



CATHSSETA ANNUAL REPORT 2021/2022



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
2021/2022 FINANCIAL YEAR**

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PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:

The entity is registered as the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority, also known as CATHSSETA

REGISTRATION NUMBER

25/CATHSSETA/1/04/11



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FNB

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Bank City,
Cnr Simmonds and Pritchard Streets,
Johannesburg, 2193

2. LIST OF ABBREVIATIONS/ACRONYMS

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

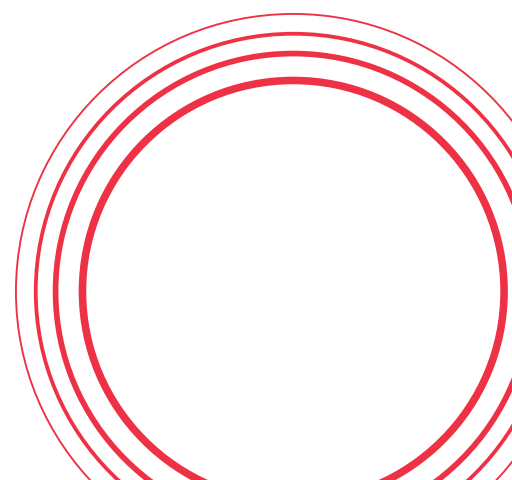
4IR	Fourth Industrial Revolution
AA	Accounting Authority
AET	Adult Education and Training
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee of the CATHSSETA Board
ATR	Annual Training Report
BAC	Bid Adjudication Committee of the CATHSSETA Board
BCEA	Basic Conditions of Employment Act, 1997 as amended
B-BBEE	Broad-Based Black Economic Empowerment
BUSA	Business Unity South Africa
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CBO	Community-Based Organisation
CCI	Cultural and Creative Industries
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CET	Community Education and Training
CFO	Chief Financial Officer
CHE	Council on Higher Education
CIMS	CATHSSETA Information Management System
COVID-19	Corona virus that was declared as a pandemic by the World Health Organisation
DEA	Department of Environmental Affairs
DG	Discretionary Grant
DHET	Department of Higher Education and Training
DIO	Deputy Information Officer
DPSA	Department of Public Service and Administration
DPME	Department of Planning, Monitoring and Evaluation

DSAC	Department of Sport, Arts and Culture
EA	Executive Authority
EC	Eastern Cape Province
EEA	Employment Equity Act, 1998 as amended
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
ERRP	Economic Reconstruction and Recovery Plan
ERRSS	Economic Reconstruction and Recovery Skills Strategy
ETD	Education, Training and Development
EXCO	Executive Committee of the CATHSSETA Board
FAR	Fixed Asset Register
FINCOM	Finance Committee of the CATHSSETA Board
FS	Free State Province
G&S	Governance and Strategy Committee of the CATHSSETA Board
GDP	Gross Domestic Product
GIBS	Gordon Institute of Business Science
GGR	Gross Gambling Revenue
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practices
HEI	Higher Education and Institution
HEMIS	Higher Education Management Information System
HIAWU	Hospitality Industry and Allied Workers Union
HOTELICA	Hotel, Liquor, Catering and Allied Workers Union of South Africa
HR	Human Resources
HRD	Human Resource Development
HTFV	Hard-to-fill-vacancies
IO	Information Officer
ICT	Information and Communication Technology
KPI	Key Performance Indicators
KZN	KwaZulu-Natal Province
LAC	Labour Appeal Court
LC	Labour Court

LP	Limpopo Province
LRA	Labour Relations Act, 1995 as amended
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MP	Mpumalanga Province
MTR	Mid-Term Review
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NACTU	National Council of Trade Unions
NAMB	National Artisan Moderating Body
NC	Northern Cape Province
NCOP	National Council of Provinces
NCV	National Certificate (Vocational)
NDP	National Development Plan
NGB	National Gambling Board
NGO	Non-Governmental Organisation
NGP	New Growth Path, 2011
NHEIPE	National Higher Education Institute for Physical Education
NHRDSSA	National Human Resources Development Strategy of South Africa
NPPEST	National Plan for Post School Education and Training
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NQFA	National Qualifications Framework Act, 2008
NSA	National Skills Authority
NSDP	National Skills Development Plan
NSF	National Skills Fund
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NSRP	National Sport and Recreation Plan
NTSS	National Tourism Sector Strategy
NW	North West Province
OFO	Organising Framework for Occupations
PAIA	Promotion of Access to Information Act, 2000 as amended
PCR	Polymerase Chain Reaction



PESTEL	Political, Economic, Social, Technological, Environmental, Legal
PFMA	Public Finance Management Act, 1999 as amended
PIVOTAL	Professional, Vocational, Occupational, Technical and Academic Learning
POPIA	Protection of Personal Information Act, 2013
PQM	Programme and Qualification Mix
PMO	Project Management Office
PMS	Performance Management System
PSET	Post School Education and Training
QCTO	Quality Council for Trades and Occupations
QLFS	Quarterly Labour Force Survey
QMR	Quarterly Monitoring Report
REMCO	Remuneration Committee of the CATHSSETA Board
RMS	Resource Mobilisation Strategy
RPL	Recognition of Prior Learning
SACCAWU	South African Commercial, Catering and Allied Workers Union
SACPO	South African College Principals Organisation
SAFTU	South African Federation of Trade Unions
SALGA	South African Local Government Association
SAMSA	South African Maritime Safety Authority
SANBI	South African National Biodiversity Institute
SANParks	South African National Parks
SANBI	South African National Biodiversity Institute
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SASCOC	South African Sports Confederation and Olympic Committee
SAT	South African Tourism
SCM	Supply Chain Management
SDA	Skills Development Act, 1998 as amended
SDL	Skills Development Levy
SDLA	Skills Development Levies Act, 1999
SDP	Skills Development Provider
SE	Small Enterprises



SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIPs	Strategic Infrastructure Projects
SPOL	Sectoral Priority Occupations List
SLA	Service Level Agreement
SMMEs	Small, Medium and Micro Enterprises
SOC	State-Owned Company
SONA	State of the National Address
SOP	Standard Operating Procedures
SP	Strategic Plan
SRF	Sport, Recreation and Fitness
SRSA	Sports and Recreation South Africa
SSP	Sector Skills Plan
SWOT	Strengths, Weaknesses, Opportunities and Threats
StatsSA	Statistics South Africa
THRD	Tourism Human Resource Development Strategy
TR	Treasury Regulations
TSA	Tourism Satellite Account
TSRP	Tourism Sector Recovery Plan
TSRS	Tourism Sector Recovery Strategy
TVET	Technical, Vocational, Education and Training
UIF	Unemployment Insurance Fund
UIFW	Unauthorised, Irregular, Fruitless and Wasteful
UoT	University of Technology
WBL	Work Based Learning
WC	Western Cape
WIL	Work Integrated Learning
WSP	Workplace Skills Plan
WPPSET	White Paper on Post School Education and Training
WRP	Work Readiness Programme
WTTC	World Travel and Tourism Council
YES	Youth Employment Service

3. FOREWORD BY THE ACCOUNTING AUTHORITY CHAIRPERSON



MR DAVID THEMBA NDHLOVU

**ACCOUNTING AUTHORITY
CHAIRPERSON**

It gives me great pleasure to present the 2021/22 Annual Report for the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA). As the Chairperson of CATHSSETA Accounting Authority, I sincerely wish to extend my heartfelt gratitude and that of my fellow members to the Minister of Higher Education, Science and Innovation, Honourable Dr Bonginkosi Emmanuel Nzimande, for entrusting us with the responsibility of providing oversight, leadership and guidance to the Management and Staff of this entity.

The COVID-19 Pandemic has disrupted the lives of South Africans. Thousands lost their lives, millions were put out of work bringing untold misery to households and families. The lockdown and other Disaster Management Regulations had debilitating unintended consequences that hit hard on the Skills Development Provider (SDP) network and by extension the most vulnerable communities.

Over the last 12 months, we have focused all our energies on rebuilding and addressing the destructive impact of the pandemic and all the ripple effects it set in motion. We have worked together to bring about stability and normalise the operations of the SETA. The effort put by our stakeholders, the board, management, staff and all in the six sectors in our jurisdiction is witnessed by the performance we are pleased to report below.

During the year under review, the CATHSSETA recorded an 89% performance against set targets, which represents a 16% improvement from the 73% in prior year. In the main the improvement is attributed to the relaxation of COVID-19 restrictions effected in the first quarter of the 2021/2022 financial year. The opening of the economy saw a gradual reignition of life in the sector and a resumption of normal business by many in all sectors. Although painful and slow the recovery has been hugely welcome by all.

Over the last twelve months, we were visited by some turbulence including staff turnover resulting in two (2) Executive Management positions becoming vacant. Instability in the Finance and Corporate Services Departments is anybody's worst nightmare. Through the diligence and commitment of staff at CATHSSETA, these critical positions were filled within three months. We are proud to announce that the finances of SETA are now on calmer waters heading for shore.

Furthermore, as a creature of statute, the SETA is required to implement government policy, drive, and support programmes. In October 2020, His Excellency President Cyril Ramaphosa (President) announced the introduction of the Economic Reconstruction and Recovery Plan (ERRP).

The Plan is aimed at revitalising the economy and ending the inequality and injustice that impede growth. We are glad to report that the SETA contributes to this programme through the funding of the Chef Artisan Programme and Work Integrated Learning (WIL) projects that support the recovery of the tourism sector.

The CATHSSETA is proud to report successful hosting and contribution to the Careers Expo 2021 a programme championed by the Deputy Minister of Higher Education, Science, and Innovation. This programme which seeks to promote the country's rich heritage, is a collaborative effort between the CATHSSETA, the Department of Higher Education and Training (DHET) and seven (7) sister SETAs. The active participation of the Post School Education and Training (PSET) delivery institutions, Technical Vocational Education and Training (TVET) and Community Education and Training (CET) Colleges is a deliberate attempt at raising awareness of the critical role being played by this sector in the delivery of skills for employment and entrepreneurship.

In support of the government's efforts to revitalising the tourism sector economy, from the skills development perspective, the CATHSSETA in collaboration with the Department of Tourism (DT) and the Gauteng's Department of Economic Development herein represented by the Gauteng Tourism Agency hosted the National Tourism Careers Expo in March 2022 at the NASREC in Johannesburg. Themed "Rebuilding a resilient and inclusive tourism sector for the future" this event drew about 4 000 participants over three days. The event was aimed at raising awareness amount learners in grades between 09 and 12 all over South Africa, TVET and University Students, and unemployed graduates who wish to pursue careers in tourism and hospitality. We believe that the interest in either studying any of the courses available or starting careers in these fields will increase. Working together with various

stakeholders, both in the public and private sector, the partnering institutions have committed funds to support learners who are pursuing studies in the related fields, offering workplace-based learning, learnerships and internships. This also includes retraining of staff where their skills may have been declared redundant as a result of the COVID-19 situation and the advent of the Fourth Industrial Revolution (4IR).

Towards the end of July 2022, the Auditor-General released another positive audit outcome for the entity. This Unqualified Audit Opinion confirms that the SETA has robust systems of internal control and affirms the public confidence on the AA's ability to manage the allocated resources. Our eyes are now firmly set on obtaining a clean audit in our persistent strive for excellence.

As I conclude, on behalf of the AA, I wish to thank the Honorable Minister for continuously providing political direction to the AA, which made it possible for the entity to achieve most of its set performance targets. I wish to also thank the leadership of the Department of Higher Education and Training (DHET), under the Director-General, CATHSSETA's governance structures as well as all our stakeholders for their continued support. I also wish to extend my gratitude to the CEO, Management, and Staff for their dedication and for ensuring that the performance and stability of the organisation are improved. Given the ground covered thus far, we are confident that we have a capable team that will continue to see this SETA meeting its objectives. Your hard work is indicative of the passion you have for ensuring that we live up to our vision of being a leader in skills development within our diverse sector.



Mr. David Themba Ndhlovu
Accounting Authority Chairperson
Date: 31 August 2022

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



During the year under review, the CATHSSETA continued with the implementation of various learning programmes aimed at improving the skills base of South Africans. This was achieved under difficult circumstances that were brought about by the COVID-19 Pandemic that has been interrupting our lives since it was declared a pandemic in March 2020.

This COVID-19 period was characterised by travel restrictions which impacted negatively on the travel and tourism and hospitality subsectors. Consequently, the CATHSSETA experienced a decline in revenue collection as some of the skills levy-paying constituent members had temporarily closed their operations due to lockdown restrictions, whereas some had either scaled down their staff or could not reopen completely when the restrictions were lifted by the Government.

To improve revenue collection, the entity developed and implemented the Resource Mobilisation Strategy during the third quarter of the financial year, which contains various initiatives. This strategy focuses both inwardly and outwardly, that is, looking at creating operational efficiencies such as cost-containment measures and externally, identifying new levy payers who are either new entrants to the sector or currently affiliated with other SETAs that share Standard Industrial Classification (SIC) with the CATHSSETA. However, it is important to note that the implementation of this strategy has not gained much momentum thus far but will be implemented in the next financial year.'

In compliance with the legislative prescripts governing Supply Chain Management (SCM), the entity enhanced its policies, processes and systems to ensure that they remained effective and efficient. Part of this included the training of internal staff members and keeping all the positions filled within the SCM Unit. Other internal controls throughout the entity were also improved, for instance, the insourcing of the asset management function which was performed by external service providers in prior year. This helped the entity to continuously monitor and update the Fixed Asset Register (FAR) to ensure its accuracy and relevance.

The performance of the entity is one of the critical factors used to determine whether it fulfils its legislative mandate. The entity recorded 89% performance in the year under review which is an improvement from the prior year. Out of 35 performance targets, 31 were achieved as contained in the Annual Performance Plan (APP).

This is a significant improvement when compared with the 75% and 73% recorded in the 2019/20 and 2020/21 financial years respectively. Out of the 35 planned performance targets, 26 of them fall under Programme 3: Learning Programmes (18 targets) and Programme 4: Quality Assurance (8 targets) which form the core business of the organisation. Therefore, the entity achieved 23 of the 26 performance targets within the core business programmes, which is remarkable feat.

During the year under review, we relocated from our previous headquarters in Killarney and now settled at Noordwyk in Midrand. The move from Killarney was a daunting task as it happened during the national lockdown and whilst the external audit relating to the 2020/21 financial year audit was in progress. In addition, various challenges were encountered relating to records that were required by the auditors and kept in closed boxes as the new offices not could accommodate all the records, furniture and equipment due to the reduced space. However, I am glad to report that under those circumstances, we have been able to overcome the challenges and also settled properly and most importantly, reduced the rental costs as a result of the space that we currently occupy.

Furthermore, in response to the COVID-19 challenges experienced, the entity implemented a hybrid model, which allowed Staff to work both remotely and going to the office on specific days on a rotational basis. This was aimed at protecting lives and livelihoods on the one hand, while keeping the day-to-day operations going in pursuit of the legislative mandate. The hybrid model allowed the entity to receive electronic applications for Mandatory Grant, Discretionary Grant and accreditation of Skills Development Providers (SDP) using the CATHSSETA's Information Management System (CIMS). Although otherwise teething challenges

experienced by the stakeholders whilst transacting through the CIMS, the entity ensured that all the concerns were addressed and not resorted to manual processes. It is important to note that the electronic mode of submissions eliminated the long queues that we used to experience during the submission of the above-mentioned applications.

Moreover, the entity responded to the call by the Government to reconstruct the economy through the implementation of the ERRP, which was introduced in Parliament on 25 October 2020 by the President of the Republic of South Africa, his Excellency Mr Cyril Ramaphosa. To this end, the entity pledged around R25 million to support 334 learners who are participating in the Chef Artisan Development Programme and the 79 out of the learners in the Work Integrated Learning Programme within the tourism sub-sector. These 79 learners came out of the 109 learners that previously participated in the WIL programme that was undertaken over 12 months in China and still needed additional six (6) months to enable them to receive their National N-Diploma in Tourism. The SETA regard this intervention as important because it will assist the learners to complete their studies and certification. These two (2) interventions mentioned above are in the sub-sectors that were negatively affected by the lockdown restrictions over the past two (2) years. The Artisan programme is critical for the country and directly responds to the National Development Plan (NDP), 2030 which advocates for the production of 10 000 artisans per annum. It is also in line with the Minister's priorities relating to the Decade of Artisan Programme which covers the period 2014-2024.

As part of strengthening its capacity to understand the needs of the sector and provide skills development interventions that are responsive to the sector, the entity undertook various research studies in the areas of 4IR, Track and Trace of learners who completed

learning programmes, analysis of the Gaming and Lotteries sub-sector. These research reports will inform future planning on the type of skills interventions required by our sector.

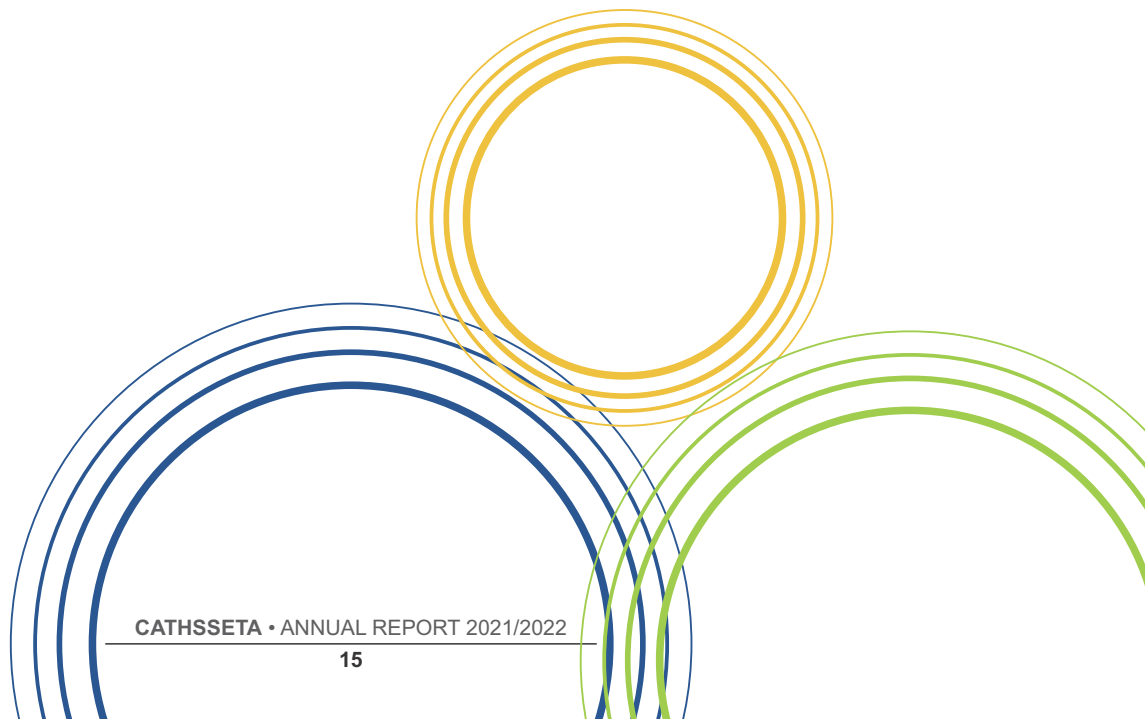
Whilst the SETA did its best to fulfil the legislative mandate under COVID-19 restrictions that disrupted the day-to-day operations, various challenges were experienced, amongst others: scaled-down businesses as a result of COVID-19; declined revenue base since 2020/21 financial year; and lack of interest from some public and private sector employers on the uptake of discretionary grant opportunities.

In response to the audit findings that were communicated by the Auditor-General South Africa (AGSA) relating to the prior year, the entity implemented 95% of the action plan and this led to the achievement of an Unqualified Audit Opinion. However, certain actions around financial and performance reporting were ineffective resulting in material adjustments to the financial statements and performance report. An action plan would be developed incorporating these actions from 2021/22 for implementation in the new financial year.

In conclusion, I want to thank the members of the AA and other governance committees for the effective oversight, leadership and direction that was provided to the entity. Appreciation also goes to the leadership of the DHET, as our shareholder, for providing guidance and support on various governance requirements, fellow SETAs, various PSET institutions, as well as all stakeholders within the skills development fraternity. Lastly, the CATHSSETA's Management and Staff for the continued commitment and hard work displayed throughout the financial year despite battling with the challenging time of COVID-19.



Mr Marks Thibela
Chief Executive Officer
Date: 31 August 2022



5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

- 5.1 All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements and annual performance information audited by the Auditor-General;
- 5.2 The Annual Report is complete, accurate and free from any omissions;
- 5.3 The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury;
- 5.4 The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity. The annual performance information has been prepared in accordance with the National Treasury guidelines for performance information;
- 5.5 The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgment made in this information;
- 5.6 The Accounting Authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements;
- 5.7 The external auditors are engaged to express an independent opinion on the Annual Financial Statements; and
- 5.8 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 that ended on 31 March 2022.

