



F A S S E T

Make the future count

Skills at Work

Annual Integrated Report

2011 - 2012





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Fasset Annual Integrated Report

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*Dr Bonginkosi
"Blade" Nzimande*
**MINISTER OF HIGHER
EDUCATION AND TRAINING**



Cheryl James
CHIEF EXECUTIVE OFFICER

Skills at Work

"Making every workplace a training space."

Our Vision

"To influence the effective operation of the labour market, through effective skills development, so as to ensure the appropriate supply of competent labour necessary to compete in the global economy."

Our Mission

- To improve the competence of employees and potential employees, thereby enhancing productivity in the sector
- To increase the level of investment in education and training in the sector, and to optimise the Return on Investment (ROI)
- To encourage employers and employees to adopt a culture of Lifelong Learning
- To ensure the quality of education and training in the sector, to support the development of standards in line with the National Qualifications Framework (NQF), and to actively promote these standards
- To expand the provision of education and training in the sector through partnerships with public and private providers of education and training
- To enhance co-operation between the public and private sectors
- To support the objectives of the Employment Equity Act (EEA) of 1998
- To enhance access to learning opportunities in the sector
- To position the sector as "the sector of career choice" for prospective learners and entrants into the labour market



Index

Annual Report

Chairman's Statement	6
Chief Executive Officer's Review	9
Report of the Audit and Risk Committee	12

Annual Financial Statements

Report of the Auditor-General	15
Report of the Accounting Authority	18
Statement of Financial Performance	20
Statement of Financial Position	21
Statement of Changes in Net Assets	22
Cash Flow Statement	23
Statement of Comparison of Budget and Actual Amounts	24
Accounting Policies	25
Notes to the Annual Financial Statements	33

Integrated Report

Report Profile	63
Organisational Context	64
Stakeholder Engagement	65
The Fasset Board	66
Operations	68
Strategic Imperatives	71
Priorities and Objectives	73
Organisational Performance and Sustainability Imperatives	74
Future Performance Objectives	83

Appendices

Appendix A: NSDS III Targets and Achievements	84
Appendix B: Fasset's Board	89
Appendix C: Working Committees and Meeting Attendance	90
Appendix D: Organogram	93

Chairman's Statement



Tsakani Maluleke

CHAIRMAN

Honourable Minister, it is with pleasure that we present to you the Annual Integrated Report of the Finance and Accounting Services Sector Education and Training Authority (Fasset), for the period 1 April 2011 to 31 March 2012.

It is a privilege for me to present our first annual integrated report. As custodians of public funds, we recognise the need to account to society in terms of how we allocate funds, the stewardship that we exercise over these funds and the value that we create to all our various stakeholder groupings.

At Fasset, we are mindful of the magnitude of the role that we need to play in society in making a meaningful contribution towards building a skilled and capable workforce. It is for this reason that we continue to devise and implement national, sectoral and workplace strategies that are aligned to the objectives of national economic and social development priorities.

GOVERNANCE

In the context of a new licence period for the Seta, the Minister appointed a new Board, which came into operation on 1 April 2011. The transition has been seamless, enabling

Fasset to continue to deliver at a very high level.

The Fasset Board is very conscious of the responsibilities that it has been entrusted with as it leads the Seta to take on a much more activist approach to addressing the sector skills needs. Fasset has sharpened its focus on using quality research to identify the critical areas of need and to then design innovative solutions that address those sector needs.

We also have a fiduciary duty, as the Fasset Board, to ensure that funds are invested and managed appropriately, enabling Fasset to meet its strategic goals. The Board is therefore very pleased to report that Fasset has received a clean audit opinion from the Auditor-General of South Africa, for the twelfth year in succession.

STRATEGY AND OPERATIONAL PERFORMANCE

Consistent with Fasset's strong track record for delivery over the past twelve years, the year under review has been characterised by solid performance. We have met our NSDS III targets for the period and continue to place attention on achieving our vision, which is "to influence the effective operation of the labour market, through effective skills development, so as to ensure appropriate supply of competent labour necessary to compete in the global economy."

We continue to be financed from the Skills Development Levy (SDL) paid by employers in accordance with the Skills Development Levies Act (SDLA)(Act 9 of 1999), as amended, comprising 1% of the salary and wage bill of employers in the sector. In accordance with the determining legislation, levies were distributed as follows:

- 20% of funds (paid to the South African Revenue Service (SARS) withheld by the National Skills Authority (NSA) for purposes of funding national skills development initiatives), and
- 80% of funds paid to SARS are then transferred to Fasset, which funds are to be used as follows:
 - 70% is made available for grants. 50% of this amount is paid out in terms of the legislated Mandatory Grants and 20% is allocated to Discretionary Funds, which is used for Development Projects and other strategic interventions;
 - 10% is allocated towards administrative costs to fund operational requirements of the Seta.

Employers are able to claim back 50% of the Skills Development Levy (SDL) paid to SARS by way of a Mandatory Grant. To access this grant, employers are required to submit a Workplace Skills Plan (WSP) for the upcoming year and a report on the implementation of training as contained in the Annual Training Reports (ATRs) in respect of the previous year. Fasset's Board is very mindful of the need to ensure that the pool of discretionary funding is disbursed strategically, in line with sector priorities as defined in the Sector Skills Plan (SSP). These sector priorities are approved by the Board at its annual strategic planning session.

For the year under review, member organisations in the Fasset sector were able to access five grants, namely:

- Mandatory Grants amounting to R149,2 million was paid out in respect of Annual Training Reports (ATR) 2010/11 and Workplace Skills Plans (WSP) 2011/12, and
- Discretionary grants amounting to R19,7 million was paid in respect of the following grants:
 - Strategic Cash Grant (SCG) 2011/12
 - Learnership Cash Grant (LCG) 2011/2012
 - Assessor and Moderator Grant (AMG) 2011/2012
 - SMME Grant 2011/2012.

Funds amounting to R82,7 million for the period under review, have been allocated to strategic (development) projects. Whilst the new Board has made strides in making the operations of the organisation more innovative and proactive in designing appropriate solutions to skills needs, there is some way to go before this objective is achieved.

All budgeted income for 2011/2012 has been spent or allocated to specific skills development projects for the sector. Generally Recognised Accounting Practice (GRAP) does not permit committed funds to be reported as a liability. This unfortunately creates a misconception that there are unspent funds. It is important to emphasise that 100% of budgeted funds have either been spent or allocated to approved projects, which are currently in progress, and for which payment is only due on full completion of all deliverables. The finalisation of all deliverables can, in some instances, take up to four years, during which time the allocated funding is held in trust and is therefore, reflected in the Fasset bank accounts.

Our levy income for the year under review increased by 41% due to levy receipts being higher than budgeted, which is attributable to a 13% growth in terms of the number of companies that joined the Fasset sector as levy-paying members. In addition Fasset received R21 million levy due to levy adjustments related to prior years. These adjustments were made by various employers in resolving their queries with SARS. SARS also joined the Fasset sector from 1 April 2012 and has become the largest contributor of levies to Fasset. We welcome SARS, together with a number of several other companies, who have joined the Fasset sector.

Full financial details for the 2011/2012 financial year are provided on pages 14 to 61 of this report.

OPERATIONAL HIGHLIGHTS

Fasset's ability to support learnerships, particularly within the accountancy profession, remains encouraging. The development of new qualifications attests to Fasset's focus on addressing the skills development needs across the breadth of its designated sector. We are pleased to report that significant progress has been made on the development of qualifications for Business Analysts at a postgraduate level, as well as for Financial Markets and Tax. It is worth mentioning that the latter two qualifications are the first two occupational qualifications that we have submitted to the Quality Council for Trades and Occupations (QCTO) for registration. While the process is taking a lot longer than expected, good progress has been made, nevertheless.

CHALLENGES

A challenge for every Seta is being able to prove that the Seta is adding value in a sustainable manner. Minister Nzimande is on record for saying that he has not seen or felt the impact of the R37,5 billion ploughed into Setas since 2000. The Fasset Board shares the Minister's concern and is very cognisant of the fact that

NSDS III places the responsibility on all Setas to be diligent in ensuring that their funding decisions are informed by the need to make a substantial and lasting impact.

It is apt therefore, that our Board has had serious conversations around the appropriateness of Fasset allocating so much funding to Work Readiness Programmes. As custodians of public funding, it is incumbent upon our Board to ensure that our stakeholders are getting very good value for money and that our funding decisions are strategic, rational, and as far as is humanly possible, scientific.

We are acutely aware that the Seta needs to make a positive impact on the employability of young people that participate in Fasset-funded projects. Consequently, one of the criteria for the approval of funding for Development Projects is that the project must clearly target a placement rate of at least 70%. While this target has always been achieved, and in many instances exceeded, the Board has identified the need to quantify the impact that Fasset-funded Work Readiness Projects have had over the past 12 years, and continue to have. Fasset has therefore commissioned a longitudinal study to measure the impact that the Fasset-funded work readiness programmes within the Fasset sector have had over the past twelve years. The outcome of such a study will enable us to not only quantify the impact of these projects, but also assist us in ensuring that, going forward, Fasset's discretionary funding is deployed in a manner that provides maximum return on investment for our stakeholders.

INNOVATION

Shifting away from an approach of 'doing more of the same,' as a Board, we have had difficult conversations around how to do more with the money with which we have been entrusted. We have therefore taken a very conscious decision to allocate public funding to high-impact interventions. Informed by research and sector needs identified in our Sector Skills Plan (SSP), one of the most important decisions taken at our annual Strategic Planning Session for the period 1 April 2012 to March 2013 is to use Discretionary Grant funding more meaningfully.

The Board has taken the decision to direct discretionary funds towards upskilling as well as fast-tracking the transformation agenda, by funding only African Black people through our Learnership Cash Grant (LCG), Strategic Cash Grant (SCG), SMME Grant and Development Projects. We believe that this is a necessary intervention aimed at ensuring that Fasset's activities are focused on increasing the number of skilled people in the Fasset sector while at the same time addressing the issue of historical imbalances.

PROSPECTS

We are already benefitting from the changes that the Minister has made in terms of how Setas are run. Fortunately, Fasset has always been a strong performer and this affords our Board the opportunity to reflect on Fasset's strategic imperative and build on what has been achieved in order to best position the Seta to become more interventionist in its approach and focus on high-impact areas to ensure delivery across the post-schooling system.

We have reflected on the Green Paper for Post-school Education and Training, and we look forward to aligning Fasset's activities in a much more coherent fashion with all the players in the entire post-schooling system in order to maximise delivery and contribute meaningfully in the skills revolution.

GRATITUDE

I wish to extend my thanks to all Board members for their robust and carefully considered inputs, support and guidance over the past year. By having those difficult conversations we have been able to push the envelope in terms of Fasset's delivery and impact.

I am very fortunate to have a Board, which is very passionate and activist-minded in terms of skills development. We want to make a real difference in terms of skills development within our sector. We are very cognisant of our responsibilities and recognise that finance, accounting, management consulting and other financial skills play a pivotal role in the sound functioning of the South African economy, and in the achievement of national imperatives such as the New Growth Path (NGP) and the Industrial Policy Action Plan (IPAP). While applauding the achievements of Fasset's previous Boards, we humbly recognise, however, that there is so much more that we need to do, before we can comfortably say, we have achieved a skills revolution within our sector.

On behalf of the Board I would also like to thank the Fasset management team and staff for their dedication and hard work during the period. Fasset's achievements would not have been possible without your commitment to skills development.

We invite our stakeholders to attend Fasset's Annual General Meeting (AGM) on 13 September 2012. Our AGM provides a wonderful opportunity to ask questions of our Board, Chairman and CEO. It also affords us the opportunity to engage with you, our valued stakeholders.



Tsakani Maluleke
CHAIRMAN



CEO's Review

Cheryl James

CEO

Report by the CEO to the Executive Authority and Parliament of the Republic of South Africa.

The past twelve months has been characterised by great change. Fasset is on a new path: we have a new home in the Department of Higher Education and Training (DHET), we have moved office, we have a new Act, a new National Skills Development Strategy (NSDS III), a new Chairman, a new Board and a new Chief Operating Officer (COO). Despite all of these changes, we have continued to deliver at a high level and have met all of our NSDS III targets for the period.

While standard measures for success include achievements against NSDS targets and achievements in terms of national strategies, Fasset has never viewed learners as numbers. We are very cognisant of the fact that by upskilling individuals through our skills upliftment interventions, facilitating skills at work, we are able to make the future count for thousands of young South Africans, their immediate families, and the broader communities from which they are drawn.

Minister Nzimande has implored all stakeholders to make every workplace a training space. During the year under review, 19 561 individuals were upskilled through Fasset learnerships, Fasset-funded Development Projects and Fasset's Lifelong Learning events. These achievements

confirm that we have heeded Minister Nzimande's call to 'make every workplace within our sector, a training space,' and are a very clear demonstration of 'skills at work', within our sector. Recognising that finance, accounting, management consulting and other financial skills are fundamental to the sound functioning of society, business and the economy as a whole, we will continue relentlessly to make the Fasset sector, the sector of career choice for many young South Africans.

OPPORTUNITIES

Changes in our operating environment have opened up many new opportunities, including the opportunity to look at governance, specifically, to see how Fasset can link into integrated reporting and play a leading role in the public sector in this regard. The acknowledgement that we are part of a much broader community, and also an employer and an organisation in our own right, prompted us to take our first tentative steps in our journey towards integrated reporting. This will provide our stakeholders with greater insights into our business and the value we create. While it is not a statutory requirement for Fasset to produce an integrated report, there is recognition globally that it is important that organisations take social, governmental, economic and environmental issues into account in their reporting, demonstrating to a wide range of stakeholders, what they do, how they create value, and how they are

addressing stakeholder needs and concerns. In terms of this, we have assessed our maturity curve with respect to alignment to the King III Code of Good Corporate Governance and have begun meaningful dialogue on what our reporting journey could look like. We look forward to the natural evolution of a process and the value this can add to strengthening our levels of accountability to our stakeholders.

Being part of DHET means there is now a much closer alignment of education and training initiatives. The Green Paper on Post-school Education and Training and NSDS III, affords Setas the opportunity to look at the whole person throughout the talent pipeline. This approach is far more sustainable in the long-run, and it is an approach, which Fasset has always embraced in the funding of Development Projects.

HIGHLIGHTS

There have been many highlights during the year. The submission of our first two qualifications to the QCTO for registration is an important milestone as these are the first two occupational qualifications, which Fasset has submitted for registration.

Since Fasset is committed to transformation, Fasset's achievement of a Broad Based Black Economic Empowerment (B-BBEE) level 5 rating during the period is clearly a highlight, and even more so, in view of the fact that Fasset is the first Seta ever to obtain a (B-BBEE) scorecard.

In the interests of sustainability, it is important to highlight the fact that over the past 12 years, collectively, 123 392 individuals have completed Fasset learnerships, benefited from Fasset-funded Development Projects or attended Fasset Lifelong Learning events. Placed in perspective, these beneficiaries would fill Soccer City and more than half of the Moses Mabhida Stadium.

We are also very proud of the fact that our ten year celebratory book, entitled: "Decade of Delivery," has scooped up two awards from the South African Publication Forum. Most importantly, this publication has been disseminated to a much wider stakeholder grouping, than the Fasset sector, raising awareness around the Fasset Brand, Fasset interventions, Fasset delivery, and the compelling reasons, which position the Fasset sector, as a sector of career choice.

INNOVATION

We have always subscribed to the view that innovation is the lifeblood of any organisation. By constantly innovating, Fasset is able to find new ways to add value to its stakeholders.

Minister Nzimande has called upon Setas to open up offices in townships and rural areas, to enable greater access to information and opportunity for learners and graduates from these areas.

As Fasset is one of the smaller Setas, this directive has presented Fasset with an enormous challenge, as this option is frankly, unaffordable. We have, however, responded to this challenge in an innovative and cost-effective manner, by launching our Brand Ambassador Campaign. This campaign has enabled us to deliver on our mandate of ensuring that Career Guidance information is accessible to learners in rural areas.

Setas are criticised for historically allocating very little funding for education in public universities and Further Education and Training (FET) Colleges. A very important innovation during the period is the approval, in principle, by our Board of the implementation of a Grant. The grant will be offered in the next financial year. Stakeholder engagement with employers and learners revealed that one of the challenges in our sector is that learners are unable to support themselves *and* pay back their National Student Financial Aid Scheme (NSFAS) loan on a learner's salary. As a result, some learners leave our sector, before completing their professional qualification.

The NSFAS Grant seeks to pay off learners' loans in full, enabling employers to retain these learners, and also enabling learners to complete their professional qualifications. By paying off NSFAS loans in full, funding will be available to fund more learners.

We are also proud of our Return on Investment (ROI) model, which measures the effectiveness of Fasset's marketing, advertising and communication. This is pioneering work, which we have never done before. We look forward to implementing this in the next year, and being able to demonstrate the effectiveness of our marketing, in terms of achieving our strategic goals and objectives.

CHALLENGES

At Fasset, leadership is about taking a proactive approach to finding relevant, effective and sustainable solutions to skills development challenges. It is about creating value for and providing service excellence to our stakeholders, ourselves and to the next level of delivery and practice, while ensuring meaningful impact.

The Green Paper on Post-school Education and Training and the Amendment of the Sector Education and Training Authorities (SETAs) Grant Regulations, may require changes in terms of Fasset's strategy and its operating model. Fortunately, Fasset has always been very responsive and able to adapt very quickly to changes in the operating environment. Our track record of delivery over the past twelve years confirms that Fasset is more than up to the challenge.

PROSPECTS

Our priorities for the year ahead are very clear. Our Strategic Plan for the period 2012-2017 and Annual Performance Plan (APP) for the period 2012-2013 have been submitted to DHET and tabled in Parliament. We will continue to deliver against these strategic objectives. We will also continue to deliver against NSDS III and any other DHET directives and national imperatives, and any changes that may be required in terms of the regulatory environment as required in the year ahead.

We share our Ministers vision of "a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth plan." We are committed to doing what it takes to achieve this vision within our sector.

