



F A S S E T

*Make the future count*

ANNUAL  
INTEGRATED  
**REPORT**  
2018/2019

Recognising  
**SKILLS** as the  
*key currency*  
in the sector

The baobab tree is  
deeply rooted in the  
soil of Africa and

exhibits strength due to,  
sometimes in spite of,  
its environment.



**F A S S E T**

*Make the future count*

## 'Recognising skills as the key currency in the sector.'

No matter what challenges a country faces, or how its economic sectors evolve and advance in response to external influences and the increasing responsibilities of good corporate citizenship, all progress rests on skills. Without skills, there can be no growth. Today's most powerful cars evolved from early man's chiselling skills, which transformed a piece of rock into a wheel that has been continually reinvented, refined and reimaged; the supersonic jets of our time owe their existence to the ingenuity and proficiency of the ancient Chinese in combining silk and bamboo to create a kite that would stay in the air.

The financial and accounting services sector, founded on the skills of counting on an abacus and writing on papyrus, is now increasingly digital technology-dominated.

South Africa repeatedly ranks highly in the World Economic Forum (WEF) ratings for the robustness of its financial services, characterised by efficiency and sound practices. In the 2018 WEF Global Competitiveness Index, it comes in at 18th position out of 140 countries for its financial system. This ranking owes much to a skilled workforce, adaptability to change and challenge, and the strong work ethic and culture for which South African businesses and citizens are known.

Over the past 19 years, Fasset has formalised, incentivised and professionalised skills development and recognised that skills are the sector's key attribute, which is paramount if the industry is to maintain its reputation as an economy game changer.

Anyone who has been touched by Fasset's work knows this, whether the skill imparted has the power to help or hinder South Africa's US \$400 billion economy or it provides reassurance of a sound investment to a rural widow bequeathed R50 000 in her husband's will.

At Fasset, recognising skills as the key currency in the sector and in life is as effortless to each team member as a heartbeat.

# INDEX

<b>A</b> INTRODUCTORY REPORTS	2
Letter to the Minister	1
About this Report	3
Statement of Responsibility and Confirmation of Accuracy for the year ended 31 March 2019	4
About Fasset	5
Legislative and other Mandates	14
Chairman's Foreword	15
Chief Executive Officer's Overview	17

<b>B</b> PERFORMANCE INFORMATION	20
Overview of Achievements	21
Statement of Responsibility for Performance Information for the year ended 31 March 2019	22
Situational Analysis	23
Fasset Interventions for Unemployed Learners	28
Fasset Interventions for Post-school Learners	30
Fasset Interventions for the Employed	36
Performance Information by Programme/Activity/Objective	40
Revenue Collection	52

<b>C</b> CORPORATE GOVERNANCE	53
Introduction	54
Executive Authority	54
Accounting Authority	55
Risk Management	58
Internal Control	58
Compliance with Laws and Regulations	58
Fraud and Corruption	58
Minimising Conflict of Interest	59
Code of Conduct	59
Health Safety and Environmental Issues	59
Company Secretary	59
Social Responsibility	59
Report of the Audit and Risk Committee	60

**D** HUMAN RESOURCE  
MANAGEMENT

62

Overview of Human Resources Matters	63
Organisational Structure	64
Human Resource Oversight Statistics	65

**E** FINANCIAL  
INFORMATION

69

Statement of Responsibility for the Annual Financial Statements	70
Report of the Accounting Authority	71
Report of the Auditor-General of South Africa	72
Annual Financial Statements	75
Accounting Policies	81
Notes to the Annual Financial Statements	87

**F** ANNEXURES

116

Annexure A: Acronyms	117
Annexure B: Auditor-General's Responsibility for the Audit	118
Annexure C: Stakeholder Engagement Plan	119
Acknowledgements	124



# GENERAL INFORMATION

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01/Fasset/1/04/11

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# LETTER TO THE MINISTER



**Dr Blade Nzimande**  
Minister of Higher Education, Science and Technology

*Honourable Minister, it is our privilege to present the Financial and Accounting Services Sector Education and Training Authority (Fasset) Annual Integrated Report for the period 1 April 2018 to 31 March 2019.*

*This report provides an account of Fasset's financial and non-financial performance for the year under review, including details on how we created value for stakeholders and contributed to the facilitation of skills development across the Post-school Education and Training (PSET) pipeline.*

*Our commitment remains steadfast to partnering with our stakeholders and delivery partners to change the personal and professional lives of thousands of South Africans.*

*Combined assurance was provided by the Auditor-General of South Africa (AGSA), whose office audited the Annual Financial Statements and performance information, and by Internal Audit, management and the Board, which took into account critical risk areas.*

*The Board endorses this Annual Integrated Report, confident that it reflects Fasset's commitment during the year to advancing its skills development legacy to create world-class finance and accounting skills for the sector and the economy, and signals its determination to continue in this vein during the final leg of the National Skills Development Strategy (NSDS).*



**Buti Manamela**  
Deputy Minister of Higher Education,  
Science and Technology



**Njabulo Ngwenya CA(SA)**  
Chairman

**Njabulo Ngwenya CA(SA)**  
Chairman

**Ayanda Mafuleka CA(SA)**  
Chief Executive Officer



**Ayanda Mafuleka CA(SA)**  
Chief Executive Officer

# A INTRODUCTORY REPORTS

GROWTH



# ABOUT THIS REPORT

This Annual Integrated Report provides an account of Fasset activities and achievements for the period 1 April 2018 to 31 March 2019, during which the Executive Authority of the SETA was Minister of Higher Education and Training, Dr Naledi Pandor. The report, which demonstrates how effectively Fasset has delivered on its skills development mandate, will be tabled in Parliament by Minister of Higher Education, Science and Technology, Dr Blade Nzimande.

During the year, Fasset has continued to honour the trust placed in it in the year 2000 to provide an institutional framework to devise and implement national, sectoral and workplace strategies aligned to the country's economic and social development priorities. Over 19 years that have revolutionised the country's approach to skills development, it has crafted its programmes mindful of the ever-developing composition and needs of its dynamic market, where skills and professionalism determine success.

The Skills Development Act (Act No 97 of 1998), as amended (SDA), and Section 65 of the Public Finance Management Act (Act No 1 of 1999), as amended (PFMA), require SETAs to produce an annual report. As the custodian of public funds and a responsible corporate citizen, we also account to various stakeholders – the employers who contribute levies to increase investment in skills development; professional bodies, higher education and training institutions and other training providers who deliver at our behest; the employed and unemployed individuals who are recipients of Fasset-funded programmes, and our staff, without whom we would not have the social licence to operate.

Under the theme 'Recognising skills as the key currency in the sector', the 2018/2019 Annual Integrated Report reflects on

the progress we have made in implementing our organisational strategy #LastingLegacy, our approach to managing enterprise-wide risks, our engagements with stakeholders and how we ultimately delivered on skills development programmes for the benefit of the Fasset sector and the country.

We have adopted the National Treasury Annual Report Guideline for Public Entities to align ourselves with the prescribed standard in the public sector. We are also guided by the International Integrated Reporting Committee (IIRC) Framework, and the Global Reporting Initiative (GRI) principles of transparency, inclusiveness, auditability, completeness, relevance, sustainability, context, accuracy, neutrality, comparability, clarity and timeliness to ensure best practice reporting on environmental, social and governance matters. Only matters deemed material to us and of material impact to our stakeholders are included in this report.

The audited financial statements presented in this Annual Integrated Report were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board and in accordance with the SDA and the Skills Development Levy Act (Act No 9 of 1999), as amended (SDLA). The fully audited financial statements are on page 76.

The IIRC Framework's capitals model shapes our reporting value created for stakeholders, namely financial capital, human capital, social and relationship capital and intellectual capital (manufactured and natural capital are not included as these are not applicable to our environment). The capitals model has enabled us to identify the resources and relationships required to deliver on our mandate.

**Table 1: Capitals model**

Capitals	What they mean for the SETA	Report section
Financial	The funding received from the 1% SDL levy collected from employers in the Fasset sector to fund skills development interventions	Refer to page 11 of this report
Human	The value we have added to beneficiaries of Fasset-funded programmes to facilitate their entry into the sector and enhance employability prospects for the unemployed, and the continuous professional development opportunities facilitated for employees in the sector.	Refer to page 28 of this report
	Creating for our staff an enabling environment that maximises their ability to deliver their best in achieving organisational performance and advancing their professional goals.	Refer to page 63 of this report
Social and relationships	Our delivery partners, including sector employers, suppliers and professional bodies.	Refer to page 26 of this report
Intellectual	The innovative skills development interventions that address the needs of the sector	Refer to page 41 of this report

# STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

for the year ended 31 March 2019

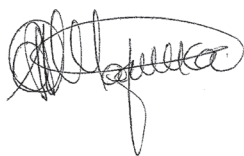
To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Integrated Report are consistent with the Annual Financial Statements audited by the Auditor-General.
- The Annual Integrated Report is complete, accurate and is free from any omissions.
- It has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity.

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

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

The external auditors are engaged to express an independent opinion on the Annual Financial Statements. In our opinion, the Annual Integrated Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2019.



**Ayanda Mafuleka CA(SA)**  
Chief Executive Officer



**Njabulo Ngwenya CA(SA)**  
Chairman

# ABOUT FASSET

Fasset is a Schedule 3A public entity reporting to the Minister of Higher Education and Training (MHET) as its Executive Authority. We are accountable to Parliament and are subject to the oversight of National Treasury in terms of performance management and financial administration. We engage with a broad range of stakeholders to fulfil our mandate, which requires us to uphold principles of good governance to make a meaningful contribution in skills development for the benefit of the Fasset sector and the country. We are currently licensed until 31 March 2020 in line with the extension of NSDS III.

## Our mandate

The SDA and SDLA provide the institutional framework for the SETA. The framework serves as our mandate to develop and implement national, sectoral and workplace strategies to develop and improve the skills of the national workforce, resulting in improvements in employability and productivity, while contributing to the competitiveness of the country.



### VISION

'To facilitate the achievement of world-class finance and accounting services skills.'



### MISSION

'Increase the flow of new finance and accounting services entrants to employment; develop and grow skills required in the sector and facilitate the transformation of the finance and accounting services sector.'



### SHARED VALUES

Our shared values articulate what we stand for, what we value as an organisation and inform how we interact with our stakeholders.

## What our values mean to us

### PROFESSIONALISM AND ACCOUNTABILITY

We are a high-performance, professional team; we strive for excellence through hard work and by taking responsibility and being accountable within an accepted and agreed code of conduct.

### ETHICS

We work with integrity and honesty and respect internal and external stakeholders at all times.

### MAKING A DIFFERENCE

We make a difference to the lives of all our stakeholders by identifying their needs and exceeding expectations.

### VALUING PEOPLE

We strive to create a motivating and supportive culture by understanding, respecting, developing and valuing each other.

### INNOVATION

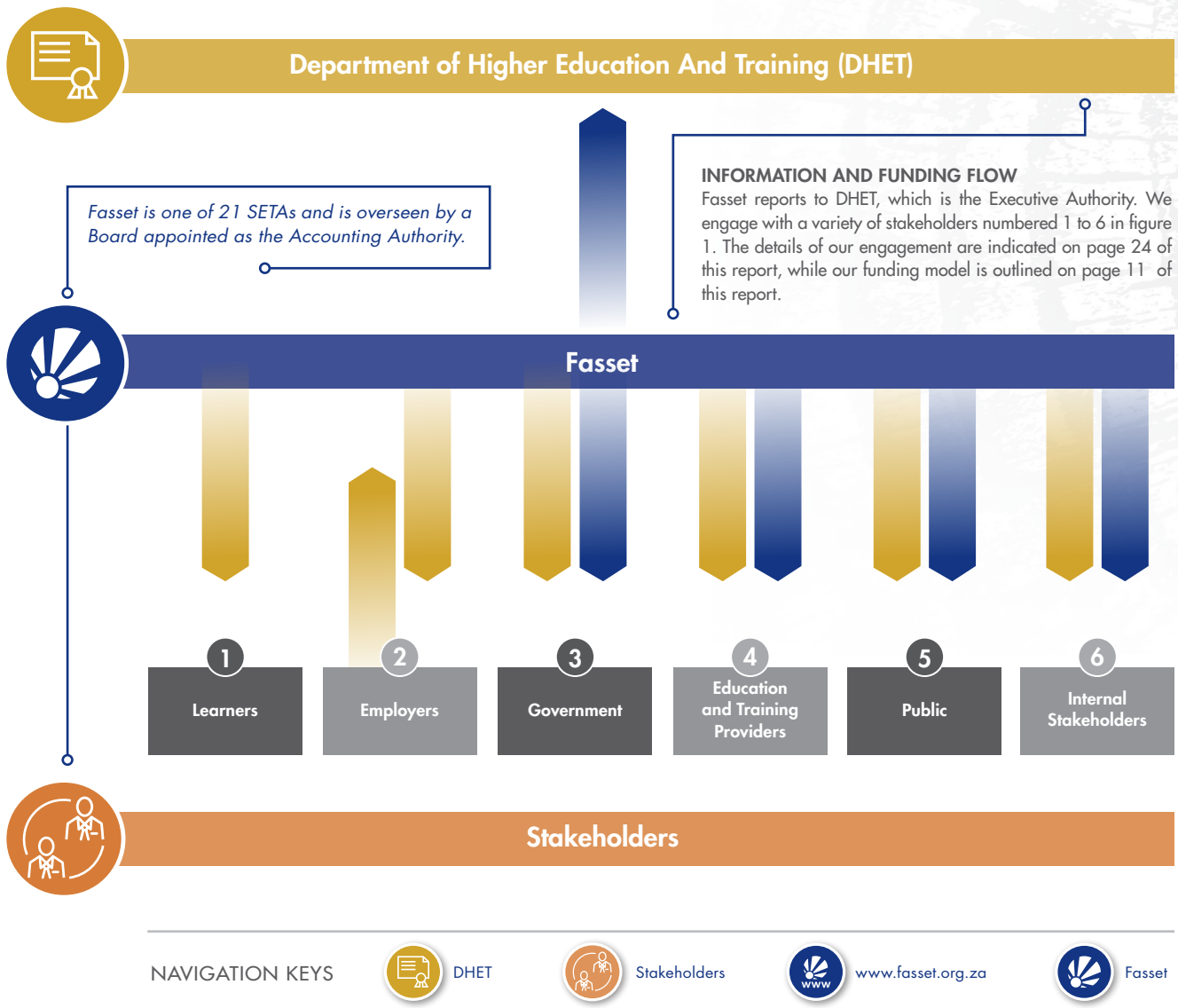
We continuously innovate and improve to add value to all our stakeholders.

## Operating context

We have aligned our strategies and skills development initiatives to national imperatives, which include the Human Resources Development Strategy for South Africa (HRDS-SA),

the Medium-term Strategic Framework (MTSF), NSDS III, the National Skills Development Plan (NSDP) and the White Paper for Post-School Education and Training.

