

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

ANNUAL REPORT
2020/2021 FINANCIAL YEAR



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PART A

GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	The entity is registered as Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority, also known as CATHSSETA
REGISTRATION NUMBER:	25/CATHSSETA/1/04/11
PHYSICAL ADDRESS:	270 George Road, Noordwyk, Midrand Johannesburg 1687
POSTAL ADDRESS:	P O Box 1329, Rivonia, 2128
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FAX NUMBER:	+27 11 783 7745
EMAIL ADDRESS:	info@cathsseta.org.za
WEBSITE ADDRESS:	www.cathsseta.org.za
EXTERNAL AUDITORS:	Auditor-General South Africa P. O. Box 446, Pretoria 0001
BANKERS:	
<i>Nedbank</i>	Upper Ground Floor Block I 135 Rivonia Road Sandown Sandton 2196
<i>Investec</i>	100 Grayston Drive Sandown Sandton 2196
<i>Rand Merchant Bank</i>	1 Merchant Place Cnr Fredman and Rivonia Road Sandton 2196 South Africa
<i>FNB</i>	7th Floor 1 First Place Bank City Cnr Simmonds and Pritchard Streets Johannesburg

2. LIST OF ABBREVIATIONS/ACRONYMS

AA	<i>Accounting Authority</i>
AET	<i>Adult Education and Training</i>
AGSA	<i>Auditor-General South Africa</i>
APP	<i>Annual Performance Plan</i>
ARC	<i>Audit and Risk Committee</i>
BAC	<i>Bid Adjudication Committee</i>
B-BBEE	<i>Broad-Based Black Economic Empowerment</i>
CATHSSETA	<i>Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority</i>
BUSA	<i>Business Unity South Africa</i>
CBO	<i>Community-Based Organisation</i>
CCMA	<i>Commission for Conciliation, Mediation and Arbitration</i>
CEO	<i>Chief Executive Officer</i>
DHET	<i>Department of Higher Education and Training</i>
DPME	<i>Department of Planning, Monitoring and Evaluation</i>
DPSA	<i>Department of Public Service and Administration</i>
EC	<i>Eastern Cape</i>
ERRP	<i>Economic Reconstruction and Recovery Plan</i>
ETD	<i>Education, Training and Development</i>
EXCO	<i>Executive Committee</i>
FINCOM	<i>Finance Committee</i>
GIBS	<i>Gordon Institute of Business Science</i>
GRAP	<i>Generally Recognised Accounting Practices</i>
G&S	<i>Governance & Strategy Committee</i>
HR	<i>Human Resources</i>
HRD	<i>Human Resource Development</i>
ICT	<i>Information and Communication Technology</i>

KPI	<i>Key Performance Indicators</i>
MTSF	<i>Medium-Term Strategic Framework</i>
NCOP	<i>National Council of Provinces</i>
NDP	<i>National Development Plan</i>
NGO	<i>Non-Governmental Organisation</i>
NPO	<i>Non-Profit Organisation</i>
NSA	<i>National Skills Accord</i>
NSDP	<i>National Skills Development Plan</i>
NSDS	<i>National Skills Development Strategy</i>
PFMA	<i>Public Finance Management Act</i>
PIVOTAL	<i>Professional, Vocational, Technical and Academic Learning</i>
REMCO	<i>Remuneration Committee</i>
RPL	<i>Recognition of Prior Learning</i>
SARS	<i>South African Revenue Services</i>
SCM	<i>Supply Chain Management</i>
SDL	<i>Skills Development Levy</i>
SE	<i>Small Enterprises</i>
SETA	<i>Sector Education and Training Authority</i>
SLA	<i>Service Level Agreement</i>
SMMEs	<i>Small, Medium and Micro Enterprises</i>
SP	<i>Strategic Plan</i>
SSP	<i>Sector Skills Plan</i>
TR	<i>Treasury Regulations</i>
TVET	<i>Technical, Vocational, Education and Training</i>
WIL	<i>Work Integrated Learning</i>
WPSET	<i>White Paper on Post-School Education and Training</i>

3. FOREWORD BY THE ACCOUNTING AUTHORITY CHAIRPERSON

“

...my heartfelt appreciation to the Honourable Minister for continuously providing political direction to the AA, which made it possible for the entity to achieve the majority of its set performance targets.



Mr. David Themba Ndhlovu
Accounting Authority Chairperson

It gives me great pleasure to present the 2020/21 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 Board members to the Minister of Higher Education, Science and Innovation, Honourable Dr Bonginkosi Emmanuel Nzimande, for entrusting us with the daunting responsibility of providing oversight, leadership and guidance to the Management and staff of this entity. The current Accounting Authority (AA) members were appointed on 01 April 2020 and came at a very trying time when the world started grappling with the emergence of the Coronavirus commonly known as COVID-19, which was declared a global health pandemic by the World Health Organisation (WHO) on 11 March 2020. Various countries went on national lockdown where the physical movement of people was restricted as a mechanism to curb the infections. Because of this, the AA was forced to immediately embrace doing things differently, for example, our very first AA meeting and many others that followed thereafter had to be held virtually, without any initial contact meeting to get to know each other. The lockdown restrictions also meant that the AA had to delay the induction session - which was crucial to orientate the members to the new environment - to September 2020.

The AA was faced with unprecedented challenges because of the outbreak of COVID-19 here in South Africa and worldwide. These challenges did have an impact on the delivery of skills development initiatives, but I am pleased to report that our performance for the 2020/21 financial year decreased slightly when compared with the previous year. During the 2019/20 financial year our organisational performance was at 74%, whereas for the 2020/21 financial year we recorded 73% performance. Notwithstanding the challenges we faced, the entity continued earnestly to come up with alternative workable solutions that assisted our stakeholders, who had been severely impacted by the outbreak of the Pandemic, to still implement their initiatives.

Delivering on our skills development mandate during the national lockdown proved futile and as such, the Department of Higher Education and Training (DHET) advised all the Sector Education and Training Authorities (SETAs) to revise and re-table the Annual Performance Plans with adjusted performance targets. Coupled with this was a request to resubmit an adjusted budget for the financial year, which was responding to the need to reprioritise spending in line with the directive by the Honourable Minister to offer levy-paying companies a four-month payment holiday in relation to the

payment of skills levies. This was done in order to be responsive to what was, and is still, happening in the country as a result of the negative impact of the Pandemic. Hence, it is indicated in the organisational programme performance information section (section 3.1 and 3.2) of this annual report that there were originally planned targets contained in the initially tabled APP as well as the re-tabled APP with revised performance targets. The AA, however, continued to partner with our stakeholders in offering skills development initiatives, despite the difficult situation that we found ourselves in. Some of the initiatives, however, could not come to life due to the lockdown restrictions. These initiatives have been rolled over to the next financial year.

Some of the sub-sectors were not able to operate for most of the time during the lockdown and some completely closed their doors and filed for liquidation. This meant that the SETA had lost some training space that was available for learners to acquire practical training. Additionally, the revenue of the entity has declined and forced it to operate on a deficit in some areas.

Moreover, we cannot deny the fact that the effects of the COVID-19 Pandemic will continue to have far-reaching implications for many years to come, hence CATHSSETA must adopt an agile way in which it continues to deliver skills development initiatives. For example, it is now crucial that we support and partner with our skills development providers to think innovatively and start transitioning from the traditional way of offering training to online platforms which will enable trainees to receive tuition from wherever they are. Whilst the entity is quickly moving towards this new reality, we are mindful of the realities of poverty, unemployment, and inequality that the country faces as some of the learners would not necessarily be able to fully benefit from online learning opportunities. It is for this reason that we should continue to seek partnership opportunities with other role players to close these gaps so that all the prospective beneficiaries can benefit from our offerings.

On the governance of the entity, the AA started with 13 members and as at year-end there were only 11 members. This was due to the normal resignation of one (1) of the members and the untimely death of another. Let me take this opportunity to express our deepest condolences to the departed member of this AA and may his soul rest in perfect peace. It is important to note that for the AA to effectively discharge its fiduciary responsibilities it must be

properly capacitated, as a result, the process to fill the vacancies on the Board has commenced. An announcement will be made by the Honourable Minister during the 2021/22 financial year once the process has been concluded.

As part of stabilising the organisation following the organisational realignment process, which was concluded in September 2020, key appointments were made in the positions of Chief Executive Officer and four (4) Executive Management positions. Other key vacancies within the finance and supply chain management areas were filled to ensure that the internal controls were strengthened.

Despite the negative effects of COVID-19, the AA is pleased about the unqualified audit opinion received from the Auditor-General South Africa (AGSA) which demonstrates that the entity is on course to achieve a clean audit opinion in the coming years.

Let me conclude by expressing my heartfelt appreciation to the Honourable Minister for continuously providing political direction to the AA, which made it possible for the entity to achieve the majority of its set performance targets. This will ensure that in the medium to long term we achieve the intended outcomes and impact that is envisaged in the strategic plan. Appreciation also goes to the DHET as the shareholding department for continuing to provide technical support and guidance to the SETAs, other government departments and public entities, fellow SETAs, Post-School Education and Training institutions (PSET), Higher Education Institutions (HEIs), CATHSSETA constituent members, skills development providers, and others for their contribution towards the entity's fulfilment of its legislative mandate.

I wish to thank CATHSSETA's Committees for ensuring that effective oversight is provided to the entity, and the CEO, together with the Management and Staff for displaying dedication and commitment during the difficult times.



Mr. David Themba Ndhlovu
Accounting Authority Chairperson

Date: 31 August 2021

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



As part of strengthening its capacity to understand the needs of the sector and provide skills development interventions that are responsive to the sector, various research studies were conducted, and reports produced. The recommendations contained in these reports will inform future planning on the type of skills required as well as the methods of delivery.



Mr. Marks Thibela
Chief Executive Officer

The 2020/21 financial year was unique but difficult ever since South Africa was ushered into the democratic dispensation and for the first time, experienced a national lockdown where economic activities almost came to a standstill for a period of two (2) years due to the outbreak of a Coronavirus, commonly known as COVID-19, that was declared as a health pandemic by the World Health Organization (WHO) on 11 March 2020. This unfamiliar experience of national lockdown did not only occur in South Africa but also affected many countries, both developed and developing alike. This negatively impacted most of the sub-sectors under CATHSSETA, such as Tourism and Travel Services; Hospitality; Arts, Culture and Heritage, as well as Sport, Recreation and Fitness. This implied that the longer the national lockdown continued to be in force, the more jobs had to be shed in some of the industries that mainly operated based on people moving from one place to another, either by road, rail or air travel. For instance, the ban on international travel meant that international guests could not visit the country and the tourism industry experienced a loss of revenue in that regard. In these instances, the companies had to apply for the grant funding that was being offered by the government, mainly to assist with the payment of staff salaries.

The entity had to find an innovative way of doing business and engaged with various stakeholders to introduce the new way of work. Even internally, the back office had to be equipped with information and communication technology devices that would make it possible for staff members to work virtually. As a result, the Enterprise Resource Plan (ERP) system was implemented in the second quarter of the financial year to enable staff to work remotely and to enable stakeholders to submit applications for Discretionary and Mandatory Grant applications. All but the supply chain management module went live at the end of September 2020.

Notwithstanding the challenges experienced during the reporting period regarding the adjustment to the new normal, the entity managed to achieve 24 out of 33 set targets, which represents 73%. Key achievements were recorded in the areas of career guidance where the entity interacted with members of the public to educate them about the services that are offered, especially the skills development opportunities that exist. The artisan development programme saw 261 learners being enrolled and this was in support of one (1) of the targets contained in the National Development Plan (NDP), 2030. As part of eradicating inequality and

empowering the historically disadvantaged grouping such as the Non-Governmental Organisations (NGO), Community Based Organisations (CBO) and Non-Profit Organisations (NPO), training was provided on entrepreneurship and other generic management and administration. The SETA also supported over 43 projects that were implemented through the Technical and Vocational Education and Training (TVET) Colleges, Higher Educational Institutions (HEI) and other Post School Education and Training (PSET) institutions.

As part of strengthening its capacity to understand the needs of the sector and provide skills development interventions that are responsive to the sector, various research studies were conducted, and reports produced. The recommendations contained in these reports will inform future planning on the type of skills required as well as the methods of delivery.

During the year under review, the entity continued with the implementation of the organisational realignment process which was aimed at aligning its strategy, systems and organisational structure to the National Skills Development Plan; 2030 (NSDP). The outcome of this process was the reduced staff complement from 110 to 76 employees. Various operational policies were also reviewed and strengthened to ensure that the entity continued to fulfil its legislative mandates and also promote good governance. As at year-end, the entity was at the final stages of the implementation of the organisational realignment project, with only a few vacant and funded positions that still required to be filled. Fortunately, all the funded positions within the finance and supply chain management areas have been filled.

With regards to financial management issues, the

expenditure for the year ending 31 March 2021 sat at R189 214 million against the budget of R304 866 million, which represents 62%. The key reasons for underspending were, among others; the inability of levy-paying companies to submit applications for Mandatory Grant on time and the withdrawal by stakeholders who had signed the Memoranda of Agreement (MOA) to be funded for the implementation of various skills development interventions. These stakeholders withdrew as they could not continue to operate when the lockdown was eased and had to either retrench staff and close down or remain open but with skeleton staff. This also impacted negatively on the training spaces that these companies provided to the trainees.

On the audit related findings that were made by the Auditor General (AG) in the prior year, the entity is pleased to report that 87% of the action plan to address these findings have been completed and the remaining 13% are those that are still under investigation.

In conclusion, I wish to thank the Members of the AA for the effective oversight, leadership and direction that was provided to the entity and its management team.

Furthermore, appreciation also goes to the Department of Higher Education and Training for providing guidance as a shareholder, the entire SETA family, Post School Education and Training (PSET) institutions, as well as all stakeholders within the skills development fraternity. Best wishes also would go to CATHSSETA Management and Staff for the commitment and hard work that they demonstrated during the challenging time of COVID-19.



Mr. Marks Thibela
Chief Executive Officer

Date: 31 August 2021

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:

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.

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

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

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

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

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.

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

In our opinion, the Annual Report fairly reflects the operations, the governance information, the performance information, the human resources information and the financial affairs of the public entity for the financial year that ended on 31 March 2021.

Yours faithfully



Mr. David Themba Ndhlovu
Accounting Authority Chairperson

Date: 31 August 2021

6. STRATEGIC OVERVIEW

6.1. Vision

A leader in skills development within our diverse sector.

6.2. Mission

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

6.3. Values

CATHSSETA's institutional values are:

Table 1

VALUE	Living this value means that CATHSSETA will seek to:
Service excellence	<ul style="list-style-type: none"> Understand stakeholder needs, respond timeously, efficiently and effectively to stakeholder queries and requests. Display an image of professionalism and accountability. Drive quality and high performance.
Accessibility	<ul style="list-style-type: none"> Develop and promote skills development programmes to ensure equal access to opportunities by all. Develop skills development programmes aimed at improving opportunities for people in rural areas. Ensure that upon request, conversations, documentation and publications are translated to prominent languages relevant to a geographical area.
Fairness and transparency	<ul style="list-style-type: none"> Conduct operational business without fear or favour. All providers feel confident that their bids are given adequate consideration and evaluated professionally. Stakeholders are entitled to believe that nothing is hidden and there are no undeclared meanings and intentions. Everything is in the open for all to see, subject to ethical conduct and legal boundaries.
Accountability	<ul style="list-style-type: none"> Acceptance of responsibility and our obligation towards the public CATHSSETA services. Following the legal prescripts for reporting to the department, executive authority, parliament and the public. Providing honest, reliable and truthful reporting in respect of performance to plans and financial performance. Research-based Monitoring and Evaluation.
Respect	<ul style="list-style-type: none"> Every stakeholder experiences human relations from the employees. Their self-worth is not eroded or negatively impacted by our conduct or actions. Stakeholders experience humility from CATHSSETA staff in their relations.
Integrity	<ul style="list-style-type: none"> Value openness, honesty, consistency and fairness. Act in good faith in all our day-to-day activities. Conduct operations to fulfil public 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. Offer quality education and skills development opportunities and experiences to learners to ensure ultimate employability and reduce inequality in the sector.

7. LEGISLATIVE AND OTHER MANDATES

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

7.1. Constitutional Mandate

Section 29 of the Constitution of the Republic of South Africa (Act 108 of 1996) as amended, provides for all South Africans the basic right to education. It states that everyone has the right: -

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

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

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

7.2. Legislative Mandate

Table 2: Legislation guiding CATHSSETA's work

LEGISLATION or REGULATIONS	PURPOSE
Skills Development Act No. 97 of 1998 as amended (SDA)	<ul style="list-style-type: none"> • This is the founding Act which gives effect to the establishment and functioning of the SETAs. The Act establishes SETAs, defines their mandates and responsibilities, gives rise to the development of the SSP within which industry-supported learning programmes are implemented in order to upskill the workforce and improve labour productivity. The Act further compels the SETA to conclude a Service Level Agreement (SLA) that provides the basis on which the Shareholder will monitor the performance of the SETA.
Skills Development Levies Act No. 9 of 1999 as amended (SDL)	<ul style="list-style-type: none"> • The Act makes provision for the collection of skills development levies and distribution. The SDL 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 Funds (NSF), then directed to the SETAs. It further stipulates the portion that is transferred to 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.

