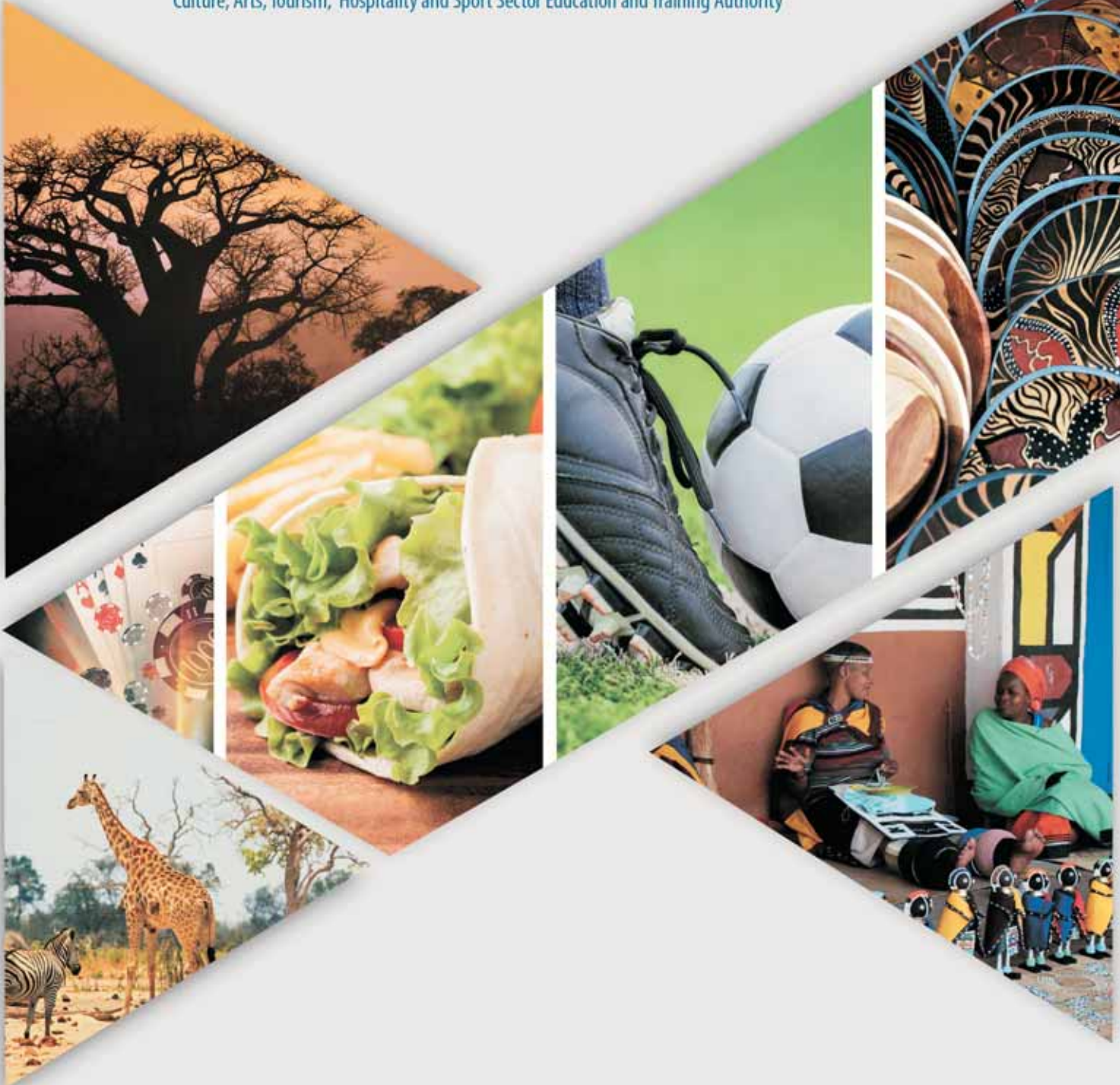


2016/2017

# ANNUAL REPORT

Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA





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

## **ANNUAL REPORT**

2016/2017 FINANCIAL YEAR

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To obtain additional copies of this document please contact:

Office of the Chief Executive Officer  
1 Newtown Avenue, Ground Floor, Killarney, Johannesburg

Tel: **011 217 0600**

E-mail: **[info@cathsseta.org.za](mailto:info@cathsseta.org.za)**

Web: **[www.cathsseta.org.za](http://www.cathsseta.org.za)**



# higher education & training

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Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

## **SUBMISSION OF ANNUAL REPORT TO THE EXECUTIVE AUTHORITY**

To the Minister of Higher Education and Training, 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 2016 to 31 March 2017.

**Pumzile E Kedama (Mr)**  
*Chairperson of the Board*

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# **PART A**

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## **General Information**



# 1. PUBLIC ENTITY'S GENERAL INFORMATION

<b>REGISTERED NAME:</b>	The entity is registered as the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority, also known as CATHSSETA
<b>REGISTRATION NUMBER:</b>	25/CATHSSETA/1/04/11
<b>PHYSICAL ADDRESS:</b>	01 Newtown Avenue , Ground Floor , Killarney Johannesburg , 2193
<b>POSTAL ADDRESS:</b>	P O Box 1329, Rivonia, 2128
<b>TELEPHONE NUMBER/S:</b>	+27 11 217 0600
<b>FAX NUMBER:</b>	+27 11 783 7745
<b>EMAIL ADDRESS:</b>	info@cathsseta.org.za
<b>WEBSITE ADDRESS:</b>	www.cathsseta.org.za
<b>EXTERNAL AUDITORS:</b>	Auditor-General of South Africa , P O Box 446 , Pretoria South Africa
<b>BANKERS:</b>	
<b>Nedbank:</b>	Upper Ground Floor Block I , 135 Rivonia Road Sandown , Sandton , 2196
<b>Investec:</b>	100 Grayston Drive , Sandown , Sandton , 2196
<b>Rand Merchant Bank:</b>	1 Merchant Place , Cnr Fredman and Rivonia Road Sandton , 2196 , South Africa
<b>FNB:</b>	7 <sup>th</sup> Floor 1 First Place , Bank City Cnr Simmonds and Pritchards Streets , Johannesburg





## 2. LIST OF ABBREVIATIONS/ACRONYMS

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

<b>AGSA</b>	Auditor-General of South Africa
<b>APP</b>	Annual Performance Plan
<b>BAC</b>	Bid Adjudication Committee
<b>BBBEE</b>	Broad-based Black Economic Empowerment
<b>CATHSSETA</b>	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>COO</b>	Chief Operations Officer
<b>DEA</b>	Department of Environmental Affairs
<b>DESTEA</b>	Department of Economic, Small Business Development, Tourism and Environmental Affairs (Free State)
<b>DHET</b>	Department of Higher Education and Training
<b>FEDHASA</b>	Federated Hospitality Association of Southern Africa
<b>HEI</b>	Higher Education Institution
<b>HOTELLICA</b>	Hotel, Liquor, Catering Commercial and Allied Workers Union of South Africa
<b>MOA</b>	Memorandum of Agreement
<b>MOU</b>	Memorandum of Understanding
<b>MTEF</b>	Medium-term Expenditure Framework
<b>MTSF</b>	Medium-term Strategic Framework
<b>NACTU</b>	National Council of Trade Unions
<b>NAMB</b>	National Artisan Moderating Body
<b>NCV</b>	National Certificate (Vocational)



<b>NDP</b>	National Development Plan
<b>NGO</b>	Non-governmental Organisation
<b>NQF</b>	National Qualifications Framework
<b>NSDS</b>	National Skills Development Strategy
<b>NSF</b>	National Skills Fund
<b>OFO</b>	Organising Framework for Occupations
<b>PIVOTAL</b>	Professional, Vocational, Technical and Academic Learning
<b>PMO</b>	Project Management Office
<b>PMS</b>	Performance Management System
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>QMR</b>	Quarterly Monitoring Report
<b>SACCAWU</b>	South Africa Commercial, Catering and Allied Workers Union
<b>SAQA</b>	South African Qualifications Authority
<b>SCM</b>	Supply Chain Management
<b>SDL</b>	Skills Development Levy
<b>SETA</b>	Sector Education and Training Authority
<b>SIPs</b>	Strategic Infrastructure Projects
<b>SLA</b>	Service Level Agreement
<b>SMME</b>	Small, Medium and Micro-sized Enterprises
<b>SP</b>	Strategic Plan
<b>SRSA</b>	Sport and Recreation South Africa
<b>SSP</b>	Sector Skills Plan
<b>TVET</b>	Technical, Vocational, Education and Training

### 3. FOREWORD BY THE CHAIRPERSON



**Pumzile E Kedama (Mr)**  
*The Chairperson of the Board: CATHSSETA*


It is my utmost pleasure to present the 2016/17 CATHSSETA Annual Report in my capacity as the Chairperson of the Board. On behalf of all members of the newly appointed Board I must extend our sincerest gratitude to all organisations that nominated us as well as to the Minister of Higher Education and Training, Dr Bonginkosi Nzimande for his confidence in us. I hope that my continued participation in the affairs of CATHSSETA will enable smooth transition and ensure organisational stability.

It is my impression that this new Board, having assumed its role immediately after the end of the administration on 15 April 2017, is up to the task and ready to work. During its induction, the new Board was impressed by the performance of the organisation, which improved significantly resulting in clean audit during the 2015/16 financial year – an unprecedented historic achievement for CATHSSETA. This performance (page 20) can be attributed to the commitment and diligence shown by CATHSSETA management and staff. The immediate challenge for us in the Board will be to sustain this level of organisational performance, foster further sector participation and improve the quality of training and skills development across all our subsectors.

In the year under review, CATHSSETA offered workplace experiential learning to about 20 unemployed graduates who enrolled for a one year internship programme at our organisation. On completion of this internship programme, more than 80% of these graduates were absorbed into the organisation on permanent roles. Some of them were placed at our newly established regional offices. We are proud to have given these young graduates the much-needed experience to increase their chances in searching for full time employment.

CATHSSETA continued to operate optimally and filled a large number of critical positions with suitably experienced candidates. The current year's performance bears testimony to the calibre of employees and their commitment to service excellence. As the new Board, we will be working closely with the DHET to finalise the appointment of the Chief Executive Officer. Meanwhile, the current Chief Operations Officer has been appointed to act as Chief Executive Officer.


In the year under review, CATHSSETA enjoyed the support and guidance of the interim governance and oversight structures. These structures (Audit and Risk Committee, Human Resource and Finance Committee and Joint Working Committee) played a critical role in ensuring that the organisation improves its budget planning and financial management. They also provided relevant sector specific insight which yielded positive results when



reviewing and planning our strategy. With all the support we have from all the governance structures and staff, we are certain that in this financial year we will obtain more than 80% on our year-on-year performance against Annual Performance Plan targets.

The ongoing stakeholder engagements using various platforms such as the roadshows, information sharing workshops, research colloquium have also yielded positive results in shaping our organisation. To this end, I would like to express my sincerest gratitude to all the stakeholders who availed themselves for these sessions and gave their input unreservedly.

In conclusion, allow me on behalf of the Board to thank the Department of Higher Education and Training, interim governance structures as well as our stakeholders and service providers for their ever increasing confidence in CATHSSETA. I would also like to thank CATHSSETA management and staff for their continued hard work and support. With their continued support and determination, CATHSSETA is poised for better future and a unique placed within training and development environment.



*Pumzile E Kedama (Mr)*

**Chairperson of the Board: CATHSSETA**

**Date: 31 May 2017**



## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



**Sabelo Silinga (Mr)**  
*The Acting CEO : CATHSSETA*

To the Honourable Minister of Higher Education and Training, Dr Bonginkosi Nzimande, the newly appointed Board Members and our valued stakeholders, it is my pleasure to present the CATHSSETA Annual Report for the year ending 31 March 2017.