**Figure 1: Fasset Operating Environment**

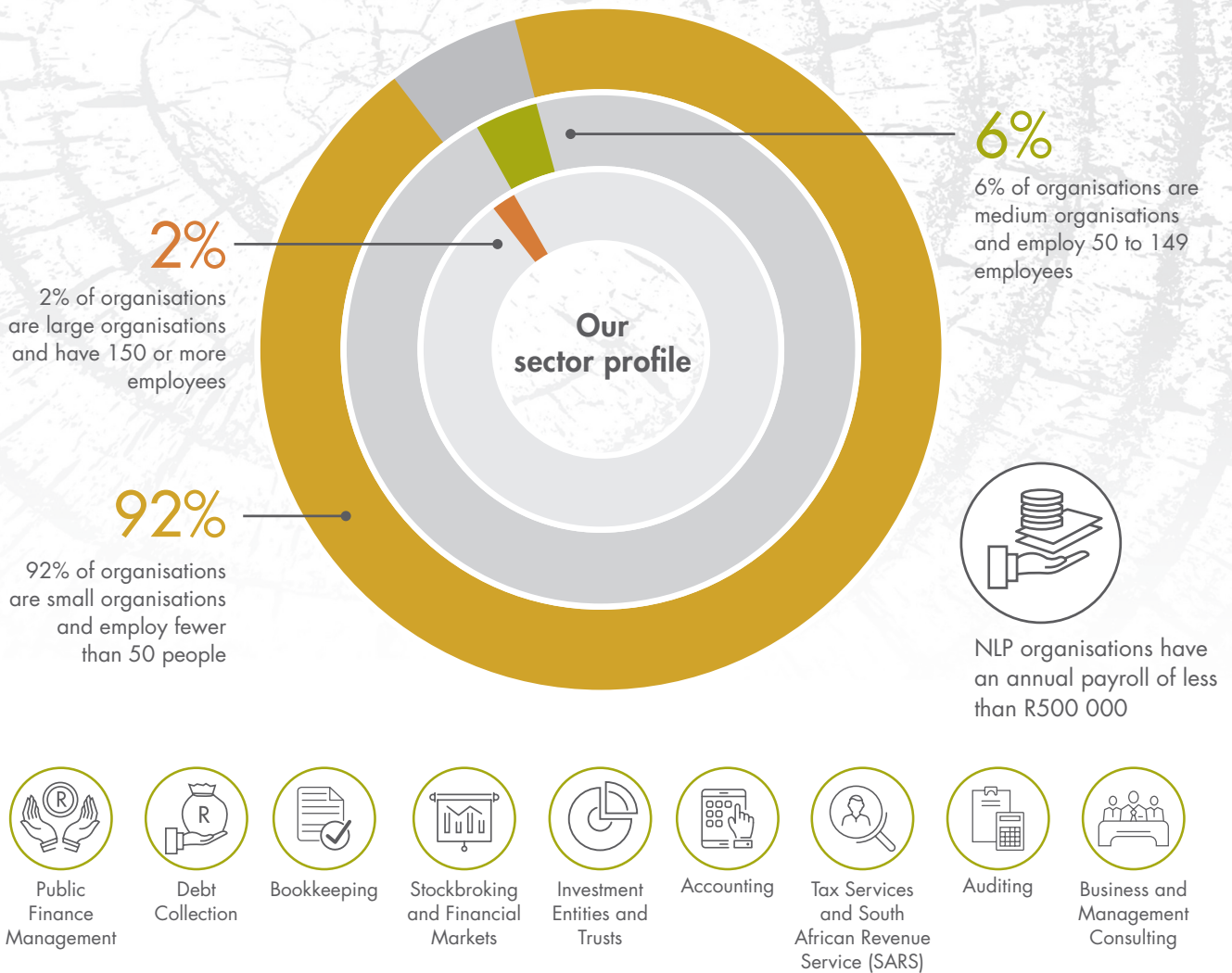


## Our sector profile

During the period under review, 8 067 organisations paid skills development levies to Fasset, compared to 7 171 in 2017/2018. A further 94 levy-exempt organisations registered with us as employers in the sector, bringing the

number of such organisations to 4 819. In addition, there are a number of proprietorships or professionals with very small (often one-person) practices that are not registered with us as non-levy payers (NLPs).

**Figure 2: Our sector consists of the following sub-sectors:**



The financial and accounting services sector is synonymous with specialised and professional services and, consequently, employs large numbers of professionals. The environment is inhabited by several professional associations whose roles have become ingrained in the sector's qualification structure, in the organisation of education and training, and in the professional designations used. The professional bodies play a very important role in skills development and are closely involved in our initiatives and activities.

Full details on the profile of our sector in terms of race, gender, age, occupation levels and provincial representation are available for the period 1 April 2018 to 31 March 2023, in the Sector Skills Plan (SSP), which is updated regularly in keeping with the constant changes expected of a dynamic sector rooted in technological advancement. The document is available on the Fasset website. 

## Our strategy

Our well-entrenched #LastingLegacy strategy, born in 2016 of a desire to maximise the enduring impact of our work on the lives of individuals and the wellbeing of society, remains our blueprint. The approach, designed to benefit the sector, the learner and the employer, hinges on two pillars: placement (direct placement into employment, including learnerships and internships) and academic support (supporting learners to complete their degrees, professional qualifications and/or designations). Fasset recognises that if its legacy is to last, it needs to build a robust and sustainable skills pipeline; a cohort

of finance and accounting practitioners of the highest order, primed to step into positions, take charge and be influencers at all levels of the economy.

Furthermore, given the non-demographic profile of the sector, we have aligned our strategy and skills development priorities to transformation charters such as the Financial Sector Charter and the Chartered Accountancy Charter, which prioritise participation of African Black people and people with disabilities.

## Driving transformation in the Fasset sector

Transforming the South African economy is a government imperative to which SETAs must respond through their programmes and interventions.

Fasset has driven transformation in its sector for the past 19 years, embracing it as a process that must effect dramatic and radical change to the demographic profile and, in so

doing, create a robust and sustainable industry. We see transformation as not negotiable, but a critical component of nation building.

During 2018, Fasset conducted an extensive transformation study that looked at the progress made in the sector from 2003 to 2017/2018.

**Table 2: Employees according to major Organising Framework of Occupations (OFO) group and population: 2018**

Occupational group	African Black		Coloured		Indian		White		Non-South African		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
Managers	6 480	25%	2 344	9%	2 801	11%	13 276	52%	520	2%	25 421	100%
Professionals	20 724	35%	5 336	9%	6 877	12%	24 960	42%	1 467	2%	59 364	100%
Technicians and Associate Professionals	7 512	40%	2 523	14%	1 239	7%	7 181	39%	196	1%	18 650	100%
Clerical Support Workers	21 577	53%	6 547	16%	2 804	7%	9 088	22%	409	1%	40 424	100%
Service and Sales Workers	3 309	83%	291	7%	96	2%	237	6%	46	1%	3 979	100%
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	350	58%	121	20%	17	3%	87	15%	25	4%	600	100%
Plant and Machinery Operators and Assemblers	1 022	75%	239	17%	30	2%	57	4%	18	1%	1 366	100%
Elementary Occupations	2 687	76%	694	20%	43	1%	67	2%	37	1%	3 528	100%
Unallocated <sup>1</sup>	4 475	44%	1 424	14%	1 322	13%	2 847	28%	0	0%	10 171	100%
<b>Total</b>	<b>47 735</b>	<b>47%</b>	<b>17 125</b>	<b>17%</b>	<b>8 090</b>	<b>8%</b>	<b>25 824</b>	<b>26%</b>	<b>2 240</b>	<b>2%</b>	<b>163 503</b>	<b>100%</b>

1. Occupational group data pertaining to these employees not available in the database at the time of reporting

As shown in Table 2, black people occupy 72% of jobs in the sector, while white people account for 28%. However, this hides a continuing equity challenge. The sector is still grappling with transformational issues, as whites still occupy most managerial posts (52%), and a disproportionate number of professional (42%) and technical posts (39%). Black people, on the other hand, occupy 98% of elementary, 96% of plant operator and 94% of sales jobs. The largest national population group (African Black) occupies only 25% of managerial, 35% of professional and 40% of technical positions.

Under Table 2 the different occupation categories are as per the DHET OFO groups and these relate to the broad categories of workers found within companies across the Fasset sector.

Within the various categories, Fasset companies would employ categories of managers, professionals, associates, clerical workers and sales staff. Elementary workers would include messengers, cleaning staff etc. The category fisheries, skilled agricultural and trades category have Fasset companies employing trades staff rather than in-sourcing the service. Electricians and maintenance staff are typical

examples here. Plant and machine operators and assemblers are staff associated with maintenance functions in Fasset companies.

Employment in the sector more than doubled from 2003 to 2018, with growth at 131%. Broken down, the employment of African Black people increased by 240%, coloured by 124%, Indian/Asian by 98% and white 26%.

Currently, 39% of the workforce is African Black, 35% white, 12% coloured and 9% Indian, with non-South Africans constituting 5%.

Most employees in the finance and accountancy sector are women (59%).

In 2018, 45% of managers, 52% of professionals, 59% of technicians and associated professionals and 76% of clerical support workers were women. Whilst women are the majority in terms of workers in the sector, they are the minority in the key layer of management and leadership, signalling work to be done. Fasset will prioritise the development of female leaders in the next cycle of SETA planning.

**Table 3: Gender of employees**

Occupational group	Gender		
	No	F (%)	M (%)
Managers	25 422	45%	55%
Professionals	59 364	52%	48%
Technicians and Associate Professionals	18 650	59%	41%
Clerical Support Workers	40 424	76%	24%
Service and Sales Workers	4 740	44%	56%
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	551	11%	89%
Plant and Machinery Operators and Assemblers	1 278	6%	94%
Elementary Occupations	3 619	52%	48%
<b>Total</b>	<b>154 048</b>	<b>59%</b>	<b>41%</b>

Source: Fasset, Trends in Employment and Training in the Fasset Sector (2018/19)

We also fall short in representation of African Blacks in leadership roles.

About 52% of workers in the sector are 35 years of age and younger. The majority (80%) of employees in larger organisations employing 50 or more people, are younger

than 46. Of these, 11% are 25 years or younger, 41% are 26 to 35 and 28% are 36 to 45 years. The sector is generally regarded as a training sector, with large numbers of learners on learnerships – especially on the Chartered Accountant and Professional Accountant learnerships. This is the main reason for the relatively youthful profile of the sector.

## Fasset operations

Fasset is based in Ferndale, Randburg, Gauteng, having relocated from Blackheath during the period under review. Some work has been done to operationalise the Waterberg TVET College in Limpopo, where it is lead SETA. During the review year, it put down new roots in the quest for a network throughout the country, with the opening of offices at King Hintsa TVET College in Eastern Cape and Majuba TVET College in KwaZulu-Natal. These bases not only place us closer to key communities that benefit from our interventions and allow us to expand our highly successful career awareness programme, but will enable us to host employers seeking information on Fasset assistance and benefits.

In provinces where there is no Fasset office, we partner with other SETAs and the provincial premiers' offices to ensure our skills development interventions reach all potential beneficiaries.

## Support departments

### Supply Chain Management

The Supply Chain Management department has been fully developed and capacitated, allowing Fasset to follow procedure for all procurement processes. During the 2018/2019 financial year, a Supply Chain Manager and a Supply Chain Specialist were appointed to head the function. A significant reduction in irregular expenditure was reported and this outcome provided a foundation for building on the approaches to departmental systems.

### Finance

Fasset has successfully brought the Finance function in-house, fully capacitating the new department with the appointment of a Finance Manager and three specialists, and the inclusion of interns recruited as part of the SETA's technical and vocational education and training (TVET) work-based experience (WBE) programme. The department has implemented the centralisation and processing of invoices, which has improved payment lead times significantly, balancing internal controls and budgeting, and plans are underway to capacitate managers to own their departmental budgets.

### Operations

The Operations department continues to adapt to the changes accompanying the revitalised structure. A highlight of the year was the efficient move of our Randburg, Gauteng, head office from Blackheath to Ferndale. Furthermore, the department successfully on-boarded certain operations service providers and continues to work closely with the Supply Chain Management department in procurement and management of resources.

### Human Resources

The Human Resources team led the continuation of an intensive recruitment drive launched in 2017/2018 that saw 27 posts filled and staff complement double by end-March 2019.

In line with integrated thinking, the Board and management team carefully consider the relationships among various departments, the capitals deployed and the impact that decisions have on mandate delivery. It is recognised that each capital offers benefits and risks and that there is always a trade-off in capital deployment.

The drivers of value in the SETA are performance areas that benefit employers or learners and include mandatory grants, discretionary grants, Learner Professional Development programmes and Lifelong Learning interventions. Our business enablers include our people, intellectual capital, systems and processes, information and communications technology (ICT), supply chain management and partnerships with a range of stakeholders.

All 23 human resources policies were updated to comply with the Labour Relations Act and the Basic Conditions of Employment Act. Activities throughout the year were aligned with the organisation's Human Resources Framework, which encapsulates the disciplines 'plan, attract, engage, develop, retain, transform and support'.

### Marketing and Communications

The Marketing and Communications department is responsible for leading, developing and implementing integrated communication strategies so that stakeholders are regularly informed about Fasset, its service offerings and management of the Fasset brand. During the 2018/2019 financial year, two additional staff members, namely the Marketing and Communications Specialist and an Events Coordinator, were recruited to capacitate the team.

### Information and Communications Technology (ICT)

The Information Technology (IT) department has been in-sourced and an IT Manager was appointed in August 2018. This led to greater efficiency and speed in attending to internal queries and enhanced institutional memory. The manager has worked closely with the ICT service providers to configure and update Fasset's ICT systems. The department will grow and introduce more innovative solutions through robust infrastructure to support the Fasset business.

