for SMMEs included participants from rural areas and townships in order for SMMEs to ensure sustainable economic growth in such areas.

CATHSSETA signed 31 partnership agreements with stakeholders namely eight with TVET colleges, eight with universities and fifteen with Employers to strengthen stakeholder management and increase partnerships. The partnerships with TVET colleges resulted in CATHSSETA entering into an agreement with the Chinese Culture Centre to participating in the Chinese Culture Exchange Project where 112 TVET learners that have completed N6 were co-sponsored in an international Work Integrated Learning (WIL) Programme. CATHSSETA partnered with the Ncera Macadamia Plantation in the Eastern Cape by offering funding towards the Annual Macadamia Harvesting Festival, which is already in its second year as a festival. In addition, 15 learners from the Ncera community were registered in Events Management Learnership Programme and four unemployed youth were offered bursaries in Hospitality and Tourism.

3. Performance Information by Programme/Activity/Objective

3.1 Programme 1: Administration

The purpose of this programme is to enable CATHSSETA to deliver on the mandate by providing strategic management, sound financial and supply chain management capacity, and corporate and administrative support. This programme comprises the following sub-programmes: Corporate Services, Finance, Governance, Human Resources and Information Technology (IT).

Strategic objectives, performance indicators, planned targets and actual achievements

Table 3: Sub-programme 1.1 Corporate Services

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
1.1.1	Establish effective corporate services functions	1.1.1.1	# of CATHSSETA stakeholder engagements implemented	6	6	6	0	None
		1.1.1.2	% implementation of Projects Portfolio Office system	New target	100%	100%	0	None
		1.1.1.3	% of contracts compliant with applicable legal terms	New target	100%	100%	0	None
		1.1.1.4	# of monitoring reports on SETA regional offices, including those based in TVET colleges	New target	4	4	0	None

Table 4: Sub-programme: 1.2 Finance

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
1.2.1	Ensure adherence to supply chain management processes	1.2.1.1	Adherence to supply chain processes	New target	100%	100%	0	None
1.2.2	Improved financial management system	1.2.2.1	Percentage reduction of internal control deficiencies from audit findings	65%	100%	45%	-55%	The deviation on target was based on lack of adequate staff capacity

Table 5: Sub-programme: 1.3 Governance

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
1.3.1	Promoted good governance at CATHSSETA	1.3.1.1	Adherence to governance processes	100%	100%	100%	0	None
		1.3.1.2	# of risk register reviews	4	4	4	0	None

Table 6: Sub-programme: 1.4 Human Resources

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
1.4.1	Ensure effective utilisation of human resources in the organisation by developing and retaining a skilled workforce	1.4.1.1	% of employee vacancy rate	94%	8%	17.39%	9.39%	Annual target not achieved due to the review of the organisational structure with an increase of 12 posts and a high staff turnover
		1.4.1.2	% of employees that received training	New target	100%	100%	0	None

Table 7: Sub-programme: 1.5 Information Technology

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
1.5.1	Maintain effective and efficient IT systems	1.5.1.1	% achievement of ICT Service Level Agreement (SLA)	80%	100%	100%	0	None

Programme 1: Administration has eleven Key Performance Indicators (KPIs). A total of nine KPIs were achieved, indicating 82% achievement.

3.2 Programme 2: Skills Planning

The purpose of this programme is to provide performance information services that inform management decision-making, leading to the achievement of the CATHSSETA predetermined strategic objectives. This programme comprises the following units i.e. the Research, Strategic and Sector Skills Planning, and Mandatory Grants (Workplace Skills Plan/Annual Training Report).

Strategic objectives, performance indicators, planned targets and actual achievements

Table 8: Sub-programme 2.1: Research

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
2.1.1	Commissioned sector research to support informed decision-making	2.1.1.1	% of research studies achieved	100%	100%	100%	0	None
		2.1.1.2	# of impact assessments conducted	New target	1	1	0	None

Table 9: Sub-programme 2.2: Sector Skills Plan

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
2.2.1	Develop a credible Sector Skills Plan (SSP)	2.2.1.1	SSP is approved by DHET	New target	1	1	0	None

Table 10: Sub-programme 2.3: Mandatory Grants

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
2.3.1	Supported levy-paying employers claiming grants	2.3.1.1	Number of large levy paying employers directly supported through Mandatory Grants	234	205	260	55	Target exceeded due to increased participation in the submission of Mandatory Grants
		2.3.1.2	Number of medium levy paying employers directly supported through Mandatory Grants	306	305	355	50	Target exceeded due to increased participation in the submission of Mandatory Grants
		2.3.1.3	Number of small levy paying employers directly supported through Mandatory Grants	493	460	483	23	Target exceeded due to increased participation in the submission of Mandatory Grants

Programme 2: Planning has a total number of six KPIs. A total of six KPIs were achieved, indicating 100% achievement.

3.3 Programme 3: Learning Programmes and Projects

The purpose of this programme is to establish partnerships and facilitate the delivery of skills development and provide support services for the sector. This programme comprises the following sub-programmes; Occupationally Directed Programmes, Special Projects, Monitoring, Evaluation and Reporting, and Career Guidance.

Strategic objectives, performance indicators, planned targets and actual achievements

Table 11: Sub-programme 3.1: Occupationally Directed Programmes

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
3.1.1	Increased the number of learners enrolled in PIVOTAL programmes	3.1.1.1	Number of unemployed learners entering learnership programmes	293	400	402	2	Annual target exceeded due to learner replacements
		3.1.1.2	Number of unemployed learners completing learnership programmes	256	200	212	12	Annual target exceeded due to learners completing from previous financial year
		3.1.1.3	Number of employed learners entering learnership programmes	250	300	302	2	Annual target exceeded due to learner replacements

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
		3.1.1.4	Number of employed learners completing learnership programmes	230	150	174	24	Annual target exceeded due to learners completing from previous financial year
		3.1.1.5	Number of unemployed learners entering bursary programmes	636	250	250	0	None
		3.1.1.6	Number of unemployed learners completing bursary programmes	284	125	393	268	Annual target exceeded due to learners completing from previous financial year
3.1.1	Increased the number of learners enrolled in PIVOTAL programmes	3.1.1.7	Number of employed learners entering bursary programmes	550	150	150	0	None
		3.1.1.8	Number of employed learners completing bursary programmes	108	75	220	145	Annual target exceeded due to learners completing from previous financial year
		3.1.1.9	Number of unemployed learners entering skills programmes	1762	850	850	0	None

No.	Strategic objective	No.	Performance Indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
3.1.1	Increased the number of learners enrolled in PIVOTAL programmes	3.1.1.1.10	Number of unemployed learners completing skills programmes	919	425	625	200	Annual target exceeded due to learners completing from previous financial year certified in Quarter 4
		3.1.1.1.11	Number of employed learners entering skills programmes	1495	300	311	11	Annual target exceeded due to strategic projects implemented
		3.1.1.1.12	Number of employed learners completing skills programmes	556	150	559	409	Annual target exceeded due to learners completing from previous financial year certified in Quarter 4
		3.1.1.1.13	Number of unemployed learners entering internship programmes	300	250	250	0	None
		3.1.1.1.14	Number of unemployed learners completing internship programmes	312	125	199	74	Annual target exceeded due to learners completing from previous financial year
3.1.1.1.15	Number of artisans entering training programmes	378	247	248	1	Annual target exceeded due to learner replacement		

No.	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
3.1.1	3.1.1.16	Number of artisans completing training programmes	191	125	221	96	Annual target exceeded due to Learners completing from previous financial year
	3.1.1.17	Number of TVET learners entering a WIL programme	1733	931	1067	136	Annual target exceeded due to the incorporation of special project on Chinese Culture Exchange as add-on to the planned targets for 2018/19
	3.1.1.18	Number of TVET learners completing a WIL programme	750	466	658	192	Annual target exceeded due to completions by N6 learners who entered the programme in the previous financial year
	3.1.1.19	Number of university learners entering workplace experience	638	216	216	0	None
	3.1.1.20	Number university learners completing workplace experience	139	108	248	140	Annual target exceeded due to completions by learners who did not complete the programme in the previous financial year

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
3.1.2	Address entry-level skills of youth and adult education	3.1.2.1	Number of learners entering AET	New target	50	50	0	None
		3.1.2.2	Number of learners completing AET	New target	20	50	30	This was a new target and there was no baseline. Annual target exceeded due to increased number of learners registered. All 50 learners registered completed the programme
		3.1.2.3	Number of learners entering ICT	New target	50	50	0	None
		3.1.2.4	Number of learners completing ICT	New target	20	45	25	This was a new target and there was no baseline. Annual target exceeded due to increased number of learners registered. All 45 learners registered completed the programme
		3.1.3.1	Number of SEs supported	100	175	175	0	None
		3.1.3.2	Number of cooperatives supported	3	4	4	0	None
3.1.3	Increase support to sector organisations through skills development	3.1.3.3	Number of NGOs/NPOs supported	11	8	8	0	None
		3.1.3.4	Number of labour unions supported	1	4	3	-1	Annual target not attained due to inadequate response of trade unions to support programmes offered
		3.1.3.5	Number of employees from labour unions enrolled in Legacy projects	New target	15	15	0	None
		3.1.3.6	Number of employees from CBOs/NPOs enrolled in legacy projects	New target	5	5	0	None

Table 12: Sub-programme 3.2: Special Projects

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
3.2.1	Implemented skills development projects in rural areas for youth	3.2.1.1	Number of youth development projects implemented	6	9	9	0	None
		3.2.1.2	Number of rural skills development projects implemented in provinces	New target	9	9	0	None
		3.2.1.3	Number of interventions to revitalise township economy support	New target	3	3	0	Annual target exceeded because performance scorecard and remedial action are reported quarterly hence baseline was increased to 4

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
3.2.2	Promoting access to the workplace through partnerships with the sector	3.2.2.1	Number of partnership projects implemented with TVET colleges	5	8	8	0	None
		3.2.2.2	Number of partnership projects implemented with universities	8	8	8	0	None
		3.2.2.3	Number of partnership projects implemented with sector employers	18	15	15	0	None
		3.2.2.4	Number of partnership projects implemented with institutions engaged in RPL	New target	1	1	0	None
		3.2.2.5	Number of partnership projects implemented with People with Disabilities associations	New target	2	3	1	Annual target exceeded due to increased demand

Table 13: Sub-programme 3.3: Monitoring, Evaluation and Reporting

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
		3.3.1.1	Number of performance monitoring reports produced	5	5	5	0	None
3.3.1	Managed organisational performance	3.3.1.2	Number of performance evaluation reports produced	2	2	4	2	Annual target exceeded due to monitoring and evaluation reports conducted that were conducted bi annually . The actual achievement is aligned to the Monitoring and Evaluation framework developed in 2018/19 that increased the target from bi annual to quarterly.
		3.3.1.3	Percentage of effectiveness of monitoring system	New target	100%	100%	0	None

Table 14: Sub-programme 3.4: Career Guidance

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
3.4.1	Promote CATHSSETA skills development interventions to stakeholders	3.4.1.1	Number of sector career guidance interventions implemented	15	20	20	0	None

Programme 3: Learning Programmes and Special Projects have a total number of 42 KPIs. A total of 41 KPIs were achieved, indicating 98% achievement.

3.4 Programme 4: Quality Assurance

The purpose of this programme is to ensure that all quality assurance functions as delegated by the Quality Council of Trades and Occupations (QCTO) are effectively fulfilled in the development of qualifications and the monitoring of learning achievements.