LEGISLATION or REGULATIONS	PURPOSE
Public Finance Management Act No. 1 of 1999 as amended (PFMA)	<ul style="list-style-type: none"> To regulate financial management in the national government and provincial governments. To ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively, to provide for the responsibilities of persons entrusted with financial management in those governments and to provide for matters connected therewith.
Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended (BBB-EE)	<ul style="list-style-type: none"> It aims to accelerate the participation of black people in the economy by encouraging change in the following key areas of business: ownership, management and control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.
Basic Conditions of Employment Act No. 75 of 1997: Sectoral Determination No 5: Learnerships (BCEA)	<ul style="list-style-type: none"> The Act makes sectoral determination establishing binding conditions of employment and rates of allowances for learners in all sectors where SETAs operate.
Preferential Procurement Policy Framework Act No. 5 of 2002 as amended (PPPFA)	<ul style="list-style-type: none"> 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.
Employment Equity Act No. 55 of 1998 as amended (EEA)	<p>The purpose of this Act is to achieve equity in the workplace by:</p> <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
Labour Relations Act No. 66 of 1995 as amended (LRA)	<ul style="list-style-type: none"> 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.
The SETA Grant Regulations, (Notice No. 35940 of 2012) (SGR)	<ul style="list-style-type: none"> Grant Regulations are drawn from the SDA. The Grant Regulations regulate the use of monies received by the SETA and processes required for disbursement of such monies. In the disbursement of these monies, 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.
National Qualifications Framework Act No. 67 of 2008 (NQFA)	<p>The Act provides for the establishment of the National Qualifications Framework (NQF). Its objectives are:</p> <ul style="list-style-type: none"> (i) to create a single integrated national framework for learner achievement, facilitate access, mobility and progression within educational, 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.
Promotion of Access to Information Act No. 2 of 2000 as amended (PAIA)	<ul style="list-style-type: none"> This Act gives effect to the constitutional right of access to any information held by the State. 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.

LEGISLATION or REGULATIONS	PURPOSE
Protection of Personal Information Act No. 4 of 2013 (POPIA)	<p>The purpose of this Act is:</p> <ul style="list-style-type: none"> (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 <ul style="list-style-type: none"> (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 the manner in which 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.
Occupational Health and Safety Act No. 85 of 1993 (OHS)	<p>The objective of the Act is:</p> <ul style="list-style-type: none"> • to provide for the health and safety of persons at work and the health and safety of persons in connection with the use of plant and machinery. • the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work. • to establish an advisory council for occupational health and safety; and • to provide for matters connected therewith.

7.3 Policy Mandates

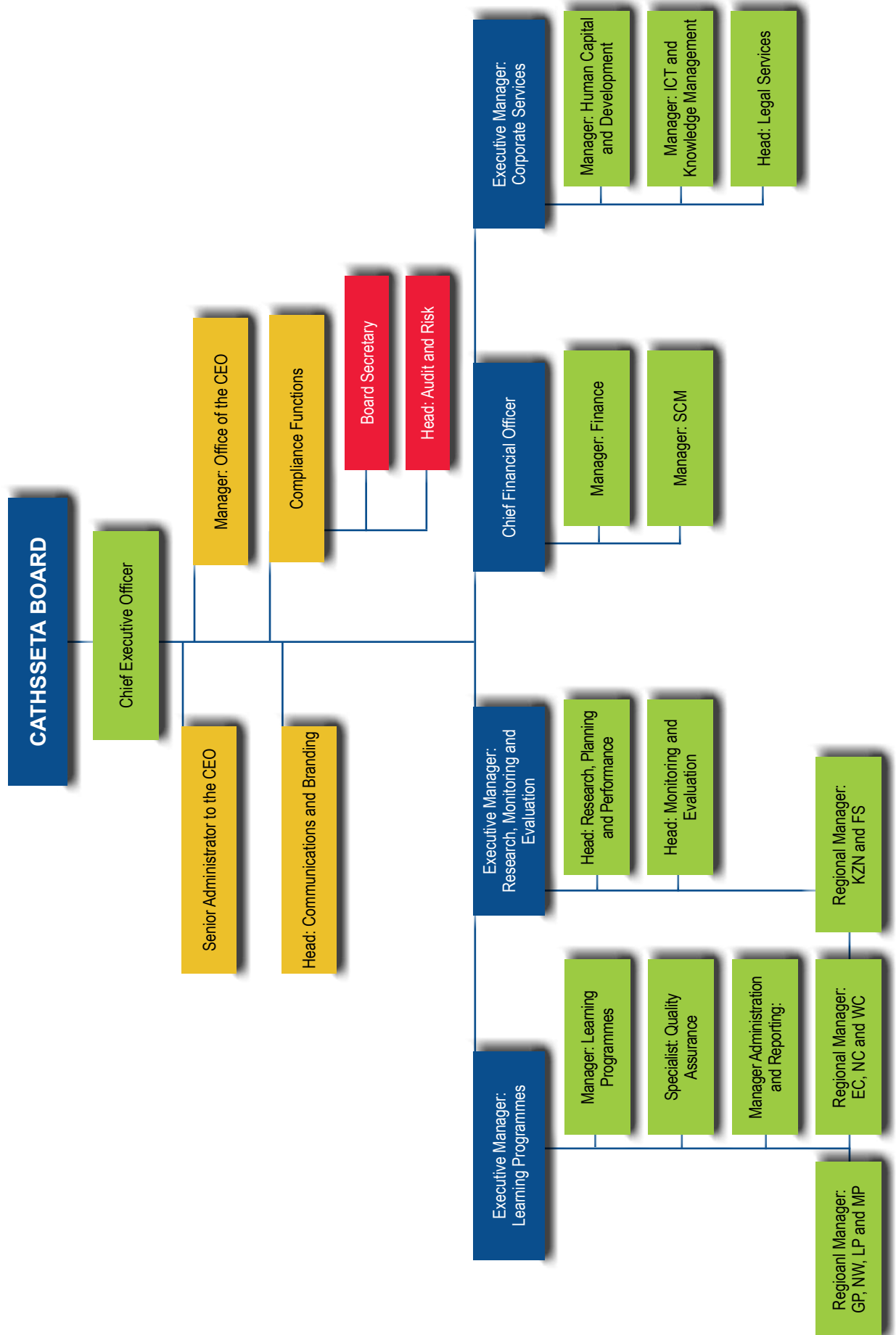
The above legislation is supported by the following policy directives:

Table 3: Policy directives:

POLICY	PURPOSE
National Development Plan (NDP), 2030	<ul style="list-style-type: none"> • The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the State, and promoting leadership and partnerships throughout society.
National Skills Development Plan (NSDP), 2030	<ul style="list-style-type: none"> • The NSDP aims to ensure that South Africa has adequate and high-quality skills that contribute towards economic growth, employment creation and social development. • The NSDP anticipates achieving a total of encapsulates eight (8) outcomes, namely: (1) Identify and increase production of occupations in demand; (2) Linking education and workplace; (3) Improving the level of skills in the South African workforce; (4) Increase access to occupationally directed programmes; (5) Support the growth of the public college system; (6) Skills development support for entrepreneurship and cooperative development; (7) Encourage and support worker initiated training; and (8) Support career development services.

POLICY	PURPOSE
White Paper on Post-School Education and Training (WPPSET), 2014	<ul style="list-style-type: none"> The White Paper provides a vision for a single, coherent, differentiated and highly articulated post-school education and training system that contributes to the country's fight against structural challenges facing our society by expanding access to education and training opportunities and increasing equity, as well as achieving high levels of excellence and innovation.
National Skills Accord (NSA) 2010	<ul style="list-style-type: none"> The National Skills Accord establishes a partnership between DHET, communities, organised business and labour aimed at promoting common skills development and training needs. The Accord has eight commitments. Commitments four, six and seven have a specific focus on skills planning and the operations of CATHSSETA.
National Human Resource Development (HRD) Strategy of South Africa, 2010-2030	<ul style="list-style-type: none"> The National HRD Strategy of South Africa (2010 to 2030) is social compact distilling the critical skill challenges for the socio-economic growth and development of the country. The document also sets out collective commitments for all sectors of society.
Medium-Term Strategic Framework (MTSF) 2019-2024	<ul style="list-style-type: none"> The MTSF 2019 – 2024 is the implementation plan and monitoring framework for achieving the NDP 2030 priorities for the sixth administration of government. It is the second 5-year implementation plan of the NDP. It sets out the actions the government will take and targets to be achieved. The MTSF 2019 – 2024 is structured around 7 priority outcomes adopted by government for this period.
South African Economic Reconstruction and Recovery Plan, 2020	<ul style="list-style-type: none"> The plan consists of high-impact interventions to kickstart the economy and to lay the foundation for a sustainable recovery against the impact of the COVID-19 pandemic. The plan rests on an infrastructure expansion drive, which will be partially financed by freeing up private savings currently tied up in pension funds. A key 'enabler' of the plan is to amend Regulation 28 of the Pension Funds Act to unlock this source of funding for long-term infrastructure projects and to facilitate direct access to pension funds by Development Finance Institutions.
New Growth Path Framework 2010	<ul style="list-style-type: none"> The New Growth Path Framework aims to create five million jobs by 2020 and bring the unemployment rate down to 15 percent. The New Growth Path has fixed six priority areas to job creation: infrastructure development, agriculture, mining, manufacturing, the "green" economy and tourism. This would partly be achieved through the improvement of training and identification of employment and entrepreneurial opportunities for the youth.

8. ORGANISATIONAL STRUCTURE



9. EXECUTIVE TEAM



Mr. Marks Thibela
Chief Executive Officer



Ms. Lebogang Nhlapo
Acting Chief Financial
Officer



Dr. Tebogo Umanah
Executive Manager:
Research, Monitoring and
Evaluation



Ms. Lebogang Mpye
Executive Manager:
Learning Programmes

PART B

PERFORMANCE INFORMATION



1. 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

CATHSSETA delivers its services to a diverse but very important constituency comprising of the following six (6) sub-sectors: Arts, Culture and Heritage; Conservation; Gaming and Lotteries; Hospitality; Sport, Recreation and Fitness as well as Tourism and Travel Services. The manner in which the services are delivered is through mechanisms that 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.

In the year under review, the entire world was hit by the COVID-19 Pandemic. As a result, governments across the world had to implement necessary measures to contain the spread of COVID-19, in order not to allow the capacity of the health sector to be overwhelmed by the rate of transmissions. After the President of the Republic of South Africa, His Excellency Mr Cyril Ramaphosa (the President) announced the state of disaster and a national lockdown on 23 March 2020, there was a focus on the establishment of field hospitals in order to contain the Pandemic. The national lockdown commenced on midnight of 26 March 2020. Consequently, the national lockdown had an adverse impact on all CATHSSETA sub-sectors mainly due to the restriction on movement globally.

As part of the COVID-19 Risk-Adjusted Strategy, the Government implemented different measures to curb the spread of the virus and re-open the economy. This included 5 levels of lockdown with level 5 being hard lockdown and level 1 reflecting almost all economic activity resuming with minimal restrictions. The 3 months of hard lockdown included the temporary closure of educational sites and a ban on travel and other non-essential services. Whilst these restrictions have helped contain the spread of the virus in the country, they have also weakened an already fragile South African economy.

The scope for COVID-19 induced business disruption in South Africa is vast. According to PricewaterhouseCoopers (2020), South Africa is currently in its longest downward business cycle since records started in 1945, with rising unemployment and declining real Gross Domestic Product (GDP) per capita. Much like other sectors of the economy, CATHSSETA sub-sectors have not been spared. Research conducted by the World Travel and Tourism Council (WTTC) revealed that the Tourism and Travel Services sector faces a staggering 100 million job losses globally due to the pandemic. In South Africa, the Tourism and Travel sub-sector generates 740 000 direct jobs and more than 1.5 million indirectly. This estimation is even more worrying when one reflects on the fact that the Tourism and Travel sub-sector is a leading job creator, and 95% of CATHSSETA Tourism and Travel entities are SMMEs). COVID-19 caused a slowdown on both domestic and international travel, changing tourist flows.

Apart from some catering services for essential workers and quarantine facilities, the Hospitality sub-sector was brought to a halt during the hard lockdown. The challenges created by COVID-19 impacted almost every part of the sub-sector, from accommodation occupancy levels to food and beverage provisioning. Many businesses in the sub-sector were able to scale down on their operational costs through reduced working hours and retrenching sections of their staff. The pandemic has the potential to have far-reaching and long-lasting effects on the industry, long past the lifting of travel restrictions and regional lockdowns.

In the Arts, Culture and Heritage sub-sector, South Africa's local film and television industry has been severely impacted by COVID-19 and several productions were halted, not to mention the scores of live events that were cancelled. In April 2020, it was projected that 65% of small businesses in the arts and music industries would go under, and the film and tourism sectors would retrench over 55% of their workforce. This crisis creates a structural threat to the survival of many firms and workers in cultural and creative production (OECD, 2020). There is no question that the resiliency of South Africa's conservation programmes is now being tested. As of April 2020, jobs and internship opportunities in Conservation have dropped by an estimated 50% globally and the ability of the tourism-based model to continue conserving South Africa's wildlife is now in question. The shutdown of travel between the United States and South Africa saw South African hunting operators collectively investing hundreds of thousands of dollars in cash and services to book American clients months ahead. Due to the pandemic, many clients that booked hunting in the country cancelled or postponed. This could prove damaging to wildlife conservation as industry experts estimate that American hunters comprise 45% of the foreign consumer market for South African hunts.

The business of sport, normally robust against most forces, has also been severely impacted by COVID-19. Various sporting games, tournaments, and even the Olympics were cancelled or postponed, disrupting teams, athletes, coaches, fitness trainers and sports entertainment. The three most popular sports in South Africa and the whole of Africa faced an unprecedented crisis, rugby, cricket and soccer suffered from plummeting revenues, while the whole sports sector in the country has been exposed to the threat of sponsorship money drying up. While further research still needs to be carried out on the specific figures and financial impact that the pandemic has had on the sub-sector, the suspension of broadcasting and attendance of live competitions for several months during lockdown has had a negative impact on the industry.

Gambling was one of the first industries to feel the immediate impact of the pandemic through the indefinite suspension or outright cancellation of sporting events including the much-anticipated Olympics. However, while the traditional gambling industry is facing unparalleled losses due to the COVID-19 pandemic, online gambling sites have reported a surge in activity since the national lockdown in March 2020. Horse racing and sports events were cancelled or postponed indefinitely since the COVID-19 outbreak, and totalisators, casinos, bingo halls and other gambling establishments closed until further notice. The global suspension or cancellation of most sporting events left punters without live games to bet on, aside from re-runs of filmed matches. The knock-on effect is that sports betting, which accounts for most of the industry's revenue, crashed to almost nil (I-Gaming Business, 2020)

2.2. Organisational Environment

The Minister of Higher Education, Science and Innovation appointed new members of the Accounting Authority (AA) of CATHSSETA on a five-year contract effective from 1 April 2020 to 31 March 2025. The AA was inducted and subsequently established various committees that assist it in the performance of oversight responsibilities over the day-to-day management of the SETA. These include the Executive Committee, Finance Committee; Remuneration Committee; Audit and Risk Committee (ARC) as well as the Governance and Strategy Committee. Each committee operates in accordance with the Charters that outline the functions and responsibilities of each member.

This has improved CATHSSETA stakeholder relations and the performance of providers. Critical to its success is the focus on the establishment of concrete partnerships, improving the performance of training providers, collaboration with employer organisations and commitment to deliver on prioritised learning programmes.

The organisation faced several challenges, which impacted service delivery, namely the Organisational Realignment (OR), Deployment of the ERP and management of the website.

The Organisational Realignment (OR) process was undertaken during the period under review and culminated in a reduced organisational structure. The OR happened amid the national lockdown and the process culminated in the revised CATHSSETA organisational structure. This meant reducing the

staff compliment from 110 to 76 and a consolidation of regional offices. CATHSSETA moved from six to three regional offices. The regions were consolidated as follows: (1) KwaZulu-Natal and Free State; (2) Western, Eastern, and Northern Cape; and (3) Gauteng, Limpopo; North West and Mpumalanga.

Regarding website management, the entity contracted a service provider to offer Information and Communication Technology (ICT) services until 31 July 2020. Thereafter a decision was taken to insource the ICT services, however, the provision of website services remained dysfunctional until December 2020 when the position of a Website Designer was filled. During this vacuum, the entity operated for few months without updated and/or uploading information onto the website.

The OR process had a negative impact on the processes of the organisation such that the organisation could not embark on an "Request for Quotations" (RFQ) process. Consequently, the entity could not procure critical goods and services because some prospective bidders were unwilling to respond to email requests to submit quotations without verifying on the website of the entity whether the request is valid or not. This was due to the increase in cyber-crime incidents where many people have been scammed through responding to email requests for quotations.

Moreover, under the leadership of the AA, the entity managed to fill critical vacancies; put systems and processes in place to ensure the achievement of set performance targets. The positions of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Executive Manager for Research; Monitoring and Evaluation (EM: RME) were left vacant after the OR process. The CEO and EM: RME were filled in December 2020 whereas the CFO position was filled from January 2021.