### Information and Communications Technology Governance

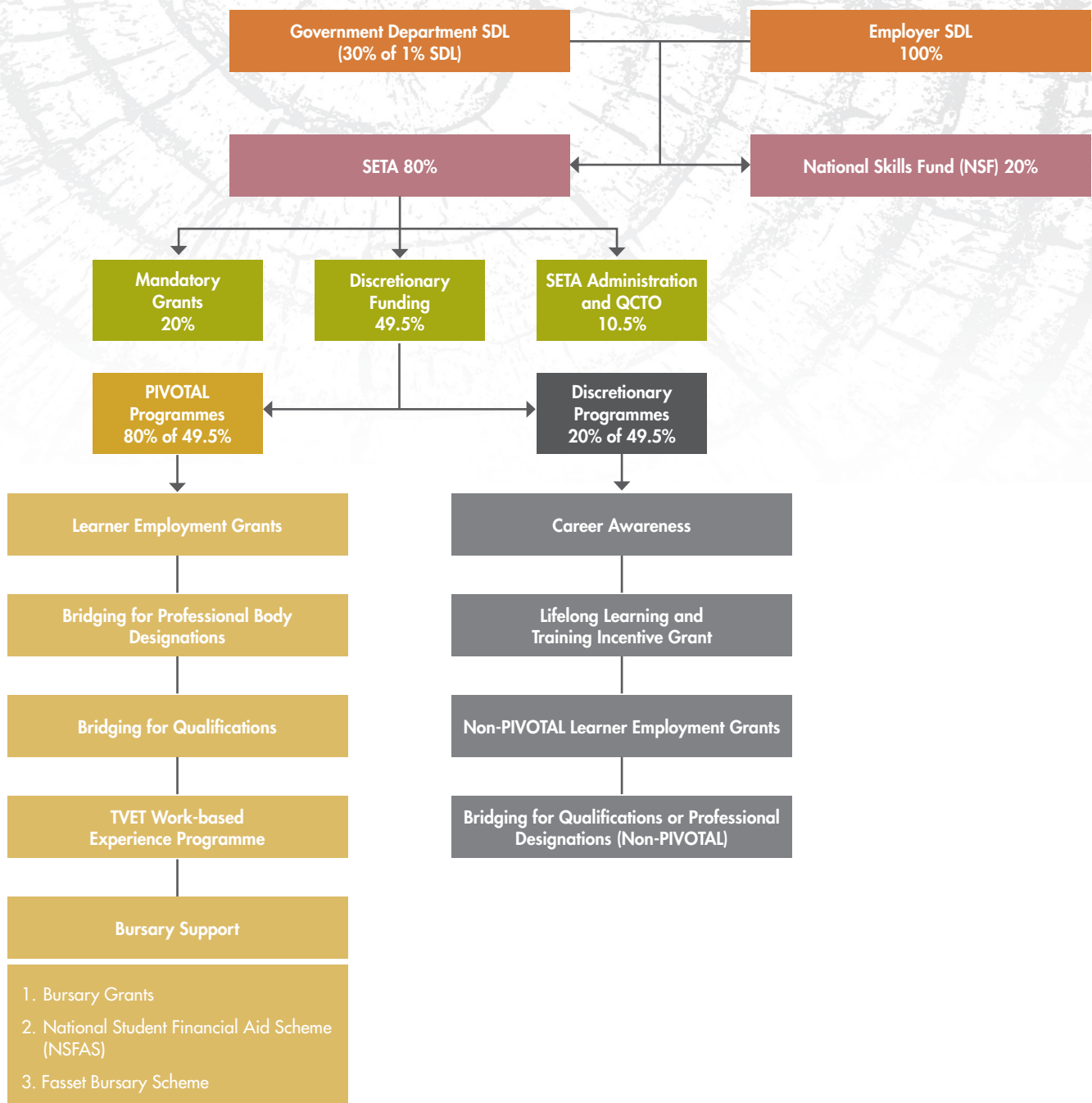
The establishment of the ICT department has provided Fasset with the opportunity to streamline ICT services and allowed management and the Board to derive optimum value from these services. The newly established ICT Steering Committee oversees ICT management and has played a key role in the development of the ICT Governance Framework, ICT Strategy and ICT policies. The committee is chaired by an independent ICT Steering Committee, which reports to the Audit and Risk Committee.

## Our funding model

We receive a monthly skills development levy (SDL) from employers, based on 1% of their payroll for that month. The levy contribution is dependent on the number of employees employed by SDL contributors. We are allocated 80% of the levies of employers registered with us (in line with the standard industrial classification – SIC – codes that belong to us) and the balance (20%) is allocated to the National Skills Fund (NSF). Government departments may contribute 30% of 1% of their payroll as additional income to us in

line with a directive from the Department of Public Service and Administration (DPSA) that SDL may be contributed by a government departments to its line SETA. In terms of the SETA grant regulations, SETAs retain 10.5% of the levy for administration, with the additional 0.5% set aside for the Quality Council for Trades and Occupations (QCTO). Savings or surplus funds are transferred to the discretionary pool for strategic projects.

**Figure 3: Funding Structure**



## Strategic outcome-oriented goals

Our strategic outcome-oriented goals are guided by the needs of the sector outlined in the Fasset SSP, as well as the objectives set by NSDS III, the MTSF, HRDS-SA, NDP, Industrial Policy

Action Plan (IPAP), National Growth Path (NGP) and National Skills Accord (NSA).

### GOAL 1

Establish a credible institutional mechanism for skills planning

### GOAL 2

Support skills development initiatives to produce middle-level skills, transform the sector and enable employability in the broader economy

### GOAL 3

Support skills development initiatives to produce high-level skills, transform the sector and enable employability in the broader economy

### GOAL 4

Engage with TVET colleges

### GOAL 5

Encourage better use of workplace-based skills development

### GOAL 6

Encourage and support cooperatives, small enterprises, worker-initiated, non-governmental organisations (NGOs), NLP firms and community training initiatives

### GOAL 7

Increase public sector capacity for improved service delivery and support the building of a developmental state

### GOAL 8

Build career and vocational guidance

## Our material issues

Fasset faces several material issues that influence the achievement of its strategic goals and skills development priorities. The table below sets out how the risks associated with these issues are viewed and addressed:

**Table 4**

Material issues	Risk and potential impact	Managing the risk	Section and page reference
Compliance with general regulatory and SETA-specific legislative frameworks to ensure good governance	Failure to comply with regulatory and SETA-specific legislative framework could result in the loss of our operating licence, legal breach or failure to meet objectives	We ensure compliance and good governance through relevant legislative frameworks.	Governance and accountability 54
Delivering on SETA mandate	Failure to deliver on our SETA mandate could result in shortages of finance and accounting services in the Fasset sector and the economy	We sign an annual service level agreement with DHET, which commits us to delivering against NSDS III goals and objectives.	Performance overview 40
Governance around ICT	The effects of poor ICT governance include increased costs due to the inefficiencies of short-term, tactical ICT deployments, unproductive use of human resources and IT assets, and the potential risk of breaching data security and regulatory compliance requirements such as King IV	In line with the revised strategy decision to bring ICT in-house, a provider was appointed in March 2019 to set up management of information, accounting, SCM, payroll and staff leave systems, call centre, disaster recovery processes and related solutions. Fasset established the ICT department with the recruitment of the ICT Manager in August 2018, followed by the development of the ICT Governance Framework to ensure that the delivery of ICT services meets the requirements of the business	IT governance on page 10
Driving transformation in the Fasset sector	The sector does not transform and does not meet the country's demographic profile	We use discretionary funding to support African Black learners and coloured learners in the Western Cape and Northern Cape, a need having been identified for skills in this demographic group	Driving transformation in the Fasset sector on page 8
Ability to attract and retain appropriate skills (human capital and intellectual capital)	We do not have the requisite skills, knowledge, competence, experience or intellectual capital to deliver on our mandate	We rely on our employees' knowledge and training to fulfil our mandate. The Education and Training Policy ensures that staff are upskilled and capacitated to deliver against our strategic objectives	Overview of human resources matters on page 63
Producing high-quality skills research that is relevant and enables effective strategic planning and execution of the skills development mandate	A credible institutional mechanism for skills planning is not in place, the impact of which would be misallocation of financial resources	The Research department conducts research in pertinent areas, based on the annual research agenda approved by the Board	Performance overview 23
Effective stakeholder engagement	Stakeholders not engaged and we are not informed of stakeholder needs, concerns and expectations. This could negatively impact our social licence to operate and lead to misallocation of resources	A stakeholder engagement plan is in place and being implemented	Stakeholder engagement 24

# LEGISLATIVE AND OTHER MANDATES

South Africa has an abundance of legislation, as lawmakers seek to provide citizens with guidance and protection across the spectrum of life experiences. The SETA environment is particularly heavily legislation-driven, with its three-Act foundation comprising the SDA, SDLA and PFMA.

Our scope of coverage is the finance and accounting services sector as determined by Section 9(2) of the SDA read in conjunction with Government Gazette No 33756, RG 9417, No R1055 of 11 November 2010. As a public entity listed in Part A of Schedule 3 of the PFMA, Fasset is established in accordance with Section 9 of the SDA and having all the powers granted to it in terms of the Act.

The SDA and SDLA provide the framework for us to develop and implement national, sectoral and workplace strategies to develop and improve the skills of the workforce, which, in turn, improves employability and productivity, and boosts the competitiveness of the country.

The PFMA promotes sound financial management based on efficient and effective use of financial resources. The National Qualifications Framework (NQF), Act 67 of 2008, provides for the regulation of qualifications and professional bodies, and establishes the quality councils with which we interact.

Our overarching guiding document is our SETA-standard Constitution. Also crucial to our strategy are important sector-specific transformative documents such as the Financial Sector Charter and the Chartered Accountancy Charter.

We support the aims and objectives of the HRDS-SA, which outlines the human resources development strategy for the country; the MTSF, a broad government framework that indicates economic growth drivers, and the NSDS III, the now seven-year skills strategy that serves as our roadmap.

Our work is further influenced by the White Paper on PSET, NSA, NGP, IPAP, NDP and B-BBEE codes of good practice.

Imperatives identified by the MHET and the Portfolio Committee on Higher Education and Training are incorporated into the programmes and interventions that allow us to realise our NSDS III goals and outcomes.



# CHAIRMAN'S FOREWORD

There is a great need for what Fasset does and the upgrade of skills is a countrywide call that must be answered constantly if South Africa is to realise its economic and social potential. That was my message at the annual general meeting in September 2018 and it remains my message now and for the future. Having completed my first full year of chairmanship of this resilient organisation, I can look back with satisfaction, knowing that Fasset has answered this call to the best of its ability.

Of course, answering the call for skills is the mandate of every Sector Education and Training Authority (SETA), but, without a truly enabling environment, the task becomes herculean. Having come through an unsettling period not previously encountered in its history, there have been many adjustments for Fasset to cope with, but the work is almost complete, most challenges addressed and the road ahead looking largely incident free and packed with promise.

## Creating the right environment

The Fasset Board devoted its year to creating the right environment for the people of Fasset to fulfil the mandate that occupies their working hours. Its first, and primary, stop was governance, where the long-held tradition of clean audits and exemplary systems had given way in recent years to lapses in financial and procurement controls that necessitated a hard look at the wisdom of having outsourced certain support functions.

With the establishment and almost total capacitation of the new finance and supply chain management functions, we have remedied this and will now exercise full control of processes that are not core, but are crucial to our performance. The Finance department has instigated quarterly financial statements and monthly commitment monitoring to address the Auditor-General's concerns about fixed assets, commitment schedules and annual financial statements. Two newly appointed specialists have taken responsibility for the set of stringent supply chain procedures put in place to close all possible gaps.

In a testament to the expertise of our Board members, we have reined in the errant spending of the previous year, reducing irregular expenditure from R69 million to R23 million by end-March 2019 (see page 114 in the financials section). We ended the year with wasteful expenditure amounting to R8 million (2017/2018: R30 million).

The second major focus of the Board's attention is also in the midst of a decisive turnaround. This is our performance against targets agreed in our service level agreement with the DHET. Last year, our performance stood at a lowly 54%, which was a little out of character for Fasset, which had performed consistently higher in years gone by. However, by 31 March 2019, we had clawed back considerable pride, ending the year on 62% achievement of targets. This is the highest percentage of the last three years and we're certain it spells an end to the lean years. If one adds administration targets, which are not central to our mandate but essential to our operations, the performance tally rises to 72%.

Both governance and performance demanded a change of organisational culture to eradicate practices that had infiltrated the cracks in security opened when our eye was distracted from the ball.

Among the issues that threatened the culture of the organisation were incapacity of the team to meet all obligations and, in some cases, a lack of skills needed to fulfil objectives. With the help specifically of the labour representatives on our Board, we recalibrated the culture to instil a sense of responsibility and accountability for what we do and how we relate to the people important to us and who benefit from what we do. We sought – and found – a staunch commitment among team members to achieving what is set out in our mandate and a fierce loyalty to the organisation, based on a thorough understanding of the influence it exerts in its sector and the power it holds in ensuring societal wellbeing.

## Stakeholder engagement

A final area that has not received its due recently is stakeholder engagement. Fasset has forged relationships over the years with many groups, including government departments, professional bodies, skills authorities and, naturally, employers and service providers. But with the pressures prevailing in the last couple of years and now, a bigger Fasset with a host of new faces, the Board and the executive team need to reconnect with our partners or we run the risk of being seen as irrelevant.

In the year ahead, we need to continue the upward trajectory of performance and governance, while prioritising the partnerships that have been the bedrock of our achievements over the years.

We will redefine stakeholder groups and their needs and interests, set face-to-face meetings, attend their annual general meetings and other gatherings, and, generally, reconnect to assure them of our commitment as partners in skills development.

Our stakeholders provide invaluable input into our guiding documents, the Sector Skills Plan (SSP) and Annual Performance Plan (APP), and our engagement will include more emphasis on collaborative research, where we will work closer with the professional bodies and educational institutions to enhance our planning. The SSP is becoming a more structured document that encompasses all forms of research conducted at the SETA.

As NSDS III winds down, it is essential that impact studies identify the successes and failures of past SETA interventions and detail what lessons were learnt during the NSDS tenure. Going forward, the National Skills Development Plan (NSDP) has identified the need for SETA research into the implications of the fourth industrial revolution (4IR) – how technology and automation will change the labour profile and what skills humans need not to become redundant in the age of robots, big data and self-drive vehicles. Research going forward will need to be more focused and intense, and, given the quick-fire changes happening already, more dynamic.

We have to accommodate the rise of analytical skills and understand that the human element remains important. We need now, more than ever, to scrutinise our work-readiness

programmes to ensure that they meet the brief of preparing our youngsters for the rigours of work life. As President Cyril Ramaphosa said when launching the Youth Employment Service (YES), ‘there is much more we need to do to match the skills being produced in our institutions with the needs of our economy, both now and into the future’.

We have built a fitting chassis for the vehicle that is Fasset and feel we have the right mix of skills and competencies in the team, led by a permanent chief executive officer (CEO) for the first time in three years. All these factors bode well for our journey into the NSDP, which will be the country’s skills development journey from April 2020.

While dealing with crucial issues and external audiences, we have not neglected those under our roof. During the year, we heeded staff’s anxieties about remuneration, commissioning a benchmarking analysis of pay scales and adjusting them where upgrades were warranted.

Staff also identified the lack of an employee benefits scheme as a drawback, so we introduced life and dread disease cover and a pension plan, fully subsidised by the SETA.

## Appreciation

Reflecting on all that happened during the year under review, I cannot help but be amazed by the capacity of humans to extend themselves beyond the limits to handle anything life throws their way and by people’s propensity for sustained effort over long periods. My fellow Board members never failed to impress throughout the year under review and they can be justifiably satisfied with the results of their labours.

On behalf of the Board, I thank our previous Minister, Dr Naledi Pandor, for always having our best interests at heart, and welcome back to the skills development stage a familiar face in Minister Dr Blade Nzimande.

To the new Fasset CEO, Ayanda Mafuleka, we pledge our full support to you as you take this reinforced Fasset through the final phase of the current skills development strategy.

Fasset, much like the baobab tree whose image features in this report, is deeply rooted in the soil of Africa and exhibits strength because of, sometimes in spite of, its environment. This will not change wherever the skills path leads come 1 April 2020.

Fasset is a noble organisation operating in a noble sector. We must always remember that we owe that sector, and the country, our best at all times.

With the progress made in the last year, I believe we can continue to sustain our environment with skills; be its tree of life in much the same way as the baobab is in its ecosystem.



**Njabulo Ngwenya CA(SA)**  
Chairman



# CHIEF EXECUTIVE OFFICER'S OVERVIEW

I am pleased to report the strongest overall performance that Fasset has seen in more than three years. It not only performed well, but its control environment, especially in supply chain management and financial management, also significantly improved, which is evidenced by an unqualified audit report.