Strategic objectives, performance indicators, planned targets and actual achievements

Table 15: Sub-programme 4.1: Provider Accreditation

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
4.1.1	Increase accessibility to accreditation	4.1.1.1	Number of Education Training Development (ETD) practitioners trained	82	20	37	17	Annual target exceeded by 17 due to the learners that were registered in the previous year and completed in the 2018/19

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
4.1.2	Improved the capacity of TVET colleges to deliver skills development interventions	4.1.2.1	Number of TVET lecturers entering development programmes	230	90	0	-90	Target not met due to the protests at TVET and Community Colleges which took place at the same time we had opened the CATHSSETA window on expression of interest.
		4.1.2.2	Number of TVET lecturers completing development programmes	82	45	80	35	Annual target exceeded by 35 due to over achievements in entries in the previous financial year

Table 16: Sub-programme 4.2: Certification

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
4.2.1	Maintain quality assurance standards	4.2.1.1	Percentage of learner completion certificates issued	New target	100%	100%	0	None
		4.2.1.2	Percentage of providers accredited	New target	100%	87%	-13%	Target not met due to delays in the accreditation process where training providers delayed in closing the identified gaps in either the learning programmes or Quality Management System.
		4.2.1.3	Number of reports on ETD practitioners registered	New target	4	155	151	The baseline was developed based on four quarterly reports, however, in implementation ETD practitioner registration reports were reported individually
		4.2.1.4	Number of reports on learning programme evaluation	New target	4	96	92	The baseline was developed based on four quarterly reports, however, during implementation the learning programmes evaluation reports were done individually

Table 17: Sub-programme 4.3: Qualification Development

No.	Strategic objective	No.	Performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation	Comment on deviation
4.3.1	Review qualifications for sector appropriateness	4.3.1.1	Number of qualifications reviewed	5	8	0	-8	Target not met due to delays in the appointment of a service provider. The project will be implemented in the 2019/20 financial year
		4.3.1.2	Number of reports on qualification review process	New target	4	4	0	None

Programme 4: Quality Assurance has a total number of nine KPIs. A total of six KPIs were achieved, indicating a 67% achievement.

3.5 Strategy to overcome areas of underperformance

In the 2019/20 financial year under review, CATHSSETA will facilitate the review of the part or full qualifications and schedule consultative meetings with Trade Unions in order to effectively support sector organisations through skills development. In addition, CATHSSETA will include the recruitment of TVET lecturers in the Recruitment Plan to ensure capacity development in TVET colleges. CATHSSETA will also continue implementing the Personnel Recruitment Plan in order to fill vacant positions to enable the organisation to attain strategic objectives in all relevant areas.

Changes to planned targets

During the financial year under review, there were no changes to planned targets.

4. Linking Performance with Budget

Table 18: Linking performance with budget

Programme/activity/objective	2018/19			2017/18		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration						
Sub-programme 1.1: Finance	55 224	51 858	3 366	66 659	50 436	16 223
Sub-programme 1.2: Human Resources	17 642	12 282	5 360	15 990	14 982	1008
Sub-programme 1.3: Communications and Stakeholder Management	14 460	15 782	-1 322	13 219	12 378	841
Sub-programme 1.4: Information Technology	3 359	3 190	169	3 253	3 172	81
Sub-programme 1.5: Knowledge Management (Records Management)	10 208	12 577	-2 369	21 101	9 744	11 357
Sub-programmes 1.6 Legal and Labour Services	0	0	0	7 591	6 343	1 248
Sub-programme 1.7 Corporate Services	3 671	4 005	-334	5 505	3 817	1 688
	5 884	4 022	1 862	0	0	0
Programme 2: Governance						
Sub-programme 2.1: Board Structures (Chief Executive Officer)	18 003	14 798	3 205	21 053	15 080	5 973
	18 003	14 798	3 205	21 053	15 080	5 973
Programme 3: Planning						
Sub-programme 3.1: Research and Sector Skills Plan	12 505	6 982	5 523	11 965	5 841	6 124
Sub-programme 3.2: Organisational Performance Management	10 505	5 739	4 766	3 000	1 272	1 728
	2 000	1 243	755	8 965	4 569	4 396
Programme 4: Skills Development						
Sub-Programme 4.1: Training Provision: Accreditation and Quality Assurance	411 106	308 585	102 521	246 870	266 848	-19 978
Sub-Programme 4.2: Learning Interventions	8 630	7 368	1 262	6 745	5 321	1 424
Sub-Programme 4.3 Grant Administration	308 845	216 848	91 997	38 171	16 138	22 033
Sub-Programme 4.4: Partnership Projects and Regional Operations	50 500	53 845	-3 345	46 000	48 931	-2 931
Grand Total	43 131	30 524	12 607	155 954	196 458	-40 504
	496 838	382 223	114 615	346 547	338 205	8 342





PART C

GOVERNANCE



1. Introduction

CATHSSETA is established in terms of the Skills Development Act (Act 97 of 1998). The primary objective of CATHSSETA is to fulfil the requirements of the Skills Development Act and its attendant regulations as well as to strive to achieve, for its specific sector, the goals as set out in the NSDS III.

In addition to this, Regulation 30 of the National Treasury Regulations prescribes that a SLA must be concluded between the Executive Authority, namely the DHET and CATHSSETA. This SLA contains strategic objectives that must be achieved and reported on quarterly.

The CATHSSETA Constitution, the Code of Conduct and its legislated and standing committees are aligned to the principles incorporated in the Code of Corporate Practices and Conduct in the King Report.

2. Portfolio Committees (if applicable)

Parliament is the legislative arm of the Republic with two houses, the National Assembly and the National Council of Provinces. The CATHSSETA reports on a periodic basis to the respective committees of the National Assembly on its affairs as per the committee programmes. Parliament exercises its role through evaluating the performance of CATHSSETA by interrogating its Annual Financial Statements and performance information.

3. Executive Authority

CATHSSETA is a schedule 3A Public Entity reporting to the DHET. The Minister of Higher Education and Training is the SETA Executive Authority.

During the year under review, the former Minister of Higher Education and Training, Mrs Naledi Pandor, appointed the new Accounting Authority of CATHSSETA.

The following quarterly reports have been submitted for the financial year:

- Quarterly Monitoring Report
- Governance Charter
- Governance Review for Risk and Audit
- Governance Review for Accounting

4. The Accounting Authority/Board

The Minister appointed the new Board on 26 March 2018 and three members from the previous Board were retained. The new Board commenced with their duties in the 2018/19 financial year.

Table 19: CATHSSETA Board

Name of member	Date appointed	Date resigned	Total number of meetings held	Number of meetings attended
Dr Victor Ramathesele	31 March 2017	N/A	11	11
Mr Michael Sikani	31 March 2017	N/A	11	10
Ms Bulelwa Seti	31 March 2017	04 March 2019	11	3
Mr Xolisa Mpeqeka	26 March 2018	N/A	11	10
Ms Vivian Malema	26 March 2018	N/A	11	9
Advocate Nhlanhla Sibisi	26 March 2018	N/A	11	8
Ms Thandiwe Msibi	26 March 2018	N/A	11	7
Ms Sumayya Khan	26 March 2018	N/A	11	8
Ms Tshidi Mkhosana	26 March 2018	N/A	11	11
Mr Kgatle Lebogo	26 March 2018	N/A	11	11
Mr Oregon Hoskins	26 March 2018	02 May 2018	11	4

The role of the Accounting Authority

In terms of the approved CATHSSETA Constitution, the Accounting Authority has the following duties to perform:

- Govern and manage CATHSSETA in accordance with the PFMA (1999) and any other applicable legislation.
- Ensure that CATHSSETA achieves the objectives contemplated in item 4 and performs the function contemplated in item 5 of the Constitution.
- Provide effective leadership to executive management and ensure that CATHSSETA implements the goals of the NSDS and the Service Level Agreement with the Minister.
- Provide strategic direction for CATHSSETA.
- Liaise with stakeholders.
- Ensure that CATHSSETA complies with the relevant statutory requirements of this Constitution.
- Exercise the duty of utmost care to ensure reasonable protection of the assets and records of CATHSSETA.
- Act with fidelity, honesty, integrity and in the best interests of CATHSSETA in managing the financial affairs of CATHSSETA.
- On request, disclose to the Minister all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister.

- Manage institutional risk.
- Monitor the performance of CATHSSETA.
- Ensure that its members and the members of the committees established by it, comply with the Code of Conduct set out in Annexure 2 of the CATHSSETA Constitution.

Committees

The following committees have been established by the Accounting Authority:

4.1 The Executive Committee

The Executive Committee has been established to supervise the proper management of all financial matters and oversee the overall management of CATHSSETA. Two members from the previous Executive Committee were retained.

Table 20: The Executive Committee

Name of member	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
Dr Victor Ramathesele	31 March 2017	N/A	15	15
Adv Nhlanhla Sibisi	26 March 2018	N/A	15	10
Mr Michael Sikani	31 March 2017	N/A	15	12
Ms Tshidi Mkhosana	26 March 2018	N/A	15	12
Mr Kgatle Lebogo	26 March 2018	N/A	15	14

Subject to the directions of the Accounting Authority, the Executive Committee will perform the following functions:

- The Executive Committee must oversee the management of the CATHSSETA.
- The Executive Committee must:
 - Supervise the proper management of all financial matters;
 - Coordinate and supervise the implementation of the CATHSSETA's policies;
 - Monitor national policy issues and developments and must make recommendations regarding the adoption of policies by the CATHSSETA;
 - Oversee the functioning of committees, and structures of the CATHSSETA and must monitor their activities in order to ensure that they act within the terms of any powers delegated to them by the Accounting Authority;
 - Oversee staff employment issues;
 - Determine budgets and business plans;
 - Monitor the relations and interactions of the CATHSSETA with other SETAs and other agencies on matters related to skills development;
 - Monitor performance management of CATHSSETA;
 - Monitor disbursements of grants;
 - Monitor performance against the performance plan; and
- Perform any other function, delegated to it by the Accounting Authority.

4.2 The Governance and Strategy Committee

The Governance and Strategy Committee has been established to promote good governance.

Table 21: The Governance and Strategy Committee

Name of member	Date appointed	Date resigned	Number of meetings held	Number of meetings
Ms Sumayya Khan	26 March 2018	N/A	7	6
Ms Vivian Malema	26 March 2018	N/A	7	7
Mr Xolisa Mpeqeka	26 March 2018	N/A	7	6

The Governance and Strategy Committee's responsibilities include but are not limited to:

- Oversee the development of policies, principles, criteria, and guidelines that are necessary for the governance and strategy function of the SETA;
- Promote good governance;
- Report to the Accounting Authority on such matters as it deems necessary;
- Oversee the development of the skills development strategy and plan for the Sector;
- Oversee the execution of the quality assurance functions and obligations of CATHSSETA;
- Oversee the work of the CATHSSETA Regional Offices; and
- Provide input for the Annual Performance Plan.

4.3 The Audit and Risk Committee

The Audit and Risk Committee has been established to promote effectiveness of risk management, control and governance processes within the organisation. Two members from the previous Audit and Risk Committee were retained.

Table 22: Audit and Risk Committee Members: Chaired by Ms Nompumelelo Mokou

Name of member	Qualifications	Membership	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
Ms Nompumelelo Mokou	CA(SA), MBA	Independent	30 June 2017	N/A	8	8
Mr Jack Shilubane	BSc	Independent	30 June 2017	N/A	8	8
Ms Dawn Mbatha	CA (SA)	Independent	30 June 2017	Tenure ended 30 June 2018	8	3
Mr. Fezile Mqhavule	BCom Hon	Independent	28 June 2018	28 September 2018	8	2
Dr Antoinette Ngwenya	D(Phil) Business Admin	Independent	30 October 2018	N/A	8	4
Ms Noziphiwo Lubanga	PIA (SA)	Independent	30 October 2018	N/A	8	3

The Audit and Risk Committee performs its functions in accordance with PFMA as well as guidelines stipulated in King IV.

The Committee reviews and makes recommendations on:

- The overall efficiency and effectiveness of the internal control environment through combined assurance provided by management, internal audit as well as external audit;
- Ongoing monitoring of the Seta's risk areas as well as identified mitigating controls covered in the scope of both internal and external audit;
- The adequacy, reliability and accuracy of financial information provided to the Accounting Authority;
- The accounting and audit concerns/ results identified by internal and external audit;
- The cooperation and coordination between internal and external audit functions and management of CATHSSETA;
- The SETA's compliance and legal regulatory provisions;
- The activities of internal audit, its annual plan as well as three-year rolling plan, correlation with external audit, reports of significant investigations and management's response to provided recommendations; and
- Where relevant, the independence and objectivity of the external auditors

4.4 The Finance and Remuneration Committee

The Finance and Remuneration Committee has been established as an advisory body which reports to the Accounting Authority. One member from the previous Finance and Remuneration Committee has been retained.