In the year under review, CATHSSETA continued with the process of implementing the Enterprise Resource Planning (ERP) system which aimed at automating the business processes. As at year-end, all modules were live and the staff transacted using the system, albeit with connectivity challenges. This was a mammoth task that required extensive project management from the staff and management already burdened by the impact of the Organisational Realignment. The project had significant challenges.

2.3. Key Policy Developments and Legislative changes

There were no changes to policy or legislation.

2.4. Progress Towards Achievement of Institutional Impacts and Outcomes

The development of CATHSSETA's Impact Statements and Outcomes were guided by its mandate as legislated, 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 Performance Monitoring and Evaluation (DPME) introduced the revised framework for the compilation of the Strategic Plans (SP) and Annual Performance Plans (APP) for national departments and public entities effective from the year under review. CATHSSETA complied with these requirements in the current version of its planning documents. The strategic outcomes in CATHSSETA SP were aligned to the National Skills Development Plan 2030 (NSDP) and sought to address the 2020/21 – 2024/25 SSP priorities. Both the National Skills Development Plan (NSDP) and the 2020/21 – 2024/25 SSP took into consideration the National Development Plan 2030 (NDP).

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 same are listed in the current SP.

Whilst the outcomes will be evaluated at mid-term through the APP, the impact statements will only be evaluated in the last year of implementation through an impact evaluation study of the 2020/21 - 2024/25

Strategic Plan.

On the following page are the impact statements which the SETA has performed against during the year under review:

2.4.1. Impact Statement 1: Ethical Governance and Resourced CATHSSETA Operations

The SETA identified two (2) outcomes that are linked to this impact, namely: (1) An effective administration maintained, which is supported by nine (9) performance targets; (2) Enhanced Corporate Governance, which is supported by three (3) performance targets. In the year under review, the actual performance against outcome one (1) is that seven (7) out of nine (9) performance targets were achieved, representing 78%. Whereas, under outcome (2), all three (3) performance targets were achieved, representing 100%.

2.4.2. Impact Statement 2: Agile Workforce for a Dynamic Workplace

This impact statement is supported by three (3) outcomes that are outlined below:

- (a) Outcome 1: Identified and increased production of occupations in demand. This outcome is linked to three (3) performance targets. In the year under review, two (2) out of the three (3) output indicators were achieved, representing 67%;
- (b) Outcome 2: Improved levels of skills in the South African workforce. This outcome is linked to three (3) performance targets. In the year under review, two (2) out of three (3) performance targets were achieved, representing 67%; and
- (c) Outcome 3: Access to occupationally directed programmes improved. This outcome is linked to two (2) performance targets. In the year under review, all the performance targets have not been achieved, representing 0%.

2.4.3. Impact Statement 3: Responsive Post School Education and Training

This impact statement is supported by three (3) outcomes that are outlined below:

- (a) Outcome 1: Education linked to the workplace. It is linked to two (2) output indicators. In the year under review, one (1) out of two (2) performance targets were achieved, representing 50%;
- (b) Outcome (2) Improved sector capacity to deliver on skills development interventions. This outcome is linked to three (3) performance targets. In the year under review, two (2) out of three (3) performance targets were achieved, representing 67%;
- (c) Outcome (3) Growth of the public college system supported. This outcome is linked to one (1) performance target. In the year under review, the target was achieved, representing 100%.

2.4.4. Impact Statement 4: Transformed and Productive Sector

This impact statement has two outcomes linked in the SP:

- (a) Outcome (1) Entrepreneurship and corporate development supported through skills development linked to five (5) output indicators in the APP. In the year under review, four (4) output indicators were achieved, and one (1) not achieved, indicating 80% achievement.
- (b) Outcome (2) Improved career development services linked to two (2) output indicators in the APP. In the year under review, both output indicators were achieved, indicating a 100% achievement.



3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The SETA was directed to revise its Annual Performance Plan and submit an adjusted version due to the COVID-19 pandemic. The budget was also reviewed to reprioritise spending in line with the directive to offer levy paying companies a four-month payment holiday from paying the SDL. Thus, the institutional programme performance information will be reported against the originally tabled APP as well as the re-tabled APP. Sec 3.1, therefore provides information on the organisation's performance against the originally tabled APP. This is only for targets that have been revised, and not inclusive of the targets that were not affected by the re-tabling of the APP.

3.1. Programme Performance Information for the Originally Tabled APP Targets

3.1.1. Programme 1: Administration (Originally tabled APP)

3.1.1.1. Purpose of the programme

The purpose of this programme is to provide governance oversight, strategic management, sound financial and supply chain management capacity as well as corporate and administrative support. It comprises sub-programmes: Corporate Services, Finance, Governance, Legal and Compliance, as well as Communications.

3.1.1.2. Outcome, Output Indicators, Targets and Actual Achievements

Table 4: Sub-programme 1.1 Corporate Services

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21 until the date of re-tableing	Deviation from planned target to actual achievement	Reason for deviation	Reasons for revisions to the Outputs/output indicators/annual targets
1.1.1	An effective administration maintained	1.1.1.1	Percentage of employees that received training as per approved training plan	83%	80%	0	-80%	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.

Table 5: Sub-programme: 1.3 Governance

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21 until the date of re-tableing	Deviation from planned target to actual achievement	Reason for deviation	Reasons for revisions to the Outputs/output indicators/annual targets
1.3.1	Enhanced corporate governance	1.3.1.3	Number of implementation reports on audit action items	New target	4	0	-4	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.

Table 6: Sub-programme 1.5: Communications

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21 until the date of re-tabling	Deviation from planned target to actual achievement	Reason for deviation	Reasons for revisions to the Outputs/output indicators/annual targets
1.5.1	An effective administration maintained	1.5.1.1	Number of CATHSSETA stakeholder engagements implemented	6	6	0	-6	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer
	Improved career development services	1.5.1.3	Number of sector career guidance interventions	20	20	0	-20	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer

*Programme 1: Administration had eleven (11) performance targets before the re-tabling of the APP. Upon the re-tabling of the APP, all eleven (11) performance targets remained in the APP, with seven (7) performance targets remaining unchanged and four (4) performance targets amended.

3.1.2. Programme 3: Learning Programmes and Projects (Originally tabled APP)

3.1.2.1. Purpose of the Programme

The purpose of the programme is to establish partnerships and facilitate the delivery of skills development, and also to provide support services for the sector. This programme comprises Occupationally directed programmes, special projects, and career guidance.

3.1.2.2. Outcome, Output Indicators, Targets and Actual Achievements

Table 7: Sub-programme 3.1: Occupationally Directed Programmes

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21 until the date of re-tabling	Deviation from planned target to actual achievement	Reason for deviation	Reasons for revisions to the Outputs/output indicators/annual targets
3.1.1	Education linked to workplace	3.1.1.1	Number of unemployed learners entering learning programmes	3233	2430	0	-2430	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.
		3.1.1.2	Number of unemployed learners completing learning programmes	2804	1260	106	-1154	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21 until the date of re-tabling	Deviation from planned target to actual achievement	Reason for deviation	Reasons for revisions to the Outputs/output indicators/annual targets
	Improved levels of skills in the South African workforce	3.1.1.3	Number of employed learners entering learning programmes	850	865	0	-865	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.
		3.1.1.4	Number of employed learners completing learning programmes	569	519	0	-519	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.
	Access to occupationally directed programmes improved	3.1.1.5	Number of learners on Artisan development programmes	263	270	0	-270	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.
		3.1.1.6	Number of employed Learners on RPL	-	22	0	-22	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.

Table 8: Sub-programme 3.2: Special Projects

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21 until the date of re-tabling	Deviation from planned target to actual achievement	Reason for deviation	Reasons for revisions to the Outputs/output indicators/annual targets
3.2.1	Entrepreneurship and cooperative development supported through skills development	3.2.1.1	Number of Small Enterprises (SEs) supported through training interventions	185	180	0	-180	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.
		3.2.1.5	Number of NGOs/NPOs/CBOs supported through skills training	4	8	0	-8	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.

*Programme 3: Learning Programmes and Projects had fourteen (14) performance targets before the re-tabling of the APP. Upon the re-tabling of the APP, all fourteen (14) performance targets remained in the APP with six (6) output indicators remaining unchanged and eight (8) performance targets amended.

3.1.3. Programme 4: Quality Assurance (Originally tabled APP)

3.1.3.1. Purpose of the Programme

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

3.1.3.2. Outcome, Output Indicators, Targets and Actual Achievements

Table 9: Sub-programme 4.1: Provider Accreditation

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21 until the date of re-tabling	Deviation from planned target to actual achievement	Reason for deviation	Reasons for revisions to the Outputs/output indicators/annual targets
4.1.1	Growth of the public college system	4.1.1.1	Number of TVET Lectures exposed to the industry through Skills Programmes	-	105	0	-105	The original APP was revised and re-tabled in the second quarter. This achievement recorded is only for the first quarter that ended on 30 June 2020 and cannot be reported for the whole year.	Decline in revenue collection by the entity due to COVID-19 pandemic as some levy payers had closed and could not operate any longer.

3.2. Programme Performance Information for the Re-tabled APP

This section reports the institutional programme performance information against the re-tabled APP.

3.2.1. Programme 1: Administration

3.2.1.1. Purpose of the Programme

The purpose of this programme is to provide governance oversight, strategic management, sound financial and supply chain management capacity as well as corporate and administrative support. It comprises sub-programmes: Corporate Services, Finance, Governance, Legal and Compliance, as well as Communications.

3.2.1.2. Outcome, Output Indicators, Targets and Actual Achievements

Table 10: Sub-programme 1.1 Corporate Services

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation from planned target to actual achievement	Reason for deviation
1.1.1	An effective administration maintained	1.1.1.1	Percentage of employees that received training as per approved training plan	83%	50%	146%	96%	This is an over-achievement. COVID-19 related restrictions were eased, which enabled for more work and training activities to take place.
		1.1.1.2	Percentage of IT system availability	58%	90%	79%	-11%	ERP System was not fully functional therefore affected some of the target achievement.



Table 11: Sub-programme: 1.2 Finance

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
1.2.1	An effective administration maintained	1.2.1.1	Percentage of implementation of the SCM Transformation Charter	New target	50%	56%	6%	This is an over-achievement. There were more awards given to women and youth owned companies than planned.
		1.2.1.2	Percentage of compliance to control measures for expenditure monitoring	New target	100%	98%	-2%	Under lockdown, processes changed from a paper-based system to having to share documents electronically due to remote working. This was a learning curve that staff had to undergo, which resulted in delays in the processing of payments.



FINANCE

Table 12: Sub-programme: 1.3 Governance

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
1.3.1	Enhanced corporate governance	1.3.1.1	Percentage of adherence to governance charter	100%	100%	100%	-	None
		1.3.1.2	Number of risk register monitoring reports	4	4	4	-	None
		1.3.1.3	Number of implementation reports on audit action items	New target	2	2	-	None



Table 13: Sub-programme 1.4: Legal and Compliance

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
1.4.1	An effective administration maintained	1.4.1.1	Percentage of contracts compliant	100%	100%	100%	-	None

Table 14: Sub-programme 1.5: Communications

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
1.5.1	An effective administration maintained	1.5.1.1	Number of CATHSSETA stakeholder engagements implemented	6	3	3	-	None
		1.5.1.2	Number of sector career guidance booklets produced	New target	6	6	-	None
	Improved career development services	1.5.1.3	Number of sector career guidance interventions	20	6	6	-	None

*Programme 1: Administration has nine (9) performance targets. A total of eight (8) performance targets were achieved, representing an 82% achievement.

3.2.2. Programme 2: Skills Planning

3.2.2.1. Purpose of the Programme

The purpose of this programme is to ensure that research is conducted to inform planning to provide information services that facilitate decision-making, leading to the achievement of CATHSSETA predetermined strategic objectives.

3.2.2.2. Outcome, Output Indicators, Targets and Actual Achievements

Table 15: Sub-programme 2.1: Research and Sector Skills Plan

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
2.1.1	Identified and increased production of occupations in demand	2.1.1.1	Percentage of research agenda outputs achieved	67%	100%	100%	-	None
		2.1.1.2	Researched SSP approved by the AA	1	1	1	-	None

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



RESEARCH, MONITORING AND EVALUATION

3.2.3. Programme 3: Learning Programmes and Projects

3.2.3.1. Purpose of the Programme

The purpose of the programme is to establish partnerships and facilitate the delivery of skills development, and to provide support services for the sector. This programme comprises occupationally directed programmes, special projects, and career guidance.

3.2.3.2. Outcome, Output Indicators, Targets and Actual Achievements

Table 16: Sub-programme 3.1: Occupationally Directed Programmes

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
3.1.1	Education linked to workplace	3.1.1.1	Number of unemployed learners entering learning programmes	3233	1115	1006	-109	Due to COVID-19, the Minister placed a moratorium on the signing of new project contracts. This affected the implementation of learning programmes whose contracts were not yet signed at the time the announcement was made.
		3.1.1.2	Number of unemployed learners completing learning programmes	2804	579	847	268	This is an over-achievement. Learners who enrolled in the last quarter of the financial year completed their programmes in the following year resulting in over-achievement in the subsequent year.
	Improved levels of skills in the South	3.1.1.3	Number of employed learners entering learning programmes	850	476	496	20	This is an over-achievement. Some stakeholders were able to train more learners than previously planned with the same number of resources.

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
3.1.2	African workforce	3.1.1.4	Number of employed learners completing learning programmes	569	286	161	-125	Due to the COVID-19 effects, most of the learning programmes were suspended from April 2020. CATHSSETA subsectors being most affected by the lockdown, the completion dates for these programmes had to be extended to the next financial year.
	Access to occupationally directed programmes improved	3.1.1.5	Number of learners on Artisan development programmes	263	261	247	-14	Due to the effects of COVID-19, some employers withdrew from the DG allocation at the last minute and others reported less learners than previously planned.
		3.1.1.6	Number of employed learners on RPL	-	60	50	-10	Learners did not complete the programme due to lockdown restrictions and the programme was extended.
3.1.2	Growth of the public college system supported	3.1.2.1	Number partnership projects implemented with TVET Colleges, universities and sector employers	31	34	42	8	This is an over-achievement. More Universities, TVET Colleges and employers in the sub-sectors displayed an increased appetite to partner with CATHSSETA in the delivery of PIVOTAL programmes.

Table 17: Sub-programme 3.2: Special Projects

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
3.2.1	Entrepreneurship and cooperative development supported through skills development	3.2.1.1	Number of Small Enterprises (SEs) supported through training interventions	185	90	51	-39	Due to COVID-19, the Minister placed a moratorium on the signing of new project contracts. This affected the implementation of non-PIVOTAL projects whose contracts had not been signed at the time the announcement was made.
		3.2.1.2	Number of Co-operatives supported through training interventions	4	4	4	-	None
		3.2.1.3	Number of people to be trained on entrepreneurial skills	-	10	10	-	None
		3.2.1.4	Number of people trained on entrepreneurship and supported to start their businesses (e.g., new venture creations)	-	10	10	-	None
	Improved levels of skills in the South African workforce	3.2.1.5	Number of NGOs/NPOs/CBOs supported through skills training	4	4	5	1	This is an over-achievement. During this financial year, NGOs and NPOs operating within CATHSSETA sub-sectors displayed an increased appetite to partner with CATHSSETA in the delivery of PIVOTAL programmes.
		3.2.1.6	Number of worker-initiated training (federations/trade unions) interventions supported through capacity building	4	4	6	2	This is an over-achievement. More trade unions responded to the call for special funding for trade unions.

Table 18: Sub-programme 3.3: Mandatory Grant

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
3.3.1	Identified and increased production of occupations in demand	3.3.1.1	Number of Mandatory Grant approved	1136	1050	760	-290	Due to the COVID-19 pandemic, the Minister through directives extended the Mandatory Grant (MG) application submission date which, as a consequence negatively impacted the MG administration timelines.

**Programme 3: Learning Programmes and Special Projects have a total number of fourteen (14) performance targets. A total of eight (8) performance targets were achieved, indicating a 57% achievement. Over and above the achievements listed in table number nine (9), the Learning Programmes have reported ninety-eight (98) learners who have completed bursary programmes in the year under review.*

3.2.4. Programme 4: Quality Assurance

3.2.4.1. Purpose of the Programme

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

3.2.4.2. Outcome, Output Indicators, Targets and Actual Achievements

Table 19: Sub-programme 4.1: Quality Assurance

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
4.1.1	Improved sector capacity to deliver on skills development interventions	4.1.1.1	Percentage of learner completion achievement reports or certificates issued	100%	100%	100%	-	None
		4.1.1.2	Number of reports on registered ETD practitioners and learning programmes evaluated	8	8	8	-	None

Table 20: Sub-programme 4.2: Qualification Development

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
4.2.1	Improved sector capacity to deliver on skills development interventions	4.2.1.1	Number of occupational part or full qualifications reviewed or developed	19	10	0	-10	Due to COVID-19, the Minister placed a moratorium on the signing of new project contracts. This affected the implementation of non-PIVOTAL projects whose contracts had not been signed at the time the announcement was made.