GRATITUDE

I am very cognisant of the critical role that the Chairman and Board play in Fasset's on-going success. I would like to thank the Chairman and Board for their guidance and support during the period, which is critical in ensuring our sustainability as a Seta. It is also critical in ensuring that Fasset continues to deliver at the highest levels. I am indebted too, to my management team and staff. Without their buy-in, as well as the buy-in and support of all of our stakeholders, none of our achievements in our twelfth year of operation would have been possible.



Cheryl James
CEO

Report of the Audit and

Risk Committee

Report on the Audit and Risk Committee in terms of Regulation 27 (1) (10) (B) and (c) of the PFNA of 1999, as amended.

We are pleased to present our Report for the financial year ended 31 March 2012.

Audit and Risk Committee Members and attendance

The Audit and Risk Committee held four scheduled meetings during the period. Details of the Audit and Risk Committee members, the number of meetings attended, resignations, and the remuneration received appear in Table 1 below.

Table 1: Audit and Risk Committee Attendance and Remuneration 2011/2012

Member	Mandi Olivier	Shahied Daniels	Stadi Mngomezulu	Erna Swart	Edson Ragimana	Veronica du Preez	Matshepo More ¹
Position	Independent Member	Board Member	Board Member	Independent Member	Independent Member	Independent Member	
19 May 2011	✓	-	✓	✓	✓	✓	✓
21 July 2011	✓	✓	✓	✓	✓	✓	-
17 November 2011	✓	✘	✓	✓	✓	✓	-
23 February 2012	✓	✓	✘	✓	✘	✓	-
Meetings Attended	4	2	3	4	3	4	1
Remuneration during year for financial year ending 31 March 2012	R20 000.00*	R3 055.00	R4 582.50*	R20 000.00*	R15 000.00	R20 000.00	R5000.00
Travel reimbursement	R615.60	R398.46	R1 333.80	R0	R0	R1 292.58	R0

¹ Board term ended

* Committee fees paid to: South African Institute of Chartered Accountants (SAICA) iro M Olivier
National Treasury iro S Mngomezulu
Accounting Standards Board (ASB) iro E Swart

Remuneration Rate: Formal meetings = R5 000.00 per meeting for independent members
= R1 527.50 per meeting for Board members

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee has adopted appropriate Terms of Reference as its Audit and Risk Committee Charter. The Charter is updated regularly and complies with the principles of good governance and with the requirements of the PFMA. The Audit and Risk Committee is accountable to the Board and has an oversight function with regard to:

- Financial management,
- Risk management and internal audit,
- Compliance with laws, regulations and good ethics, and
- Reporting practices.

The Audit and Risk Committee has satisfied its responsibilities for the year in compliance with its terms of reference.

REPORT ON OPERATIONS OF THE AUDIT AND RISK COMMITTEE

During the period under review, the following activities were undertaken and demonstrate the commitment of the Audit and Risk Committee to achieving its mandate:

- Reviewed quarterly management accounts,
- Reviewed the risk analysis, as well as the internal audit coverage plans and budget,
- Considered internal audit reports and made recommendation as appropriate,
- Monitored progress with the internal audit coverage plans as well as management's follow-up of matters requiring attention throughout,
- Monitored compliance with Fasset policies and applicable legislation, and
- Conducted separate meetings with both internal and external audit.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee is satisfied that:

- The risk management process is in place and that Fasset's major risks are properly managed,
- The internal control systems are effective,
- The Internal Auditors are operating objectively and independently, and
- Matters requiring management attention have been adequately addressed.

EVALUATION OF FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor and Management the audited Annual Financial Statements to be included in the Annual Report, and
- Reviewed the Auditors' management report and management's response thereto.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditors on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



Mandi Olivier

AUDIT AND RISK COMMITTEE CHAIRMAN



Annual Financial Statements

Index

Report of the Auditor-General	15
Report of the Accounting Authority	18
Statement of Financial Performance	20
Statement of Financial Position	21
Statement of Changes in Net Assets	22
Cash Flow Statement	23
Statement of Comparison of Budget and Actual Amounts	24
Accounting Policies	25
Notes to the Annual Financial Statements	33

Report of the Auditor-General

Report of the Auditor-General to Parliament on the Finance and Accounting Services Sector Education and Training Authority.

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Financial and Accounting Services Sector Education and Training Authority (Fasset) set out on pages 17 to 61 which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and 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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of

South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Fasset as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 14 to 61 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

11. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

Internal control

12. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor-General



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria

31 July 2012

The Annual Financial Statements for the year ended 31 March 2012, set out on pages 17 to 61, have been approved by the Accounting Authority on 24 May 2012 in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



CA James (CEO)



T Maluleke (Chairman)

Report of the Accounting

Authority

Honourable Minister, it is with pleasure that the Accounting Authority presents to you the Annual Financial Statements of the Finance and Accounting Services Sector Education and Training Authority for the period 1 April 2011 to 31 March 2012.

GOVERNANCE

As Fasset's Accounting Authority, it is the Board's responsibility to prepare Financial Statements that fairly present Fasset's financial position at 31 March 2012 and also the Financial Performance and Summary Cash Flow Activities for the year ending 31 March 2012. The Board of Fasset is of the opinion that appropriate Accounting Policies, supported by reasonable and prudent judgement and estimates, have been applied on a consistent, going concern basis and the Annual Financial Statements comply with GRAP and the PFMA (1999) as amended.

With regard to systems and controls, these include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Further, the management of these financial affairs has been undertaken in accordance with the Financial and Procurement Policies which have been put in place, and which comply with the King III Code on Corporate Governance. In addition, all necessary structures, policies and procedures are in place in order to ensure compliance with the requirements of the PFMA. These include an independent Audit and Risk Committee, a Fraud Prevention Plan and Internal Auditors. Fasset therefore complies with best practice, and with all legislation with regard to governance.

The Constitution of the Seta places additional responsibilities on the Board; these include:

- providing strategic direction to Fasset,
- determining strategies and policies, and
- managing performance against agreed strategies and business plans.

In order for the Board to successfully fulfil its mandate, a comprehensive induction programme is run for new Board Members.

A process of self assessment and discussion of performance by the board has been implemented and it is hoped that this will serve as an additional useful tool in ensuring effective functioning of the Board. This self-assessment process has also been implemented for the various subcommittees of the Board.

The Accounting Authority is of the opinion that Fasset will continue as a going concern for the current year. This assertion is made after considering that:

- Fasset has met its Budgetary requirements for the current year and will continue to do so in the future, and
- Fasset does not have any pending legal matters for the current financial year.

NSDS

Fasset's achievements in terms of NSDS III targets are reflected in Appendix A (page 84)

REMUNERATION

The remuneration of the CEO and COO, who are full-time employees, is reflected in Table 2, page 19. The board members are remunerated for attending board and sub committee meetings, based on the remuneration guidelines from National Treasury and the level of remuneration approved by the Minister for Higher Education and Training. The amounts paid to each member of the Board are detailed in Table 3.



Tsakani Maluleke
CHAIRMAN

Table 2: CEO and COO's Remuneration

CEO'S REMUNERATION

	2011/2012	2010/2011
Allowances: Car & subsistence	42 000	42 000
Base Remuneration	1 603 672	1 388 708
Total Guaranteed Cost to Company	1 645 672	1 430 708
Non Guaranteed (at risk) Remuneration	193 181	143 071
Total Guaranteed and Non-Guaranteed Remuneration	1 838 853	1 573 779

COO'S REMUNERATION**COO 1***

	2011/2012	2010/2011
Allowances: Car & subsistence	1 153	13 836
Base Remuneration	56 809	987 659
Leave paid	40 423	-
Total Guaranteed Cost to Company	98 385	1 001 495
Non Guaranteed (at risk) Remuneration	100 150	100 150
Total Guaranteed and Non-Guaranteed Remuneration	198 535	1 101 645

*COO1 Resigned 20 April 2011

COO 2*

	2011/2012	2010/2011
Allowances: Car & subsistence	-	-
Base Remuneration	528 787	-
Total Guaranteed Cost to Company	528 787	-
Non Guaranteed (at risk) Remuneration	27 306	-
Total Guaranteed and Non-Guaranteed Remuneration	556 093	-

*COO 2 Joined 10 August 2011

Table 3: Board and Sub Committee Remuneration

Name	Board	EXCO	REMCO	FINCO	Total
P. Badal	R12 220.00		R1 527.50		R13 747.50
S. Daniels	R15 275.00				R15 275.00
A. Dempsey	R15 275.00		R3 055.00	R16 806.50	R35 136.50
H. Fischer	R16 149.00	R6 110.00			R22 259.00
S. Gounden	R15 275.00			R7 637.50	R22 912.50
K. Hlongwane	R12 220.00				R12 220.00
C. Karsten	R6 110.00				R6 110.00
D. Kopolo	R15 275.00	R6 110.00			R21 385.00
S. Louis	R12 220.00	R6 110.00			R18 330.00
B. Mathibela	R12 220.00			R10 692.50	R22 912.50
T. Maluleke	R19 645.00	R9 822.50			R29 467.50
S. Mngomezulu	R9 165.00				R9 165.00
M. Moloj	R15 275.00	R7 637.50	R3 929.00		R26 841.50
M. Mushwana	R18 330.00			R11 566.50	R29 896.50
Total	R194 654.00	R35 790.00	R8 511.50	R46 703.00	R285 658.50

STATEMENT OF FINANCIAL PERFORMANCE

FORTHEYEARENDED 31 MARCH 2012

	Notes	2011/12 R'000	2010/11 R'000
REVENUE			
Non-exchange revenue			
		310 285	218 627
Skills Development Levy transfer	2	308 359	217 296
Skills Development Levy penalties and interest		1 926	1 331
Exchange revenue			
		9 203	6 062
National Skills Fund income	15	-	5
Investment income	3	9 095	5 995
Other income	4	108	62
Total Revenue		319 488	224 689
EXPENSES			
Employer grant and project expenses	5	(225 274)	(190 846)
Administration expenses	6	(25 519)	(20 789)
National Skills Fund expenses	15	-	(5)
Total Expenses		(250 793)	(211 640)
SURPLUS FOR THE YEAR	1	68 695	13 049

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2011/12 R'000	2010/11 R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	1 027	554
Intangible assets	8	47	8
Current Assets			
Accounts receivable from non - exchange transactions	9	2 619	750
Accounts receivable - Other	10	617	2 456
Cash and cash equivalents	11	182 985	132 738
Consumables		30	37
Total Assets		187 325	136 543
LIABILITIES			
Current Liabilities			
Trade and other payables from non - exchange transactions	12	48 908	64 867
Provision	13	8 359	7 119
Trade and other payables from exchange transactions	14	5 662	8 630
National Skills Fund received in advance	15	-	226
Total Liabilities		62 929	80 842
NET ASSETS		124 396	55 701
Funds and Reserves			
Administration reserve		1 074	562
Employer grant reserve		148	105
Discretionary reserve		123 174	55 034
TOTAL FUNDS AND RESERVES		124 396	55 701

STATEMENT OF CHANGES IN NET ASSETS

FORTHE YEAR ENDED 31 MARCH 2012

Notes	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Reserve R'000	Unappropriated surplus R'000	Total R'000
Balance at 1 April 2010	498	156	41 998	-	42 652
Surplus per Statement of Financial Performance	-	-	-	13 049	13 049
Allocation of unappropriated surplus	6 807	24 060	(17 818)	(13 049)	-
Excess reserves transferred to Discretionary reserve	(6 743)	(24 111)	30 854	-	-
Balance at 31 March 2011	562	105	55 034	-	55 701
Surplus per Statement of Financial Performance	-	-	-	68 695	68 695
Allocation of unappropriated surplus	14 275	43 768	10 652	(68 695)	-
Excess reserves transferred to Discretionary reserve	(13 763)	(43 725)	57 488	-	-
Balance at 31 March 2012	1 074	148	123 174	-	124 396

An amount of **R1 074 000** (2011:R562 000) is retained in the administration reserve equal to the carrying value of Property, plant and equipment and Intangible assets.

An amount of **R148 000** (2011:R105 000) is disclosed in the employer grant reserve refer to note 17.2 and 17.3 for details.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2011/12 R'ooo	2010/11 R'ooo
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		310 442	217 374
Levies, interest and penalties received	2	310 284	218 627
Other cash receipts from stakeholders		158	(1 253)
Cash paid to stakeholders, suppliers and employees		(268 105)	(184 385)
Grants and project payments		(245 797)	(166 465)
Compensation of employees		(9 041)	(8 245)
Payments to suppliers		(13 267)	(9 675)
Cash generated from operations	16	42 337	32 989
Interest received	3	8 950	5 887
Special projects	15	(226)	4
Net cash inflow from operating activities		51 061	38 880
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, plant and equipment	7	(761)	(261)
Acquisition of Intangible assets	8	(53)	(9)
Net cash outflow from investing activities		(814)	(270)
Net increase in cash and cash equivalents		50 247	38 610
Cash and cash equivalents at beginning of year	11	132 738	94 128
Cash and cash equivalents at end of year	11	182 985	132 738

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FORTHE YEAR ENDED 31 MARCH 2012

Notes	Approved Original Budget 2011/12 R'000	Revisions 2011/12 R'000	Approved Final Budget 2011/2012 R'000	Actual 2011/2012 R'000	Favourable variance 2011/12 R'000
REVENUE					
24.1	209 185	73 754	282 939	308 359	25 420
24.2	-	-	-	1 926	1 926
24.3	6 000	2 800	8 800	9 095	295
	-	-	-	108	108
	215 185	76 554	291 739	319 488	27 749
EXPENSES					
24.4	(191 168)	(73 392)	(264 560)	(225 274)	39 286
24.5	(23 677)	(2 659)	(26 336)	(25 519)	817
	(214 845)	(76 051)	(290 896)	(250 793)	40 103
	340	503	843	68 695	67 852
SURPLUS FOR THE YEAR					

Fasset does not budget for a surplus. The R340 000 shown as a surplus in the original budget and R843 000 shown in the final approved budget was budgeted as capital expenditure of which R813 000 was spent.

For details regarding the difference between budget and actual refer to Note 24.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards. The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999) as amended, including any interpretations of such Statements issued by the Accounting Standards Board (ASB).

2. REVENUE RECOGNITION

2.1 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by Fasset, usually in accordance with a binding arrangement.

When Fasset receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that Fasset will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to Fasset are subject to the fulfillment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET), income from the National Skills Fund (NSF), and grants from the national government.

2.1.1 Levy income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), Act No 97 of 1998, as amended and the Skills Development Levies Act (SDLA) Act No 9 of 1999, as amended.

In terms of section 3(1) and 3(4) of the SDLA, 1999 as amended, registered member companies of Fasset pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collect the levies on behalf of DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the SDLA (1999) as amended, effective 1 August 2005.

80% of Skills Development Levies (SDL) are paid over to Fasset (net of the 20% contribution to the NSF). Fasset was not in a position to verify that SARS has collected all potential skills levy income.

Revenue is adjusted for transfers between the Setas due to employers changing Setas. Such adjustments are separately disclosed as inter-Seta transfers. The amount of the inter-Seta adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET. SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the Seta and these benefits can be measured reliably. This occurs when the DHET makes an allocation to Fasset, as required by Section 8 of the SDLA, 1999 as amended.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

2.1.2 Interest and penalties

Interest and penalties received on the SDL are recognised on the accrual basis.

2.1.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the NSF are accounted for in the financial statements of Fasset as a liability until the related conditions are met. The liability is reduced by any project expenditure incurred and recognised as revenue.

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

2.2 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to Fasset and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

The only exchange revenue received by Fasset is the interest earned on the investment.

Unconditional grants received are recognised when the amounts have been received.

2.2.1 Investment Income

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

3. GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 50% of its total levy payment as a Mandatory Grant (excluding interest and penalties) by complying with the criteria in accordance with the SDA, 1998, as amended, Seta Grant Regulations regarding monies received and related matters.

Mandatory Grants

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut-off period and the application has been approved. The grants are equivalent to 50% of the total levies contributed by employer.

Discretionary Grant and Project Expenditure

Fasset may out of the surplus Mandatory, Administrative or Discretionary levies and in accordance with criteria as defined in the Seta Grant Regulations allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the Fasset Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by Fasset.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

Fasset allocates Discretionary Grants to employers who have submitted an application for a Discretionary Grant in the prescribed form within the agreed upon cut-off period. Discretionary Grant expenditure is recognised as expenses in the period in which it incurred, in which the conditions are met.

Project expenditure comprises:

- costs that relate directly to the specific project,
- costs that are attributable to project activity in general and can be allocated to the project, and
- such other costs as are specifically chargeable to Fasset under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Project expenditure is recognised as expenses in the period in which it incurred, in which the conditions are met.

4. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA (1999), as amended
- The SDA (1998) as amended

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

All irregular and fruitless and wasteful expenditure is charged against the respective class of expense in the period in which it is incurred.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable service amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

The gain or loss on disposal of Property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining a surplus or deficit for the year.

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

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of Property, plant and equipment

Fasset reviews the estimated useful lives of Property, plant and equipment at the end of each annual reporting period for the carrying values of Property, plant and equipment.

Management determined, consistent with the prior year, that the useful life of assets should not be limited by Fasset's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

The following useful lives are used in the calculation of depreciation

Computer equipment	3 years
Office furniture and fittings	10 years
Office equipment	5 years
Leasehold Improvements	over the lease term

Fasset has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

6. INTANGIBLE ASSETS

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The estimated useful lives and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable service amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining a surplus or deficit for the year.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of Intangible assets

Fasset reviews the estimated useful lives of Intangible assets at the end of each annual reporting period for the carrying values of Intangible assets.

The following useful life is used in the calculation of amortisation

Computer software	2 years
-------------------	---------

Fasset has reviewed the residual values used for the purposes of depreciation / amortisation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

7. LEASING

Payments made under operating leases are charged to the Statement of Financial Performance on a straightline basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

8. GRANTS

Mandatory Grant Payments

A liability is recognised for Mandatory Grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that Fasset will approve the grant application for payment. The liability is measured at estimated cash outflow as determined in accordance with the SDA (1998). This measurement involves an estimate, based on the amount of levies received.

Discretionary Grant Payments

A liability is recognised for Discretionary Grant payments once the specific criteria set out in the Seta Grant Regulation and any additional criteria as approved by the Fasset Board has been complied with by member companies and it is probable that Fasset will approve the grant application for payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the GRAP. This measurement involves an estimate, based on the amount of levies received.