Yours faithfully



Mr. David Themba Ndhlovu
Accounting Authority Chairperson
Date: 31 August 2022

6. STRATEGIC OVERVIEW

6.1. VISION

To be 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 VALUES	Living this value means that CATHSSETA will seek to:
Service Excellence	<ul style="list-style-type: none"> Understand stakeholder needs and respond timeously, efficiently and effectively to stakeholder queries and requests; Display an image of professionalism and accountability; and Drive quality and high performance.
Accessibility	<ul style="list-style-type: none"> Develop and promote skills development programmes to ensure equal access to opportunities by all; Develop skills development programmes aimed at improving opportunities for people in rural areas; and Ensure that upon request, conversations, documentation and publications are translated to prominent languages relevant to a geographical area.
Fairness and Transparency	<ul style="list-style-type: none"> Conduct operational business without fear or favour; Ensure all providers feel confident that their bids are given adequate consideration and evaluated professionally; Ensure that stakeholders are entitled to believe that nothing is hidden and that there are no undeclared meanings and intentions; and Ensure everything is in the open for all to see, subject to ethical conduct and legal boundaries.
Accountability	<ul style="list-style-type: none"> Accept our responsibility and obligation towards the public for CATHSSETA's services; Follow the legal prescripts for reporting to the department, the executive authority, Parliament and the public; Provide honest, reliable and truthful reporting in respect of performance, concerning plans and financial performance; and Conduct research-based Monitoring and Evaluation.
Respect	<ul style="list-style-type: none"> Ensure every stakeholder experiences humane relations from CATHSSETA staff; Ensure their self-worth is not eroded or negatively impacted by our conduct or actions; and Ensure stakeholders experience humility from CATHSSETA staff in their relations.
Integrity	<ul style="list-style-type: none"> Value openness, honesty, consistency and fairness; Act in good faith in all our day-to-day activities; and Conduct operations to fulfil public expectations about what CATHSSETA was established to do and be.
Stakeholder Orientation	<ul style="list-style-type: none"> Build partnerships with relevant government departments public and private training providers and organisations; and Offer quality education and skills development opportunities and experiences to learners to ensure ultimate employability and reduce inequality in the sector.

7. LEGISLATIVE AND OTHER MANDATES

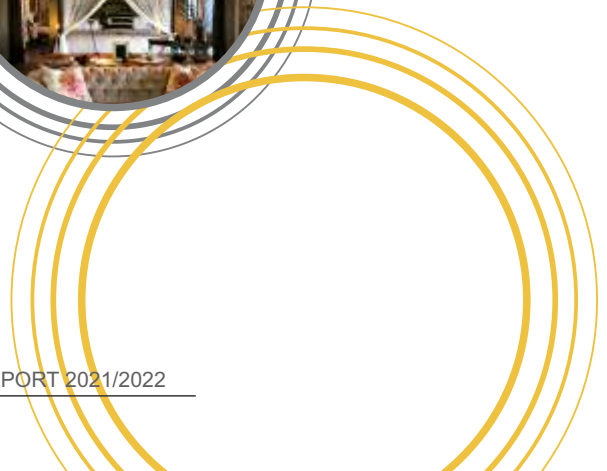
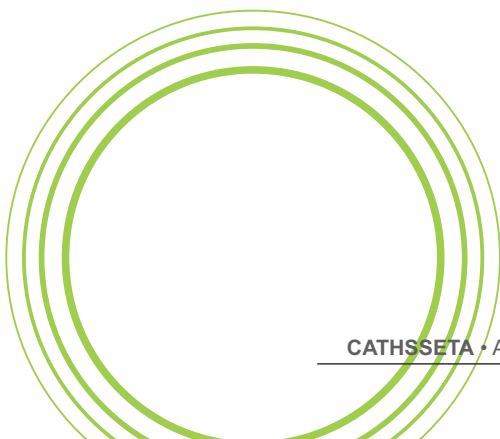
CATHSSETA is a statutory body established through the Skills Development Act 97 of 1998, as amended (SDA). It is a Schedule 3A listed public entity in terms of the Public Finance Management Act No. 1 of 1999, as amended (PFMA), and is accountable to the DHET. CATHSSETA conducts its activities within six sub-sectors: Arts, Culture and Heritage; Conservation; Gaming and Lotteries; Hospitality; Sport, Recreation and Fitness; and Tourism and Travel Services.

7.1. CONSTITUTIONAL MANDATE

Section 29 of the Constitution provides all South Africans with the 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.

In giving effect to this right, CATHSSETA must develop credible Sector Skills Plans (SSPs) and Strategic Plans (SPs) that guide the implementation of various skills development programmes within its diverse sector.



7.2 LEGISLATIVE MANDATE

Table 2: Legislation guiding CATHSSETA's work

LEGISLATION or REGULATIONS	PURPOSE
<p>Skills Development Act No. 97 of 1998, as amended (SDA)</p>	<p>This is the founding Act that gives effect to the establishment and functioning of the SETAs. The Act outlines the legislative mandate of the SETAs and gives rise to the development of the SSP within which industry-supported learning programmes are implemented to upskill the workforce and improve labour productivity. The Act further compels the SETA to conclude a Service Level Agreement (SLA) with DHET that provides the basis on which the Shareholder will monitor the performance of the SETA. The roles and responsibilities of the SETA, as well as its funding mechanisms, are clearly outlined in this Act. Various arrangements are contained in this Act to support the effective implementation of skills development.</p>
<p>Skills Development Levies Act No.9 of 1999 (SDLA)</p>	<p>The Act makes provision for the collection of skills development levies and distribution. The SDLA prescribes how the skills levies are collected through the South African Revenue Service (SARS) and the manner in which they are apportioned into the account of the National Skills Fund (NSF), then directed to the SETAs. It further stipulates the portion that is transferred to Quality Council for Trades and Occupations (QCTO), and the manner in which the SETAs use the funds, as provided for in the SDA and accompanying SETA Grant Regulations that were promulgated in 2012.</p>
<p>The SETA Grant Regulations, 2012</p>	<p>Grant Regulations are drawn from the SDA. They regulate the use of funds received by the SETA and the processes for disbursement of such funds. In the disbursement of these funds, the SETA must set out the output and targets in the APP and demonstrate how it will achieve the objectives of the SSP and the NSDP.</p>
<p>National Qualifications Framework Act No. 67 of 2008 (NQFA)</p>	<p>The NQFA provides for the establishment of the National Qualifications Framework. Its objectives are: (i) to create a single integrated national framework for learner achievement, facilitate access, mobility and progression within the education, training and career paths; (ii) to enhance the quality of education and training; and (iii) to accelerate the redress of past, unfair discrimination in education, training and employment opportunities, in contributing to the said objectives.</p>
<p>Public Finance Management Act No. 1 of 1999 as amended (PFMA)</p>	<p>To ensure effective, efficient, and economical management of all public resources allocated to a public institution. The PFMA provides for the classification of public entities into various schedules. The twenty-one (21) SETAs are classified as Schedule 3A National Public Entities. The Act also designates the Board of a SETA as an AA, whereas the Minister is designated as the EA.</p>

7.2 LEGISLATIVE MANDATE (continued)

Table 2: Legislation guiding CATHSSETA's work

LEGISLATION or REGULATIONS	PURPOSE
Broad-Based Black Economic Empowerment Act No. 53 of 2003, as amended (B-BBEE)	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.
Preferential Procurement Policy Framework Act No.5 of 2002, as amended (PPPFA)	The purpose of this Act is to give effect to Section 217 of the Constitution of the Republic of South Africa, which requires that contracts for goods or services by state institutions must be done in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. The Act further outlines the processes for procuring goods or services, below and above R500 000, as well as determining the preference points system in the awarding of bids.
Basic Conditions of Employment Act No. 75 of 1997, as amended: (BCEA): Sectoral Determination No. 5: Learnerships	The Act provides for Sectoral Determination No. 5 which establishes binding conditions of employment and rates of allowances for learners in all sectors where SETAs operate.
Employment Equity Act No. 55 of 1998, as amended (EEA)	The purpose of this Act is to achieve equity in the workplace by: <ul style="list-style-type: none"> (i) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and (ii) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and at all levels in the workplace.
Labour Relations Act No. 66 of 1995, as amended (LRA)	The purpose of this Act is to advance economic development, social justice, labour peace and the democratisation of the workplace. Both employer and employee rights, during an employment relationship between parties, are guaranteed through this Act.
Promotion of Access to Information Act No. 2 of 2000 as amended (PAIA)	This Act gives effect to the constitutional right of access to any information held by the State and any information held by another person, which is required for the exercise or protection of any rights, as well as to provide for matters connected therewith. The Act designates the head of a public institution as an Information Officer (IO), who is required to develop and publish a PAIA Manual to regulate requests for information held by any public and private institution.



7.2 LEGISLATIVE MANDATE (continued)

Table 2: Legislation guiding CATHSSETA's work

LEGISLATION or REGULATIONS	PURPOSE
Protection of Personal Information Act No. 4 of 2013 (POPIA)	<p>The purpose of this Act is: (a) to give effect to the constitutional right to privacy, by safeguarding personal information when processed by a responsible party, subject to justifiable limitations that are aimed at: (i) balancing the right to privacy against other rights, particularly the right of access to information; and (ii) protecting important interests, including the free flow of information within the Republic and across international borders; (b) to regulate how personal information may be processed, by establishing conditions, in harmony with international standards, that prescribe the minimum threshold requirements for the lawful processing of personal information; and (c) to provide persons with rights and remedies to protect their personal information from processing that is not in accordance with this Act.</p> <p>The Act further regulates security measures on the integrity and confidentiality of personal information kept by any public and private bodies. Every public and private body must ensure that personal information in its possession or under its control is protected, by taking appropriate, reasonable, technical and organisational measures to prevent: (a) loss of, damage to, or unauthorised destruction of personal information; and (b) unlawful access to, or the processing of personal information.</p>



7.3. POLICY MANDATES

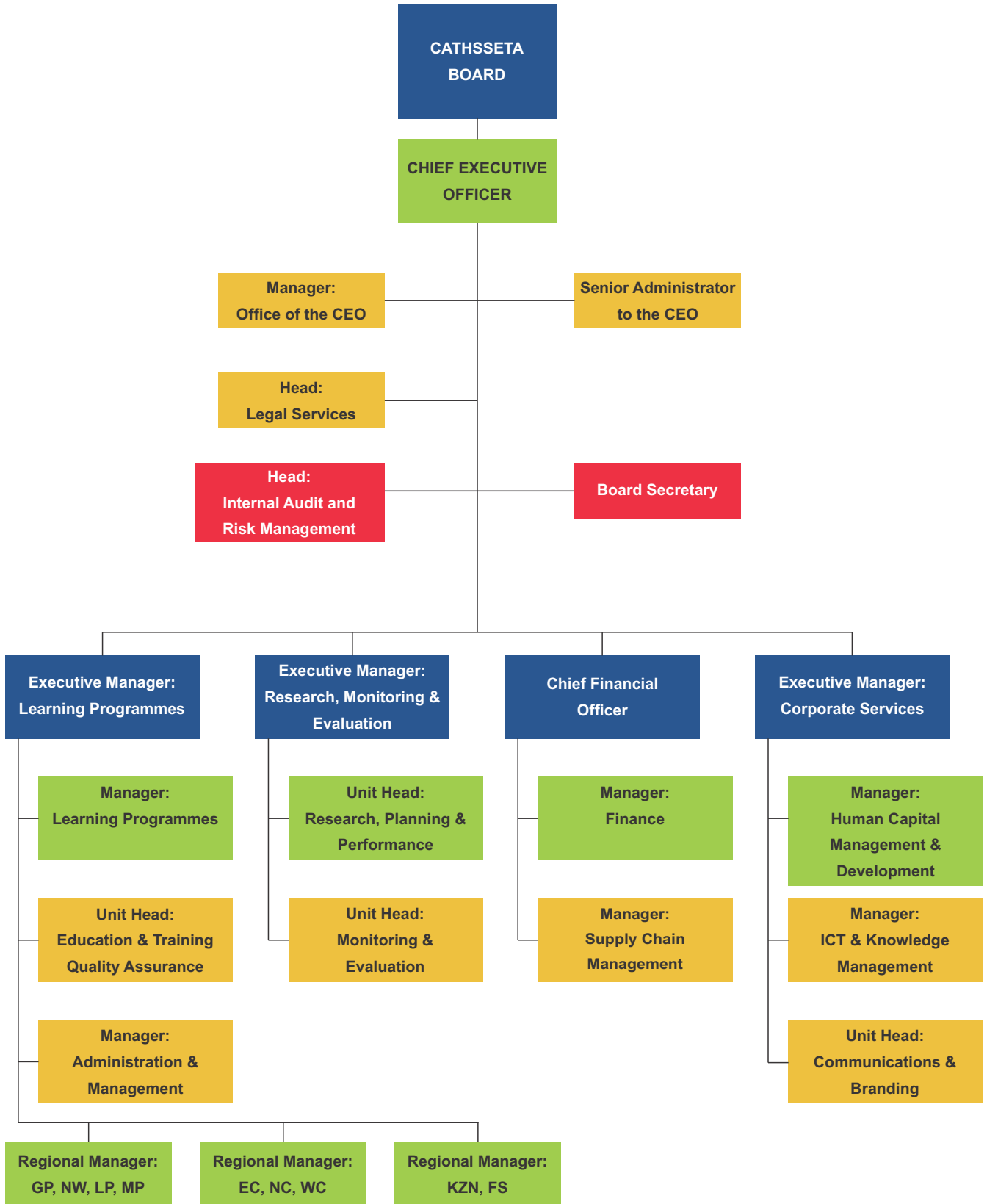
The above legislation is supported by the following policy directives:

Table 3: Policy directives

POLICY	PURPOSE
<p>National Development Plan, 2030 (NDP)</p>	<p>The NDP identifies skills development and education as a catalyst for economic development and growth. The NDP correctly positions skills development and education as a necessity for the empowerment of people. Education must enable people to define their identity, take control of their own lives, raise healthy families, and play a meaningful role in broader societal development.</p> <p>The NDP acknowledges that education, training, and innovation are not the only solutions to our common national challenges. Rather, education is critical in building the country's national capacity to resolve these challenges. Addressing our national training and educational expectations requires harnessing the capacity of different provider institutions so that they can be effective in delivering on their respective mandates.</p>
<p>National Skills Development Plan (NSDP), 2030</p>	<p>The NSDP aims to ensure that the country has adequate and high-quality skills that contribute to economic growth, employment creation and social development. The Plan came into effect from 1 April 2020 and outlines key objectives for skills development. The Plan also provides performance indicators against which SETAs must perform against from 2020 and beyond.</p>
<p>White Paper on Post-School Education and Training, (WPPSET), 2014</p>	<p>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.</p>
<p>National Human Resource Development Strategy of South Africa 2010-2030 (NHRDSSA)</p>	<p>The primary goal of the NHRDSSA is to contribute to human development in the country. The strategic priorities and interventions that make up the strategy are explicitly designed to address critical skills challenges to promote socio-economic growth and development in the country. The document also sets out collective commitments for all sectors of society.</p>
<p>Economic Reconstruction and Recovery Plan (ERRP), 2020</p>	<p>The South African government promulgated the ERRP to directly respond to the immediate negative impact the COVID-19 Pandemic has presented to the South African economy. The Plan sets out a reconstruction and recovery plan for the South African economy, aimed at stimulating equitable and inclusive growth. Skills development is highlighted as one of the key enablers for the successful implementation and realisation of the Plan. The ERRP also highlights the need to contribute to the prevention of job losses through the expansion of reskilling and retraining of workers.</p>



8. ORGANISATIONAL STRUCTURE



9. EXECUTIVE MANAGEMENT TEAM

MR MARKS THIBELA
CHIEF EXECUTIVE OFFICER



MR NTONA MAROTA
CHIEF FINANCIAL OFFICER



MS LBOGANG MPYE
EXECUTIVE MANAGER:
LEARNING PROGRAMMES

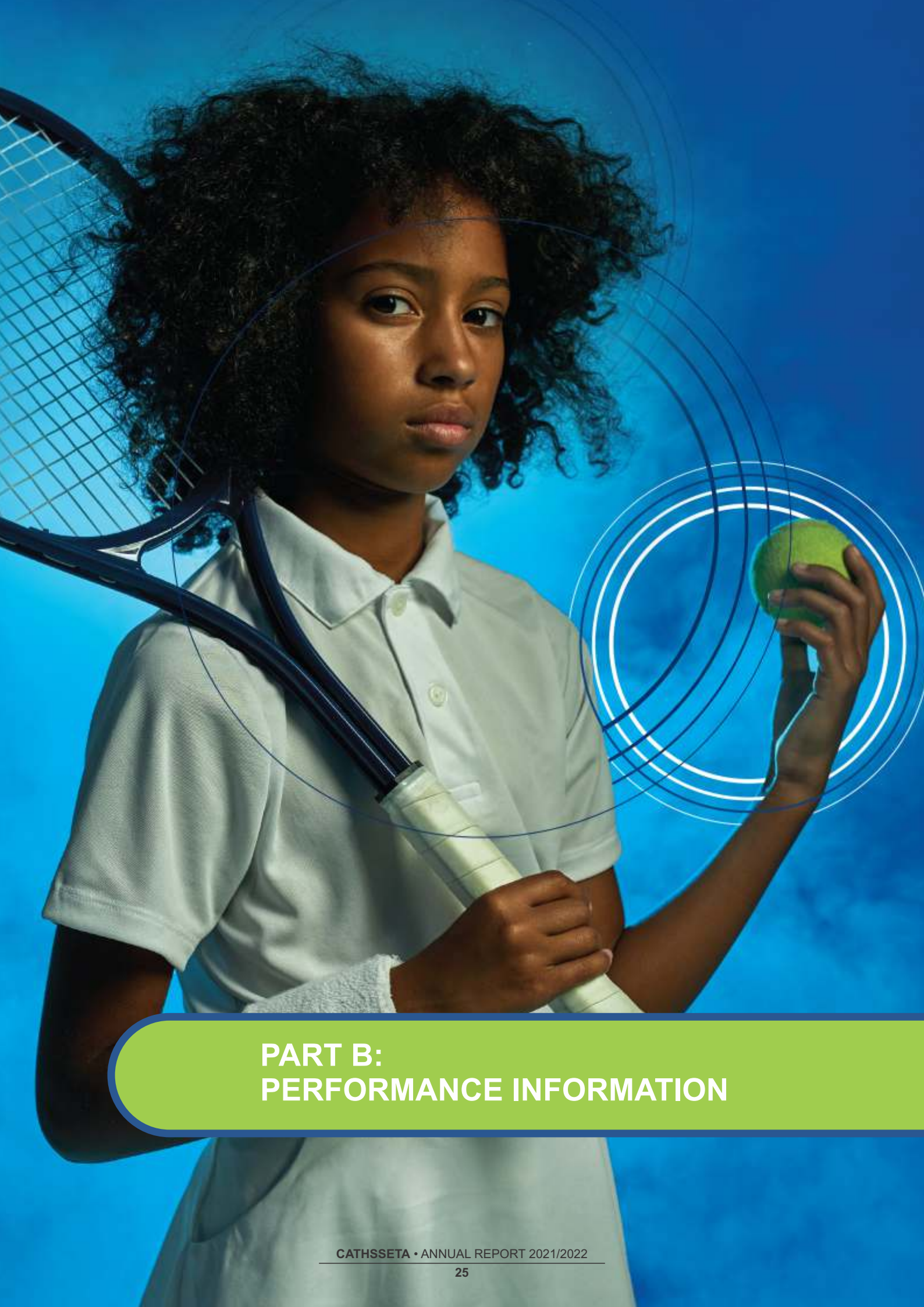


DR TEBOGO UMANAH
EXECUTIVE MANAGER:
RESEARCH, MONITORING
AND EVALUATION



MR FEZEKILE MPHAKO
EXECUTIVE MANAGER:
CORPORATE SERVICES





**PART B:
PERFORMANCE INFORMATION**

1. AUDITOR GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

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

2. SITUATIONAL ANALYSIS

2.1. SERVICE DELIVERY ENVIRONMENT

2.1.1. Success of the Sector

It has been two years since President Ramaphosa announced the nationwide lockdown to contain the spread of COVID-19. At the close of the financial year under review, 60% to 80% of the population had some form of immunity to the virus, either from previous infection or vaccination and 48% of adults had received at least one vaccine dose. Towards the end of the financial year under review, the cabinet was in discussions with regards to the lifting of the national state of disaster. This served as a silver lining as the sector was greatly affected by the restrictions that came with the measures set out in the state of disaster. This infers that most economic activities in the country will go back to normal and by implication, the six CATHSSETA sub-sectors can start gearing on resuming normal operations, with minimal prohibitions.

All the CATHSSETA sub-sectors are now showing signs of recovery from the COVID-19 Pandemic. This is evident in the Skills Development Levy (SDL) received, which exceeds the budget for the year. We hope that as this trend continues, the SETA could reach SDL recoveries that we realised before the COVID-19 Pandemic dawned on us. In 2021, the Cultural and Creative Industries (CCIs) contributed an estimated 7% to total employment in the country, which accounts for approximately 1.14 million jobs [South African Cultural Observatory (SACO), 2021]. The Tourism and Travel industry in turn contributed 6.1% to the global Gross Domestic Product (GDP) in 2021. Tourism arrivals in the country increased by 166.5%, departures by 179.5% and transits by 233.9%. These have positive implications for employment in the sector.