Table 21: Sub-programme 4.3: Monitoring and Evaluation

No.	Outcome	No.	Output indicators	Audited Actual Performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation	Comment on deviation
4.3.1	An effective administration maintained	4.3.1.1	Number of monitoring reports produced	8	8	8	0	None
		4.3.1.2	Number of evaluation reports to measure the level of reaction, learning, and results of learners	New target	2	2	0	None
		4.3.1.3	Number of impact assessments conducted	New target	1	1	0	None

*Programme 4: Quality Assurance has a total number of six (6) performance targets. A total of five (5) performance targets were achieved, representing a 83% achievement.



3.3. Strategies to Overcome Areas of Underperformance

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

- Improved planning, monitoring and evaluation of programmes;
- 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;
- Timely identification of PIVOTAL projects to ensure that implementation commences at the start of the financial year;
- Ensure that problems related to the ERP system are resolved to enable effective online transacting; and
- Strengthening stakeholder engagement.

3.4. Reporting on the Institutional Response to the COVID-19 Pandemic

On 15 October 2020, the President announced the South African Economic Reconstruction and Recovery Plan (ERRP) which is aimed at helping the country's economy recover from the adverse impact brought about by COVID-19 and the national lockdown that was implemented to curb its spread. The Plan consists of three phases: Engage and Preserve - which includes a comprehensive health response to save lives and curb the spread of the virus; Recovery and Reform - which includes interventions to restore the economy; and lastly, Reconstruct and Transform - which entails building a sustainable, resilient, and inclusive economy.

The Plan recognises skills development as an enabler of economic recovery for the country. Skills development is viewed as critical not only in driving the country's economic reconstruction and recovery but also in sustaining it. The Plan highlights the role of the SETAs amongst other role-players in the production of skilled artisans to drive the delivery and maintenance of the country's infrastructure.

The Plan sets aside priority interventions that will assist in its successful implementation. The interventions which CATHSSETA has contributed toward during the year under review include, gender equality and economic inclusion of women and youth, support for the recovery and growth of the tourism, cultural and creative industries, green economy interventions and macro-economic policy interventions.

The specific interventions that CATHSSETA responded to in the year under review are as follows:

Priority intervention 3.4: Gender equality and economic inclusion of women and youth

The interventions which form part of the Plan are geared towards promoting greater participation by black people, women, youth, and persons with disability at all economic levels. CATHSSETA, through the implementation of its transformation targets through its Discretionary Grant funding, allocates 60% to the youth, 1% to persons living with disabilities, and 65% to female beneficiaries.

Priority intervention 3.5: Support for the recovery and growth of the tourism, cultural and creative industries

As indicated in the previous sections the tourism, cultural and creative industries were among the hardest hit by COVID-19. The Plan makes efforts aimed at ensuring that these sectors' recovery and growth form part of the overall reconstruction and recovery effort. The Plan places emphasis on SMME funding within the tourism sector directed in a manner that deepens the spatial tourism subsector product offerings in villages and small towns. CATHSSETA has during the year under review, implemented various skills development programmes in support of SMMEs.

The Plan further aims to support the revival and sustained growth of the cultural and creative industries, with interventions made to strengthen the development of online platforms for the distribution of creative products and where they exist these will be strengthened. CATHSSETA as part of its SSP for the year under review has prioritised digital skills as part of its transformation imperatives for the betterment of the sector. As part of the research agenda in the next financial year, CATHSSETA plans to carry out a feasibility study for the implementation of e-learning in the sector.

Priority intervention 3.6 Green Economy interventions

The Plan indicates that support for SMMEs and cooperatives should be prioritised to enable them to take advantage of opportunities in the Green Economy. The SETA has identified a need to invest in green qualifications and occupations, the sector must prioritise the occupations in the high-demand list published by DHET.

Priority intervention 3.9 Macro-Economic Policy interventions

As part of the COVID-19 tax relief measures, a four (4) month payment holiday, exempting sector entities from paying the SDL was implemented from the 01 May 2020. This resulted in a reduction of the SETA revenue and income base for the 2020/21 financial year. Therefore, this led to the reduction of targets in the APP 2020/21 due to the revised budget as per the DHET's skills development Circular No. 08/2020 and the Public Entities Circular No.2 of 2020, respectively.

Table 22: Progress on Institutional Response to the COVID-19 Pandemic

Programme/ Sub-programme	Intervention	Geographic Location (Province/District/ Local/Municipality) (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total Budget Allocation Per Intervention (R'000)	Budget Spent Per Intervention (R'000)	Contribution to the Outputs in the App (Where Applicable)	Immediate Outcomes
Occupationally directed programmes	Number of unemployed learners entering learning programmes	Implementation across all nine provinces	<ul style="list-style-type: none"> The target for Women: 20% The target for Youth: 10% The target for People with Disabilities: 1% 	The budget allocated for each category of beneficiary R55 911	R7 207	Learning programme opportunities for the unemployed	Learning Programme
	Number of employed learners entering learning programmes	Implementation across all nine provinces	N/A	R11 527	R1 998	Employees trained and supported through skills development interventions	Learning Programme
	Number of learners on Artisan development programmes	Implementation across all nine provinces	<ul style="list-style-type: none"> The target for Women: 65% The target for Youth: 60% The target for People with Disabilities: 1% 	R17 226	R2 629	Artisans produced	Learning Programme
Special Projects	Number of Small Enterprises (SEs) supported through training interventions	Implementation across all nine provinces	<ul style="list-style-type: none"> The target for Women: 20% The target for Youth: 10% The target for People with Disabilities: 1% 	R 714	0	Local small enterprises and cooperatives supported	Learning Programme

4. LINKING PERFORMANCE WITH BUDGET

Table 23: Linking performance with budget

Programme/activity/objective	2020/21			2019/20		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration	55 144	44 501	10 643	69 580	65 975	2 277
Sub-programme 1.1: Finance	17 137	12 928	4 209	21 623	21 009	614
Sub-programme 1.2: Human Resources	12 583	15 297	(2 714)	15 877	15 669	208
Sub-programme 1.3: Communications and Stakeholder Management	2 514	2 012	502	3 172	2 718	454
Sub-programme 1.4: Information Technology	15 239	8 070	7 169	19 228	15 465	3 763
Sub-programmes 1.5 Legal and Labour Services	4 704	3 042	1 662	5 936	5 884	52
Sub-programme 1.6 Corporate Services	2 967	3 153	(186)	3 744	5 230	(1 486)
Programme 2: Governance	11 605	15 496	(3 891)	11 052	13 527	(2 475)
Sub-programme 2.1: Board Structures (Chief Executive Officer)	11 605	15 496	(3 891)	11 052	13 527	(2 475)
Programme 3: Planning	9 674	5 248	4 426	9 214	6 335	2 879
Sub-programme 3.1: Research and Sector Skills Plan	7 784	131	7 653	7 414	6 335	1 079
Sub-programme 3.2: Organisational Performance Management	1 890	5 117	(3 227)	1 800	-	1 800
Programme 4: Skills Development	228 443	123 970	104 473	526 117	281 243	245 726
Sub-Programme 4.1: Training Provision: Accreditation and Quality Assurance	6 478	3 022	3 456	7 277	5 398	1 879
Sub-Programme 4.2: Learning Interventions	161 667	64 081	97 586	446 376	199 071	247 305
Sub-Programme 4.3 Grant Administration	43 011	36 403	6 608	56 000	56 852	(852)
Sub-Programme 4.4: Partnership Projects and Regional Operations	17 287	20 464	(3 177)	16 464	19 922	(3 458)
Sub-Programme 4.4: Partnership Projects and Regional Operations	17 287	8 499	8 788	16 464	19 922	(3 458)
GRAND TOTAL	304 866	189 215	115 651	615 963	367 080	248 407

Table 24: Revenue Collection

R'000	2020/21			2019/20		
	Estimate	Actual Amount Collected	(Over)/Under Collecting	Estimate	Actual Amount Collected	(Over)/Under Collection
Interest Received	19 509	16 788	(3 045)	23 000	24 405	1 405
Other Income	-	223	223	-	3 424	3 424
Mandatory Grant	52 599	55 923	3 324	93 407	100 481	7 074
Discretionary Grant	130 182	132 542	2 360	232 851	247 314	14 463
Administration	27 614	28 467	853	50 905	52 531	1 626
Voluntary Levies	-	5 428	5 428	5 000	5 254	254
SDL Penalties & Interest	-	11 236	11 236	8 000	8 776	776
GRAND TOTAL	304 866	250 607	126 296	615 963	442 357	248 882

5. CAPITAL INVESTMENT

5.1. Capital Investment, Maintenance and Asset Management Plan

Table 25: Capital investment and asset management plan.

Assets	2020/21			2019/20		
	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	500	601	(101)	600	856	(256)
Furniture	-	-	-	120	116	4
Total	500	601	(101)	720	972	(252)

There were no infrastructure projects for 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 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 Accounting Authority 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 management of all resources. The CEO is obliged to report to the AA on a quarterly basis and monthly to Exco regarding the implementation of the decisions taken by the AA.

2. PORTFOLIO COMMITTEE

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 Technology remain the main Committee, however, given the diverse sector, the SETA is sometimes called to report to other portfolio committees such as Tourism as well as Arts, Sports and Culture. In addition, the SETA like any other public institution may also be summoned to appear before the Standing Committee on Public Accounts.

3. EXECUTIVE AUTHORITY

The Executive Authority (EA) of 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 the remuneration. The SETA had 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 Service Level Agreement.

4. THE ACCOUNTING AUTHORITY/BOARD

The Minister appointed thirteen (13) members of the Board on 01 April 2020. Two (2) of the members were retained from the previous Board as provided for in the Constitution of the SETA.

4.1. The Role of the Board

The Board of CATHSSETA is appointed by the Minister in terms of the SDA and designated as the Accounting Authority in terms of section 49 of the PFMA. The Board has the following responsibilities:

- govern and manage CATHSSETA in accordance with the PFMA, the Act and any other applicable legislation;
- ensure that CATHSSETA achieves the objectives contemplated in section 5 and performs the functions contemplated in section 6 of the Constitution;
- provide effective leadership to and ensure that CATHSSETA implements the goals of the

NSDS and the Performance Agreement with the Minister;

- provide a strategic direction for CATHSSETA;
- liaise with stakeholders;
- ensure that CATHSSETA complies with the relevant statutory requirements of this Constitution;
- exercise the duty of utmost care to ensure reasonable protection of the assets and records of CATHSSETA;
- act with fidelity, honesty, integrity and in the best interests of CATHSSETA in managing its financial affairs;
- on request, disclose to the Minister all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister;
- manage institutional risk;
- monitor the performance of CATHSSETA; 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 Constitution that was updated and approved on 24 May 2019.



5. COMPOSITION OF THE BOARD

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

Table 26: 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)	No of the meetings attended
1. Mr David Thamba Ndhlovu	Non-Executive Director and Board Chairperson	Independent	01 April 2020	N/A	Master 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	12
2. 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	N/A	Executive Committee, Governance and Strategy Committee	13
3. 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	N/A	Executive Committee, Finance Committee	12
4. 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	South African Responsible Gambling Foundation (SARGF)	Executive Committee	10
5. Ms Edith Margaret Tukakomo	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Master of Town and Regional Planning, Masters of Environment Development (course work), Bachelor of Social Science, and several Diplomas and certificates	Corporate Governance, Policy Framework, and Financials	Board directorship - uTshani Fund from 2005	Executive Committee, Finance Committee	12

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)	No of the meetings attended
6. Ms Karen Ann Borain	Non-Executive Director and ordinary member	Organised Employer	01 April 2020	N/A	Diploma -Human Resource Management, Certificate in Hotel and Industrial Catering, GIBS Manager of Business Unit, Professional Certified Coach	Skills development including Management of compliance with legislation 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	Deputy Chairperson/ Director: School of Tourism and Hospitality, University of Johannesburg	Governance Strategy, Audit and Risk Committee	13
7. Ms Shanita Sumayya Khan	Non-Executive Director and ordinary member	Organised Employer	26 March 2018 (Re-appointed)	N/A	Higher Diploma Education, Executive Development Programme	Governance strategy, Financial Management, PFMA Performance Information Management and M&E Project and event management Audit and Risk, Dispute Resolution	Department of Sport, Arts and Culture (DSAC)	Governance and Strategy Committee	9
8. Mr Khumbuzo 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 and Management of Immoveable Cultural Heritage	Arts Culture and Heritage Management, Museum Development and Management, Heritage Tourism, Heritage Conservation and Management	Chairperson: Provincial Heritage Resources Authority of Gauteng (PHRAG)	Remuneration Committee Finance Committee	13

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)	No of the meetings attended
9. Mr Thulaganyo Gaoshubelwe	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Bachelor of Commerce (Majors – Economics & Management) Sports Law Global Masters in Sports Management and Legal	Astute Negotiator, Dispute Resolution Mechanism, Labour Relations and organiser	SAFTU, Pholo Bophelo CC, Masibambisane Foundation	Governance and Strategy Committee	13
10. Ms Ntombifuthi Maureen Nzuza	Non-Executive Director and ordinary member	Organised Labour	01 April 2020	N/A	Diploma Gender and Labour studies, Degree in Social Science (Industrial and Working life) Postgraduate in Industrial Relations labour laws	Labour laws	N/A	Audit and Risk Committee; Remuneration Committee	13
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	13
12. Ingonyama Madzikane II Diko	Non-Executive Director and ordinary member	Community Organisation	01 April 2020	20 February 2021 Deceased	Master of development communication, Certificate Management for Municipal Finance	Development, Supply Chain Management	N/A	Governance and Strategy Committee	8
13. Mr Thabiso Brighton Dube	Non-Executive Director and ordinary member	Organised Employer	26 March 2019 (Re-appointed)	06 January 2021	Master of development finance. B. Tech in Management. Global Executive Development Programme	Governance, Strategy, Financial Management	eThekweni Waster Material Recovery Industry Development Cluster	Finance Committee	8

6. COMMITTEES

The following committees have been established in accordance with the SETA Constitution by the Accounting Authority:

6.1. Executive Committee

The function of the Executive Committee is to:

- 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 in order to ensure that they act within the terms of any powers delegated to them by the Accounting Authority;
- oversee staff employment issues;
- determine budgets and business plans; and
- monitor relations and interactions of CATHSSETA with other SETAs as well as other agencies on matters related to skills development

Table 27: 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	19	17
Mr Moses Motha	Member	19	16
Ms Edith Margaret Tukakgomo	Member	19	19
Mr Kenilworth Itumeleng Dichabe	Member	19	15
Mr Solomon Zawempi Mhlanga	Member	19	19

6.2. Governance and Strategy Committee

The Governance and Strategy 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 28: 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
1. Mr Thulaganyo Gaoshubelwe	Chairperson	04 May 2020	N/A	6	6
2. Ms Shanita Sumayya Khan	Member	04 May 2020	N/A	6	5
3. Mr Moses Motha	Member	04 May 2020	N/A	6	6
4. Ingonyama Madzikane II Diko*	Member	04 May 2020	21 February 2021	6	4
5. Ms Karen Ann Borain	Member	04 May 2020	N/A	6	4

* Ingonyama Madzikane II Diko ceased to be a member as he passed away on 21 February 2021

6.3. Remuneration Committee

The Remuneration Committee performs the following functions:

- provide advice on any matter relating to remuneration in order to enable the Accounting Authority to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its members and staff so as 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;
- develop guidelines and reviewing the compensation and performance of staff members of the organisation;
- reviewing and approving corporate goals that are relevant to the compensation of the CEO;
- determining the CEO's compensation in accordance with applicable rules and regulations;
- evaluating the CEO's performance against the goals and objectives;
- reviewing and reassessing the adequacy of the remuneration policy annually and recommending changes, if any, to the Accounting Authority for approval;
- ensuring that the Board and committee members' remuneration is in accordance with the requirements of the PFMA and the Treasury Relations that relate to finance and the remuneration of those members.

Table 29: Members of the Remuneration Committee

Name of member	Role in the Committee	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
1. Ms Lesiroha Matshediso Lesutu	Chairperson	04 May 2020	N/A	7	7
2. Mr Khumbuzo Vincent Maumela	Member	04 May 2020	N/A	7	7
3. Ms Ntombifuthi Maureen Nzuza	Member	04 May 2020	N/A	7	7
4. Ms Bonani Portia Masenya*	Member	29 May 2020	N/A	7	7
5. Dr Azwitamisi Shadrack Nthangeni*	Member	29 May 2020	N/A	7	7

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

6.4. Finance Committee

The Finance Committee 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 Accounting Authority 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 Audit Committee with quarterly and annual financial statements.

Table 30: Members of the Finance Committee

Name of member	Role in the Committee	Date appointed	Date resigned	Number of meetings held	Number of meetings attended
1. Mr. Thabiso Brighton Dube*	Chairperson	04 May 2020	06 January 2021	8	6
2. Mr Khumbudzo Vincent Maumela	Member	04 May 2020	N/A	8	8
3. Mr Solomon Zawempi Mhlanga	Member	04 May 2020	N/A	8	8
4. Ms Edith Margaret Tukakgomo **	Chairperson	26 November 2020	N/A	8	2

**Mr Dube resigned as Board Member and Chairperson on 06 January 2021*

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

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-
 - functioning and overall efficiency and effectiveness of the internal control system;
 - functioning of the Internal Audit and Risk Management Unit;
 - risk areas of the SETA, which are to be covered by the scope of internal and external audits;
 - adequacy, reliability and accuracy of the financial information provided to the AA;
 - scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors;

- cooperation and coordination between the internal and external audit functions, and their cooperation and coordination pertaining to the management of the SETA; and
- accounting or auditing concerns identified through internal and external audits and by the Auditor-General;
- adequacy and effectiveness of the risk management processes followed and the development, maintenance and enhancement of fraud prevention plans;
- 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
- SETA's compliance with relevant legal and regulatory requirements and its Code of Conduct and the action taken to address any violations.