Discretionary Projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as approved and allocated for future projects in the notes to Annual Financial Statements.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

Commitments are disclosed where Fasset has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment.

9. PROVISIONS

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

10. FINANCIAL INSTRUMENTS

Recognition

Financial assets and financial liabilities are recognised on Fasset's Statement of Financial Position when Fasset becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets of Fasset were categorised as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

Loans and receivables

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each year-end.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost,

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Financial Liabilities

All financial liabilities of Fasset were classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

11. RESERVES

Net Assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Seta Grant Regulations as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

Employer levy payments are set aside in terms of the SDA (1998) and the Seta Grant Regulations for the purpose of:

	2011/12 %	2010/11 %
Administration costs of the Seta	10	10
Employer grant fund levy	50	50
Discretionary Grants and projects	20	20
Received by the Seta	80	80
Contribution to the National Skills Fund	20	20
	100	100

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund Fasset's administration costs.

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve. Provision is made in the administration reserve equal to the net book value of depreciable assets. Provision is made in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date.

12. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

13. TAXATION

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

14. CONSUMABLES

Consumables on hand at the reporting date are measured at cost. An individual consumable purchase of which the cost does not exceed R1 000 is recognised, on acquisition, in surplus or deficit.

15. EMPLOYEE BENEFITS

Termination benefits are recognised and expensed only when the payment is made.

No provision has been made for retirement benefits as Fasset does not provide retirement benefits to its employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1. ALLOCATION OF SURPLUS FOR THE CURRENT YEAR TO RESERVES

	Employer Grants Reserve					Discretionary Reserve			Total Discretionary R'000
	Total per Statement of Financial Performance 2011/2012 R'000	Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Special projects R'000	Projects R'000			
Total Revenue	319 488	39 794	193 010	75 663	-	11 021			86 684
Skills Development Levy transfer from non - exchange transactions levy transfer									
Administration (10%) Levy transfer Employer Grants (70%)	39 686	39 686	-	-	-	-	-	-	-
Skills Development Levy penalties and interest from non - exchange transactions National Skills Fund income Investment Income Other income	268 673	-	193 010	75 663	-	-	-	-	75 663
	1 926	-	-	-	-	1 926	-	-	1 926
	9 095	-	-	-	-	-	9 095	-	9 095
	108	108	-	-	-	-	-	-	-
Total Expenses	250 793	25 519	149 242	13 314	-	62 718			76 032
Administration expenses National Skills Fund expenses Employer grants and project expenses	25 519	25 519	-	-	-	-	-	-	-
	225 274	-	149 242	13 314	-	62 718			76 032
Surplus per Statement of Financial Performance allocated	68 695	14 275	43 768	62 349	-	(51 697)			10 652

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

ALLOCATION OF SURPLUS FOR THE PRIOR YEAR TO RESERVES

	Employer Grants Reserve		Discretionary Reserve				Total Discretionary R'000
	Total per Statement of Financial Performance 2010/2011 R'000	Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Special projects R'000	Projects R'000	
Total Revenue	224 689	27 596	135 537	54 225	5	7 326	61 556
Skills Development Levy transfer from non-exchange transactions levy transfer	27 534	27 534	-	-	-	-	-
Administration (10%) Levy transfer Employer Grants (70%)	189 762	-	135 537	54 225	-	-	54 225
Skills Development Levy penalties and interest from non-exchange transactions	1 331	-	-	-	-	1 331	1 331
National Skills Fund income	5	-	-	-	5	-	5
Investment Income	5 995	-	-	-	-	5 995	5 995
Other income	62	62	-	-	-	-	-
Total Expenses	211 640	20 789	111 477	15 261	5	64 108	79 374
Administration expenses National Skills Fund expenses	20 789	20 789	-	-	-	-	-
Employer grants and project expenses	5	-	-	-	5	-	5
	190 846	-	111 477	15 261	-	64 108	79 369
Surplus per Statement of Financial Performance allocated	13 049	6 807	24 060	38 964	-	(56 782)	(17 818)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

The total levy transfer per the Statement of Financial Performance is as follows:

	2011/12 R'000	2010/11 R'000
Levy transfer: Administration	39 686	27 534
Levies received	39 686	27 534
Levies received from DHET	39 318	27 195
Government levies received	482	425
Inter-seta transfers in	7	(12)
Inter-seta transfers out	(121)	(74)
Levy transfer: Employer grants	193 010	135 537
Levies received	193 010	135 537
Levies received from DHET	193 586	135 957
Inter-seta transfers in	37	(55)
Inter-seta transfers out	(613)	(365)
Levy transfer: Discretionary grants	75 663	54 225
Levies received	75 663	54 225
Levies received from DHET	75 893	54 394
Inter-seta transfers in	15	(22)
Inter-seta transfers out	(245)	(147)
	308 359	217 296

3. INVESTMENT INCOME

	2011/12 R'000	2010/11 R'000
Interest income		
Accruals on bank deposits	145	108
Bank deposits	8 950	5 887
	9 095	5 995

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

4. OTHER INCOME

Other income comprises:

Bad debt recovered
Refund received
Income from attending committee meeting
Skills development levy refund
Donation income

	2011/12 R'ooo	2010/11 R'ooo
	36	20
	12	-
	-	3
	57	39
	3	-
	108	62

5. EMPLOYER GRANT AND PROJECT EXPENSES

Mandatory grants
Disbursed
Movement in provisions and accruals
Discretionary grants
Disbursed
Movement in provisions and accruals
Project expenditure
Disbursed
Movement in provisions and accruals

	2011/12 R'ooo	2010/11 R'ooo
	149 242	111 477
	162 735	86 986
	(13 493)	24 491
	13 314	15 261
	16 390	13 556
	(3 076)	1 705
	62 718	64 108
	66 672	65 923
	(3 954)	(1 815)
	225 274	190 846

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

6. ADMINISTRATION EXPENSES

	Notes	2011/12 R'ooo	2010/11 R'ooo
Advertising, marketing and promotions, communication		716	607
Bad debts written off		17	85
Consultancy and service provider fees	6.1	9 449	6 897
Cost of employment	6.2	9 093	8 188
Depreciation / Amortisation		296	199
Entertainment expenses		18	17
External auditor's remuneration		987	1 006
Impairments		48	(63)
Legal fees		22	-
Loss on disposal of Property, plant and equipment		7	7
Maintenance, repairs and running costs		136	115
Operating lease rentals		1 454	1 143
Remuneration to members of the Accounting Authority		286	-
Remuneration to members of the Audit and Risk committee		111	134
Staff training and development		163	136
Travel and subsistence		201	182
Other		2 515	2 136
Education and Training Quality Assurance (ETQA)		293	449
Insurance		281	307
Internal audit fees		591	312
Other administration expenses		791	704
Printing		207	204
Relocation costs		213	-
Telephone		139	160
		25 519	20 789

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

6.1 Consultancy and service provider fees

Consultancy and service provider fee relates to the expenses incurred in respect of the outsourced Finance, Information Technology maintenance and support and Supply Chain Management function of Fasset.

6.2 Cost of employment

Notes	2011/12 R'000	2010/11 R'000
Salaries and wages	8 975	8 082
Basic salaries	7 999	7 347
Performance awards	843	696
Temporary staff	25	96
Leave provision	52	(57)
Leave paid	56	-
Social contributions		
UIF	29	28
SDL	89	78
	<u>9 093</u>	<u>8 188</u>
Average number of employees	21	21

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of the Chief Executive Officer and Chief Operating Officer.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

7. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2012

	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Computer equipment	457	(283)	174
Office furniture and fittings	582	(388)	194
Office equipment	963	(665)	298
Lease improvements	433	(72)	361
Balance at end of year	2 435	(1 408)	1 027

Year ended 31 March 2011

	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Computer equipment	559	(425)	134
Office furniture and fittings	560	(368)	192
Office equipment	886	(658)	228
Balance at end of year	2 005	(1 451)	554

Movement Summary
31 March 2012

	Carrying amount 2011 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2012 R'000
Computer equipment	134	128	-	(88)	174
Office furniture and fittings	192	52	(2)	(48)	194
Office equipment	228	148	(3)	(75)	298
Leasehold improvements	-	433	-	(72)	361
Balance at end of year	554	761	(5)	(283)	1 027

Movement Summary
31 March 2011

	Carrying amount 2010 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2011 R'000
Computer equipment	131	76	(1)	(72)	134
Office furniture and fittings	241	6	(5)	(50)	192
Office equipment	112	179	(1)	(62)	228
Balance at end of year	484	261	(7)	(184)	554

Temporarily idle assets and assets not in use

Property, plant and equipment that were idle or had been retired from use had a net carrying value of Rnil (2011:R1 000)

Fully depreciated assets still in use

	2011/2012 R'000	2010/2011 R'000
Gross carrying value		
Computer equipment	26	40
Office furniture and fittings	62	22
Office equipment	35	133
Balance at end of year	123	195

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

8. INTANGIBLE ASSETS

Year ended 31 March 2012

	Cost R'ooo	Accumulated amortisation/ impairment R'ooo	Closing carrying amount R'ooo
Computer software	103	(56)	47
Balance at end of year	103	(56)	47

Year ended 31 March 2011

	Cost R'ooo	Accumulated amortisation/ impairment R'ooo	Closing carrying amount R'ooo
Computer software	151	(143)	8
Balance at end of year	151	(143)	8

Movement summary
31 March 2012

	Carrying amount 2011 R'ooo	Additions R'ooo	Disposals R'ooo	Amortisation R'ooo	Carrying amount 2012 R'ooo
Computer software	8	53	(1)	(13)	47
Balance at end of year	8	53	(1)	(13)	47

Movement summary
31 March 2011

	Carrying amount 2010 R'ooo	Additions R'ooo	Disposals R'ooo	Amortisation R'ooo	Carrying amount 2011 R'ooo
Computer software	14	9	-	(15)	8
Balance at end of year	14	9	-	(15)	8

Temporarily idle assets and assets not in use

Intangible assets that were idle or had been retired from use had a net carrying value of Rnil (2010:Rnil)

Fully depreciated assets still in use

	2011/2012 R'ooo	2010/2011 R'ooo
Gross carrying value		
Computer software	43	132

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

9. ACCOUNTS RECEIVABLE FROM NON - EXCHANGE TRANSACTIONS

	Notes	2011/12 R'000	2010/11 R'000
Inter-seta debtors	23.2	133	85
Employer receivables	9.1	2 560	691
Impairments	9.1	(74)	(26)
		<u>2 619</u>	<u>750</u>

9.1 Employer Receivables

	2011/12 R'000	2010/11 R'000
Overpayment to employers	2 560	691
Impairments	(74)	(26)
Effect of adjustments on affected employers	<u>2 486</u>	<u>665</u>

R2 560 000 (2011: R691 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received, and is based on the amount of such grant over payments. An amount of R74 000 (2011: R26 000) was provided for as doubtful debts.

Fasset refunds amounts to employers in the form of grants, based on information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount Fasset is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the Accounting Authority based on prior experience. The carrying amount of these assets approximates their fair value.

10. ACCOUNTS RECEIVABLE - OTHER

	2011/12 R'000	2010/11 R'000
Deposits	193	190
Interest receivable	145	108
Prepaid expenses	279	2 017
Service provider fees receivable	-	141
	<u>617</u>	<u>2 456</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

11. CASH AND CASH EQUIVALENTS

	2011/12 R'ooo	2010/11 R'ooo
Cash at bank and in hand	26 212	720
Cash at bank	26 212	719
Cash in hand	-	1
Short term fixed deposits	156 773	132 018
Cash and cash equivalents at end of year	182 985	132 738

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 5.3% (2011: 5.8%).

As Fasset was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

Cash and cash equivalents comprise cash held by Fasset and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair values.

12. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	Notes	2011/12 R'ooo	2010/11 R'ooo
Skills development grants payable - mandatory		32 507	45 875
Skills development grants payable - discretionary		12 140	15 249
Inter-seta payables	23.2	541	72
Employer payables		2 839	1 093
Levy Creditors		881	2 578
		48 908	64 867

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

13. PROVISION

13.1 Provision for levies incorrectly received

	2011/12 R'000	2010/11 R'000
Opening balance	7 119	5 879
Change in estimate	253	166
Addition	987	1 074
Closing balance	8 359	7 119

An amount of R8 359 000 (2011: R7 119 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing SDL due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remains with SARS.

14. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2011/12 R'000	2010/11 R'000
Project creditors	4 136	8 090
Sundry payables	1 526	540
Trade payables	582	21
Other accruals	496	123
Employee leave accrual	448	396
	5 662	8 630

The carrying amount of account and other payables approximate their fair value due to the relatively short-term maturity of these financial liabilities.

15. NATIONAL SKILLS FUND: SPECIAL PROJECTS

	2011/12 R'000	2010/11 R'000
Opening balance	226	222
Interest received	2	9
Utilised and recognised as revenue - conditions met	-	(5)
Bonani/Thuthuka Project	-	(5)
Repaid to NSF (closure of projects)	(228)	-
Closing balance	-	226

R228 000 was refunded to the National Skills Fund on 31 July 2011. The project was completed in March 2011, however the final closure and project sign-off was only finalised by DHET in July 2011.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

16. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS

	2011/12 R'000	2010/11 R'000
Surplus as per Statement of Financial Performance	68 695	13 049
Adjusted for non-cash items:		
Depreciation / Amortisation	296	199
Loss on disposal of Property, plant and equipment	7	7
Bad debts written off	17	85
Impairments	48	(63)
Special project income recognised	-	-
Adjusted for items separately disclosed		
Investment Income	(9 095)	(5 995)
Adjusted for working capital changes:		
Increase in receivables from non exchange transactions	(1 934)	(164)
Decrease / (Increase) in receivables - other	1 984	(1 151)
Decrease / (Increase) in consumables	7	(7)
(Decrease) / Increase in payables from non- exchange transactions	(15 960)	28 401
Decrease in payables from exchange transactions	(2 968)	(2 612)
Increase in provision	1 240	1 240
<i>Cash generated from operations</i>	42 337	32 989

17. CONTINGENCIES

17.1 Surplus Funds

In terms of the PFMA (1999), as amended, all surplus funds as at year-end may be forfeited to National Treasury should an application for retention of surplus funds be denied. We have submitted an application to National Treasury through DHET for the retention of surplus funds. As in the previous year Fasset expects that National Treasury will approve the retention of surplus funds.

17.2 First time employer registrations

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a Mandatory Grant.

At the reporting date it is estimated that, as a result, additional Mandatory Grant expenditure of R148 000 (2010/11 R105 000) will be payable. The amount is contingent on the number of submission received and approved.

17.3 New scheme year levies received

At the reporting date levies were received in respect of the new scheme year, for which, the Skills Development legislation allows an employer until 30 June 2012 to submit an application for a Mandatory Grant.

At the reporting date it is estimated, as a result, that additional mandatory grant expenditure of R1 643 (2010/11 R2 400) will be payable. The amount is contingent on the number of submission received and approved.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

18. COMMITMENTS

18.1 Discretionary reserve

Of the balance of R123 174 000 (2011: R55 034 000) available in the Discretionary reserve at the end of March 2012. The full balance has been approved and allocated for future projects and skills priorities as set out below. Of the allocated balance of R123 174 000, R50 417 000 has been contracted. Amounts for expenses that have already been incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury through DHET.

NSDS Indicator	Project Name	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
NSDS I									
2.8	Debt Collection Learnership *	161	(4)	(157)	-	-	-	-	-
	Sub-total year 4 Project Fund	161	(4)	(157)	-	-	-	-	-
NSDS II									
4.2	Thuthuka Small Practices CTA Work Readiness Program *	1 052	(587)	(465)	-	-	-	-	-
	Sub-total year 6 Project Fund	1 052	(587)	(465)	-	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

NSDS Indicator	Project Name	Opening bal- ance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening bal- ance 2011/12 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commit- ments R'000
4.2	Thuthuka Full-Time CTA *	1 272	(1 272)	-	-	-	-	-	-
	Sub-total year 8 Project	1 272	(1 272)	-	-	-	-	-	-
	Fund								
4.2	Framework for people with disabilities*	145	-	(73)	72	(72)	-	-	-
2.7	Abet*	55	-	(55)	-	-	-	-	-
5.3	Quality Assurance Interventions*	198	(141)	(57)	-	-	-	-	-
1.1	Research (Sector Skills Plan)*	95	-	(95)	-	-	-	-	-
4.2	Pagamani 1*	34	(34)	-	-	-	-	-	-
4.2	Thuthuka Repeat QE Part I*	2 571	-	(2 161)	410	(368)	(42)	-	-
	Sub-total year 9 Project	3 098	(175)	(2 441)	482	(440)	(42)	-	-
	Fund								

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

NSDS Indicator	Project Name	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Utilised R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
6.2	Strategic Marketing *	335	(220)	(115)	-	-	-	-	-	-	-
4.2	Life Long Learning *	247	-	(247)	-	-	-	-	-	-	-
2.8	Learnership Cash grant*	5 007	(5 787)	780	-	-	-	-	-	-	-
5.3	Strategic Partnership Funding	3 986	-	(1 26)	3 860	-	(19)	-	3 841	-	-
4.2	SMMVE Intervention - Fasset Skills Advisors *	693	-	(693)	-	-	-	-	-	-	-
1.1	Research Learnerships and Learnerships Development	1 346	-	-	1 346	-	(340)	-	1 006	-	-
2.7	Abel*	450	(236)	(214)	-	-	-	-	-	-	-
1.1	Research (Sector Skills Plan)*	180	-	(180)	-	-	-	-	-	-	-
4.2	IRBA 2010 PPE Support*	836	(31)	(805)	-	-	-	-	-	-	-
4.2	Bonani 5 Work Readiness Program *	17 984	(11)	(17 973)	-	-	-	-	-	-	-
4.2	Pakhamani 2 AAT*	1 793	-	(1 769)	24	(24)	-	-	-	-	-
4.2	Thusanani 4 Work Readiness Program *	3 557	-	(3 542)	15	-	-	-	(15)	-	-
	Sub-total year 10 Project	36 414	(6 285)	(24 884)	5 245	(24)	(374)	(24)	(374)	4 847	-
	Fund										