2.1.2. Challenges faced by the Sector

The CATHSSETA sub-sectors are intertwined in nature, and as such, the majority of restrictions which were put in place by the government in trying to curb the spread of COVID-19 had detrimental effects on the sectors' operation. Part of the Disaster Management Regulations (hereinafter called COVID-19 Regulations) included a 50% maximum capacity restriction on venues for indoor and outdoor gatherings, affecting the Arts, Culture and Heritage, Conservation, Gaming and Lotteries, Hospitality and Sport, Recreation and Fitness sub-sectors.

Similarly, the Travel and Tourism sub-sector was also still faced with certain COVID-19 related challenges. As part of the COVID-19 Regulations, tourists entering South Africa needed to produce a negative Polymerase Chain Reaction (PCR) test administered within a maximum of 72 hours for the test to be deemed valid (Government Communications, 2021). The bulk of these challenges have resulted in unemployment.

The Quarterly Labour Force Survey (QLFS) from Statistics South Africa (StatsSA), has indicated that the country's current unemployment rate has increased to 35.3% in the fourth quarter of 2021, and this is the highest recorded jobless rate since comparable data began in 2008. This is consistent with the findings of the CATHSSETA Track and Trace study, conducted during the year under review. The purpose of the study was to establish the impact of CATHSSETA funded learning programmes and to establish beneficiaries' employment status among other factors. The study made a comparative analysis between the employment status of beneficiaries pre-and post the pandemic and the findings have revealed that the COVID-19 Pandemic has contributed to job losses in the sector.

Technological advancements and the 4IR have played an important role in all the CATHSSETA sub-sectors in the last decade. The increase in technology, which is the basis for the 4IR brings with it important implications for employment, education and training. The SETA undertook a study on the 4IR in the period under review, which shows that the sector requires that training methods focus on blended learning to ensure cohesive and complementary education and training. Further, research on e-learning as conducted by the SETA revealed that the sector is ready to adapt to e-learning and therefore, CATHSSETA should create offerings to support the implementation of e-learning in the sector. CATHSSETA should then collaborate with employers to implement training programmes on existing and upcoming technologies. Technological advancements also come with the automation of some occupations, and it is anticipated that a lot of the occupations in the sector will then be automated.

2.1.3. Service Rendered

CATHSSETA is required by the SDA to prepare the SSP, SP and APP in accordance with set guidelines that are issued by the DHET and DPME. The SETA's SP outcomes take into account sector priorities that have been identified during the SSP process. CATHSSETA therefore delivers its services through mechanisms which bring together various stakeholders and key role players, to collaborate and share best practices. The partnerships and collaborations are vital to ensure that there is a commitment to deliver on prioritised learning programmes for the sector. CATHSSETA's learning interventions are the core of its delivery value proposition.

The SETA's performance against set targets relies on support from the public and private Higher Educational Institutions (HEI). It is for this reason that the SETA has formed strategic partnerships with TVET Colleges and universities, which are critical for the success of the SETA. Accordingly, CATHSSETA has established strategic partnerships with eight TVET Colleges and nine universities. These partnerships are add-ons to an already existing partnership established in the previous years.

2.2. ORGANISATIONAL ENVIRONMENT

In the year under review, the CATHSSETA continued with the implementation of the CIMS which consist of the Enterprise Resource Planning (ERP) system, which is used for automating the business processes. Whilst the system was instrumental to ensure sustained business continuity whilst employees were working both remotely and also physically going to the office, some challenges were experienced concerning intermittent connectivity and accessibility. To ensure that continued support to the ERP is provided, a new service provider was appointed to provide the hosting, support and maintenance services.

During the prior year, the entity continued with the implementation of the organisational realignment project which was carried over from prior year. Whilst the objective of reducing operational costs was achieved, the SETA experienced a staff turnover of 11 members, who left for various reasons ranging from perceived low morale to reduced salaries and uncertainty regarding future processes similar to what was implemented. It is important to note that the SETA managed to fill most of these positions.

To improve the undesirable situations, the entity implemented various staff-related interventions aimed at ensuring retention of staff and encouraging them to improve their productivity and wellness. A basket of interventions such as housing allowances, financial support to those wishing to further their studies, a hybrid working model, employee wellness programmes, social and welfare such as providing moral support to staff members who were sick and hospitalised or lost loved ones.

Furthermore, the SETA experienced a challenge relating to the payment of invoices within 30 calendar days as required by the PFMA. This is largely attributed to the internal processes that were longer and required more oversight. The root causes have been identified and the SETA started redesigning the processes towards the end of the financial year.

Regarding policy development, the entity revised and/or developed various policies operational policies to respond to the changing environment. The Information and Communication Technology Strategy was developed and rolled out in the year under review. This Strategy aims to advance the digitisation agenda and respond to the challenges presented by 4IR.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

2.3.1. Economic Reconstruction and Recovery Skills Strategy (ERRSS)

On 15 October 2020, President Ramaphosa announced the ERRP, which is aimed at helping the country's economy to recover from the adverse impact brought about by the COVID-19 Pandemic and subsequent national lockdown that was implemented to curb its spread. The Plan makes a call to all social partners to commit to mobilise all resources and efforts in economic activities that will put the economy on a sustainable recovery trajectory. The DHET, within the PSET has developed a strategy to aid in the implementation of the ERRP, named the Economic Reconstruction and Recovery Skills Strategy (ERRSS). Skills development is viewed as critical

not only in driving the country's economic reconstruction and recovery forward but also in sustaining it. Therefore, the skills strategy has been put in place to ensure the availability of skills in the country.

The ERRSS defines the role of the SETAs amongst other role-players for its successful execution. The strategy requires the SETAs to perform the following functions in its implementation:

- Provision of ERRP-linked short skills programmes;
- Establish funding windows to support the provision of skills programmes;
- Create a funding window to support short-term training programmes that respond to skills gaps identified in the strategy;
- Broaden access to and fund skills development programmes that are certified by vendors;
- Increase opportunities for Work-Based Learning (WBL);
- Prioritise the funding of WBL students and learners towards the occupations that are in shortage as identified in the skills strategy;
- Prioritise funds to support TVET Colleges, Universities and Community Education and Training Colleges (CETCs) that may seek to expand enrolment in targeted programmes or that may require funds for infrastructure (especially workshops), equipment and lecturer development;
- Support the development of new qualifications, the introduction of new programmes through expanded Programme and Qualification Mix (PQM) and the review of the curriculum;
- Fund efforts to support entrepreneurship development programmes and projects; and
- Analyse economic plans and strategies to identify current and future skills needs.

2.3.2. Tourism Sector Recovery Strategy (TSRS)

Tourism has been identified as one of the priority sectors that will aid in the recovery of the country's economy in the ERRP and as such, has a contribution to make to the seven priority interventions set out in the ERRP. As mentioned above, the ERRP makes a call to all social partners to have an integrated approach for its successful implementation. It is for this reason that the DT has devised a plan called the Tourism Sector Recovery Plan (TSRP). The Plan is a response by the sector and its constituent partners to the multiple challenges brought on by the pandemic. The TSRP has identified key enablers to support the reconstruction and recovery effort, and amongst the enablers is skills development. Therefore, CATHSSETA as a skills development entity contributes to this strategy through its role identified in DHET's ERRSS.

2.4. Progress Towards Achievement of Institutional Impacts and Outcomes

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

The Department of Planning, Monitoring and Evaluation (DPME) introduced the revised framework for the compilation of the SP and APP during the 2020/21 financial year for national departments and public entities effective from the year under review. The strategic outcomes in the CATHSSETA SP were aligned to the NSDP 2030 and sought to address the 2020/21 – 2024/25 SSP priorities. Both the NSDP and the 2020/21 – 2024/25 SSP took into consideration the NDP 2030.

The DPME initiated process of reviewing the SP and APP frameworks was meant to align the frameworks with the NDP and NSDP 2030, respectively. In the revised framework for SPs and APPs, strategic outcome-orientated goals are now referred to as Impact Statements, and the same are listed in the current SP.

The outcomes of the current strategic period will be evaluated during the Mid-Term Review (MTR) that the SETA will be conducted during the 2022/23 financial year. The impact statement will only be evaluated in the last year of implementation through an impact evaluation study of the 2020/21 - 2024/25 SP.

As we have entered the second year of the current Medium-Term Strategic Framework (MTSF) period, the CATHSSETA AA is committed to ensuring that the SP is effectively implemented. It is for this reason that the SETA revised the impact statements that were identified during the 2020/21 financial year and integrated them into one statement, which is: “A transformed, growing sector, providing skills responsive to the needs of the South African Economy”. This impact statement is supported by seven (7) outcomes, within which outputs and performance targets are identified and implemented on an annual basis.

2.4.1. Outcome 1: An ethically sound, effective, and efficient institution that delivers on its mandate. This outcome is supported by eight performance targets and seven (7) of these targets were achieved, representing 88% achievement.

2.4.2. Outcome 2: Increased production of occupations in demand. This outcome is supported by five (5) performance targets and all the five (5) targets were achieved, representing 100% achievement.

2.4.3. Outcome 3: Improved levels of skills in the South African workforce. This outcome is supported by three (3) performance targets and two (2) of these targets were achieved, representing 67% achievement.

2.4.4. Outcome 4: Increased access to occupationally directed programmes within the sector. This outcome is supported by six (6) performance targets and all these targets were achieved, representing 100% achievement.

2.4.5. Outcome 5: Education linked to workplace. This outcome is supported by two (2) performance targets and all these targets were achieved, representing 100% achievement.

2.4.6. Outcome 6: Increased support to the growth of the public college system. This outcome is supported by five (5) performance targets and four (4) of these targets were achieved, representing 88% achievement.

2.4.7. Outcome 7: Transformational entrepreneurship and career development is enabled and supported in the sector. This outcome is supported by six (6) performance targets and five (5) of these targets were achieved, representing 83% achievement.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. DESCRIPTION OF EACH PROGRAMME

CATHSSETA is comprised of four (4) budget programmes, namely, **Programme 1: Administration, Programme 2: Skills Planning, Programme 3: Learning Programmes and Projects, and Programme 4: Quality Assurance.** The programmes are discussed in detail below:

3.1.1. Programme 1: Administration

Programme 1 seeks to provide governance oversight, strategic management, sound financial and supply chain management capability, as well as corporate and administrative support. It comprises sub-programmes: Corporate Services, Finance, Governance and Communications.

Sub-programme 1.1: Corporate Services

The purpose of sub-programme 1.1. is to support and complement CATHSSETA in maintaining optimum Human Capital Management and to enable CATHSSETA to meet its mandate through creating a digitally enabled business environment. The outcome that this programme contributes towards is an ethically sound, effective and efficient institution that delivers on its mandate.

Table 4: Sub-programme 1.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
An ethically sound, effective, and efficient	1.1.1.1	Percentage of employees that received training as per approved training plan	146%	50%	50%	0%	None
	1.1.1.2	Percentage implementation of the ICT Strategic Plan	New Indicator	60%	75%	15%	The implementation plan had eight items and six out of these items were achieved and this translates to an over achievement of 75%



Sub-programme 1.2: Finance

Sub-programme 1.2 serves to ensure the delivery of sound, efficient financial management and administrative support. Similar to the sub-programmes above, this programme contributes to an ethically sound, effective and efficient institution that delivers on its mandate.

Table 5: Sub-programme: 1.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
An ethically sound, effective and efficient institution that delivers on its mandate	1.2.1.1	Percentage reduction in Unauthorised, Irregular, Fruitless and Wasteful (UIFW) cases	New Indicator	50%	0%	-50%	The baseline for the 2020/21 financial year was seven cases. The number of UIFW cases increased to 29 during the period under review. The majority of the cases emanated from transactions that happened in the prior year, but payments were only made during the year under review

Sub-programme 1.3: Governance

The overall purpose of these sub-programmes is to promote good governance at CATHSSETA. Like the sub-programmes above, this sub-programme contributes to the outcome of an ethically sound, effective and efficient institution that delivers on its mandate.

Table 6: Sub-programme: 1.3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
An ethically sound, effective and efficient institution that delivers on its mandate	1.3.1.1	Number of governance reports submitted to DHET	4	4	4	0	None
	1.3.1.2	Achievement of risk maturity level in accordance with Risk Management Framework	New Indicator	Level 2	Level 2	None	None



Sub-programme 1.4: Communication and Branding

The purpose of sub-programme 1.4 is to manage CATHSSETA's stakeholder relations internally and externally, and to strengthen CATHSSETA as a brand while managing the reputation of the organisation. The outcome that this sub-programme contributes to is transformational entrepreneurship and career development.

Table 7: Sub-programme 1.4: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Transformational entrepreneurship and career development are enabled and supported in the sector	1.4.1.1	Number of career guidance interventions	6	14	18	4	More than anticipated career guide exhibitions were held based on the demand for our service offerings

**Programme 1: Administration has six performance targets. A total of five performance targets were achieved, representing an achievement of 83%.*

3.1.2. Programme 2: Skills Planning

This programme ensures that research is conducted to inform planning. Research plays the role of facilitating evidence-based decision-making, leading to the achievement of the predetermined strategic objectives of CATHSSETA.

Sub-programme 2.1: Research, Planning and Performance

The purpose of this sub-programme is to have decision-making that is informed by research and develops a well-researched SSP in line with the SSP Framework. This sub-programme contributes to increased production of occupations in demand and an ethically sound, effective and efficient institution that delivers on its mandate.

Table 8: Sub-programme 2.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Increased production of occupations in demand	2.1.1.1	Percentage of Research Agenda outputs achieved	100%	50%	50%	0%	None
	2.1.1.2	Researched SSP approved by the AA	1	1	1	0	None
An ethically sound, effective, and efficient institution that delivers on its mandate	2.1.2.1	Number of monitoring reports produced	4	4	4	0	None

**Programme 2: Skills Planning has a total number of three performance targets. A total of three performance targets were achieved, representing a 100% achievement.*

3.1.3. Programme 3: Learning Programmes and Projects

This programme establishes partnerships and facilitates the delivery of skills development, and also provides support services for the Sector. This programme comprises three sub-programmes namely, occupationally directed programmes, special projects and mandatory grants which are discussed below:

Sub-programme 3.1: Occupationally Directed Programmes

Flowing from the SSP, sub-programme 3.1 addresses the occupational shortages and skills gaps identified in the sector, by enrolling learners in professional, vocational, technical and academic learning programmes. The table below outlines the 2020/21 to 2024/25 CATHSSETA outcomes and outputs for addressing the strategic priority occupations list identified in the current SSP. The outcomes that this sub-programme contributes to are listed below:

- Education linked to the workplace;
- Improved levels of skills in the South African workforce;
- Increased access to occupationally directed programmes within the sector; and
- Increased support for the growth of the public college system.

Table 9: Sub-programme 3.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Education linked to workplace	3.1.1.1	Number of unemployed learners entering learning programmes	1006	1014	1262	248	Target exceeded due to special projects targets that the SETA implemented during the year
	3.1.1.2	Number of unemployed learners completing learning programmes	847	609	869	260	The SETA recorded an increased number of learners completing learning programmes that were halted as a result of the Covid-19 Pandemic.
Improved levels of skills in the South African workforce	3.1.1.3	Number of employed learners entering learning programmes	496	500	710	210	Target exceeded due to special projects targets that the SETA implemented during the year
	3.1.1.4	Number of employed learners completing learning programmes	161	301	333	32	The SETA recorded an increased number of learners completing learning programmes that were halted as a result of the Covid-19 Pandemic.

Table 9: Sub-programme 3.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements (continued)

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Increased access to occupationally directed programmes within the sector	3.1.1.5	Number of learners on Artisan development programmes	247	261	263	2	Target exceeded due to learner reporting from previous financial year
	3.1.1.6	Number of employed learners on RPL	50	64	99	35	Target exceeded due to a combination of entered and completing learners that completed projects that were halted from 2019/20 and 2020/21
	3.1.1.7	Number of unemployed learners granted bursaries	New Indicator	150	553	403	Target exceeded due to reporting of special projects
Increased support for the growth of the public College system	3.1.2.1	Number of partnership Projects implemented with TVET Colleges, CETs, universities, sector employers and rural communities	42	48	58	10	Target exceeded due to the increased demand for partnership projects that the SETA responded to
	3.1.2.2	Number of CATHS SETA offices established and maintained in TVET Colleges	New Indicator	2	2	0	None
	3.1.2.3	Number of CET lecturers awarded skills development programmes	New Indicator	20	20	0	None
	3.1.2.4	Number of CET learners accessing AET programmes	New Indicator	30	0	-30	Target not met due to inadequate numbers of applications for CET programmes, which resulted in multiple application windows. Also delayed implementation of projects accounted for the deviation.

Sub-programme 3.2: Special Projects

The purpose of these sub-programmes is to ensure that projects targeting transformation in the sector are implemented. This sub-programme contributes to two outcomes which are transformational entrepreneurship and career development is enabled and supported in the sector and improved levels of skills in the South African workforce.

Table 10: Sub-programme 3.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Transformational entrepreneurship and career development are enabled and supported in the sector	3.2.1.1	Number of SMMEs supported through training interventions	51	95	96	1	Overachieved due to increased interest in SMME interventions which the SETA responded to
	3.2.1.2	Number of co-operatives supported through training interventions	4	4	4	0	None
	3.2.1.3	Number of people trained in entrepreneurial skills	10	10	10	0	None
	3.2.1.4	Number of people trained on entrepreneurship and supported to start their businesses (e.g., new venture creations)	10	10	0	-10	Delayed project implementation because of non availability of SMME learners to attend training
	3.2.1.5	Number of NGOs/NPOs/CBOs supported through skills training	5	6	9	3	Target exceeded due to the increased demand from NGOs/NPOs/CBOs requiring SETA support
Improved levels of skills in the South African workforce	3.2.1.6	Number of worker-initiated training (federations/trade unions) interventions supported through capacity-building	6	4	0	-4	Delayed project implementation because of service provider's structural issues

Sub-programme 3.3: Mandatory Grant

This programme assists the SETA to collect reliable employer data used in updating sector plans. The outcome to which this programme contributes is increased production of occupations in demand.

Table 11: Sub-programme 3.3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Increased production of occupations in demand	3.3.1.1	Number of Mandatory Grants approved	760	1080	1090	10	Target exceeded due to the demand from small and medium entities.

**Programme 3: Learning Programmes and Special Projects has a total number of 18 performance targets. A total of 15 performance targets were achieved, representing an achievement of 83%.*

3.1.4. Programme 4: Quality Assurance

The purpose of this programme is to ensure successful quality assurance delivery of skills development learning interventions and results, through monitoring and evaluation, in order to improve and transform the sector.

Sub-programme 4.1: Provider Accreditations

The sole purpose of this programme is to provide accreditation support to the sector and contributes to the outcome of increased support for the growth of the public college system.

Table 12: Sub-programme 4.1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Increased support for the growth of the public College system	4.1.1.1	Approved TVET/CET Lecturer Development Strategy	New Indicator	1	1	0	None

Sub-programme 4.2: Quality Assurance

The purpose of this programme is to provide quality assurance support services and also contribute to increased access to occupationally directed programmes within the sector.

Table 13: Sub-programme 4.2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Increased access to occupationally directed programmes within the sector	4.2.1.1	Percentage of learner completion achievement reports or certificates issued	100%	100%	100%	0%	None
	4.2.1.2	Number of reports on registered ETD practitioners	4	4	4	0	None
	4.2.1.3	Number of reports on learning programme evaluation	4	4	4	0	None

Sub-programme 4.3: Qualification Development

This programme aims to provide current and futuristic qualifications development support to the sector and like the sub-programme above also contributes to increased production of occupations in demand.

Table 14: Sub-programme 4.3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Increased production of occupations in demand	4.3.1.1	Number of occupational part or full qualifications reviewed or developed	0	12	13	1	Industry identified that there was a need for part qualification attached to the main qualification
	4.3.1.2	Number of External Integrated Summative Assessments developed	New Indicator	2	2	0	None

Sub-programme 4.4: Monitoring and Evaluation

The purpose of this sub-programme is to put in place monitoring, evaluation, reporting and learning plans, to measure progress towards the achievement of planned targets, and to use monitoring findings in order to improve performance, future planning and budgeting. The outcome to which this sub-programme contributes to an ethically sound, effective and efficient institution that delivers on its mandate.