Joining the Fasset team in January 2019 was a little like returning to an old friend. I, in common with many individuals in our sector, including our chairman, was a beneficiary of Fasset's initiatives many years ago when I went through the Thuthuka programme, a partnership with the South African Institute of Chartered Accountants. It proved to be a pivotal point in my journey to becoming a CA(SA) and one that brings home the impact of development on the lives of individuals, the lives of families and communities, and the destiny of societies.

Much has changed since my early encounter with Fasset. The organisation has grown into an integral part of a sector that is diverse, technologically advanced and marching confidently into a new industry revolution of service to South Africans and, increasingly, African people.

In no period in Fasset's 19-year life has change been more evident than in the last 12 months, when, after an unsettling time that exposed some weaknesses in its systems, it set its gaze on a new path with a positive trajectory.

Adapting to relatively minor change is difficult enough, but when changes come in numbers, rapidly and from all directions at once, it demands of a lot from people. With the appointment of a new Fasset Board, a host of senior managers taking up office, a move to new premises in Ferndale, Randburg, and my appointment as CEO, after three years of acting CEOs, the team had much to handle. In spite of this, it managed an admirable performance against the targets of NSDS III.

In fact, it was Fasset's strongest showing in more than three years. Not only did we acquit ourselves well against most of our objectives, but we have taken our control environment, especially supply chain management and financial management, to a new level of professionalism, which has earned us a most welcome unqualified audit report. Our ideal is, obviously, a clean audit and that will come.

## Highlights

Of the 72 performance targets agreed with the DHET in our APP we achieved 52, which was a marked improvement on the performance of previous years.

The Fasset Bursary Scheme has proved itself a particularly well-conceived concept that has met a real and deep need among students who may otherwise have become another digit in the statistics of university dropouts for lack of financial resources to sustain themselves through the demands of studying. The scheme is always oversubscribed.

Another area that strikes a chord with me is youth unemployment, which is bigger than Fasset, bigger even than the SETA movement. It is a national priority that should take precedence, as its effects spill into every aspect of South African life. Fasset has consistently added its weight to the drive against unemployment. During the 2018/2019 year, we enrolled more than 10 500 unemployed youngsters for programmes ranging from learnerships to academic support and bursaries, while 5 000 unemployed candidates were registered for completion or completed their programmes.

Our career awareness campaign is well established and we exceed our targets for engagement with schoolgoers year on year through roadshows and career exhibitions.

There is no doubt that we have been instrumental in attracting young, receptive minds into the financial services fold through the years, but we need to do more to keep the pool of skills bubbling over to feed the sector into a future where, in spite of digitisation, there will always be a place for the human element.

## Financial performance

For the financial year under review, Fasset had a final total approved budget of R841 million (2017/2018: R490 million), which included an approved retained surplus of R250 million from the 2017/2018 financial year.

Skills development levies provided R549 million, an increase of 2.6% over the previous year's R535 million. Investment income contributed R54 million, 46% more than the R37 million of 2017/2018, which can be attributed to higher average cash balances held during the year.

Sector stakeholders benefitted, as Fasset disbursed R84 million in mandatory grants, an increase of 12% over the R74.4 million of 2017/2018. This 12% increase stemmed from an increase in the number of levy-paying companies and submission of workplace skills plans (WSPs) by these newcomers. We ploughed R416 million into discretionary grant projects, a 113% hike over the R195 million of the previous year, achieved by timeous and efficient grant disbursement, bolstered by availability of R259 million in surplus funds rolled over from 2017/2018 for projects completed only after 1 April 2018.

As a result of changes in structure and staffing, administration expenditure increased by 23% in 2018/2019, with funds needed for newly insourced functions, an increase in legal fees, rental of the new office and research. Capital expenditure increased significantly – by 224% – due to the purchase of computers and related equipment for new staff members.

## Supply chain management

Fasset's SCM policies and procedures have been overhauled to bring them in line with the PFMA and Treasury Regulations, and make them fully compliant with SCM-related legislation. This has sealed gaps identified in the previous years that threatened the integrity of the organisation.

The steps have had the desired effects, as irregular expenditure was significantly reduced in the financial statements of the year under review, following R69 million in this category in the previous year, and audit findings in this area were reduced materially.

Having attended to these areas and others raised during the previous year's audit report, Fasset maintained its unqualified audit opinion in the 2018/2019 financial year and significantly improved in all audit outcomes on performance and financial information. These efforts demonstrate our pursuit of total compliance, good corporate governance and service delivery excellence against our mandate, and reflect the focused approach by all assurance providers, including internal audit, management and the Board, to the monitoring and implementation of the audit findings action plans.

No unsolicited bid proposals were concluded in the 2018/2019 financial year.

## Economic viability

Fasset remains financially viable in that its income comprises skills development levies and investment income derived from funds invested with the Corporation for Public Deposits. Accordingly, the 2018/2019 Annual Financial Statements were prepared on the going concern basis.

## Events after the reporting date

Fasset is not aware of any events after the reporting date of 31 March 2019 that are likely to impact materially on its financial or operational results. However, with effect from May 2019, the Department of Higher Education and Training was renamed. Fasset will now be reporting to the Minister of Higher Education, Science and Technology.

## The year ahead

In the coming year, as we wrap up NSDS III, we will continue to focus on learner placement and enhancing the employability prospects of youngsters for sustained employment. These aspects are crucial in creating the workforce of the future that President Cyril Ramaphosa envisaged when he established YES.

Additional interventions planned for 2019/2020 will include the SETA's response to the YES and other youth empowerment programmes targeting matriculants and unemployed graduates. We also have plans to help community colleges, capacitate TVET lecturers and incentivise small businesses for learner placement.

Most of my first 100 days in office were spent driving performance against the strategic objectives in the APP and resolving matters raised by the Auditor-General in his 2017/2018 audit report. However, I devoted some time to crafting an executive strategy to maintain the momentum we have achieved en route to consolidating Fasset's status as a high-performance organisation.

I will concentrate, firstly, on continuing to build robust processes, procedures and other mechanisms to promote operational efficiency and facilitate better planning. In line with this, a business processes re-engineering process will be kickstarted to embed these approaches and inculcate them into the culture of the organisation.

I have also flagged as essential a review of the organisational structure and functions to support emerging and future strategic imperatives. This is particularly important given the growth of the organisation in the year under review and the creation of new functional areas under our roof.

There is a need to improve internal capability through skills and training, which will enable us to maintain effective internal functioning and strong governance practices. As with any SETA, thorough research is at the core of all our decisions, actions and interventions and we need to build internal capability in this function.

Another observation is that that Fasset has not mastered the art of marketing itself optimally. One has only to page through this annual report to see how much tremendous work has been and is being done by our team throughout South Africa, but we do not shout about it. It is our life's work – it should be broadcast from the rafters and celebrated. We will explore ways to strengthen communication and use every opportunity to implant the name Fasset into the minds of South Africans.

As touched on by the Chairman, stakeholder connections will be paramount as we prepare to enter a new, and completely unknown, era in skills development. Only by really understanding our stakeholders and their needs, and our sector and the issues it faces, will the impact of our work be truly felt.

## Appreciation

Fasset continues to open up a new world of experiences and my short time here has been the start of what I believe will be an exciting adventure. For that prospect, I have to thank the many people who know the SETA environment better than I. My appreciation, thus, goes to former Minister Dr Naledi Pandor, Deputy Minister Buti Manamela and Director-General Gwebinkundla Qonde for their policy direction and guidance I also welcome back Minister Dr Blade Nzimande.

To the Chairman and members of the Board, your dedication and tireless efforts to address the governance and performance issues facing the SETA have been commendable.

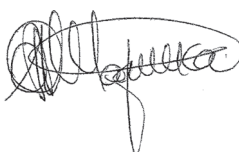
Fasset has travelled a long and rewarding journey with its employers, professional bodies, beneficiaries and other key stakeholders since 2000 and these relationships cannot be underestimated in their contribution to the wellbeing of the sector and the execution of our mandate. We look forward to continuing down this road into the NSDP.

Within its ranks, Fasset has some of the finest minds in skills development. Thank you to the Chief Operations Officer Elizabeth Thobejane, for leading the organisation as Acting CEO during the most part of 2018/2019, to my executive team, managers and staff for always giving their best for the SETA. In your hands, we have moved from 54% overall performance in the previous year to a sterling 72%, which is remarkable.

In closing, I reiterate the words of the Chairman that Fasset is much like the baobab tree. Poet Wayne Visser sums it in verse:

*'The baobab tree stands proud and strong  
She serves her people as a midwife  
It's been thus generations long  
She's Africa's great Tree of Life.'*

In the years ahead, I look forward to standing proud and strong alongside my Fasset colleagues as we add to the story of our #LastingLegacy.



**Ayanda Mafuleka CA(SA)**  
Chief Executive Officer



# Overview of achievements

**1** **3 558 learners** participated in **high-end learnerships** in the Fasset sector.

**2** Entered into **30 agreements with public sector organisations;** including government departments, universities and TVET colleges.

**3** FASSET **opened 2 offices** at FET colleges in rural areas.

**4** **588 TVET learners participated** in the **internship programme** in Fasset sector companies for the purposes of completing the National Diploma qualification.

**5** A total of **2 083 learners were funded** on the **Fasset Bursary Scheme and Academic Support programmes** in the year under review compared to 1 487 in the previous year (2017/2018).

**6** **33 590 workers** and unemployed learners **benefitted** from occupationally directed skills programmes.

**7** **46 career awareness events** were hosted, Fasset reached 25 779 learners in total.

**8** **9 research studies** were produced as part of establishing the institutional mechanism for skills planning.

**9** **Settled 353 outstanding NSFAS loans** for graduates to the value of R9.1 million.

**10** Significant overall **improvement in governance, target performance** and financial management compared to the last two financial years.

**11** **193 small enterprises** were supported through **discretionary grants**.

**12** An **increased number** of firms participating in **Workplace Skills Planning**.

**13** **918 large, medium and small firms** benefitted from the **mandatory grants processed**.

# STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

for the year ended 31 March 2019

The CEO is responsible for the preparation of Fasset's performance information and for the judgments made on this information.

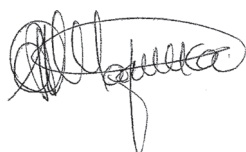
The CEO is also responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion as the CEO of Fasset, the Annual Integrated Report fairly reflects Fasset's operations, performance and financial affairs for the financial year ended 31 March 2019.

As far as is reasonably possible and to the best of my knowledge, I confirm the following:

- All information and amounts disclosed in the Annual Integrated Report are consistent with the Annual Financial Statements audited by the AGSA;
- The Annual Integrated Report is complete, accurate and free of omissions;
- The Annual Integrated Report has been prepared in accordance with National Treasury guidelines;
- The Annual Financial Statements have been prepared in accordance with GRAP; and
- The AGSA is engaged to express an independent opinion on the Annual Financial Statements.

Furthermore, the Fasset Board has reviewed and approved the Annual Financial Statements and performance information contained in this report.



**Ayanda Mafuleka CA(SA)**  
Chief Executive Officer

# SITUATIONAL ANALYSIS

## Service-delivery environment

Fasset has a proud tradition spanning almost two decades of having contributed meaningfully to the learning landscape in South Africa. Although we choose not to boast of our achievements, they are alive in thousands of individuals in the financial and accounting services sector who may not otherwise have been given an opportunity to advance in their careers or whose development was stymied by budgetary constraints. Those who are unemployed, have been marginalised in the past or provide support services and whose role is often underestimated have been trained and upskilled as a direct result of our work.

The tremendous growth experienced in the Fasset sector shouts from the pages of the Fasset SSP, which cites employment figures of more than 160 000, compared to around 98 000 in 2005. The sector contributes about 1% of the employment opportunities in South Africa and about 6% of the jobs in the finance, real estate and business services sector. Approximately 80% of the workforce is employed in medium and large organisations, while the balance employed by small organisations, mainly professional practices.

## Organisational environment

There were more appointments than resignations, the most notable appointment being that of the CEO, who started in January 2019. The Acting CEO then assumed her original position, COO. The Fasset team more than doubled in number during 2018/2019.

## Key developments

In response to the Auditor-General's findings of the previous year, much was done in 2018/2019 to establish fully functioning departments to replace outsourcing. Policies were reviewed and revised to ensure the integrity of governance processes and adherence to Fasset's strategic objectives.

## Research

Research is the backbone of Fasset and we believe that proper research always improves the likelihood of effective implementation. Thus, Fasset places great store in creating a comprehensive foundation for all its interventions. The research-rich SSP is the SETA's guiding document in focusing initiatives and implementation to produce the desired impacts. It is developed in consultation with stakeholders to develop a highly skilled workforce, improve firm-level productivity and increase the competitiveness of the sector through skills development. The SSP is now a more structured document whose development is guided by a new framework that requires it to take heed of most of the research conducted at the SETA.

As is required, the SSP was updated in 2018/2019, ensuring that it remains relevant in a dynamic sector.

The latest version of the SSP – covering the period 1 April 2018 to 31 March 2023 – was submitted to the Minister as arranged.

To ensure that resources are directed to the areas in which they are most needed, we prioritise the identification and regular update of scarce skills in the sector. During the year, we adjusted our scarce skills identification process to better cluster industry requirements to the top 10 hard-to-fill vacancies. This entailed a slightly different process from the usual, involving formal engagement with the sector rather than reliance on WSP information alone.

### The top 10 scarce skills during the 2018/2019 year were:

1. Accountants and auditors
2. ICT professionals
3. Management consultants
4. Financial markets professionals
5. Internal auditors and risk managers
6. Actuaries and statisticians
7. Bookkeepers, accounting technicians and clerks
8. Human resources and related professionals
9. Sales and marketing professionals
10. Economists

During the year, we conducted an impact study on the Learner Employment Grant (LEG) and a bursary tracer study, which provided valuable information on the effect of these interventions and on how they are perceived by end users. This information assisted the projects unit with the grants implementation process.

These studies formed part of the 10 research topics for the year. These topics are selected in line with the Fasset research strategy and with input and comment from DHET. They will, in future, look at the NSDP and at sector requirements in the NSDP context. During the review year, the other eight topics were:

1. A model for SETA grants and incentives
2. Research to update the Fasset monitoring and evaluation report
3. Customer satisfaction survey
4. Impact of the SETA TVET intervention
5. Fasset sector trends
6. Benchmarking report
7. Transformation in the sector
8. Fasset-funded project beneficiaries.

The transformation and benchmarking studies were not completed in time for reporting, due to insufficient departmental capacity.

Plans have been made to adopt a more collaborative approach to research in future, with greater involvement of professional bodies and educational institutions, to ensure more effective planning and utilisation of research findings in our responses to sector needs.

Research activities influence and are incorporated into the SSP we are developing for the 2020 – 2025 period as per the new process. This fits into the NSDP requirement of research being all important in the planning of SETA activities and interventions.

## Servicing our stakeholders

Our consistent success can be attributed in great part to the sustainable relationships we have built with stakeholders. Founded on mutual trust and respect, these associations are the vehicles through which we create value in the short-, medium- and long-term for a more sustainable future. Our stakeholders, their interests and level of influence in

our operations vary according to location, nature of their business and nature of their interest. Numerous stakeholders are impacted by our work and, thus, maintain an interest in our training interventions, activities and initiatives. These relationships are depicted in the graph below:

Figure 5



We engaged proactively with all stakeholder groups and have an ongoing commitment to working closely with them, learning from past engagement experiences and continuing to improve and respond to social expectations. These relationships helped foster an environment that helps us to build on our growth and prosperity.