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

NSDS Indicator	Project Name	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Utilised R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
2.2	SMWE Pilot Grant*	-	2 000	(65)	1 935	(1 935)	-	-	-	-	-
4.2	SMWE Intervention - Fasset	-	1 800	(664)	1 136	(1 136)	-	-	-	-	-
4.2	Skills Advisors*	-	10 909	(8 397)	2 512	-	(2 512)	-	-	-	-
2.8	Life long learning*	-	17 635	(13 914)	3 721	(3 072)	(649)	-	-	-	-
6.2	Learnership Cash grant*	-	2 786	(2 249)	537	(181)	(356)	-	-	-	-
1.1	Strategic Marketing*	-	1 350	(449)	901	-	(860)	41	41	41	41
4.1	Annual Research	-	300	(120)	180	(180)	-	-	-	-	-
4.1	Assessor Moderator Grant*	-	1 500	-	1 500	-	(234)	1 266	-	1 266	-
4.1	Taxation Learnership	-	100	-	-	-	-	-	-	-	-
4.1	Literacy and Numeracy Research*	-	100	(100)	-	-	-	-	-	-	-
4.2	Bonani 6 Work Readiness Program*	-	23 308	(8 016)	15 292	(9)	(15 283)	-	-	-	-
4.2	Thusanani 5 Work Readiness Program	-	5 039	(1 566)	3 473	-	(3 351)	122	122	122	88
4.2	Schimatus*	-	1 459	(620)	839	(27)	(812)	-	-	-	-
4.2	IRBA PPE support program*	-	855	(1)	854	(36)	(818)	-	-	-	-
4.2	Thuhuka Repeat QE	-	4 318	-	4 318	-	(3 687)	631	631	631	604
4.2	2011/2012	-	1 600	-	1 600	(1 600)	-	-	-	-	-
4.2	Strategic Cash Grant*	-	10 509	-	10 509	(10 509)	-	-	-	-	-
4.2	Development Projects*	-	-	-	-	-	-	-	-	-	-
	Sub-total year 11 Project Fund	-	85 468	(36 161)	49 307	(18 685)	(28 562)	2 060	733		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

NSDS Indicator	Project Name	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
NSDS III									
4.6.2	Employer Grant Support Programme	-	350	(115)	-	-	-	235	-
4.8.1	Strategic Marketing	-	2 921	(2 267)	-	-	-	654	654
9.16 & 8.12	Assessor/Moderator Grant*	-	64	(64)	-	-	-	-	-
4.2.1	Learnership Cash Grant*	-	6 435	(6 435)	-	-	-	-	-
4.4.1 & 4.2.1	Projects Impact Study	-	218	(98)	-	-	-	120	119
4.6.2	SMMME Pilot Grant*	-	-	-	-	-	-	-	-
4.1.1	Annual Research	-	940	-	-	-	-	940	940
4.2.1	Lifelong learning	-	9 500	(8 464)	-	-	-	1 036	1 036
4.4.1	Thusanani 6	-	9 060	(2 615)	-	-	-	6 445	6 446
4.4.1	Bonani 7	-	35 456	(7 522)	-	-	-	27 934	22 315
4.4.1	Ilhemba Training Programme	-	7 697	(2 275)	-	-	-	5 422	5 382
4.4.1	Amathuba	-	2 813	(1 141)	-	-	-	1 672	1 619
4.4.1	Rhodes BAC Programme	-	6 182	(1 362)	-	-	-	4 820	4 766
4.4.1	Schimatius 2011	-	2 349	(919)	-	-	-	1 430	1 384
4.4.1	Boston Le Rumo Project	-	1 257	(460)	-	-	-	797	757
4.4.1	IRBA Support Programme	-	1 015	-	-	-	-	1 015	960
4.4.1	S&T Ukuhumba Project	-	3 361	-	-	-	-	3 361	3 306
4.4.1	Development Projects Initial Support Services	-	5	(3)	-	-	-	2	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

NSDS Indicator	Project Name	Opening balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Utilised R'000	Total R'000	Commitments R'000
4.4.1	Schimatius 2013	-	-	-	-	3 446	-	3 446	-
4.4.1	Thuthuka Repeat QE Part II	-	-	-	-	835	-	835	-
4.4.1	Thuthuka Repeat QE Part I	-	-	-	-	10 001	-	10 001	-
4.2.1	NSFAS Bursaries	-	-	-	-	46 102	-	46 102	-
	Sub-total year 12 Project					150 007	(33 740)	116 267	49 684
	Fund								
		41 997	77 145	(64 108)	55 034	130 858	(62 718)	123 174	50 417
	Total Project expenditure								

* Projects closed during the year

The difference in the NSDS target numbers between 2010/11 and 2011/12 is due to the changes in the NSDS strategy. All the open projects have been realigned to the relevant NSDS III targets.

Amounts disclosed in the approved by Accounting Authority column should be read as follows:

The positive amounts represents new or additional approvals made by the Accounting Authority. The negative amounts represents transfers back to the surplus funds due to savings on the project.

The Board strategic sessions held annually, is used to determine the allocation of Fasset's available surplus funds. The allocation is linked to the Seta's strategic objectives. Fasset either manages the project internally or appoints service providers to meet its objectives. The appointment of the service providers follows the procurement process, depending on the value either through a tender or three quote process. Commitments are disclosed where Fasset has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are not yet due for payment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

18.2 Operating Leases

Total of future minimum lease payments under non-cancelable leases:

	2011/12 R'000	2010/11 R'000
Not later than one year	1 221	946
Later than one year and not later than five years	4 884	4 482
	<u>6 105</u>	<u>5 428</u>

The operating lease relates to building premises used for office accommodation. Fasset entered into a new lease agreement on 1 June 2011. Fasset will lease the current premises until 31 March 2016. A deposit of R75 221 was paid on inception of the lease which is refunded upon termination of the lease. The deposit amount will be reduced by any outstanding costs and will accrue interest based on prime less five percentage point per annum. The rent escalates annually on 1 April by 9%.

19. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

To the best of our knowledge, no material losses through criminal conduct or irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2012.

20. EVENTS AFTER REPORTING DATE

None

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

21. FINANCIAL INSTRUMENTS

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

Interest rate risk

Fasset manages its interest rate risk by effectively investing Fasset surplus cash in term deposits with different financial institutions according to Fasset's investment policy.

Fasset's exposure to cash flow interest rate risk and the effective interest rates on financial instruments at reporting date are as follows:

	Floating Rate		Non-Interest Bearing	
	Amount R'ooo	Effective interest rate	Amount R'ooo	Total R'ooo
Year ended 31 March 2012				
Assets				
Cash	182 985	5,3%	-	182 985
Accounts receivable - other	-		617	617
<i>Total financial assets</i>	<u>182 985</u>		<u>617</u>	<u>183 602</u>
Liabilities				
Trade and other payables from exchange transactions			(5 662)	(5 662)
<i>Total financial liabilities</i>	<u>-</u>	<u>-</u>	<u>(5 662)</u>	<u>(5 662)</u>
Year ended 31 March 2011				
Assets				
Cash	132 737	5,8%	1	132 738
Accounts receivable - other	-		2 456	2 456
<i>Total financial assets</i>	<u>132 737</u>		<u>2 457</u>	<u>135 194</u>
Liabilities				
Trade and other payables from exchange transactions			(8 630)	(8 630)
<i>Total financial liabilities</i>	<u>-</u>	<u>-</u>	<u>(8 630)</u>	<u>(8 630)</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Credit Risk

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

Fasset limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. Fasset's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. Fasset does not have any material exposure to any individual or counter-party. Fasset's concentration of credit risk is limited to the industry (Financial and Accounting Services) in which Fasset operates. No events occurred in the industry (Financial and Accounting Services) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. Fasset is exposed to a concentration of credit risk, as significant amounts are owed by SARS and DHET. This concentration of risk is limited as SARS and DHET are government entities with sound reputation.

The ageing of other receivables from exchange transactions:

	2011/12		2010/11	
	Gross	Impairment	Gross	Impairment
Not past due	617	-	2 456	-
Past due 1 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 120 - 365 days	-	-	-	-
More than one year	-	-	-	-

The ageing of cash and cash equivalents:

	2011/12		2010/11	
	Gross	Impairment	Gross	Impairment
Not past due	182 985	-	132 738	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	-	-
Past due 120 - 365 days	-	-	-	-
More than one year	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Liquidity risk

Fasset manages liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy.

Adequate reserves and liquid resources are maintained.

	2011/12					2010/11						
	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other Payables from exchange transactions	(5 662)	(5 662)	(5 662)	-	-	-	(8 630)	(8 630)	(8 607)	(23)	-	-

Market risk

Fasset is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year in the market that Fasset is aware of. There are adequate procedures in place to address changes in the market when necessary.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

22. NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective.

		Effective date, commencing on or after:
GRAP 21	Impairment of Non-cash-generating Assets	1 April 2012
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	1 April 2012
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2012
GRAP 25	Employee Benefits	1 April 2012
GRAP 26	Impairment of Cash-generating Assets	1 April 2012
GRAP 103*	Heritage Assets	1 April 2012
GRAP 104	Financial Instruments	1 April 2012
GRAP 18*	Segment Reporting	Not yet Effective
GRAP 20	Related party	Not yet Effective
GRAP 105*	Transfer of Function between Entities Under Common Control	Not yet Effective
GRAP 106*	Transfer of Function between Entities Not Under Common Control	Not yet Effective
GRAP 107*	Mergers	Not yet Effective

*These Standards and Interpretations are not applicable to Fasset and will not have an impact on future financial statements.

An entity shall apply Standards of GRAP for Annual Financial Statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

GRAP 23 has been used to formulate our accounting policy.

GRAP 20

GRAP 20: Related Party. This standard prescribes the disclosure of information relevant to draw attention to the possibility that Fasset's financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures.

GRAP 21

GRAP 21: Impairment of Non-cash Generating Assets. This standard prescribes the accounting treatment for the impairment of non-cash generating assets and does not significantly differ from IAS 36 except for some terminology differences. It is not expected that this standard will significantly impact future disclosures.

GRAP 23

GRAP 23: Revenue from Non-exchange Transactions (Taxes and Transfers). The standard prescribes requirements for the financial reporting of revenue arising from non-exchange transactions. Accounting policies have been amended to clearly distinguish between exchange and non exchange transactions. It is not expected that the initial application will significantly impact Fasset's financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

GRAP 24

GRAP 24: Presentation of Budget Information in Financial Statements. The standard prescribes the presentation of a comparison of budget and actual amounts in the financial statements of entities that are publicly accountable for the use of their funds. The presentation may be in the form of an additional financial statement or additional budget columns in their financial statements. The standard becoming effective is not expected to significantly impact future disclosures since Fasset has applied the principles outlined in GRAP 24 to inform our current disclosure.

GRAP 25

GRAP 25: Employee Benefits. This standard prescribes the accounting treatment for employee benefits. The changes prescribed from the current applicable standard relate mainly to the accounting requirements of defined benefit plans and as such is not expected to significantly impact the current accounting policies or disclosures.

GRAP 26

GRAP 26: Impairment of Cash Generating Assets. This standard prescribes the accounting treatment for the impairment of cash generating assets and does not significantly differ from IAS 36. It is not expected that this standard will significantly impact future disclosures due to Fasset having no cash generating assets.

GRAP 104

GRAP 104: Financial Instruments. This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and makes significant modifications to the principles in the previous standards applied in order to:

- simplify the recognition, measurement and disclosure of financial instruments, and
- accommodate the types of financial instruments entered into in the public sector.

The definitions of the various categories of financial instruments in IAS 39 have been streamlined and replaced which will require Fasset to change Fasset's accounting policy accordingly.

The following disclosures required under IAS are encouraged but not required:

- The disclosure of fair values for financial instruments.
- Certain disclosures about the use of the fair value using the three tiered hierarchy.
- A market sensitivity analysis.

It is not expected that this standard will significantly impact future disclosures.

23. RELATED PARTY TRANSACTIONS

23.1 Transactions with the controlling entity

Fasset is controlled by DHET. DHET is controlled by the Minister of Higher Education and Training. There were transactions relating to revenue with DHET refer to note 2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

23.2 Transactions with entities under common control

By virtue of the fact that Fasset is a National Public Entity related to other entities and departments in the National sphere of government it is considered related to Telkom, Eskom, South African Airways, other Setas and the NSF. The transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under the common control of DHET, these amounts are disclosed below.

	2011/12 R'000		2010/11 R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
Receivables	59	133	(87)	85
Interseta*	59	133	(92)	85
BANKSeta	4	5	(1)	1
CATSeta	11	11	-	-
FOODBEV	22	22	-	-
SASSeta	11	11	-	-
SERVICES	12	84	(103)	72
W&R Seta	(1)	-	12	12
Other	-	-	5	-
National Skills Fund	-	-	5	-
Payables	(982)	(541)	(591)	(298)
Interseta*	982	541	586	72
AGRISeta	8	-	-	-
BANKSeta	475	267	398	6
CATSeta	(8)	-	41	24
CETA	7	-	26	-
CHIETA	14	14	-	-
FOODBEV	72	72	-	-
FP&MSeta	5	5	-	-
HWVSeta	16	-	-	-
INSeta	207	10	14	6
MICT	-	-	33	33
MQA	-	-	10	-
MERSeta	73	73	-	-
SASSeta	86	86	42	-
SERVICES	11	14	21	3
TETA	16	-	-	-
W&R Seta	-	-	1	-
Other	-	-	5	226
National Skills Fund	-	-	5	226
Total	(923)	(408)	(678)	(213)

*Note that relating to Seta transfer that the amount of the transaction, where applicable, includes interest and penalties transferred to or from the Seta.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

23.3 Remuneration of Key Management

The key management personnel of the Seta are: the members of the Accounting Authority and the members of the senior management group.

The Accounting Authority consists of members appointed in terms of the Constitution. Remuneration is paid to members or to their nominating organisations. The aggregate remuneration of members of the Accounting Authority and the number of members receiving remuneration within this category, are:

	2011/12 R'000	2010/11 R'000
Aggregate remuneration	295	20
Number of persons	14	2

The senior management group consists of the Seta's CEO and COO. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	2011/12 R'000	2010/11 R'000
Aggregate remuneration	2 593	2 675
Number of persons	2	2

Refer to the report by the Accounting Authority for detail disclosure concerning the emoluments of the CEO, COO and Accounting Authority members. Refer to the report by the Audit and Risk committee for detailed disclosure concerning the emoluments of members of the Accounting Authority who are members of the Audit and Risk committee.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

23.4 Transactions with other related parties

Fasset has, in the normal course of its operations, entered into certain transactions with entities which had an appointed representative serving on the Fasset Accounting Authority.

Related party	Nature of relationship	Transaction type	2011/12		2010/11	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
			R'000	R'000	R'000	R'000
ACCA South Africa	Daisy Kopolo	Board committees fee	21	-	-	-
Anglo Operations Ltd	Maryanne Tollope	Discretionary Grants	-	-	816	(737)
Basamandla Consulting	Bongani Mathibela	Board committees fee	21	(2)	-	-
Deloitte	Tsakani Maluleke*	Discretionary grants and projects	2 297	(1 650)	2 194	(2 183)
Ernst & Young	Seshni Samuel	Consultancy and other service provider fees	9 551	(338)	6 855	141
Industrial Development Corporation	Holger Fischer	Discretionary Grants	1 220	(1 220)	-	-
Institute of Internal Auditors (IIA)	Bill Shellard	Discretionary Grants	1 134	(985)	834	(752)
KPMG	Heidi Volschenk	Board committees fee	22	-	-	-
MBS Accounting Services CC	Shirley Olsen	Discretionary Grants	-	-	10	(6)
National Treasury	Stadi Mngomezulu	Discretionary Grants	-	-	1 745	(1 711)
Pricewaterhouse Coopers	Robert Capper	Audit and risk committee and Board fee	14	1	54	-
SARS	Corne Karsten & Kate Hlongwane	Government levies	(482)	-	15	-
University of Johannesburg	Amanda Dempsey	Discretionary grants	-	-	1 994	(2 102)
		Discretionary Grants	495	(495)	-	-
		Discretionary projects	6	-	-	-

The transactions above occurred under terms that were no more favorable than those available in similar arm's length dealings. The transactions disclosed excludes the transactions that relate to statutory requirements. Transactions disclosed above relate to administrative expenses and discretionary grant transactions. Discretionary Grants comprise of the Strategic Cash Grant, Learnership Cash Grant, Assessor Moderators Grant, SMME Grant and project funding disbursed in accordance with the priorities as defined in the Sector Skills Plan. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debt in respect of the amounts owed by related parties.

*Tsakani Maluleke joined Deloitte from 1 January 2012. The transactions recorded above relate to contracts that were finalised during 2010/2011 prior to her appointment to the Fasset board and Deloitte.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FORTHE YEAR ENDED 31 MARCH 2012

24. NOTES TO COMPARISON OF BUDGET AND ACTUAL

Legislation requires that Fasset annually, in September submit a budget to the Minister for approval. Any subsequent changes required to the initial budget are approved by the Board on recommendation of the Finance Committee.

24.1 Skills Development Levy: income from non-exchange transactions:

Levy receipts were higher than anticipated. Levy receipts were higher than budget due to an increase in the number of companies that joined Fasset during the financial year. On average there was a growth of 13% in the number of companies that contributed levies to Fasset compared to the prior year. A portion of the increase resulted from unanticipated levy adjustments from SARS relating to the prior years.

24.2 Skills Development Levy: penalties and interest from non - exchange transactions

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary significantly year on year and as such are not budgeted for. The full balance is made available for projects.

24.3 Investment Income

The investment income was higher than budgeted due to the increase in income which resulted in Fasset having additional surplus funds to invest. The significantly higher than expected increase combined without a similar increase in project expenditure resulted in additional monies invested, and as such increased the investment income.

24.4 Employer grant and project expenses

The final budget includes estimated funding available for projects. The life cycle of some of the projects is between 1 - 3 years, with the majority of expenses only incurring in year 2 of the project life cycle. The actual expenditure for the current year is less than budget, as project allocations were done in October 2011. Most of the projects only commenced in January 2012 to coincide with the start of the academic year, this resulted in the lower spending on project expenditure for the current financial year.