Table 15: Sub-programme 4.4: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	No.	Output Indicators	Audited Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation	Reasons for Deviation
Increased production of occupations in demand	4.4.1.1	Number of performance information reports produced	4	4	4	0	None
	4.4.1.2	Number of evaluation reports	New Indicator	2	2	0	None

**Programme 4: Quality Assurance has a total number of eight performance targets. A total of eight performance targets were achieved, representing a 100% achievement.*

4. LINKING PERFORMANCE WITH BUDGET

Table 16: Programme 1: Administration

Programme/Activity/Objective	2021/22			2020/21		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 1.1: Corporate Services	61,546	53,857	7,689	35,493	29,562	5,931
Sub-programme 1.2: Finance	15,897	13,463	2,434	17,137	12,928	4,209
Sub-programme 1.3: Governance	18,992	18,155	837	11,605	15,496	(3,891)
Sub-programme 1.4: Communications and Branding	2,313	1,137	1,176	2,514	2,012	502
Total	98,748	86,612	12,136	66,749	59,998	6,751

Table 17: Programme 2: Skill Planning

Programme/Activity/Objective	2021/22			2020/21		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 2.1: Research, Planning and Performance	4,345	3,765	580	9,674	5,248	4,426
Total	4,345	3,765	580	9,674	5,248	4,426

Table 18: Programme 3: Learning Programmes and Projects

Programme/Activity/Objective	2021/22			2020/21		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 3.1: Occupationally Directed Programmes	533,300	117,693	418,586	161,667	64,081	97,586
Sub-programme 3.2: Special Projects	20,956	6,082	16,286	17,287	20,464	(3,177)
Sub-programme 3.3: Mandatory Grants	65,668	46,438	19,230	43,011	36,403	6,608
Total	619,924	170,213	454,102	221,965	120,948	101,017

Table 19: Programme 4: Quality Assurance

Programme/Activity/Objective	2021/22			2020/21		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme 4.1: Provider Accreditations	220	51	169	500	337	163
Sub-programme 4.2: Quality Assurance	628	0	628	1,500	1,020	480
Sub-programme 4.3: Qualification Development	2,800	38	2,762	2,848	465	2,383
Sub-programme 4.4: Monitoring and Evaluation	890	5	885	1,630	1,200	430
Total	4,538	94	4,444	6,478	3,022	3,456

4.2. STRATEGIES TO OVERCOME AREAS OF UNDER PERFORMANCE

In order to address the shortcoming, the following strategies will be implemented:

- Improved planning, monitoring and evaluation;
- Ensure that more companies are recommended for enlistment when adjudicating applications for funding to ensure that when the first choices declined the award for funding, the second and third choices can be triggered;
- Increase the mobilisation of levy payers into applying for Mandatory Grant, support and capacitate them to ensure participation in the Mandatory Grant processes;
- Ensure that problems related to the ERP system are resolved to enable effective online transacting;
- Strengthening stakeholder relations through partnerships; and
- Tightening of internal controls in line with approved organisational policies.

4.3. REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

The organisation did not implement any specific programme in response to the COVID-19 Pandemic.

Table 20: Revenue Collection

Sources of revenue	2021/22			2020/21		
	Estimate	Actual Amount Collected	(Over)/Under Collecting	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Interest Received	14,733	18,920	4,187	19,509	16,788	(2,721)
Other Income	-	445	445	-	165	165
Mandatory Grant	65,668	78,482	12,814	52,599	55,923	3,324
Discretionary Grant	162,528	192,820	30,292	130,182	132,542	2,360
Administration	34,477	40,987	6,510	27,614	28,467	853
Voluntary Levies	-	4,849	4,849	-	3,913	3,913
SDL Penalties & Interest	-	6,630	6,630	-	11,236	11,236
Total	277,406	343,133	65,727	229,904	249,034	19,130

5. CAPITAL INVESTMENT

5.1. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Table 21: Capital Investment and Asset Management Plan

Assets	2021/22			2020/21		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Purchase of laptops	1,037	1,037	-	500	432	68
Furniture	142	142	-	-	-	-
Total	1,179	1,179	-	500	432	68

There were no infrastructure projects for the CATHSSETA. CATHSSETA usually procures movable assets as is seen in the table above.



PART C: GOVERNANCE

1. INTRODUCTION

CATHSSETA is established in terms of the SDA which outlines its powers and functions as well as the composition of the Board of Directors. Other pieces of legislation guide the work of the SETA. With regards to corporate governance, the SETA is guided by the PFMA, SETA's Constitution which outlines various governance requirements that must be adhered to. In terms of section 49 of the PFMA, the Board is designated as the AA of the SETA. As the AA members operate on a part-time basis and do not have operational responsibilities, the CEO is, in terms of section 56, of the PFMA delegated by the AA to manage the day-to-day operations which include the supervision of Staff and the management of all resources. The CEO is obliged to report to the AA every quarter regarding the implementation of the decisions taken by the AA.

2. PORTFOLIO COMMITTEES

The SETA is legally required to submit reports to a number of Committees falling under the National Assembly and the National Council of Provinces (NCOP). The Portfolio Committee on Higher Education, Science and Innovation remains the main Committee that perform oversight on the work of the SETA, however, given the diverse sector the SETA represents, it may be summoned to appear before other Portfolio Committees such as Tourism and also Sports, Arts and Culture. In addition, the SETA like any other public institution may also be summoned to appear before the Standing Committee on Public Accounts and other Committees of the NCOP. During the period under review CATHSSETA did not appear before any Committee.

3. EXECUTIVE AUTHORITY

The EA of the CATHSSETA is the Minister of Higher Education, Science and Innovation (Minister), who is empowered in terms of the SDA to appoint the members of the Board and determine their remuneration. The SETA is required in terms of the PFMA, and its Regulations submitted quarterly performance reports which provided an update on progress made against the implementation of the APP and SLA.

4. THE ACCOUNTING AUTHORITY/BOARD

The Minister appointed 13 members of the Board instead of 15 on 01 April 2020. Only three (3) of the members were retained from the previous Board as provided for in the Constitution of the SETA. One (1) of them resigned in January 2021. CATHSSETA is headed and controlled by an effective and efficient Board, comprising non-executive directors representing the necessary skills to strategically guide the SETA.

4.1. THE ROLE OF THE ACCOUNTING AUTHORITY/BOARD

In terms of the approved Constitution of the SETA read in conjunction with the SDA, the Board fulfils the following responsibilities:

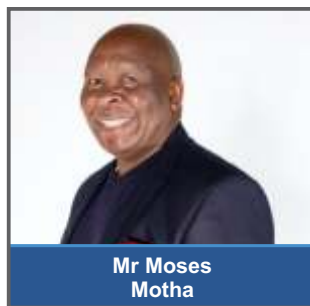
- Govern and manage the CATHSSETA in accordance with the PFMA, the Act and any other applicable legislation;
- Ensure that the CATHSSETA achieves the objectives contemplated in item 5 and performs the functions contemplated in item 6 of the Constitution;
- Provide effective leadership to executive management and ensure that the CATHSSETA implements the goals of the NSDP, 2030;
- Provide a strategic direction for the CATHSSETA;
- Liaise with stakeholders;
- Ensure that the CATHSSETA complies with the relevant statutory requirements of this Constitution;
- Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the CATHSSETA;
- Act with fidelity, honesty, integrity and in the best interests of the CATHSSETA in managing the financial affairs of the CATHSSETA;
- On request, disclose to the Minister all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister;
- Manage institutional risk;
- Monitor the performance of the CATHSSETA; and
- Ensure that its members and the members of the committees established by it, comply with the Code of Conduct set out in Annexure 2 of the Constitution.

4.2. BOARD CHARTER

The Board approves its Charter which defines its composition, roles and responsibilities, meeting attendance and proceedings. This Charter is derived from the SETA's Constitution that was updated and approved on 24 May 2019.



THE CATHSSETA BOARD



5. COMPOSITION OF THE BOARD

- The table below provides information about the members of the Board.

Table 22: Members of the Board, their names, qualifications, area of expertise and roles

Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
Mr David Themba Ndhlovu	Non-Executive Director and Board Chairperson	Independent	01 April 2020	N/A	Master of Education, Bachelor of Education, BA Arts, International Executive Leadership Programme	Business Planning, Marketing Insurance, Business Administration	Board Member and Chairperson of the Dube Trade Port Corporation	Executive Committee	9
Mr Moses Motha	Non-Executive Director and ordinary member	Organised Labour	26 March 2019 (Re-appointed)	N/A	Master of Linguistics, BEd, BA Education	Human Resources Development, Education and Training Skills Development	National Tertiary Education Union	Executive Committee, Governance and Strategy Committee	10
Mr Solomon Zawempi Mhlanga	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Diploma Quality Management, Certificate in Public Management Programme, Skills Development Facilitation, Labour Dispute Resolution Practice, Certificate in Corporate Governance	Labour law, HR, Governance and Skills Development Facilitator	HOTELLICA	Executive Committee, Finance Committee	10
Mr Kenilworth Itumeleng Dichabe	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	B-Proc, Diploma in Advanced Banking	Law, Banking, Business Development, Marketing/Communications	Free State Gambling, Liquor and Tourism authority FSGLTA	Executive Committee	5
Ms Edith Margaret Tukagomo	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Master of Town and Regional Planning, Course work for Master of Environmental Development, Bachelor of Social Science, several certificates including Executive and Finance Management	Corporate Governance, Policy Framework, and Financial Management	Board directorship-uTshani Fund from 2005	Executive Committee, Finance Committee	10
Ms Karen Ann Borain	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Diploma - Personnel Management, Human Resource Management, Hospitality Supervision, Human Resources and Training, Certificate in Hotel and Industrial Catering, Manager of Business Unit, Professional Certified Coach	Skills development includes Management of compliance with legislation including the Skills Development Act and BBBEE, Strategic direction for Training & Development, Leadership of Training & Development Function, Development of Leadership and talent, Executive Coaching and Team Coaching, Hospitality Industry knowledge and experience	Director: School of Tourism and Hospitality, University of Johannesburg	Governance Strategy, Audit and Risk Committee	8

5. COMPOSITION OF THE BOARD (continued)

Table 22: Members of the Board, their names, qualifications, area of expertise and roles

Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
Ms Shanita Sumayya Khan	Non-Executive Director and ordinary member	Organised Employer	26 March 2018 (Re-appointed)	N/A	Postgraduate Diploma Education, Diploma in Sport Management. Executive Development Programme (NQF 8)	Governance strategy, Financial Management, PFMA, Performance Information Management, Monitoring and Evaluation, Project and Event Management, Audit and Risk, Dispute Resolution	Department of Sport, Arts and Culture (DSAC)	Governance and Strategy Committee	3
Mr Khumbudzo Vincent Maumela	Non-Executive Director and ordinary member	Community Organisation	01 April 2020	N/A	Postgraduate Diploma in Heritage and Museum Studies, Bachelor of Arts, University Education Diploma, Certificate in Conversation Management of Immoveable Cultural Heritage	Cultural Heritage Management and Administration, Conservation and Management of Immoveable Cultural Heritage, Museum Management and Administration, Heritage Tourism Development, Heritage Resources Management	Chairperson: Provincial Heritage Resources Authority of Gauteng (PHRAG)	Remuneration Committee Finance Committee	10
Mr Thulaganyo Gaoshubelwe	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Global Masters in Sports Management and Legal Skills, Legal diploma Executive Programme in Sports Arbitration (FIFA), Bachelor of Commerce (Majors – Economics & Management), Certificate in Sports law, Certificate in Project Management	Astute Negotiator, Labour Relations and organiser, Dispute Resolution Mechanism	SAFTU, Pholo Bophelo CC, Masibambisane Foundation	Governance and Strategy Committee	8
Ms Ntombifuthi Maureen Nzuzo	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Diploma in Gender and Labour studies, Degree in Social Science (Industrial and Working Life), Postgraduate in Industrial Relations Labour Laws	Labour laws	HIAWU	Audit and Risk Committee; Remuneration Committee;	11
Ms Lesiroha Matshediso Lesutu	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Executive Development Programme, Programme in Purchasing Management, Advanced Public Relations Certificate	Small Business Development, Organisational Development, Training (Supplier Development), Socio-Economic Development, Skills Development, Supply Chain Management	Board Member of the Ilembe Consortium	Remuneration Committee	11

5. COMPOSITION OF THE BOARD (continued)

Table 22: Members of the Board, their names, qualifications, area of expertise and roles

Name of Member	Designation (In Terms of The Public Entity Board Structure)	Constituency Represented	Date Appointed	Date Resigned	Qualification	Area of Expertise	Board Directorships (List the Entities)	Other Committees or Task Teams (E.G.: Audit Committee / Ministerial Task Team)	Number of Meetings Attended
**Mr Manene Tabane	Non-Executive Director and ordinary member	Community Organisation	20 June 2022	N/A	Diploma in Law, Diploma in local government, LLB still in progress	Store clerk – SHE Engineering, Field Worker – Project literacy, Researcher – Gauteng Legislature, Programme Coordinator- NAPWA, Programs Manager - CODEFSA	Steering Committee Member - NEDLAC Community Constituency	Governance and Strategy Committee	0
**Mr Lesiba Richard Aphane	Non-Executive Director and ordinary member	Organised Labour	20 June 2022	N/A	LLB still in progress	Head of Bargaining Department-FAWU, National Company Sector Organiser – FAWU, Acting Head of the Bargaining Department – FAWU, Regional Manager – Telkom, Operations Manager-Telkom, Team leader – Telkom, Contact centre agent – Telkom	Director - MASA Holdings (Pty) Ltd, Executive Committee Member - Bargaining Council for Fast Food Catering, Restaurants and Elite Trades (BCFFRCAT)	Governance and Strategy Committee	0
**Mr Joseph Nkanyezi Ntuli	Non-Executive Director and ordinary member	Organised Labour	20 June 2022	N/A	BCOM HR/Law still in progress, Certificate of competence in Labour Law	Assistant General Secretary -Future of South African Workers Union (FOSAWU), Chairperson-Bargaining Council for Catering, Restaurants and Allied Trades (BCCRAT), Deputy Chairperson-BCFFRAT	Chairperson - Business Council for Restaurants and Catering Johannesburg, Deputy Chairperson - Business Council for Fast Food Restaurants, Director - BK and Nkanyezi Construction Projects	Finance and Remuneration Committee	0
**Ms Rachel Phiri	Non-Executive Director and ordinary member	Organised Employer	20 June 2022	N/A	Master of Business Administration, Postgraduate certificate in Management, Bridging Certificate in Theory of Accounting	Managing Director- Hamba Umhlamba Travel, Group Service Manager- Avbob Mutual, Operations Manager-SAMWU National Provident Fund, Accountant- Vodacom, Trainee Accountant- Vodacom, Call centre agent- Autopage Cellular	None	Audit and Risk Committee;	0

**The meetings indicated above include the Board Strategic Session, Staff meeting with the Board and the CATHSSETA Annual General meeting.*

***New members appointed after 31 March 2022*

6. COMMITTEES

The Board is supported in its functions and duties by the Executive Committee (EXCO), Remuneration Committee (REMCO), Audit and Risk Committee (ARC), the Finance Committee (FINCOM) and the Governance and Strategy Committee (G&S), established in accordance with the SETA Constitution.

6.1. EXECUTIVE COMMITTEE

The function of the EXCO is to:

- Oversee the management of the SETA;
- Supervise the proper management of all financial matters;
- Coordinate and supervise the implementation of the SETA's policies;
- Monitor national policy issues and developments and must make recommendations regarding the adoption of policies by the SETA;
- Monitor the relations and interactions of the SETA with other SETAs and other agencies on matters related to skills development;
- Coordinate the functioning of committees, chambers and structures of the SETA and must monitor their activities to ensure that they act within the terms of any powers delegated to them by the AA;
- Oversee staff employment issues; and
- Determine budgets and business plans.

Table 23: Members of the Executive Committee

Name of Member	Role in the Committee	Number of Meetings Held	Number of Meetings Attended
Mr David Themba Ndhlovu	Chairperson	14	14
Mr Moses Motha	Member	14	11
Ms Edith Margaret Tukagomo	Member	14	14
Mr Kenilworth Itumeleng Dichabe	Member	14	8
Mr Solomon Zawempi Mhlanga	Member	14	11

**The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General meeting.*

6.2. GOVERNANCE AND STRATEGY COMMITTEE

The G&S Committee performs the following functions:

- Develop policies, principles, criteria and guidelines that are necessary for the governance and strategy functions of the SETA;
- Promote good governance within the SETA;
- Develop the skills development strategy for the Sector; and
- Oversee the implementation of good social and ethical practices in the organisation.

Table 24: Members of the Governance and Strategy Committee

Name of Member	Role in the Committee	Date Appointed	Date Resigned	Number of Meetings Held	Number of Meetings Attended
Mr Thulaganyo Gaoshubelwe	Chairperson	04 May 2020	N/A	10	9
Ms Shanita Sumayya Khan	Member	04 May 2020	N/A	10	6
Mr Moses Motha	Member	04 May 2020	N/A	10	9
Ms Karen Ann Borain	Member	21 August 2021	N/A	10	10

**The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General meeting.*

6.3. REMUNERATION COMMITTEE

The REMCO performs the following functions:

- Provide advice on any matter relating to remuneration to enable the AA to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its members and staff to attract, motivate and retain talented people;
- Evaluate and must make recommendations to the AA in respect of the following issues relating to the remuneration of both the staff and the CEO of the SETA;
 - (i) Develop guidelines and review the compensation and performance of staff members of the organisation;
 - (ii) Review and approve corporate goals that are relevant to the compensation of the CEO;
 - (iii) Determine the CEO's compensation in accordance with applicable rules and regulations; and evaluating the CEO's performance against the goals and objectives;
- Review and reassess the adequacy of the remuneration policy annually and recommending changes, if any, to the AA for approval;
- Ensure that the Board and committee members' remuneration is in accordance with the requirements of the PFMA and the National Treasury Regulations that relate to finance and the remuneration of those members.

Table 25: Members of the Remuneration Committee

Name of Member	Role in the Committee	Date Appointed	Date Resigned	Number of Meetings Held	Number of Meetings Attended
Ms Lesiroha Matshediso Lesutu	Chairperson	04 May 2020	N/A	11	11
Mr Khumbuzo Vincent Maumela	Member	04 May 2020	N/A	11	8
Ms Ntombifuthi Maureen Nzuzza	Member	04 May 2020	N/A	11	11
Ms Bonani Portia Masenya*	Member	29 May 2020		11	11
Dr Azwitamisi Shadrack Nthangeni*	Member	29 May 2020	N/A	11	7

**Ms Masenya and Dr Nthangeni are independent members and not part of the Board.*

**The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General meeting.*

6.4. FINANCE COMMITTEE

The FINCOM performs the following functions:

- Ensure that the SETA meets the requirements of the Act, the SDLA, PFMA and the Treasury Regulations that relate to finance;
- Evaluate and must make recommendations to the AA in respect of the budget, cash flow and financial statements and the financial policies of the SETA;
- Evaluate the actions identified by Management to implement the recommendations of the Auditor-General's Report and the internal and external audit reports of the SETA;
- Execution of the legally mandated financial functions of the SETA;
- Evaluate the financial implications of policies, decisions and changes to the budget and Business Plan of the SETA; and
- Present the ARC with quarterly and annual financial statements.

Table 26: Members of the Finance Committee

Name of Member	Role in the Committee	Date Appointed	Date Resigned	Number of Meetings Held	Number of Meetings Attended
Ms Edith Margaret Tukakgomo*	Chairperson	26 November 2020	N/A	8	8
Mr Khumbudzo Vincent Maumela	Member	04 May 2020	N/A	8	8
Mr Solomon Zawempi Mhlanga	Member	04 May 2020	N/A	8	8

* Ms Edith Tukakgomo joined the Committee on 26 November 2020 and was appointed as Chairperson on 09 March 2021

*The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General meeting.

6.5. AUDIT AND RISK COMMITTEE

The ARC has been established to promote the effectiveness of risk management, control and governance processes within the organisation. The ARC performs the following functions in accordance with PFMA:

- Monitor and reinforce the effectiveness of both the internal control system and the internal audit function; and
- Review and make recommendations in respect of the following:
 - (i) Functioning and overall efficiency and effectiveness of the internal control system;
 - (ii) Functioning of the Internal Audit and Risk Management Unit;
 - (iii) Risk areas of the SETA, which are to be covered by the scope of internal and external audits;
 - (iv) Adequacy, reliability and accuracy of the financial information provided to the AA;
 - (v) Scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors;
 - (vi) Cooperation and coordination between the internal and external audit functions, and their cooperation and coordination about the management of the SETA; and
 - (vi) Cooperation and coordination between the internal and external audit functions, and their cooperation and coordination about the management of the SETA; and
 - (vii) Accounting or auditing concerns identified through internal and external audits and by the Auditor-General;

- (viii) adequacy and effectiveness of the risk management processes followed and the development, maintenance and enhancement of fraud prevention plans;
- (ix) effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigation and follow-up action (including disciplinary action) of any instance of non-compliance; and
- (x) SETA's compliance with relevant legal and regulatory requirements and its Code of Conduct and the action taken to address any violations.