Table 23: The Finance and Remuneration Committee

Name of member	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
Ms Bulelwa Seti	31 March 2017	04 March 2019	8	2
Mr Michael Sikani	31 March 2017	N/A	8	7
Ms Thandiwe Msibi	26 March 2018	N/A	8	6
Ms Tshidi Mkhosana	26 March 2018	N/A	8	7
Mr Charles Mohalaba	28 June 2018	N/A	8	5
Ms Juliana Makapan	28 June 2018	N/A	8	6
Ms Yvonne Mbane	28 June 2018	N/A	8	7

The Finance and Remuneration Committee's specific responsibilities include:

- Drafting or alternatively cause to be drafted and recommend policies relating to maintenance and sustenance of the integrity of the organisation as well as its resources (i.e. human and financial resources).
- Review and/or recommend medium to long-term financial plan for the organisation.
- Review and/or recommend an annual operating budget together with the annual capital expenditure.
- Review and/or recommend the annual salary increases and/or bonuses (or ex gratia payments) for staff.

- Review and/or recommend the annual staff performance ratings for the Chief Executive Officer and / or senior person within the organisation (including recommending their employment) as well as reviewing recruitment and succession plans.
- Review and/or recommend the delegation of authority authorization limits for the Committee and the Chief Executive Officer to approve expenditures.
- Review the Committee's Finance and Remuneration Terms of Reference on an annual basis and recommend any changes to the Accounting Authority for approval.
- Monitor the financial performance of the organisation against approved budgets.
- Ensuring the implementation and monitoring of corrective actions to bring the organisation into compliance with its budgets and other financial targets.
- Constitute task teams made up of Finance and Remuneration Committee Members when necessary, with the approval of the Executive Committee.
- Carrying out such other activities within the scope of its primary purpose or as the Accounting Authority may from time to time delegate to it.

4.5 Remuneration of Committee members

All Committee members were paid a meeting allowance and the Chairperson's allowance is reflected in the Annual Financial Statements. Members from government and public entities were not paid meeting allowances but all members' travel arrangements were covered by CATHSSETA in terms of the circular issued by the National Treasury on remuneration tariffs for office bearers.

5. Risk Management

CATHSSETA is committed to good corporate governance. A robust risk management process that is embedded in the organisation is a core element of corporate governance. In line with our Risk Framework and Risk Policy, we are required to conduct risk assessments in order to identify new and emerging risks.

Risk Monitoring is conducted quarterly which enabled us to identify risks and formulate effective controls to mitigate the risks to an acceptable level.

Each risk was ranked as high, medium or low, thus enabling us to commit more resources and efforts on high risks that threaten the organisation's achievement of its strategic objectives.

The risk register is compiled from the risk assessment which outlines the risks, the controls put in place to reduce the risks and risk owners are assigned to ensure each division is responsible for managing risks within their respective divisions, thus embracing the culture of risk management throughout the entire organisation

Timelines are outlined in the risk registers to ensure effective risk management. The Risk Manager is responsible for ensuring that risk owners implement the controls agreed upon within the timelines that were initially set.

The Audit and Risk Committee monitors the effectiveness of the risk management function through risk reports that are presented on a quarterly basis.

6. Internal Control Unit

CATHSSETA has established an Internal Audit and Risk Management division. The division's key functions are the following:

- Assisting in accomplishing our objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation.
- Implementing and maintaining an effective internal control environment.
- Keeping abreast of new developments affecting CATHSSETA's activities and matters affecting internal audit work.
- Identifying, assessing and managing key operational, financial and compliance risks of the organisation.

7. Internal Audit

CATHSSETA appointed an external service provider as an outsourced Internal Audit Function for the entity.

In line with the PFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and King IV Report on Corporate Governance, Internal Auditors are required to provide the Audit and Risk Committee and Management with quarterly internal audit reports in terms of its approved annual and three-year rolling Internal Audit Plan.

The objective of CATHSSETA internal audit function is to:

Provide professional, independent and objective assurance and consulting activity designed to add value and improve the operations of CATHSSETA.

The key activities of Internal Audit are to:

- Develop and implement a rolling three-year annual audit plan based on CATHSSETA's key areas of risks, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval as well as periodic updates
- Consider the scope of work of the external auditors and other assurance providers, as appropriate, for providing optimal audit coverage
- To perform efficient and effective audits which are proactive and promptly reported with the application of suitably skilled senior staff
- The performance of independent compliance tests/reviews, to ensure controls identified by management have been functioning properly in each division throughout the period under review and reporting on the results of such reviews
- Timely issuing of reports and regular internal audit follow ups on corrective actions relating to weaknesses identified in previous reviews

The three-year Internal Audit Plan was approved by the Audit and Risk Committee and the following audits were undertaken in the financial year:

- Review of Performance Information (Q1, Q2, Q3 and Q4)
- Supply Chain and Contract Management Review
- Finance Operating Control Review
- Discretionary Grants Data Analytics Review
- Governance Review (review of charters)
- Human Resource and Payroll Management Reviews
- Review of tenders – Pre-Adjudication reviews

8. Compliance with Laws and Regulations

CATHSSETA had all its policies reviewed in the year under review. They were tabled at all the relevant committees and the Board. This exercise was done to ensure that all policies are aligned with all relevant laws and regulations that are applicable to the SETA.

9. Fraud and Corruption

Our approved Fraud and Anti-Corruption Policy incorporates the whistle-blowing protection clause which encourages officials to make confidential disclosures about suspected fraud and corruption within the organisation.

The Policy also outlines the process that should be followed in terms of reporting fraud and corruption cases. In addition to our policy, CATHSSETA has a Fraud Hotline, which is managed by an external service provider. Reports received are followed up and investigated accordingly.

10. Minimising Conflict of Interest

The CATHSSETA staff signed an annual Declaration of Interest Register. The current members of Board Committees and the CATHSSETA Board also signed the Register.

The Bid Adjudication Committee (BAC) was duly appointed. All individuals who are involved in bidding processes (evaluation and adjudication of bids) are required to declare any interest prior to proceeding with the process. Any individual who might be conflicted is excused from the process of either evaluating or adjudicating on the bid. Any individual who participates in the evaluation of a bid is not allowed to adjudicate on the same bid if they happen to be a member of the BAC.

11. Code of Conduct

The CATHSSETA has an approved Code of Conduct Policy. The SETA's standard constitution further provides for a code of conduct for committee members and executive management outlining corporate governance and the roles of all committees.

12. Health Safety and Environmental Issues

The CATHSSETA is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, 1993 (Act 85 of 1993) and to this end, a Health and Safety Committee was established and it monitors the health and safety of employees and their work environment. The Health and Safety Policy that was approved by the Board and a workshop on the policy was presented to CATHSSETA personnel.

13. Company/Board Secretary

In the year under review, CATHSSETA appointed Imbokodvo Bethany Governance & Statutory Compliance Pty Ltd as our Company/Board Secretariat.

14. Social Responsibility

CATHSSETA staff members participated in the Mandela Day initiative. CATHSSETA staff donated colouring books and pens to the Vukani Organisation Centre, situated in New Eersterus, Hammanskraal.

15. Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2019.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act (1999) and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The effectiveness of internal control

The effectiveness of the internal control environment was assessed in relation to the results and conclusions made by Internal Audit.

Period: 1 April 2018 to 31 March 2019		
Dates	Audits performed	Overall assessment/conclusion
September 2018	Supply chain management efficiency review	Inadequate and ineffective and hence, needs to be strengthened and improved.
September 2018	Supply chain management tender review	The system of internal controls, operating over the SCM process is adequately designed. The controls enforced to enhance compliance with the SCM legislative and regulatory requirements have been found to be effective.
September 2018	Human resources and payroll review	Controls implemented by management are generally adequately designed and operating effectively in most cases. Some improvement has been identified.
September 2018	Performance information Q1	Key controls that management has implemented over the Quarter 1 audit of performance information processes were generally adequately designed and operating effectively in most cases.
October 2018	Performance information Q2	Overall a satisfactory control environment with a room for improvement.
January 2019	Performance information Q3	Key controls that management has implemented over Quarter 3 audit of performance information processes were generally adequately designed and operating effectively in most cases.
January 2019	Discretionary grants data analytics review	General controls are in place but the adequacy and effectiveness of certain key controls needs improvement.
April 2019	Performance information Q4	Key controls that management has implemented over the time and attendance processes were adequately designed to mitigate the key risks and were operating effectively with the exception of few controls.

2018/19 Management and monthly/quarterly reports

The public entity has submitted monthly and quarterly reports to the Executive Authority.

The following reports have been submitted on a quarterly basis:

- Youth Accord Report
- Strategic Infrastructure Projects Report
- Rural Projects
- Quarterly Management Reports
- Governance Charter
- Finance Reports
- Progress on the Procurement Plan
- Strategic Risk Register

Evaluation of financial statements

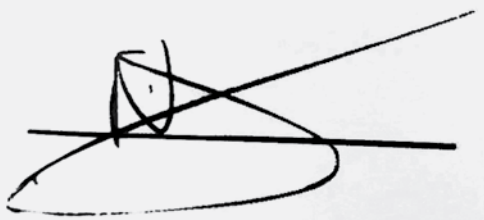
We have reviewed the Annual Financial Statements prepared by the public entity.

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior periods and we are satisfied that the matters have been adequately resolved, except for the following:

- Records management
- Supporting evidence for employer funded projects
- Data migration due to new IT system.

The Audit and Risk Committee concurs with the conclusions of the external auditor on the audited Annual Financial Statements. These statements should be read in conjunction with the Auditors' Report.



Nompumelelo Mokou (Ms)

Chairperson of the Audit and Risk Committee

CATHSSETA





PART D

HUMAN RESOURCE MANAGEMENT



1. Introduction

The goals of the Human Resources (HR) Department is to help CATHSSETA achieve its strategic mission, while ensuring employees are engaged and motivated to help the CATHSSETA succeed by fostering a positive and engaging work environment while identifying and responding to the changing needs of our diverse organisation.

The HR Department provides human resource services, aligned with the CATHSSETA's values of service excellence, fairness and transparency, respect, accessibility, integrity and stakeholder orientation to meet its business and organisational goals and objectives. CATHSSETA seeks to retain, develop and continue to attract people with the requisite skills to help shape a better CATHSSETA and foster employees' engagement and motivation.

HR's priorities for the year under review was providing CATHSSETA staff with training and development, the Employee Health and Wellness Programme, performance management, the development of an Employee Value Proposition (EVP) as well as efficient recruitment and placement processes.

1.1 Organisational climate survey

A major initiative across the organisation in the financial year 2018/2019 was the Organisational Climate Survey. The Organisational Climate Survey was a bottom-up exercise, where the organisation listened to its employees and let them express their perceptions about working at CATHSSETA. It came from a healthy discourse involving all stakeholders. The survey provided a detailed understanding of how employees experience CATHSSETA and their immediate working environment, as well as how they engage with their managers and peers. The results are intended to help management create an environment in which employees can thrive and deliver sustainable performance for CATHSSETA.

The organisational climate survey culminated into an EVP based on the outcomes of the climate survey. The report was informed by the inter-employee perceptions (attitudes and behaviours) and perceptions regarding the organizational environment. The results of the data analysed showed that there was a generally positive perception among employees and of the employees towards the organisation's environment. There was also a special emphasis on the aspects of rewards, performance appraisal, salary scales, treatment by management and certain areas of communication. The EVP represents the values and culture of the organisation and the practical benefits for our employees such as learning, growth and development opportunities.