24.5 Administration expenses

Administration expenditure is limited to 10% of levies received. The legislative limit has not been exceeded and the savings will be utilised to fund sector skills priorities through various projects. The savings were mainly in the salaries, training and development, ETQA and marketing functions.



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A person with dark curly hair, wearing a grey sweater, is holding a tablet. The tablet screen is obscured by a large, solid blue rectangle. The background is a blurred indoor setting.

Integrated Report

Index

Report Profile	63
Organisational Context	64
Stakeholder Engagement	65
The Fasset Board	66
Operations	68
Strategic Imperatives	71
Priorities and Objectives	73
Organisational Performance and Sustainability Imperatives	74
Future Performance Objectives	83

Report Profile

Fasset has embarked on a journey towards integrated reporting. We have adopted an incremental approach to defining and implementing our sustainability agenda and the manner in which we report on our performance in an integrated manner. It is for this reason that this report is entitled an “annual integrated report” to reflect the start of our journey towards producing a truly integrated account of our performance and the value that we create, taking into account economic, environmental, social and governance (ESG) considerations.

We recognise that we may only be able to meet integrated reporting standards to a very limited extent in the short-term. The recommended approach is to engage in the process in an evolving manner, while addressing the gaps, rather than defer the process until all requirements can be met.

The purpose of this report is to provide an aggregated view of our performance and to communicate the tentative steps we have taken to articulate our sustainability agenda as it impacts on our stakeholders. The information reflected in this report relates to the financial year, 1 April 2011 to 31 March 2012. The year under review was our twelfth year of operation and the first year of Fasset’s re-licensing in terms of the Department of Higher Education and Training’s (DHET) National Skills Development Strategy III (NSDS III), which came into effect on 1 April 2011.

REPORT PARAMETERS

The boundary, scope and content for this report have been determined in accordance with the Global Reporting Initiative’s (GRI) ‘G3’ guidelines, relevant sector supplements and reporting protocols. We also took cognisance of the recommendations outlined in the 2009 King Committee on the Code of Governance Principles for South Africa (King III Code).

In preparing this annual integrated report, we have embraced the GRI principles of transparency, inclusiveness, auditability, completeness, relevance, sustainability context, accuracy, neutrality, comparability, clarity and timeliness. We have provided material disclosure on governance, strategy, risk and opportunities in relation to our financial, economic and social

performance. Material topics are defined as those issues that reflect significant economic, environmental and social impacts or that would influence the decisions of our stakeholders.

The principle of stakeholder inclusiveness has been employed to ensure that disclosures are material and relevant to the legitimate interests and expectations of Fasset’s stakeholders. Data reported pertains to the financial year ending 31 March 2012. Data measurement techniques are replicable and information is not reported if the margin for error is believed to substantially influence the ability of stakeholders to make informed decisions about the organisation’s performance. Measurement techniques, estimates and underlying assumptions are described where it is materially necessary to do so. Independent assurance of performance information contained in this report has been provided by the Auditor-General of South Africa.

We undertake to continually improve our reporting systems, provide useful and accurate reporting, and implement the requisite frameworks, strategies and policies, required to progress in our integrated reporting journey. We believe that our annual integrated report sets the basis for meaningful engagement with all of our stakeholders in the year ahead. A feedback form has been included at the end of our report and we invite your comments and feedback to assist us in our integrated reporting journey.

Organisational Context

Fasset operates in terms of the Skills Development Act (SDA Act 97 of 1998, as amended), which makes provision for the establishment of Setas for each national economic sector, as well as the Skills Development Levy Act of 1999 (as amended), which introduced programmes and funding policies designed to increase investment in skills development. These pieces of legislation provide an institutional framework for the Seta to develop and implement national, sectoral and workplace strategies in order to develop and improve the skills of the national workforce resulting in improvements in employability and productivity, whilst contributing to the competitiveness of the country.

We have been operating since April 2000 and are responsible for activities within the finance, accounting, management consulting and other financial services sector. The Fasset sector consists of member organisations categorised into the following sub-sectors:

- Investment entities and Trusts and Company Secretarial Services,
- Stockbroking and Financial Markets,
- Development Organisations,
- Accounting, Bookkeeping, Auditing and Tax Services,
- Activities auxiliary to Financial Intermediation,
- Business and Management Consulting Services, and
- South African Revenue Services (SARS) and relevant Government Departments.

Fasset was re-licenced for a further 5-year period from 1 April 2011 to 31 March 2016, by the Minister of Higher Education and Training, Dr Blade Nzimande. In fulfilment of this, we are focused on delivering on our general objectives as a Seta to:

- facilitate, coordinate and monitor the implementation of the NSDS in the Fasset Sector,
- identify skills shortages in the Sector,
- support the development of the skills of employees in the Sector,
- support the improvement of the quality of life and labour market prospects of employees in the Sector,
- strengthen the institutional capacity of the SETA, in order to improve productivity and the quality of the services it provides to its stakeholders,
- through the skills development levy, increase the levels of investment in skills development and improve returns on such investment,
- support improved performance and productivity in the workplaces in the Sector, as well as the competitiveness of employers,
- support the improvement of the employment prospects of persons previously disadvantaged by unfair discrimination,
- in liaison with employment services, assist work seekers to gain access to work experience,
- in liaison with employment services, assist retrenched workers to re-enter the labour market,

- liaise with employers in respect of skills development programmes,
- promote the development of skills aimed at self-employment,
- support skills development in the informal sector, cooperatives and other income-generating initiatives for the unemployed,
- support and promote the development of artisans, technicians, professionals and persons in other categories,
- support, facilitate and promote the quality of occupation-based learning in the Sector,
- promote effective communication between, and participation by bodies involved in skills development – both inside and outside the Sector,
- co-operate with, and support the QCTO in such matters relating to QCTO functions and operations referred to in section 10 of the Act, and
- to cooperate with, and support the functions of other agencies in matters related to skills development.

In addition to being governed by the SDA, Fasset is aligned to a number of national imperatives in South Africa, and sector-specific regulatory imperatives, including transformation charters such as the Financial Sector Charter, the Chartered Accountancy Charter, the New Growth Path (NGP), Industrial Policy Action Plan II (IPAP II), and the National Skills Accord. We ensure that our strategies and skills development initiatives are integrated into the broader policy imperatives in the country such as the Human Resources Development Strategy for South Africa (HRDS-SA), which outlines the human resources development strategy for the country; the Medium Term Strategic Framework (MTSF), which is a broad government framework that indicates economic growth drivers as well as the National Skills Development Strategy (NSDS III), which outlines the skills development strategy for the next five years, and serves as the roadmap for Fasset, within which to deliver our skills development interventions.

We add value to national strategic objectives by enabling access to skills development opportunities. We do this by delivering on our mandate as outlined in this report. We are focused on addressing the challenge of occupational skills shortages with a view to improving productivity within the economy and are mindful of the need to achieve fundamental transformation of inequities that are linked to race, gender, class, age and disability.

We have a staff complement of 22 people and engage with approximately 4 500 member organisations. Learners were registered on learnerships in the year under review and we disbursed R149,2 million towards Mandatory Grants and a further R19,7 million was paid towards Discretionary Grants, which enabled us to upskill and deliver projects that impact on the skills needs of our sector.

Stakeholder Engagement

We engage with a broad range of stakeholders in the Fasset sector in our quest to make the future count and to understand the expectations and key challenges that our stakeholders face, and how these can be addressed. This also informs our strategic planning and skills development priorities. Based on this we identify and address material issues, risks and opportunities within our operating context, taking into account their impact on our stakeholders.

Our stakeholders are defined as entities and individuals that are significantly affected by our activities, and those who have the ability to significantly affect our ability to implement strategies and achieve objectives. We have identified our stakeholders as Government, regulatory bodies, professional bodies in our sector, member organisations, including employers and learners, our employees, suppliers, service providers and project partners, the community, media and the natural environment.

Stakeholder Engagement Activities

Stakeholder Group	Engagement Mechanisms
Government and regulatory bodies	Meetings, briefings, regulatory submissions
Professional Bodies	Annual General Meeting (AGM), customer satisfaction surveys, publications such as FACTS newsletter, e-facts and I-facts, website, lifelong learning training events, skills development initiatives, sector-wide consultations, Working Committees
Member organisations, including employers and learners	AGM, customer satisfaction surveys, FACTS newsletter, e-facts, I-facts, website, lifelong learning training events, skills development initiatives, sector-wide consultations, working committees
Suppliers, service providers and project partners	Meetings, briefings and site visits
Our employees	Staff meetings, email, newsletters, team building sessions, staff training, performance management discussions
The community	Employee volunteerism activities, site visits
Media	Press releases, internet, print, online, radio, television and social media
Education & training providers	Meetings, briefings, site visits

Fasset Board

Fasset's new Constitution was approved on 8 May 2011, paving the way for Fasset's re-licensing. One of the primary changes wrought by the new Constitution is the inclusion of three independent board members, in the now standard, 15-person Seta Board. Seta Boards are drawn from diverse backgrounds and bring with them a wealth of experience, insight and professional skills. Our Board members actively engage in business, while sharing their expertise. They help to advance strategic issues and provide oversight on governance matters.

The Board, which has been appointed for the period 1 April 2011 to 31 March 2016, is comprised of:

- three Ministerial appointments that include an independent, non-voting Chairperson,
- six employee representatives made up of 3 Trade Unions and three Professional Body representatives, and
- six employer representatives.

Quarterly Board meetings are held to evaluate Seta performance, assess risks and review Fasset's strategic direction. In addition, Board members attend an annual two-day strategic planning session.

In line with King III principles, our Board recognises the need to conduct our business with prudence, transparency, integrity and accountability and to report to our stakeholders in a proper and timely manner.

Working Committees

The Board is supported by seven Working Committees: Executive Committee, Audit and Risk Committee, Communication Committee, Finance Committee, HR and Remuneration Committee, Skills Planning Committee and a Quality Assurance Committee. Information regarding the attendance and membership of each of these committees is provided in Appendix C (on page 93).

Committees are responsible for formulating policies and procedures. With the exception of the Audit & Risk Committee, the Board, Exco, Finco and Remco are remunerated in line with the Minister's approved rates for Board and Committees.

The remainder of the Working Committees (Skills Planning, Communication, Quality Assurance) are not remunerated for attending Committee meetings. They are, however, remunerated for out-of-pocket expenditure such as travel. Specifics in terms of the remuneration of Board and Committee members during the period are provided in Table 3 included in the Report of the Accounting Authority.

Prabir Badal

- Appointed to Fasset Board
1 April 2011
- Member of Remco



Shahied Daniels

- Appointed to Fasset Board
1 April 2011
- Member of Audit and Risk Committee



Amanda Dempsey

- Appointed to Fasset Board
1 April 2011 (Independent)
- Finco Chair
- Member of Remco



Holger Fischer

- Appointed to Fasset Board
1 April 2011
- Member of Exco
- Skills Planning Committee Chair



Sathie Gounden

- Appointed to Fasset Board
1 April 2011
- Member of Finco



Kate Hlongwane

- Appointed to Fasset Board
1 April 2011
- Member of Skills Planning
Committee

**Corné Karsten**

- Appointed to Fasset Board
1 April 2011

**Daisy Kopolo**

- Appointed to Fasset Board
1 April 2011
- Member of Exco



*Resigned March 2012

Samantha Louis

- Appointed to Fasset Board
1 April 2011
- Member of Exco
- Communications Committee
Chair

**Bongani Mathibela**

- Appointed to Fasset Board
1 April 2011
- Member of Finco

**Tsakani Maluleke**

- Appointed to Fasset Board
1 April 2011
- Independent Chairman
- Chairman of Exco

**Stadi Mngomezulu**

- Appointed to Fasset Board
1 April 2011
- Member of Audit and Risk
Committee

**Mpuseng Moloji**

- Appointed to Fasset Board
1 April 2011
- Remuneration Committee Chair
- Member of Exco

**Mopo Mushwana**

- Appointed to Fasset Board
1 April 2011 (Independent)
- Member of Finco
- Member of Communications
Committee
- Member of Skills Planning
Committee

**Seshni Samuel**

- Appointed to Fasset Board
1 April 2011
- Quality Assurance Committee
Chair



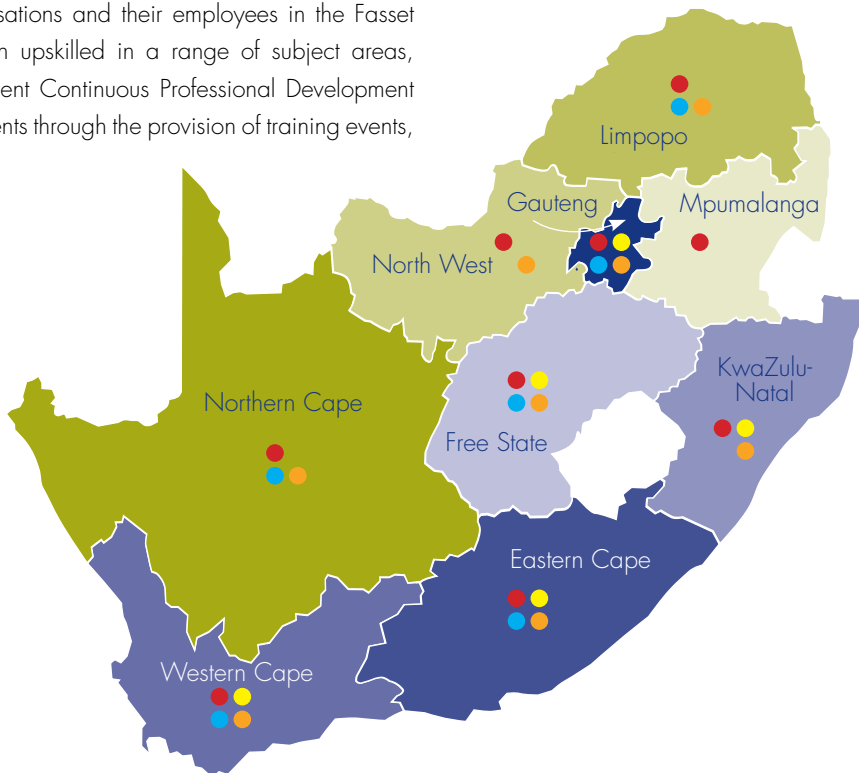
Operations

We operate from our head office in Blackheath, Johannesburg. Through a range of interventions, we maintain a regional presence throughout the country, enabling us to provide much-needed information to learners and graduates on career guidance, workplace experience as well as training opportunities to our member organisations and their employees.

We do this through the following:

- an annual Lifelong Learning programme, which visits up to 54 towns and cities throughout South Africa, enabling member organisations and their employees in the Fasset sector to remain upskilled in a range of subject areas, which complement Continuous Professional Development (CPD) requirements through the provision of training events,

- Fasset Brand Ambassadors, who are learners that are studying at universities and FET colleges, who have been trained by Fasset to disseminate information to fellow learners and other young people,
- attending career exhibitions around the country,
- a Call Centre and website, and
- Work Readiness Projects that identify unemployed graduates from across the country and assist them to obtain workplace skills to be able to secure employment.



Region	Number of Interventions (Lifelong Learning programme, Development Projects, Career Expos, Brand Ambassador Campaign)
Eastern Cape	12
Free State	7
Gauteng	28
KwaZulu-Natal	9
Limpopo	4
Mpumalanga	2
North West	3
Northern Cape	5
Western Cape	11

- Lifelong Learning programme
- Development Projects
- Career Expos
- Brand Ambassador Campaign

GOVERNANCE

Fasset's organisational environment is underpinned by corporate governance principles and practices. We comply with the PFMA and the King III Code of Good Corporate Governance. This enables us to manage stakeholder concerns, build commitment within and outside the organisation, and to focus on delivery. We recognise that good governance is at the heart of creating sustainable organisations. To this end, we completed our maturity curve with respect to aligning to the King III Code and will commence with the process of aligning our policies and procedures to the Code in the coming year. We will also develop an ethics programme and commence with progress to disclose our performance with regard to ethics as an integral part of good governance principles.

A comprehensive set of policies is also in place in accordance with Fasset's Constitution and in support of the Sector Skills Plan (SSP) and the Strategic Plan. Our Board and other governance structures such

as the Executive Committee, Finance Committee and Audit and Risk Committee continue to ensure that internal controls are implemented and monitored adequately to provide reasonable assurance. Board and Committee assessments are conducted annually to gather feedback on overall performance of the Board and its Committees. The assessments focus on areas such as Board/Committee size and composition, competence, information, agenda, performance and standards of conduct. An analysis of the results are reported to the Board with a set of recommendations. For the year under review, the assessments indicate an overall effectiveness and proper functioning of the Board and Committees in discharging their governance role within the Seta. An integrated quality management system is also in place, which is updated regularly, in line with changing business practice and legislative requirements. A list of Fasset policies and internal policies and procedures is provided in Table 4 and Table 5 respectively. Policies are reviewed annually and revised accordingly where changes are required.

Table 4: Fasset policies

Number	Policies
1	Anti-Fraud Charter
2	Appraisal and Succession of Board and CEO Policy
3	Audit and Risk Committee Charter
4	Board and Committee Terms of Reference
5	Board Election Process
6	Business Continuity Plan
7	Code of Conduct
8	Discretionary Funding Policy
9	Financial Policy and Procedures
10	Fraud Implementation Plan
11	Fraud Prevention Plan
12	Fraud Response Plan
13	Grant Disbursement Policy
14	HR Manual
15	Impact Policy
16	Information Systems Policy
17	Board & Committee Terms of Reference
18	Proatia Manuals: English, Afrikaans and Xhosa
19	Procedure document: strategy planning and performance management
20	Risk Management Framework
21	Risk Management Policy
22	Supply Chain Management Policy

Table 5: Internal policies and procedures

Number	Internal Policies and Procedures
1	Benefit Screen Policy
2	Call Centre Process and Procedure Manual
3	Document Management Policy
4	Employee Handbook and Induction Manual
5	Internal Meeting Policy
6	Materiality Framework
7	Marketing and Communication Policy
8	Temp Telephone Policy
9	Quality Policy
10	Research and Database Request Policy
11	Research Policy
12	Risk Appetite Policy Statement

INTERNAL FINANCIAL CONTROL

Internal financial control focuses on critical risk areas, identified by management and reviewed by the Financial Committee. The management team and the governing structures are confident that the standards, which have been set and the systems of internal control and accounting control, which have been implemented are adequate and ensure the integrity and reliability of the Financial Statements and accountability of Fasset's assets. These systems are monitored continuously throughout the year by management and Internal Audit.