Table 27: Members of the Audit and Risk Committee

Name of Member	Role in the Committee	Qualifications	Internal or external	If the internal, position in the public entity	Date Appointed	Date Resigned	Number of Meetings Held	Number of Meetings Attended
Ms Noziphiwo Phumeza Lubanga	Independent Member and Chairperson	MBA; Postgraduate Diploma: General Management; Postgraduate Diploma: Internal Auditing; Executive Development Programme; BCom: Internal Auditing; National Diploma: Internal Auditing; PIA; QAR; Matric	External	N/A	Re-appointed 01 October 2020	N/A	9	9
Ms Ntombifuthi Maureen Nzuza	Board Member	Diploma Gender and Labour studies, Degree in Social Science, Postgraduate in Industrial Relations Labour Laws	Internal (Board Member)	N/A	04 May 2020	N/A	9	9
Ms Karen Ann Borain	Board Member	Diploma in Personnel Management, Human Resource Management, Hospitality Supervision, Human Resources and Training, Certificate in Hotel and Industrial Catering, Manager of Business Unit, Professional Certified Coach	Internal (Board Member)	N/A	26 November 2020	N/A	9	8
Ms Tshiamo Maluleka-Disemelo	Independent Member	MBA, Postgraduate Diploma in Internal Auditing, BTech in Internal Auditing, National Diploma in Internal Auditing;	External	N/A	01 October 2020	N/A	9	9
Mr Sikhalo Welcome Matomela	Independent Member	BSC Honours in Engineering and Technology Management	External	N/A	01 October 2020	N/A	9	9
Mr Andrew Walter Mashifane	Independent Member	Chartered Accountant (SA), B Comm (Acc), B Comm (Honours), Postgraduate Certificate in Advanced Taxation, Bachelor of Laws, GIBS Business Leadership Programme	External	N/A	01 October 2020	N/A	9	9

**The meetings indicated above include the Board Strategic Session and the CATHSSETA Annual General meeting.*

6.6. REMUNERATION OF BOARD MEMBERS

The Members of the Board are remunerated for attendance of the meetings and events organised by the SETA. Members are also paid allowances for subsistence and travel whilst undertaking official duties for the SETA. The remuneration allowance payable to the Members is based on category "s" as determined by the EA of the CATHSSETA and the National Treasury guidelines. The remuneration details are illustrated in the table below.

Table 28: Remuneration of Board Members

No	Name	Remuneration	Other allowances	Total
		R	R	R
1	Mr. D. T. Ndhlovu	202,209	13,296	215,505
2	Ms N. P. Lubanga	207,807	231	208,038
3	Ms. K. A. Borain	124,813	4,095	128,908
4	Ms. N. M. Nzuzwa	152,013	121	152,134
5	Mr. S. Z. Mhlanga	149,670	-	149,670
6	Mr. K. V. Maumela	137,709	931	138,640
7	Mr. M. Motha	154,776	618	155,394
8	Ms. E. M. Tukakgomo	195,549	5,576	201,125
9	Ms. L. M. Lesutu	151,218	547	151,765
10	Mr. T. Gaoshubelwe	124,602	-	124,602
11	*Mr. S. W. Matomela	73,502	304	73,806
12	*Mr. A. W. Mashifane	70,065	117	70,182
13	*Ms. B. P. Masenya	52,878	92	52,970
14	*Dr. A. S. Nthangeni	36,765	381	37,146
Total		1,833,576	26,310	1,859,885

*These members are not part of AA but serve in committees.

7. RISK MANAGEMENT

CATHSSETA has embedded risk management techniques in the day-to-day operations to identify events that could affect the achievement of its outcomes and outputs which are fundamental in the realisation of the vision. In line with the Risk Management Framework, Risk Management Policy and Strategy, the entity is required to conduct a risk assessment to identify new and emerging risks continuously.

Risk registers are compiled based on the risk assessment that has been conducted, which outlines the risk descriptions and categorisation, the controls put in place to reduce the impact of the risks and the controls put in place for mitigation actions. Risk owners are assigned to ensure that each departmental head is held accountable for managing risks within their respective areas of responsibility, thus embracing the culture of risk management throughout the entire entity.



The ARC provides independent and objective oversight of the effectiveness of the risk management function within the entity. The ARC's role is further to review progress made on the implementation of the mitigating actions against the risks and whether the entity is moving towards reaching the level of maturity. These also include reviewing the effectiveness of risk management activities, the nature and types of risks facing the entity and the responses thereof.

Progress made on the implementation of mitigation plans to reduce the risk to an acceptable level is monitored and reported to the Committee every quarter. As a result of the implementation of most mitigation plans, risks were reduced to an acceptable level.

CATHSSETA has also appointed an independent chairperson for the Risk Management Committee (RMC), who will be reporting to the ARC every quarter. The chairperson's responsibility will ensure that all required risk management activities are performed. A Combined Assurance Plan has been developed and progress is reported to the ARC.

8. INTERNAL CONTROL

Due to remote working, maintaining effective control was a challenge. Documents had to be shared and approved electronically which did not occur previously and a new system of working had to be developed. The SETA has tried as best as it could, to maintain a system of internal control.

9. INTERNAL AUDIT AND RISK COMMITTEE

The SETA's internal audit functions were performed through the appointed service provider, who is appointed for a fixed period of three years. 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 ARC and Management with quarterly internal audit reports in terms of its approved Annual and Three-year rolling Internal Audit Plan.

The objective of the Internal Audit Function is to provide professional, independent and objective assurance and consulting activity designed to add value and improve the operations of CATHSSETA.



9.1. KEY ACTIVITIES OF INTERNAL AUDIT

Key activities of IA are as follows:

- Develop and implement a rolling three-year annual audit plan based on CATHSSETA's key areas of risks, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval as well as periodic updates;
- Consider the scope of work of the external auditors and other assurance providers, as appropriate for providing optimal audit coverage;
- Perform efficient and effective audits which are proactive and promptly reported with the application of suitably skilled senior staff;
- Perform 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; and
- Timeously issue reports, conduct regular internal audits and follow-up on corrective actions relating to weaknesses identified in previous reviews.

9.2. SUMMARY OF AUDIT WORK DONE

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

- Review of Performance Reports for the first, second and third quarters;
- Review the Supply Chain and Contract Management processes;
- Review the Finance Operating Controls;
- Review the Discretionary and Mandatory Grant processes;
- Review the Human Resource and Payroll Management;
- Audit Commitments Register;
- Review the Annual Financial Statements;
- Follow-up of Internal Audit and External Audit Findings Review; and
- Governance Review.

9.3. KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

Please refer to section 6.2 above.

9.4. ATTENDANCE OF MEETINGS

Please refer to table 27 above.

10. COMPLIANCE WITH LAWS AND REGULATIONS

The CATHSSETA is committed to ensuring legal compliance with all relevant and applicable legislative imperatives as well as ensuring that the organisation endeavours at all times to operate in line with best

standards, practices, and applicable regulations. In ensuring compliance with laws and regulations, the CATHSSETA has put in place a regulatory Compliance Framework. On a quarterly basis, every Department of the CATHSSETA submits its compliance registers which set out the legislative prescripts that apply to their respective departments and the level of compliance with the identified laws, further to that, the CATHSSETA has developed policies and procedures to guide all its operations and decision making. The CATHSSETA continues to refine all policies and ensures that all policies put in place are closely adhered to, updated, and fit for their intended purpose. It is worth noting that the organisation's compliance with identified laws remains on a satisfactory level.

11. FRAUD AND CORRUPTION

The entity has a Fraud Prevention Strategy as well as a Fraud Prevention and Anti-Corruption Policy. Fraud risk assessments are conducted as an additional instrument to detect and prevent any form of fraud and corruption that is likely to occur or is taking place. Fraud Awareness workshops are conducted with the intent of familiarising the staff members and explaining all forms of fraud and corruption-related activities which can take place and encouraging them on the processes to be followed, should they come across similar incidents.

The entity also has a Fraud Hotline (whistle blowing platform) which is managed by a service provider where whistle-blowers can call anytime to report fraud and corruption. When the employees of the entity or members of the public and/or service providers reported such incidents, the action that is taken will depend on the nature of the concern as follows:

- The matter raised will be screened and evaluated;
- May subsequently be investigated internally; or
- External investigation (be referred to a law firm).

12. MINIMISING CONFLICT OF INTEREST

- CATHSSETA Board members disclose any potential and actual conflicts of interest at the commencement of their tenure and during each meeting dealing with substantive matters;
- The CATHSSETA staff members sign the annual declarations on their interests; and
- All SCM unit personnel are required on an annual basis to complete and sign the SCM annual declaration of interest document detailing any business interests they may have.

13. CODE OF CONDUCT

- The CATHSSETA has an approved Code of Conduct Policy. The SETA's standard constitution further provides for a code of conduct for committee members and executive management outlining corporate governance and the roles of all committees; and
- All the new persons joining the SETA including the Board attend an induction which includes a presentation of the CATHSSETA's code of conduct, ethics code and business conduct.

14. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The CATHSSETA is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act, 1993 (Act 85 of 1993) and to this end, a Health and Safety Committee was established, and it monitors the health and safety of employees and their work environment.

15. COMPANY SECRETARY

The SETA is a schedule 3A public entity and not classified as a State-Owned Company (SOC) in terms of the Companies Act No. 71 of 2008 as amended, therefore does not have to comply with section 86 which puts a compulsory requirement for the appointment of the Company Secretary. However, there is a Board Secretary who provides secretarial and administrative support to the Board.

16. SOCIAL RESPONSIBILITY

The entity did not conduct any social responsibility initiatives in the year under review.

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Table 29: B-BBEE Compliance

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	CATHSSETA does not issue licences.
Developing and implementing a preferential procurement policy?	Yes	The SCM division is responsible for implementing the procurement policy. A Supply Chain Management Transformation Charter had been developed and approved by the Board.
Determining qualification criteria for the sale of state-owned enterprises?	No	CATHSSETA is not involved in the sale of State-owned enterprises.
Developing criteria for entering into partnerships with the private sector?	No	The CATHSSETA has developed a Resource Mobilisation Strategy that set a criterion for entering into partnerships with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	CATHSSETA has a criterion for awarding skills development grants to employers who applied for funding, has a discretionary grant policy.

18. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

18.1 AUDIT AND RISK COMMITTEE RESPONSIBILITY

The ARC reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The ARC also reports that it has adopted appropriate formal terms of reference as its ARC 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.

18.2 THE EFFECTIVENESS OF INTERNAL CONTROL

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA, Internal Audit provides the ARC and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process and the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of Internal Audit, the AGSA's Report on the Annual Financial Statements and management's report of the AGSA, it was noted that there were instances of weaknesses in controls. However, the ARC is pleased to report that there was a significant improvement in the general controls, and management put mechanisms and action plans in place to address the identified weaknesses. Management further undertook to report to the ARC on a regular basis on progress made in this regard.

The Committee received good support from the Internal Audit function; as a part of its mandate, it reported to the Board regularly. The Committee also held meetings separately with Internal Auditors and the AGSA to establish if there were any matters of concern that could not be discussed in an open session with management.

The reports received from other areas covered as per the approved Strategic and Operational Internal Audit Plan show areas of improvement whilst also showing shortcomings that were brought to the attention of the ARC by the Internal Auditors.

We also received feedback regarding the follow-up audit conducted in the areas the AGSA in the prior year's audit highlighted.

Significant progress has been made in addressing previous audit findings and matters contained in the Management letter. AGSA could only assess some outstanding remedial actions during the current year's audit.

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

Period: 1 April 2021 to 31 March 2022

Audits performed	Opinion Issued	Overall Assessment/Conclusion
1. 2020/21 Performance Information Review 1.1. <i>Quarter 4</i>	Needs Improvement	Except for immaterial incidents that need to be corrected, the system of internal control is adequate and effective to provide reasonable assurance that the business objectives will be met. These incidents are not likely to expose the organisation to significant risk. Risk rating is "Medium"
1.2. <i>Quarter 1</i>	Good	The system of internal controls is adequate and effective to provide reasonable assurance that the business objectives will be met. Risk rating is "Low"
1.3. <i>Quarter 2</i>	Good	The system of internal controls is adequate and effective to provide reasonable assurance that the business objectives will be met. Risk rating is "Low"
1.4. <i>Quarter 3</i>	Good	The system of internal controls is adequate and effective to provide reasonable assurance that the business objectives will be met. Risk rating is "Low"
Human Resources Review	Needs Improvement	Except for immaterial incidents that need to be corrected, the system of internal control is adequate and effective to provide reasonable assurance that the business objectives will be met. These incidents are not likely to expose the organisation to significant risk. Risk rating is "Medium"
Governance Reviews	Needs Improvement	
Payroll Management	Needs Improvement	
Finance Review	Needs Improvement	
Interim Financial Statement Review (2021/2022 FY)	Needs Improvement	
SCM Review	Good	
Project and Commitment Review	Needs Improvement	Except for immaterial incidents that need to be corrected, the system of internal control is adequate and effective to provide reasonable assurance that the business objectives will be met. These incidents are not likely to expose the organisation to significant risk.
Follow-up of Internal Audit & External Audit Findings	Needs Improvement	
Human Resources Review	Needs Improvement	Risk rating is "Medium"

18.3 2020/21 MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

The public entity has submitted monthly and quarterly reports to the Executive Authority. The following reports have been submitted on a quarterly basis:

- Quarterly Management Reports
- Finance Reports
- Progress on the Procurement Plan
- Strategic Risk Register

18.4 PERFORMANCE MANAGEMENT

Quarterly reports on the Performance Information were submitted to the Committee both concerning management and Internal Audit's assessment of the reported achievement of set objectives and the adequacy of the portfolio of evidence to support the reported results. Although certain areas for improvement remained, an overall improvement in the controls in comparison to previous periods was noted.

18.5 RISK MANAGEMENT

The ARC was also satisfied with the risk management processes within the SETA.

CATHSSETA has a Risk Management Strategy and Framework in place that was approved and adopted by the Audit and Risk committee as well as the Board. The strategic risk assessment was conducted and monitored on a quarterly basis.


A quality review exercise was conducted on the internal audit function during the financial year under review, and the overall outcome was one of compliance with the Standards of the Professional Practice of Internal Audit (IIA). This further gave the ARC comfort about the quality of work of the internal audit.

18.6 EVALUATION OF FINANCIAL STATEMENTS

The Committee engaged with Management on the 2020/21 Annual Financial Statements on 25 September 2020 and also noted the high-level review report submitted by the Internal Auditors. The Committee further engaged with the AGSA to receive and deliberate on the audit report of 2019/20 on Annual Financial Statements.

18.7 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. The Committee welcomed the audit opinion of the AGSA expressed on the 2020/21 Annual Financial Statements of CATHSSETA. The ARC 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.



Ms Noziphiwo Lubanga
Chairperson of the Audit and Risk Committee
CATHSSETA



PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

1.1. OVERVIEW OF HUMAN RESOURCES MATTERS AT THE PUBLIC ENTITY

The Human Capital Management and Development Unit provides strategic support to the core business of CATHSSETA with regards to the human capital management value chain, including transformation and organisational development systems as well as efficient records to ensure professionalism and a high performing organisation.

The unit sets strategic objectives that are aligned with the organisational objectives, streamlines the human capital management processes to ensure efficient and effective service delivery to all units and departments, and ensures that there are proper systems in place to support these processes. To create a high-performance culture, yet stable and healthy organisation, the human capital management and development system are operated within relevant policy and legislative frameworks, which set the parameters for the practice of the human capital management and development function within a public entity. While fulfilling the strategic partnering function, the Unit also serves as the harmonising factor between the high-paced service delivery demand and human needs as outlined in order of significance in Maslow's Hierarchy of needs. CATHSSETA Human Capital Management and Development Unit is driven by the philosophy that the organisation's strategic objectives and goals, and employee needs on the other hand, are mutually compatible, rather than conflicting. This positions the unit as the heart and conscience of the organisation.

1.2. SET HUMAN RESOURCES PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The year 2021/22 was no normal year. The emergence of the COVID-19 virus and subsequent declaration of a National State of Disaster in March 2020 changed the course of CATHSSETA, and not only CATHSSETA, but the whole country and the globe at large. The nationwide lockdown devastated the plans and programmes that were envisaged for the year. The greatest effect was the loss of life around the globe, which also affected the employees of CAHSSETA at different levels, although no employee died due to COVID-19. All this untimely disruption emerged at a time when the organisation had just approved an organisational realignment plan to enhance the organisation's effectiveness and efficiency in line with the NDSP 2030. Although it was not easy, the realignment plan was implemented, while special adjustments had to be made to put in place the "fluid" work arrangement, in an effort to ensure work continuity while keeping employees and their families safe. In essence, for the year under review, all efforts were directed towards the implementation of the organisational realignment plan and putting systems and procedures for continuing work safely.

1.3. WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

As part of implementing the Organisational Realignment plan, the Human Capital Management and Development Unit embarked on a recruitment drive, aimed at capacitating the newly approved organisational structure.

This process was run from inside out, meaning, there was first, an internal recruitment process whereby all employees had to reapply for employment in positions they deemed suitable for them as their then employment contracts approached an end. Some were successful while others were not. For those roles whereby candidates could not be identified internally, an external recruitment process was undertaken in accordance with the newly approved recruitment and selection policies. This process resulted in a significant number of new employees joining the organisation between October 2020 and March 2022.

Post organisational realignment, the organisation has experienced a staff turn-over during the year 2021/2022, which is believed to be a result of the realignment effects. Going forward, CATHSSETA will embark on strategies to retain employees to ensure the organisation is well capacitated with improved skills development interventions.

1.4. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

As a result of the Organisational Realignment process, the standard performance management processes could not be undertaken as expected. However, after the organisational realignment process employees who were re-employed and those newly employed entered into new employment contracts, which needed to be coupled with performance agreements, and these were put in place accordingly during the year 2021/2022.

1.5. EMPLOYEE WELLNESS PROGRAMMES

Due to the trying times of COVID-19 Pandemic, a wellness day could not be held during the year under review. ICAS has been appointed as a service provider to deal with the wellness programmes for the employees.

1.6. POLICY DEVELOPMENT

The Human Capital Management and Development policies have been revised separating from the previous bugled five standard policies to ensure that each policy addresses a separate human resources process. A review of other policies is ongoing until all processes are addressed by the policies. A new policy that was introduced to provide guidelines with regards to the management and prevention of COVID-19 spread is still part of the policies within the Human Capital Management and Development Unit. The COVID-19 Policy will be in existence for the duration of the pandemic that has affected the country.

1.7. HIGHLIGHT OF ACHIEVEMENTS

Despite all the challenges experienced in the year under review, the Unit was still able to maintain a functional organisation with employees who were able to perform their work successfully, even under extremely unfavourable and challenging circumstances. The latest organisational structure that has been put in place, has been approved for all positions to be fully capacitated accordingly with all positions funded. All employees have been able to contract accordingly and some training interventions for employees have been implemented, although limited due to COVID-19 Pandemic restrictions.

1.8. CHALLENGES FACED BY THE PUBLIC ENTITY

The biggest challenge faced by the organisation, in terms of the Human Capital Management and Development is the turnover of employees which is considered to be the result of the realignment. It is also difficult for the organisation to ensure the safety of employees during the National Disaster Management period as employees have flexible working plans in place accommodated to working from home. The organisation is experiencing difficulty as well in coping with the change and unpredictability which is trying to ensure that operations are not compromised for business continuity.

1.9. FUTURE HUMAN RESOURCE PLANS AND GOALS

The following HR plans and goals will be implemented:

- Human Resource Plan;
- Outcome of the job grading and evaluation;
- Revised policies, strategies and processes;
- Employee health and wellness programme; and
- Human resource development interventions.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 30: Personnel cost by programme/activity/objective

Programme/Activity/Objective	Total expenditure for the entity	Personnel expenditure	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee
	(R'000)	(R'000)			R'000
Administration	259,357	55,861	21%	68	821
Total	259,357	55,861	21%	68	821

Table 31: Personnel cost by salary band

Level	Personnel expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
	(R'000)			R'000
Top Management	2,395	4,3%	1	2,395
Senior Management	6,973	12,5%	4	1,743
Professional Qualified	19,703	35,3%	20	986
Skilled	16,132	28,9%	21	769
Semi-Skilled	9,624	17,2%	19	506
Unskilled	1,008	1,8%	3	336
Total	55,861	100%	68	6,735

Table 32: Performance rewards

Programme/Activity/Objective	Performance Rewards	Personnel Expenditure	% of Performance Rewards to Total Personnel Cost
	(R'000)	(R'000)	
Top Management	131	2,395	5,5%
Senior Management	249	6,973	3,6%
Professional Qualified	789	19,730	4,0%
Skilled	642	16,132	4,0%
Semi-Skilled	580	9,624	6,0%
Unskilled	39	1,008	6,9%
Total	2,413	55,861	4,3%

*Note: the figures are for the Discretionary Bonus that was paid in November 2022, which is not linked to employees' specific performance ratings. Personnel expenditure for performance rewards excludes the personnel expenditure for salaries.