1.2 Performance management

One of the key priorities for the year under review was performance management. CATHSSETA recognises that performance management is the foundation for organisational success and is committed to an effective performance management system and to providing a conducive working environment and resources for all employees to perform to their full potential to enable a high-performance culture. Performance management is a continuous process, performed throughout the year and involving bi-annual reviews to ensure that the organisation's objectives and organisational performance against these are aligned and on target. The HRD improved on the performance management system by providing workshops for all employees. The employees embraced this intervention; there was meaningful participation and commitment towards the success of the process.

1.3 Internship Programme

The HRD oversees the internal Internship Programme. Internships are work-based training programmes for unemployed graduates. This programme gives graduates workplace experience to develop skills and acquire work experience as well as on-the-job training to build a broader and more flexible talent pool for the future. Each intern is matched to a department within CATHSSETA in an area relevant to the graduate's area of study. This design provides interns with a broad view and aids them in realistically assessing their future career decisions. Management and staff involved in the programme strive to ensure that all interns have an engaging and rewarding experience. As a result the internship improves career opportunities and overall ability to retain some interns at the end of the internship with the requisite skills and investment in this area will continue.

In the year under review, the second cohort of interns who were appointed in the 2017/2018 financial year successfully completed the internship at the end of July. CATHSSETA held a graduation ceremony whereby they received certificates of completion. Two of the 21 interns who completed the internship programme were placed as at 31 July 2018. This was an opportunity to develop key soft skills and position themselves for a successful career at CATHSSETA and elsewhere. In November 2018, a third cohort of interns was placed in the national office and regional offices. Monthly meetings are conducted with the interns to monitor their development and to address employment issues. Mechanisms to monitor the placement of interns upon their exit will be developed for the next financial year.

1.4 Learning and development

CATHSSETA's business performance relies, first and foremost, on its employees. The organisation seeks to build the capabilities of managers and staff to help them develop both professionally and personally and to position CATHSSETA for future success. Talent and development activities are aligned to building leadership capabilities and developing future leaders; fostering an environment that supports sustainable performance; and promoting continual professional and personal development for all employees.

HR offered over 60% of employees, at all levels, a wide range of training opportunities throughout the year in order to build on their professional competencies, increase their knowledge, and improve their skill set so as to contribute to CATHSSETA's mission and enhance their individual opportunities for future growth. The total investment in training in the period under review was R 854, 000 – an increase of 26% over the previous financial year's training expenditure.

In accordance with the strategic priorities of the HR Department, there has been a greater focus on regulatory and compliance issues such as supply chain management and performance management training. To assist new managers to settle into and grow within their roles, CATHSSETA also offered training specifically designed for newly-appointed managers on people-management responsibilities, leading people, driving business and shaping culture.

1.5 Employee wellness

CATHSSETA understands the effect that individual health and wellness has on the organisation and views it as an integral part of the overall strategy. The mission of the Wellness Programme is to contribute toward the total health of our employees in order to have a productive and satisfied workforce. The Wellness Programme is aimed at assisting and empowering employees to make healthy life style choices which in turn enhance psychological, emotional, physical and social wellness. To this end, the programme provides a 24-hour care centre, seven days a week, with access to psychosocial counselling and financial, legal, and health and wellbeing advice. Wellness education is designed to equip employees with the skills they need to effect meaningful change in their lives.

2. Human Resource Oversight Statistics

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the Annual Financial Statements (where considered appropriate provide reasons for variances).

Table 24: Personnel cost by programme/activity/objective

Programme/activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee
Administration	66,656	24,582	37%	55	447
Discretionary	261,722	28,841	11%	60	481
Total	328,378	53,423	16%	115	465

Table 25: Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	3 426	6%	3	1, 142
Senior management	3 839	7%	3	1, 280
Professional qualified	17,431	33%	22	792
Skilled	11,091	21%	28	321
Semi-skilled	17,288	32%	57	303
Unskilled	348	1%	2	174
Total	53,423	100%	115	465

Table 26: Performance rewards

Programme/activity/objective	Performance rewards(R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	143	3 426	4,17%
Senior management	143	3 839	3,72%
Professional qualified	1,165	17,431	6,68%
Skilled	4,125	11,091	16,50%
Semi-skilled	284	17,288	1,64%
Unskilled	46	348	13,22%
Total	5,906	53,423	6,76%

Table 27: Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Avg training cost per employee
Bid Committee workshop	53,423	227	0.42%	45	5,044.88
Project management	53,423	53	0.10%	7	7,571.42
Effective business writing skills	53,423	14	0.03%	1	14,000.00
Report writing	53,423	45	0.08%	6	7,500.00
Finance for non-financial managers	53,423	14	0.03%	1	14,000.00
SAGE VIP payroll training	53,423	10	0,02%	1	10,000.00
Advanced MS EXCEL	53,423	20	0,04%	10	2,000.00
Contract management: Business contracts and SLAs	53,423	24	0,05%	2	12,000.00
Prince 2	53,423	26	0,05%	2	13,000.00
Recruitment and selection: interview techniques	53,423	24	0,05%	4	6,000.00
SABPP HR standards	53,423	7	0,01%	1	7,000.00
SABPP HR professional practice standards	53,423	25	0,05%	2	12,500.00
Employment equity for EE Committee	53,423	23	0,04%	7	3,285,71
Monitoring and evaluation	53,423	12	0,02%	1	12,000.00
Sharepoint end users levels 1 & 2	53,423	22	0,04%	2	11,000.00
Management for new managers	53,423	30	0,06%	2	15,000.00
SIACA Leadership Programme	53,423	65	0,13%	1	65,000.00
Learning and development conference	53,423	10	0,02%	4	10,000.00
Corporate governance seminar	53,423	6	0,01%	1	6,000,00
2018 Sagetax seminar	53,423	4	0,01%	2	4,000.00
Annual Secretaries' Symposium 2018	53,423	58	0,11%	5	11,600.00
Performance management training	53,423	99	0,19%	30	3,300.00
Personal assistant training	53,423	8	0,02%	1	8,000.00
Conduct bow ties for risk assessment & control review	53,423	5	0,01%	1	5,000.00
Total		854	1,6%	95	8,989.47

Table 28: Employment and vacancies

Programme/activity/objective	2017/18 No. of employees	2018/19 Approved posts	2018/19 No. of employees	2018/19 vacancies	% of vacancies
Ensure effective human resources management within the organisation	94	115	95	20	17.39%

Table 29: Employment and vacancies per categories

Programme/activity/objective	2017/18 No. of employees	2018/19 approved posts	2018/19 No. of employees	2018/19 vacancies	% of vacancies
Top management	-	3	3	-	-
Senior management	2	3	-	3	100%
Professional qualified	19	22	19	3	13.63
Skilled	17	28	23	5	17.85%
Semi-skilled	46	57	48	9	15.78%
Unskilled	10	2	2	-	-
TOTAL	94	115	95	20	17,39%

Employment changes

The organisation was functioning at 82.61% capacity at year-end, with a total headcount of 95 employees on a full-time fixed term contract. The establishment was increased from 103 to 115 in the new financial year 2018/2019. A total number of 17 new staff members were appointed in various positions and 15 terminations were recorded during the year under review.

Table 30: Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	-	1	-	1
Senior management	1	3	2	2
Professional qualified	19	2	4	17
Skilled	17	6	3	20
Semi-skilled	46	4	5	45
Unskilled	10	1	1	10
Total	93	17	15	95

Table 31: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	14	14%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	1	1%
Total	15	15%

Table 32: Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	-
Written warning	-
Final written warning	1
Dismissal	-
Total	1

Table 33: Employment target and employment equity (Male)

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	1	0	1	0	1	0	0
Professional qualified	3	4	0	1	0	0	0	0
Skilled	4	4	0	2	0	1	0	0
Semi-skilled	11	11	0	2	1	1	0	0
Unskilled	2	3	0	1	0	1	0	0
Total	21	24	0	7	1	4	0	0

Table 34: Employment target and employment equity (Female)

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0
Senior management	2	2	0	1	0	1	0	0
Professional qualified	14	13	2	2	0	1	1	1
Skilled	12	11	1	1	0	1	0	0
Semi-skilled	32	26	0	3	0	3	0	0
Unskilled	8	11	0	0	0	1	0	0
Total	69	64	3	7	0	7	1	1

Table 35: Employment target and employment equity (Persons with Disability)

Levels	Staff with disabilities			
	Male		Female	
	Current	Target	Current	Target
Top management	-	-	-	-
Senior management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	-	1
Semi-skilled	-	-	-	1
Unskilled	-	-	-	-
	-	-	-	-
Total	-	-	-	2







PART E

FINANCIAL INFORMATION



REPORT OF THE EXTERNAL AUDITOR

Report of the Auditor-General to Parliament on The Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA)

Report on the Audit of the Financial Statements

Opinion

1. I have audited the financial statements of the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) set out on pages 79 to 115, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the CATHSSETA as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998, (Act No. 97 of 1998) (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2019.



Responsibilities of the accounting authority for the financial statements

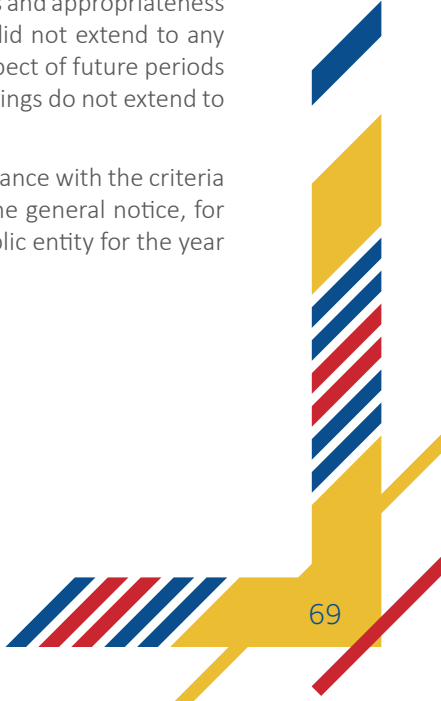
8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and SDA and for such internal control as the accounting authority determines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

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

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

Report on the Audit of the Annual Performance Report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
 13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
 14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:
- 

Programmes	Pages in the annual performance report
Programme 2 – Skills Planning	27 – 28
Programme 3 – Learning Programmes and Projects	29 – 36
Programme 4 – Quality Assurance	37 – 40

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 – Skills Planning
 - Programme 3 – Learning Programmes and Projects
 - Programme 4 – Quality Assurance

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 24 to 40 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a significant number of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(a) of the PFMA.
22. Material misstatements of bonus provision, identified by the auditors in the submitted financial statement were corrected subsequently, resulting in the financial statements receiving an unqualified audit opinion.



Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R365 000 as disclosed in note 25 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by procurement processes not adequately followed.

Other information

24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.



Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
29. Material adjustments were made to the annual financial statements as a result of inadequate reviews being performed at the required assurance levels to detect and correct such misstatements prior to the submission of these documents for auditing, resulting in non-compliance with section 55(1) of the PFMA.
30. The processing and reconciling controls implemented by management during the financial year were not adequate, as accounting records and schedules presented for audit were not always accurate and complete.
31. The audit highlighted deficiencies with regard to the entity's compliance monitoring controls. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Auditor-General

Pretoria

31 July 2019



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence




Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the board of directors, which constitutes the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CATHSSETA’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 about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing 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
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

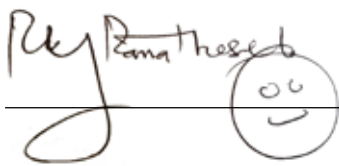
Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
 4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.
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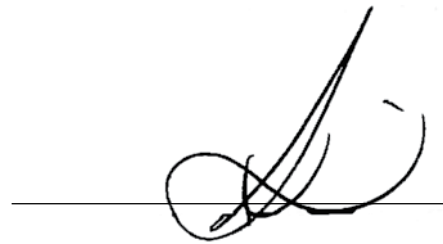


Audited Annual Financial Statements for the year ended **31 March 2019**

The Annual Financial Statements for the year ended **31 March 2019**, set out on pages 79 to 115 have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, and are signed on their behalf by:



Victor Ramathesele (Dr)
Chairperson of the Board
Date: 31 March 2019



Keitumetse Lebaka (Ms)
CEO: CATHSSETA
Date: 31 March 2019



General Information

Audited Annual Financial Statements for the year ended **31 March 2019**

Country of incorporation and domicile	South Africa
Registered Office:	01 Newton Avenue, Ground Floor, Killarney, Johannesburg, 2193
Postal address	P O Box 1329 Rivonia 2128
Company registration number	25/CATHSSETA/1/04/11
Telephone	+27 11 217 0600
Website:	www.cathsseta.org.za
Email address	info@cathsseta.org.za



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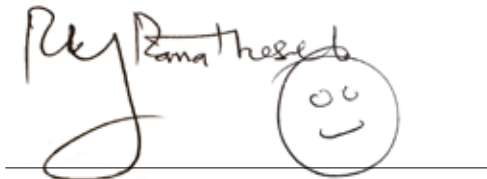
ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority is charged by the Public Finance Management Act of 1999 (PFMA) with the responsibility to maintain adequate accounting records and is responsible for the content and integrity of annual financial statements and related financial information in this report. It is the Accounting Authority's responsibility to ensure that the annual financial statements fairly represent the state of affairs for the entity as at the end of the financial year and the results of its operations and cash flow for the period then ended, in conformity with South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) including any interpretations of such statement by the Accounting Standards Board. The external auditors are engaged to express an independent opinion on these annual financial statements.

The Accounting Authority is of the opinion, based on the information and explanations given by management; that the system of internal control provided a reasonable assurance that the financial records may be realised on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or losses.

The annual financial statements have been prepared in accordance with Standards of GRAP including any interpretations, guidelines and directives.

The annual financial statements set out on page pages 79 to 115, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the Accounting Authority on the 30 July 2019.



Victor Ramathesele (Dr)

Chairperson of the Board: CATHSSETA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Statement of Financial Position as at 31 March 2019

	Note(s)	2019 R '000	2018 Restated* R '000
Assets			
Current Assets			
Inventories	3	675	577
Receivables from exchange transactions	5	2 508	2 702
Receivables from non-exchange transactions	4	-	212
Cash and cash equivalents	6	374 105	355 976
		377 288	359 467
Non-Current Assets			
Property, plant and equipment	7	4 924	5 907
Intangible assets	8	3 117	1 715
		8 041	7 622
Total Assets		385 329	367 089
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	6 547	6 105
Payables from non-exchange transactions	10	26 457	20 108
Provisions	11	13 799	12 705
Operating lease		2 095	2 417
		48 898	41 335
Total Liabilities		48 898	41 335
Net Assets		336 431	325 754
Reserves			
Administration reserve		8 041	7 622
Employer grant reserve		-	42
Discretionary reserve		328 390	318 090
Total Net Assets		336 431	325 754

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Statement of Financial Performance

	Note(s)	2019 R '000	2018 Restated* R '000
Revenue			
Revenue from exchange transactions			
Interest received	12	22 475	22 469
Other income	13	214	5 089
Total revenue from exchange transactions		22 689	27 558
Revenue from non-exchange transactions			
Transfer revenue			
SDL - Income	14	363 052	339 149
SDL - Interest and penalties	14	7 159	12 875
Total revenue from non-exchange transactions		370 211	352 024
Total revenue		392 900	379 582
Expenditure			
Employee related costs	15	(24 582)	(24 438)
Depreciation and amortisation	16	(1 862)	(1 915)
Lease rentals on operating lease	17	(5 886)	(5 592)
Employer grant and project expenses	18	(315 567)	(272 671)
General Expenses	19	(34 343)	(37 119)
Total expenditure		(382 240)	(341 735)
Profit on disposal of assets	21	17	22
Surplus for the year		10 677	37 869

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Statement of Changes in Net Assets

	Administration reserve R '000	Employer grant reserve R '000	Discretionary grant reserve R '000	Total reserves R '000	Unappropriated reserve R '000	Total net assets R '000
Balance at 01 April 2017	3 320	42	284 522	287 884	-	287 884
Changes in net assets						
Correction of prior period errors	(3 538)	-	-	(3 538)	-	(3 538)
Surplus/(deficit)	(23 441)	34 270	27 039	37 868	(37 869)	(1)
Changes for the year	31 281	(34 270)	6 529	3 539	-	3 539
Net income (losses) recognised directly in net assets	4 302	-	33 568	37 869	(37 869)	-
Surplus for the year	-	-	-	-	37 869	37 869
Total recognised income and expenses for the year	4 302	-	33 568	37 869	-	37 869
Total changes	4 302	-	33 568	37 870	-	37 870
Restated* Balance at 01 April 2018	7 622	42	318 090	325 754	-	325 754
Changes in net assets						
Surplus for the year	-	-	-	-	10 677	10 677
Surplus/Deficit for the year	(17 943)	35 540	(6 920)	10 677	(10 677)	-
Appropriation of reserve funds	18 362	(35 582)	17 219	(1)	-	(1)
Total changes	419	(42)	10 299	10 676	-	10 676
Balance at 31 March 2019	8 041	-	328 390	336 431	-	336 431

Note(s)

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Cash Flow Statement

	2019	2018
Note(s)	R '000	Restated* R '000
Cash flows from operating activities		
Cash receipts from stakeholders		
Other income	214	5 089
Levies, interest and penalties received	371 553	352 024
Interest income	22 405	22 469
	<u>394 172</u>	<u>379 582</u>
Cash payments to stakeholders, suppliers and employees		
Employer grants payments	(53 845)	(48 931)
Discretionary grants and project payments	(255 373)	(223 740)
Payments to suppliers and employees	(64 560)	(79 039)
	<u>(373 778)</u>	<u>(351 710)</u>
Net cash flows from operating activities	22 <u>20 394</u>	27 872
Cash flows from investing activities		
Purchase of property, plant and equipment	(901)	(4 520)
Proceeds from sale of property, plant and equipment	37	41
Purchase of intangible assets	8 (1 402)	(1 715)
	<u>(2 266)</u>	<u>(6 194)</u>
Net increase in cash and cash equivalents	18 128	21 678
Cash and cash equivalents at the beginning of the year	355 976	334 298
Cash and cash equivalents at the end of the year	6 <u>374 104</u>	<u>355 976</u>

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - Investment	-	24 000	24 000	22 475	(1 525)	31(1)
Other income	-	13 000	13 000	214	(12 786)	31(1)
Retention of surplus from previous FY	-	125 000	125 000	-	(125 000)	
Total revenue from exchange transactions	-	162 000	162 000	22 689	(139 311)	
Revenue from non-exchange transactions						
Transfers received from DHET and other departments						
Mandatory Grants	87 460	(3 750)	83 710	89 385	5 675	
Discretionary Grants	216 462	(9 281)	207 181	232 113	24 932	
Administration	45 916	(1 969)	43 947	48 713	4 766	
Total revenue from non-exchange transactions	349 838	(15 000)	334 838	370 211	35 373	
Total revenue	349 838	147 000	496 838	392 900	(103 938)	
Expenditure						
Employee related costs	(24 280)	(10 064)	(34 344)	(24 582)	9 762	31 (2)
Depreciation and Amortisation	(2 000)	(500)	(2 500)	(1 862)	638	31 (3)
Lease rentals on operating lease	(5 195)	(2 838)	(8 033)	(5 886)	2 147	
Employer Grants and project expenses	(303 922)	(119 689)	(423 611)	(315 567)	108 044	31 (4)
General expenses	(14 441)	(13 909)	(28 350)	(34 343)	(5 993)	31 (5)
Total expenditure	(349 838)	(147 000)	(496 838)	(382 240)	114 598	
Operating surplus/(deficit)	-	-	-	10 660	10 660	
Gain on disposal of assets and liabilities	-	-	-	17	17	
Surplus/(deficit) for the period	-	-	-	10 677	10 677	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	10 677	10 677	

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

1. Presentation of Audited Annual Financial Statements

The audited 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 audited 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. Unless otherwise stated all financial figures have been rounded off to the nearest one thousand rand (R'000).

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

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

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

Useful economic lives of property, plant and equipment

Depreciation of plant and other assets is charged so to write down the value of these assets to their residual value over their respective estimated useful life. The Accounting Authority is required to assess useful life and residual values of assets so that the depreciation is charged on a systematic basis to the current carrying amount. It is the policy to write off the assets over their useful life estimated by the organisation.

Accounts payable and receivables

Cathseta has presented their financial statements in accordance with the presentation requirements of GRAP 104 (Financial Instruments). In accordance Cathseta records its financial instruments on its Statement of Financial Position at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are stated at cost which approximates fair value.

1.3 Property, plant and equipment

Initial measurement

Property, plant and equipment is initially measured at cost.

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

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

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

Accounting Policies

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

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

Subsequent Measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The depreciation of assets commences on the date that the asset is available for use and when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5-25 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3-5 years
Leasehold improvements	Straight line	5 years
Mobile devices	Straight line	2 years

Impairment

All items of property, plant and equipment are reviewed for any impairment indicators at each reporting date.

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised in the surplus or deficit for the period.

Residual Values and Useful Lives

The assets residual value, and useful lives are reviewed annually, and adjusted if appropriate, at each statement of financial position date.

Derecognition

The carrying amount of an item of property plant and equipment is derecognised on disposal or when there are no future economic benefits expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance.

Repairs and Maintenance

All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

1.4 Intangible assets

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

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

Recognition and measurement

Intangible assets are initially recognised at cost. Where an intangible asset is acquired at no cost or for a nominal cost, the cost is measured at its fair value as at its acquisition date.

Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent measurement

Subsequent to initial recognition, an intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is charged so as to write off the cost of intangible assets with finite useful lives over their estimated useful lives using the straight-line method. Amortisation commences when the intangible asset is ready for its intended use.

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

Item	Useful life
Computer software and other intangibles	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Impairment

At each year end, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are recognised as an expense immediately. Management is of the opinion that there were no indication of impairment of assets for the year under review.

Derecognition

An intangible asset is 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 on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

1.5 Inventories

Inventories refer to assets in the form of materials or to be distributed in the rendering of services, held for sale in the ordinary course of operations or in the process of production.

CATHSSETTA inventory consists of stationery, promotional materials and other consumables to be consumed in the rendering of services.

Inventory is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and they can be measured reliably.

Initial Measurement

Inventory, which comprises of consumables and stationery on hand, is initially measured at cost. Inventory acquired through a non-exchange transactions is stated at fair value at the date of acquisition. All items are kept in inventory and disclosed as an expense in the period of actual usage.

Subsequent Measurement

CATHSSETTA carries all inventory items held for providing services at the lower of cost and current replacement costs.

Materials to be sold to trading providers are carried at the lower of cost and net realisable value.

1.6 Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

The definition of a lease includes other arrangements, such as hire purchase contracts (contracts for the hire of an asset which contain a provision giving the hirer an option to acquire title to the asset upon the fulfilment of agreed conditions).

Finance leases

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

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a long term obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged to the statement of financial performance.

Operating leases - lessee

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

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

1.7 Employee benefits

Defined contribution plans

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan. The entity contributes to retirement benefits on a defined contribution plans whose assets are held in separate trustee-administered funds that is subject to the Pension Funds Act, 1956 as amended. Contributions are at a rate of 7% of pensionable emoluments by CATHSSETA and which members (employees) contribute 6%.

The entity's contributions to the defined contribution plans are charged to the Statement of Financial Performance in the year to which they relate and no further liability is provided for. The contributions expense is disclosed under a separate heading as part of employee costs in the Statement of Financial Performance.

1.8 Provisions and Accruals

Provisions are recognised when the SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

1.8.1 Accruals for employee entitlements

The cost of other employee benefits is recognised during the period in which the employee renders the related services. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are accruals for bonuses and termination benefits. Leave days (leave accrual as per GRAP 19&25) are accrued at year end based on the daily rate and number of days due. A maximum of 15 days can be accrued for per employee as per the leave policy.