I am pleased to announce that CATHSSETA is no longer under administration – the administration period ended on 15 April 2017 - with the appointment of the new Accounting Authority. The new Accounting Authority is representative of employers, labour, civil society, government and our sub sectorial groups. We are confident that the energy brought by the new Board will steer us towards improving the performance of the organisation to greater heights than we had previously achieved.

In the year under review, I was appointed to act in the Chief Executive Officer role – in order to ensure smooth transitioning from the administration period. It is therefore my intention to provide leadership and continuity to the organisation, while not compromising on the achievements made during the administration period.

CATHSSETA is embarking on revenue increasing projects in order to contribute towards improved efforts in the implementation of our programmes especially the rural development drive. It is our conviction that the additional contributions will enable better operational work and service delivery reach extending to rural development drive. Our newly established regional offices will assist us in identifying key partnerships to ensure that we achieve this. We have already established partnerships with TVET Colleges where our offices are situated, and with these partnerships we are confident that we will be able to deliver on our mandate of being *a leader in skills development within our diverse sectors*. In the 2017/18 financial year, CATHSSETA will officially launch our regional offices to our stakeholders so that they know where our offices are situated.

In the year under review, CATHSSETA partnered with the Department of Tourism, The Free State Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA) to host the annual National Tourism Careers Expo (NTCE). The NTCE serves to address the skills development challenges and promote growth in the tourism sector. It is intended at profiling tourism as a desired career of choice to prospective learners, identifying and communicating employment opportunities in the tourism sector for unemployed youth and highlighting the available tourism professions within South Africa.

Recently CATHSSETA established the Project Management Office (PMO) in order to provide a comprehensive

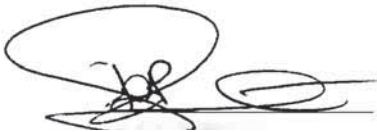


Project Management support function to all business units as well as to serve as a central point for project management and tracking all our projects. This will in due course improve service offerings and excellence for our stakeholders and client organisations. PMO will oversee and consolidate all projects and assist all components with project planning and costing.

I wish to take this opportunity to sincerely thank Mr Pumzile Kedama – the former Administrator and the incoming Board Chairperson for his visionary and ethical leadership.

I also thank the Department of Higher Education and Training, our partner departments, Tourism, Sport and Recreation, and Arts and Culture – at both national and provincial levels; the AG(SA), interim governance structures as well as other stakeholders and providers who have shown great confidence in the CATHSSETA revival.

I would like extend a special word of gratitude to our management and staff for their commitment to the efficient running of this organisation. They have worked tirelessly towards improving the performance of the organisation and are living our vision.



*Sabelo Silinga (Mr)*

**The Acting CEO: CATHSSETA**

**Date: 31 May 2017**



## 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 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 / Administrator 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 2017.

Yours faithfully

A handwritten signature in black ink, appearing to read "Pumzile E Kedama", written over a horizontal line.

*Pumzile E Kedama (Mr)*

**Chairperson: CATHSSETA Board**

**Date 31 May 2017**

## 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:

**Table 1: CATHSSETA'S Values**

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





## 7. LEGISLATIVE AND OTHER MANDATES

Both the Constitution of the Republic of South Africa (Constitution) 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 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; and
- 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 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; and
- Tourism and Travel Services.

### Legislative Mandate

**Table 2: CATHSSETA Establishment Legislation**

LEGISLATION or REGULATIONS	PURPOSE
Skills Development Act of 1998 (as amended)	The Act establishes SETAs, define their mandate and responsibilities. It also set 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 of 1999 (as amended)	To impose the payment of skills levies by employer organisations to motivate investment in skills development.



LEGISLATION or REGULATIONS	PURPOSE
Public Finance Management Act of 1999 (as amended)	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 (as amended)	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 of 1997, Act No 75 of 1997: Sectoral Determination No 5: Learnerships	The Act makes sectoral determination establishing binding conditions of employment and rates of allowances for learners in all sectors where Sector Education and Training Authorities operate.
The SETA Grant Regulations, Notice No. 35940 of 2012	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 3: Policy directives**

Policy	Purpose
National Development Plan	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)	The key driving force of this strategy is improving the effectiveness and efficiency of the skills development systems and effective response 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.

Policy	Purpose
White Paper on Post School Education and Training (WPSET)	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	The 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 HRD Strategy of South Africa	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)	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.



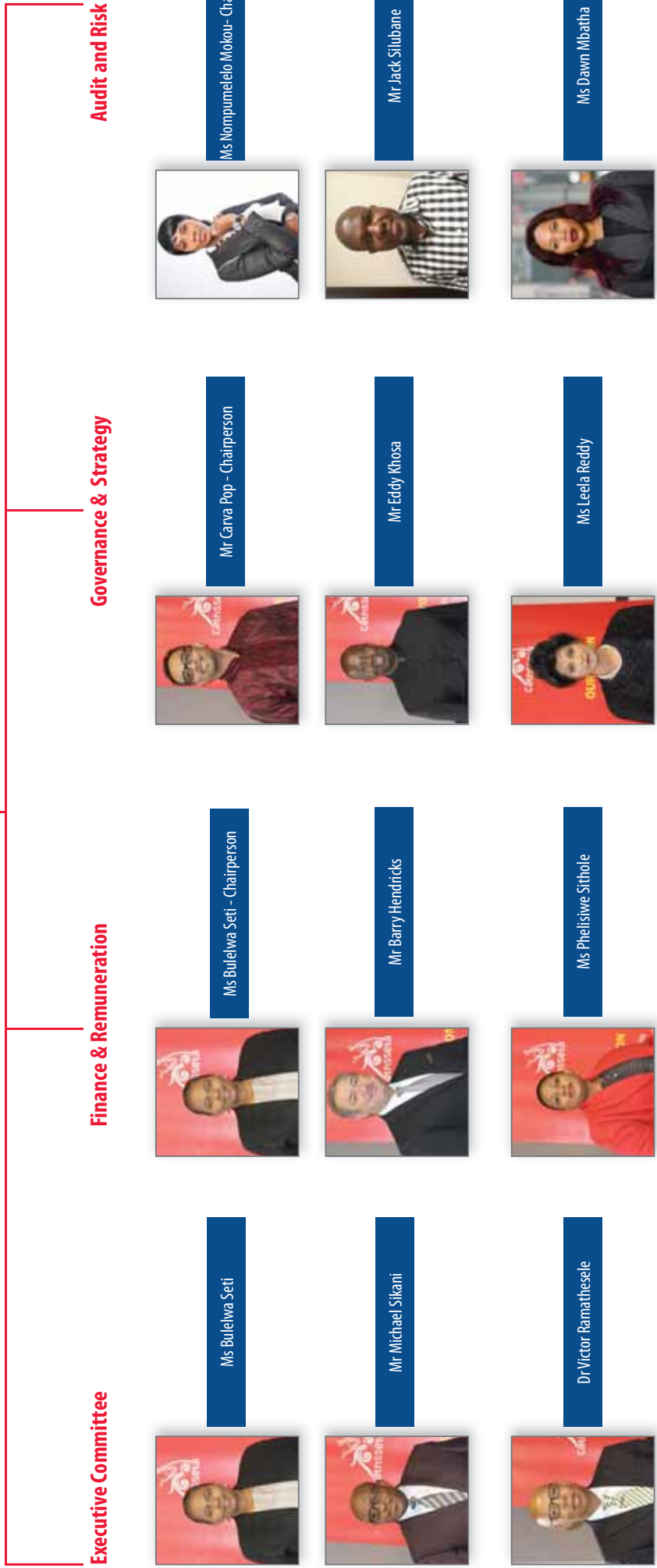




# CATHSSETA ACCOUNTING AUTHORITY



Mr Pumzile Kedama  
Chairperson of the Board and Exco



## 8. ORGANISATIONAL STRUCTURE

### CATHSSETA EXECUTIVE MANAGEMENT



# CATHSSETA MANAGEMENT



Regional Manager :Eastern Cape  
Ms Nelisa Pambo



Manager: ETQA  
Ms Dimpho Phungwayo



Manager: Research & Planning  
Ms Duduzile Gama



Manager: Internal Audit & Risk Management  
Ms Jacqweline Modiba



Regional Manager: Western Cape  
Ms Martha Collett



Regional Manager: Free State & Northern Cape  
Ms Makhotso Seekoei



Manager: Learning Programmes  
Ms Lebogang Mpye



Manager: Supply Chain Management  
Ms Lusanda Maqubela



Manager: Communications & Stakeholder Management  
Ms Nosipho Poshu Damane



Manager: Project Management Office  
Ms Nolufefe Siswana



Manager: Special Projects  
Ms Maureen Mashabane



Regional Manager: Limpopo & Mpumalanga  
Ms Phamela Khosa



Manager: Monitoring & Evaluation  
Ms Tselane Letseli



Regional Manager: KwaZulu-Natal  
Ms Zandile Ntshangase



Regional Manager: Gauteng & North West  
Ms Sharon Mukhola



Manger: Human Capital  
Ms Elanor Rendall



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# PART B

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## Performance **Information**





## 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 65 of the Report of the Auditor-General, 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 & Heritage; Conservation; Gaming & Lotteries; Hospitality; Sport, Recreation & Fitness; and Tourism & Travel Services. Each of these sub-sectors are unique and play a significant role not only in the economy but also in the broader quest for social cohesion. The CATHSSETA's operating environment is unique in that it is proliferated by small enterprises. This invariably means that many of the employers served by CATHSSETA are exempted from paying the skills development levy.

In the financial year 2016/17 a total number of enterprises registered with CATHSSETA was 27, 739. From this total, 26, 318 of the enterprises are Small Medium and Micro Enterprises (SMMEs).

The obvious impacts of the limited budget is the resulting gap between the available financial resources and those required to address skills shortages within the sector.

In the 2016/2017 financial year CATHSSETA extended its physical footprint by establishing regional offices to increase operational presence in all provinces. This has enhanced service accessibility, improved partnerships with TVET Colleges as well as support for work placement opportunities, closing the gap between skills development and work experience.

CATHSSETA witnessed an increased participation and uptake for our Mandatory Grant funding. This was as a result of the establishment of the regional offices, where now our stakeholders can easily access CATHSSETA offerings. Our continued engagements through roadshows also contributed to this change.

### 2.2 Organisational Environment

The administration period instituted by the Department of Higher Education and Training ended on 15 April 2017. The success of such intervention was seen in the achievement of an unqualified AG (SA) audit for the 2014/2015 and a clean audit for 2015/16 financial years.

During the period under review, CATHSSETA established six regional offices to ensure that it is more accessible to its stakeholders, i.e. employers, learners and providers. The regional offices will be launched in the 2017/18 financial year to ensure that stakeholders are aware of the location of these offices.

In 2016, CATHSSETA embarked on an organisational policy review project. This was to ensure that we improve our performance and that our policies are compliant with existing statutes. An external service provider was utilised to ensure that our policies are standardised to speak to the best practise guidelines. Significant amongst these policies was the Special Project Policy that was revised to ensure that it meets the requirements of our targeted stakeholders. The reviewed policy makes allowance for the SETA to cater for infrastructural developments to ensure that the learning environment is improved and conducive for learning and experiential training.

### **2.3 Key policy developments and legislative changes**

The Minister of Higher Education and Training issued a Government Gazette No. 1571 of 15 December 2016 further extending the National Skills Development Strategy III from 01 April 2018 to 31 March 2020. In parallel with this extension, the Minister of Higher Education and Training issued a Government Gazette No. 1570 of 15 December 2016 read with Government Gazette No.39260 of October 2015 re-establishing the (21) SETAs for a further period of two years ending on the 31 March 2020. The SETA administration was further extended to 15 April 2017.

### **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. Focus was more 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 skills development programmes informed by sector research and business intelligence**

One of the main objectives of CATHSSETA is to increase the skills base within the six sub-sectors. Stakeholder engagement and partnership initiatives between the SETA, employers, private providers, government, other SETAs and sectoral bodies and relevant institutions are crucial in increasing the capacity of the sector to meet industry skills needs throughout the country. During the period under review, CATHSSETA facilitated the establishment of partnerships with tertiary institutions, industry, and sectoral bodies in order to strengthen the skills planning processes, the quality of learning programmes, and to increase the number of beneficiaries in various learning programmes.