Our approach to stakeholder engagements is based on an adaptation of the King IV Code of Governance. Principle 16 of King IV states that effective communication with stakeholders is essential. Fasset has always subscribed to this principle, with interaction, monitoring and implementation of stakeholder engagement initiatives being the responsibilities of the respective management teams at Fasset, overseen by the Board, which is, itself, committed to stakeholder engagement.

In the execution of its governance role and responsibilities, the Board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders, in the best interests of the SETA over time.

Our philosophy is to engage authentically, openly and inclusively with stakeholders so that we can better understand and benefit from their insights, concerns and priorities; seek areas of potential partnership, mitigate risks to the business and create mutual trust and respect. Understanding that the opportunity now exists for a more effective SETA voice, we ensure that our engagements are based on issues that are both salient for us and aligned to national priorities.

During the review year, optimum use was made of non-paid, paid and owned platforms to nurture stakeholder relationships through platform- and audience-tailored messages. These efforts were complemented by regular skills development facilitator (SDF) events and use of Facebook and Twitter where appropriate. The table on page 25 lists Fasset stakeholders and details the diverse channels and approaches used to engage with them.

Figure 6

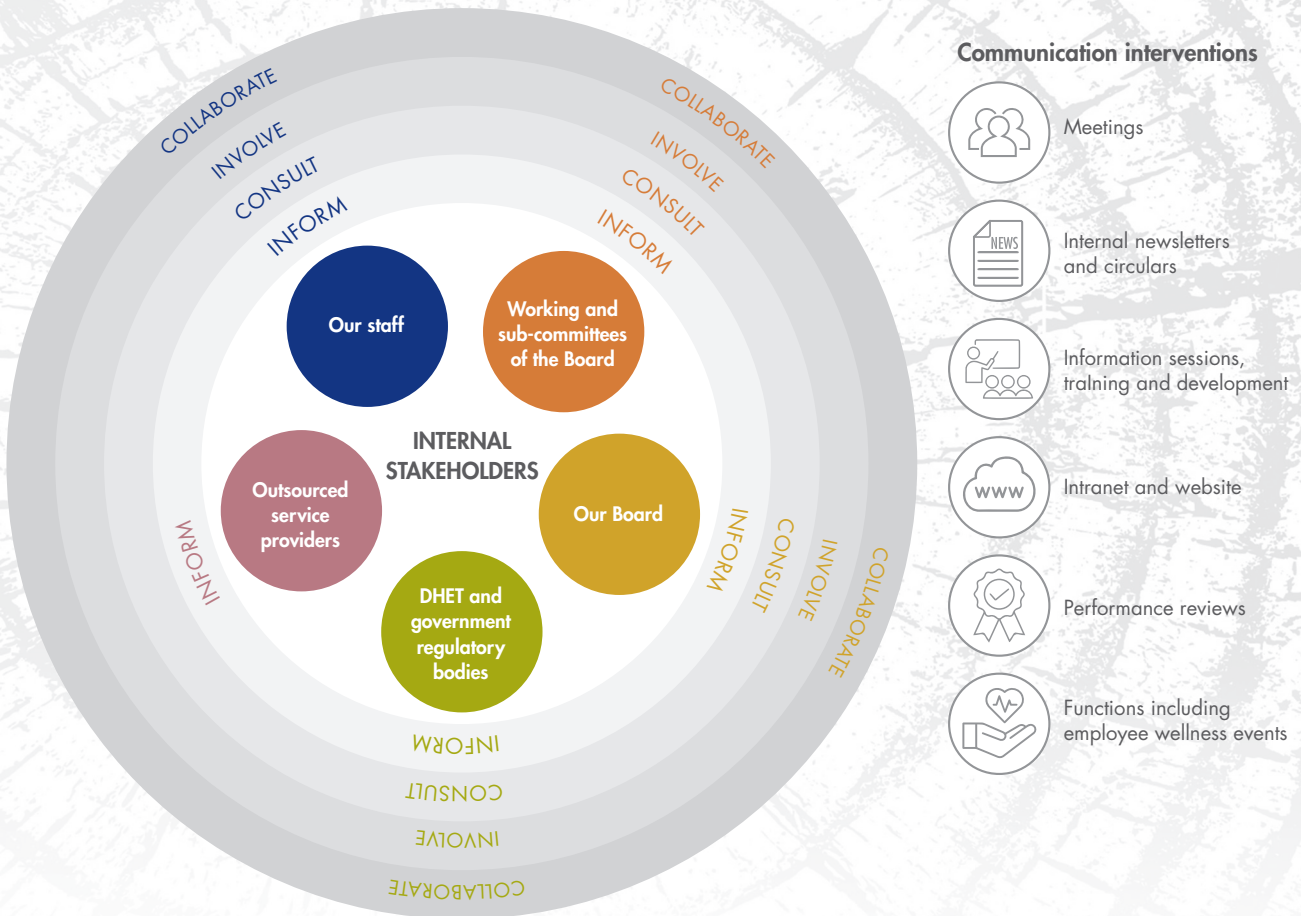
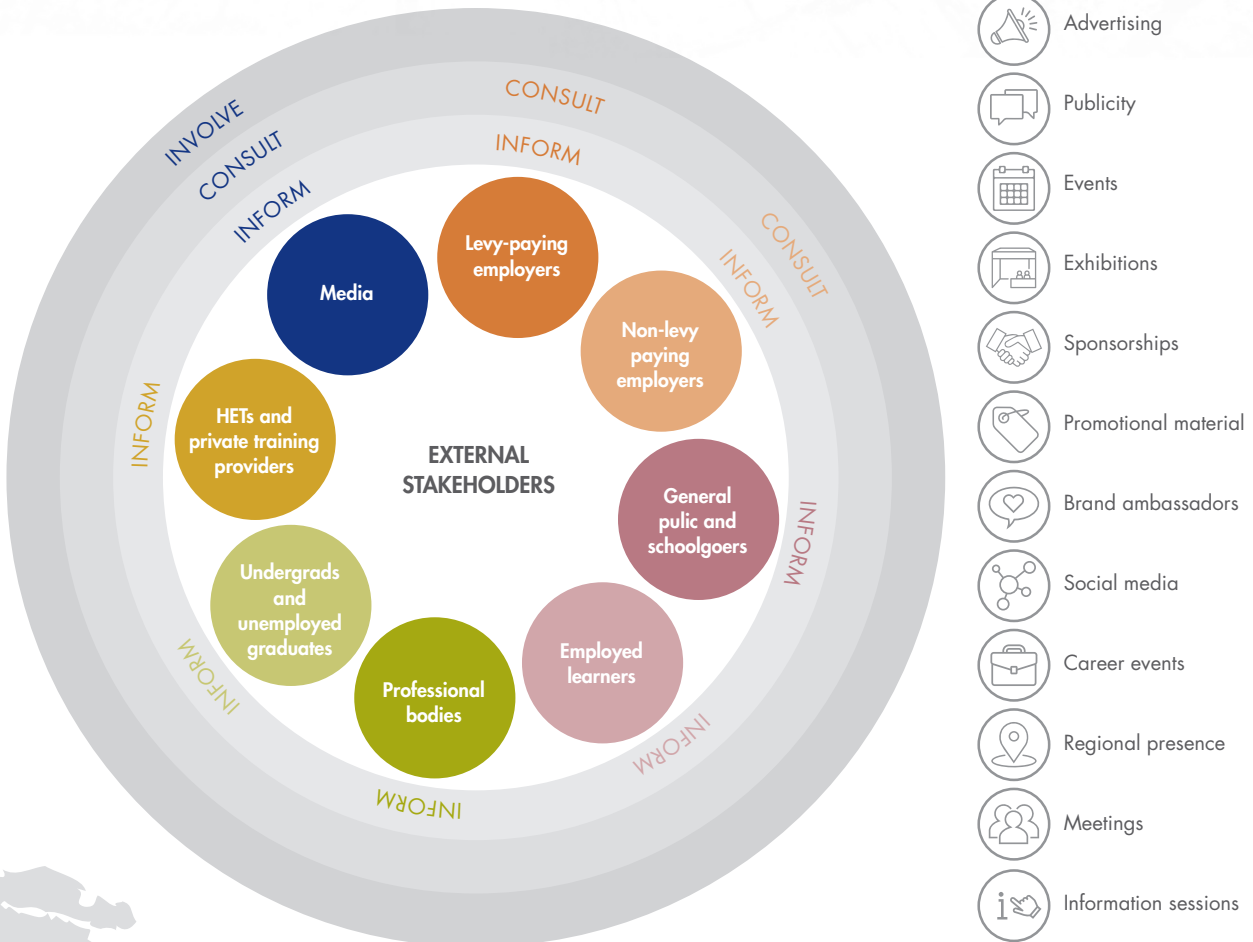


Figure 7



## Working with government entities

The government stakeholder group includes DHET, the Portfolio Committee on Higher Education and Training (PCHET), South African Qualifications Authority (SAQA), the QCTO, SARS, National Treasury, AGSA, Parliament and inter-SETA forums. We engage with these stakeholders by submitting reports, attending meetings and discussion forums, and responding to requests for information.

Annexure C on page 121 demonstrates how Fasset engages with government entities.

## Education and training providers and professional bodies

Our education and training stakeholders include professional bodies, private education and training providers, universities, universities of technology and TVET colleges. Refer to Annexure C on page 121 of the report for details of engagements with these stakeholders during the year under review.

High schools are also included in this group of stakeholders. We engage with schools through our career awareness programme and representatives from this group are members of various Fasset committees.

## Engaging with the general public

There remains a low level of awareness of the Fasset brand among the public. However, the public has been identified as an important target audience in communicating the Fasset story and creating awareness of the good work being done in this vital sector.

Engagement with the general public is achieved nationally through media coverage, project showcases, learner graduations, career exhibitions and corporate social responsibility initiatives. We embarked on a radio advertising campaign in the year under review to extend our reach to more members of the public.

## Working with suppliers

We continue to support the development of emerging African Black providers through our procurement processes. In terms of the updated procurement processes, emerging suppliers were capacitated through information and tender briefing sessions on how to do business with us; and partnerships were encouraged with established businesses as stipulated in tender documents.

Through partnerships emerging African Black providers gain valuable knowledge and experience that will enable them to eventually submit tenders independently.

In September 2016, we introduced pre-qualification criteria on all bids. Service providers that do not have at least 51% black ownership are required to subcontract at least 30% of the value of the contract to emerging black-owned providers;

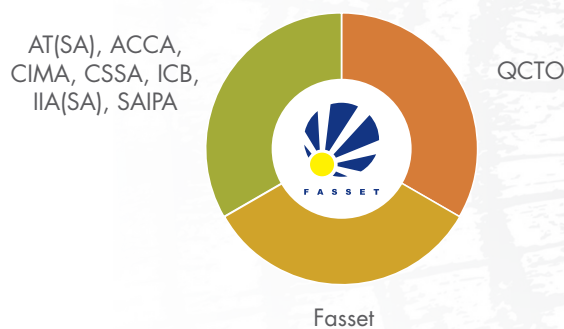
and we still continue this practice. Bidders who do not comply are eliminated and their proposals not considered.

In line with PFMA stipulations, we continued to pay suppliers within 30 days of the date of receiving an invoice.

## Engagements with the Board and committees

Details on the effectiveness of the Board and committee engagements are provided under Part C from page 51.

**Figure 8: Fasset's Quality Assurance Partners (QAPs)**



*A list of acronyms has been provided in Annexure A page 117 of this report.*

## Quality assurance

Sector professional bodies have been officially responsible for quality assurance of most qualifications in the Fasset sector since 1 August 2016 as a result of a revised delegation of quality assurance functions by the QCTO. Fasset issues certificates for these qualifications once the relevant professional body has confirmed a learner's competence. Fasset also uploads learner registrations and results to the National Learner Records Database (NLRD) hosted by SAQA.

The NLRD is the electronic information management system of the South African National Qualifications Framework (NQF) and enables SAQA to report accurately on aspects of the education and training system in South Africa to provide policymakers with comprehensive information for evidence-based decision-making and policy planning. The resource also points to the types of qualifications required and over-supply of qualifications, enables employers to conform learner qualifications status, and houses information that assists with career development and advice.

Fasset has consistently received 'green' status for uploading its data according to SAQA requirements.

In an interim arrangement by the QCTO, professional bodies continue to accredit and monitor skills development providers, and manage assessment and moderation.

## Qualifications realignment

During the 2017/2018 financial year, the QCTO launched a new process for the realignment of current outcomes-based and unit standards-based qualifications to curriculum-based occupational certificates. The current qualifications were due to expire on 30 June 2018, with 30 June 2019 the final date of enrolment and 30 June 2022 the final date of achievement. However, liaison with the SETAs during that year revealed a need for re-registration of qualifications where these are relevant and show adequate uptake. Thus, on 1 July 2018, the QCTO re-registered these legacy qualifications to allow sufficient time for proper realignment without learners being compromised. These re-registered qualifications will still be subjected to a realignment process to meet QCTO curriculum criteria. Once realignment has been completed, the current qualifications will be replaced.

During the 2018/2019 financial year, certain qualifications were realigned and registered on the NQF, whilst others were recommended to SAQA for consideration. As realignment continues, a number of professional bodies joined forces to develop a single professional accountant qualification comprising 70% generic skills and 30% specialist skills related to the professional body.

Once the historically registered qualifications and skills programmes are realigned and registered as occupational qualifications and/or part qualifications, quality assurance will be transferred to QCTO.

The sector has responded with comments to the QCTO circulated strategy to revoke quality assurance functions delegated to the SETAs.

## Organisational environment

The year was one of recruitment rather than resignations, the most notable appointment being the CEO, who started her tenure in January 2019. The Acting CEO then assumed the position she was originally to fill exclusively, COO. The Fasset team more than doubled in size during 2018/2019.

## Key policy developments and legislative changes

We complied with all new legislation introduced by National Treasury during the period. Management is geared towards the adoption of best practice and/or the implementation of cost containment measures.