Bonuses to be paid are performance based. An accrual is raised for bonus based on actual performance appraisal scores.

1.8.2 Provisions for grants

Mandatory Grant payments

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 has been complied with by member companies and it is probable that the SETA will approve the payment.

Projects

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

1.9 Contingent liabilities/Discretionary Grant Commitments

The entity discloses contingent liabilities when possible obligation arising due to past event whose existence will only be confirmed by occurrence or non-occurrence of uncertain future events not wholly within control of entity or present obligation arising due to past event not recognised because uncertainty of timing or amount or probable outflow.

Discretionary grant commitments are the contracts whose costs to be incurred in the future in discharging the obligations by the training providers based on contracts signed between CATHSSETA and employers.

1.10 Prepaid expenses

A prepaid expense is a payment, other than for inventory or capital assets, before the criteria for expense recognition have been met (i.e. before receipt of goods or services). The payment is expected to yield economic benefits over one or more future periods. This is recognised in the period it is expended.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

1.11 Taxation

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

1.12 VAT

The Revenue Amendment Act of 2003 (Act No 45 of 2003) amended the definition of an enterprise and effectively placed the public entity outside the scope of VAT. The amended definition of enterprise came into operation with effect from 01 April 2005.

1.13 Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the SETA, and these benefits can be measured reliably. Revenue is categorised as either exchange revenue and non-exchange revenue.

Levies income is measured at the fair value of the consideration received or receivable and is based on the information provided by Department of Higher Education and Training.

1.14 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity receives revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation to repay the amount.

Levy income transfer

Skills Development Levy (SDL) transfers are recognised when it is probable that future economic benefit will flow to the SETA, and these benefits can be measured reliably. This occurs when the Department of Higher Education (DHET) makes an allocation or payment to the SETA, as required by Section 8 of the Skills development Levies Act, 1999, Act 9 of 2001 (as amended).

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the SETA with an annual payroll of more than R 500 000 pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS).

The SETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to some employers that are in excess of the amount the SETA is permitted to have refunded the particular employer. A receivable relating to the overpayment to an employer in earlier periods is raised at the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts.

From 1 August 2005 employers with a wage/salary bill of less than R500 000 per annum were exempted from the payment of the 1% skills levy. Some employers continued contributing the levy payments, as the Skills Levy Act makes provision for the repayment of levies not due, the entity provides for these levies received as a creditor. This estimate is calculated using a yearly average to ascertain employers who should be exempted from paying levies. As of 2014 all outstanding amounts for longer than five years are transferred to the levy income.

Revenue is adjusted for Inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as Inter-SETA transfers. The amount of the INTER-SETA adjustment is calculated according to the standard operating procedure issued by the DHET.

Voluntary contributions received from public service employers in the national and provincial spheres of government may be used to fund the SETA administration costs and Discretionary grants. These contributions are recognised as revenue when invoiced.

When a new employer is transferred to the SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

Interest and penalties

Interest and penalties on the skills development levy are recognised on the same bases as levy income, on receipt thereof in the SETA's bank account or receipt of allocation information from DHET.

Funds allocated by the National Skills Funds for special projects

When grants are received from NSF that have conditions attached to it, a liability will be recognised to the extent that the conditions have not been met, and will be reduced as the conditions are satisfied with a corresponding increase in revenue.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the SETA, as the SETA controls such assets for the duration of the project. Such assets can however be disposed of only by agreement and specific written instructions from the NSF.

Receivables are recognised when a binding transfer agreement is in place but the cash or other assets have not been received.

Government grants and other donor income

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Grants received that are subject to restrictions are separately disclosed with details of the restrictions attached to the asset.

1.15 Revenue from exchange transactions

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.

Investment Income

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

Other Income

Other income is revenue, and is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the entity; and the revenue can be measured reliably, significant risk and rewards of ownership of the goods / services have been transferred to the purchaser and the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods / services sold.

1.16 Grants and projects expenditure

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period, and the application has been approved as the payment then becomes probable. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period.

Discretionary grants

A SETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant, in the prescribed form, within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the conditions are complied with.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

Discretionary grant project expenditure

Project expenditure comprises of;

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project;
- general administration costs for the use of facilities and other services rendered to or on behalf of SETA;
- such other costs as are specifically chargeable to the SETA under the terms of the contract;
- salary costs related to projects.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics. Project costs are recognised as expenses in the period in which they are incurred.

1.17 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:

- The PFMA, 1999 (as amended);
- The Skills Development Act, 1998 (as amended);
- The Skills Development Levies Act, 1999 (as amended).

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons thereof must be provided in the notes. Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

Irregular expenditure must be removed from the balance of the irregular expenditure notes when it is either :

- (a) condoned by the relevant authority if no official was found to be liable in law;
- (b) recovered from an official liable in law;
- (c) written-off if it's irrecoverable from an official liable in law; or
- (d) written-off if it's not condoned and not recoverable.

1.18 Fruitless and wasteful expenditure

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

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

1.19 Financial instruments

Initial recognition

A financial asset or liability is recognised when, and only when, CATHSSETA becomes a party to the contractual provisions of the financial instrument. Financial instruments recognised in the CATHSSETA balance sheet include cash and cash equivalents, trade and other receivables, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

Derecognition

Financial assets

The entity derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived; the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or it transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial asset or a portion thereof is derecognised when the SETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the SETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period.

Financial liabilities

Trade and other payables are initially measured at fair value net of transaction costs. Subsequently they are measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost and of allocating interest expense over the relevant period. The effective interest rate that discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period. The average credit period is 30 days from date of invoice. CATHSSETA has financial risk management policies in place to ensure that all payables are paid within the credit time frame and in compliance with the Public Finance Management Act, Act 1 of 1999, as amended.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortized costs, and the amount paid for it is included in surplus or deficit for the period.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is no longer retained control of the asset. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration received, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and investments in money market instruments with an original maturity of less than three months.

The carrying amount of cash and cash equivalents is measured at amortised cost, which approximates their fair value.

Trade and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

At each balance sheet date an assessment is made of whether there is any objective evidence of impairment of financial assets. For certain categories of financial asset, such as trade receivables, are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include CATHSSETA's past experience of collecting payments an increase in the number of delayed payments past the average period of 30 days as well as observable changes in national or local economic conditions that correlate with default on receivables.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

Fair Value Considerations

The fair values at which financial instruments are carried at the Statement of Financial Position date have been determined using available market values.

Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the SETA could realise in the normal course of business.

1.20 Reserves

Reserves are sub-classified in the statement of financial position as following reserves:

Administration reserve: The balance of this reserve is equal to/or less than net carrying value of Property, plant and equipment and Intangible assets. All net income is transferred to the Discretionary Reserve, net deficit is transferred from the Discretionary Reserve. These transfers are done in compliance with the Skills Development Act and Regulations.

Employer grant reserve: This reserve is for the payment of newly registered levy payers whose registration date still allows the completion of a WSP. Submission of the WSP will result in Grant payments. All reserves of levy payers who did not complete and submit WSP's are transferred to the Discretionary Reserve.

Discretionary reserve: This reserve is for the purpose of Discretionary Grants and Projects in compliance with the Skills Development Act and Regulations.

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act; for the purpose of the following : Administration costs of the SETA, Mandatory Workplace Skills Planning / Implementation Grant, and Discretionary grants and projects.

In addition, 10% of contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised for discretionary grants.

The net surplus/deficit is allocated to the administration reserve and the discretionary fund reserve in terms of the Grant Regulations based on the above. The administration reserve comprises of the future depreciation of all property, plant and equipment plus the 5% of uncommitted discretionary grant funds at the end of the year.

	2019	2018
Administration	10,50 %	10,50 %
Mandatory grants	20,00 %	20,00 %
Discretionary grants	49,50 %	49,50 %
Received by SETA	80,00 %	80,00 %
Contribution by National Skills Fund	20,00 %	20,00 %
	<u>100,00 %</u>	<u>100,00 %</u>

1.21 Related parties

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



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies

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

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

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

1.22 Events after reporting date

Subsequent events are all events that occur between the reporting date, 31 March of each year, and the date on which the financial statements are authorised for issue by CATHSSETA Board for tabling in Parliament.

Adjusting events are all the events that confirm the financial performance and the financial position of the entity at year-end. If the impact of the subsequent event is material, the financial statements are adjusted accordingly.

Non-adjusting events which take place after the reporting date are not recognised; only a disclosure is made on the financial statements. Refer to Note 33.

1.23 Budget information

Budgets are prepared on an annual basis and compared with actual results on a month to month basis. CATHSSETA presents in the annual financial statements the comparison, the explanations and relevant reconciliation in terms of GRAP 24- Presentation of Budget.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Financial Statements

2. Allocation of the net surplus for the year to reserves

2019

	Total Administration Statement of Financial Performance	Administration Reserve	Employer Grant Reserves	Discretionary Grants Reserves
Administration	46 959	46 959	-	-
Mandatory	89 385	-	89 385	-
Discretionary grant	226 708	1 754	-	224 954
SDL	7 159	-	-	7 159
Investment income	22 475	-	-	22 475
Other income	214	-	-	214
Total revenue	392 900	48 713	89 385	254 802
Administration expenses	(66 656)	(66 656)	-	-
Employer grants	(53 845)	-	(53 845)	-
Discretionary grants	(261 722)	-	-	(261 722)
	10 677	(17 943)	35 540	(6 920)

2018

	Total Administration Statement of Financial Performance	Administration Reserve	Employer Grant Reserves	Discretionary Grants Reserves
Administration levy income (10,5%)	45 602	45 602	-	-
Mandatory grant levy income (20%)	83 201	-	83 201	-
Discretionary grant levy income (49,5%)	211 406	-	-	211 406
SDL: Penalties and interest	12 875	-	-	12 875
Investment income	22 470	-	-	22 470
Other income	4 028	-	-	4 028
Total revenue	379 582	45 602	83 201	250 779
Administration expenses	(69 043)	(69 043)	-	-
Other expenses	-	-	-	-
Employer grants	(48 931)	-	(48 931)	-
Discretionary grants	(223 740)	-	-	(223 740)
	37 868	(23 441)	34 270	27 039

3. Inventories

Inventories	675	577
Balance at beginning of year	577	502
Movement for the period	98	75
Balance at year end	675	577

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
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4. Receivables from non-exchange transactions

Inter-seta receivables	-	212
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The costs of receivables approximate their fair values. No receivables were considered to be impaired at year end.

5. Receivables from exchange transactions

Sundry debtors	1 248	1 178
Prepayments	560	825
Office rental deposit	700	700
Total	2 508	2 703

The costs of receivables approximate their fair values. No receivables were considered to be impaired at year end.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5	3
Bank balances	9 040	36 092
Short-term deposits	365 060	319 881
Total	374 105	355 976

As required by Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are to be held.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. As the SETA was exempted by the National Treasury from the requirements of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with the investment policy as required by Treasury Regulation 31.3.5.

7. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	700	(356)	344	700	(216)	484
Furniture and fixtures	4 235	(2 494)	1 741	4 310	(2 169)	2 141
Motor vehicles	2 418	(910)	1 508	2 418	(460)	1 958
IT equipment	4 145	(2 981)	1 164	4 031	(2 922)	1 109
Other property, plant and equipment	390	(223)	167	301	(97)	204
Minor plant	35	(35)	-	23	(13)	10
Total	11 923	(6 999)	4 924	11 783	(5 877)	5 906

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	484	-	-	(140)	344
Furniture and fixtures	2 141	206	(3)	(603)	1 741
Motor vehicles	1 958	-	-	(450)	1 508
IT equipment	1 109	574	(8)	(511)	1 164
Mobile devices	204	109	(11)	(135)	167
Minor plant	10	12	-	(22)	-
Total	5 906	901	(22)	(1 861)	4 924

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Reclassification	Depreciation	Total
Leasehold property	624	-	-	-	(140)	484
Furniture and fixtures	1 453	1 260	-	-	(572)	2 141
Motor vehicles	37	2 250	-	-	(329)	1 958
IT equipment	1 207	688	(14)	(9)	(763)	1 109
Mobile devices	-	299	(5)	9	(99)	204
Minor plant	-	23	-	-	(13)	10
Total	3 321	4 520	(19)	-	(1 916)	5 906

8. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other intangible assets under development	-	-	-	-	-	-
	3 117	-	3 117	1 715	-	1 715
Total	3 117	-	3 117	1 715	-	1 715

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Total
Intangible assets under development	1 715	1 402	3 117

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Total
Intangible assets under development	-	1 715	1 715

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
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9. Payables from exchange transactions

Leave accrual	1 751	1 652
Administration accrual	4 796	4 453
	6 547	6 105

10. Payables from non exchange transactions

Project accrual	21 085	17 824
Levy creditors	5 372	2 284
	26 457	20 108

The carrying amount of payables approximate their fair value.