The system of internal controls provides reasonable, as opposed to, absolute assurance. During the period under review, adequate accounting records were maintained. The external auditors are responsible for reporting on fair representation of the Annual Financial Statements and their report can be found on page 15.

RISK MANAGEMENT

Fasset is accountable to a variety of stakeholders and the environment in which we operate is subject to a wide range of risks. We recognise that risk is dynamic and is inherent in all external and internal operating environments. As such, we are committed to the optimal management of all risks associated with the performance of functions and delivery of services in order to achieve our vision, mission, objectives and strategic plans. To meet this commitment, the management of risk is integrated into our existing strategy, planning, budgeting and operational process and is fully recognised in funding and reporting processes on the basis of the evaluation of the level of risk and Fasset's exposure.

An independent risk management process is in place to enable the Fasset management team to effectively identify, evaluate and

assess risk. It is the Internal Auditor's responsibility to monitor the prescribed procedures. No unmitigated high-risk areas were identified during the reporting period under review. In compliance with National Treasury requirements, the Internal Auditors have direct access to the Chief Executive Officer (CEO), the Audit and Risk Committee and the Board. Fasset's Code of Conduct ensures that ethical standards are adhered to at all times. The details of the Risk Management Plan are contained in the suite of documents that include the Risk Management Framework, Risk Management Policy, Risk Appetite and the Risk Register. Our risk register has identified risks in the following areas: governance and financial reporting; sector skills planning; projects; learnerships; Educational Training and Qualifications Authority (ETQA); Quality Management System (QMS); Grants; Information Technology and Information Management; Marketing and Communications; Human Resources; Revenue Management; Cash Management; Asset Management; Liability Management; Supply Chain Management and Expenditure Management.

The Board has oversight of the risk management function and provides guidance and support to the CEO on Risk Management-related Strategy and Policies. This function has been delegated to the Audit and Risk Committee on behalf of the Board to ensure that a risk management programme is in place, is adequate and effective, and provides a realistic view of the key risks facing the organisation. A Risk Management Committee has been established as a sub-committee of the Audit and Risk Committee responsible for assisting the CEO, in her capacity as Chief Risk Officer, to monitor the performance of risk management.

All significant risks facing Fasset have been identified following an annual assessment and included in the risk register with an indication of the impact and likelihood rating for each risk.

Strategic Imperatives

The following imperatives have been identified in respect of our mandate and as they relate to strategic, regulatory and reputational matters. Our response to these forms the basis of our current priorities.

Imperative	What are we doing about it
Compliance with general regulatory and Seta-specific legislative framework to ensure good governance	<ul style="list-style-type: none"> General compliance with all gazetted regulations and approved policy framework is in place Monthly management reports that include checklists to ensure compliance with all relevant legislation are tabled Review by Board and Exco of compliance reports at all meetings Implementation of an integrated Quality Management System that is updated regularly and keeps abreast of changes in legislation.
Deliver on our Seta mandate	<ul style="list-style-type: none"> Strategic Plan is in place and delivering on our targets against NSDS III Quarterly reports are submitted to the Board, DHET and National Treasury in line with requirements The Board monitors the attainment of key deliverables and targets and ensures strategic alignment and that desired outcomes are achieved Quarterly validation visits conducted by DHET Internal audit function in place with risk-based audits performed against an approved annual audit plan Marketing and communication interventions aimed at strategically positioning the Seta and advocate the Fasset brand
Increase the number of skilled people in the Fasset sector	<ul style="list-style-type: none"> Provide learnerships that meet the needs of the sector Support skills development initiatives in the workplace through Mandatory Grants and increase access to occupationally-directed programmes in needed areas as well as expand the availability of skills through Discretionary Grants Lifelong Learning training as part of continuous professional development Learner career guidance campaign Work readiness training and occupationally directed qualifications through Development Projects
Address occupational skills shortages	<ul style="list-style-type: none"> Focus on skills development priorities as identified through the sector skills plan Partnerships with network of professional bodies and other delivery partners Produce SSP
Develop and maintain the skills base of the current workforce	<ul style="list-style-type: none"> Provide training events through the lifelong learning programme as part of continuous professional development Work readiness training and occupationally directed qualifications through Development Projects Provide quality assurance for the qualifications and unit standards that fall into Fasset's scope as well as quality assure Fasset's GAPs (Quality Assurance Partners) and accredited providers.

Imperative	What are we doing about it
Drive transformation in the Fasset sector	<ul style="list-style-type: none"> Transformation charters such as Financial Sector Charter and Chartered Accountancy Charter inform strategic planning process New strategic direction focusing on the critical need areas based on guiding principles that include transformation imperatives
Ability to attract, develop and retain appropriate skills	<ul style="list-style-type: none"> Policies in place designed to establish and maintain competitive, fair, equitable and market-related compensation that includes an incentive scheme for exceptional performance Implementation of training and development opportunities, including subsidised education for formal studies aligned to functional responsibilities Implementation of training, recruitment, selection and retention strategies An HR and Remuneration Committee is in place to have oversight of HR-related matters Performance management system
Produce quality skills research that is relevant, enables effective strategic planning and execution of the skills development mandate.	<ul style="list-style-type: none"> A five-year SSP, together with an annual update, is produced to analyse the demand for and supply of skills to the sector and, on the basis of this analysis, to determine the skills needs and the skills development priorities for the sector. Strategies for addressing the skills needs and meeting the NSDS targets also form part of the SSP. Longitudinal impact study will be conducted to assess impact and inform strategic planning Customer satisfaction surveys are conducted to measure the level of effectiveness, satisfaction and impact of our stakeholder interventions
Track impact of skills development interventions in the sector	<ul style="list-style-type: none"> Impact indicators are identified for each intervention and included for completion as part of project closure reports Impact studies are conducted regularly, including the Mandatory Grant Impact Study and the Longitudinal impact study and the annual grant analysis
Effective stakeholder engagement	<ul style="list-style-type: none"> Budget has been allocated for the development and implementation of focused stakeholder engagement and Key Account Management interventions Ongoing implementation of marketing and communication interventions aimed at strategically positioning the Seta and enhancing the Fasset brand Learner career guidance campaign that includes attending career exhibitions nationally, learner e-zines, campus brand ambassador campaign, social media Promote culture of innovation for ongoing value creation and identification of opportunities to address stakeholder needs

Priorities and Objectives

In identifying skills development priorities, we did not only consider the needs of our own sector, but the financial needs of the economy as a whole. A list of our skills development priorities that we intend supporting over the next five-year

period 2012–2017 is provided in Table 6. Together with the NSDS III targets, included as Appendix A on page 84, these form the basis of our strategic objectives.

Table 6: Skills development priorities

Increasing the flow of new entrants to the labour market
<ul style="list-style-type: none"> Increasing the number of entrants to the labour market at Further Education and Training (FET) level Developing work readiness and soft skills of entrants at Higher Education and Training (HET) level Increasing the number of graduates in professional-body-accredited HET programmes Increasing the number of learners who qualify on professional learnerships Increasing the retention, work readiness and labour-market absorption of learners on learnerships Increasing the number of learners that enter the labour market through internships
Developing and maintaining the skills base of the current workforce
<ul style="list-style-type: none"> Increasing the number of employees in the labour market at FET and HET levels Ensuring that employees receive training (short courses and skills programmes) Supporting skills development in small companies
Strengthening the financial skills base of the public sector
<ul style="list-style-type: none"> Increasing the number of public sector learners on FET- and HET-level qualifications and learnerships
Unemployed youth
<ul style="list-style-type: none"> Attract more African and/or African people with disabilities to the sector Provide opportunities to complete occupationally-directed qualifications and work readiness training

Organisational Performance

and Sustainability

Imperatives

We measure our organisational performance in terms of our performance against NSDS III targets. Outcomes and performance indicators aligned to NSDS III are included as the basis upon which Fasset will deliver its strategic objectives. We also report on our efforts with respect to sustainability imperatives as they relate to our staff, suppliers, community and the natural environment.

CREATING VALUE IN OUR SECTOR

We have met all our targets in terms of delivery against NSDS III indicators for the period 1 April 2011 to 31 March 2012. Details are provided in Appendix A on page 84. We report on the value that we create in the sector through performance achievements of our functional departments as outlined below.

LEARNERSHIPS/ETQA DEPARTMENT

The Learnerships/ETQA Department has over-achieved in terms of some of its targets, particularly in terms of high-level skills. Fasset has not achieved as well in terms of mid-level skills. This is a reflection of the needs of the sector and can be ascribed to the fact that the sector does not necessarily need people with mid-level skills, but does require trainees with high-level skills.

LEARNERSHIPS

As at 31 March 2012, we had registered 29 learnerships, which offer a range of entry and exit points for professionals and technicians alike. Of the 50 136 learners registered on Fasset learnerships to-date:

- 4 197 learners were signed on during the year under review,

- 1 824 are 18.1 learners (previously employed),
- 2 373 are 18.2 learners (previously unemployed), and
- 26 903 have already completed their learnership to-date.

Transformation has always been a key driver within our sector. The demographic profile of learners on Fasset learnerships continues to improve from 29% in Year 2, to 40% in Year 5, to 51% in Year 12. We have consistently achieved a 100% placement rate on completion of learnerships. This bodes well for growth in the South African economy as a whole. While the current economic climate has not necessarily impacted on the number of learners registered on Fasset learnerships, or learnership completion rates, employers now prefer to train learners at higher skills levels (above NQF 5) rather than at the middle level (NQF 5 and below). Employees who have been trained in high-level skills will be able to add the value that the employer requires, while also being able to complete work assignments at the middle-level.

Following extensive consultation and engagement with stakeholders in these sectors, we have submitted the Financial Markets occupational qualification and Tax occupational qualification to the QCTO for registration. A challenge in the year ahead is to develop Financial Markets and Tax learnerships.

Twenty-one Memoranda of Understanding (MoUs) with other Setas has facilitated the implementation of learnerships across sectors. There are currently 1 163 learners from other sectors on Fasset learnerships. Fasset employers have registered 1 172 learners, to date, on learnerships from other sectors.

EDUCATION AND TRAINING QUALITY ASSURANCE (ETQA)

We introduced a number of innovations during the year, including a move towards whole firm accreditation and internship accreditation. Whole firm accreditation recognises that firms in the sector are well organised and are offering very good training. We are engaging with these firms and working very closely with them to achieve whole firm accreditation and internship accreditation.

There has been a fair amount of flux within the quality assurance environment. With the establishment of the QCTO, it may be necessary to re-register some unit standards because these may be part of a skills programme, and not part of a qualification. This may prove challenging. Another challenge

emanates from confusion around the QCTO’s role. Much of the information pertaining to the QCTO is piecemeal, making it very difficult for Seta ETQA bodies to plan or strategise.

Making Best Practice Count Awards

We introduced our Making Best Practice Count Awards in 2008. The awards have been devised to recognise organisations that have gone beyond compliance, establishing benchmarks for training and development for the sector, and possibly for the nation as a whole. Ernst & Young was declared the winner in 2011 for the fourth year in succession in the category: Large Employer. Silica Financial Solutions was declared the winner in the category: Medium Employer, the second time that Silica Financial Solutions has won the award.

Case Study

What makes organisations stand out in Fasset’s Best Practice Awards? Convenor of the awards and member of the judging panel, Fasset Learnerships/ETQA Director, Natércia Faustino explains why Ernst & Young’s submission stood out:

“Ernst & Young have really taken the awards in the spirit in which they were intended. Skills development is not only about the focus on your particular sector. Ernst & Young does not only look at skills development for accountants, they look for skills development across their organisation, from the tea lady to the CEO. They want to make sure that everybody is skilled in their particular job regardless of what their job is. This is what skills development is all about. It is not just about what your company does in business, it is about skills development across the board, improving the lives of the individuals and about improving how they deliver work.

With Silica, we see something very similar. It is not just about making sure that their staff is technically skilled. It is about making sure that there is a holistic view of skills development in the organisation. It is about ensuring that as a company their employees are well-rounded within the work environment. Silica Financial Solutions is looking at how their employees can best serve their clients. It is not just about whether they have the correct technical skills, but it is about what other skills do they need to provide a better service. Both companies stood out because it is about the whole service that they provide. Their approach is, what is good for the individual is good for business.”



Ernst & Young receives award for Best Practice: Large Employer



Silica Financial Solutions receives award Best Practice: Medium Employer

SKILLS PLANNING

Research informs our strategic planning process. It enables us to determine the needs and determine priorities for the sector. In the last year, we completed the Sector Skills Plan (SSP) and the annual grant analysis. A considerable amount

of new research was also undertaken including research into academic and learnership costs to inform Fasset’s grant scheme, as well as research into the structure of internships. Based on the results of research into educational fees Fasset decided to increase the grant amount for employers funding qualifications by 5%. However, a decision was taken not to

modify any of Fasset's learnership tariffs as the research was not conclusive. In terms of research findings on internships, we have brought in an additional quality assurance offering into the Fasset environment. In the next financial year, we plan to accredit internships offered by employers in the Fasset sector. By quality-assuring these offerings, internships offered by Fasset employers will have greater credibility. The research findings from our SSP have also been used to inform our strategic direction for the new financial year, which has pointed to an over-representation of the Indian people, an adequate representation of Coloured people, and an under-representation of African people in the sector. We will complete the sector survey in the new financial year, which is research undertaken every five years, and will take into account NSDS III requirements.

FSA assistance

One of the major changes during the period was the termination of Fasset Skills Advisor (FSA) assistance. While the number of Mandatory Grant submissions possibly declined as a result, other factors such as the changing economic circumstances in South Africa, which have resulted in some companies closing down, could be contributors. While Fasset experienced a 28% drop in Mandatory Grant applications, this has not impacted on the achievement of targets. The bulk of companies, which have not submitted applications for Mandatory Grants are small businesses. The decline in submissions is not a risk, but a correction.

Lifelong Learning

Our Lifelong Learning programme remains a flagship initiative, which continues to add substantial value for SMME employers, particularly in our current economic climate. This programme is aimed at improving the general quality of training in and productivity of member organisations and their employees in the Fasset sector. It assists employees in remaining upskilled in a range of subject areas that complements Continuous Professional Development (CPD) requirements through the provision of quality training interventions. The training offered does not overlap with interventions offered by professional bodies in the sector. For the period under review, 14 435 delegates attended Fasset's Lifelong Learning events, bringing the total number of attendees since inception to 82 226. We will continue to support this programme in the new financial year as one of our flagship projects, which would otherwise be unaffordable for many of our SMME stakeholders.

DEVELOPMENT PROJECTS

Development Projects are funded by unclaimed grant monies. These projects meet high level skills needs within the sector as identified in our SSP. They also seek to address the sector's poor demographic profile. Fasset would like these projects to become a national flagship for access into and progression within the sector.

R82 765 660.27 was allocated during the period under review, bringing the amount allocated to Development Projects over the past 12 years to R434 301 986.05 and benefitting 14 263 individuals. Development projects funded in the past year continue to surpass the minimum placement rate of 70% for individual projects.

- Bonani 6 (Project aimed at increasing workplace skills of Black unemployed finance graduates): 84,5%,
- Thusanani 5 (A work readiness programme for unemployed graduates who have completed an NQF Level 6/7 qualification): 76%, and
- SciMathUS: 76% into further studies (and 100% pass rate).

The focus of our Development Projects has evolved over time. Experience has enabled us to be a better judge of those projects that are most likely to result in the successful placement of learners. Adjustments have also been made in line with the various incantations of the National Skills Development Strategy.

A history of the Development Project funding decisions taken over the past 11 years shows that the main focus of this funding window has been on work readiness programmes (71%) and at NQF 6 to 8 (92%). During the year under review, we have already started to see a shift in the weightings. NQF level 6 to 8 project funding remains at 80%, and is aligned to scarce skills needs within in the sector. This has not changed throughout the 12 year period.

The weighting between Work Readiness Projects and academic qualification support is shifting in line with the requirements of the changing operating environment. We are working on a new funding model for Development Projects that is aimed at adopting a pipeline approach to project funding. This approach seeks to identify the education and training value chain of people who want to enter into the sector or who are progressing up the value chain within the sector. The pipeline will enable us to identify leakages within the pipeline and various interventions required at each level of the chain. By adopting this approach, Development Project funding can be targeted towards interventions, which enable young learners to access, progress, qualify and ultimately secure sustainable employment within the sector.

Due to funding constraints we are not be able to support all links in the chain equally, nor address all skills needs, which have been identified within the sector. We will focus on the areas, where we can make the greatest contribution towards addressing the skills needs within the sector, conscious at all times, of our responsibility to align to national imperatives, meet and as many of the NEETs (young people Not in Employment, Education or Training) challenges as possible. Embracing this approach, we will be able to provide young people with access to opportunities within the sector, while simultaneously meeting the needs of employers who are looking for appropriately qualified and/or skilled people to join their organisations.

In the year ahead, we will seek new ways to become more proactive in our tendering approach in response to the shift required in the

utilisation of more public providers in the delivery of intervention programmes for the benefit of the broader sector. Innovative solutions beyond NSF funding, when it becomes available, will be investigated for further consideration. We remain cognisant of the need to be vigilant in terms of changing needs within the sector as well as changing DHET and national imperatives to ensure that Fasset-funded interventions are aligned to the needs of a Developmental State.

We will also provide additional assistance to learners through the NSFAS Loan Repayment Grant.

Case Study

I grew up in Ladysmith and completed my matric at Klipriver High School. I always knew that I would become either a lawyer or an accountant. It was a serious competition between the two. I am glad that I was really good in Accounting because the choice became much easier for me to make. I decided that I was going to become an Accountant. I went on to study for a Diploma in Cost and Management and then a BTech in Taxation.

When I completed my studies I was over the moon and so were my parents but nothing prepared me for the disappointment I felt while looking in vain for a job. I only got temporary jobs with no prospects for growth or the future. These contracts would last for a few months then I would find myself at home looking for another job. It was a really frustrating period for me and for my family.