Table 31: Members of the Audit and Risk Committee

Name of member	Role in the Committee	Qualification	Internal or external	If the internal, position in the public entity	Date appointed	Date resigned	Number of meetings Held	Number of Meetings Attended
1. Ms Noziphiwo Phumeza Lubanga	Independent Member and Chairperson	Postgraduate Diploma: General Management; Postgraduate Diploma: Auditing, EDP, BCom: Internal Auditing; National Diploma: Internal Auditing; PIA; QAR; Matric	External	N/A	30 October 2018	N/A	9	9
2. Mr Jack Gawana Shilubane*	Independent Member	BSc in Practical Project Management Certificate	External	N/A	30 June 2017	30/10/2020 (End of term of office)	9	5
3. Dr Antoinette Rinky Ngwenya*	Member	Doctorate in Business Administration	External Member and Chairperson	N/A	30 October 2018	30/10/2020 (End of term of office)	9	5
4. Ms Ntombifuthi Maureen Nzuza	Board Member	Diploma in Gender and Labour studies, Degree in Social Science (Industrial and Working life) Postgraduate in Industrial Relations labours laws	Board Member	N/A	04 May 2020	N/A	9	9
5. Ms Karen Ann Borain	Board Member	Diploma -Human Resource Management, Certificate in Hotel and Industrial Catering, GIBS Manager of Business Unit, Professional Certified Coach	Board Member	N/A	26 November 2020	N/A	9	1

Name of member	Role in the Committee	Qualification	Internal or external	If the internal, position in the public entity	Date appointed	Date resigned	Number of meetings Held	Number of Meetings Attended
6. Mr Thabiso Brighton Dube	Board Member	Master of Development Finance, B. Tech in Management, Global Executive Development Programme	Board Member	N/A	04 May 2020	06 January 2021	9	8
7. Ms Tshiamo Maluleka-Disemelo	Independent Member	MBA, Postgraduate Diploma in Internal Auditing, BTEch in Internal Auditing, National Diploma in Internal Auditing;	External and Independent Member	N/A	01 October 2020	N/A	9	4
8. Mr Sikhalo Welcome Matomela	Independent Member	BSC Honours in Engineering and Technology Management	External and Independent Member	N/A	01 October 2020	N/A	9	4
9. Mr Andrew Walter Mashifane	Independent Member	Chartered Accountant (SA), Registered Auditor, B Comm (Acc), B Comm (Honours), Postgraduate Certificate in Advanced Taxation, GIBS Business Leadership Programme	External and Independent Member	N/A	01 October 2020	N/A	9	4

**The members' term of office expired*

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 are determined by the Executive Authority of CATHSSETA.

7. RISK MANAGEMENT

CATHSSETA has embedded risk management techniques in the day-to-day operations to identify events that 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 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 also the controls put in place 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 an independent and objective oversight on the effectiveness of the risk management processes 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 into 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 their residual ratings.

8. INTERNAL CONTROL

Due to the COVID-19 pandemic, maintaining an effective system of internal control was challenging due to lockdown and remote working. 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 AUDIT COMMITTEE

The SETA's internal audit functions were performed through the appointed service provider, who is appointed on a fixed period of three (3) 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. Summary of Audit Work Done

Key activities of Internal Audit are to:

- develop and implement a rolling three-year annual audit plan based on CATHSSETA's key areas of risks, including any risks or control concerns identified by management, and submit the plan to the ARC 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
- timely issue reports and conducts regular internal audit follow-up on corrective actions relating to weaknesses identified in previous reviews.

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 Asset management;
- Review Enterprise Risk Management; and
- Review the Annual Financial Statements.

9.2. Key Activities and Objectives of the ARC

Refer to paragraph 4.4.5 above.

9.3. Attendance of Meetings

Refer to paragraph 4.4.5 above.

9.4. Information About the ARC Members

Refer to paragraph 4.4.5 above.

9.5. Compliance with Laws and Regulations

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

10. FRAUD AND CORRUPTION

The entity has a Fraud Prevention Strategy as well as Fraud Prevention and Anti-Corruption Policy which are instruments used 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 explain all forms of fraud and corruption-related activities which can take place and also encourage 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 and may subsequently.
- Be investigated internally; or
- External investigation (be referred to a law firm).

11. MINIMISING CONFLICT OF INTEREST

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.

12. CODE OF CONDUCT

CATHSSETA has an approved a 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.

13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

CATHSSETA is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act No, 85 of 1993 and to this end, a Health and Safety Committee was established, and it monitors the health and safety of employees and their work environment. The Health and Safety Policy was approved by the Board and a Policy to the staff.

14. 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.

15. SOCIAL RESPONSIBILITY

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

16. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee 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.

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 by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of Internal Audit, the Auditor General's Report on the Annual Financial Statements, and management's report of the Auditor-General; it was noted that there were instances of weaknesses in controls. However, the ARC is pleased to report that there was significant improvement in the general controls and management put mechanisms and action plans in place to deal with 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 and as a part of its mandate, reported to the Board regularly. The Committee also held meetings separately with Internal Audit and the AGSA to establish if there were 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 showed areas of improvement whilst also showing shortcomings that were brought to the attention of the ARC by the Internal Auditors.

The ARC noted with concern an audit finding raised by both Internal Auditors and Auditor-General indicating a limitation of scope, where documents could not be provided to the auditors for audit purposes. The entity went under organisational review which resulted to some of employees to leave the entity without having done the proper handover, this resulted to loss of some of the documentation of the entity which led to the limitation of scope finding raised by the auditors. Management has been tasked by the

Committee to put proper document management controls in place to prevent this finding from recurring in future.

We also received feedback regarding the follow-up audit conducted in terms of the areas that were highlighted by the AGSA in prior year audit.

Major progress has been made in addressing previous audit findings and matters contained in the Management letter. There were about six outstanding actions which were not fully addressed by the end of financial year, and this was also evidence by the recurrence of those findings during the year under review.

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

Table 32: Internal Control Environment

1 April 2020 to 31 March 2021		
Period	Audits performed	Overall opinion on controls
July 2020	Annual Financial Statement Review (2019/2020 FY)	Needs Improvement
July 2020	Application Control Review	Weak
July 2020	Audit of Performance Information – Quarter 4 (2019/2020)	Needs Improvement
July 2020	Leave Accrual	Needs Improvement
July 2020	Fixed Assets Management – Intangibles	Good
August 2020	Enterprise Risk Management	Needs Improvement
September 2020	Supply Chain Management	Needs Improvement
August 2020	Audit of Performance Information Q1	Needs Improvement
October 2020	Audit of Performance Information Q2	Needs Improvement
January 2021	Audit of Performance Information Q3	Needs Improvement
January 2021	Finance Audit	Needs Improvement
January 2021	Assets Management	Partially adequate and partially effective
March 2021	Commitments	Good

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:

- Rural Projects;
- Quarterly Management Reports;
- Governance Charter;
- Finance Reports;
- Progress on the Procurement Plan; and
- Strategic Risk Register.

Performance Management

Quarterly reports on the Performance Information were submitted to the Committee both in respect 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.

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 ARC as well as the Board. The strategic risk assessment was conducted and monitored on a quarterly basis. Risk Management Implementation Plan was developed approved and executed. The progress on the execution of the risk management activities as per the Risk Management Implementation were reported to the Committee on a quarterly basis.

An audit review on the Enterprise Risk Management process was performed by the Internal Audit unit and the audit conclusion, found the control environment of Cathsetta that relates to the Enterprise Risk Management to be adequate and effective.

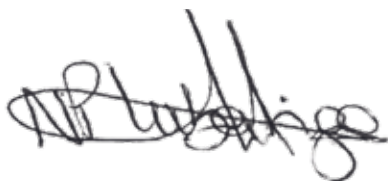
Evaluation of financial statements

The Committee has engaged with Management on the 2020/21 Annual Financial Statements on 20 May 2021 and took note of the high-level review report submitted by the internal auditors on the review of Annual Financial Statements. The Committee further met and engaged with the Auditor-General South Africa on 23 July 2021 to receive and deliberate on the Management Letter and Audit Report of 2020/21 on Annual Financial Statements.

Auditor's Report

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

The Committee welcomed the audit opinion of the Auditor-General expressed on the 2019/20 Annual Financial Statements of Cathsetta. 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 Phumeza Lubanga
Chairperson of the Audit and Risk Committee

16.1. B-BBEE Compliance Performance Information

Table 33: Compliance with relevant B-BBEE Legislation

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	N/A
Developing and implementing a preferential procurement policy?	Yes	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	This is not relevant to CATHSSETA
Developing criteria for entering into partnerships with the private sector?	No	CATHSSETA is in the process of developing a Resource Mobilisation Strategy that would set criteria 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	This would be finalised in the next financial year.

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The objective of the Human Capital Management and Development Unit is to assist CATHSSETA in achieving its intended outcomes and impact as encapsulated in the Strategic Plan, including ensuring that its employees are engaged and motivated to help the entity succeed by fostering a positive and engaging work environment while identifying and responding to the changing needs of our diverse organisation.

1.1. Compliance with Laws and Regulations

The Human Capital Management and Development Unit provides strategic support to the core business of CATHSSETA with regards to human capital management, which includes the whole human resource value chain and the development thereof. The Unit sets its strategic objectives aligned with organisational goals, streamlines the human capital management policies and processes to ensure efficient and effective service delivery to all units and departments, and provides proper systems to support these processes. To create a high-performance culture yet stable and healthy organisation, the human capital management and development system is operated within relevant policy and legislative frameworks, which set the parameters for the practice of the human capital management and development function. While fulfilling the strategic partnering function, the Unit also strives to harmonise the high-paced service delivery demand and human needs.

1.2. Organisational Realignment

In the year under review, the entity embarked on an Organisational Re-alignment review that was aimed at aligning with the NSDP 2030, which came into effect on 01 April 2020. This new dispensation has brought about changes with regards to the leadership and governance in skills development within the SETAs. The main aim of the project was to come up with a fit for purpose and efficient entity through which the following objectives were realised:

- assessment and realignment of the organisational structure and processes to the corporate strategy;
- operational alignment and re-organisation of the different departments and units to eliminate duplication of functions;
- alignment of the current jobs to the new business units' imperatives; and
- review and alignment of the policies and procedures.

The outcome of the organisational realignment resulted in a leaner organisational structure with a reduced number of staff and regional offices. The staff complement was reduced from 110 to 76 employees. The filling of the reconfigured positions followed a transparent recruitment and selection process where every employee had an opportunity to compete for any available position. Those who could not be placed in any position left the entity on 30 September 2020 as their employment contracts ended. The implementation of the revised organisational structure is continuing and expected to be completed during the first quarter of the new financial year. All the employees who were placed in the positions post 30 September 2020 had to sign employment contracts as they are treated as new employees.

1.3. Employee Performance Management Framework

CATHSSETA is currently implementing a performance management system. CATHSSETA recognises that performance management is the foundation for organisational success and is committed to an effective performance management system and providing a conducive working environment and resources for all employees to perform to their full potential to enable a high-performance culture. Performance management is a continuous process that involves bi-annual reviews to ensure that the organisation's objectives and organisational performance are aligned.

1.4. Policy Development

All HCM&D policies were revised and consolidated into five (5) compounded policies. In response to the emergence of the COVID-19 pandemic, the entity developed and approved a policy to address the challenges posed and introduced the new working arrangement as an attempt to reduce the spread in the workplace.

The HR Department exceeded its target of training 50% of employees by 146%. The training targeted all levels of employees in the organisation; with a wide range of training opportunities throughout the year to build on employee's professional competencies, increasing their knowledge, and improving their skill set to contribute to CATHSSETA's mission and enhance their opportunities for future growth. The total investment in training in the period under review was R1 400 000 which is 1% of the total personnel expenditure costs.

1.5. Employee Wellness Programme

CATHSSETA implemented an employee wellness programme through a service provider who was appointed on a fixed-term contract. These services were crucial to the employees during the lockdown. When the national lockdown was eased from the highest to the lower levels and organisations were preparing to go back to work, the service provider assisted the entity with the plan to safely return to work.

1.6. HR Priorities for the Year Under Review and the Impact of these Priorities

The year 2020/21 was no typical year. The emergence of the COVID-19 pandemic and subsequent declaration of a National State of Disaster in March 2020 by the President of the Republic of South Africa, His Excellency Mr Cyril Ramaphosa negatively impacted CATHSSETA and its constituent members.

The following were the HR priorities during the year under review:

- implementation of the organisational realignment project;
- review of policies and procedures;
- provision of the employee well services to the employees; and
- upskilling of the staff through the provision of tailor-made training and development interventions.

1.7. Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

The entity implemented the Organisational Re-alignment project which resulted in the reduction of the staff complement. Positions that could not be filled by internal candidates were advertised in national print media. As part of the implementation of the OR process, no permanent positions were filled in the first semester of the financial year. Once the Board approved the Organisational Realignment Process, the Human Resources department had to implement the organisational structure. CATHSSETA filled key leadership positions, namely CEO, CFO and EM: RME.

The entity adopted the following strategies to attract and recruit a skilled and capable workforce:

- a hybrid recruitment model where positions were advertised both internally and externally. In situations where internal candidates could not be found, the external recruitment process was triggered;
- direct external advertisement of posts to target and attract suitably qualified individuals; and
- enlistment of recruitment agencies to assist with the headhunting of candidates in certain positions where the normal job adverts could not attract suitable candidates.

1.8. Highlights and Achievements

Despite all the challenges experienced in the year under review, the Unit achieved its set performance targets. Key achievements related to the signing of new employment contracts and performance agreements for the period commencing 01 October 2020. The majority of the training interventions that were included in the Workplace Skills Plan (WSP) were implemented.

1.9. Challenges Faced by the Public Entity

The following challenges were experienced during the reporting period:

- reduced capacity as a result of the implementation of the Organisational Realignment Process;
- ineffective management of the Leave of Absence of staff due to problems associated with the automation project which forms part of the broader Enterprise Resource Plan (ERP) System that the entity is deploying;
- data integrity challenges relating to human resource statistics due to the ineffective functioning of the ERP system which is aimed at automating the end-to-end processes;
- inadequate procedural guidelines to support the approved human resource policies; and
- delay in the filling of vacant and funded positions.

1.10. Future Human Resource Plans and Goals

The following are plans for the entity:

- finalise the filling of vacant and funded positions within a reasonable period;
- development and implementation of the Human Resource Strategy and Plan to support the implementation of the entity's corporate strategy;
- provision of tailor-made training and development interventions to staff to ensure their performance is enhanced;
- review the employee performance management system and align it with that of the organisation; and
- review and implement the policies and procedures.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Table 34: Personnel Cost by Programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees		Average personnel cost per employee (R'000)
All Programmes	189 214	48 000	25%	(1st Period) 95	(2nd Period) 65	632
Total	189 214	48 000	25%	95	65	632

Note: The split in the number of employees is due to the re alignment process.

For all four programmes, the employee compliment for April – September 2020 was 95, post realignment for period October – March 2021, the employee compliment reduced to 65. The average personnel cost per employee is 632.

Table 35: Personnel Cost by Salary Band

1 April 2020 – 30 September 2020

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 492	1	1	1 492
Senior Management	4 052	6	6	675
Professional Qualified	10 248	18	18	568
Skilled	7 874	22	22	358
Semi-Skilled	8 218	51	46	179
Unskilled	252	2	2	126
TOTAL	32 136	100	95	338

Table 36: Personnel Cost by Salary Band

1 October 2020 – 31 March 2021

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	662	1	1	662
Senior Management	2 303	39	4	576
Professional Qualified	5 928	19	19	312
Skilled	3 091	13	13	238
Semi-Skilled	3 748	26	26	144
Unskilled	132	2	2	66
TOTAL	15 864	100	65	244

Note: The personnel expenditure for the first 6 months, under the review period was R 32 136 000.00.