11. Provisions

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employee bonus provision	5 942	5 906	(2 323)	(3 619)	5 906
SMME provision - below R500K	6 763	1 130	-	-	7 893
	12 705	7 036	(2 323)	(3 619)	13 799

12. Investment income

Interest received - investments	22 475	22 469
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13. Other revenue

EPWP	214	5 050
Insurance refunds	-	39
	214	5 089

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
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14. Levy income

Skills development levy

2019	Administration	Employer grants	Discretionary grants	Total
Administration	46 959	89 385	221 446	357 790
Government levies received	1 754	-	3 509	5 263
Inter-SETA transfers out	-	-	-	-
	48 713	89 385	224 955	363 053

2018	Administration	Employer grants	Discretionary grants	Total
Levy income received from DHET - current period	43 800	83 201	206 742	333 743
Government levies received	5 406	-	-	5 406
	49 206	83 201	206 742	339 149

Penalties and interest

Penalties received	3 864	7 047
Interest received	3 295	5 828
	7 159	12 875

15. Employee related costs

Basic salary	19 757	19 193
Bonus	2 116	2 396
Medical aid - company contributions	606	674
UIF	151	146
WCA	-	45
SDL	195	188
Leave pay provision charge	34	(26)
Union fees	20	-
Long-term benefits - Pension, disability and funeral	1 704	1 823
	24 583	24 439

16. Depreciation and amortisation

Property, plant and equipment	1 862	1 915
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17. Operating leases

Rental fees	5 886	5 592
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Minimum Lease Payments

Within one year	6 602	7 142
In second year to fifth year	6 596	15 371
	13 198	22 513

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
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17. Operating leases (continued)

CATHSETTA leases a building from Sanlam Life Insurance (Ltd) for a period of 7 years, effective from 1 May 2014. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term. The lease is non cancellable.

CATHSETTA leases printing and photo copy machinery from Flex Technology as from 01 June 2017. The monthly payable amount is fixed for the duration of the contract.

18. Employer grant and project expenses

Employer grant	53 845	48 931
Discretionary grants	261 722	223 740
	315 567	272 671

19. General expenses

Advertising	1 150	927
Auditors remuneration - internal and external	4 099	4 387
Bank charges	108	104
Board fees and administration	2 048	2 506
Catering	215	258
Cleaning	397	387
Conferences and seminars	462	611
Consulting and professional fees	1 074	2 250
Consumables	130	151
Insurance	385	334
Legal fees	2 942	3 181
Motor vehicle expenses	40	26
Other expenses	55	474
Placement fees	3 130	1 654
Postage and courier	3	53
Printing and stationery	474	1 164
QCTO	2 347	1 686
Repairs and maintenance	-	49
Secretarial fees	900	825
Security Expenses	951	1 145
Staff refreshments	25	214
Subscriptions and membership fees	281	88
System costs	6 146	7 702
Telephone and fax	2 622	2 923
Training	1 883	1 378
Travel - local	1 018	1 539
Water and electricity	1 458	1 103
	34 343	37 119

20. Auditors' remuneration

Fees - External Auditors	2 973	2 884
Fees - Internal Auditors	1 126	1 503
	4 099	4 387

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
21. (Loss)/Profit on disposal of assets		
Property, plant and equipment	17	22
22. Cash generated from operations		
(Deficit)/ surplus	10 677	37 869
Adjustments for:		
Depreciation and amortisation	1 862	1 915
Loss/(Profit) on disposal of assets	(17)	(22)
Movements in provisions	1 129	2 349
Changes in working capital:		
Inventories	(98)	(75)
Receivables from exchange transactions	196	(128)
Other receivables from non-exchange transactions	212	-
Payables from exchange transactions	406	(5 345)
Payables from non - exchange transactions	6 349	(7 729)
Donor funding	-	(1 062)
Operating lease	(322)	100
	20 394	27 872

23. Commitments Discretionary Grants

Discretionary grants

2019	Opening Balance	Prior period error	Additions	Movement	Total
	R'000	R'000	R'000	R'000	R'000
Apprenticeship	1 892	-	14 820	(11 232)	5 480
Bursaries	31 625	-	24 377	(46 265)	9 737
AET	-	-	818	(818)	-
ETQA	-	-	2 064	(28)	2 036
Events	-	-	6 930	(4 627)	2 303
Internship	20 661	-	20 545	(29 928)	11 278
Learnership	24 659	-	33 064	(37 202)	20 521
Research	33	-	-	(25)	8
Skills	76 729	-	19 225	(59 720)	36 234
WIL	31 059	1 470	47 069	(51 641)	27 957
Special projects	5 874	-	23 457	(19 987)	9 344
	192 532	1 470	192 369	(261 473)	124 898

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

			2019	2018	
			R '000	R '000	
23. Commitments Discretionary Grants (continued)					
2018	Opening Balance	Prior period error	Additions	Movement	Total
	R'000	R'000	R'000	R'000	R'000
Apprenticeship	2 017	-	2 767	(2 892)	1 892
Bursaries	42 007	(2 835)	32 993	(40 540)	31 625
Quality assurance	2 304	-	-	(2 304)	-
Events	2 094	-	-	(2 094)	-
Internship	19 302	-	32 502	(31 143)	20 661
Learnership	53 837	-	26 092	(55 270)	24 659
Research	-	-	100	(67)	33
Skills programme	87 398	-	46 671	(57 340)	76 729
WIL	22 404	-	50 861	(42 206)	31 059
Special projects	4 072	-	5 284	(3 482)	5 874
	235 435	(2 835)	197 270	(237 338)	192 532

During both current year and prior year line items were reclassified based on the nature of the agreements signed.

24. Related parties

Department of Higher Education and Training (DHET) is the Executive Authority for CATHSSETA. All SETA'S are under the common control of the DHET are related parties.

Transactions with other SETAS

All SETA'S are under the common control of the DHET and all transactions between the SETA'S are disclosed separately below.

Interest transactions and balances arise due to movement of employers from one SETA to another. The necessary notifications between the transacting SETA'S have therefore been exchanged and where applicable, the necessary payments have been made. No other transactions occurred during the year with other SETAS. All transactions were at arm's length.

Services SETA Receivable	-	212
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AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

Figures in Rand thousand

24. Related parties (continued)

Remuneration of management

Key Management Remuneration

2019

Name	Salary	Bonuses and performance related payments	Allowances	Leave payout	Contribution to pension fund	Contribution to other schemes	Total
Ms K Lebaka (Appointed 01 January 2019)	1 283	158	452	-	79	36	2 008
Mr KS Mgidi (Appointed 01 October 2018)	609	-	51	-	41	16	717
Mr D Hlongwane (Appointed 01 July 2018)	1 079	-	19	-	-	15	1 113
Mr T Rammitlwa (Resigned 15 January 2019)	846	-	3	35	-	15	899
Ms P Mpye	814	149	405	-	55	30	1 453
Ms D Mathibedi (Resigned 04 December 2018)	789	143	2	64	53	23	1 074
	5 420	450	932	99	228	135	7 264

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

Notes to the Audited Annual Financial Statements

24. Related parties (continued)

2018

Name	Salary	Bonuses and performance related payments	Allowances	Contribution to pension fund	Contribution to other scheme	Total
Mr P Kedama	165	-	-	-	-	165
Mr S Silinga	1 515	-	314	8	-	1 837
Mr M Shezi	1 705	-	15	44	1	1 765
Mr M Mwandla	1 312	177	124	54	11	1 678
Ms D Mathibedi	1 128	169	198	76	14	1 585
Ms P Mpye	-	-	115	-	-	115
Ms K Lebaka (Pebane)	1 060	135	317	71	14	1 597
	6 885	481	1 083	253	40	8 742

Remuneration of Board Sub Committees

2019

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

Name of Member	Audit & Risk Committee	HR & FIN REMCO Committee	Exco Committee	Gov and Strat Committee	Total
	R'000	R'000	R'000	R'000	R'000
Ms AR Mbatha	32	-	-	-	32
Ms B Seti	-	3	-	-	3
Mr CL Mohalaba	-	31	-	-	31
Mr M Sikani	-	21	60	-	81
Mr J Shilubane	183	-	-	-	183
Ms SS Khan	-	-	-	1	1
Ms M Makapan	-	44	-	-	44
Mr B Hendricks	-	-	-	7	7
Ms N Mokou	95	-	-	-	95
Adv PN Sibisi	-	-	46	-	46
Ms T Msibi	-	24	-	-	24
Ms T Mkhosana	-	21	54	-	75
Ms V Malema	-	-	-	1	1
Mr KOI Lebogo	-	-	56	-	56
Dr VJ Ramathesele	-	-	95	-	95
Mr XL Mpeqeka	-	-	-	28	28
Ms N Lubanga	16	-	-	-	16
Dr AR Ngwenya	28	-	-	-	28
Ms L Reddy	-	-	7	7	14
Ms Y Mbane	-	68	-	-	68
Mr E Khosa	-	-	18	12	30
Mr C Pop	-	-	7	12	19
	354	212	343	68	977

2018

Name of Member	Audit & Risk Committee	HR & FIN REMCO Committee	RTJWC	Gov and Strat	Total
	R'000	R'000	R'000	R'000	R'000
Ms L Motlhamme	7	-	-	-	7
Ms B Seti	2	-	-	-	2
Ms N Mokou	70	-	-	-	70
Ms L Tshabalala	-	-	3	-	3
Mr J Shilubane	52	-	-	-	52
Mr G Fredericks	-	10	-	-	10
Ms SN Ndhlovu	-	24	-	-	24
Mr ZL Mopoma	-	4	-	-	4
Ms AD Mbatha	6	-	-	-	6
Mr BE Hendricks	-	24	-	-	24
Mr C Pop	-	-	-	78	78
Mr E Khosa	-	-	-	63	63
Ms L Reddy	-	-	-	66	66
Ms PP Sithole	-	25	-	-	25
	137	87	3	207	434

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

24. Related parties (continued)

Remuneration of board members

2019

Name of Member	Board members	Total
Ms SS Khan	1	1
Mr KOI Lebogo	92	92
Ms V Malema	3	3
Ms T Mkhosana	97	97
Mr OPM Hoskins	20	20
Dr VJ Ramathelese	374	374
Mr X Mpeqeka	84	84
Ms T Msibi	72	72
Mr BE Hendricks	14	14
Mr C Pop	14	14
Ms B Seti	22	22
Adv PN Sibisi	94	94
Mr M Sikani	108	108
Ms P Sithole	7	7
Mr E Khosa	18	18
Ms L Reddy	14	14
	1 034	1 034

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

24. Related parties (continued)

2018

Name of Member	Board member	Total
Mr P Kedama	451	451
Mr B Sikani	206	206
Mr C Pop	124	124
Mr ERA Khosa	162	162
Dr JR Ramathesela	182	182
Ms L Reddy	111	111
Ms PP Sithole	124	124
Mr BE Hendricks	101	101
Ms B Seti	9	9
	1 470	1 470

25. Irregular Expenditure

Opening balance	7 130	978
Non-compliance with National Treasury Regulations incurred in the current year-Identified in prior years	2 209	-
Non-compliance with National Treasury Regulations incurred in the current year-Identified in current year	365	6 152
	9 704	7 130
	9 704	7 130

Incidents

The irregular expenditure amounting to R9.7m is reconciled as follows :

- R7.1 m relates to non compliance with Treasury Regulations for the prior year.
- R2.6m relates to non compliance with Treasury Regulations for the current year

CATHSSETA Board conducted investigations to establish the transgressions that led to the disclosed irregular expenditure amount, the investigations in the main reveals that it was an oversight on CATHSSETA management that led to non-compliance. CATHSSETA management has enhanced internal controls and developed new processes to prevent similar transgressions from recurring.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

26. Fruitless and wasteful expenditure

Opening balance	100	-
Incurred in the current year	3	-
Cancelled flights	-	4
Interest on rent	-	6
Catering services	-	3
Cancelled tender adverts	-	87
	103	100

Fruitless and wasteful expenditure incurred in the current year is due to debt collection fees.