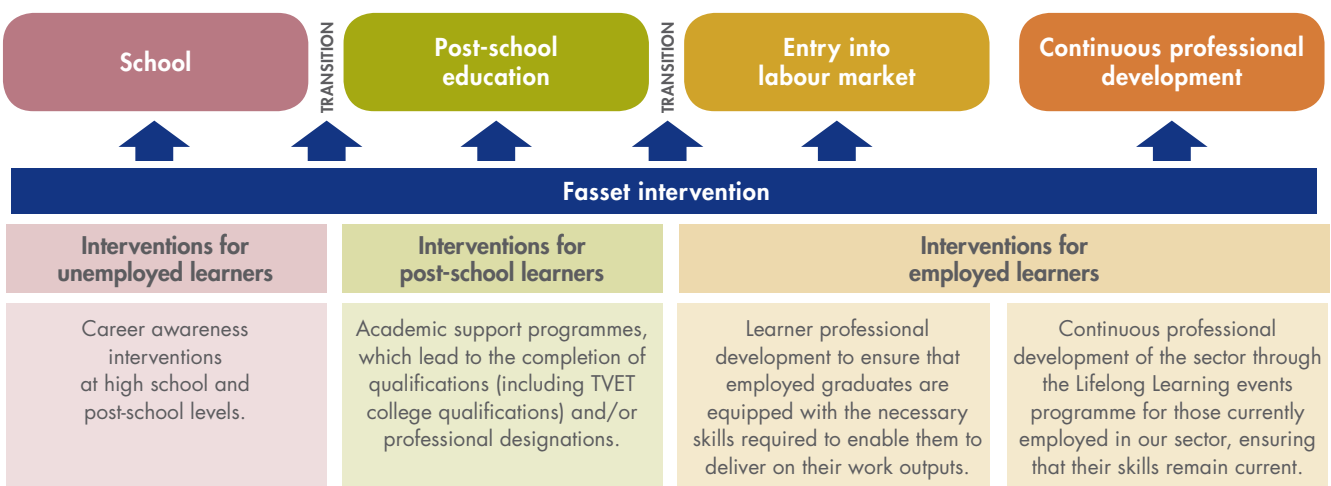
## Key developments

In response to findings raised by the Auditor-General in the previous year, much work was done in the review period on establishing fully functioning departments as an alternative to outsourcing. Policies were reviewed and revised across the organisation to ensure the integrity of governance processes and adherence to Fasset's strategic objectives.

## SKILLS PIPELINE APPROACH

The skills pipeline approach was maintained, providing support to learners at school level, throughout their university or professional body studies, and current employees, through grants and Lifelong Learning events.

Figure 8: Fasset Skills Pipeline



## Key performance information

We enter into an annual service level agreement (SLA) with DHET. Targets are set for specific learning programmes that are linked to NSDS III outputs. We report on performance in accordance with the skills pipeline approach. The indicators and targets, achievement and reason for deviation are provided in the performance report.

## Learner interventions

Learners include those employed (referred to as 18.1) and those unemployed (18.2). They are supported through a variety of interventions, including, as a first step to employment, a career awareness programme.

# FASSET INTERVENTIONS FOR UNEMPLOYED LEARNERS

## Career awareness

Choosing a career can be a daunting process for youngsters preparing for life beyond the classroom, who must follow both their hearts and their heads to make the best decision. There are so many options that, often, they don't know even where to start.

That is why, since inception, Fasset has put such great emphasis on career awareness initiatives and events.

## Our tools

### Fasset career portal

The thirst for career knowledge by young minds contributed to the growing popularity of the career portal during 2018/2019, with 35 000 visitors being drawn to the site, an increase of 6 000 over the previous year. The number of employers registering to gain access to potential recruits stood at 208 at year-end, with 45 new registrations during the year. The number of youngsters hoping to connect to these employers by creating a resume using the site's resume builder also increased, with 33 new enrolments, bringing the total to 811. The #LastingLegacy gallery, which provides a showcase for young people to upload their images and express their thoughts and hopes, inspired 68 visitors.

## Exhibitions

During the year, we supported and participated in 46 interventions against our target of 40. These included exhibitions hosted by DHET and our colleagues in the SETA community, and roadshows.

The roadshows, which took us as far as Pampierstad in Northern Cape to Umkhanyakude in KwaZulu-Natal, achieved great interaction and career guidance dialogue with school pupils in grades 9 to 12.

## Teacher empowerment

We also funded and participated in workshops to empower life orientation teachers in Mpumalanga with post-school education information and systems knowledge, in partnership with the Department of Education in Mpumalanga and DHET. Through this project, more than 25 000 high school and higher education and training learners, life orientation teachers and unemployed youth were reached.



Career exhibition



Career roadshows



## Empowering the Educators



“ *Engagement with life orientation educators shows a lack of understanding of the post-school education and training system, which includes institutions of higher learning, SETAs, funding options and opportunities.* ”

In South African schools, life orientation teachers often possess the only key to unlock the wide world of careers among scholars. Yet these educators are usually ill-equipped and insufficiently informed to impart the type of knowledge that will help youngsters with a cacophony of career thoughts in their hyperactive minds to sift through the chaff to arrive at an all-important life choice.

Ditupa Fothane is with the Career Development Services and Open Learning team at DHET and is a facilitator for Fasset's highly successful initiatives to capacitate life orientation teachers to guide pupils through the career obstacle course.

'Engagement with life orientation educators shows a lack of understanding of the post-school education and training system, which includes institutions of higher learning, SETAs, funding options and opportunities,' says Ditupa. 'Most have also never been trained to provide competent career advice. The Fasset workshops are, therefore, indispensable, as they cover much ground, from career decision making, subject choice and theories of career development to tertiary education, finance, and learnerships, apprenticeships and other learning options. Educators receive career information and resources that ordinarily they would not have been able to access.'

This DHET and Fasset partnership developed under the umbrella of the National Policy for an Integrated Career

Development System for South Africa (DHET, 2017), which acknowledges that collaboration maximises impact, minimises gaps and addresses duplication.

Feedback from educators indicates a real need for the Fasset intervention and an appreciation for the empowering information it provides, says Ditupa. 'Educators truly value the workshops, only wishing that they were longer and more frequent, and that principals could attend so that they can support the life orientation work happening in their classrooms.'



*Life orientation teacher training workshop conducted by Ditupa Fothane of DHET*

# FASSET INTERVENTIONS FOR POST-SCHOOL LEARNERS

## TVET Work-based Experience Programme

This programme, in its sixth successful year, places TVET graduates as interns at companies that will expose them to the work environment, while bridging the gap between their studies and the demands of the workplace to make them better employee prospects.

During 2018/2019, 312 learners were placed and 276 learners completed their programmes. Sixteen employers benefitted from the skills and effort of these interns.

New employers, especially government departments, are now participating in this programme, giving learners in provinces outside Gauteng an opportunity to gain 18 months of training to obtain their national N-diplomas. Post-diploma, they either further their studies or are absorbed into the workforce of host employers.

Employers meet every two months to discuss programme implementation with TVET colleges and DHET representatives are invited to discuss expectations and to make sure that diplomas are issued without delay.

## Bursary Scheme

Although a relatively new programme in the Fasset portfolio, the Bursary Scheme, in its third year during the review period, has distinguished itself by providing much-needed support for learners who fall between the funding of NSFAS funding of R123 000 to R600 000 and that of the banks.

Some 872 learners entered the programme and 745 completed, the discrepancy in numbers was caused by certain learners having been recorded in the previous year, but having completed their studies only in the review year.

The Bursary Scheme provides end-to-end support, including academic support. Learners engage with their tutors one-on-one and benefit from mentoring. In the year under review, the programme was extended to learners from households with a combined income of R0 up to R600 000, which assisted those not catered for by NSFAS or other bursary funders.



## Seeking the human connection hand in hand with Fasset

Even in the digital era, financial services will be powered by human relationships, which makes individuals such as Lesedi Rapodile so important to the strength of the sector into the future.

Lesedi was attracted to human resources through the prospect of encountering and helping many different characters.

After bidding farewell to Batswana Commercial Secondary School in Mafikeng, North West, she headed to Taletso TVET College to acquire a whole new set of skills in the art of managing her fellow human beings.

Enter the opportunity to complete an internship at North West Provincial Treasury and Lesedi was a happy human resources almost-practitioner. 'I always wanted to complete the practical part of my programme in a government department, so I was overjoyed to see the advert in my local newspaper,' she says.

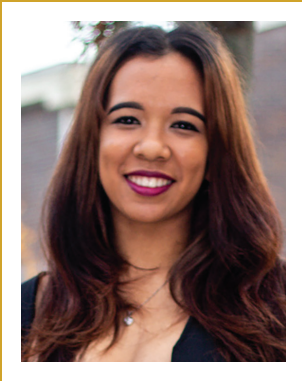
Currently working in recruitment and selection, she has also had a taste of performance management during her time at the department.

Once her internship ends, Lesedi, armed with her human resource management qualification, will head out into a world filled with people she can assist. Luckily, she and her 39 fellow Fasset-funded interns at the department will have a head start, as the WBE programme is geared to help beneficiaries job hunt for the near future.

'Fasset mentioned that our stipends are also intended for use in finding permanent jobs and that's what we have been doing,' she stresses.

Lesedi expresses the thoughts of her whole intern group when she says: 'Fasset, you heard our cry for practical experience and you responded. The experience and support are greatly appreciated. Please keep doing the same for others.'

Lesedi is already preparing herself for the next stage of her journey, with a little trepidation, but a lot of hope. 'Job hunting is never easy,' she says. 'The waiting is painful, but when it pays off, everything else will be history.'



## Building dreams: Fasset funds financial futures for missing middle

“Courtney is just one of many UWC students who have benefitted from Fasset’s initiatives.”

Author: Nicklaus Kruger

Fasset has contributed over R22 million in student bursaries to hundreds of students from the Economic and Management Sciences Faculty of the University of the Western Cape, helping those referred to as the ‘missing middle’ achieve their dreams.

Courtney Michaels isn’t totally sure why she chose to do business studies – a combination of having a way with numbers and an interest in learning how to work with money, most likely. But when she enrolled for a BCom degree at the University of the Western Cape, she soon found out that it takes money to learn to make money.

Born in Heideveld, and raised in a rented flat by a single parent who worked hard to provide for her (‘she’s my rock’), Courtney was part of the missing middle income bracket, so NSFAS would not accept her for funding.

‘In my first year NSFAS covered only half of my tuition, with no travelling, or book allowance, and my mom ended up covering the rest,’ she recalls. ‘So in second year, I applied for a bursary – which also covered only half. That made for a bit of a financially stressful situation.’

Last year she applied for and received funding from Fasset – funding specifically available for deserving students who meet the Fasset missing-middle criteria. This bursary scheme and its structure is available to registered students, for the following courses: BCom Finance, BCom Accounting, BCom Financial Accounting, and BCom (General).

‘I was extremely grateful because the rest of my fees were covered – textbooks, too – and at least that stress was off my mom’s shoulders,’ she says. ‘I could concentrate on my studies and complete my degree and graduate well.’

The intended outcome of the Fasset programme is to support students financially, and in a manner that will provide improved academic performance for all students

through academic workshops and the monitoring and support for key accounting, financial accounting and economic courses offered by UWC.

‘Funding, as students know all too well, is a constant struggle,’ notes Ronald Arendse, accounting lecturer at UWC and the Fasset Projects Manager. ‘We have students with a great deal of potential, and who can go on to have a positive impact in their communities – and we want to give them the chance to do that.’

Fasset’s Academic Support programme also provides academic workshops, facilitated by academics from the Faculty of Economic and Management Sciences, to provide additional work-readiness skills, from effective communication and exam techniques to financial planning skills.

Courtney had so much fun learning about how the stock market operates, how it can be manipulated to make money, and so on, that she went on to enrol for her BCom Honours Degree in Finance at UWC. She’s currently completing that – with more help from Fasset.

‘With my basic education needs being covered I don’t have to work to pay my fees – literally work for money, I mean; I naturally have to pass and excel, but that’s expected,’ she laughs. ‘So now I am able to give back to the community, which is why I volunteer at a crèche and also at an animal shelter – both incredibly rewarding experiences.’

‘A year ago I was suffering from depression and I thought I wouldn’t make it through, but a year later I am content and prospering, grateful to have an education and still be able to pursue further studies.’

Courtney is just one of many UWC students who have benefitted from Fasset’s initiatives.



## If you want the prize, visualise, says Phinah

“ I see myself employed as an audit manager or working in the banking industry. And I want to be nominated for the South African Institute of Chartered Accountants Top-35-under-35 awards. ”

‘Godsend’ is the word that comes to Phinah Mokoka’s mind when she thinks of the invaluable support she has received from Fasset in recent times. Growing up in the small Mpumalanga village of Mmamethlake, Phinah knew she had a knack for numbers and outdid herself in accounting during her high-school years. Her tertiary studies merely confirmed what everyone knew and she completed her BCom Accounting at University of Johannesburg (UJ) in 2018, cum laude no less.

A short-term Bridging Certificate in the Theory of Accounting (BCTA) followed, as she was aiming now for honours in 2021 and the ultimate accolade, CA(SA), thereafter.

Her foray into the world of Fasset took place in second year at UJ, where the SETA was offering students who were not bursary scheme beneficiaries a seat at its Saturday classes in accounting, free of charge.

‘I jumped at that and then started researching Fasset on the internet and came across Career Wise, which was offering Fasset bursaries catering for the missing middle,’ says Phinah. ‘I became a bursary beneficiary in 2019.

‘I wouldn’t have been able to continue my studies if it had not been for Fasset and I knew how lucky I was because there were not many bursaries for bridging course students. This bursary has assisted me financially, academically and personally. As much as academics are important, I believe that a student’s health, wellbeing and safety all contribute to the overall achievement picture. Fasset lifted the burden I carried of affording accommodation and I am now able to focus on my academics without worrying about shelter.

‘I am now able to fund my BCTA.’

Phinah certainly packs the attitude she needs to ascend the accounting ranks. Her take on her future is the ultimate in visualisation. ‘In five years’ time, I will have had my CA(SA) designation for a year already,’ she says with total confidence.

‘I see myself employed as an audit manager or working in the banking industry. And I want to be nominated for the South African Institute of Chartered Accountants Top-35-under-35 awards.’

But that’s not all ... Phinah will also have her name on the cover of a textbook in accounting and taxation, a book that will be free to students. She will also study forensic auditing, indulging her newfound interest in commercial crimes.

‘Thank you Fasset for the enormous support both financially and socially, for believing and investing in me. Thank you for making a difference, adding value and filling the gap that gave me sleepless nights. Please continue providing mentoring, adding value, believing in and grooming future leaders.’

For others considering a career in her figure-juggling footsteps, Phinah is unequivocal. ‘The time is now, go for it!’ she insists. Pursue your dreams even if they seem a long way off. Research opportunities to get ahead. Welcome risks as they bring rewards. And always act ethically in all aspects of your life.’

If her advice is any indication, Phinah will be a firmly fixed asset in the finance sector of the future.



## Khayelihle's flight path all figured out

*“ I first heard about Fasset from my lecturers, who really helped students by encouraging them to apply for funding. ”*

A dreamer confined to a school desk, Khayelihle Ndlovu saw the skies in his future and stoked a burning desire to be a pilot, but before that career could take off, another exciting option came into land. 'During my school holidays, I would go to work with my father, who was a financial manager,' he explains. 'As I helped out with this and that, and began to see how finance influenced the world, my love and interest grew.'

The vision of a cockpit soon gave way to one of corporate corridors and Khayelihle, armed with a matric from Brandcliff House in Johannesburg, enrolled for a BCom Accounting degree at the University of Johannesburg.

'One of the best things about a tertiary institution is the exposure to wonderful opportunities,' he says. 'I first heard about Fasset from my lecturers, who really helped students by encouraging them to apply for funding.'

'I was accepted into the bursary scheme in third year.'

As he greatly needed the support it provided and would perhaps have had to drop out of his course through lack of funds, it was just in time, he adds. And that's just what Khayelihle plans to be ultimately. 'One of my goals is to become a just-in-time trainee for one of the big four accounting firms, working internationally.'

Then there's the planned Certificate in the Theory of Accounting, his passport to earning his CA(SA) stripes, which he will precede with a Bridging Certificate in the Theory of Accounting next year.