#### **Strategic Goal 2: Coordinate delivery of learning interventions**

CATHSSETA has reviewed its organisational structure by establishing regional offices in all provinces in order to expand its visibility and increase access to its programmes to potential beneficiaries. These initiatives have strengthened partnerships with TVET colleges, expanded skills development programmes to rural areas which has resulted in an increase in the number of beneficiaries in various learning programmes.



### Strategic Goal 3: Improve CATHSSETA competence in delivering to the mandate

During the period under review, CATHSSETA has continued to establish governance structures such as the SETA Board, to ensure that the organisation effectively delivers on its mandate when the administration period ends. The SETA continued to review the organisational structure to ensure that the functions of the departments are aligned for effective implementation of its strategic goals and objectives. The process of strengthening the capacity in the knowledge management area is being implemented in order to achieve the strategic objectives.



#### 3.1 Programme 1: Administration

The purpose of this programme is to enable the CATHSSETA to deliver on the mandate by providing strategic management, sound financial and supply chain management capacity, corporate and administrative support. This programme is made up of the following sub-programmes: Finance, Human Resources, Communications and Stakeholder Management, Information Technology, Knowledge Management, and Legal and Labour Services.

#### Strategic objectives, performance indicators, planned targets and actual achievements

Table 4: Sub-programme 1.1 Finance

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Comply with financial regulatory requirements.	% of procurement requests finalised within prescribed time	100%	90%	96%	6%	Target exceeded due to greater efficiencies in the department
	# audit findings reported in the AGSA's audit report	0	0	10	10	Unqualified Audit with findings on compliance.
	% of approved employers paid quarterly mandatory grants	0	95%	88%	-7%	Target not met because some enterprises were not awarded mandatory grants due to compliance challenges.

**Table 5: Sub-programme: 1.2 Human Resources**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Ensure effective human resources management within the organisation	Maximum % of employee vacancy rate	15%	8%	8%	0	None
	% implementation of Workplace Skills Plan (WSP)	New Target	100%	45%	-55%	Target not met because the implementation of the organisational structure delayed the rollout of the WSP by two quarters.

**Table 6: Sub-programme: 1.3 Communication and Stakeholder Management**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Improve information sharing platforms	# of CATHSSETA stakeholder engagements implemented	100%	16	16	0	None
	% of growth in the use of all CATHSSETA information sharing platforms	20%	20%	20%	0	None



**Table 7: Sub-programme 1.4: Information Technology**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Maintain a conducive Information Technology environment	% of ICT SLA targets with outsourced services achieved	100%	100%	100%	0	None
	% of implementation of ICT disaster recovery plan	100%	100%	100%	0	None

**Table 8: Sub-programme 1.5: Knowledge Management**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Create information knowledge system	% achievement of KMS plan	New Target	100%	100%	0	None
	% achievement of approved filing plan	New Target	100%	75%	-25%	Target not met due to the ongoing organisational restructuring process, as the result the implementation of the file plan could not be completed at the targeted time.

**Table 9: Sub-programme 1.6: Legal and Labour Services**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Promote fair labour practice	% of labour related cases closed within prescribed timeframe	100%	100%	100%	0	None

**Programme 1: Administration has a total 12 KPIs. A total of 8 KPIs were achieved, indicating 67% achievement**

### 3.2 Programme 2: Governance

The purpose of this program is to enable CATHSSETA to deliver on its mandate through the provision of governance support services that ensure accountability. This programme is made up of the Board structures.

#### Strategic objectives, performance indicators, planned targets and actual achievements

**Table 10: Programme 2: Governance**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Promote good governance at the CATHSSETA	% performance against the approved Internal Audit Plan	100%	100%	100%	0	None
	% implementation of governance work plan	New Target	100%	100%	0	None

**Programme 2: Governance has a total 2 KPIs. A total of 2 KPIs were achieved, indicating 100% achievement**

### 3.3 Programme 3: Planning

The purpose of this programme is to conduct research to inform strategic priorities of the SETA in delivering against its mandate. Performance information tracks achievement against predetermined objectives and informs management decision-making. This programme is made of the following units: research, strategic and sector skills planning, monitoring, reporting and evaluation.

#### Strategic objectives, performance indicators, planned targets and actual achievements

**Table 11: Sub-programme 3.1: Research and Sector Skills Plan**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Commission sector research	% of research agenda items achieved	80%	80%	80%	0	None
	# of research dissemination initiatives implemented	6	6	6	0	None

**Table 12: Sub-programme 3.2: Monitoring and Evaluation**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Manage organisational performance	# of performance monitoring reports produced	5	5	5	0	None
	# of performance evaluation reports produced	New Target	2	2	0	None

**Programme 3: Planning has a total number of 4 KPIs. A total of 4 KPIs were achieved, indicating 100% achievement.**

### Programme 4: Skills Development

The purpose of this programme is to establish partnerships and facilitate the delivery of the skills development and provider support services for the sector. This programme is made up of the following sub-programmes i.e. Training Provision (Quality Assurance and Accreditation, learner certification), Learning interventions (qualification development and review, material development, TVET support, programme assessment, PIVOTAL programmes) Grants Administration (Mandatory Grants); and Partnership projects and regional operations.

### Strategic objectives, performance indicators, planned targets and actual achievements

**Table 13: Programmes 4.1: Training Provision (Accreditation and Quality Assurance)**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Improve Training Provider compliance with legislated requirements	% of Training Providers that are monitored for compliance	New Target	80%	97%	17%	Exceeded target because more providers were found to be compliant. Out of a total number of 107 providers monitored, 104 were compliant.

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Increase accessibility to accreditation	% of accreditation applications from Service Providers processed within 60 days of receipt	New Target	100%	100%	0	None
	# of ETDP practitioners trained	21	100	0	-100	Recruitment for the practitioners in rural areas was excessively slow and was completed in Q4. The target will be attained in the 2017/18 financial year.
Improve the capacity of TVET Colleges to deliver skills development interventions	# of CATHSSETA learning programmes licensed to TVET colleges	5	5	5	0	None
	# of TVET staff entering training programmes	50	50	102	52	Increase is due to high demand from TVET Colleges
	# of TVET staff completing training programmes	47	50	0	-50	50 attended did not complete all modules and will only be completed in the 2017/18 financial year.
Review legacy qualifications for sector approaches	# of legacy qualifications reviewed	4	4	4	0	None
Issue certificates to learners completing CATHSSETA programmes	% of learner completion certificates issued	100%	100%	100%	0	None

**Table 14: Sub-programme 4.2: Learning Intervention**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Increase the number of learners enrolled in PIVOTAL programmes	# of unemployed learners entering Learnership programmes	600	500	502	2	Target exceeded due to increase in demand.
	# of unemployed learners completing Learnership programmes	300	250	486	236	Target exceeded as a result of learners that were carried over from the previous financial year.
	# of employed learners entering Learnership programmes	288	400	409	9	Target exceeded due to increase in demand.
	# of employed learners completing Learnership programmes	399	200	287	87	Target exceeded as a result of learners that were carried over from the previous financial year.
	# of unemployed learners entering Bursary programmes	350	350	517	167	Target exceeded CATHSSETA used additional savings from Mandatory Grants to finance bursaries through NSFAS.
	# of unemployed learners completing Bursary programmes	100	175	175	0	None
	# of employed learners entering Bursary programmes	148	250	254	4	Target exceeded due to increase in demand.
	# of employed learners completing Bursary programmes	33	100	100	0	None
	# of unemployed learners entering Skills programmes	500	1000	1001	1	Target exceeded due to increase in demand.
	# of unemployed learners completing Skills programmes	149	500	194	-306	Target not met due to high learner withdrawals and drop outs rate.



Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
	# of employed learners entering Skills programmes	300	400	400	0	None
	# of employed learners completing Skills programmes	127	200	223	23	Target exceeded due to a carry-over from previous financial year.
	# of unemployed learners entering Internship programmes	320	250	542	292	Target exceeded due to the delayed 2015 examinations, Interns were replaced at a lower cost by university graduates who needed workplace experience.
	# of ARTISANS entering training programmes	100	347	347	0	None
	# of ARTISANS completing training programmes	89	174	265	91	Target exceeded as a result of learners that were carried over from the previous financial year.
	# of TVET learners entering a WIL programme	804	1500	1393	-107	Target not achieved due to low TVET Colleges' through put rate, and that TVET Colleges do not have proper database to track their graduate.
	# of University learners entering Workplace experience	126	500	216	-284	Target not met due to delayed in university examinations in 2015.

**Table 15: Sub-programme 4.3: Grant Administration**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Support levy paying employers claiming grants	# of large levy paying employers directly supported through Mandatory Grants	206	200	201	1	Target exceeded due to increasing participation and compliance by large levy paying employers.
	# of medium levy paying employers directly supported through Mandatory Grants	250	270	305	35	Target exceeded due to increasing participation and compliance by medium levy paying employers.
	# of small levy paying employers directly supported through Mandatory Grants	430	400	466	66	Target exceeded due to increasing participation and compliance by small levy paying employers.

**Table 16: Sub-programme 4.4: Partnerships and regional operations**

Strategic Objective	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation	Comment on deviation
Improve stakeholder participation in CATHSSETA sector skills development activities.	% achievement of the regional skills development business plans	30%	100%	100%	0	None
	# of sector career guidance partnerships implemented	New Target	15	27	12	Target exceeded due to increased demand for CATHSSETA learning programmes
	# of partnership projects established with universities	New Target	3	3	0	None
	# of partnership projects established with TVET colleges	New Target	6	6	0	None
Implement rural skills development projects in provinces	# of partnership projects established with sector employers	New Target	8	11	3	Target exceeded due to increased demand for CATHSSETA learning programmes
	# of rural skills development projects implemented in provinces	6	6	6	0	None

**Programme 4: Skills Development has a total number of 34 KPIs. A total of 29 KPIs were achieved, indicating 85% achievement**



### 3.5 Strategy to overcome areas of under performance

#### Knowledge Management System

In the financial year under review, the organisational structure was reviewed in order to effectively implement the mandate of CATHSSETA as legislated. The SETA will continue with the process filling the vacant position and implementing the Knowledge Management System Plan in order to attain the strategic objectives in this area.

#### Changes to planned targets

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



## 4. LINKING PERFORMANCE WITH BUDGET

**Table 17: Linking Performance with Budget**

Programme/activity/objective	2016/2017				2015/2016				
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration	54 926	55 029	-103	39 578	67 778	(28 200)			
Sub-programme 1.1: Finance	27 965	28 205	-287	17 174	26 499	(9 335)			
Sub-programme 1.2: Human Resources	7 134	6 961	174	2 903	3 253	(350)			
Sub-programme 1.3: Communications and Stakeholder management	3 567	3 562	5	3 862	4 066	(204)			
Sub-programme 1.4: Information Technology	6 998	6 995	3	1 176	3 630	(2 454)			
Sub-programme 1.5: Knowledge Management (Records Management)	0	0	0	1 455	1 508	(53)			
Sub-programmes 1.6 Legal and Labour Services	9 262	9 259	3	New Programme					
Programme 2: Governance	11 763	11 683	80						
Sub-programme 2.1: Board Structures (Chief Executive Officer)	11 763	11 683	80	13 008	28 822	(15 814)			
Programme 3: Planning	13 989	11 782	2 207	9 977	6 673	3 304			
Sub-programme 3.1 : Research and Sector Skills Plan	2 785	2 773	12	Sub-programme within Planning					
Sub-programme 3.2: Organisational Performance Management	11 204	9 009	2 195	Sub-programme within planning					
Programme 4: Skills Development	229 912	182 218	47 694	222 066	181 992	72 966			

Programme/activity/objective	2016/2017				2015/2016				
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Sub-Programme 4.1: Training Provision: Accreditation and Quality Assurance	5 020	4 875	145	5 050	1 078	3 972			
Sub-Programme 4.2: Learning Interventions	171 994	147 877	24 117	220 550	168 065	52 485			
Sub-Programme 4.3 Grant Administration	52 898	29 466	23 432	13 032	9 442	6 560			
Sub-Programme 4.4: Partnership Projects and regional Operations				2 970	2 132	838			
Sub-Programme 4.5: Chambers						9 111			
<b>GRAND TOTAL</b>	<b>310, 590</b>	<b>260 665</b>	<b>49 878</b>	<b>284 629</b>	<b>285 265</b>	<b>32 256</b>			



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# PART C

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## Governance



## 1. INTRODUCTION

CATHSSETA is established in terms of the Skills Development 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 National Skills Development Strategy III.