For the last 6 months the personnel expenditure for this period was R15 864 000.00, which was due to realignment process and change in organisational structure. The total expenditure for the full period equated to R 48 000 000.00

Table 37: Performance Rewards

Programme	Performance rewards(R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top management	203	2 154	9
Senior management	528	6 355	8
Professional qualified	1 498	16 176	9
Skilled	1 232	10 965	11
Semi-skilled	1 473	11 966	12
Unskilled	43	384	11
TOTAL	4 977	48 000	10

Table 38: Training Costs**1 April 2020 – 30 September 2020**

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee (R'000)
All Programmes	32 136	50	0,16	5	10
TOTAL	32 136	50	0,16	5	10

Table 39: Training Costs**1 October 2020 – 31 March 2021**

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee (R'000)
All Programmes	15 864	281	1,8	22	13
TOTAL	15 864	281	1,8	22	13

Note: As configured in the above table: The Total Investment of training for the period under review, equated to R330 472.05. The Bursaries for the period under review equated to R591 300.45, resulting a total expenditure for training and development to R 921 772.50

Table 40: Employment and Vacancies**1 April 2020 – 30 September 2020**

Programme	2020/21 No. of employees	2020/21 Approved posts	2020/21 No. of employees	2020/21 vacancies	% of vacancies
Effective management of human resources within the organisation	95	108	95	15	14

Table 41: Employment and Vacancies**1 October 2020 – 31 March 2021**

Programme	2020/21 No. of employees	2020/21 Approved posts	2020/21 No. of employees	2020/21 vacancies	% of vacancies
Effective management of human resources within the organisation	58	76	65	11	14

Note: In October 2020, with the implementation of the new structure the approved posts reduced from 110 to 76, with an employee headcount of 58 at the beginning of the period.

Employee headcount at the end of the period is 65 with the number of 11 vacancies.

Table 42: Employment and Vacancies per Categories**1 April 2020 – 30 September 2020**

Programme	2020/21 No. of employees	2020/21 Approved posts	2020/21 No. of employees	2020/21 vacancies	% of vacancies
Top management	1	1	1	-	-
Senior management	6	5	6	1	7
Professional qualified	18	20	18	2	13
Skilled	22	29	22	7	47
Semi-skilled	46	51	46	5	33
Unskilled	2	2	2	-	-
TOTAL	95	108	95	15	100

Note: 1 Vacant position under Senior Management was acted on a temporary basis by two employees with two different durations under the same period.

Table 43: Employment and Vacancies per Categories**1 October 2020 – 31 March 2021**

Programme	2020/21 No. of employees	2020/21 Approved posts	2020/21 No. of employees	2020/21 vacancies	% of vacancies
Top management	-	1	1	-	-
Senior management	2	4	4	-	-
Professional qualified	17	20	19	1	10
Skilled	13	15	14	1	7
Semi-skilled	24	35	26	9	20
Unskilled	2	2	2	-	-
TOTAL	58	76	65	11	14

Employment Changes

The organisation was functioning at 85,52% capacity at year-end, with a total headcount of 65 employees on a full-time fixed-term contract. The establishment was reduced from 110 in the new financial year 2019/2020 with two positions been frozen reducing the establishment to 108 positions. As of 30 September 2020 with the implementation of a new organisational structure, the establishment was reduced from 108 to 76 positions.

The employment changes for the period from 01 April 2020 to 30 September 2020 and 01 October 2020 – 31 March 2021 is configured below.

Table 44: Employment Changes

01 April 2020 – 30 September 2020

Salary band	Employment at beginning of a period	Appointments	Terminations	Employment at end of the period
Top management	1	-	1	1
Senior management	5	1	6	4
Professional qualified	18	-	18	18
Skilled	22	-	22	22
Semi-skilled	46	-	46	46
Unskilled	2	-	2	2
Total	94	1	95	93

Table 45: Employment Changes

01 October 2020 – 31 March 2021

Salary band	Employment at beginning of a period	Appointments	Terminations	Employment at end of the period
Top management	-	1	-	1
Senior management	2	4	-	4
Professional qualified	17	20	-	20
Skilled	13	14	-	14
Semi-skilled	24	26	2	24
Unskilled	2	2	-	2
Total	58	67	2	65

Table 46: Reasons for Staff Leaving**01 April 2020 – 30 September 2020**

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	1	1%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	94	99%
Other		
Total	95	100%

Table 47: Reasons for Staff Leaving**01 October 2020 – 31 March 2021**

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	2	3%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract		-
Other		-
Total	2	3%

Table 48: Labour Relations: Misconduct and Disciplinary Action**01 April 2020 – 31 March 2021**

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

Note: During this period there was no disciplinary action recorded.

Table 49: Employment Target and Employment Equity (Male)**01 April 2020 – 30 September 2020**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	1	1	-	-	-	-	-	-
Professional qualified	5	5	-	-	-	-	-	-
Skilled	6	6	-	-	-	-	-	-
Semi-skilled	10	10	-	-	-	-	-	-
Unskilled	1	1	-	-	-	-	-	-
TOTAL	23	23	-	-	-	-	-	-

Table 50: Employment Target and Employment Equity (Male)**01 October 2020 – 31 March 2021**

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-
Professional qualified	4	4	-	-	-	-	-	-
Skilled	6	6	-	-	-	-	-	-
Semi-skilled	5	5	-	-	-	-	-	-
Unskilled	1	1	-	-	-	-	-	-
TOTAL	17	17	-	-	-	-	-	-

Table 51: Employment Target and Employment Equity (Female)**01 April 2020 – 30 September 2020**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	-	-	-	-	-	-
Senior management	3	3	-	-	-	-	-	-
Professional qualified	18	18	1	1	-	-	-	-
Skilled	14	14	2	2	-	-	-	-
Semi-skilled	28	28	-	-	2	2	-	-
Unskilled	1	1	-	-	-	-	-	-
TOTAL	65	65	3	3	2	2	-	-

Table 52: Employment Target and Employment Equity (Female)**01 October 2020 – 31 March 2021**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	3	3	1	1	-	-	-	-
Professional qualified	15	15	-	-	-	-	-	-
Skilled	7	7	-	-	-	-	-	-
Semi-skilled	19	19	1	1	1	1	-	-
Unskilled	1	1	-	-	-	-	-	-
TOTAL	45	45	2	2	1	1	-	-

Table 53: Employment Target and Employment Equity (Persons with Disability)

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



PART E

FINANCIAL INFORMATION



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

Report on the Audit of the Financial Statements

Opinion

1. I have audited the financial statements of the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA), set out on pages 81 to 132, which comprise the statement of financial position as at 31 March 2021, 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 CATHSSETA as at 31 March 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) 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.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

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

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

10. 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.
11. 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.
12. 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 2021:

Programmes	Pages in the annual performance report
Programme 3 – learning programmes and projects	35-38

13. I performed procedures to determine whether the reported performance information was properly presented and whether the 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.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 3 – learning programmes and projects.

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 31 to 39 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3 – learning programmes 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**

18. 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.

Expenditure management

20. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R12 491 000, as disclosed in note 31 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with the Setas Grant Regulations on exceeding the 7,5% administration expenditure (regulation GNR.990 6(9)(iii)).

Annual financial statements

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
22. Material misstatements of liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

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

25. 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.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

27. 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.
28. Management did not ensure that the financial statements were accurate, complete and supported by reliable evidence. Consequently, misstatements were identified through the audit process. These misstatements could have been prevented if effective review controls had been implemented.
29. There was inadequate review and monitoring of compliance with applicable laws and regulations, as instances of non-compliance were identified through the audit process.

Auditor-General

Pretoria

31 July 2021



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 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 CATHSSETA 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions are taken to eliminate threats or safeguards applied.



**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

31 MARCH 2021

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

LEGAL FORM OF ENTITY

Section 3A Public Entity

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

To facilitate skills development within our sub-sectors 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:

- *Arts, Culture and Heritage;*
- *Conservation;*
- *Gaming and Lotteries;*
- *Hospitality;*
- *Sport, Recreation and Fitness; and*
- *Tourism and Travel.*

REGISTERED OFFICE

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Noordwyk; Midrand
Johannesburg
1687

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P O Box 1329
Rivonia
2128

AUDITORS

Auditor-General South Africa

REGISTRATION NUMBER

25/CATHSSETA/1/04/11

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PART E

AUDITED ANNUAL FINANCIAL STATEMENTS

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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 audited Annual Financial Statements (AFS) and related financial information in this report. It is the Accounting Authority's responsibility to ensure that the audited annual financial statements fairly represent the state of affairs for the CATHSSETA 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 Standard of Generally Recognised Accounting Practice (Standards of GRAP) including any interpretations of such statements by the Accounting Standards Board. The external auditors are engaged to express an independent opinion on these audited AFS.

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

The audited AFS have been prepared in accordance with GRAP including any interpretations, guidelines and directives.

The audited AFS set out on pages 85 - 132, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the AA on 31 July 2021 and were signed on its behalf by:



Mr DT Ndhlovu
Accounting Authority Chairperson

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

		2021	2020
	Note(s)	R '000	Restated* R '000
Assets			
Current Assets			
Inventories	3	271	330
Receivables from exchange transactions	4	3,645	2,924
Statutory Receivables	5	1,515	-
Cash and cash equivalents	6	500,500	425,606
		505,931	428,860
Non-Current Assets			
Property, plant and equipment	7	6,390	7,178
Intangible assets	8	7,070	9,288
		13,460	16,466
Total Assets		519,391	445,326
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	5,579	6,740
Payables from non-exchange transactions	10	31,134	10,764
Provisions	11	15,943	14,607
Operating Lease		25	1,311
		52,681	33,422
Total Liabilities		52,681	33,422
Net Assets		466,710	411,904
Reserves Administration reserve		10,276	10,276
Discretionary reserve		456,434	401,628
Total Net Assets		466,710	411,904

* See Note 35

STATEMENT OF FINANCIAL PERFORMANCE

		2021	2020
	Note(s)	R '000	Restated* R '000
Revenue			
Revenue from exchange transactions			
Other income	12	223	3,424
Interest	13	16,788	24,405
Profit /(Loss) on sale of assets		-	173
Total revenue from exchange transactions		17,011	28,002
Revenue from non-exchange transactions			
Transfer revenue			
SDL - Income	14	222,360	405,579
SDL - Interest and penalties	15	11,236	8,776
Total revenue from non-exchange transactions		233,596	414,355
Total revenue		250,607	442,357
Expenditure			
Employee related costs	16	(22,809)	(26,348)
Employers and grant expenditure	18	(129,217)	(290,354)
Depreciation and amortisation	17	(3,607)	(2,263)
Impairment		-	(1,280)
Finance costs	25	-	(321)
Operating Lease	23	(5,608)	(6,415)
General Expenses	21	(27,973)	(40,853)
Total expenditure		(189,214)	(367,834)
Surplus for the year		61,393	74,523

* See Note 35

STATEMENT OF CHANGES IN NET ASSETS

	Administration reserve R '000	Employee grant reserve R '000	Discretionary grant reserve R '000	Total reserves R '000	Total net assets R '000
Opening balance at 01 April 2019	10,276	-	328,591	338,867	338,867
Surplus/deficit for the year	(23,026)	43,629	53,920	74,523	74,523
Appropriation of reserves	23,026	(43,629)	19,117	(1,486)	(1,486)
Restated Balance as at 01 April 2020	10,276	-	401,628	411,904	411,904
Surplus/deficit for the year	(29,721)	19,520	71,594	61,393	61,393
Appropriation of reserves	29,721	(19,520)	(16,788)	(6,587)	(6,587)
Balance at 31 March 2021	10,276	-	456,434	466,710	466,710

* See Note 35

CASH FLOW STATEMENT

		2021	2020
	Note(s)	R '000	Restated* R '000
Cash flows from operating activities			
Cash receipts from stakeholders			
Other income		223	3,424
Levies, interest and penalties received		232,081	414,010
Interest income		17,464	23,094
		<u>249,768</u>	<u>440,528</u>
Cash payments to stakeholders, suppliers and employees			
Employer grants payments		(28,948)	(56,852)
Discretionary Grant and project payments		(79,899)	(249,195)
Finance costs		-	(321)
Payments to suppliers and employees		(58,532)	(67,003)
Repayment of operating leases		(6,894)	(6,415)
		<u>(174,273)</u>	<u>(379,786)</u>
Net cash flows from operating activities	19	<u>75,495</u>	<u>60,742</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(601)	(972)
Proceeds from sale of property, plant and equipment	7	-	112
Purchase of intangible assets	8	-	(8,381)
Net cash flows from investing activities		<u>(601)</u>	<u>(9,241)</u>
Net increase in cash and cash equivalents		74,894	51,501
Cash and cash equivalents at the beginning of the year		425,606	374,105
Cash and cash equivalents at the end of the year	6	<u>500,500</u>	<u>425,606</u>

* See Note 35

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reason for variance
	R '000	R '000	R '000	R '000	R '000	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other income	-	-	-	223	223	Refund received not envisaged.
Interest received	-	19,509	19,509	16,788	(2,721)	Fluctuations in interest rate and capital invested.
Total revenue from exchange transactions	-	19,509	19,509	17,011	(2,498)	

Revenue from non-exchange transactions

Transfers received from DHET and other departments

Mandatory Grant	97,068	(44,469)	52,599	55,923	3,324	Budget was adjusted to take into account the impact of Covid-19.
Discretionary Grant	240,242	(110,060)	130,182	132,542	2,360	Budget was adjusted to take into account the impact of Covid-19.
Administration	50,960	(23,346)	27,614	28,467	853	Budget was adjusted to take into account the impact of Covid-19.
Government Levies	-	-	-	5,428	5,428	Levies received from provincial and national departments.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reason for variance
	R '000	R '000	R '000	R '000	R '000	
SDL Penalty & Interest	-	-	-	11,236	11,236	Penalties and interest received due to late payment by employers.
Total Revenue from non-exchange transactions	388,270	(177,875)	210,395	233,596	23,201	
Expenditure						
Employee related costs	(27,560)	(14,016)	(41,576)	(22,809)	18,767	An organisational realignment had taken place and provision was made for project costs. These project costs were subsequently reversed.
Depreciation and Amortisation	(2,220)	(5,444)	(7,664)	(3,607)	4,057	The expenditure was lower than expected due to fewer assets being purchased.
Lease rentals on operating lease	(5,766)	(138)	(5,904)	(5,608)	296	Variance was not considered material.
Employer Grants and project expenses	(337,310)	154,530	(182,780)	(129,217)	53,563	Projects not implemented due to Covid- 19.
General expenses	(15,414)	(51,528)	(66,942)	(27,973)	38,969	See Note 21
Total expenditure	(388,270)	83,404	(304,866)	(189,214)	115,652	
Surplus/(deficit) for the period	-	(74,962)	(74,962)	61,393	136,355	

There was an adjustment of the budget during the financial year due to the impact of Covid-19 on the sector. The budget was revised downwards to take into account the reduction of income because of the pandemic.

The DG expenditure was lower than budgeted because projects could not be implemented because of the lockdown.

ACCOUNTING POLICIES

1. Presentation of Audited Annual Financial Statements

The audited AFS have been prepared in accordance with the Standards of GRAP, issued by the Accounting Standards Board (ASB) in accordance with Section 91(1) of the PFMA.

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

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

1.1 Going concern assumption

A detailed analysis of whether the organisation will be able to operate as a going concern was conducted. This is in light of the fact that the Minister gave employers a payment holiday for the first quarter. This was in response to providing relief to entities following the COVID-19 pandemic.

An assessment was conducted on the impact of COVID-19 and the resultant reduction of levy income received by CATHSSETA. Based on the assessment conducted the CATHSSETA still remains solvent and liquid to be able to continue operations within the foreseeable 12 months. Thus, these annual financial statements have been prepared based on the expectation that the CATHSSETA will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the audited 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 audited annual financial statements. Significant judgements include:

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

The CATHSSETA 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 CATHSSETA 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 CATHSSETA for similar financial instruments.

Impairment testing

The recoverable amounts of 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 CATHSSETA 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 CATHSSETA 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.

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.

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 9).

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.

Mobile Devices - This is depreciated from 2 - 3 years. The Fixed Asset Management Policy includes rates after depreciation at 2 years. The difference is due to the assessment of pattern of use.

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 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 SETA; 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.

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; and
- 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.

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; and
- Financial instruments at cost.

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

Classification

The CATHSSETA 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 CATHSSETA 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.

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 uncollectability 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 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The CATHSSETA recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

Statutory receivables are initially measured at their transaction amount.

Subsequent measurement

The cost method is used to measure statutory receivables after initial recognition. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where interest is levied on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where CATHSSETA is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in “Accrued interest” above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

CATHSSETA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

- In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, CATHSSETA considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent;
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation;
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied); and
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the CATHSSETA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables,

is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, the CATHSSETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The CATHSSETA derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the CATHSSETA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the CATHSSETA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.7 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.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

A finance lease gives rise to a depreciable asset as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with that for the depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standards of GRAP on property, plant and equipment.

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.

1.8 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.

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.

1.9 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.

Recoverable amount of an asset or a cash-generating unit is the higher of 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.

1.10 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 CATHSSETA; or
- the number of production or similar units expected to be obtained from the asset by CATHSSETA.

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 CATHSSETA 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, CATHSSETA 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.

1.11 Employee benefits

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to CATHSSETA during a reporting period, 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, 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. CATHSSETA measures the expected cost of accumulating compensated absences as the additional amount that CATHSSETA expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

CATHSSETA recognises the expected cost of bonus, incentive and performance related payments when 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 CATHSSETA has no realistic alternative but to make the payments.

1.12 Provisions and contingencies

Provisions are recognised when:

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;
- a reliable estimate can be made of the obligation; and
- the amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

The discount rate 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 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 CATHSSETA

No obligation arises as a consequence of the sale or transfer of an operation until 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 27

1.13 Commitments

Items are classified as commitments when 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 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 34)

1.14 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.