I kept applying for countless positions but had no response so I went on to apply for anything I could come across. In March 2008, my parents decided it would be best for me to come to Gauteng "The city of gold" in pursuit of my career. I was a very loyal buyer of The Star (workplace). I still remember that Wednesday when I saw a job advertisement for Trainee Accountants. I decided to call and apply and that was the beginning of great things for me.

When I was accepted onto the program, I told myself that I would embrace this opportunity and make a success of it. The skills I learnt on the programme are of paramount importance to any person wanting to enter the workplace. I have realised that there is a huge difference between what you study at tertiary level and what the workplace requires of you.

After being placed in employment I realised that had I not done this programme I would have made grave mistakes in the workplace as the programme really made me ready for work. I am now confident as a person and the knowledge that I gained on this programme I will use for the rest of my life. Coming from a rural area nothing is really expected of you but I know now that my future is bright. Thanks to Fasset - you have no idea what your contribution does for students like me. It equips us with skills for life, skills that nobody can take away from us.

Sinethemba Zikalala

Past learner on Fasset Work Readiness Programme



MARKETING AND COMMUNICATION

The Marketing and Communication function is focused on delivering interventions aimed at strategically positioning the Seta and enhancing the Fasset brand. This includes a stakeholder engagement component and the career guidance campaign, which has been expanded to include a brand ambassador campaign as part of our provincial strategy to promote inclusivity and promote access for the youth located outside the major metropolitan areas.

In the last year, we focused on the following interventions:

- A publicity programme, which has been devised to increase participation in Fasset interventions, was undertaken. Fair and equitable media coverage was obtained in business publications, national and regional newspapers, community newspapers and web-based publications. Free publicity to the value of R4 302 571.94 was obtained for the period under review, the highest value since Fasset's inception, compared to R2,22 million achieved during the previous financial year.
- Various publications were produced during the year, including, our quarterly newsletter, Facts, a monthly e-zine, E-Facts, our bi-annual e-zine for learners, L-Facts and the 2010/11 Annual Report. Our "Decade of Delivery" book, published in 2010, received two awards from the South African Publication Forum, namely, "Excellence in Communication and Writing," and Finalist: Best Once-off publication. The book was launched at Fasset's AGM in September 2010.
- Via a partnership with the South African Qualifications Authority (SAQA), we participated in a radio campaign to create awareness aimed at upskilling learners and capacitating them with career guidance information. Nine radio stations provided coverage on Ikwekwezi FM, Ligwalagwala FM, Umhlogo Wvenene FM, Thobela FM, Motswedding FM, UKhozi FM, Munghana Lonene FM, Phalaphala FM and Lesedi FM.
- The Fasset website remains a flagship mechanism for on-going communication with our stakeholders, and remains a popular source of information for the sector and the general public. A total number of 402 616 visitors visited the Fasset website during the period. A new website design was approved during the period. This will be launched in the next financial year.
- The Call Centre continues to deliver high levels of service. Fasset management and Call Centre managers and supervisors continue to meet on a monthly basis to ensure that the call centre standard is maintained and to discuss upcoming challenges.
- We have developed a social media strategy for implementation in the coming year.
- Implemented a Return on Investment (ROI) model to measure the effectiveness of our initiatives
- Launched a Brand Ambassador Campaign at 9 FET and university campuses across the country, which enables us to have

a regional presence and promote career awareness in areas of scarce skills, the myriad of career options within the sector; and also provide information about Fasset-funded Development Projects.

- Developed a Key Account Management (KAM) Strategy, which focuses on KAM relationship building interventions, extending beyond Fasset's current stakeholder engagement strategy.

In the coming year, we will place attention on measuring our customer satisfaction and will continue to measure the effectiveness of our initiatives through our ROI model. Partnerships will also be continued to be maintained to promote career awareness in the Fasset sector.

BEING A RESPONSIBLE EMPLOYER

We have a staff complement of 22 people. The permanent team is kept to the minimum for the implementation and maintenance of core functions as defined by the SDA, and is tasked with implementing strategies and policies outlined in the legislation and agreed to by the Fasset Board. This is in line with Fasset's commitment to ensuring that the highest possible proportion of the levy is allocated to skills development interventions rather than administrative processes.

Strong leadership plays a pivotal role in entrenching a performance-based and ethics-oriented culture throughout the organisation. During the year under review, our management team consisted of the CEO, the COO and five professionals as outlined in the organisational organogram in Appendix D on page 93. The management team is tasked with implementing strategies and policies outlined in the SDA and the Fasset Strategic Plan, as approved by the Board. Non-core functions such as Internal Audit, Information Technology (IT), Call Centre and Finance are outsourced and specific expertise is procured as and when required. This approach has enabled Fasset to focus on core functions and consistently deliver on our mandate.

The Fasset team has remained stable since its inception, growing proportionately over time and is characterised by several long-serving team members. This has ensured that the institutional knowledge of the organisation is retained. Our mode of operation includes a multi-skilling approach that provides opportunities for exposure to a variety of work assignments and enables Fasset to manage in times of operational constraints. We have identified the need to develop a knowledge management repository, over and above our existing structures, and will put additional mechanisms in place in the coming year to ensure that institutional knowledge is adequately retained.

There were three resignations during the period and two promotions. A breakdown of the demographic profile and staffing positions is provided in Table 7 on page 79.

Table 7: Staff profile for the period 1 April 2011 to 31 March 2012

Staff member	Position	Race	Gender	Date Joined	Promotion Date	Resignation Date
Farhana Bhamjee	Skills Planning Senior Officer	Indian	Female	Oct-07		Aug-11
Nomadlozi Buthelezi	Learnerships/ETQA Officer	Black	Female	Oct-03		
Berlinda Chidi	Learnerships/ETQA Assistant	Black	Female	Sep-08		
Lauren Derman	Director of Skills Planning	White	Female	Apr-01		
Natércia Faustino	Director of Learnerships / ETQA	White	Female	Mar-08	01-Apr-11	
Cheryl James	Chief Executive Officer	White	Female	May-00		
Nadine Kater	COO and Director of Learnerships/ETQA	Coloured	Female	Aug-00		Apr-11
Lesego Lebuso	Chief Operating Officer	Black	Female	Aug-11		
Tania Lee	Projects Manager	Coloured	Female	Mar-04		
Mando Mahlangu	Skills Planning Officer	Black	Female	Nov-07		
Annah Maseko	Office Attendant	Black	Female	Sep-03		
Bomkazi Mnombeli	Operations Officer	Black	Female	Apr-08		
Gugu Moetanalo	Operations Manager	Black	Female	Jun-00		
Glodinah Moleko	Operations Assistant	Black	Female	May-08		
Bontle Monchusi	Projects Assistant	Black	Female	Aug-08		Aug-11
Marelda Moodley	Marketing & Communications Manager	Indian	Female	Feb-09		
Nomandla Mtetwa	Projects Assistant	Black	Female	Jun-09		
Thandiswa Nduna	Skills Planning Assistant	Black	Female	Apr-07		
Naamochene Pillay	Learnerships/ETQA Senior Officer	Indian	Female	May-05		
Desirée Rikhotso	Skills Planning Assistant	Black	Female	Oct-05		
Thabiso Sebashe	Marketing & Communications Assistant	Black	Female	Sep-03		
Maphuti Setati	Learnerships/ETQA Assistant	Black	Female	Jun-10	Jan-12	
Pearl Thomo	Office Attendant	Black	Female	Sep-05		
Romaana Vally	Senior Skills Planning Officer	Indian	Female	Oct-11		

To achieve our Strategic Plan, we need to attract, retain and motivate our employees. Our Board has appointed and mandated a HR and Remuneration Committee to assist Fasset in fulfilling its remuneration responsibilities. Our Remunerations Policy is designed to establish and maintain competitive, fair, equitable and market-related compensation to attract, motivate and retain talented people. In addition to the total cost of employment package, Fasset offers an incentive scheme for exceptional performance based on performance agreements, which are reviewed quarterly.

Employment Equity

The principles of Employment Equity are driven by our recruitment and selection policies. The composition of Fasset's management team is in line with the Seta's commitment to skills development and Employment Equity

(EE), not only within the organisation, but within the sector as a whole. Occupational levels and grades are aligned with the sector and reflect the organisation's commitment to meeting its HR needs through clearly defining the roles and activities that would be required to fill all relevant positions. Details are provided in Table 8.

Table 8: Occupational levels and grades

Occupational Category	Job Title	Band	Approved Salary Bands 4/11-3/12
Senior Managers	CEO COO	E3 E2	R1 090 000 – R1 937 000 R870 000 – R1 333 000
Professionals	Functional Directors Managers	DU DL	R748 000 – R948 000 R434 000 – R852 000
Skilled technical	Senior Officers Officers	CU CL	R317 000 – R455 000 R225 000 – R405 000
Clerks	Assistants Junior Assistants	BU BL	R181 000 – R257 000 R123 000 – R244 000
Elementary workers	Attendants	AU	R58 000 – R97 000

Training and Development

We have a Recruitment and Selection Policy and an Employment Equity Plan (EEP) that drives human resources management. We rely on the knowledge and training of our employees to fulfil the obligations of our mandate. Through our Education and Training Policy, we ensure that our staff is upskilled to meet their development potential and capacitated to deliver on our strategic objectives. We encourage our employees to enhance their academic and professional qualifications through approved subsidised education at approved institutions. In 2011/12, we invested R163 000 towards training and development opportunities in various strategic priorities ranging from IT, Management and Leadership to Safety and Wellness. Seven staff members are currently furthering their studies in areas such as management and leadership, office administration and specialist financial qualification as well as another employee who is in her second year of doctoral studies. Our staff also attended the lifelong learning training interventions that are hosted by Fasset.

We also have an integrated performance management system in place that includes individual performance contracts, personal development plans and quarterly performance reviews. The performance management system is aligned to our organisational strategy as well as an incentive scheme that rewards exceptional performance. In the coming year, we will engage in a values-setting exercise and culture climate survey as part of a broader strategic intent to enhance our employee value proposition and support organisational effectiveness.

WORKING WITH OUR SUPPLIERS

We operate in an increasingly dynamic environment, which requires us to ensure that we improve our business operations

and maintain procurement discipline. We maintain sound supply chain management practices in line with the PFMA, National Treasury and other applicable standards.

We view supply chain management as a way of contributing to socio-economic development. Our supplier base consists of 1126 active suppliers, of which 11% are BEE suppliers. A record of all suppliers that are not specifically contracted, but are actively used by our business units within a 12-month period, is maintained for possible future business opportunities. For the year under review, our procurement spend amounted to R91,5 million.

Our commitment to transformation is not driven by compliance, but rather by a sincere commitment and desire to contribute to transformation in a way that can bring meaningful change to the lives of all South Africans. We are the first Seta to obtain a B-BBEE rating. Although it is not a requirement for Setas, we were assessed during the period under review in terms of the B-BBEE scorecard and obtained a Level 3 rating. We will continue our efforts to make further improvements in this area as one of our focus areas for the new financial year.

Preferential procurement is a key thrust to empowerment, significantly encouraging transformation of the economy. While we continue to make efforts to transform our supplier base, we recognise that greater attention needs to be placed on providing supplier development support to enable our suppliers to grow and remain competitive. In the coming year, we will assess opportunities and seek innovative solutions to enable meaningful enterprise development support. We are mindful of our suppliers' need for the prompt payment of goods and services supplied. To this end, we ensure that payment for goods and services rendered is made in accordance with the terms and conditions of the contract within 30 (thirty) days after receipt of an invoice.

We have established a governance framework that sets out ethical and sound procurement practices to be followed by staff members involved in the procurement of goods and services. This has enabled us to standardise procurement practices across our organisation. Ongoing training is provided to staff members involved in the SCM function to facilitate greater compliance and mitigate against risks.

INVESTING IN OUR COMMUNITY

We operate within communities that are faced with increasing socio-economic challenges such as poverty, unemployment and high HIV/Aids prevalence rates. Addressing these societal challenges requires stakeholder partnership approaches and is no longer the sole responsibility of government alone. By the very nature of our mandate, we are focused on skills development to increase the number of new entrants in the labour market and in the Fasset sector specifically. We do this not only as a regulatory imperative but as part of our belief that

investing in skills development provides a key catalyst for people, particularly those in less fortunate circumstances, to lead more productive lives.

Social upliftment

The need for social upliftment is vast. As a Seta, our mandate serves as the basis for our corporate social responsibility (CSR) agenda, which enables us to provide upskilling and training opportunities through the range of interventions such as learnerships, workplace experience, access to occupationally-directed qualifications and continuous professional development as funded through our Mandatory and Discretionary Grants. As a public entity, we are however constrained to go beyond this in terms of utilising public funds to support social causes and non-profit organisations working towards the development, empowerment and social progress of the broader communities in which we operate.



Fasset staff spending quality time with Refallete Primary School learners in Orange Farm.

Through our empathetic workforce, we have elected to demonstrate our corporate social responsibility and contribute towards community upliftment initiatives. For the year under review, we tentatively began putting in place a volunteers' programme that is a staff-driven initiative, which focuses on donations of time, materials and, in some cases, expertise. This saw us identifying a school in Orange Farm that we would like to 'adopt' and provide assistance on

a voluntary basis. Our activities in this respect included the donation of material such as clothes, furniture and computers, painting the classrooms and reading to Pre-Primary and Grade 1 learners. We are intent on formalising our relationship with this school and will formulate our CSR strategy for activities to be undertaken as part of our community outreach programme.



ADDRESSING OUR ENVIRONMENTAL IMPACT

Issues of climate change are increasingly becoming commonplace. As a responsible corporate citizen, we are mindful of our direct and indirect impact on the environment and have begun placing focus on our behaviour to reduce our environmental footprint for the greater good. While our operations are primarily centrally located at our office in Johannesburg, we maintain a regional presence through our various initiatives and engage in business travel for Board, Committee and staff, which contributes to our environmental impact.

As a Seta, we are a low environmental impact company. Our environmental impacts can be categorised as direct impacts and indirect impacts. Both direct and indirect impacts are regulated through application of relevant legislation, subscription to voluntary external regulations, and internal self-regulation. We report on our activities in these two domains as follows:

Direct Impact

Our operations consume resources such as water, electricity, cleaning materials, paper and other office consumables. We maintain focus on managing the efficient use of these resources and reducing consumption, where possible.

Indirect Impact

Our consideration for the environment also extends to our indirect impact. As a provider of skills development interventions, we are also mindful of our role in enabling the development and consumption of goods and services. We therefore have a role to play in ensuring that the growth and socio-economic development is enabled in a responsible social and environmental manner. For us, this translates into both risk management and business opportunity development. Going forward, we will engage in dialogue to assess opportunities for us to increasingly utilise our position to engage with our suppliers, service providers and delivery partners who offer goods and services that may have both positive environmental benefits and negative impacts such as printing operations. In the coming year we will put in place initiatives to address environmental education among our staff and committees to promote environmental awareness and the reduction of resource use at work and in their home environment. We will also commence with a process to calculate our carbon footprint with a view to managing our environmental footprint. This would culminate in the development of an environmental management strategy.

Future Performance

Objectives

In the coming year, we will continue to operate in line with our approved Strategic Plan and interface with a broad range of stakeholders as a good corporate citizen. In particular, we will place emphasis on the following objectives:

- Focus on effectively growing our people and developing our talent aligned to business needs to ensure effective employee engagement,
- Continue to create value and meet stakeholders expectations to deliver on our mandate as a Seta,
- Effective resource management underpinned by culture of innovation,
- Identify opportunities for suppliers to enable enterprise development support,
- Formulate our CSR strategy and contribute towards social development causes through our staff-driven initiatives,
- Continue to measure and report our progress on creating stakeholder value and managing risks,
- Manage our direct and indirect environmental impact by defining our environmental management strategy and calculating our carbon footprint, and
- Continue to evolve our integrated reporting framework by mainstreaming sustainability imperatives into our business practice.

Appendix A:

NSDS III TARGETS AND ACHIEVEMENTS

NSDS III targets and achievements

Note: Only the indicators that are applicable to Fasset have been included.

Goal 1: Establish a credible institutional mechanism for skills planning

No	NSDS Output	Output Description	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.1.1	National need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors	Capacity is established within the DHET to coordinate research and skills planning	Share best practice with the DHET and across Setas	Copy of the presentation indicating content of best practice shared as well as research conducted has been made available to DHET	No deviation
4.1.1	National need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors	Conduct research (internships, educational fees, SSP Update, grants analysis) to inform Sector Skills Plan (SSP)	Submit SSP for 2011 to 2016 to the DHET	SSP produced, signed off by all parties, presented to Fasset stakeholders and submitted to the DHET	No deviation

Goal 2: Increase access to occupationally-directed programmes

No	NSDS Output	Output Description	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.2.1	Middle-level skills needs are identified and addressed in all sectors	Setas research and identify middle-level skills needs in their sectors and put in place strategies to address them	Produce SSP for 2011 to 2016 and submit to the DHET	SSP produced, signed off by all parties, presented to Fasset stakeholders and submitted to the DHET.	No deviation
4.2.1.2	Projects are established to address middle-level skills in each sector	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector	5382 Learners registered on learnerships, Lifelong Learning (LL), Development Projects and Assessor interventions	6719 workers and unemployed people on interventions	The target was over-achieved due to more projects approved at middle level than was planned for as a result of increased levies received during the year. . A moderate increase of attendance at LL events was also experienced.

No	NSDS Output	Output Description	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.2.1.2	Projects are established to address middle-level skills in each sector	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector	5288 Learners completed learnerships, Lifelong Learning, Development Projects and Assessor interventions	6337 workers and unemployed people on interventions	The target was exceeded as a result of greater proportion of learners achieving the Development Project pass rate of 70%. . A moderate increase of attendance at LL events was also experienced.
			5132 Learners funded on learnerships, Development Projects, Lifelong Learning and Assessor interventions	6503 workers and unemployed people on interventions	The target was over-achieved due to more projects approved at middle level than was planned for as a result of increased levies received during the year. A moderate increase of attendance at LL events was also experienced.