In Addition to this, Regulation 30 of the National Treasury Regulations prescribes that a Service Level Agreement must be concluded between the Executive Authority, namely the Department of Higher Education and Training and CATHSSETA. This SLA contains strategic objectives that must be achieved and are reported on a quarterly basis.

The CATHSSETA Constitution, the Code of Conduct and standing committee charters are aligned to the principle incorporated in the Code of Corporate Practices and Conduct in the King report.

## 2. PORTFOLIO COMMITTEES

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 the CATHSSETA by interrogating its annual financial statements and performance information.

In November 2016, CATHSSETA met with the Portfolio Committee on Higher Education & Training on two occasions, where the Annual Report 2015/16 was presented.

## 3. EXECUTIVE AUTHORITY

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

During the year under review, the Director-General for Higher Education and Training issued a Government Gazette No. 40237 of August 2016 to extend the appointment of the Administrator for CATHSSETA for a further period of six (6) months.

The Minister also approved the revised CATHSSETA Constitution for the Board of CATHSSETA after it was reviewed and consulted with stakeholders. Subsequent to the approval of the reviewed constitution, the Minister invited nominations for membership as well as the Chairperson of the Board.

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

- Quarterly Monitoring Reports (QMRs)
- Governance Charter
- Governance Review for Risk and Audit
- Governance Review for Accounting

All reports were accepted by the Executive Authority. There were Quarter one targets which were not achieved and were addressed through the Remedial Action Plan in subsequent quarters.

#### 4. THE ACCOUNTING AUTHORITY / BOARD

The Accounting Authority is the Administrator for the period commencing 14 October 2015 – 15 April 2017 as extended. On assumption of duty the Administrator replaced the CATHSSETA Board and assumed its role within the organisation.

The Administrator facilitated the appointment of the new Board members who were appointed by the Minister on the 31 March 2017. The new Board will commence with their duties in the 2017/18 financial year.

##### **The role of the Accounting Authority/Administrator**

In terms of the aforesaid Government Gazette, the Administrator has the following powers:

- Take over the role of the Accounting Authority of the CATHSSETA as provided for in the Public Finance Management Act, 1999 (Act No 1 of 1999) and the relevant regulations;
- Review the terms and conditions of employment of the Chief Executive Officer, Chief Financial Officer and other employees of the CATHSSETA where necessary;
- Review general governance policies of the CATHSSETA in terms of any applicable law;
- Suspend, institute disciplinary proceedings or replace, where it is necessary, any of the officials of the CATHSSETA for reasons as contemplated in terms of relevant legislation;
- Consult widely with the relevant stakeholders within the sector in order to adopt a standard constitution of the CATHSSETA in terms of section 13 of the Act and other relevant legislation for approval and publication by the Minister of Higher Education and Training;
- Facilitate the appointment of a new CATHSSETA Accounting Authority;
- Ensure proper management of the CATHSSETA funds in liaison with the Department of Higher Education and Training using relevant provisions of the ACT and as provided for in the Public Finance Management Act, 1999 and the relevant regulations; and



- Make rules relating to CATHSSETA, financial matters, general procurement and administrative matter which are in accordance with the provision of the Constitution of the Republic of South Africa, the Act or any other applicable law.

### **The responsibilities of the Accounting Authority/Administrator**

The same Government Gazette makes provision for the following duties for the Administrator:

- The Administrator will work closely with the Chief Executive Officer of the CATHSSETA as well as the affected SETAs to:
  - Establish Joint Working Committees comprising of the sector specialist and experts;
  - Establish or strengthen Joint Working Committee for the good governance of the CATHSSETA;
- The Administrator will work closely with the Director-General: Higher Education and Training to:
  - Perform the functions of the CATHSSETA in terms of the Act, the Public Finance Management Act, 1999 and other relevant legislation;
- Ensure on a monthly basis the submission of progress reports regarding the effective functioning of the CATHSSETA to the Director-General: Higher Education and Training;
- Ensure sufficient funding of all the processes and activities pertaining to the powers and duties as an administrator from the CATHSSETA budget in terms of the relevant legislative requirements;
- Perform any such other functions as may be delegated or instructed by the Minister or Director-General: Higher Education and Training from time to time;
- Facilitation of overall process and attend to disputes resolution, as well as, the management of legal issues as required, and
- Submit a final close out report for the project at the end of administration.

### **Committees**

Three standing committees supported the Administrator in executing his fiduciary responsibilities, namely the Human Resource and Finance Committee, the Audit and Risk Committee and the Joint Working Committee.



The Human Resource and Finance Committee has met three times and it consisted of the following members.

**Table 18: Human Resource and Finance Committee**

Name of Members	Date appointed	Date Resigned	Number of Meetings
Mr Thami Xulu	13 April 2016	6 February 2017	2
Ms Ntombizodwa Ndhlovu	13 April 2016	N/A	3
Adv. Zuko Luvo Mapoma	12 February 2017	N/A	1
Mr Gregory Fredericks	13 April 2016	N/A	3

The Joint Working Committee has met three times and it consisted of the following members.

**Table 19: Joint Working Committee**

Name of Members	Date appointed	Date Resigned	Number of Meetings
Mr Sakhiwo Belot	16 February 2016	N/A	3
Mr Luvuyo Ngubelanga	16 February 2016	N/A	2
Dr Glenda Raven	16 February 2016	N/A	3
Ms Matilda Gasela	16 February 2016	N/A	1
Mr Gregory Fredericks	16 February 2016	N/A	2
Ms Lulama Tshabalala	16 February 2016	N/A	0
Mr Goodman Khayaletu Matiso	16 February 2016	N/A	3

### Remuneration of Committee Members

All committees members were paid a meeting allowance and the chairperson's allowance as reflected in the Annual Financial Statements. Members from government and public entities were not paid meeting allowance 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 assessments were 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 either 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.

Risk registers are 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 risk within their respective division. 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 & Risk Management division. The division's key functions are the following:

- Assist 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.
- Implement and maintain 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 AND AUDIT COMMITTEES

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 the 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 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 the purpose of 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 committee and the following audits were undertaken in the financial year:

- Review of performance information
- Supply Chain Management
- Learning interventions
- Financial discipline review
- Follow up on prior year audit findings

The table below discloses relevant information on the Audit and Risk Committee members

**Table 20: Audit and Risk Committee Members: Chaired by Ms Nompumelelo Mokou**

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms N Mokou	CA(SA)	External	N/A	28 May 2015	N/A	5
Mr JG Shilubane	BSc	External	N/A	13 April 2016	N/A	5
Ms AD Mbatha	CA(SA)	External	N/A	16 November 2016	N/A	2
Mr A Nongogo	CA(SA)	External	N/A	28 May 2015	21 September 2016	1
Ms L Motlhamme	CA(SA)	External	N/A	28 May 2015	9 March 2017	3

## 8. COMPLIANCE WITH LAWS AND REGULATIONS

A credible external service provider was appointed to review policies and contracts to ensure full compliance in the current financial year. By the end of this financial year all policies and contracts had been reviewed and all recommendations had been implemented to be in line with legislative requirements.

## 9. FRAUD AND CORRUPTION

A revised Fraud and Anti-Corruption Policy has been approved by the Administrator. The policy incorporates the Whistle Blowing Protection clause which encourages officials to make confidential disclosure 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, we have a Fraud Hotline, which is managed by an external service provider. Reports received are followed up and investigated accordingly.

## 10. CONFLICT OF INTEREST

The CATHSSETA staff signed an annual register on Declaration of Interest. The current members of the Joint Working Committee and the Human Resource and Finance Committee, also signed the Register for Declaration of Interest.

The Bid Adjudication Committee (BAC) was duly appointed. All Individuals who are involved in the 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. External members and service providers are further appointed to be part of the evaluation processes.

## 11. CODE OF CONDUCT

The CATHSSETA has an approved Code of Conduct Policy. The SETA standard constitution further provides for a code of conduct for committee members and executive management outlining corporate governance, 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 No. 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.

In addition to this we embarked on a Health & Safety Compliance Audit and are currently in the process of implementing the recommendations which emanated from the audit conducted. We have also developed a health & safety policy that was approved by the Administrator.

## 13. COMPANY /BOARD SECRETARY (IF APPLICABLE)

In the year under review, CATHSSETA appointed board secretary services for a period of three months between June and August 2016.

## 14. SOCIAL RESPONSIBILITY

CATHSSETA staff members participated in the Mandela Day Initiative. We donated blankets and food parcels to the Lesedi Day Care Centre, an orphanage in Soweto.



## 15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

### Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit 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 2016 to 31 March 2017		
Dates	Audits performed	Overall assessment/ Conclusion
April 2016	Grant Allocations Review	Moderately adequate and control effectiveness needs improvement
May 2016	Human Resources & Payroll Review	Moderately adequate and control effectiveness needs improvement
July 2016	Audit of performance information	Adequate with control effectiveness needs improvement
November 2016	Strategy Review	Adequate with control effectiveness needs improvement
December 2016	Performance Information Quarter 2	Adequate with control effectiveness needs improvement
March 2017	SCM Review	Adequate with control effectiveness needs improvement
March 2017	Performance Information Quarter 3	Adequate and Effective
March 2017	Learning Interventions	Adequate with control effectiveness needs improvement

### **In-Year Management and Monthly/Quarterly Report**

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 (SIPs) Report
- Rural Projects
- Quarterly Management Reports
- Governance Charter

### **Evaluation of Financial Statements**

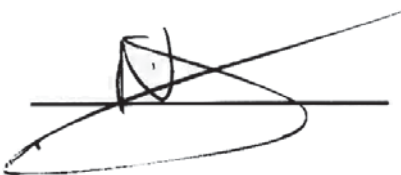
We have reviewed the annual financial statements prepared by the public entity.

### **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**

**31 July 2017**

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# PART D

## Human Resource Management

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## 1. INTRODUCTION

During the year under review, the Human Resources Department achieved great progress in areas such as Organisational Development, Recruitment, Learning and Development, Policy Development, Performance Management and Employee Wellness as well as overall improved operational efficiencies.

The Human Resource (HR) priorities for the year under review were investing in Learning and Development, embedding organisational values, creating a culture of performance and employee wellness. The Skills Development and Employment Equity Committee was established as a vehicle to drive learning and development in the organisation. The committee facilitated the drafting and implementation of a training plan. The focus was on core interventions, foundation skills and management development programmes, such as business writing skills, contract management, project management, emotional intelligence and corporate governance amongst others. Bursaries for further study at institutions of higher learning were also awarded to employees through the internal bursary scheme. We also realised the successful completion of the first cohort of the interns; over 80% of these interns were appointed on a fulltime basis upon completion of the programme.

An employee recognition programme based on the organisational values was introduced as a way of internalising organisational values, enhancing employee engagement; organisational performance improvement and retention of talent. The organisational values drive included regular communication and conversations on the CATHSSETA values to instil and reinforce the required behaviours from employees. This was followed by a nomination process whereby employees were encouraged to nominate other employees who were seen as living the values. The nomination process culminated into the values awards ceremony where employees were recognised for living the values.