As with many ambitious young professionals, Khayelihle is not coy about the rewards that he expects to acquire along the runway to accounting excellence. 'I will strive for financial freedom based on performance and will seek opportunities to travel and find out how other countries treat finance. Being a trusted financial adviser to customers is also a highly prized position in my mind.'

As he continues his flight into financial prominence, the inspiring words of Martin Luther King are never far from Khayelihle's thoughts: 'The function of education is to teach one to think intensively and to think critically. Intelligence plus character – that is the goal of true education.'

To which this visionary-in-the-making adds: 'Learning isn't always about memorising concepts and content. It is about being aware of your ability to think critically about the things you think you already know.'

With that outlook, it is bound to be a flight plan with more turbo than turbulence for self-assured Khayelihle.

## Academic Support programme

Supporting learners to complete their degrees, professional qualifications and/or designations enables Fasset to advance the professionalism of its sector through higher-calibre potential employees.

At universities, the support assists those who are struggling with their studies, the professional body programme includes mentoring and the bursaries for second, third and postgraduate students cover all tuition, including coaching if needed, books, accommodation and travel.

Seven institutions received funding for the year, with 1 433 learners entering and 1 338 completing their qualifications. Again, the difference in numbers is caused by some learners straddling two years in the completion of their programmes.

In addition, 221 beneficiaries were assisted to achieve their professional body designations. No completions were recorded for the year, as results were issued post-year-end.

## Awful to awesome in one Fasset move



“*Through the counselling, we students began to understand our fears and struggles and see things differently. Giving up was not the answer.*”

Last year was a bumper academic year for Luyanda Ndima and, he says, it was all due to Fasset, which stepped in with financial support and so much more. Luyanda, an aspiring accountant, admits that his tertiary path has been a rocky one. Having registered for a BCom in Accounting at the University of Fort Hare in 2013, he found himself repeating his final year in 2018. ‘My mother is a single unemployed parent, who raised two children by herself,’ he explains. ‘Redoing my final year, I felt so discouraged that I wanted to give up and change my degree.’

Fasset’s Academic Support initiative presented itself at just the right time, extending a comfort blanket of extra classes, psychology sessions and counselling, boot camps and book and laptop allowances. ‘The extra classes changed my whole academic performance,’ says Luyanda. ‘I moved into the top 10 in some modules.’

‘Through the counselling, we students began to understand our fears and struggles and see things differently. Giving up was not the answer.’

The boot camps, he adds, encouraged, motivated and drove him to finish his degree on a high note. And the high continued, as Luyanda landed a job as a member of Fasset’s administration team, the SETA having seen in him the qualities that it values.

‘I am a better person than I was in 2018,’ Luyanda insists. ‘My attitude is positive and my confidence levels are soaring.’

‘In life, you need resilience and support to survive, and Fasset gave me both.’

**Table 5**

Institution	Number of learners	
	Academic Support	Bursary Scheme
1. Cape Peninsula University of Technology	300	
2. Central University of Technology		3
3. Durban University of Technology		6
4. Mangosuthu University		2
5. Nelson Mandela University	99	17
6. North West University		4
7. Rhodes University		38
8. Stellenbosch University		17
9. Tshwane University of Technology		1
10. University of Cape Town		6
11. University of the Free State		616
12. University of the Free State (Qwaqwa)	174	85
13. University of Johannesburg	177	131
14. University of Limpopo		83
15. University of Pretoria		112
16. University of Venda		136
17. University of Western Cape		121
18. University of the Witwatersrand		10
19. Vaal University of Technology		1
<b>Total</b>	<b>750</b>	<b>1 389</b>

Some of the approved providers signed the agreements with learners before 31 March 2018, hence the discrepancy in numbers reported in the annual performance report. The total number in Table 5 includes all learners who received bursaries.

# FASSET INTERVENTIONS FOR THE EMPLOYED

## What we do for employers

Recognising skills as the key currency in the sector spurs Fasset to review its grants regularly to ensure that they incentivise the right kinds of skills and that they meet the needs of employers for relevant training that boosts productivity and profitability.

Employer incentives include the Learner Employment Grant (LEG), which places learners with a scarce skill on a learnership, the Non-PIVOTAL Learner Employment Grant (NLEG), which places unemployed learners on internships or in permanent employment; and the NSFAS Loan Repayment Grant (NLRG) for learners who have completed a three-year qualification aligned to a scarce skill. This contributes to the repayment of the learner's outstanding NSFAS study loan.

During 2018/2019, Fasset responded to market needs with a grant to enable employees attendance of short courses, training and workshops that addressed specific needs within employers' businesses. More than 30 500 delegates were supported through this incentive.

## Employer grants

Our grants mechanism incentivises employers in the sector to implement skills development initiatives and allows large and medium levy-paying members to claim back a portion of their SDL contributions. Small levy-paying and non-levy paying members also have access to grants with no limitation imposed according to SDL contributions.

The policy introduced in the previous year to extend funding from African Black learners primarily to coloured learners in the Western Cape and Northern Cape, and learners with disabilities furthered our strategic objective of transformation, thus it continued. Another important focus that is ongoing is funding of scarce skills development.

**Table 6: Fasset employer grants as per APP and Strategic Plan (SP)**

Grant	Objective	SDL paying employers	Non-SDL paying employers	Eligible employees	Target achieved
Mandatory grant	To incentivise employers to train their staff. The submission of an Annual Training Report (ATR) combined with a Skills Development Plan (SDP) allows employers to claim 20% of the SDL paid to SARS	Yes	No	All	Yes
Learner Employment Grant (LEG)	To incentivise employers to place and retain learners on learnerships	Yes	Yes	African Black learners across the country, coloured learners in the Western Cape and Northern Cape, and, regardless of race, learners with disabilities in all provinces.	Yes
Non-PIVOTAL Learner Employment Grant (NLEG)	To incentivise employers to place graduates either in min 12 month internships or in permanent employment	Yes	Yes	African Black learners across the country, coloured learners in the Western Cape and Northern Cape, and, regardless of race, learners with disabilities in all provinces.	No
Bursary Grant (BG)	To incentivise employers to support learners in obtaining a qualification relevant to the Fasset sector	Yes	Yes	African Black learners across the country, coloured learners in the Western Cape and Northern Cape, and, regardless of race, learners with disabilities in all provinces.	Yes
NSFAS Loan Repayment Grant (NLRG)	To incentivise graduate African Black learners and learners with disabilities to complete their learnership by assisting them to repay their NSFAS loans	Yes	Yes	African Black learners across the country, coloured learners in the Western Cape and Northern Cape, and, regardless of race, learners with disabilities in all provinces.	Yes
Training Incentive Grant	To incentivise employers and professional bodies for implementing training workshops and seminars at their own cost; driving skills development beyond their 1% skills development levy	Yes	Yes	All employees in the sector are eligible to claim for the R750 incentive grant.	This was a new initiative to assist in meeting the target of 29 200 delegates registered for and attended any Lifelong Learning training initiative.  The target was achieved

As can be seen in the table below, funding between 2017/2018 and 2018/2019 differed greatly. The reason for this was that, in the previous year, the employer discretionary grant had a maximum levy cap applied and could be approved only up to the maximum of the levy cap contributed by the company. For example, the funding for bursaries could constitute a maximum of 20% of levies contributed and for NLEG and LEG, a maximum of 49.5% combined.

For the year under review, the Board removed the cap subject to availability of the total overall budget allocated for each

grant. The budget was not depleted with the total numbers of learners submitted by all companies, thus employers could receive more than the levy contributed.

The removal of the levy cap and the deadline date's move from February 2019 to October 2018, enabled us to assess, query and approve applications in time for the financial year-end.

For the 2019/2020 year, we are allowing funding of previously employed learners for the first time.

**Table 7: Approved employer discretionary grant applications**

Grant	Target	Applications	Achievement	Funds allocated	
				2018/2019	2017/2018
				R'000	R'000
LEG	1 460	3 106	2 008	73 667	31 895
NLEG	400	384	384	13 670	4 975
Bursary Grant	500	1 228	683	23 448	10 229
NLRG	400	416	353	9 100	9 437

## Learnerships

The uptake of learnerships fluctuated during the past three years, possibly due to the grant criteria being changed at times and ineligibility of certain employers to comply with the learnership agreement registration processes. However, there has been an increase in the number of employers taking on learners for non-Fasset learnerships such as business management and IT.

Table 8 shows the number of learners enrolled on our learnerships and the number who completed them during the year under review, compared to achievements of the previous four years.

**Table 8**

Fasset learnerships	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Number of learners registered on Fasset learnerships	4 026	4 695	4 237	4 322	4 093
18.1 learners (previously employed)	435	268	282	176	338
18.2 learners (previously unemployed)	3 591	4 427	3 955	4 146	2 681
Number of learners who completed Fasset learnerships	2 840	4 298	2 585	2 183	2 941
18.1 learners (previously employed)	103	161	252	232	583
18.2 learners (previously unemployed)	2 737	2 872	2 333	1 951	2 908

**Table 9: Breakdown of learner numbers per NQF level category in the 2018/2019 period**

Learnership NQF level	Learners entered target	Learners entered	Learners completed target	Learners completed
NQF level 6 and above	3 330	4 095	2 360	2 830
NQF levels 3 to 5	700	600	450	203

## Lifelong Learning programme

Lifelong learning is one of our most popular, and oversubscribed, interventions, as it enables delegates to develop the soft skills needed in the workplace that not covered in formal courses. These include a variety of interpersonal skills. Lifelong Learning training workshops help candidates deal with essential business skills.

Our ability to host the targeted number of sessions was hampered by a shortage of suitably experienced African Black-owned training providers to deliver the workshops. This challenge is ongoing and a solution is being sought.

Notwithstanding this, more than 1 700 delegates benefitted from Lifelong Learning programmes, as detailed below. More than 28 000 delegates benefitted through the Training Incentive Grant.

### Attendance of Lifelong Learning sessions

Name of event	Number of delegates who attended
Business presentation and public speaking	1 299
Balanced scorecard essentials	444

The Training Incentive Grant was introduced to help meet the Lifelong Learning target of 29 200 delegates having attended a training workshop or seminar in the 2018/2019 financial year. Employers and professional bodies registered with Fasset were invited to submit their applications for the grant and claim an incentive towards the training attended

by their staff. More than 110 applications were received from employers and professional bodies registered with Fasset, which showed commitment to skills development and driving staff training beyond the 1% levy contributions by employers.



*Business presentation and public speaking Lifelong Learning workshop*



*Lifelong Learning training session in Durban*



# PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/OBJECTIVE

## Performance Information by Programme

SETAs deliver against NSDS III objectives. We sign an SLA and APP with DHET every year, committing us to deliver against specific NSDS III goals and objectives. During 2018/2019, we had 72 indicators, 52 of which were achieved.

Programme Purpose	
Programme	Purpose
<b>1: Administration</b>	The purpose of this programme is to instil a culture of effective and efficient management, operations, governance and risk awareness within Fasset.
<b>2: Skills Planning</b>	The purpose of this programme is to establish an effective mechanism for ensuring that sector planning and research occurs. The functions of this programme encompass research and planning. It is responsible for researching skills needs within the sector, developing the SSP for submission to DHET and conducting monitoring, evaluation and impact assessments of SETA-funded programmes.
<b>3: Learning Programmes and Projects</b>	<p>The goal of this programme is to ensure that learning programmes and projects culminate in a skilled and transformed workforce that improves the competitiveness of the sector and livelihood of its workforce. The key role of Fasset is ensuring an adequate supply of employees in identified scarce skills in the finance and accounting sector. The relationship between post-school education institutions (higher education institutions, professional bodies, TVET colleges) and workplaces will be strengthened through a range of programmes, projects, incentives and other forms of support to address the following skills priority areas:</p> <ul style="list-style-type: none"> <li>• Increase the flow of new finance and accountancy entrants into employment</li> <li>• Develop and grow the skills required in the sector</li> <li>• Facilitate transformation of the finance and accountancy sector</li> </ul>
<b>4: Quality Assurance</b>	The purpose of the quality assurance programme is to develop, implement and monitor learning programmes (qualifications, learnerships, internships etc). Quality assurance further ensures that national standards for quality delivery are acceptable through proper accreditation of skills development providers, monitoring and auditing of delivery, certification of successful learners and reviewing the quality cycle to ensure continuous improvement to Fasset processes and procedures.

## Strategic Objectives

No	Strategic Objective	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement	Comment on Deviations
1	Improved financial and procurement management	N/A	7	7	0	Target achieved
2	Improved quality of organisational planning, performance monitoring and reporting	N/A	20	18	-2	Target not achieved  Not all policies were reviewed  The IT steering committee met only twice during the year
3	Training and Development Plan implemented across all divisions of Fasset	N/A	2	1	-1	Target not achieved  Training and development plans not implemented as expected due to capacity constraints
4	Implement strategic research to ensure sector planning is appropriate	N/A	11	9	-2	Target not achieved  The two targets were not achieved due to capacity challenges in the Research Department.  The resource has been subsequently appointed.
5	Conduct research, establish projects and identify middle-level skills needs in their sectors and put in place strategies to address them, particularly through the use of the public TVET colleges and universities of technology working in partnership with employers providing workplace-based training	14 270 learners registered and completed on learnerships, Assessor and moderator training, LL, and TVET WBE	36 856 learners registered and completed on learnerships, LL, and TVET WBE	39 575 learners registered and completed on learnerships, LL, and TVET WBE	+ 2 719 Targets over-achievement on some indicators and -692 were under-achieved on other indicators	Target over-achieved  Please refer to the following indicator numbers below: 3.1 3.2 3.11 3.12 3.17 3.18 3.20 3.21 3.22 3.23 3.24
6	Conduct research, establish projects, identify high-level skills needs in the sector and put in place strategies to address the high-level scarce skills gaps	19 630 Learners registered and completed on learnerships, LL, Bridging Programmes for Work Readiness and for Academic Support and Professional Designations, PIVOTAL Grant (bursaries and learnerships), National Student Financial Aid Scheme (NSFAS) Grants and NSFAS Bursary Programme.	43 941 Learners registered and completed on learnerships, LL, Bridging Programmes for Work Readiness and for Academic Support and Professional Designations, PIVOTAL Grant (bursaries and learnerships), National Student Financial Aid Scheme (NSFAS) Grants and NSFAS Bursary Programme.	47 177 Learners registered and completed on learnerships, LL, Bridging Programmes for Work Readiness and for Academic Support and Professional Designations, PIVOTAL Grant (bursaries and learnerships), National Student Financial Aid Scheme (NSFAS) Grants and NSFAS Bursary Programme.	+3 236	Target over-achieved  Refer to Performance indicators 3.1 to 3.22 below