Goal 3: Increase access to occupationally-directed programmes

No	NSDS Output	Output Description	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.2.3	High-level national scarce skills needs are being addressed by work-ready graduates from higher education institutions	Setas research and identify high-level skills needs in their sectors and put in place strategies to address them	Produce SSP for 2011 to 2016 and submit to the DHET	SSP produced, signed off by all parties, presented to Fasset stakeholders and submitted to the DHET.	No deviation
3.2	Projects are established to address high-level skills in each sector	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector	9 413 Learners registered on learnerships, Lifelong Learning, Development Projects and Moderator Interventions	11 838 workers and unemployed people registered on interventions	The target has been exceeded due to more projects approved at high level than was planned for. This was due to increased levies received during the year which in turn contributed to more funding being made available to the development projects funding window. A moderate increase of attendance at LL events was also experienced.

No	NSDS Output	Output Description	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
3.3	Projects are established to address high-level skills in each sector	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector	8 793 Learners completed learnerships, Lifelong Learning, Development Projects and Moderator intervention	11 189 workers and unemployed completed on interventions	The target was achieved and exceeded due to providers having exceeded the placement target of 70%. There was also a higher intake of learners than was planned for. A moderate increase of attendance at LL events was also experienced.
		Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector	6 643 Learners funded on learnerships, Development Projects and Lifelong Learning and the Moderator interventions	8 439 workers and unemployed people funded on interventions	The target has been exceeded due to more projects approved at high level than was planned for. This was due to increased levies received during the year which in turn contributed to more funding being made available to the development projects funding window. A moderate increase of attendance at LL events was also experienced.
	Projects are established to address high-level skills in each sector		538 learners on SCG learnerships and bursaries	592 learners on SCG learnerships and bursaries	No deviation

Goal 4: Encouraging better use of workplace-based skills development

No	NSDS Output	Description of Output	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.5.1	Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market	At least 80% of large employers submit WSP and ATR claims and impact is measured (baseline = 52 firms)	52 large firms submit WSPs/ ATRs	69 firms submitted	No deviation
4.5.1		At least 60% of medium sized employers submit WSP and ATR claims and impact is measured (baseline = 96 firms)	96 medium sized firms submit WSPs/ ATRs	112 firms submitted	No deviation

No	NSDS Output	Description of Output	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.5.1		At least 40% of small sized employers submit WSP and ATR claims and impact is measured (baseline = 1160 firms)	Support is provided to 1160 small levy paying firms.	Support provided to 1162 firms	No material deviation
4.5.1		Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development	Development of Financial markets and Tax qualification	The qualifications was developed and submitted to the Quality Council for Trades and Occupations (QCTO)	No deviation

Goal 5: Encourage and support cooperatives, small enterprises, worker-initiated, NGO and community training initiatives

No	NSDS Output	Description of Output	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
5.1	Partnership projects to provide training and development support to small businesses are established in all sectors and their impact	Sector projects are developed that are piloted by Setas and expanded through partnership funding for the development of SMME skills as identified in the SSP.	1 100 non levy-paying firms participate in skills development initiatives (baseline = 1 100)	Support provided to 2755 non-levy paying firms	Target achieved through the attendance of Lifelong Learning events and advocating Fasset membership benefits to non-levy paying firms
5.2					

Goal 8: Building career and vocational guidance

No	NSDS Output	Description of Output	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.8.1	Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression	Career guides are developed with labour market information from Setas, addressing sub-sectors within their sector.	Career guide is developed for occupations across sectors in the economy. Comprehensive occupational profile of the sector and guide to employment opportunities in the sector should be included	The career guide was developed and includes information on career paths, professional bodies and information on the career	No deviation

No	NSDS Output	Description of Output	Fasset 2011 – 2012 Target	Achievement	Reason for Deviation
4.8.1	Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression	Career guides are developed with labour market information from Setas, addressing sub-sectors within their sector.	Learner marketing campaign planned and implemented using the following: <ul style="list-style-type: none"> - Learner print media campaign - Attendance at career exhibitions nationally - Online advertising - Social media - National distribution of the Fasset careers video - National distribution of the Fasset careers guide - Fasset brand ambassadors - Viral Campaign 	A national learner campaign was developed to include print media, exhibitions, social media and brand ambassadors targeting learners across the country from Grade 10 onwards	No deviation

Appendix B:

FASSET'S BOARD

Name	Representing	Organisation	Race	Gender	25 May 2011	18 August 2011	19 August 2011	22 September 2011	24 November 2011	8 March 2012	Total Meetings attended	Participation in Working Committees
Prabir Badal	Employees	Nehawu	Indian	Male	✓	✗	✗	✓	✓	✓	4 of 6	Remco
Shahied Daniels	Employees	SAIPA	Coloured	Male	✓	✓	✗	✓	✓	✓	5 of 6	ARC
Amanda Dempsey	Independent	UJ	White	Female	✗	✓	✓	✓	✓	✓	5 of 6	Finco; Remco
Holger Fischer	Employers	IDC	White	Male	✗	✓	✓	✓	✓	✓	5 of 6	Exco; SP (Chair)
Sathie Gounden	Employers	Sathie Gounden Associates	Indian	Male	✗	✓	✓	✓	✓	✓	5 of 6	Finco
Kate Hlongwane	Employees	Nehawu	Black	Female	✓	✗	✓	✗	✓	✓	4 of 6	SP
Corné Karsten	Employees	PSA	White	Female	✓	✗	✗	✗	✗	✓	2 of 6	
Daisy Kopolo ¹	Employees	ACCA	Black	Female	✓	✓	✓	✗	✓	✓	5 of 6	Exco
Samantha Louis	Employees	CIMA	White	Female	✓	✗	✗	✓	✓	✓	4 of 6	Exco; Comcom (Chair)
Bongani Mathibela	Employers	Basamandla Consulting	Black	Male	✓	✗	✗	✓	✓	✓	4 of 6	Finco
Tsakani Maluleke	Independent (Chairman)	Deloitte	Black	Female	✓	✓	✓	✓	✗	✓	5 of 6	Exco
Stadi Mngomezulu	Employers	National Treasury	Black	Male	✓	✗	✗	✓	✓	✓	4 of 6	ARC
Mpuseng Moloi	Employers	JSE	Black	Female	✗	✓	✓	✓	✓	✓	5 of 6	Exco; Remco (Chair)
Mopo Mushwana	Independent	LIBSA	Black	Female	✓	✓	✓	✓	✓	✓	6 of 6	Finco; Comcom; SP
Seshni Samuel	Employers	Ernst & Young	Indian	Female	✓	✓	✗	✗	✗	✗	2 of 6	QA (Chairman)

Appendix C:

WORKING COMMITTEES AND ATTENDANCE OF MEETINGS

EXECUTIVE

Member	Meetings Attended
Holger Fischer	4 of 5
Daisy Kopolu ¹	4 of 5
Samantha Louis	4 of 5
Tsakani Maluleke (Chairman)	5 of 5
Mpuseng Molo	5 of 5

¹ Resigned March 2012

FINANCE

Member	Organisation	Meetings Attended
Amanda Dempsey (Chairman)	UJ	7 of 8
Sathie Gounden ¹	Sathie Gounden and Associates	4 of 8
Bongani Mathibela ¹	Basamandla Consulting	7 of 8
Mopo Mushwana ¹	LIBSA	6 of 8

¹ Joined June 2011

COMMUNICATIONS COMMITTEE

Member	Organisation	Meetings Attended
Tyron Barnard	KPMG	1 of 4
Andrew Carlsson	ICB	2 of 4
Janine Connor	SAIPA	1 of 4
Tsholofelo Dihutso	FPI	3 of 4
Shameela Essack ²	CIMA	3 of 3
Samantha Louis ¹ (Chairman)	CIMA	3 of 3
Mopo Mutshwana ¹	LIBSA	1 of 3

¹ Joined July 2011

² Resigned January 2012

HR AND REMUNERATION

Member	Organisation	Meetings Attended
Prabir Badal	Nehawu	1 of 2
Amanda Dempsey	UJ	2 of 2
Mpuseng Molo (Chairman)	JSE	2 of 2

SKILLS PLANNING

Member	Organisation	Meetings Attended
Aboo Amod ¹	Industrial Development Corporation (IDC)	1 of 3
Andrew Carlsson	ICB	3 of 4
Angela Forrest	SAIPA	3 of 4
Ashleigh Alistoun	KPMG	3 of 4
Stiaan Klue	SAIT	1 of 4
Noreen Kolbe	RCS Cards	0 of 4
Neo Mndebele	JSE Securities Exchange	0 of 4
Stuart Noble	FTC	1 of 4
Annalien Carstens ¹	Altimax	0 of 2
Fumani Nkuna	PwC	2 of 4
Hayley Hynd	VCA	2 of 4
Nishi Karysingh	Citadel	0 of 3
Leigh Lucas	IDC	3 of 3
Kate Hlongwane ³	SARS	1 of 2
Mopo Mushwana ³	LIBSA	1 of 2
Nisha Daya ⁴	Bass AME (Pty) Ltd	0 of 1
Navin Lasab ⁵	SAIPA	0 of 2
Angie Ontong ⁵	NT	1 of 2
Thea Pelser	PwC	4 of 4
Khensani Mathonsi	Deloitte	4 of 4
Holger Fischer (Chairman)	IDC	4 of 4
Cindy Parvess	ACCA	3 of 4
Anabela de Rose	Silica Fund Administration Solution	4 of 4
Thabo Morgan	SARS	0 of 4
Thokozani Nongauza	JSE	0 of 4
Cilla Cinnamon	Ernst & Young	2 of 4
Christinah Papi ²	Deloitte	0 of 1
Masindi Ramovha ²	MBD Credit Solutions	0 of 1
Erica Wassenaar	Business Partners	2 of 4
Tshepiso Nyatlo	Sizwentsaluba	2 of 4
Pradeshini Poovan	MBD Credit Solutions	4 of 4

¹ Resigned January 2012

² Joined June 2011 and Resigned July 2011

³ Joined July 2011

⁴ Resigned December 2011

⁵ Joined October 2011

⁶ Joined June 2011 and resigned January 2012

QUALITY ASSURANCE & LEARNERSHIPS

Member	Organisation	Meetings Attended
Amos Kova	CIMA	2 of 4
Andrew Carlsson	ICB	3 of 4
Angela Forrest	SAIPA	2 of 4
Bill Shellard	IIA	3 of 4
Caroline Hall	AAT (UK)	0 of 4
Charleen Davids	CIMA	2 of 4
Clare Morley	AAT (UK)	0 of 4
Ehsaan Nagia	IAC	4 of 4
Jacqui Baumgardt	CSSA	3 of 4
Janse Maritz	ICB	1 of 4
Joanett Pienaar	KPMG	3 of 4
John Blignaut	Definitive Solutions Training cc	4 of 4
Justine Johnson	KPMG	1 of 3
Krishan Nowrungsah ¹	ACCA	1 of 1
Lawrence Chetty	IIA	4 of 4
Mmatsie Mpshane	IRBA	1 of 4
Pradeshini Poovan	MBD	2 of 4
Robin T Dixie	Robin T Dixie & Associates	3 of 4
Samantha Louis ¹	CIMA	0 of 1
Shirley Olsen	Master Business Services cc	0 of 4
Stephen Sadie	CSSA	3 of 4
Stiaan Klue	SAIT	2 of 4
Teunis van Buuren	SAIBR	2 of 4
Vashna Rawjee	ATCOR	4 of 4
Seshni Samuels (Chairman) ²	Ernst & Young	3 of 3
Nadine Kater ³	ACCA	2 of 2
Trudy Paul ⁴	AAT (SA)	1 of 1
Suzie Webb ⁴	AAT (UK)	0 of 1
Marietjie de Wet	Altimax	3 of 4

¹ Resigned May 2011

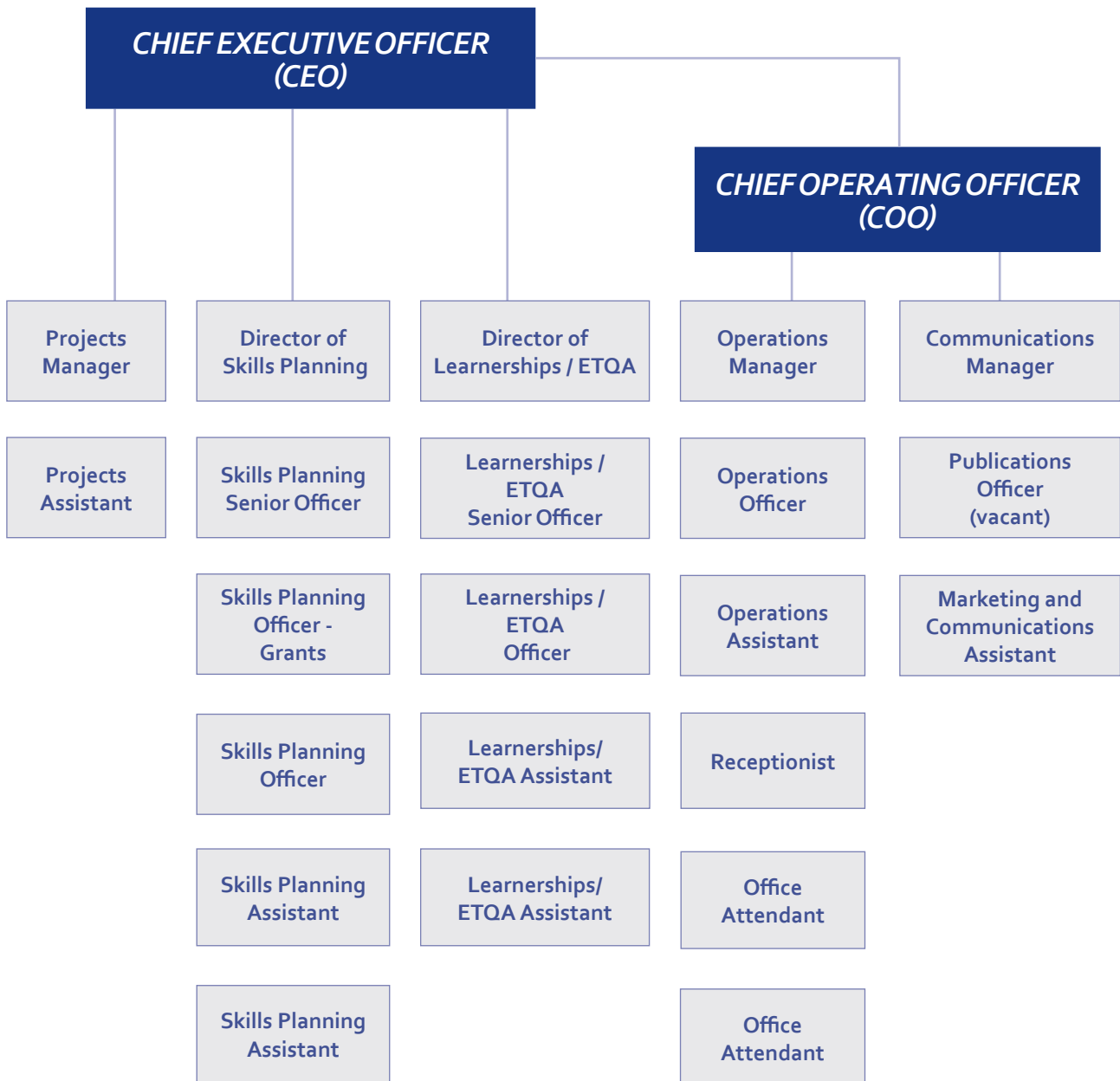
² Joined July 2011

³ Joined October 2011

⁴ Joined January 2012

Appendix D:

ORGANOGRAM - 31 MARCH 2012



Acronyms and Abbreviations

used in this Report

AAT	Association of Accounting Technicians
ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
ASB	Accounting Standards Board
ASSA	Actuarial Society of South Africa
ATR	Annual Training Report
AMG	Assessor and Moderator Grant
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CIMA	Chartered Institute of Management Accountants
COO	Chief Operating Officer
CSSA	Chartered Secretaries Southern Africa
DHET	Department of Higher Education and Training
ETQA	Education and Training Quality Assurance Body
Exco	Executive Committee
Fasset	Finance and Accounting Services Sector Education and Training Authority
FET	Further Education and Training
GRAP	Generally Recognised Accounting Practice
GRI	Global Reporting Initiative
HRDSSA	Human Resources Development Strategy South Africa
IAC	Institute of Administration and Commerce
ICB	Institute of Certified Bookkeepers
ICSA	Institute of Chartered Certified Secretaries and Administrations
IDC	Industrial Development Corporation
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Committee
IPAP II	Industrial Policy Action Plan II
IRBA	Independent Regulatory Board for Auditors
IRCSA	Integrated Reporting Committee of South Africa
King III	2009 King Code of Governance Principles
LCG	Learnership Cash Grant
MTSF	Medium-Term Strategic Framework
NEHAWU	National Education, Health and Allied Workers Union
NLRD	National Learners' Record Database
NQF	National Qualifications Framework

NSA	National Skills Authority
NSDS III	National Skills Development Strategy III
NSFAS	The National Student Financial Aid Scheme
NGP	New Growth Path
PFMA	Public Finance Management Act
PwC	PricewaterhouseCoopers
QAP	Quality Assurance Partner
QCTO	Quality Council for Trades and Occupations
ROI	Return on Investment
SAIBA	South African Institute for Business Accountants
SAICA	South African Institute of Chartered Accountants
SAIPA	South African Institute of Professional Accountants
SAIT	South African Institute for Tax Practitioners
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SCG	Strategic Cash Grant
SCM	Supply Chain Management
SDLA	Skills Development Levies Act of 1999 (as amended)
SDL	Skills Development Levy
Setas	Sector Education and Training Authorities
SMME	Small Medium and Micro Enterprises
SSP	Sector Skills Plan
WSP	Workplace Skills Plan

Feedback Form

FASSET ANNUAL INTEGRATED REPORT 2011

We have produced our first integrated report. As part of our integrated report journey, we request all stakeholders to provide us with feedback. Kindly indicate which aspects of the report added value, and areas where you would like to see additional information.

Format:

Content:

Insufficient detail:

Too much detail:

Other comments:

Name:

Organisation:

Stakeholder grouping:

Complete the form and fax or email it to Fasset Call Centre:

Fax: (011) 476 5756

Email: fassetcallcentre@fasset.org.za

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