The employee wellness programme was also introduced. The wellness programme is aimed at assisting and empowering employees to make healthy lifestyle choices which will in turn enhance psychological, emotional, physical and social wellness. Furthermore, Occupational Health and Safety Management compliance audit was also done. The audit included review of the workplace environment, practices and policies. CATHSSETA further established an Occupational Health and Safety Committee and appointed Occupational Health and Safety Officers, the necessary training interventions for the Safety Officers and Committee is underway.

A new organisational structure was implemented during the year under review, which saw the establishment of regional offices covering all the provinces. New offices were established in the Eastern Cape, Western Cape, Mpumalanga/Limpopo, Free State/ Northern Cape, KwaZulu-Natal and Gauteng/North West. This resulted in a recruitment drive forming a major part of the Human Resources work force planning to ensure that all the national and regional offices are fully functional and most vacancies are filled successfully. The organisation was functioning at 93.55% capacity at year end, with a total headcount of 86 employees on a full time fixed-term contract. A total of 34 new staff members were appointed in various positions and eight terminations were recorded during the year under review.

The Performance Management System (PMS) was revived during the year under review with the intention of inculcating a performance driven culture. The employees embraced the performance management system; there was meaningful participation and commitment towards its implementation.

All HR policies were reviewed to ensure that the rules, responsibilities and procedures that govern HR and the conduct of employees are clearly documented and understood by all. Furthermore the policies were reviewed to ensure that they remain current, relevant, promote fair labour practices as well as alignment with best practice.

CATHSSETA is one of the smallest SETA's from a revenue perspective, therefore financial constraints impact negatively on HR related budget and programmes such as training and development, number of positions, talent retention and employee remuneration.

Going forward the focus will be on enhancement of HR practices such as performance management, improved organisational culture, employee wellness and creating a learning organisation. These processes were established during the year under review, however monitoring and evaluation for effectiveness, relevance and impact is crucial to ensure that the organisation derives value.

## 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 21: Personnel Cost by programme/ activity/ objective**

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	66,665	22,692	34%	47	483
Discretionary	194,000	16,518	8.51%	46	359
<b>Total</b>	<b>260,665</b>	<b>39,210</b>	<b>15%</b>	<b>93</b>	<b>422</b>

**Table 22: 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	4,089	10.53%	3	1,363
Senior Management	3,784	9.7%	3	1,261
Professional qualified	12,130	30.94%	17	713
Skilled	5,713	14.57%	16	357



Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Semi-skilled	13,494	34.26%	54	250
Unskilled	-	-	-	-
<b>TOTAL</b>	<b>39,210</b>	<b>100%</b>	<b>93</b>	<b>422</b>

**Table 23: Performance Rewards**

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	-	4,089	-
Senior Management	270	3,784	6.6%
Professional qualified	951	12,130	7.8%
Skilled	430	5,713	7.5%
Semi-skilled	923	13,494	6.8%
Unskilled	57	-	-
<b>TOTAL</b>	<b>2,632</b>	<b>39,210</b>	<b>6.7%</b>

**Table 24: 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
Emotional Intelligence		434,574		74	5,872.62
Risk Management		64,379		6	10,729.83
King IV		39,729		8	4,966.13
Risk Management (Internal Training)				22	
Project Management		59,400		3	19,800.00
Training HR Standards		9,000		3	3,000.00

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
SCM Training Forecasting and Acquisition		11,115		2	5,557.50
Demand Management		11,115		1	11,115.00

**Table 25: Employment and vacancies**

Programme/activity/objective	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2016/2017 Vacancies	% of vacancies
Ensure effective human resources management within the organisation	76	93	86	7	8%

**Table 26: Employment and vacancies per categories**

Programme/activity/objective	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2016/2017 Vacancies	% of vacancies
Top Management	3	3	2	1	33%
Senior Management	6	3	3	-	0%
Professional qualified	24	17	17	-	0%
Skilled	20	16	15	1	6.25%
Semi-skilled	43	54	49	5	9.26%
Unskilled	-	-	-	-	
<b>TOTAL</b>	<b>96</b>	<b>93</b>	<b>86</b>	<b>7</b>	<b>8%</b>

### Employment changes

The organisation was functioning at 93.55% capacity at year end, with a total headcount of 86 employees on a full time fixed term contract. A total of 34 new staff members were appointed in various positions and eight terminations were recorded during the year under review.

**Table 29: Employment Changes**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	-	2	-	2
Senior Management	3	-	-	3
Professional qualified	6	13	2	17
Skilled	13	5	3	15
Semi-skilled	27	25	3	49
Unskilled	T			
<b>Total</b>	<b>50</b>	<b>43</b>	<b>8</b>	<b>86</b>

**Table 30: Reasons for staff leaving**

Reason	Number	% of total no. of staff leaving
Death	0	-
Resignation	7	7.5%
Dismissal	0	-
Retirement	0	-
Ill health	0	-
Expiry of contract	0	-
Other	0	-
<b>Total</b>	<b>7</b>	<b>7.5%</b>

**Table 31: Labour Relations: Misconduct and disciplinary action**

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0



**Table 32: Employment Target and Employment Equity (Male)**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	3	2	0	0	0	1	0	0
Professional qualified	1	2	0	1	0	1	0	0
Skilled	1	3		1		1		
Semi-skilled	13	13		2	1	2		
Unskilled								
<b>TOTAL</b>	<b>19</b>	<b>21</b>		<b>4</b>	<b>1</b>	<b>5</b>		

**Table 33: Employment Target and Employment Equity (Female)**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management								
Senior Management	2	2		1				
Professional qualified	13	9	2	2		1	1	1
Skilled	11	9		1		1		
Semi-skilled	35	31		4	3	4		
Unskilled								
<b>TOTAL</b>	<b>61</b>	<b>51</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>1</b>



**Table 34: Employment Target and Employment Equity (Persons with Disability)**

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management				
Senior Management				
Professional qualified				
Skilled				1
Semi-skilled				1
Unskilled				
<b>TOTAL</b>				<b>2</b>





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# **PART E**

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## **Financial Information**



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

# **ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2017




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

### Audited Annual Financial Statements For the year ended 31 March 2017

The Annual Financial Statements for the year ended 31 March 2017, set out on pages 74 to 115 have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, and are signed on behalf of CATHSSETA by:



**SIB Silinga**  
*Acting CEO*



**PE Kedama**  
*Chairperson of the Board*



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## 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 74 to 115, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as 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 Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSSETA) as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 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 my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

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 2016 have been restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2017.

## Responsibilities of the accounting authority for the financial statements

8. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP, 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 Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority'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 intention is to liquidate the public entity or cease operations, or there is 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 the 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 programme 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 programme presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programme	Pages in the annual performance report
Programme 4 – Skills Development	32 - 36

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 identify any material findings on the usefulness and reliability of the reported performance information for programme 4 – Skills Development

## Other matters

17. I draw attention to the matter below.

## Achievement of planned targets

18. Refer to the annual performance report on page(s) 28 - 36 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

## Report on 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 in respect of the compliance criteria for the applicable subject matters are as follows::

### Annual financial statements and annual reports

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, in all instances, as required by section 55(1) (b) of the PFMA. Material misstatements on discretionary grant commitments disclosure note identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

## Other information

22. The CATHSSETA accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes general information, governance and human resource report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in the auditor's report.
23. 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.
24. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal control deficiencies

25. 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 thereon. 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.

## Financial and performance management

26. Management did not ensure adequate reviews of the annual financial statements, which resulted in material misstatements on discretionary grant commitments disclosure note being identified and corrected through the audit process.

Auditor General  
**Pretoria**  
31 July 2017

*Auditor-General*



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

## Annexure A – 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 programme 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 the 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 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 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 the auditor’s report. However, future events or conditions may cause the public entity to cease operating as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## 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 here applicable, related safeguards.



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure B Auditor-General's responsibility for the audit of the reported performance information

1. As part of my engagement conducted in accordance with ISAE 3000, I exercise professional judgement and maintain professional scepticism throughout my reasonable assurance engagement on reported performance information for selected programme.
2. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with 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 code.

### Quality control relating to assurance engagements

3. In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

### Reported performance information

4. In addition to my responsibility for the assurance engagement on reported performance information as described in the auditor's report, I also:
  - identify and assess risks of material misstatement of the reported performance information, 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. In making those risk assessments, I consider internal control relevant to the management and reporting of performance information per selected programme 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 documentation maintained by the public entity that supports the generation, collation, aggregation, monitoring and reporting of performance indicators/measures and their related targets for the selected programmes.
  - evaluate and test the usefulness of planned and reported performance information, [including presentation in the annual performance report, its consistency with the approved performance planning documents of the public entity and whether the indicators and related targets were measurable and relevant.
  - evaluate and test the reliability of information on performance achievement to determine whether it is valid, accurate and complete.

## 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.

## 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 Africa 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 preparation of the financial statement. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or losses.

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

The annual financial statements set out on pages 74 to 115, which have been prepared on the basis of accounting polices applicable to a going concern, were approved by the According Authority on the 31 May 2017.



*Pumzile E Kedama (Mr)*

**Chairperson of the Board: CATHSSETA**

**Date: 31 May 2017**

## Statement of Financial Position as at 31 March 2017

	Note(s)	2017 R '000	2016 Restated* R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	502	366
Receivables from exchange transactions	5	2 576	1 782
Receivables from non-exchange transactions	4	212	2 857
Cash and cash equivalents	6	334 298	254 982
		<b>337 588</b>	<b>259 987</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	3 320	1 798
<b>Total Assets</b>		<b>340 908</b>	<b>261 785</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	44 545	38 945
Payables from non-exchange transactions	10	3 343	20 293
Donor funding	11	1 062	1 062
Provisions	12	6 820	5 640
Operating lease liability	20	2 317	1 970
		<b>58 087</b>	<b>67 910</b>
<b>Non-Current Liabilities</b>			
Long term liabilities	13	-	42
<b>Total Liabilities</b>		<b>58 087</b>	<b>67 952</b>
<b>Net Assets</b>		<b>282 821</b>	<b>193 833</b>
<b>Reserves</b>			
Employer grant reserve		42	42
Administration reserve		3 320	1 798
Discretionary Reserve		279 459	191 993
<b>Total Net Assets</b>		<b>282 821</b>	<b>193 833</b>

## Statement of Financial Performance for the year ended 31 March 2017

	Note(s)	2017 R '000	2016 Restated* R '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest received - Investments	14	18 054	11 393
Other income		678	-
<b>Total revenue from exchange transactions</b>		<b>18 732</b>	<b>11 393</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
SDL - Income	15	320 537	296 763
SDL - Interest and penalties	15	10 436	8 270
<b>Total revenue from non-exchange transactions</b>		<b>330 973</b>	<b>305 033</b>
<b>Total revenue</b>		<b>349 705</b>	<b>316 426</b>
<b>Expenditure</b>			
Employee related costs	16	(22 692)	(19 872)
Depreciation and amortisation	17	(1 012)	(1 048)
Finance costs	18	-	(18)
Lease rentals on operating lease	19	(4 659)	(4 334)
Employer grant and project expenses	21	(194 000)	(205 976)
General Expenses	22	(38 302)	(43 244)
<b>Total expenditure</b>		<b>(260 665)</b>	<b>(274 492)</b>
<b>Operating surplus</b>		<b>89 040</b>	<b>41 934</b>
Loss on disposal of assets	24	(53)	(74)
<b>Surplus for the year</b>		<b>88 987</b>	<b>41 860</b>