Table 33: Training Costs

Programme/Activity/Objective	Personnel Expenditure	Training Expenditure	Training Expenditure as A % of Personnel Cost	Number of Employees Trained	Average Training Cost Per Employee
	(R'000)	(R'000)			R'000
Strategic Sourcing	0	6,5	0	1	6
Contract Management	0	11	0	2	10
Finance for Non-Financial Managers	0	17	0	4	5,5
Governance Risk and Compliance	0	3,9	0	1	6
Public Sector Risk Management	0	3,9	0	1	5
Ms Excel	0	20	0	6	3,5
Project Management	0	32	0	6	3,3
Minute Taking	0	3,8	0	2	5,5
Business Presentation skills	0	7	0	2	4,3
Risk Management	0	12,4	0	2	7
Report Writing	0	10	0	2	5,5
Total	0	128	0	29	5

Table 34: Employment and vacancies

Programme/Activity/Objective	2021/2022 Number of Employees	2021/2022 Approved Posts	% of vacancies
Effective management of human resources within the organisation	68	77	11,6%

Table 35: Employment and vacancies per categories

Programme/Activity/Objective	2021/2022 Number of Employees	2021/2022 Approved Posts	2021/2022 Number of Employees	2021/2022 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	4	4	4	-	-
Professional Qualified	20	25	20	5	6,4%
Skilled	21	23	21	2	2,6%
Semi-Skilled	19	21	19	2	2,6%
Unskilled	3	3	3	-	-
Total	68	77	68	9	11,6%

Table 36: Employment changes

Salary Band	Employment at Beginning of the Period	Appointments	Terminations	Employment at end of the Period
Top Management	1	-	-	1
Senior Management	4	2	2	4
Professional Qualified	25	-	5	20
Skilled	21	4	3	21
Semi-Skilled	20	1	2	19
Unskilled	3	-	-	3
Total	74	4	10	68

Table 37: Reasons for staff leaving

Reason	Number	% of total Number of Staff Leaving
Death	-	-
Resignation	9	11,6%
Dismissal	1	1,3%
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	10	12,9%

Table 38: Labour relations: Misconduct and disciplinary action

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

Table 39: Employment target and employment equity (Male)

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	2	-	-	-	-	-	-	-
Professional Qualified	5	-	-	-	-	-	-	-
Skilled	7	-	-	-	-	-	-	-
Semi-Skilled	5	-	-	-	-	-	-	-
Unskilled	1	-	-	-	-	-	-	-
Total	21	-	-	-	-	-	-	-

Table 40: 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	-	-	-	-	-	-	-
Professional Qualified	14	-	-	-	-	-	1	-
Skilled	13	-	-	-	1	-	-	-
Semi-Skilled	12	-	2	-	-	-	-	-
Unskilled	2	-	-	-	-	-	-	-
Total	43	-	2	-	1	-	1	-

Table 41: Employment target and employment equity (Persons with Disability)

Levels	STAFF WITH DISABILITIES			
	AFRICAN		COLOURED	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional Qualified	-	-	-	-
Skilled	-	-	-	-
Semi-Skilled	-	-	-	-
Unskilled	-	-	-	-
Total	-	-	-	-

CATHSSETA STAFF

OFFICE OF THE CEO



CORPORATE SERVICES



FINANCE



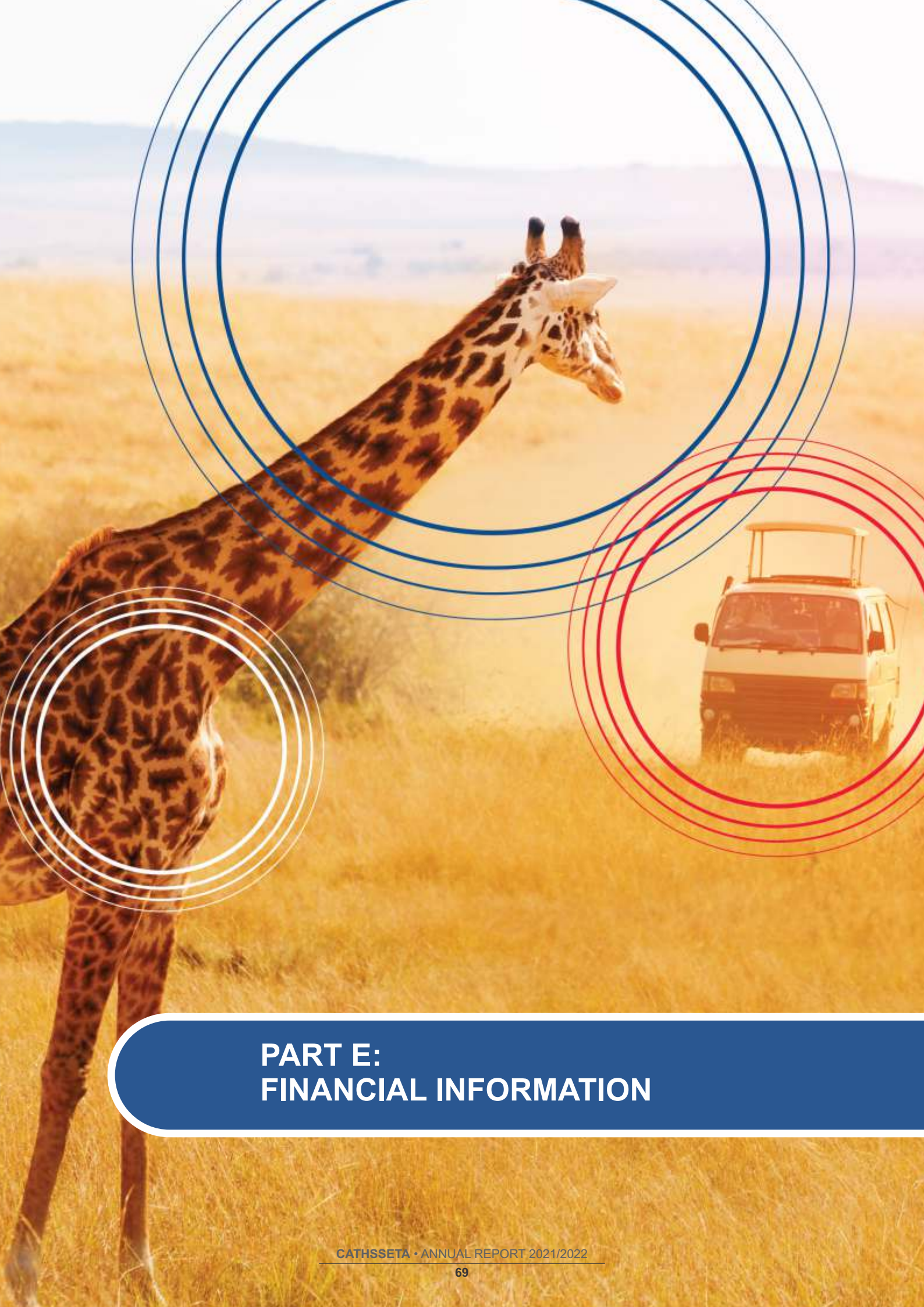
CATHSSETA STAFF

RESEARCH, MONITORING AND EVALUATION



LEARNING PROGRAMMES





PART E: FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

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 set out on pages 75 to 132, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 32 to the annual financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2022.

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

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 public entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 3: Learning programme and projects	34 -37

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 this programme:
 - Programme 3: Learning programme and projects.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 34 to 37 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of learning programme and projects. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

21. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

22. The annual financial statements submitted for audit were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA.

23. Material misstatements of mandatory grants and discretionary grant note, employee related costs, accounting by principals and agents note, commitment on discretionary grant note, prior period errors note and the cash flow statement identified by the auditors in the submitted financial statements were corrected, which resulted in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION

24. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

28. I have nothing to report in this regard.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
30. Management did not ensure that effective preventative and review controls were in place. This resulted in material misstatements in the annual financial statements and annual performance report that were identified through the audit process.

Auditor-General

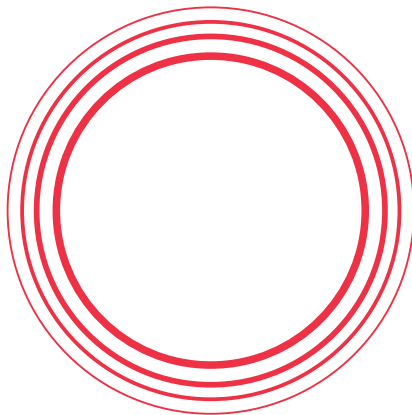
Pretoria

31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

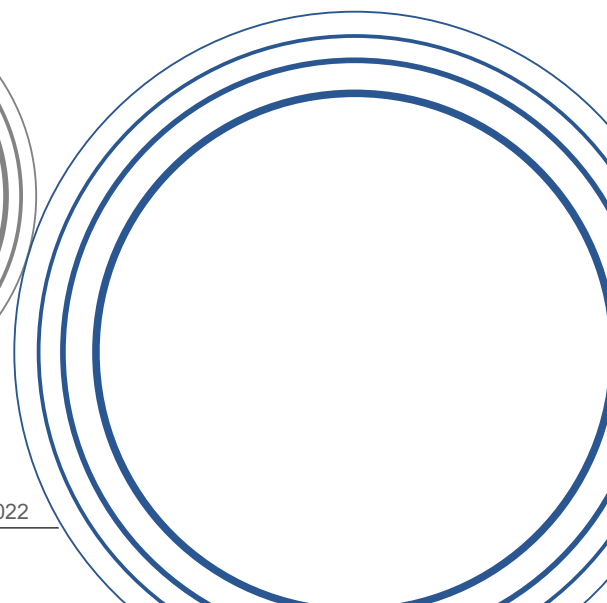
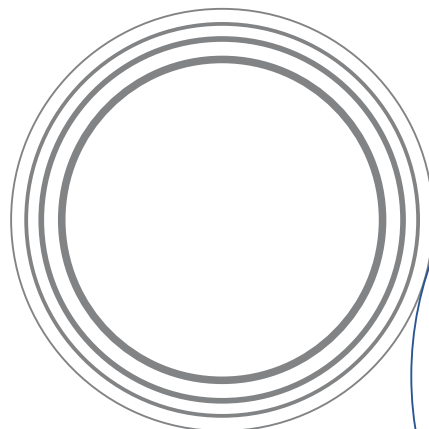
2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks;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

Communication with those charged with governance

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



**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022**



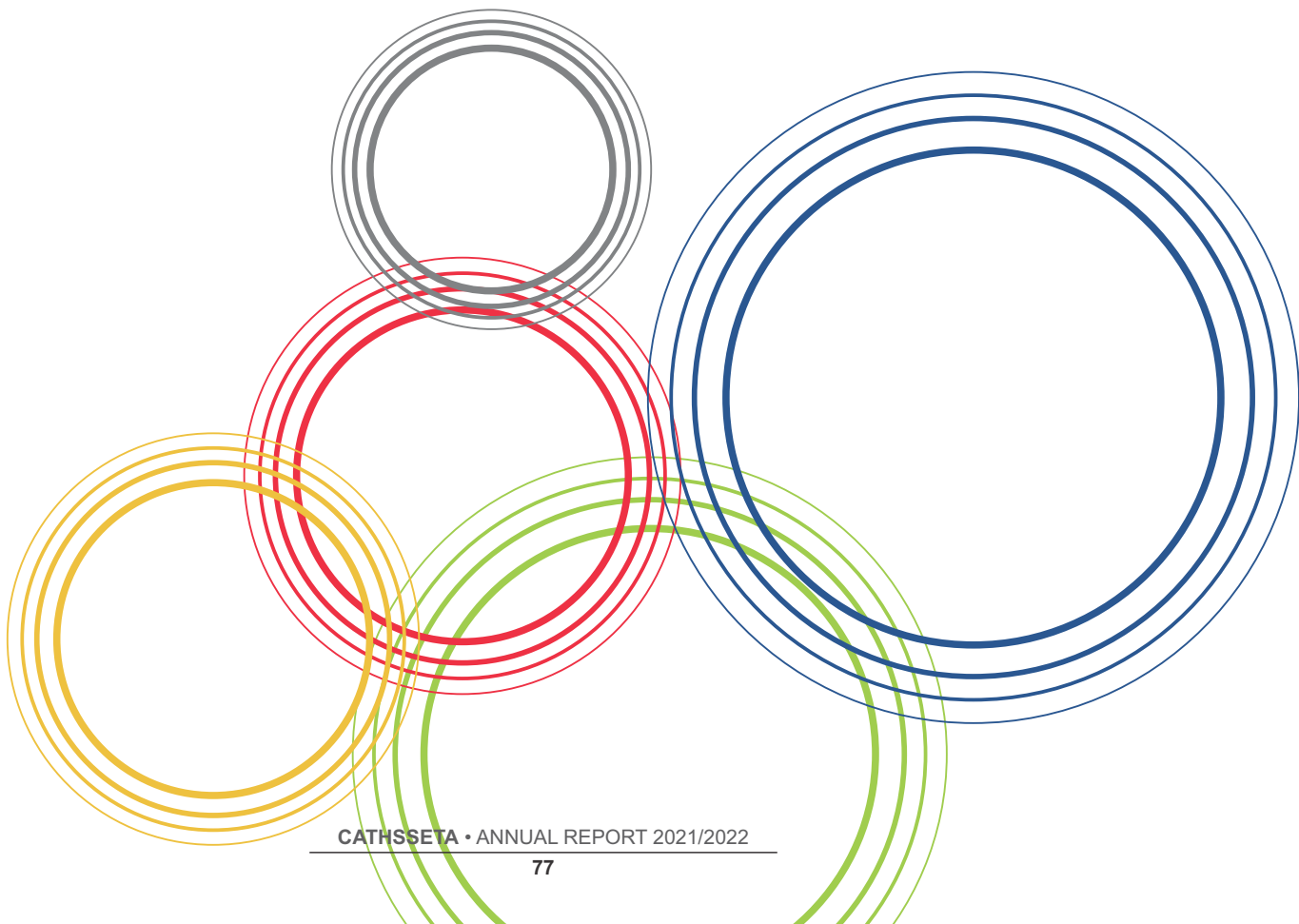
GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
LEGAL FORM OF ENTITY	Section 3A Public Entity
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	<p>To facilitate skills development within our subsectors through the disbursement of grants for learning programmes and monitoring of education and training as outlined in the National Skills Development Strategy (NSDS). We operate in the following sub-sectors:</p> <ul style="list-style-type: none">• Arts, Culture and Heritage;• Conservation;• Gaming and Lotteries;• Hospitality;• Sport, Recreation and Fitness; and• Tourism and Travel.
REGISTERED OFFICE	270 George Road, Noordwyk, Midrand, Johannesburg 1687
POSTAL ADDRESS	P O Box 1329 Rivonia 2128
AUDITORS	Auditor-General South Africa
REGISTRATION NUMBER	25/CATHSSETA/1/04/11

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The reports and statements set out below comprise the annual financial statements presented to the Accounting Authority:

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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

The Audited Annual Financial Statements have been prepared in accordance with Standards of GRAP including any interpretations, guidelines and directives.

The Audited Annual Financial Statements set out on pages 75 to 132, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the Accounting Authority on the 30 May 2022.



Mr David Themba Ndhlovu
Chairperson of the Board

STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

	NOTE(S)	2022 R'000	2021 R'000
Assets			
Current Assets			
Inventories	3	223	271
Receivables from exchange transactions	4	3,071	3,645
Receivables from non-exchange transactions	5	73	-
Cash and cash equivalents	6	608,522	500,526
		611,889	504,442
Non-Current Assets			
Property, plant and equipment	7	5,583	6,568
Intangible assets	8	3,961	7,159
		9,544	13,727
Total Assets		621,433	518,169
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	2,979	5,091
Payables from non-exchange transactions	10	46,817	31,134
Provisions	11	22,973	16,741
Total Liabilities		72,769	52,966
Net Assets		548,664	465,203
Reserves			
Administration reserve		8,020	10,276
Discretionary reserve		540,644	454,927
Total Net Assets		548,664	465,203

STATEMENT OF FINANCIAL PERFORMANCE
as at 31 March 2022

	NOTE(S)	2022 R'000	2021 Restated* R'000
Revenue			
Revenue from exchange transactions			
Other income	15	445	165
Interest received	16	18,920	16,788
Total revenue from exchange transactions		19,365	16,953
Revenue from non-exchange transactions			
Government Levies	12	4,848	3,913
Skills Development Levies: income	13	312,289	216,932
Skills Development Levies: penalties and interest	14	6,630	11,236
Total revenue from non-exchange transactions		323,767	232,081
Total revenue		343,132	249,034
Expenditure			
Employee related costs	17	(55,861)	(43,699)
Depreciation and amortisation	18	(4,297)	(2,884)
Lease rentals on operating lease	19	(3,159)	(5,608)
Mandatory grants and Discretionary grant	20	(172,828)	(116,201)
Loss on sale of assets	22	(1,229)	-
Other administration expenditure	23	(21,983)	(27,312)
Total expenditure		(259,357)	(195,704)
Surplus for the year		83,775	53,330

STATEMENT OF CHANGES IN NET ASSETS
as at 31 March 2022

	Administration Reserve	Employer Grant Reserve	Discretionary Grant Reserve	Total Net Assets
	R'000	R'000	R'000	R'000
Restated Balance as at 01 April 2020	10,276	-	401,628	411,904
Changes in net assets				
Surplus as per statement of financial performance	(29,721)	19,521	71,594	61,394
Change in accounting policy	122,752	-	(122,752)	-
Prior period error adjustment	-	-	-	(8,064)
Appropriation of reserves	(93,031)	(19,520)	104,457	(30)
Restated Balance at 01 April 2021	10,276	-	454,927	465,203
Changes in net assets				
Surplus as per statement of financial performance	(45,542)	32,044	97,273	83,775
Appropriation of reserves	43,286	(32,044)	(11,556)	(314)
Balance at 31 March 2022	8,020	-	540,644	548,664

CASH FLOW STATEMENT

as at 31 March 2022

	NOTE(S)	2022 R'000	2021 Restated* R'000
Cash flows from operating activities			
Cash receipts from stakeholders			
Other income	15	445	165
Levies, interest and penalties received		323,767	232,081
Interest income		18,440	16,788
		342,652	249,034
Cash payments to stakeholders, suppliers and employees			
Employer grants payments		(50,573)	(36,513)
Discretionary grants and project payments		(103,812)	(79,689)
Payments to suppliers and employees		(79,092)	(57,311)
		(233,477)	(173,513)
Net cash flows from operating activities	21	109,175	75,521
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(1,179)	(432)
Net increase in cash and cash equivalents		107,996	75,089
Cash and cash equivalents at the beginning of the year		500,526	425,606
Cash and cash equivalents at the end of the year	6	608,522	500,695

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS as at 31 March 2022

Budget on Accrual 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						
Other income	-	-	-	445	445	33.1
Government levies	-	-	-	4,848	4,848	33.2
Fines and penalties	-	-	-	6,630	6,630	33.3
Skills development levies - income	262,672	-	262,672	312,289	49,617	33.4
Interest received	-	14,733	14,733	18,920	4,187	33.5
Total revenue	262,672	14,733	277,405	343,132	65,727	
Expenses						
Administration expenses	(50,977)	(47,766)	(98,743)	(85,300)	13,443	33.6
Employer grants and project expenses	(228,196)	(403,466)	(631,662)	(172,828)	458,834	33.7
Total expenditure	(279,173)	(451,232)	(730,405)	(258,128)	472,277	
Operating surplus/(deficit)	(16,501)	(436,499)	(453,000)	85,004	538,004	
Loss on sale of assets	-	-	-	(1,229)	(1,229)	
Surplus/(deficit) for the period	(16,501)	(436,499)	(453,000)	83,775	536,775	

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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, which is the functional currency of the entity. All amounts are rounded to R'000.

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

The CATHSSETA remains solvent and liquid to be able to continue operations within the foreseeable 12 months and therefore these annual financial statements have been prepared based on the expectation that the CATHSSETA will continue to operate as a going concern.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

Allowance for slow moving, damaged and obsolete stock

An allowance has been made for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the notes to the Financial Statements as per Inventory Note 3.

Fair value estimation

The fair value of financial instruments is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Useful lives of assets

The CATHSSETA's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

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

Initial Recognition

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

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

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

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.

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

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

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

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

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

Subsequent Measurement

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

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

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

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

Item	Depreciation method	Average useful life
Leasehold property	Straight-line	5 years
Furniture and fixtures	Straight-line	2 - 15 years
Motor vehicles	Straight-line	8 years
Office equipment	Straight-line	2 - 8 years
IT equipment	Straight-line	2 - 8 years

The CATHSSETA acquires and maintains assets to provide, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined for all CATHSSETA assets.

The useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the CATHSSETA to amend the previous estimate unless expectations differ from the previous estimate.

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

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

De-recognition

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the entity. The CATHSSETA separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

Review of Useful Lives

At each reporting period, the pattern of expected use and remaining useful lives of the assets are assessed. Whilst the asset management policy includes depreciation rates, the depreciation rates each year are assessment based on the pattern of use and management's intended use of the asset. Adjustments are made in the fixed asset register in line with GRAP 17. Below is a summary of the rates in Fixed Asset Register which may differ to the Asset Management Policy due to the above:

Leasehold Property - This is depreciated over 5 years in the fixed asset register. The Fixed Asset Management Policy is silent on this rate.

Furniture and Fittings - Remaining useful lives are included from 2 - 15 years in the fixed asset register. The Fixed Asset Management Policy indicates that the assets are depreciated, after evaluation over 5 - 25 years.

Motor Vehicles - The depreciation rates for these assets have been revised to be depreciated over 8 years. The Fixed Asset Management Policy includes rates over 5 years. This is based on the assessment of remaining useful life mentioned above.

Office Equipment - This equipment has been revised to be depreciated over 2 - 8 years. The Fixed Asset Management Policy states that office equipment is depreciated over 5 - 25 years.

IT Equipment - IT Equipment is depreciated over 2 - 8 years in the asset register. The Fixed Asset Management Policy includes depreciation rates after evaluation at 3 - 5 years. The difference is due to the assessment of remaining useful life mentioned above.

1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the CATHSSETA or from other rights and obligations. An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the CATHSSETA; and
- the cost or fair value of the asset can be measured reliably. Intangible assets are initially recognised at cost.

When an intangible asset is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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1.4 Intangible assets (continued)

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software, other intangible assets	Straight-line	3 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see Note 8).

Intangible assets are derecognised:

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

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

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1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Classification

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

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

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

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1.5 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for de-recognition, the entity does not offset the transferred asset and the associated liability.