Sale of goods

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

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic 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 economic 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, royalties and dividends

Revenue arising from the use by others of CATHSSETA assets yielding interest, royalties and dividends 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.

1.15 Revenue from non-exchange transactions

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

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

future economic benefits or service potential must be returned to the transferor.

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.

1.16 Mandatory grant and discretionary grant

Mandatory Grant

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

Discretionary Grant

A SETA may out of any surplus monies determine and allocate Discretionary Grant 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.

Project expenditure comprises;

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

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

1.17 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.

1.18 Irregular expenditure

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

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

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.

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.

1.19 Change 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.

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 periodspecific effects or the cumulative effect of the error.

When it is impracticable to determine the periodspecific 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.

Changes in Accounting Policies

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.

1.20 Reserves

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

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

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

Discretionary reserve: This reserve is for the purpose of Discretionary Grant and Projects in compliance with the SDA 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 SDA.

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 DG 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 DG and projects. Other income received are utilised for Discretionary Grant.

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.

	2021	2020
Administration	10.50 %	10.50 %
Mandatory Grant	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 %

1.21 Budget information

CATHSSETA is 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 CATHSSETA 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 01/04/2020 to 31/03/2021.

The budget for CATHSSETA includes all the entities approved budgets under its control.

Comparative information is not required.

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.

1.22 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 audited annual financial statements.

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

Standards and interpretation issued.

Standard/Interpretation	Pronouncement	Effective date	Relevant
Grap 20	Related parties	01 April 2019	Yes
Grap 18	Segment Reporting	01 April 2019	Yes
Grap 34	Separate Financial Statements	01 April 2020	No
Grap 35	Consolidated Financial Statements	01 April 2020	No
Grap 36	Investments in Associates and Joint Ventures	01 April 2020	No
Grap 37	Joint Arrangements	01 April 2020	No
Grap 38	Disclosure of Interests in Other Entities	01 April 2020	No
Grap 110	Living and Non-living Resources	01 April 2020	No
iGrap 20	Adjustments to Revenue (and related amendments to iGrap 1	01 April 2020	No

1.25 Accounting for Principal and Agents

CATHSSETA is part of a principal agent relationship. An agent is an entity that has been directed by another entity, through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal. A principal is an entity that directs another entity (an agent) through a binding arrangement to undertake transactions with third parties on its behalf and for its benefit. A principal-agent arrangement results from a binding arrangement in which one entity (an agent) undertakes transactions with the third parties on behalf and for the benefit of another entity (the principal).

Identifying whether an entity is a principal or an agent

When CATHSSETA is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from the transactions with the third party undertaken in terms of the arrangement.

The assessment of whether CATHSSETA is a principal or an agent requires CATHSSETA to assess whether the transactions it undertakes with the third parties are for the benefit of another entity or for its own benefit.

A binding arrangement includes:

- A contract between parties;
- Legislative requirements (including policies); and
- Operations of Law.

An entity is an agent if:

- It does not have the power to determine the significant terms and conditions of the transaction;
- It does not have the ability to use all, or substantially all, of the resources for its own benefit; and
- It is not exposed to variability in the results of the transaction.

Recognition

CATHSSETA, as a principal, recognises expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP. CATHSSETA recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of GRAP.

CATHSSETA has assessed the transactions for the period under assessment and has the following principal-agent relationship:

CATHSSETA as Principal

CATHSSETA has entered into an agreement with a third party. In terms of the agreement, the third party shall:

- Implement and administer all bursary agreements on behalf of CATHSSETA.
- To disburse all programme funds towards students paid by CATHSSETA for an academic year in accordance with the programme criteria for each programme. This includes maintaining and continually improving the efficiency and effectiveness of disbursing programme funds towards students for each programme.

The relationship is beneficial because the third party has the necessary skill and expertise and systems to implement and administer on behalf of CATHSSETA the full range of bursary funding provided by the government for all Universities and Technical and Vocational Education and Training (TVET) Colleges.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2021
R '000

2020
R '000

2. Allocation of the Net Surplus for the Year to Reserves

March 2021	Administration reserve	Employer grant reserve	Discretionary grant reserve	Total statement of financial performance
Administration levy income (10.5%)	28,467	-	-	28,467
Mandatory grant levy income (20%)	-	55,923	-	55,923
Discretionary grant income (49.5%)	-	-	132,542	132,542
SDL: Penalties & Interest	-	-	11,236	11,236
Interest income	-	-	16,788	16,788
Other income	-	-	223	223
Government levies	1,809	-	3,619	5,428
Total revenue	30,276	55,923	164,408	250,607
Administration expenses	(59,997)	-	-	(59,997)
Employer grants	-	(36,403)	-	(36,403)
Discretionary Grant	-	-	(92,814)	(92,814)
	(29,721)	19,520	71,594	61,393
March 2020	Administration reserve	Employer grant reserve	Discretionary grant reserve	Total statement of financial performance
Administration levy income (10.5%)	52,531	-	-	52,531
Mandatory grant levy income (20%)	-	100,481	-	100,481
Discretionary grant income (49.5%)	-	-	247,314	247,314
SDL: Penalties & Interest	-	-	8,776	8,776
Interest income	-	-	24,405	24,405
Other income	-	-	3,424	3,424
Government levies	1,751	-	3,503	5,254
Total revenue	54,282	100,481	287,422	442,185
Administration expenses	(77,308)	-	-	(77,308)
Employer grants	-	(56,852)	-	(56,852)
Discretionary Grant	-	-	(233,502)	(233,502)
	(23,026)	43,629	53,920	74,523

3. Inventories

Inventories	271	330
Inventory consists of consumables.		

	2021 R '000	2020 R '000
4. Receivables from exchange transactions		
Prepayment	500	605
Office rental deposit	700	700
Sundry debtors	1,803	301
Sundry receivables	642	1,318
	3,645	2,924
Trade receivables age analysis - sundry debtors		
Current (0 - 30 days)	-	301
Over 120 days	1,803	-
	1,803	301
Trade receivables age analysis - sundry receivables		
Current (0 - 30 days)	642	1,318
	642	1,318
	-	-
5. Statutory Receivables		
Government Levies	1,515	-
Statutory receivables age analysis		
Over 120 days	1,515	-
Statutory receivables general information		
Transaction(s) arising from statute		
The statutory receivables arise from levies from National and Provincial Departments in accordance with the Department of Public Service and Administration (DPSA) circular, Circular No: Human Resource Development (HRD) 1 of 2013.		
Basis used to assess and test whether a statutory receivable is impaired		
An amount of R 1 515 309.45 is a receivable from, Department of Arts, Culture and Recreation - Eastern Cape. Management assessed this receivable for impairment and a conclusion was reached that the amount is collectible. This is because the debt is acknowledged and confirmed by both parties and the debtor, being a government department has sufficient resources to honour this debt.		
Furthermore, the debt arises in accordance with DPSA circular, Circular No: HRD 1 of 2013. The circular states that the Department must set aside a minimum of 1% of its compensation of employee's budget and pay 30% of it to the SETA. The Department has no other alternative but to comply with this circular by settling this debt.		
6. Cash and Cash Equivalents		
Cash on hand	10	9
Bank balances	6,951	13,577
Short-term deposits	493,539	412,020
Bank Balances	500,500	425,606
First National Bank: Current	3,891	7,457
First National Bank: Salary	4	6,027
Nedbank: Current	3,056	93
	6,951	13,577
Short-term investments		
Notice account: Investec	192,653	185,969
Notice account: Nedbank	300,886	226,051
	493,539	412,020

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 3% per annum

Figures in Rand thousand

7. Property, plant and equipment

	2021		2020			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	700	(636)	64	700	(496)	204
Furniture and fixtures	3,754	(1,221)	2,533	3,754	(971)	2,783
Motor vehicles	2,418	(1,195)	1,223	2,418	(893)	1,525
Office equipment	153	(93)	60	153	(75)	79
IT equipment	5,167	(2,657)	2,510	4,566	(1,979)	2,587
Total	12,192	(5,802)	6,390	11,591	(4,414)	7,178

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Depreciation	Total
Leasehold Property	204	-	(140)	64
Furniture and Fittings	2,783	-	(250)	2,533
Motor Vehicles	1,525	-	(302)	1,223
Office Equipment	79	-	(19)	60
IT Equipment	2,587	601	(678)	2,510
	7,178	601	(1,389)	6,390

Figures in Rand thousand

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Other movement	Depreciation	Total
Leasehold property	344	-	-	(140)	204
Furniture and fixtures	2,914	116	-	(247)	2,783
Motor vehicles	1,827	-	-	(302)	1,525
Office equipment	98	-	-	(19)	79
IT equipment	2,273	856	153	(611)	2,587
Total	7,456	972	153	(1,319)	7,178

Assets subject to finance lease (Net carrying amount)

Leasehold Property	64	204
Furniture and fixtures	(100)	(100)
	<u>(36)</u>	<u>104</u>

Expenditure incurred to repair and maintain property, plant and equipment

Repairs and maintenance expenditure was incurred for the 2021 financial year. The expenditure is disclosed under general expenses and is stated in Note 21.

Figures in Rand thousand

8. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets under development	1,618	-	1,618	8,091	-	8,091
Computer software	9,892	(4,440)	5,452	3,418	(2,221)	1,197
Total	11,510	(4,440)	7,070	11,509	(2,221)	9,288

Reconciliation of intangible assets - March 2021

	Opening balance	Transfers	Amortisation	Total
Intangible assets under development	8,091	(6,473)	-	1,618
Computer software	1,197	6,473	(2,218)	5,452
	9,288	-	(2,218)	7,070

Reconciliation of intangible assets - March 2020

	Opening balance	Additions	Transfers	Amortisation	Impairment loss	Total
Intangible assets under development	3,128	8,381	(3,418)	-	-	8,091
Computer software	-	-	3,418	(942)	(1,279)	1,197
	3,128	8,381	-	(942)	(1,279)	9,288

There was a temporary delay with the finalisation of the intangible asset due to contractual issues with service provider. This was resolved and 80% of the intangible asset under development was completed and the software went live by 30 September 2020. The intangible asset under development relates to computer software.

2021	2020
R '000	R '000

9. Payables from exchange transactions

Trade Payables	823	519
Leave accrual	798	2,309
Other payables	597	8
Admin Accruals	3,361	3,904
	5,579	6,740

Trade payables from exchange age analysis

Current (0 - 30 days)	597	305
31 - 60 days	15	3
Over 120 days	211	211
	823	519

10. Payables from non exchange transactions

Project accrual	20,820	9,903
Project expenses	1,309	565
Discretionary and mandatory levy creditors	9,005	296
	31,134	10,764

The carrying amount of payables approximate their fair value.

Trade payables from non exchange age analysis

Current (0 - 30 days)	8,005	113
91 - 120 days	5	150
Over 120 days	995	33
	9,005	296

11. Provisions

	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
Bonus Provision	5,101	-	(4,977)	(124)	-
	14,606	8,665	(4,977)	(2,351)	15,943

Reconciliation of provisions - March 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Project provision	-	687	-	-	687
SMME provision - below R500k	7,893	2,971	-	(2,046)	8,818
Employee bonus provision	5,906	5,101	(5,612)	(294)	5,101
	13,799	8,759	(5,612)	(2,340)	14,606

2021	2020
R '000	R '000

Project Provision

As per the standard CATHSSETA Skills Development service level agreement with employers, funds payable to employers are subject to submission of certain compliance documents. Notwithstanding the initial contract value, the CATHSSETA reserves the right to withhold funds for claims not adequately supported. This provision relates to suppliers whose funds have not been advanced to them owing to outstanding documentation.

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.

Bonus provision

The CATHSSETA's performance bonuses are dependent on employee performance. Employees sign performance agreements at the beginning of each financial year. Performance appraisals are conducted twice per year, that is, in October and April each year. Based on the outcome of the second appraisal, the organisation then makes a best estimate of what the organisation is liable to pay to employees. The actual bonus amount paid is dependent on the availability of the budget. There was no bonus provision for the 2021 financial year because staff were all appointed on 01 October 2020 and the policy does not make provision for pro-rata bonuses to be paid.

Interest received had decreased in the 2021 financial year due to the decreases in interest rate by the South African Reserve Bank in response to the Covid-19 pandemic. In addition to this, the levy income received by the CATHSSETA had reduced in the year under review which had meant that invested funds were lower than the previous year.

12. Other Income

Other Income	223	3,424
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Included in other income are refunds from the Learning and Intervention Programme as well as insurance refunds.

13. Interest

Bank Interest	145	402
Investment Interest	16,643	24,003
	16,788	24,405

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 16,8 million (PY: R 24,4 million).

14. Levies

Administration	28,467	52,531
Discretionary Grant	132,542	247,314
Employer Grant	55,923	100,481
Government Levies	5,428	5,254
	222,360	405,580

	2021 R '000	2020 R '000
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15. Penalty and Interest

Penalties received	3,196	5,095
Interest received	8,040	3,681
	11,236	8,776

The Minister of Higher Education, Science and Innovation announced a Skills Levy payment holiday for a period of four (4) months from 01 May 2020 ending 31 August 2020. Employers will not be obliged to repay the levies at a later stage. As a result, the revenue generated from sector levies had drastically decreased. CATHSSETA was adversely affected from the Covid-19 pandemic, and the revenue generated reduced from R405 million in 2020 to R222 million in the 2021 financial year.

A detailed breakdown of voluntary levies is included in note 26.

16. Employee related costs

Basic salary	20,492	21,219
Bonus	-	1,817
Medical aid - company contributions	422	627
UIF	70	154
WCA	44	-
SDL	209	460
Leave pay provision charge	603	573
Union fees	16	6
Long-term benefits - Pension, disability and funeral	953	1,492
	22,809	26,348

17. Depreciation and amortisation

Property, plant and equipment	1,389	1,272
Intangible assets	2,218	943
Impairment	-	1,280
	3,607	3,495

18. Employer and DG expenditure

Employer grant	36,403	56,852
Discretionary grant	92,814	233,502
	129,217	290,354

Discretionary grant expenditure projects could not be implemented as planned due to lockdown as a result of the COVID-19 pandemic.

19. Cash generated from operations

(Deficit)/ surplus	61,393	74,523
Adjustments for:		
Depreciation and amortisation	3,607	2,263
Loss/(Profit) on disposal of assets	-	(173)
Impairment	-	1,280
Movements in Provisions	(5,251)	5,612
Changes in working capital		
Inventories	59	345

	2021 R '000	2020 R '000
Receivables from exchange transactions	(721)	(409)
Other receivables from non-exchange transactions	(1,515)	-
Payables from exchange transactions	(1,161)	193
Payables from non - exchange transactions	20,370	(15,693)
Operating Lease	(1,286)	(7,199)
	75,495	60,742

20. Profit/(loss) on sale of assets

Profit/(loss) on sale of assets	-	173
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21. General expenses

Advertising	787	543
Auditors remuneration - internal and external	3,837	4,371
Bank Charges	122	88
Cleaning	485	351
Maintenance and support	1,374	-
Consulting & Professional Fees	1,318	2,768
Consumables	253	165
Legal fees	2,329	3,925
Insurance	435	416
Conferences and seminars	-	137
Motor vehicle expenses	14	44
Placement fees	788	2,192
Postage and courier	3	20
Printing and stationery	468	1,070
Promotions	-	10
COVID - 19	704	-
Secretarial fees	225	900
Security Fees	996	986
Staff refreshments	60	142
Subscriptions and membership fees	25	99
Telephone and fax	2,203	1,875
Training	922	1,507
Travel	122	587
Water and electricity	2,237	1,720
QCTO	2,548	2,423
AGM	49	23
Catering	10	168
System costs	1,841	9,490
Board fees and administration	3,570	3,081
Repairs and maintenance	5	47
Other expenses	243	1,705
	27,973	40,853

2021	2020
R '000	R '000

Maintenance and support - The development of software had been completed and maintenance and support was therefore rendered by the service provider in the 2021 financial year.

Consulting and professional fees - There was a decrease in this expenditure due to a reduction of the use of consultants for projects due the lockdown restrictions caused by Covid-19.

Legal fees - The decrease in legal costs was as a result of the impact of Covid-19 as there was a restriction in people's movements therefore cases were on hold for that period.

Placement fees - The decrease in placement cost is as a result of the organisational re-alignment that took place in the 2021 financial year.

Printing and stationery - The reduction was as a result of the lockdown and employees were working remotely and hardly used printers and stationery.

COVID-19 expenditure - On 23 March 2020 President Ramaphosa announced the country's first lockdown level 5 due to the Covid-19 pandemic. On easing of the lockdown restrictions and moving to a level lower, the office had to open and continue with its operations, that resulted in the need for the organisation to acquire Personal Protective Equipment for staff members.

Secretarial fees - The reduction was as a result of the Covid-19 pandemic.

Telephone and fax - The increase in expenditure was due to the fact that employees were working remotely and therefore communicated via telephone and mobile devices.

System costs - Consultants were previously appointed to perform IT related tasks. Their contract had come to an end and therefore a reduction in expenditure was realised in the 2021 financial year.

Other expenses - The reduction in expenditure was due to the closure of the offices because of lockdown.