## Statement of Changes in Net Assets for the period ending 31 March 2017

	Administration reserve R '000	Employer grant reserves R '000	Discretionary reserve R '000	Total reserves R '000	Unappropriated reserve R '000	Total net assets R '000
<b>Balance at 01 April 2015</b>	<b>3 328</b>	<b>42</b>	<b>148 604</b>	<b>151 972</b>	<b>-</b>	<b>151 972</b>
Changes in net assets						
Surplus for the year	-	-	-	-	41 860	41 860
Excess reserves transferred to/(from) discretionary	30 203	(27 494)	(2 709)	-	-	-
Application of unappropriated surplus/(deficit)	(30 203)	27 494	44 569	41 860	(41 860)	-
Prior year reclassification	(1 530)	-	1 530	-	-	-
<b>Total changes</b>	<b>1 798</b>	<b>42</b>	<b>191 993</b>	<b>193 833</b>	<b>-</b>	<b>193 833</b>
<b>Restated* Balance at 01 April 2016</b>	<b>1 798</b>	<b>42</b>	<b>191 993</b>	<b>193 833</b>	<b>-</b>	<b>193 833</b>
Changes in net assets						
Surplus for the year	-	-	-	-	88 987	88 987
Changes for the year	1 522	-	(1 522)	-	-	-
Excess reserves transferred to/(from) discretionary	24 556	(50 836)	26 280	-	-	-
surplus/(deficit)	(24 556)	50 836	62 707	88 987	(88 987)	-
<b>Total changes</b>	<b>1 522</b>	<b>-</b>	<b>87 465</b>	<b>88 987</b>	<b>-</b>	<b>88 987</b>
<b>Balance at 31 March 2017</b>	<b>3 320</b>	<b>42</b>	<b>279 459</b>	<b>282 821</b>	<b>-</b>	<b>282 821</b>

Note(s)

## Cash Flow Statement for period ending 31 March 2017

	Note(s)	2017 R '000	2016 Restated* R '000
<b>Cash flows from operating activities</b>			
<b>Cash receipts from stakeholders</b>			
Other income		676	-
Levies, interest and penalties received		330 973	304 247
Interest income		18 054	11 393
		<u>349 703</u>	<u>315 640</u>
<b>Cash payments to stakeholders, suppliers and employees</b>			
Employer grants payments		(29 466)	(45 919)
Discretionary grants and project payments		(164 534)	(160 057)
Payments to suppliers and employees		(74 105)	(47 603)
		<u>(268 105)</u>	<u>(253 579)</u>
<b>Net cash flows from operating activities</b>	25	<u><b>81 598</b></u>	<u><b>62 061</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(2 587)	(842)
		-	-
<b>Net cash flows from investing activities</b>		<u><b>(2 587)</b></u>	<u><b>(842)</b></u>
<b>Cash flows from financing activities</b>			
Movement in operating lease liability		347	-
Long term liability		(42)	(314)
<b>Net cash flows from financing activities</b>		<u><b>305</b></u>	<u><b>(314)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>79 316</b>	<b>60 905</b>
Cash and cash equivalents at the beginning of the year		254 982	194 077
<b>Cash and cash equivalents at the end of the year</b>	6	<u><b>334 298</b></u>	<u><b>254 982</b></u>

## 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	7 415	-	7 415	18 054	10 639	34
Other income	-	-	-	678	678	
<b>Total revenue from exchange transactions</b>	<b>7 415</b>	<b>-</b>	<b>7 415</b>	<b>18 732</b>	<b>11 317</b>	

##### Revenue from non-exchange transactions

##### Transfer revenue

Levies	303 177	-	303 177	320 537	17 360	
SDL - Interest and penalties	-	-	-	10 436	10 436	
<b>Total revenue from non-exchange transactions</b>	<b>303 177</b>	<b>-</b>	<b>303 177</b>	<b>330 973</b>	<b>27 796</b>	
<b>Total revenue</b>	<b>310 592</b>	<b>-</b>	<b>310 592</b>	<b>349 705</b>	<b>39 113</b>	

#### Expenditure

Personnel	(14 715)	-	(14 715)	(22 692)	(7 977)	34
Depreciation and amortisation	(855)	-	(855)	(1 012)	(157)	
Finance costs	(41)	-	(41)	-	41	
Lease rentals on operating lease	(2 739)	-	(2 739)	(4 659)	(1 920)	
Employer grant and project expenditure	(269 826)	-	(269 826)	(194 000)	75 826	34
General Expenses	(22 416)	-	(22 416)	(38 302)	(15 886)	34
<b>Total expenditure</b>	<b>(310 592)</b>	<b>-</b>	<b>(310 592)</b>	<b>(260 665)</b>	<b>49 927</b>	

##### Operating surplus/(deficit)

Loss on disposal of assets and liabilities	-	-	-	(53)	(53)	
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##### Surplus/(deficit) for the period

	-	-	-	88 987	88 987	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88 987</b>	<b>88 987</b>	

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

#### 1.1 Going concern assumption

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

CATHSSETA's licence has been extended by The Minister of Higher Education and Training until 31st March 2020.

#### 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. Refer to note 1.3 for further disclosure.

##### Accounts payable and receivables

Cathsseta has presented their financial statements in accordance with the presentation requirements of GRAP 104 (Financial Instruments). In accordance Cathsseta 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. (Refer to note 6 for further disclosures).

#### 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.

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.

## Accounting Policies

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, even if it is not yet in use.

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

### 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

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.

## Accounting Policies

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### Initial 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.

### 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. The cost of inventories is assigned using the first-in, first-out (FIFO) formula. All items are kept in inventory and disclosed as an expense in the period of actual usage.



## Accounting Policies

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### Subsequent Measurement

CATHSSETA 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 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 amount recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 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 plan 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 employment costs in the Statement of Financial Performance.

## Accounting Policies

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### 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.

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.

### 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.

## Accounting Policies

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### 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.

Revenue 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 Discretionary Reserve

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 received.

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.

#### 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.

## Accounting Policies

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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 the revenue derived from sale of assets, 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.

#### 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.

## Accounting Policies

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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.

### 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.

## Accounting Policies

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### 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 retains 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.

#### 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.



## Accounting Policies

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.

	2017	2016
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.

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.

## Accounting Policies

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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) and the date on which the financial statements are authorised for issue by the Executive Authority 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; 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.

### 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.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000		
<b>2. Allocation of the net surplus for the year to reserves</b>				
<b>2017</b>				
	Total Statement of Financial Performance	Administration Reserve	Employer Grant Reserves	Discretionary Grants Reserves
Administration levy income (10,5%)	42 161	42 161	-	-
Mandatory grant levy income (20%)	80 303	-	80 303	-
Discretionary grant levy income (49,5%)	198 751	-	-	198 751
SDL: Penalties and interest	10 436	-	-	10 436
Investment income	18 054	-	-	18 054
<b>Total revenue</b>	<b>349 705</b>	<b>42 161</b>	<b>80 303</b>	<b>227 241</b>
Administration expenses	(66 665)	(66 665)	-	-
Other expenses	(53)	(53)	-	-
Employer grants	(29 466)	-	(29 466)	-
Discretionary grants	(164 534)	-	-	(164 534)
	<b>88 987</b>	<b>(24 557)</b>	<b>50 837</b>	<b>62 707</b>

### 2016

	Total Statement of Financial Performance	Administration Reserve	Employer Grant Reserves	Discretionary Grants Reserves	Other
Administration levy income (10,5%)	39 964	39 964	-	-	-
Mandatory grant levy income (20%)	73 413	-	73 413	-	-
Discretionary grant levy income (49,5%)	183 386	-	-	183 386	-
SDL: Penalties and interest	8 270	-	-	-	8 270
Investment income	11 393	-	-	-	11 393
<b>Total revenue</b>	<b>316 426</b>	<b>39 964</b>	<b>73 413</b>	<b>183 386</b>	<b>19 663</b>
Administration expenses	(68 516)	(68 516)	-	-	-
Other expenses	(74)	-	-	-	(74)
Employer grants	(45 919)	-	(45 919)	-	-
Discretionary grants	(160 057)	-	-	(160 057)	-
	<b>41 860</b>	<b>(28 552)</b>	<b>27 494</b>	<b>23 329</b>	<b>19 589</b>

### 3. Inventories

Inventories	502	366
Opening Balance	366	701
Movement for the year	136	(335)
<b>Balance at the period</b>	<b>502</b>	<b>366</b>

R 136 000 of inventory was recognised as an expense during the current year. There was no inventory write down during the current year. Inventory balances are not pledged as security for any liabilities. The carrying value of inventory approximates its fair value.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
<b>4. Receivables from non-exchange transactions</b>		
Employer receivables	-	2 647
Inter-seta receivables	212	210
	<b>212</b>	<b>2 857</b>

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	1 525	1 082
Prepayments	351	-
Office rental deposit	700	700
	<b>2 576</b>	<b>1 782</b>

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	3	-
Bank balances	54 942	9 100
Short-term deposits	279 353	245 882
	<b>334 298</b>	<b>254 982</b>

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

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	700	(76)	624	-	-	-
Furniture and fixtures	3 050	(1 599)	1 451	2 157	(1 290)	867
Motor vehicles	168	(131)	37	168	(92)	76
IT equipment	3 715	(2 507)	1 208	3 832	(2 977)	855
<b>Total</b>	<b>7 633</b>	<b>(4 313)</b>	<b>3 320</b>	<b>6 157</b>	<b>(4 359)</b>	<b>1 798</b>

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 7. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	-	700	-	(76)	624
Furniture and fixtures	867	970	(21)	(365)	1 451
Motor vehicles	76	-	-	(39)	37
IT equipment	855	917	(32)	(532)	1 208
	<b>1 798</b>	<b>2 587</b>	<b>(53)</b>	<b>(1 012)</b>	<b>3 320</b>

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	721	511	(26)	(339)	867
Motor vehicles	114	-	-	(38)	76
IT equipment	1 237	334	(48)	(668)	855
	<b>2 072</b>	<b>845</b>	<b>(74)</b>	<b>(1 045)</b>	<b>1 798</b>

Residual values were not changed from prior years. The assets in use were not impaired. There are no restrictions on the title of PPE items. None of the items of PPE are pledged as security over debt.

### 2017

	Cost	Accumulated Depreciation	Carrying Amount
Owned Assets	6 632	(3 836)	2 796
Leased Assets	1 001	(478)	523
	<b>7 633</b>	<b>(4 314)</b>	<b>3 319</b>

### 2016

	Cost	Accumulated Depreciation	Carrying Amount
Owned Assets	6 157	(4 359)	1 798

### 8. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	-	-	-	-	-	-

#### Reconciliation of intangible assets - 2016

	Opening balance	Disposals	Amortisation	Total
Computer software, other	6	(3)	(3)	-

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
<b>9. Payables from exchange transactions</b>		
Service provider fees outstanding	1 230	14 115
Accrued bonuses	3 536	-
Accrued leave pay	1 615	1 368
Administration expense accrual	8 606	3 833
Project expense accrual	29 558	19 629
	<b>44 545</b>	<b>38 945</b>

### 10. Payables from non exchange transactions

Skills development grants payable	3 343	716
SARS reversal grant payable provision	-	19 577
	<b>3 343</b>	<b>20 293</b>

The carrying amount of payables approximate their fair value.

The amount of liabilities forgiven is R - (2016: R -).

### 11. Donor funding

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Donor funding - SA Host	626	626
Donor funding - DEAT	436	436
	<b>1 062</b>	<b>1 062</b>

There were no donor funds received during the year since training is yet to be scheduled for funds received in prior periods.