1.6 Leases

Finance Lease refers to a contract that transfers all the risks rewards, rights and obligations incidental to ownership and is recorded as a purchase of equipment by means of long-term borrowings. All other leases are classified as operating lease.

Operating leases - lessee

Assets acquired under leases where all risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

1.7 Inventories

CATHSSETA's Inventories constitutes of consumable goods held for distribution in day-to-day operations.

Initial Measurement

Inventories are initially measured at cost, except where inventories are acquired through a non-exchange transaction, then their cost are the fair value as at the date of acquisition. Costs of inventories include all costs incurred in getting inventory into place of use as intended by management.

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1.7 Inventories (continued)

Subsequent Measurement

Subsequently, inventories are measured at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of the business operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The costs of inventories are assigned using the first-in, first-out formula. The same cost formula is used for all CATHSSETA inventories having similar nature and use.

Write-downs

The amount of any write downs of inventories are recognised as an expense in the period the write down occurs. The amount of any reversal of write downs of inventory, arising from an increase in net realisable value or current replacement cost, are recognised as an income in the period in which the reversal occurs.

De-recognition

When inventories are distributed, the carrying amounts of those inventories are recognised as an expense in the period in which the inventory is used.

1.8 Impairment of cash-generating assets

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

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

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

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

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

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

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

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ACCOUNTING POLICIES

1.8 Impairment of cash-generating assets (continued)

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

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

1.9 Impairment of non-cash-generating assets

Useful life is either:

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

At each reporting date a review is carried out to determine whether there are any indications that any assets and non-cash generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or non-cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the revaluation reserve in respect of assets at revalued amounts.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.10 Employee benefits

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

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1.8 Impairment of cash-generating assets (continued)

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

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

1.9 Impairment of non-cash-generating assets

Useful life is either:

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

At each reporting date a review is carried out to determine whether there are any indications that any assets and non-cash generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or non-cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the revaluation reserve in respect of assets at revalued amounts.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

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A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

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1.10 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

1.11 Provisions and contingencies

Provisions are recognised when:

- the CATHSSETA has a present obligation as a result of a past event;
 - it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
 - a reliable estimate can be made of the obligation.
- the amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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1.11 Provisions and contingencies (continued)

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the CATHSSETA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If CATHSSETA has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.12 Commitments

Items are classified as commitments when the CATHSSETA has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of each financial period the CATHSSETA determines commitments in respect of capital expenditure that has been approved and contracted for which is then disclosed as a note in the annual financial statements differentiating between community, infrastructure and other capital expenditure commitments. (Refer to note 33 and 34).

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ACCOUNTING POLICIES

1.12 Commitments (continued)

Transactions are classified as commitments when the SETA has committed itself to future transactions that will normally result in the outflow of cash. Operating commitments are disclosed in a note to the financial statements in respect of unrecognised contractual commitments.

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

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

Discretionary grant commitments

Discretionary grant commitments are recorded when the grant application has been approved and contracted through an approval letter and a signed contract by the employer and CATHSSETA. Commitments are included in the disclosure note to the financial statements. Commitments are derecognised when:

- Employers/grant recipients fail to register enrolments within the stipulated time lines or cancel before registration
- The grant programmes are terminated through a signed termination agreement; or
- When employers/grant recipients submit grant claim forms together with all the supporting documents as required by the Grant Funding Policy.

To achieve a fair presentation the SETA also discloses grant commitments that are out of contract as the SETA usually receives claims for these programmes after year end due to delays in the submission of completion reports and grant claim forms.

1.13 Revenue from exchange transactions

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

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

Measurement

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

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

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ACCOUNTING POLICIES

1.13 Revenue from exchange transactions (continued)

Sale of goods

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

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

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

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

1.14 Revenue from non-exchange transactions

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

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1.14 Revenue from non-exchange transactions (continued)

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

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

Recognition

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

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

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

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

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue. The CATHSSETA has the following types of revenue from non-exchange transaction.

SDL Income - On a monthly basis, employers operating in the Culture, Arts, Tourism, Hospitality and Sports Sector collect 1% SDL levy from all their employees, to fund skills development intervention. The total value of each employers' contribution is dependent on the number of employees employed by that particular SDL Contributor.

SDL Interest and Penalties - This revenue relates to inflows emanating from interest and penalties charged for incorrect and/or late payments by SDL Contributors.

Government Levies - These levies arise from payments made from National and Provincial Departments in accordance with the DPSA circular, Circular No: HRD 1 of 2013.

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1.15 Mandatory grants and Discretionary grant

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.

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.

These costs relates to project administration costs.

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.

Project costs means costs payable for an approved project funded through a discretionary grant. Therefore, project administration costs to be covered by a maximum of 7.5% relates to rent, water and lights. legal fees, postage, stationery, advertising, travel expenses, cleaning, security, and information systems as well as the maintenance thereof. 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.

1.16 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.

1.17 Irregular expenditure

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

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1.17 Irregular expenditure (continued)

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register.

If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

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

1.18 Changes in accounting policies, estimates and errors

Change in estimate

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of a period consumption of an asset, the results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities.

Change in accounting estimate result from new information and new developments and are not correction of errors. The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

- The period of the change, if the change affects that period only; or
- The period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of net assets, it shall be recognised by adjusting the carrying amount of the related asset, liability or item of net assets in the period of the change.

Prior period errors

Prior period errors are omissions from, and misstatements in, the Entity's financial statements for one or more prior periods arising from a failure to use or misuse of, reliable information that:

- Was available when the annual financial statements for those period was authorised for issue; and
- Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

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ACCOUNTING POLICIES

1.18 Changes in accounting policies, estimates and errors (continued)

A prior period error shall be corrected by retrospective restatement in the first set of financial statements authorised for issue after their discovery by:

- Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the error.

When it is impracticable to determine the period specific effects of the error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of the assets, liabilities and net assets for the earliest period for which retrospective restatements practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. An entity shall change an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the annual financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

A change in accounting policy shall be applied retrospectively, except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the change.

When is it impracticable to determine the period specific effects of changing an accounting policy on comparative information of one or more prior periods presented, the entity shall apply the new accounting policy to the carrying amounts of the assets and liabilities as at the beginning of the earliest period of which retrospective application is practicable, which may be the current period, and shall make a corresponding adjustment to the opening balance of each affected component of net assets for that period.

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods, the Entity shall adjust the comparative information to apply the new accounting policy prospectively from the earliest date practicable.

1.19 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.

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1.19 Reserves (continued)

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.

	2022	2021
Administration	10.50%	10.50%
Mandatory grants	20.00%	20.00%
Discretionary grant	49.50%	49.50%
Received by SETA	80.00%	80.00%
Contribution by National Skills Fund	20.00%	20.00%
	100.00%	100.00%

1.20 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022. Comparative information is not required.

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1.20 Budget information (continued)

Differences between budget and actual amounts are regarded as material differences when a 10% difference exists. All material differences are explained in the Statement of Comparison of Budget and Actual Amounts to the annual financial statements.

1.21 Related parties

A related party is a person or CATHSSETA with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

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

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

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

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

CULTURE, ARTS, TOURISM, HOSPITALITY AND SPORT SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2022

ACCOUNTING POLICIES

1.23 Events after reporting date

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

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

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

1.24 New Standards and Interpretations

New standards and interpretations effective and adopted in the current year. There are no new Standards of GRAP or Interpretations that are effective for 2021/22 financial year. Standards and interpretations issued, but not yet effective.

CATHSSETA has not applied the following Standard of GRAP for which amendments to the Standard have been approved but effective date of the amendments is not yet set by the Minister of Finance:

GRAP 104: Financial Instruments

The effective date of the amendment is not yet set by the Minister of Finance. CATHSSETA expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment. The adoption of this standard is not expected to impact on the results of 2022 financial year, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 25 Employee Benefits

The effective date of the amendment is not yet set by the Minister of Finance. CATHSSETA expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

The adoption of this standard is not expected to impact on the results of CATHSSETA, but may result a different presentation and disclosure of the defined benefit obligation than is currently provided in the annual financial statements.

GRAP 7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The effective date of the amendment is not yet set by the Minister of Finance. CATHSSETA does not expect to adopt the amendments as CATHSSETA defined benefit plan is unfunded.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

2. ALLOCATION OF THE NET SURPLUS FOR THE YEAR TO RESERVES

March 2022	Administration reserve	Employer Grant Reserve	Discretionary Grant Reserve	Total statement of financial performance
	R'000	R'000	R'000	R'000
Administration levy income	40,987			40,987
Grant levy income	-	78,482	192,820	271,302
SDL: Penalties & Interest	-		6,630	6,630
Interest income	-	-	18,920	18,920
Other income	-	-	445	445
Government levies	-	-	4,848	4,848
Total revenue	40,987	78,482	223,663	343,132
Administration expenses	(86,529)	-	-	(86,529)
Employer grants and project expenses	-	(46,438)	(126,390)	(172,828)
Net Surplus per Statement of Financial Performance	(45,542)	32,044	97,273	83,775

March 2021	Administration reserve	Employer Grant Reserve	Discretionary Grant Reserve	Total statement of financial performance
	R'000	R'000	R'000	R'000
Administration levy income	28,467	-	-	40,987
Grant levy income	-	55,923	132,542	271,302
SDL: Penalties & Interest	-	-	11,236	11,236
Interest income	-	-	16,788	16,788
Other income	-	-	4,136	4,136
Total revenue	28,467	55,923	164,702	249,092
Administration expenses	(85,451)	-	-	(85,451)
Employer grants and project expenses	-	(36,403)	(67,779)	(104,182)
Net Surplus per Statement of Financial Performance	(56,984)	19,520	96,923	59,459

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
3. INVENTORIES		
Inventory	223	271
Inventory consists of stationery on hand and consumables at the end of the financial year. Inventory is not pledged as security.		
4. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Prepayments	26	500
Office rental deposit	-	700
Sundry debtors	3,045	2,445
	3,071	3,645
Trade receivables age analysis - sundry debtors		
Current (0 - 30 days)	1,138	642
Over 120 days	1,907	1,803
	3,045	2,445
5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
InterSETA debtor	73	-
Trade receivables from non-exchange age analysis		
Current (0 - 30 days)	73	-
6. CASH AND CASH EQUIVALENTS		
Cash on hand	9	10
Bank balances	39,940	6,977
Short-term deposits	568,573	493,539
	608,522	500,526
Bank balances		
First National Bank: Current	383	3,916
First National Bank: Salary	493	4
Nedbank: Current	39,064	3,056
	39,940	6,976
Short-term investments		
Notice account: Investec	199,483	192,653
Notice account: Nedbank	369,090	300,886
	568,573	493,539

The First National Bank: Current Account is the main transacting account.

Short-term investments are held for a period of 3 months and earn an interest at an average of 4% per annum.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022
Figures in Rand thousand

7. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	R'000			R'000		
	March 2022			March 2021		
	Cost /	Accumulated	Carrying	Cost /	Accumulated	Carrying
	Valuation	depreciation	value	Valuation	depreciation	value
		and			and	
		accumulated			accumulated	
		impairment			impairment	
Leasehold property	700	(700)	-	700	(636)	64
Furniture and fixtures	3,139	(1,161)	1,978	3,754	(1,221)	2,533
Motor vehicles	2,418	(1,198)	1,220	2,418	(956)	1,462
Office equipment	124	(83)	41	153	(93)	60
IT equipment	3,799	(1,455)	2,344	4,960	(2,511)	2,449
Total	10,180	(4,597)	5,583	11,985	(5,417)	6,568

Reconciliation of property, plant and equipment - March 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	64	-	-	(64)	-
Furniture and fixtures	2,533	142	(457)	(240)	1,978
Motor vehicles	1,462	-	-	(242)	1,220
Office equipment	60	-	(2)	(17)	41
IT equipment	2,450	1,037	(606)	(537)	2,344
	6,569	1,179	(1,065)	(1,100)	5,583

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Depreciation	Total
Leasehold property	204	-	(140)	64
Furniture and fixtures	2,783	-	(250)	2,533
Motor vehicles	1,704	-	(242)	1,462
Office equipment	79	-	(19)	60
IT equipment	2,587	432	(569)	2,450
	7,357	432	(1,220)	6,569

Expenditure incurred to repair and maintain property, plant and equipment

Leasehold Property relates to the previous CATHSSETA head office in Killarney where the lease expired on 30 April 2021 and therefore is fully depreciated. As at 31 March 2022, the derecognition of the property was still in process due to no future benefits expected.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022
Figures in Rand thousand

8. INTANGIBLE ASSETS

	March 2022			March 2021		
	Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value
Computer software	9,591	(5,629)	3,961	9,591	(2,432)	7,159

Reconciliation of intangible assets - March 2022

	Opening balance	Amortisation	Total
Computer software	7,158	(3,197)	3,961

Reconciliation of intangible assets - March 2021

	Opening balance	Transfers	Amortisation	Total
Intangible assets under development	4,876	(4,876)	-	-
Computer software	3,946	4,876	(1,664)	7,158
	8,822	-	(1,664)	7,158

9. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	508	742
Other payables	752	597
Admin Accruals	1,409	3,727
Operating lease payables	310	25
	2,979	5,091

Leave provision was recognised as part of payables in the prior year and has been reclassified to provisions in terms of GRAP19.

Trade payables from exchange age analysis

Current (0 - 30 days)	2,072	597
31 - 60 days	-	15
Over 120 days	597	211
	2,669	823

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
10. PAYABLES FROM NON EXCHANGE TRANSACTIONS		
Project accrual	16,327	20,820
Project administration accrued expenses	84	1,309
Discretionary and mandatory levy creditors	30,406	9,005
	46,817	31,134

The carrying amount of payables approximate their fair value.

Trade payables from non exchange age analysis

Current (0 - 30 days)	46,706	8,005
91 - 120 days	-	5
Over 120 days	111	995
	46,817	9,005

11. PROVISIONS

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Project provision	2,587	3,389	-	(2,512)	3,464
SMME provision - below R500K	13,356	3,172	-	(2,259)	14,269
Employee bonus provision	-	3,562	-	-	3,562
Leave provision	798	1,330	(450)	-	1,678
	16,741	11,453	(450)	(4,771)	22,973

Reconciliation of provisions - March 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Project provision	687	1,900	-	-	2,587
SMME provision - below R500K	8,818	6,765	-	(2,227)	13,356
Employee bonus provision	5,101	-	(4,977)	(124)	-
Leave provision	1,054	2,878	(3,134)	-	798
	15,660	11,543	(8,111)	(2,351)	16,741

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

11. PROVISIONS (CONTINUED)

Project Provision

As per the CATHSSETA Skills Development service level agreement with employers, funds may still be payable to employees beyond the stipulated project period. Where there are project delays and employers are planning to continue with implementation, a project provision is recognised for outstanding funds payable.

SMME Provision

Employers whose payroll bill is below R500 000 are not liable to pay the Skills Development Levy. However, sometimes such employers make contributions even though they are not required to do so. Contributions made by such employers are refundable if employers claim such contribution within five years. This provision represents contributions made by such employers, for the period not exceeding five years in line with the skills development circular no.09/2013.

Bonus Provision

The CATHSSETA's performance bonuses are payable subject to employee performance appraisals. Employees sign performance agreements at the beginning of each financial year and performance appraisals are conducted twice per year in October and April. The organisation makes a best estimate of what is payable to employees dependent on budget availability.

Leave Provision

Leave pay provision represents the potential liability in respect of leave outstanding at year end. Leave provision was recognised as a payable in the prior year and has been reclassified to provisions in terms of GRAP19.

12. GOVERNMENT LEVIES

Limpopo Tourism Agency	106	106
Department of Sports, Arts, Culture and Recreation - National	-	66
Department of Sports, Arts, Culture and Recreation - Free State	801	-
Department of Sports, Arts, Culture and Recreation - Kwazulu Natal	334	331
Department of Sports, Arts, Culture and Recreation - Eastern Cape	1,395	1,500
ECPTA	141	136
Department of Sports, Arts, Culture and Recreation - Limpopo	387	437
Department of Agriculture - Gauteng	585	839
Department of Arts, Culture and Traditional Affairs - North West	75	-
Department of Tourism - National	181	172
Public works	-	6
Limpopo Tourism	112	-
Department of Tourism and Environment	732	320
	4,849	3,913

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022
Figures in Rand thousand

	2022	2021
	R'000	R'000
13. LEVIES		
Administration	40,987	28,467
Discretionary Grant	192,820	132,542
Employer Grant	78,482	55,923
	312,289	216,932
14. PENALTY AND INTEREST		
Penalties received	3,178	3,196
Interest received	3,452	8,040
	6,630	11,236
15. OTHER INCOME		
Other Income	445	165
16. INTEREST		
Investment interest	18,576	16,643
Bank interest	344	145
	18,920	16,788

Included in other income are refunds from the Learning and Intervention Programme, insurance refunds, rental deposit from JHI and staff debtors for purchase of assets.

Interest income was calculated using the effective interest rate as a financial instrument not at fair value through surplus or deficit amounted to R 18,9 million (PY: R 16,8 million).

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
17. EMPLOYEE RELATED COSTS		
Basic salary	45,544	41,351
Bonus	5,920	-
Medical aid - company contributions	885	422
UIF	181	70
WCA	31	75
SDL	453	209
Leave pay provision charge	905	603
Garnishee	33	-
Union fees	36	16
Long-term benefits - Pension, disability and funeral	1,873	953
	55,861	43,699
18. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1,100	1,220
Amortisation - Intangible assets	3,197	1,664
	4,297	2,884
19. OPERATING LEASE - AS LESSEE		
Operating lease - building	2,788	5,608
Operating lease - equipment	371	-
	3,159	5,608
20. MANDATORY GRANTS AND DISCRETIONARY GRANT		
Mandatory grant	46,438	36,513
Discretionary grant	122,954	66,769
Discretionary grant project admin cost	3,436	12,919
	172,828	116,201

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
21. CASH GENERATED FROM OPERATIONS		
Surplus / (Deficit)	83,775	53,330
Adjustments for:		
Depreciation and amortisation	4,297	2,884
Loss on disposal of assets	1,229	-
Movements in provisions	6,232	(174)
Other non-cash items	(478)	124
Changes in working capital:		
Inventories	48	59
Receivables from exchange transactions	574	(721)
Receivables from non-exchange transactions	(73)	-
Payables from exchange transactions	(2,112)	(351)
Payables from non - exchange transactions	15,683	20,370
	109,175	75,521
22. LOSS ON SALE OF ASSETS		
Loss on sale of assets	(1,229)	-
<p>Certain office equipment were scrapped as they were damaged and no longer in use.</p>		
23. OTHER ADMINISTRATION EXPENSES		
Advertising	555	787
Auditors' remuneration - internal and external	5,128	3,837
Bank Charges	82	122
Cleaning	765	485
Maintenance and support	223	564
Consulting & Professional Fees	208	1,318
Consumables	108	253
Legal fees	1,267	2,329
Insurance	366	435
Motor vehicle expenses	5	14
Placement fees	577	788

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
23. OTHER ADMINISTRATION EXPENSES (CONTINUED)		
Postage and courier	-	3
Printing and stationery	460	468
Covid - 19	62	704
Repairs and maintenance	234	5
Secretarial fees	-	225
Security Fees	1,178	996
Staff refreshments	45	60
Subscriptions and membership fees	25	25
Telephone and fax	1,949	2,203
Training	919	922
Travel	325	112
Water and electricity	723	2,237
QCTO	1,899	2,548
AGM	92	49
Catering	7	10
System costs	1,395	2,000
Board fees and administration	2,248	3,570
Other expenses	1,138	243
	21,983	27,312
23.1 Auditors' remuneration		
Fees - External Auditors	3,503	2,579
Fees - Internal Auditors	1,625	1,258
	5,128	3,837
23.2 Repairs and maintenance		
Repairs and maintenance - Building	205	-
Repairs and maintenance - General	29	5
	234	5

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

24. CONTINGENCIES

24.1 Case No: JR 1110/13 – Matter between Business Unity South Africa and the Minister of Higher Education and Training, National Skills Authority and the National skills Refund.

In October 2019, BUSA won a court against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet made the decision in regard to the mandatory grant percentage. DHET continued to show the mandatory levies portion as 20% in 2020/21 year in the levy download information. The CATHSSETA continued to pay and accrue mandatory grants at 20% in the 2021/22 financial year in the absence of a revised percentage which is aligned to the approved annual performance plan. The mandatory grant expenditure in Note 18 as well as the mandatory grant liability in Note 10 were calculated using mandatory grant percentage of 20%.

The CATHSSETA therefore discloses a contingent liability. This is disclosed as a contingent liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point. Currently, DHET is still in discussions with BUSA in regard to the mandatory grant percentage and effective date of implementation of the ruling. No new information has emerged which changes the status of this disclosure from the prior year.

24.2 Expired projects contracts

This contingent liability relates to suppliers whose funds have not been advanced to them owing to outstanding documentation. Their contracts had expired as at 31 March 2022, However, there are still outstanding deliverables on this contracts. The CATHSSETA reserves the right to withhold funds for claims not adequately supported. These funds will be advanced on submission of outstanding documentation. Should the Suppliers claim funds on these expired contracts the CATHSSETA will be liable for an amount of R 6 098 373.06.