22. Auditors' remuneration

Fees - External Auditors	2,579	2,944
Fees - Internal Auditors	1,258	1,427
	3,837	4,371

23. Operating Lease

Rental Fees	5,608	6,415
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CATHSSETA leases a building from Sanlam Life Insurance (Ltd) for a period of seven years, effective from 1 May 2014. No contingent rent is payable. The lease agreement is not renewable at the end the lease term. The lease is non-cancellable.

CATHSSETA leases printing and photo copy machinery from Flex Technology as from 01 June 2017. The monthly payable amount is fixed for the duration of the contract. The contract ended on 31 March 2021.

CATHSSETA leases a building from Delta Properties for CATHSSETA Limpopo/Mpumalanga Office. The contract ended on 31 October 2020.

Minimum lease payments

Within one year	389	4,879
In second year to fifth year	-	389
	389	5,268

	2021 R '000	2020 R '000
24. Repairs and Maintenance		
Repairs and maintenance - General	5	47
Minimum lease payments		
Within one year	389	4,879
In second year to fifth year	-	389
25. Finance costs		
Finance cost	-	321
26. Government Levies		
Limpopo Tourism Agency	106	-
Department of Sport, Arts, Culture and Recreation - National	66	77
Department of Sport, Arts, Culture and Recreation - Free State	-	638
Department of Sport, Arts, Culture and Recreation - Kwazulu Natal	331	299
Department of Sport, Arts, Culture and Recreation - Eastern Cape	1,515	1,476
ECPTA	136	129
Department of Tourism, Environmental and Economics - Free State	-	675
Department of Sport, Arts, Culture and Recreation - Limpopo	437	423
Department of Agriculture - Gauteng	839	750
Department of Art, Culture and Traditional Affairs - North West	-	67
Department of Tourism - National	172	157
Public Works	6	250
Department of Environment and Nature Conservation	-	313
Department of Tourism and Environment	320	-
EC Department of Sport	1,500	-
	5,428	5,254

27. Contingencies

27.1 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 terms the Sector Education and Training Authority's ('SETA') Grant Regulations Regarding Monies Received by a SETA and Related Matters (published in Government Gazette R713 of 18 July 2005 and amended by Government Notice R88 of 2 February 2007 ('the 2005 Grant Regulations')), an employer who paid the skills development levy could claim 50% of these levies back in the form of a mandatory grant, if it complied with the eligibility criteria as set out therein.

This Grant Regulation was repealed by the 2012 Grant Regulations, which were promulgated in Government Notice R990 of December 2012. Regulation 4 (4) of the Grant Regulations reduced the mandatory grant that an employer could claim back from 50% to 20% of the total levies paid by the employer. Employers contested the change and took the matter to court. After much legal deliberations, the Court set aside Regulation 4 (4) as promulgated in Government Notice 23 of 2016, published in Government Gazette 39592 in terms of s 36 of the Skills Development Act 97 of 1998.

The Court ruling is, however, silent with regards to whether SETAs are expected to refund employers for the difference between the 50% and the 20%. It is further unclear whether SETAs are expected to pay such costs fully for the duration of the period when the Regulation was in effect. Thus, as at the end of the year, since it is unclear whether the CATHSSETA is expected to reimburse employers of the difference, CATHSSETA management is of the view that the liability is not probable. Thus, this transaction represents a possible liability that will be confirmed by a future event when the DHET gives clear direction on whether the setting aside of the Regulation will be applied retrospectively or prospectively. Furthermore, the value of the possible liability is indeterminable at this stage.

Legal Opinion issued by the Office of the State Attorney on 27 October 2019, with view in substantiating the fact that even though a court judgement indeed set aside the regulations on the 20% determination, based on the afore-mentioned Legal Opinion, it can be argued that the outflow as expected by Business Unity South Africa (BUSA) is not probable. The Legal Opinion, among other, states that:

“... the effect of the current order of the Labour Appeal Court is that the percentage or amount or quantum of a mandatory grant is subject to the determination by a SETA (by necessary implication as part of its “allocation” power or duty under regulation 4(1) of the 2012 Regulations) nothing prevented a SETA, after 31 August 2018 to date and furthermore nothing prevents a SETA from the current date moving forward from allocating Mandatory Grant equal to 20%”.

27.2 Matter between Maraba Events & Entertainment and the CATHSSETA.

Maraba Events & Entertainment/Q-Note Digital Music Academy was awarded a Learnership Agreement for twenty (20) learners. Maraba Events subsequently substituted the 20 learners registered in the Learnership Agreement. Fourteen (14) of the 20 learners were substituted without CATHSSETA's approval. The substitution of learners was a breach of contract and the SETA could not pay all the funds as per the Learnership Agreement. The legal dispute relates to the balance of the Learnership Agreement, which amounts to R588 000.

27.3 Matter between CATHSSETA and former employees.

CATHSSETA had implemented organisational re-alignment in 30 September 2020. As a result not all employment contracts were renewed. The legal disputes relates to the 28 former employees of the organisation whose contracts were not renewed as a result of the re-alignment. The former employees allege that the notice period for termination of their contracts was unfair. The matter is currently before the Commission for Conciliation, Mediation and Arbitration (CCMA). At this stage the outcome of the matter cannot be determined and the amount cannot be quantified.

27.4 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.

27.5 Matter between CATHSSETA and 2 others and Khanyisa Rivombo

This is a matter where the Plaintiff is seeking specific relief from Jeppe College and has incorrectly added CATHSSETA as a Defendant notwithstanding the fact that no relief or case has been made out against CATHSSETA. CATHSSETA has at this stage provided the Plaintiff with a Rule 30(2)(b) Notice bringing to their attention the defects apparent in their particular of claim and seeking that they cures them.

It is anticipated that the Plaintiff will withdraw the claim against CATHSSETA.

27.6 Retention of surpluses

In terms of Section 53(3) of the PFMA, public entities listed in Schedules 3A and 3C 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 2020/2021 financial year revised the definition of surplus.

	2021 R '000	2020 R '000
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 2021 is as per the table below:		
Cash and cash equivalents at the end of the year	500,500	425,606
Add: Receivables	3,645	2,924
Less: Current Liabilities	(52,681)	(33,108)
Surplus	451,464	395,422
	451,464	395,422

28. Related parties

Related party transactions

The Minister responsible for the DHET is the Executive Authority for CATHSSETA.

All Technical Vocational Education and Training (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 DG.

The DG Commitment balances with TVET Colleges and Universities are **R 44 402 075.00 (PY: R21 619 610.00)**

All SETAs 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. The CATHSSETA has entered into a principal and agent relationship with NSFAS for R30 000 000, the details of which are disclosed in the principal agent and commitment notes in the AFS. No funds have been spent regarding this agreements as at 31 March 2021 and the balance remains at R30 000 000 .

28. Related parties (continued)

Remuneration of management Management class: Board members

2021

Name	Audit and Risk Committee (R'000)	HR and FIN Remco Committee (R'000)	EXCO Committee (R'000)	Governance and Strategy Committee (R'000)	Board Committee (R'000)	Total (R'000)
Mr B Sikani	-	-	4	-	-	4
Dr V Ramathesele	-	-	6	-	-	6
Ms T Msibi	-	-	3	-	-	3
Mr K Lebogo	-	-	4	-	-	4
Adv P Sibisi	-	-	4	-	-	4
Ms T Mkhosana	-	-	4	-	-	4
Ms N Lubanga	60	-	44	-	141	245
Mr M Motha	-	-	58	13	97	168
Mr T Dube	33	18	21	3	116	191
Mr T Ndhlovu	-	-	103	-	147	250
Ms E Tukagomo	-	-	70	8	81	159
Ms K Borain	-	-	-	5	96	101
Ms L Lesutu	-	28	21	-	166	215
Ingonyama Madzikane II Diko	-	-	-	13	44	57
Ms N Nzuzi	39	21	-	-	96	156
Mr S Mhlanga	18	21	59	-	98	196
Mr T Gaoshubelwe	-	-	9	13	99	121
Mr V Maumela	18	35	-	-	87	140
Mr J Shilubane	34	-	15	-	22	71
Dr AR Ngwenya	37	-	-	-	-	37
Ms B Masenya	-	28	-	-	41	69
Mr A Nthangeni	-	24	-	-	48	72
Mr S Matomela	9	-	-	-	50	59
Mr A Mashifane	9	-	-	-	40	49
	257	175	425	55	1,469	2,381

* Ms Tshiamo Maluleka - Disemelo is not remunerated because she is an employee in Public Service.

Figures in Rand thousand

28. Related parties (continued)

Remuneration of management Management class: Board members

2020

Name	Audit and Risk Committee (R'000)	HR and FIN Remco Committee (R'000)	EXCO Committee (R'000)	Governance and Strategy Committee (R'000)	Board Committee (R'000)	Total (R'000)
Mr MW Dinwa	28	21	-	-	101	150
Mr T Dube	28	21	3	-	75	127
Ms SS Khan	-	-	-	1	3	4
Mr OK Lebogo	-	-	84	-	111	195
Ms N Lubanga	71	-	8	-	44	123
Ms J Makapan	-	18	-	-	20	38
Ms V Malema	-	-	-	-	1	1
Ms Y Mbane	-	33	-	-	4	37
Ms T Mkhosana	7	33	70	-	104	214
Mr CL Mohalaba	-	2	-	-	-	2
Ms N Mokou	77	-	6	-	12	95
Mr X Mpeqeka	-	-	10	14	40	64
Ms T Msibi	-	22	21	-	137	180
Dr AR Ngwenya	64	-	9	-	38	111
Dr V Ramathesele	-	10	126	-	315	451
Mr M Motha	-	-	7	29	134	170
Mr J Shilubane	67	-	-	20	61	148
Adv PN Sibisi	-	-	62	-	88	150
Mr BM Sikani	-	25	79	-	93	197
	342	185	485	64	1,381	2,457

Figures in Rand thousand

28. Related parties (continued)

Management class: Executive management

2021

Name	Basic salary (R'000)	Bonuses and performance related payments (R'000)	Allowances (R'000)	Contribution to pension fund (R'000)	Contribution to other schemes (R'000)	Leave payout (R'000)	Total (R'000)
*** 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
2020	6,869	518	245	408	101	368	8,509

Name	Basic salary (R'000)	Bonuses and performance related payments (R'000)	Allowances (R'000)	Contribution to pension fund (R'000)	Contribution to other schemes (R'000)	Total (R'000)
Ms K Lebaka - CEO	1,819	216	90	122	31	2,278
Mr KS Mgidi - COO	1,264	84	114	85	22	1,569
Mr D Hlongwane - CFO	1,495	162	16	-	23	1,696
Ms P Mpye - Executive Skills Development	1,174	151	60	77	39	1,501
*** Ms Z Silo - Executive Manager Support	1,100	-	14	68	-	1,182
Ms M Ngwenya - Executive Manager Corporate Services	1,011	-	15	69	16	1,111
*** Ms P Magagula - Acting CFO	436	-	-	-	5	441
2020	8,299	613	309	421	136	9,778

2021	2020
R '000	R '000

- *** Ms P Magagula was an Acting CFO from April 2020 to May 2020 as there was no CFO at the time.
- *** Ms P Magagula resigned in May 2020 and Ms N Shabangu fulfilled the role of the Acting CFO. Ms Shabangu's employment contract ended on the 20 September and replaced by Mr Shirinda acted as CFO as a consultant until 31 January 2021. Ms Thomas was appointed as CFO as at 19 January 2021.
- *** Ms K Lebaka's employment contract ended on 15 October and Ms L Mpye was appointed as Acting CEO from 19 October to 30 November 2020. Mr M Thibela was appointed as CEO as at 01 December 2020.
- *** Ms Silo and Mr Mgidi's employment contracts ended on the 30 September 2020. Dr Umanah was appointed as the Executive Manager: Research, Monitoring and Evaluation on 1 December 2020.

29. 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	3,645	2,924
Cash and cash equivalents	6,951	13,584
Cash and cash equivalents - short term deposits	493,539	412,020

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.

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.

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. 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 have 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.

2021	2020
R '000	R '000

Categories of financial instruments

2021	Interest Bearing	Non-Interest Bearing	Total
Financial Assets			
Cash (interest @ 3%)	500,490	10	500,500
Accounts Receivable	-	3,645	3,645
	500,490	3,655	504,145
Financial Liabilities			
	Interest Bearing	Non-Interest Bearing	Total
Accounts payable	-	28,189	28,189

2020	Interest Bearing	Non-Interest Bearing	Total
Financial Assets			
Cash (interest @ 7%)	425,604	9	425,613
Accounts Receivable	-	2,924	2,924
	425,604	2,933	428,537
Financial Liabilities			
	Interest Bearing	Non-Interest Bearing	Total
Accounts payable	-	16,211	16,211

30. Fruitless and wasteful expenditure

Opening balance		5,983	-
Correction of prior period error	30.1	(800)	-
Opening balance restated		5,183	103
SARS penalties and interest		-	321
Cancelled tenders		1	7
Litigation settlement		-	800
Intangible assets write-off		-	4,752
Closing balance		5,184	5,983

30.1 Prior period adjustments

Opening balance	5,983	5,983
Adjustment due to error	(800)	-
Restated opening balance	5,183	5,983

In the 2020 financial year fruitless and wasteful expenditure relating to litigation matter was recorded in the financial statements. The litigation amount was R800 000. During the 2020 financial year, the prior year fruitless and wasteful expenditure was investigated by the legal specialist and it was confirmed that the litigation expenditure was not fruitless and wasteful. As a result of this a prior period error was recorded and the comparative year 2020 was restated accordingly.

There are some instances of fruitless and wasteful expenditure that is currently investigated by the legal specialist. This relates to interest and penalties of SARS and advertisements that were cancelled.

31. Irregular expenditure

Opening balance	58,582	50,213
Add: Irregular Expenditure - current	12,487	8,369
Add: Irregular Expenditure - prior period	4	-
Closing balance	71,073	58,582

2021 R '000	2020 R '000
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Procurements were made during the 2021 financial year against contracts that had expired. No loss was suffered by the entity.

The Department of Higher Education and Training had appointed Board Members. The Office of the Auditor General had found that some of the processes followed were irregular which had resulted in the payments made to the affected Board Members as being irregular.

Project expenditure was incurred that exceeded 7.5% of the discretionary grant expenditure. This was largely due to the reduction in levy income as a result of the impact of the Covid-19 pandemic. The Discretionary Grant policy was amended to state that expenditure up to a maximum of 7.5% of Discretionary Grant would be incurred. This policy was approved on the 09 March 2021. This policy will be consistently implemented.

Payments with missing SCM documents due to poor document management is currently being investigated.

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/ criminal proceedings		
Procurement - Expired contracts	To be confirmed	447	-
Irregular process followed in the appointment of Board Members	To be confirmed	572	-
Project expenditure exceeding 7.5% of Discretionary Grant	To be confirmed	11,472	-
		12,491	-

32. 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, CATHSSETA does not disclose segment reporting as per GRAP 18.

33. Accounting by principals and agents

CATHSSETA is in a principal agent relationship with the National Student Financial Aid Scheme (NSFAS) wherein CATHSSETA is the principal and NSFAS is the agent.

The NSFAS is required to obtain and maintain student information and study costs funded by CATHSSETA in the current year and prior years of study.

The relationship is beneficial because the NSFAS has the necessary skill and expertise and systems to implement and administer on behalf of CATHSSETA the full range of bursary funding provided by the government for all Universities and TVET Colleges.

2021	2020
R '000	R '000

Details of the arrangement(s) is/are as follows:

CATHSSETA has entered into a Memorandum of Agreement (MOA) with NSFAS on 1 March 2021.

In terms of this memorandum of understanding the NSFAS shall:

- Implement and administer all bursary agreements on behalf of CATHSSETA; and
- To disburse all programme funds towards students paid by CATHSSETA for an academic year in accordance with the programme criteria for each programme. This includes maintaining and continually improving the efficiency and effectiveness of disbursing programme funds towards students for each programme.

NSFAS is to be paid an administration fee of R 1 500 000 for the rendering of services.

The contract commences from 01 March 2021 and shall endure for a period of 13 months ending 31 March 2022.

Entity as principal

CATHSSETA acts as a principal with the NSFAS in the Unemployed Bursary programme. The details are as follows:

University/ University of Technology (250 learners x R80 000)	R 20 000 000
TVET College (146 learners x R58 000)	R 8 500 000
Admin fee or commission payable to NSFAS	R 1 500 000

The amount of R1 500 000 to be paid over a period of one (1) year by the CATHSSETA to NSFAS.

The amount of R28 500 000 to be paid over a period of one (1) year by NSFAS to the students.

34. Commitment on Discretionary Grant

Opening balance	118,647	124,897
Additions	119,833	242,816
Movement	(76,883)	(249,066)
	161,597	118,647

Commitment for Discretionary Grant will now be disclosed reflecting only balances, details will be on the commitment register.

35. Prior period errors

Property, plant and equipment was disposed in the prior year however the accumulated depreciation relating to the disposed assets was not reversed. In addition to this mobile devices were purchased but were not captured in the asset register.

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

Statement of financial position

Property, plant and equipment	-	484
Payables from exchange transactions	-	313
Discretionary reserve	-	170

Statement of financial performance

Depreciation expense	-	45
Profit on sale of assets	-	216