### 12. Provisions

#### SMME Provision

SMME Contributions		6 820	5 640
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	Opening Balance	Additions	Reversed during the year	Total
SMME provision - below R500K	5 640	1 181	(1)	6 820

### 13. Long term liabilities

Minimum lease payments due  
- within one year

	-	42
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### 14. Investment income

Interest received - investments	18 054	11 393
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## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000		
<b>15. Levy income</b>				
<b>Skills development levy</b>				
<b>2017</b>				
	Administration	Employer grants	Discretionary grants	Total
Levy income received from DHET - current period	41 380	78 896	195 039	315 315
Levy income received from DHET - prior period	159	299	741	1 199
Government levies received	4 016	-	-	4 016
Inter-SETA transfer in	1	2	4	7
Inter-SETA transfers out	-	-	-	-
	<b>45 556</b>	<b>79 197</b>	<b>195 784</b>	<b>320 537</b>
<b>2016</b>				
	Administration	Employer grants	Discretionary grants	Total
Levy income received from DHET - current period	38 305	73 436	180 186	291 927
Government levies received	1 577	-	3 154	4 731
Levy provision(reversal)	57	(71)	(77)	(91)
Inter-SETA transfers in	25	48	123	196
	<b>39 964</b>	<b>73 413</b>	<b>183 386</b>	<b>296 763</b>
<b>Penalties and interest</b>				
Penalties received			5 971	4 617
Interest received			4 465	3 653
			<b>10 436</b>	<b>8 270</b>
<b>16. Employee related costs</b>				
Basic			18 254	16 384
Bonus			1 794	2 493
Medical aid - company contributions			545	180
UIF			117	53
WCA			-	52
SDL			188	-
Leave pay provision charge			54	-
Cellphone Allowances			-	5
Travel, motor car, accommodation, subsistence and other allowances			2	82
HR - support salaries			238	-
Long-term benefits - Pension, disability and funeral			1 500	621
			<b>22 692</b>	<b>19 870</b>
The average number of employees was 86 (2016 - 72).				
<b>17. Depreciation and amortisation</b>				
Property, plant and equipment			1 012	1 045
Intangible assets			-	3
			<b>1 012</b>	<b>1 048</b>



## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 18. Finance costs

Finance leases	-	18
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Capitalisation rates used during the period were 6% ,7.27% and 7.6%.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R nil (2016: R nil).

### 19. Operating leases

Premises	4 659	4 334
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#### 19.1 Minimum Lease Payments

Within one year	4 559	4 182
In second year to fifth year	16 784	21 343
	<b>21 343</b>	<b>25 525</b>

CATHSETTA leases a building from Sanlam Life Insurance (Ltd) for a period of 7 years, effective from 1 May 2014. The lease payment is R256 459.04 per month since inception with an annual escalation of 9.2%. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term. The lease is non cancellable.

### 20. Operating lease liability

Operating lease liability	2 317	1 970
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#### Reconciliation of actual payments to amortised lease costs

Opening balance	1 970	1 150
Actual paid	(4 312)	(3 839)
Amortised rental over lease period	4 659	4 659
	<b>2 317</b>	<b>1 970</b>

### 21. Employer grant and project expenses

Employer grant	29 466	45 919
Discretionary grants	164 534	160 057
	<b>194 000</b>	<b>205 976</b>

The total paid for Mandatory Grants for the year was R46 million. This line item was reduced by + - R16 million SARS reversal provision included in the prior year figure in note 10.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
<b>22. General expenses</b>		
Advertising	812	325
Audit Committee and Joint Working Committee expenses	226	1 735
Auditors remuneration - external	2 827	3 759
Bank charges	43	62
Catering- General	110	42
Cleaning	-	282
Computer expenses	49	-
Conferences and seminars	18	8
Consulting and professional fees	17 768	24 835
Consumables	129	167
Electricity	707	1 281
IT expenses	21	-
Insurance	219	225
Internal Audit Fees	589	1 843
Other expenses	1 603	976
Placement fees	2 193	217
Postage and courier	-	79
Printing and stationery	487	662
Promotions and sponsorships	394	953
QCTO	1 520	1 040
Rental of motor vehicle	-	460
Secretarial fees	560	314
Security Expenses	1 115	848
Skills development levies	-	148
Staff welfare	249	81
Subscriptions and membership fees	28	14
System costs	3 417	1 428
Telephone and fax	1 173	715
Training	1 101	147
Travel - local	944	541
Workshops and Roadshows	-	55
	<b>38 302</b>	<b>43 242</b>
<b>23. Auditors' remuneration</b>		
Fees - External Auditors	2 827	3 759
<b>24. Loss on disposal of assets</b>		
Property, plant and equipment	(53)	(74)

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
<b>25. Cash generated from operations</b>		
Surplus	88 987	41 860
<b>Adjustments for:</b>		
Depreciation and amortisation	1 012	1 048
Loss on disposal of assets	53	74
Movements in provisions	1 181	11 936
<b>Changes in working capital:</b>		
Inventories	(136)	336
Receivables from exchange transactions	(794)	(558)
Other receivables from non-exchange transactions	2 645	(227)
Payables from exchange transactions	5 600	7 592
Taxes and transfers payable (non exchange)	(16 950)	-
	<b>81 598</b>	<b>62 061</b>

## 26. Commitments Discretionary Grants

### Discretionary grants

2017	Opening Balance Commitments (contractual)	Additions	Accruals	Actual contractual expenditure /payments writebacks	Total
	R'000	R'000	R'000	R'000	R'000
Apprenticeship	4 275	4 700	(261)	(6 698)	2 016
Bursaries	22 654	60 921	(12 706)	(28 862)	42 007
Quality assurance	1 000	2 886	(256)	(1 325)	2 305
Events	-	3 997	-	(1 903)	2 094
Internship	5 217	32 628	(2 038)	(16 505)	19 302
Learnership	58 733	43 480	(4 669)	(43 707)	53 837
Project Management	1 658	-	-	(1 658)	-
Research	4 645	-	-	(4 645)	-
Skills	34 624	84 341	(6 771)	(24 797)	87 397
WIL	12 935	35 098	(2 857)	(22 771)	22 405
Special projects	-	4 072	-	-	4 072
	<b>145 741</b>	<b>272 123</b>	<b>(29 558)</b>	<b>(152 871)</b>	<b>235 435</b>

## Notes to the Annual Financial Statements

		2017 R '000	2016 R '000
<b>26. Commitments Discretionary Grants (continued)</b>			
<b>2016</b>	Opening Balance Contingent commitment (contractual)	Additions	Actual contractual expenditure /payments writebacks
	R'000	R'000	R'000
			Total R'000
Apprenticeship	4 852	5 070	(3 672)
Bursaries	37 449	26 573	(41 368)
Quality assurance	1 481	241	(722)
Events	5 043	1 730	(6 773)
Infrastructure	10 000	-	(10 000)
Intership	4 914	14 322	(14 019)
Learnership	53 234	41 829	(38 315)
Project Management	-	8 290	(6 632)
Research	-	4 645	-
Skills programme	32 390	14 886	(12 792)
WIL	12 679	23 374	(22 968)
	<b>162 042</b>	<b>140 960</b>	<b>(157 261)</b>
			<b>145 741</b>

During the year the Discretionary grant line items were reclassified based on the nature of the agreements signed.

### 27. Operational and other commitments

Operational commitments contracted for	31 018	-
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### 28. 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 considered 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.

	2017 Transfers in/(out)	2016 Transfers in/(out)	2017 Receivables/ (Payables)	2016 Receivables/ (Payables)
Services SETA	-	156	212	183
W&R SETA	-	5	-	26
FASSET	-	-	-	1
	<b>-</b>	<b>161</b>	<b>212</b>	<b>210</b>

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 28. Related parties (continued)

#### Remuneration of management

#### Key Management Remuneration

2017

	Salary R'000	Bonus & Other perf. based pays R'000
<b>Key Management Remuneration</b>		
P Kedama - Administrator	1 729	-
S Silinga - COO	927	-
M Shezi - CFO	1 207	-
M Mwandla - Executive Support	986	153
D Mathibedi - Executive Corporate Services	1 060	6
P Pebane - Executive Skills Development	979	111
	<b>6 888</b>	<b>270</b>

## Notes to the Annual Financial Statements

	2017		2016				
	R '000		R '000				
<b>28. Related parties (continued)</b>							
2016							
	Salary	Bonus & Other perf. based pays	Allowances	Contribution to PF	Contribution to to other schemes	Other Benefits	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Key Management Remuneration</b>							
P Kedama - Administrator	1 610	-	13	-	3	-	1 626
L Mti	1 120	66	1	-	-	-	1 187
P Tsotetsi - CFO	448	-	-	31	4	-	483
M Mwandla - SM Skills Development	888	87	132	62	14	422	1 605
E Boomgaard	827	73	17	58	14	473	1 462
N Nobaka	637	-	13	-	1	4	655
P Pebane	669	64	103	51	2	-	889
	<b>6 199</b>	<b>290</b>	<b>279</b>	<b>202</b>	<b>38</b>	<b>899</b>	<b>7 907</b>

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 28. Related parties (continued)

#### Remuneration of other committees

#### Remuneration of Audit Comm, HR and Finance Committees

##### 2017

Name of Member	Audit & Risk Committee R'000	HR & Fin Committee R'000	Total R'000
L Motlhamme	15	-	15
N Mokou	32	-	32
AD Mbatha	9	-	9
J Shilubane	27	-	27
G Fredericks	-	5	5
SN Ndhlovu	-	8	8
	<b>83</b>	<b>13</b>	<b>96</b>

##### 2016

Name of Member	Audit & Risk Committee R'000	HR & Fin Committee R'000	Allowances R'000	Total R'000
L Motlhamme	4	-	3	7
N Mokou	4	-	-	4
N Nobaxa	-	18	1	19
N Ndhlovu	-	4	-	4
S Ferreira	-	2	1	3
	<b>8</b>	<b>24</b>	<b>5</b>	<b>37</b>

#### Remuneration of Joint Working Committee Members

##### 2017

Name of Member	JWC Arts,culture & Coversation R'000	Total R'000
G Raven	5	5
	<b>5</b>	<b>5</b>



## Notes to the Annual Financial Statements

				2017 R '000	2016 R '000
<b>28. Related parties (continued)</b>					
<b>2016</b>					
Name of Member	JWC Arts,culture & Conversation	JWC Tourism & Hospitality	JWC Gaming & Sports	Allowances	Total
	R'000	R'000	R'000	R'000	R'000
A Pires	7	-	-	1	8
B Marobe	-	4	-	4	8
C Cairns	-	7	-	1	8
D February	-	9	-	3	12
K Jones	9	-	-	1	10
K Matiso	-	1	-	-	1
K Egelhof	11	-	-	1	12
L Tshabalala	-	2	-	3	5
L Ngubelanga	-	-	-	4	4
M O'Connor	-	-	-	1	1
M Gasela	-	-	-	7	7
M Pakade	-	14	-	-	14
M Ncame	-	-	2	-	2
M Ravele	-	-	4	1	5
N Nobaxa	-	-	9	2	11
N Mahlangu	13	-	-	4	17
N Mqwebu	-	7	-	1	8
N Mologona	-	-	7	1	8
R Mkondru	-	11	-	1	12
S Belot	7	-	-	-	7
S Maake	4	-	-	1	5
S Manzini	7	-	-	-	7
T Mkhosana	-	7	-	-	7
X Ndlovu	-	-	4	-	4
Z Ntlangula	-	-	4	-	4
	<b>58</b>	<b>62</b>	<b>30</b>	<b>37</b>	<b>187</b>

## 29. Irregular Expenditure

Opening balance	1 391	79 301
Payments for bursaries-(pre administration contract under court review)	836	-
Non compliance to supply chain management practices (minimum quotes not obtained)	-	1 321
Contracts extensions by Accounting Officer with no due Authority (Pre - Administration)	6 353	1 391
Non compliance to the legislation	142	4 468
Over expenditure on administration costs (10,5 % and 7,5%)	36 156	27 965
	<b>44 878</b>	<b>114 446</b>
Relating to prior period - non submission made for prior period expenditure	(1 391)	(79 301)
Condoned - Non compliance to supply chain management practices	-	(1 321)
Condoned - current period irregular expenditure on deviation to regulations	(6 353)	(4 468)
Condoned - excess administration costs in the current period(10,5 % and 7,5 %)	(36 156)	(27 965)
	<b>978</b>	<b>1 391</b>

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
<b>29. Irregular Expenditure (continued)</b>		
<b>Details of irregular expenditure – current year</b>		
Payments for bursaries -(pre administration contract under court review)		836
Payment of pre-administration contract after legal review completion		6 353
Variations not pre-approved by National Treasury		142
Operational and DG admin expenditure exceeding limits		36 156
Condoned irregular expenditure		(42 509)
		<u>978</u>

### Incidents

The measures were put in place to strengthen the SCM unit and the processes put in place to ensure no recurrence in the future as shown below:

Capacity building within the unit resulting in appointment of experienced supply chain personnel.  
SCM policy has been updated and rolled to all officials in the SETA.  
Compliance is tracked on a regular basis.