24.3 Matter between CATHSSETA and former employee.

The former employee has taken the organisation to the Labour Court. The employee alleges unfair suspension by CATHSSETA. At this stage the outcome of the matter cannot be determined and the amount cannot be quantified.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

24. CONTINGENCIES (CONTINUED)

24.4 Matter between CATHSSETA & 2 others and Khanyisa Rivombo

The claim against CATHSSETA is for payment of the total amount of R103 176.50 as contribution or indemnification by virtue of the matter being apparent Third Party in the legal proceedings currently before the Magistrates Court between the Sabelo Trueman Mbokodo (Plaintiff) and Jeppe College of Commerce and Computer Studies (Pty) Ltd (Defendant) for alleged failure to issue the Plaintiff with a National Diploma in Retail Travel. The matter is thus still active.

It is unlikely that the Plaintiff would be successful with his claim against CATHSSETA as the Third Party for contribution or indemnification as alleged. There is no substantial basis for the Plaintiff's claim in this regard.

R103 176.50 plus annual interest thereon calculated at the current rate from 20 July 2021 to date of final payment.

24.5 Retention of surpluses

In terms of Section 53(3) of the PFMA, public entities listed in Schedules 3A and 3C of the PFMA may not accumulate surpluses that are realised in the previous financial year without obtaining prior written approval of the relevant Treasury.

The National Treasury Instruction Note No.2 of 2020/21 revised the definition of surplus. According to this instruction note, a surplus is based on "Cash and Cash Equivalents at the end of the year" plus "Receivables" less "Current Liabilities". The calculated surplus as at 31 March 2022 is as per the table below:

Cash and cash equivalent at the end of the year	608,522	500,526
Add: Receivables	3,144	5,160
Less: Current Liabilities	(72,769)	(52,966)
	538,897	452,720

In the prior year receivables were disclosed as R3 645 000 in error instead of R5 160 000. This has been corrected in the comparative figures resulting in a total surplus of R452 720 000.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
25. RELATED PARTIES		
25.1 Controlling entity		

Department of Higher Education and Training (DHET).

CATHSSETA has been established by the Department of Higher Education and Training (DHET) in terms of the Skills Development Act no. 97 of 1998. The Minister of Higher Education and Training is the executive authority of CATHSSETA. CATHSSETA is ultimately controlled by the DHET. It is therefore related to all other entities within the DHET. CATHSSETA is funded by levies collected by SARS. SARS transfers all levies collected to the DHET, and DHET then split and distributes the levies to each respective SETA and the NSF. Outstanding balances at year-end amounted to R nil (2020/21: R nil).

25.2 Other departments with significant influence

CATHSSETA implements policies mandated by the National Executive and therefore related to all other entities within the national government.

25.3 Entities under common control

All TVET Colleges and Universities are under the common control of the DHET and are therefore related parties. The transactions are within normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions. Transactions with TVET Colleges and Universities relates mainly to expenses paid with regard to the Discretionary Grant. The Discretionary Grant Commitment balances with TVET Colleges and Universities are R 32 063 158.11 (PY: R 32 314 030.83). The prior period figure was R 44 402 075.00 and incorrectly disclosed. It has subsequently been restated to R 32 314 030.83.

All SETA's are under common control of the DHET and all transactions between the SETA's are disclosed. 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 SETA's. All transactions are at arms length.

The CATHSSETA has related party relationships with the National Students Financial Aid Scheme (NSFAS), National Skills Fund (NSF), Quality Council for Trade and Occupations (QCTO) and South African Qualifications Authority (SAQA) which are under the same control as the SETA.

Related party balances

TVET Colleges	23,720	17,185
Universities	8,343	15,128
InterSETA	(73)	-
NSFAS	7,226	-
	39,216	32,313

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
25. RELATED PARTIES (CONTINUED)		
Related party transactions		
TVET Colleges	12,496	4,712
Universities	20,915	8,241
QCTO	1,898	2,548
DHET	1,207	-
NSFAS	22,774	-
Department of Sports, Arts, Culture and Recreation - National	-	66
Department of Tourism - National	181	172
Department of Public Works	-	6
	59,471	15,745

Remuneration of management

25.4 Board of Directors

March 2022

Name	Audit & Risk Committee	REMCO Meetings	FINCOM Meetings	EXCO Meetings	Governance & Strategy Committee	Board Meetings	ICT Committee	Subsistence & Reimbursable Travel	Total
Ms N Lubanga	102,033	1,870	22,294	41,361	-	32,769	7,480	231	208,038
Mr M Motha	-	540	-	59,613	32,235	62,388	-	618	155,394
Mr T Ndhlovu	-	5,011	-	99,244	-	97,954	-	13,296	215,505
Ms E Tukakgomo	6,830	15,453	45,253	68,745	-	59,268	-	5,576	201,125
Ms K Borain	26,092	2,361	4,783	3,159	36,437	51,981	-	4,095	128,908
Ms L Lesutu	-	70,800	-	16,605	-	63,813	-	547	151,765
Ms N Nzuzza	34,290	50,787	-	-	-	66,936	-	121	152,134
Mr S Mhlanga	5,183	4,548	29,113	58,842	-	51,984	-	-	149,670
Mr T Gaoshubelwe	-	540	3,888	16,335	57,174	46,665	-	-	124,602
Mr V Maumela	6,830	37,152	30,760	-	-	62,967	-	931	138,640
Ms B Masenya	-	44,052	-	-	-	8,826	-	92	52,970
Dr S Nthangeni	-	27,939	-	-	-	8,826	-	381	37,146
Mr S Matomela	44,487	4,354	6,103	-	-	14,319	4,239	304	73,806
Mr A Mashifane	40,935	4,354	10,457	-	-	14,319	-	117	70,182
	266,680	269,761	152,651	363,904	125,846	643,015	11,719	26,309	1,859,885

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

Figures in Rand thousand

	2022	2021
	R'000	R'000

25. RELATED PARTIES (CONTINUED)

25.4 Board of Directors

March 2022/21

Name	Audit and Risk Committee	HR & FINREMCO Meetings	EXCO Meetings	Governance and Strategy Committee	Board Meetings	Total
Ms L Lesutu	-	28	21	-	166	215
Mr T Dube	33	18	21	3	116	191
iNkosi M Diko	-	-	-	13	44	57
Mr OK Lebogo	-	-	4	-	-	4
Ms N Lubanga	60	-	44	-	141	245
Ms N Nzuzo	39	21	-	-	96	156
Mr S Mhlanga	18	21	59	-	98	196
Mr T Gaoshubelwe	-	-	9	13	99	121
Ms T Mkhosana	-	-	4	-	-	4
Mr V Maumela	18	35	-	-	87	140
Mr B Masenya	-	28	-	-	41	69
Mr ANthangeni	-	24	-	-	48	72
Ms T Msibi	-	-	3	-	-	3
Ms E Tukagomo	-	-	70	8	81	159
Ms K Borain	-	-	-	5	96	101
Dr AR Ngwenya	37	-	-	-	-	37
Dr V Ramathesele	-	-	6	-	-	6
Mr M Motha	-	-	58	13	97	168
Mr J Shilubane	34	-	15	-	22	71
Adv PN Sibisi	-	-	4	-	-	4
Mr DT Ndhlovu	-	-	103	-	147	250
Mr BM Sikani	-	-	4	-	-	4
Mr S Matomela	9	-	-	-	50	59
Mr A Mashifane	9	-	-	-	40	49
	257	175	425	55	1,469	2,381

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022
Figures in Rand thousand

					2022	2021		
					R'000	R'000		
25. RELATED PARTIES (CONTINUED)								
25.5 Remuneration of Executive Management								
March 2022								
Name	Basic Salary	Discretionary bonuses	Allowances	Contribution to pension fund	Contribution to other schemes	Leave payout	Total	
Mr M Thibela - CEO	1,826	131	73	134	31	-	2,195	
Ms N Thomas - CFO *	513	-	18	36	9	72	648	
Ms P Mpye - Executive Skills Development	1,447	155	96	98	26	-	1,822	
Dr T Umanah - Executive Manager Research & Planning	1,321	95	36	96	23	-	1,571	
Ms M Ngwenya - Executive Manager Corporate Services **	504	-	18	34	8	63	627	
Ms L Nhlapo - Acting CFO ***	204	14	190	15	5	-	428	
Mr N Marota - CFO ****	557	-	54	37	9	-	657	
Mr F Mphako - Executive Manager Corporate *****	477	-	123	7	-	-	607	
	6,849	395	608	457	111	135	8,555	

* Ms N Thomas resigned as CFO on the 3rd of August 2021.

** Ms M Ngwenya resigned as Executive Manager Corporate Services on the 19th of August 2021.

*** Ms L Nhlapo was appointed as Acting CFO from the 4th of August to the 5th of November 2021.

**** Mr N Marota was appointed as CFO on the 8th of November 2021.

***** Mr F Mphako was appointed as Executive Manager Corporate Services on the 1st of December 2021.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022
Figures in Rand thousand

		2022	2021				
		R'000	R'000				
25. RELATED PARTIES (CONTINUED)							
25.5 Remuneration of Executive Management							
March 2021							
Name	Basic Salary	Discretionary bonuses	Allowances	Contribution to pension fund	Contribution to other schemes	Leave payout	Total
Ms K Lebaka - CEO *	1,064	169	53	72	17	117	1,492
Mr KS Mgidi - COO	633	121	57	43	14	112	980
Ms P Mpye - Executive Skills Development	1,040	158	78	72	19	-	1,367
Ms Z Silo - Executive Manager Support	600	-	9	41	7	74	731
Ms M Ngwenya - Executive Manager Corporate Services	1,255	70	18	84	20	-	1,447
Ms P Magagula - Acting CFO **	138	-	-	-	2	17	157
Ms NR Shabangu - Acting CFO ***	719	-	6	-	4	48	777
Ms N Thomas - CFO ****	376	-	6	23	6	-	411
Mr M Thibela - CEO *****	609	-	6	42	5	-	662
Dr T Umanah	435	-	12	31	7	-	485
	6,869	518	245	408	101	368	8,509

* Ms K Lebaka employment contract ended in October 2020.

** Ms P Magagula fulfilled the role of the Acting CFO and resigned in May 2020.

*** Ms N Shabangu fulfilled the role of the Acting CFO and her employment contract ended on the 20th of September 2020.

**** Ms N Thomas was appointed as CFO on the 19th of January 2021.

***** Mr M Thibela was appointed as CEO on the 1st of December 2020.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

26. RISK MANAGEMENT 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 Treasury Regulation (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 rests with the CATHSSETA Board, who has built an appropriate liquidity risk management framework for the management of CATHSSETA's short, medium and long term funding and liquidity management requirements. CATHSSETA manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows.

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, consists mainly of cash and cash equivalents, investments and accounts receivables.

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

Accounts receivables	3,144	3,645
Cash and cash equivalents	39,940	6,977
Cash and cash equivalents - short term deposits	568,573	493,539

Analysis of financial assets that are past due as at end of the reporting period.

2022	0 - 30 days	More than 120 days	Total
Receivables from exchange transactions	1,138	1,907	3,045
Receivables from non-exchange transactions	73	-	73
	1,211	1,907	3,118

2021	0 - 30 days	More than 120 days	Total
Receivables from exchange transactions	642	1,803	2,445
	642	1,803	2,445

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

26. RISK MANAGEMENT (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 affects 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 short-term fixed rate investments and are therefore not sensitive to interest rate changes.

Sensitivity analysis

		Change in investments Increase / (decrease) in net surplus for the year Upward change	Increase/ (decrease) in net surplus for the year Downward change
Cash and cash equivalents (2022)	1.0%	6,085	6,085
Cash and cash equivalents (2021)	1.0%	5,005	5,005

A change in the market interest rate at the reporting date would have increased/ (decreased) the surplus for the year by the amounts above.

Foreign exchange risk

The CATHSSETA does not hedge foreign exchange fluctuations. CATHSSETA has no exposure to foreign currency.

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 stakeholders. CATHSSETA's overall strategy remains unchanged from the previous financial years.

Quality of credit

All accounts receivable are 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 receivable 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
26. RISK MANAGEMENT (CONTINUED)		

Accounts receivable, defaults, security and pledges

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

No security is held for receivables

No portion of 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 the National Treasury through the approval of the investment policy in terms of Treasury Regulations. 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 transacts with Banks that are part of the "big five" registered banks in South Africa and which are approved by the National Treasury as per the PFMA. The credit and investment ratings of the above-mentioned banks are monitored on a continuous basis with international credit rating agencies to ensure the mitigation of any risks involved. CATHSSETA has developed a comprehensive Investment Policy in compliance with the PFMA which ensures that all the surplus funds are invested between fixed deposits and call accounts.

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

Maximum exposure

The amount disclosed for accounts receivable represents the maximum exposure that credit risk poses 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 of these annual financial statements.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021	
	R'000	R'000	
26. RISK MANAGEMENT (CONTINUED)			
Categories of financial instruments			
March 2022			
Financial Assets	Interest Bearing	Non-Interest Bearing	Total
Cash (interest @ 3.5%)	608,513	9	608,522
Accounts Receivable	-	3,144	3,144
	608,513	3,153	611,666
Financial Liabilities	Interest Bearing	Non-Interest Bearing	Total
Accounts payable	2,979	46,817	49,796
March 2021			
Financial Assets	Interest Bearing	Non-Interest Bearing	Total
Cash (interest @ 3.5%)	500,516	10	500,526
Accounts Receivable	-	5,160	5,160
	500,516	5,170	505,686
Financial Liabilities	Interest Bearing	Non-Interest Bearing	Total
Accounts payable	6,400	29,825	36,225

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000
27. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
27.1 Irregular expenditure		
Opening balance	71,073	58,582
Add: Irregular Expenditure - current	1,246	12,487
Add: Irregular Expenditure - prior period	5,095	4
Less: Amounts removed by the Board of directors into the NT Irregular Expenditure Framework	(59,739)	-
Closing balance	17,675	71,073
Incidents/cases identified in the current year include those listed below:		
Contracts awarded to suppliers whose tax affairs were not declared by SARS	4,020	-
Irregular appointment of Board Members	475	572
Contracts extended beyond Transversal Contracts	397	-
Service rendered beyond a purchase order	72	-
Contracts with SCM process not followed	678	-
Tender awarded to service provider that did not score the highest points	700	-
	6,342	572
27.2 Fruitless and wasteful expenditure		
Opening balance	5,184	5,183
Interest and penalties	20	-
Vehicle Traffic fine	7	-
Losses from perishable inventory	4	-
Losses from criminal conduct	94	-
Relocation expenditure of former employee	92	-
Cancelled tenders	-	1
Closing balance	5,401	5,184

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

28. SEGMENT INFORMATION

General information

Identification of segments

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

All three requirements listed above must be met in order to disclose a segment, however, the CATHSSETA does not meet all three requirements as separate financial information is not available for all activities. As a result of this, the CATHSSETA does not disclose segment reporting as per GRAP 18.

29. COMMITMENT ON DISCRETIONARY GRANT

Opening balance	168,297	118,647
Additions	103,085	119,833
Movement	(142,952)	(76,883)
	128,430	161,597

Commitment discretionary grants will now be disclosed reflecting only balances, details will be on the commitment register.

Notice No. 35940 of 2012 of the Grant Regulations defines a commitment as a contractual obligation (an agreement (written) with specific terms between the SETA and a third party whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make a payment against the discretionary grant) that will obligate the SETA to make a payment in the ensuing year.

There were commitments relating to Non-Pivotal contracts not previously disclosed in the prior year amounting to R6,7 million.

30. COMMITMENT ON OPERATING LEASE

Minimum lease payments		
Not later than one year	2,992	389
Later than one year and not later than five years	9,224	-
	12,216	389

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

30. COMMITMENT ON OPERATING LEASE (CONTINUED)

The operating lease relates to the new premises used for CATHSSETA office accommodation. The current lease agreement has been signed for a period of five (5) years from 01 May 2021. As at 31 March 2022, a non-definite commitment existed between CATHSSETA and City Properties regarding the continuation of the office accommodation lease.

CATHSSETA leases printing and photocopy machinery from Altron as from 01 May 2021. The monthly payable amount is fixed for the duration of the contract.

CATHSSETA leases a building from IPS for a period of five years from 01 May 2021. On expiry date, the agreement is automatically renewed on a month-to-month basis, subject to either giving 30 (thirty) written days' notice of its intention to terminate.

CATHSSETA leases a walk-through scanner as at 01 September 2021 and the amount is fixed.

31. CHANGES IN ACCOUNTING POLICY

Employee costs for the Learning Programmes Department was previously accounted for as part of the project related costs (7.5%) of Discretionary Expenditure. During January 2022, the Board of Directors approved a change in the Discretionary Grant Policy to the effect that this employee costs would be accounted for as part of the Administration Expenditure (10.5%). Accordingly, this resulted in a change in accounting policy which applies retrospectively. The aggregate effect of the change in accounting policy on the annual financial statements for the 12 months ended March 2022 is as follows:

Statement of Changes in Net Assets

• Administration reserve	122,752
• Discretionary reserve	(122,752)

The retrospective adjustment was made from the 2017/18 financial year to the 2020/21 financial year and made up by employee related costs for learning programme as follows:

2020/21	Employee costs	R20,859
2019/20	Employee costs	R43,660
2018/19	Employee costs	R29,012
2017/18	Employee costs	R29,221
Total		R122,752

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

	2022	2021
	R'000	R'000

32. PRIOR PERIOD ERRORS

Prior period error is due to correcting various accounting transactions in 2020/21 financial year. The net impact is as follows:

Statement of Financial Position	Amount previously reported	Prior period error	Restated amount
Receivables from non-exchange transactions	1,515	(1,515)	-
Cash and cash equivalents	500,500	26	500,526
Property, plant and equipment	6,390	178	6,568
Intangible assets	7,070	89	7,159
Payables from exchange transactions	4,806	285	5,091
	520,281	(937)	519,344

Statement of Financial Performance	Amount previously reported	Prior period error	Restated amount
Other income	223	(58)	165
SDL - Income	222,360	(1,515)	220,845
Employee related costs	(22,809)	(20,809)	(43,618)
Employers and grant expenditure	(129,217)	13,015	(116,202)
Depreciation and amortisation	(3,607)	723	(2,884)
Other administrative expenses	(27,973)	661	(27,312)
	38,977	(7,983)	30,994

Prior period error is due to correcting various accounting transactions in 2020/21 financial year. The net impact in the statement of financial performance is R8.064m.

The impact is narrated below but not limited to:

- Receivables from non-exchange transactions - Statutory receivables amounting to R1,515,000 were erroneously double accounted for in the prior year.
- Cash and cash equivalents - An unreconciling item under investigation amounting to R26,000 was not accounted for in the prior year.
- Property, plant and equipment - Expenditure of R7,127,000 in relation to assets under construction was not accounted for in the prior year. The nature of the expenditure relates to system support costs.
- Intangible assets - Assets under construction amounting to R89,000 on net basis, were not recognised at the appropriate amount in the prior year. These assets should have been reclassified to Computer Software in the prior year.
- Payables from exchange transactions - The increase of R285,000 relates to payables for mobile devices and workmen compensation that was not recognised in the prior year.
- Discretionary reserves - The net effect of the above transactions has an impact on the appropriation of reserves in the prior year.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

33. BUDGET DIFFERENCES

Differences between budget and actual amounts:

33.1 Other income

Other income is made up of mostly grant recoveries from employers who did not implement learning programmes and other recoveries such as sale of assets, voluntary levy by government departments within the sector and ETDP seta income. No budget is set for grant recoveries as these have not been material, historically.

33.2 Government levies

Levies received from provincial and national departments.

33.3 Fines and penalties

Actual income received from fines and penalties are above budgeted amounts due to conservative budgeting on this line as it is not a main source of revenue, and it is difficult to estimate future revenues with certainty.

33.4 Skills development levy: Income

The levies received are higher than budgeted, due to the sub-sector recovery from the impact of Covid-19.

33.5 Interest received – Investments

Interest income is higher than budgeted due to increased SDL recoveries.

33.6 Administration expenses

The administration expenditure was below budget due to vacancies throughout the financial year and reduction of operating lease expenses following the movement to new offices.

33.7 Employer grants and project expenses

The underspending in grant expenses was as a result of late approvals for the second funding window and employers not submitting both registration and completion of documents due to the National Lockdown limitations.

The CATHSSETA submitted the request to retain surplus to National Treasury for 2020/21 financial year and the surplus was approved.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

for the year ended at 31 March 2022

34. NEW ACCOUNTING STANDARDS

Standards	Pronouncement	Impact
GRAP 25	Employee benefits	Yes
GRAP 104	Financial instruments	Yes
iGRAP 7	The limit on a defined benefit asset, minimum funding requirements, and interact	No
iGRAP 21	The effect of past decisions on materiality	Yes

35. GOING CONCERN

The financial statements have been prepared on the going concern basis, as CATHSSETA does not see any reason to significantly curtail its operations in the foreseeable future and the entity will continue to operate as a going concern for the next 24 months. The current licence period of CATHSSETA expires on 31 March 2030 based on the recently gazetted extension of the NSDS III license period of the SETA's. The future existence and landscape of the SETA's after the above date will be based on a proclamation by the Minister of Higher Education and Training based on the future National Skills Development Strategy and landscape.