27. Voluntary Levies

Below is a detailed breakdown of the voluntary levies received

Name of Institution		
Department of Sport, Recreation, arts and culture (National)	77	233
Department of Sport, Recreation, arts and culture (FS)	499	1 050
Department of Sports & Recreation - KZN	1 771	274
Department of Sport, Recreation, arts and culture (EC)	-	1 073
SANBI	957	-
ECPTA - PROJECT DG W2014W2	122	117
Department of Sports GP	7	650
Gauteng Tourism Authority	-	126
Department of Sport, Recreation, arts and culture (L)	395	-
Department of Agriculture Gauteng	653	429
Department of Arts, culture and Traditional affairs NW	64	61
Department of Sport, Recreation, arts and culture (NC)	160	-
Department of Environmental Affairs Northern Cape	278	-
Limpopo Tourism Agency	99	-
Department of tourism National	179	382
KZN Tourism Authority	-	123
SA National Biodiversity Institute	-	888
	5 261	5 406

28. Financial instruments

Financial risk management

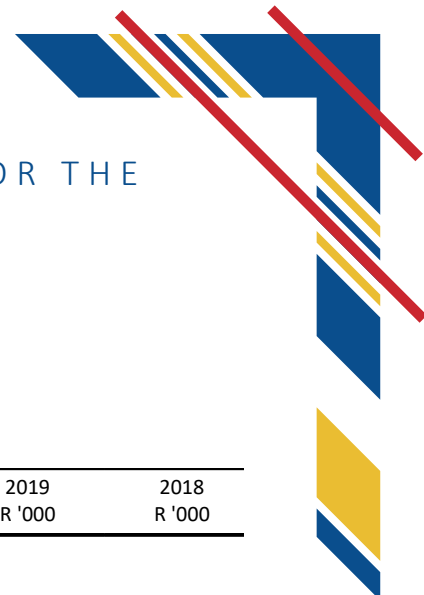
In the course of the SETA operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Liquidity risk

Ultimate responsibility for the liquidity risk management rest with the CATHSSETA Board, who has built an appropriate liquidity risk management framework for the management of CATHSSETA's short, medium and long term funding and liquidity management requirements. CATHSSETA manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements



	2019	2018
	R '000	R '000

28. Financial instruments (continued)

Credit risk

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

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

Financial Instrument		
Accounts receivable	2 508	2 703
Cash and cash equivalents	9 040	36 093
Cash and cash equivalents - short term deposits	365 060	319 883
	376 608	358 679

Market risk

Interest rate risk

CATHSSETA is exposed to interest rate risk as all surplus funds are invested in short term cash investments. Although changes in the current interest rate affect the income from these investments all income received from these investments is deemed to be income to the Discretionary Reserve and would not affect the productivity or existence of CATHSSETA directly. Further the bulk of the surplus funds are invested in fixed term fixed rate investments and are therefore not sensitive to interest changes.

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

CATHSSETA has no exposure to foreign currency.

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.

Price risk

As CATHSSETA has no investments in any form of equity there is no exposure to price risk.

Capital risk management

CATHSSETA manages its capital to ensure that the projects of the organisation will be able to continue as a going concern while maximising the return on investments of surplus funds and ensuring continuous benefits for all stake holders. CATHSSETA overall strategy remains unchanged from the previous financial year.



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
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28. Financial instruments (continued)

Categories of financial instruments

2019

Financial assets	Interest bearing	Non-interest bearing	Total
	R'000	R'000	R'000
Cash (interest @7%)	372 520	1 585	374 105
Accounts receivable	-	2 507	2 507
	372 520	4 092	376 612

Financial liabilities	Interest bearing	Non-interest bearing	Total
	R'000	R'000	R'000
Accounts payable	-	48 898	48 898

2018

Financial assets	Interest bearing	Non-interest bearing	Total
	R'000	R'000	R'000
Cash (interest @6%)	319 883	36 093	355 976
Accounts receivable	-	2 703	2 703
	319 883	38 796	358 679

Financial liabilities	Interest bearing	Non-interest bearing	Total
	R'000	R'000	R'000
Accounts payable	-	41 335	41 335

Quality of credit

All accounts receivable is with organisations well known to CATHSSETA and in the same industry as CATHSSETA. The accounting authority has full trust in the quality of these accounts and did not deem it necessary to apply any further evaluation of credit quality.

Fair value of accounts receivable

The fair value of accounts receivables approximates the carrying amount due to the relative short term maturity of these assets. The effect of discounting was considered and found to be immaterial.

Accounts receivable; defaults; security and pledges

No accounts receivable has defaulted during the year and no alternative arrangements has been made with any accounts receivable during the year.

No security is held for any receivables.

No portion of the accounts receivable was pledged as security for any financial liabilities.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
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28. Financial instruments (continued)

Cash and cash equivalents

The SETA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation. The CATHSSETA's exposure is continuously monitored by the Accounting Authority. Further the organisation has adopted a policy of only dealing with creditworthy counterparts. CATHSSETA only transact with Banks that are part of the "big five" registered banks in South Africa and which are approved by National Treasury as per the PFMA, the credit and investment ratings of the mentioned banks are monitored on a continuous basis with international credit rating agencies to ensure the mitigation of any risks involved. CATHSSETA's has developed a comprehensive Investment Policy in compliance with the PFMA which ensures that all the surplus funds are invested between fixed deposits and call accounts.

An interest change sensitivity analysis resulted in immaterial effect on the Cash and Cash equivalents of the entity.

The amount disclosed for cash and cash equivalents represents the maximum exposure that credit risk pose to the entity.

Maximum exposure

The amount disclosed for accounts receivable represents the maximum exposure that credit risk pose to the entity.

Default

The entity has never defaulted on any of the accounts payable nor were any of the terms attached to the accounts payable ever re-negotiated.

Fair value

Financial instruments recognised in the CATHSSETA Statement of Financial Position includes cash and cash equivalents, trade and other receivables, trade and other payables. The particular recognition methods adopted are disclosed in Note 1 to these annual financial statements.

29. Prior period errors

The errors and reclassification relates to the overstatement of Intangible Assets in the 2018 financial year identified during the year. The prior year financial results have been restated accordingly. The impact thereof to the statement of financial performance, statement of financial position, cash flow statement and respective notes is disclosed herein below.

The bonus provision has been reclassified from "Payables from exchange transactions" to "Provisions" for fair presentation.

Commitments opening balance has been restated by R1,4 million. Refer to Note 23.

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

Statement of Financial Position	Reported	Adjustment	Restated
Intangible assets	5 253	(3 539)	1 714
Administrative reserve	11 159	(3 539)	7 620
Payables from exchange transactions	12 047	(5 942)	6 105
Provisions	6 763	5 942	13 799
<hr/>			
Statement of Financial Performance	Reported	Adjustment	Restated
General expenditure	33 581	3 539	37 120
Surplus	41 407	(3 539)	37 868

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
29. Prior period errors (continued)		
Cash flow statement		
Cash paid to suppliers and employees	(75 501)	(79 040)
Cash from investing activities	(5 253)	(1 714)
Notes to the financial statements		
Commitment Discretionary Grant		
	1 470	2 835

30. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

31. Statement of Comparison of Budget and Actual Amounts

The budget and accounting basis adopted by CATHSSETA are the same. The budget on the accrual basis. The statement of Comparison of the Budget and Actual Amounts is shown on the face of the annual financial statements.

Below are the detailed explanations for the 2019 differences:

1. The additional income received is due to interest received from investments, interest and penalties received from employers due to non compliance and other income relates to income received from ETDP SETA for training purposes.
2. The underspending is due to the resignation of key personnel and staff.
3. Underspending on depreciation is due to some assets being under construction and not yet brought to use.
4. The over expenditure is due to committed projects from the previous financial year.
5. The over expenditure is due to the recruitment fees for key executives and investment in ICT infrastructure.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

	2019 R '000	2018 R '000
32. Contingencies		
Contingent assets		
	-	5 500

The forensic investigation instituted by management against ex-finance employee was completed in May 2016. The forensic investigation results of the investigation indicated that the former employee misdirected funds to private bank accounts between the 2010 and 2014 period. The legal action was instituted to recover R5,5 million from a former employee for undue benefit. The case has been transferred to the Asset and Forfeiture Unit within the National Prosecuting Authority, since the amount was just over R5 million.

The Asset Forfeiture Unit issued a correspondence on the matter on the 7th of November 2018, stating that there is no asset forfeiture potential as the subject has no assets.

Contingent liabilities

The following claims have been made against CATHSSETA and were pending finalisation at reporting date:

Possible claims by employers and training providers	6 100	21 600
Possible claims by former employees	254	254
	6 354	21 854

33. Going concern

The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The SETA licence will operate until 31 March 2030.

34. Subsequent events

The SETAs have been re-established within a new SETA landscape from 1 April 2020 to 31 March 2030 as per Government Gazette, 22 July 2019 (Refer to Accounting Policy 1.1 and Note 33)

35. Segment information

General information

Identification of segments

The entity reports on the basis of three major functional areas: Administration, Mandatory grants and Discretionary grants. The segments are organised around the type of service delivered and the target market. Management have re-assessed post 31 March 2018 financial year and concluded that the disclosure of segment information is not materially useful to users of financial statements and hence no disclosures in the current year.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

36. New standards and interpretations

36.1 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 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 34: Separate Financial Statements	Not yet determined	Cathsseta will have to prepare its financial statements in terms of this Standard when it becomes effective.
GRAP 35: Consolidated financial statements	Not yet determined	This Standard will have no impact on Cathsseta once it becomes effective as Cathsseta is not a group of entities.
GRAP 36: Investments in Associates and Joint Ventures	Not yet determined	There will be no impact on Cathsseta from the requirements of this Standard once it becomes effective.
GRAP 37: Joint Arrangements	Not yet determined	There will be no impact on Cathsseta from the requirements of this Standard once it becomes effective.
GRAP 38: Disclosure of interest in other entities	Not yet determined	There will be no impact on Cathsseta from the requirements of this Standard once it becomes effective.
GRAP 110: Living and non - living resources	Not yet determined	There will be no impact on Cathsseta from the requirements of this Standard once it becomes effective.
GRAP 20: Related parties	01 April 2019	The standard provides guidance on accounting for related party relationships and related transactions. The principles of this standard are already adopted in the related party disclosures as are also prescribed by the PFMA and Treasury Regulations.
GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	The purpose of this standard is to prescribe the accounting treatment for service concession arrangements by the Grantor. The standard currently has no impact on CATHSSETA
GRAP 108: Statutory Receivables	01 April 2019	This standard establishes accounting principles for the reporting entities on disclosure of statutory receivables. This standard may have an impact on CATHSSETA financial reporting in the future once it becomes effective.
GRAP 109: Accounting by Principals and Agents	01 April 2019	This standard outlines principles to be used by an entity to assess whether it is party to a principal-agent arrangement and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. This standard may have no impact on CATHSSETA financial reporting in future dates
GRAP 18: Segment reporting	01 April 2020	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Audited Annual Financial Statements

36. New standards and interpretations (continued)

GRAP 104: Financial instruments	No effective date	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
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GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions on the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