R6,3 million resulted from the settlement made after a lengthy legal process on the SMME support contract awarded by the previous CEO without Board's approval prior to Administration period. The legal advise received in March 2017 concluded that Cathsseta should pay for the training as proof and all required documentation were submitted and learners certified. The costs from the protracted legal process on appeals would have resulted in exorbitant costs vs the amount to be paid.

The required approval to exceed 15% threshold was not sought from National Treasury in advance due to circumstances beyond the SETA control. An approval request for has been submitted to the National Treasury; and was still waiting response thereof as at 31 July 2017.

### 30. Fruitless and wasteful expenditure

Travel arrangements made with flight tickets not utilised	-	<u>89</u>
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#### 2017

No fruitless and wasteful expenditure was incurred in the current year.

#### 2016

Fruitless expenditure was incurred on flight tickets on scheduled training not attended by TVET staff. Letters of reprimand were written to the TVETs in this regard and in the future a firm commitment to attend will include a clause that costs incurred on non-attendance will be recovered from non-attendees.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
<b>31. Voluntary Levies</b>		
Below is a detailed breakdown of the voluntary levies received		
<b>Name of Institution</b>		
National Department of Sport & Recreation	129	469
Department of Sports & Recreation - KZN	289	546
Department of Sport, Recreation, arts and culture (EC)	1 078	960
PE Opera HPR Opera House	4	-
ECPTA - PROJECT DG W2014W2	299	440
Department of Economics Free State	568	534
Sanbi Main	749	773
Department of Agriculture Gauteng	480	420
Department of Sports North West	58	-
Department of Environmental Affairs Northern Cape	266	-
KZN Triathlon Association	96	-
Department of tourism National	-	405
Department of Sports ,Arts and Culture - NC	-	184
	<b>4 016</b>	<b>4 731</b>

## 32. 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 Administrator of CATHSSETA, 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.

### 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	2017 R'000	2016 R'000
Accounts receivable	2 576	1 782
Cash and cash equivalent-current	54 945	9 100
Cash and cash equivalent-30 days	279 353	245 882

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 32. Financial instruments (continued)

#### 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

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.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000	
<b>32. Financial instruments (continued)</b>			
<b>Categories of financial instruments</b>			
<b>2017</b>			
<b>Financial assets</b>	Interest bearing R'000	Non-interest bearing R'000	Total R'000
Cash (interest @6%)	279 353	54 945	334 298
Accounts receivable	-	2 576	2 576
	<b>279 353</b>	<b>57 521</b>	<b>336 874</b>
<b>Financial liabilities</b>	Interest bearing R'000	Non-interest bearing R'000	Total R'000
Accounts payable	-	58 087	58 087
<b>2016</b>			
<b>Financial assets</b>	Interest bearing R'000	Non-interest bearing R'000	Total R'000
Cash (interest @6%)	245 882	9 100	254 982
Accounts receivable	-	4 639	4 639
	<b>245 882</b>	<b>13 739</b>	<b>259 621</b>
<b>Financial liabilities</b>	Interest bearing	Non-interest bearing	Total
Accounts payable	-	67 910	67 910
Finance lease obligations (interest @9%)	42	-	42
	<b>42</b>	<b>67 910</b>	<b>67 952</b>

### 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.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 32. Financial instruments (continued)

No security is held for any receivables.

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

#### 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 fund investments are invested between at least three registered banks and that at each bank no more than 50% is invested in up to maximum three month fixed deposit with balance in money market or 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.

### 33. 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.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 34. 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 2017 differences:

1. There is variance of 1.0% under recovery on levy income however the total income is more than the budget due to the extra income received from Public contributions and donations, Penalties and interest and Interest income from investment.
2. There was an overall under-spending on expenses mainly from the under-spending on Employer grants and projects. This is due to tranche payments not being made in line with the budgeted payment schedule resulting in project payments being delayed.
3. There was an over-spending on general expenses compared to the original approved budget. Approval to exceed the 10.5% expenditure for Administration expenses has been requested and granted.
4. Personnel costs have exceeded budget as there was a pay increase in August 2016 for all employees backdated from April 2016, this was more than the initial amount budgeted for.
5. The increase in the interest on investment is based on the funds available in the bank which are transferred to the investment account to generate interest.

### 35. Contingencies

#### First time employer registrations

The Skills Development Act, 1998 allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants. At the date of reporting there will be amounts payable but contingent on certain conditions being fulfilled.

#### Contingent assets

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, 3 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.

Due to the uncertainty of the recoverability of this amount, it is still not possible to raise and recognise it as an account receivable at the period 31/03/2017 end and is consequently considered a contingent asset until the legal proceedings outcome is known and the case is concluded.

#### Legal Cases

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

- Claim by employers and training provider for the amount of R2,1 million, with regards to outstanding payments.
- Former employees have instituted legal cases against the entity, resulting in contingent liabilities of R356 thousands.

#### National Skills Fund (NSF) Liability

In terms of the Grant Regulations of 2012, a SETA was required to have committed or paid 95% of discretionary funds available, if not, the uncommitted funds would be forfeited to the NSF.

No contingent liability has been raised in this regard as Cathsetta was almost fully committed, with no surplus cash reserves to be provided for.



## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 36. Going concern

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

### 37. Subsequent events

CATHSSETA is not aware of any further subsequent events other than the one in the preceding paragraph.

The Labour Court recently ruled that the SETA'S, effective 01 April 2016, are liable to pay 50 % of claims relating to mandatory grants instead of the 20 % which was the case in the past. However, the matter is being engaged and addressed by the Department of Higher Education and Training which is the Executive Authority for the SETAS.

### 38. Additional notes

Surplus funds are moved to the Discretionary Grants reserve from the administration reserve based on unspent funds at year-end and from the Mandatory grant based on unclaimed grants after the prescribed time-frames have elapsed. The unclaimed Mandatory grants amounted to R32 801 395 as at period end 31 March 2017.

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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### 39. Prior year errors and reclassifications

#### 38.1 Revaluation Reserve

The prior period error is as a result of reclassification of an amount that was incorrectly classified as Revaluation reserve instead of Admin reserve. The reclassification has been effected to ensure the accounting treatment is consistent with the accounting policy of the entity which is to carry assets at cost less accumulated depreciation.

#### Statement of changes in net assets

Revaluation reserve	-	531
Administration reserve	-	(531)
	<u>-</u>	<u>-</u>

The impact on the statement of financial performance and statement of financial position is nil. The impact is an increase in the Admin reserve.

#### 38.2 Reclassification of operating lease liability

The prior year figures have been reclassified as shown below in relation to operating lease liability. The net effect on the statement of financial position is nil.

#### Reclassification of operating lease liability

Payables from exchange transactions	-	1 970
Operating lease liability	-	(1 970)
	<u>-</u>	<u>-</u>

#### 38.3 Reclassification from provisions to payables from exchange transactions

The prior year figures have been reclassified as shown below in relation to payables from exchange transactions. The net effect on the statement of financial position is nil.

Provisions	-	852
Payables from exchange transactions	-	(852)
	<u>-</u>	<u>-</u>

#### 38.4 Reclassification between the Reserves

The prior year Reserve figures have been reclassified to align with the accounting policy as follows:

Administration Reserve	-	(1 530)
Discretionary Grant Reserve	-	1 530
	<u>-</u>	<u>-</u>

## Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
<b>40. Change in accounting estimate</b>		
<b>Property, plant and equipment</b>		
The useful life of computer equipment changed from 2 - 16 years to being 3 - 5 years and that of office furniture and equipment from 2 - 26 years to being 5 - 25 years. The financial impact of the change in the useful life review, resulted in the depreciation cost as shown below:		
Old depreciation	1 207	-
New depreciation on new estimate	(195)	-
	<b>1 012</b>	-

## 41. Segment information

### General information

#### Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: Administration, Mandatory grants and Discretionary grants. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

#### Aggregated segments

The entity operates throughout the country in six provinces. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the regions were sufficiently similar to warrant aggregation.

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 41. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2017

	Administration	Mandatory grants	Discretionary grants	Total
<b>Revenue</b>				
Revenue from non-exchange transactions	42 161	80 303	198 751	321 215
SDL	-	-	10 436	10 436
Investment Income	-	-	18 054	18 054
<b>Total segment revenue</b>	<b>42 161</b>	<b>80 303</b>	<b>227 241</b>	<b>349 705</b>
<b>Entity's revenue</b>				<b>349 705</b>
<b>Expenditure</b>				
Grants paid	66 718	29 466	164 534	260 718
<b>Total segmental surplus/(deficit)</b>				<b>88 987</b>
<b>Assets</b>				
Segment assets	2 193	-	1 127	3 320
<b>Total assets as per Statement of financial Position</b>				<b>3 320</b>
<b>Liabilities</b>				
Segment liabilities	58 087	-	-	58 087
<b>Total liabilities as per Statement of financial Position</b>				<b>58 087</b>

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

#### Measurement of segment surplus or deficit, assets and liabilities

#### Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations.

Inter-segment transfers: segment revenue and segment expense include revenue and expense arising from transfers between segments. Such transfers are usually accounted for at cost and are eliminated on consolidation. The amount of these transfers was R - (2016: R -).

#### Information about geographical areas

The entity's operations are in six provinces.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 41. Segment information (continued)

2017

	External revenues from non-exchange transactions	Total expenditure	Non-current assets*
Gauteng	-	8 420	53
KZN	-	7 836	34
Mpumalanga	-	3 335	28
Western Cape	-	9 211	662
Eastern Cape	-	8 346	184
Free State	-	3 844	166
Head office	349 705	219 673	2 193
<b>Total</b>	<b>349 705</b>	<b>260 665</b>	<b>3 320</b>

## Notes to the Annual Financial Statements

### 42. New standards and interpretations

#### 42.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 18: Segment Reporting	01 April 2015	The standard provides guidance on accounting for and determination of reportable segments. CATHSSETA has adopted the standard in current year. Administration, discretionary grants, mandatory grants and geographic information meeting the definition of a reportable segments has been disclosed in Note 39.

#### 42.2 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; once 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	Not yet determined	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	Not yet determined	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

## Notes to the Annual Financial Statements

### 42. New standards and interpretations (continued)

GRAP 108: Statutory Receivables	Not yet determined	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 future once effective.
GRAP 109: Accounting by Principals and Agents	Not yet determined	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

### 42.3 Effective Standards with no impact on CATHSETTA

The following standards and interpretations became effective in the prior period. The nature of these Standards did not impact on the operations of the CATHSSETA and consequently have no impact on the financial statements of the SETA.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 4: Effects on changes on foreign exchange rates	01 July 2008	The Standard deals with translation of foreign exchange rates amounts into local currency. There is no impact of this Standard on Cathsseta as all our transactions are in local currency.
GRAP 7: Investments in associates	01 April 2012	Cathsseta has no investments in associate entities. The Standard has no impact on Cathsseta.
GRAP 8: Interest in joint ventures	01 April 2012	The Standard has no impact on Cathsseta, as it has no joint ventures.
GRAP 27: Agriculture	01 April 2012	The Standard has no impact on Cathsseta as has no agricultural items.
GRAP 103: Heritage Assets	01 April 2012	The Standard has no impact on Cathsseta as has no heritae assets.
GRAP 107:Mergers	01 April 2015	The objective of this standard is to provide accounting principles guidance for merged entities. It has no impact on the SETA.
GRAP 105:Transfers of functions between entities under common control	01 April 2015	The standard establishes accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.
GRAP 106:Transfers of functions between entities not under common control	01 April 2015	The standard establishes accounting principles for the acquirer and transferor in a transfer of functions between entities not under common control.



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