## Strategic Objectives

No	Strategic Objective	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement	Comment on Deviations
7	Increase the capacity of TVET college learners and lecturers to address the skills needs in the sector as informed by the SSP	453 TVET learners placed on TVET WBE project	480 TVET students who enter a National N Diploma internship	312 TVET students entered a National N Diploma internship	-168	Target not achieved  Allocation for the total target was awarded but recruitment was not finalised prior to 31 March 2019
8	Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market	184 large and medium firms submitted Mandatory Grants and attended LL	155 large and medium firms submitted Mandatory Grants and attended LL	186 large and medium firms submitted Mandatory Grants and attended LL	+31	Target over-achieved  More firms submitted WSPs than expected
9	Co-operatives, small firms and NLPs supported with skills training and development, expand and contribute to sector economic and employment growth	1 410 small and NLPE firms participated in skills development (MG and attended LL), and small firms supported through DG	1 370 small firms and NLPE firms participate in skills development (Mandatory Grants and attended LL), and small firms supported through DG.	1 071 small firms and non-levy-paying firms participate in skills development (Mandatory Grants and attended LL) and small firms supported through DG	-299	Target not achieved.  Refer to performance indicator number 2.14, 3.1.25, 3.1.26 and 3.1.27
10	Conduct an analysis and reflection on achievements and challenges for public sector training	4 Government Departments supported through DG	27 Government Departments WSP/ ATR approved, learners funded through public sector grant, Government Departments supported through DG.	28 Government Departments WSP/ ATR approved, learners funded through public sector grant, Government Departments supported through DG.	+1	Target over-achieved  One additional Government Department that submitted WSP
11	Career paths are mapped to qualifications in the sector and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression	1 Career guide was developed and updated.	1 Career guide is developed and updated annually.	1 Career guide was developed and updated.	0	Target achieved
12	Sector stakeholders are engaged and programmes are adjusted to meet the skills and qualification needs to promote comprehensive career development	N/A	40 Career guidance events supported	46 Career guidance events supported	+6	Target over-achieved  More events than planned could be supported within the available budget.
13	Increased access to finance and accounting training through the provision of occupational qualifications and part-qualifications	N/A	8 learning programmes funded through DG monitored, and Certification reports for qualifications and learnerships issued.	8 learning programmes monitored, and Certification reports were issued.	0	Target achieved

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 1: Administration</b>								
1.1	Administer facilities management and control related expenditure	N/A	N/A	N/A	Administer Facilities Management and control related expenditure	Facilities Management and control related expenditure administered through the production of quarterly reports	0	Target achieved
1.2	Complete set of AFS	N/A	N/A	N/A	Complete set of Annual Financial Statements	Set of Annual Financial Statements completed	0	Target achieved
1.3	Audit Action Plan	N/A	N/A	N/A	Audit Action Plan Implementation.	Audit Action plan implemented	0	Target achieved
1.4	Report on budget management	N/A	N/A	N/A	Report on budget usage	Reported on budget usage (Quarterly)	0	Target achieved
1.5	Approved procurement plan	N/A	N/A	N/A	Approved Procurement plan	Procurement plan approved	0	Target achieved
1.6	Report on acquisition of goods and services	N/A	N/A	N/A	Report on acquisition of goods and services	Reported on acquisition of goods and services (Quarterly)	0	Target achieved
1.7	Supplier performance report	N/A	N/A	N/A	Supplier Performance report	Supplier performance reports produced (Quarterly)	0	Target achieved
1.8	Complete asset register	N/A	N/A	N/A	Complete asset register	Complete asset register	0	Target achieved
1.9	Quarterly governance charter submitted to Department of Higher Education and Training (DHET)	N/A	N/A	N/A	4	4	0	Target achieved
1.10	Internal audit reports are produced as per the internal audit plan	N/A	N/A	N/A	Internal audit reports are produced as per the annual internal audit plan	Internal audit reports produced as per the annual internal audit plan	0	Target achieved

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 1: Administration</b>								
1.11	Board and sub-committee meetings take place at least quarterly	N/A	N/A	N/A	Board and sub-committee meetings take place at least quarterly	Board and sub-committee meetings took place quarterly	0	Target achieved
1.12	Fasset policies are reviewed and approved by the Board annually	N/A	N/A	N/A	Fasset policies are reviewed and approved by the Board annually	Target not achieved	-1	Target was not achieved because not all policies were reviewed as required. However, an updated policy universe register has been developed.
1.13	Fasset employee retention rate for the year is at minimum 95%	N/A	N/A	N/A	Fasset employee retention rate for the year is at a minimum of 95%	Fasset Employee retention rate for the year was at 100%.	+5%	Target over-achieved  Employee retention for the year is 100%. None of the employees (permanent and fixed term) as at the beginning of the year left the employ of Fasset during the course of the financial year.
1.14	Fasset employee learning and development plan implementation rate of 80%	N/A	N/A	N/A	Fasset employee learning and development plan implementation rate of 80%	Fasset employee learning and development plan implementation rate of 30% achieved	-50	Target was not achieved. Training and development plans were not implemented as expected due to capacity constraints.
1.15	IT Steering Committee meetings take place quarterly	N/A	N/A	N/A	IT Steering Committee meetings take place quarterly	2 IT Steering Committee meetings took place	-2	Target not achieved  The IT Steering Committee met only twice during the course of the financial year
1.16	ICT Strategy is updated annually to align to Fasset strategy	N/A	N/A	N/A	ICT Strategy is updated annually to align with Fasset strategy	The Fasset ICT Strategy was updated to be align with Fasset strategy,	0	Target achieved
1.17	ICT is evaluated in line with business requirements analysis and King IV principles	N/A	N/A	N/A	ICT is evaluated in line with business requirements analysis and King IV principles	The Fasset ICT Governance Framework was evaluated in line with business requirements analysis and King IV principles. Performance reports produced (Quarterly)	0	Target achieved

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 2: Skills Planning</b>								
2.1	Conduct research on a model for SETA grants and incentives	N/A	N/A	N/A	1	1	0	Target achieved
2.2	Bursary Student Tracer Study	N/A	N/A	N/A	1	1	0	Target achieved
2.3	Conduct research to update the Fasset Monitoring and Evaluation report	N/A	N/A	N/A	1	1	0	Target achieved
2.4	Conduct a Fasset Customer Satisfaction Survey (CSS)	N/A	N/A	N/A	1	1	0	Target achieved
2.5	LEG Impact Assessment	N/A	N/A	N/A	1	1	0	Target achieved
2.6	Conduct research on the impact of the SETA TVET intervention	N/A	N/A	N/A	1	1	0	Target achieved
2.7	Conduct research on Fasset Sector Trends	N/A	N/A	N/A	1	1	0	Target achieved
2.8	Compile a SETA benchmarking report	N/A	N/A	N/A	1	0	-1	Target not achieved  Target was not achieved due to the capacity challenges in the Research Department. The resource has been subsequently appointed.
2.9	Conduct research on transformation in the Fasset sector	N/A	N/A	N/A	1	0	-1	Target not achieved.  The target was not achieved due to the capacity challenges in the Research Department. The resource has been subsequently appointed.

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 2: Skills Planning</b>								
2.10	Conduct research on Fasset funded project beneficiaries	N/A	N/A	N/A	1	1	0	Target achieved
2.11	SETA updates and submits Sector Skills Plan (SSP) to DHET by due date	N/A	N/A	N/A	1	1	0	Target achieved
2.12	Number of Large firms WSP/ATR (Skills Development Plan) approved and Mandatory Grant paid	61	90	71	60	68	+8	Target over-achieved. The number of large firms that submitted WSPs increased more than anticipated.
2.13	Number of Medium firms WSP/ATR (Skills Development Plan) approved and Mandatory Grant paid	89	78	113	95	118	+23	Target over-achieved. More firms submitted a WSP than expected.
2.14	Number of Small firms WSP/ATR (Skills Development Plan) approved and Mandatory Grant paid	851	234	637	550	732	+182	Target over-achieved. More firms submitted a WSP than expected.
2.15	Number of Government Department WSP/ATR (Skills Development Plan) approved	5	14	N/A	5	6	+1	Target over-achieved. The over-achievement is as a result of one additional Government Department that submitted a WSP.

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 3: Learning Programmes and Projects</b>								
3.1.1	Number of unemployed learners processed for registration on mid-level learnerships	N/A	N/A	447	420	768	+348	Target over-achieved. This is as a result of more than anticipated number of learners registered by employers.
3.1.2	Number of unemployed learners processed for registration on high level learnerships	N/A	N/A	3 503	2 970	4 065	+1 095	Target over-achieved This is due to more than anticipated number of learners registered by employers.
3.1.3	Number of unemployed learners where a learner employment grant is approved and paid	N/A	N/A	1 138	1 460	2 008	+548	Target over-achieved. The Applications received by Fasset were over-subscribed and could be approved through additional budget being made available.
3.1.4	Number of unemployed learners where a bursary grant is approved and paid	N/A	N/A	265	500	683	+183	Target over-achieved. The Applications received by Fasset were over-subscribed and could be approved through additional budget being made available.
3.1.5	Number of unemployed learners where a bursary is awarded via NSFAS	N/A	N/A	215	150	151	+1	Target over-achieved. One more application that met the requirements was received than anticipated
3.1.6	Number of unemployed learners where a bursary is awarded via the Fasset Bursary Scheme	N/A	N/A	673	625	872	+247	Target over-achieved This was as a result of the late contracting in the 2017/2018 financial year which resulted in learners being recruited in 2018/2019 financial year.
3.1.7	Number of unemployed learners where a Non-PIVOTAL Learner Employment grant is approved	N/A	N/A	98	400	384	-16	Target not achieved. The non-achievement is due to an insufficient number of applications received than anticipated.

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 3: Learning Programmes and Projects</b>								
3.1.8	Number of unemployed learners who enter an academic skills programme for progression at University	N/A	N/A	1 455	1 830	1 433	-397	Target not achieved.  This was attributable to the service providers appointed in March 2019 as a result of capacity constraints. The service providers had insufficient time to complete recruitment and contracting with learners prior to financial year-end.
3.1.9	Number of unemployed learners who enter an academic support PIVOTAL skills programme for progression at a professional body	N/A	N/A	104	330	221	-109	Target not achieved  This was attributable to the service providers appointed in March 2019 having insufficient time to complete recruitment and contracting with learners prior to financial year-end.
3.1.10	Number of unemployed learners who enter an academic support Non-PIVOTAL skills programme for progression at a professional body	N/A	N/A	700	250	2	-248	Target not achieved  The non-achievement was caused by not receiving sufficient qualifying applications.
3.1.11	Number of unemployed learners processed for completion on mid-level learnerships	N/A	N/A	120	315	115	-200	Target not achieved  The number of learners registered by employers on mid-level learnerships was less than anticipated
3.1.12	Number of unemployed learners processed for completion on high level learnerships	N/A	N/A	2 602	2 265	2 803	+538	Target over-achieved.  More learners than expected successfully completed.
3.1.13	Number of unemployed learners who completed an academic year or qualification via the Fasset Bursary Scheme	N/A	N/A	334	500	745	+245	Target over-achieved  More learners than planned were funded as additional budget was available.

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 3: Learning Programmes and Projects</b>								
3.1.14	Number of unemployed learners who complete an academic skills programme for progression at University	N/A	N/A	730	1 050	1 338	+288	Target over-achieved.  More learners than planned were funded as additional budget was available.
3.1.15	Number of unemployed learners who complete an academic support PIVOTAL skills programme for progression at a professional body	N/A	N/A	0	231	0	-231	Target not achieved.  The learners who entered in the 2017/2018 financial year have not yet completed qualification.
3.1.16	Number of unemployed learners who complete an academic support Non-PIVOTAL skills programme for progression at a professional body	N/A	N/A	409	175	0	-175	Target not achieved  No learners were approved for entry in early 2017/2018 financial year, which resulted in no learners completing in 2018/2019.
3.1.17	Number of employed learners processed for registration on mid-level learnerships	N/A	N/A	153	280	299	+19	Target over-achieved.  More learners registered by employers on learnerships in the sector than anticipated.
3.1.18	Number of employed learners processed for registration on high level learnerships	N/A	N/A	104	360	166	-194	Target not achieved.  Fewer learners registered by employers on learnerships in the sector than anticipated.
3.1.19	Number of employed learners where a bursary is awarded via NSFAS Loan Repayment Grant (NLRG)	N/A	N/A	0	400	353	-47	Target not achieved.  An insufficient number of applications was received in spite of increased advocacy efforts.
3.1.20	Number of employed learners who register for and attend Lifelong Learning events	N/A	N/A	6 421	29 200	30 596	+1 396	Target over-achieved.  This was as a result of the change in the implementation of the Lifelong Learning modules.

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 3: Learning Programmes and Projects</b>								
3.1.21	Number of employed learners processed for completion on mid-level learnerships	N/A	N/A	83	135	65	-70	Target not achieved.  Fewer learners than expected successfully completed their learnerships.
3.1.22	Number of employed learners processed for completion on high level learnerships	N/A	N/A	76	95	110	+15	Target over-achieved  More learners completed learnerships than anticipated
3.1.23	Number of TVET students who enter a National N Diploma internship	N/A	N/A	453	480	312	-168	Target not achieved.  Allocation for the total target was awarded but recruitment was not finalised prior to 31 March 2019.
3.1.24	Number of TVET students who complete a National N Diploma internship	N/A	N/A	308	336	276	-60	Target not achieved.  Fewer than anticipated learners completed the programme.
3.1.25	Number of small businesses supported through discretionary funding	N/A	N/A	592	400	193	-207	Target not achieved  Support to small businesses consists of discretionary grants and attendance at LL events. The change in the implementation of LL affected achievement of this target.
3.1.26	Number of NLPEs registered with Fasset as part of the sector	N/A	N/A	N/A	320	94	-226	Target not achieved.  A very low number of new registrations was received. Additional advocacy will have to be implemented during the course of the next financial year in an effort to achieve the target.
3.1.27	Number of NLPEs supported through discretionary funding	N/A	N/A	181	100	52	-48	Target not achieved.  Support to NLPs consists of discretionary grants and attendance at LL events. The change in the implementation model of LL affected achievement of this target.
3.1.28	Number of learners funded in the public sector through the public sector grant	N/A	N/A	N/A	20	20	0	Target achieved.

## Performance Indicators

No	Performance Indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on Deviations
<b>Programme 3: Learning Programmes and Projects</b>								
3.2.1	Number of partnership agreements signed between Fasset and a public Higher Education Institution	N/A	N/A	N/A	5	12	+7	Target over-achieved. More public higher education institutions were approved for funding due to the surplus available from 2017/2018.
3.2.2	Number of partnership agreements signed between Fasset and a public TVET college	N/A	N/A	N/A	15	15	0	Target achieved.
3.2.3	Number of offices opened at a public TVET college	N/A	N/A	N/A	2	2	0	Target achieved.
3.2.4	Number of SETA employer partnerships established for placement of TVET learners	N/A	N/A	26	15	16	+1	Target over-achieved. An additional MOA was signed with an employer.
3.2.5	Number of Government Departments supported through discretionary funding	N/A	N/A	4	2	2	0	Target achieved.
3.3.1	Number of quarterly management reports submitted to DHET	N/A	N/A	N/A	4	4	0	Target achieved.
3.3.2	Number of quarterly reports submitted to National Treasury (EME reports)	N/A	N/A	N/A	4	4	0	Target achieved.
3.3.3	Completion and submission of the Annual Integrated Report	N/A	N/A	N/A	1	1	0	Target achieved.
3.4.1	Number of career guidance events supported	N/A	N/A	N/A	40	46	+6	Target over-achieved. More events than planned could be supported within the available budget.
3.4.2	Fasset career guide annual update completed	N/A	N/A	1	1	1	0	Target achieved.
<b>Programme 4: Learning Quality Assurance</b>								
4.1.1	Minimum percentage of learning programmes funded through discretionary grants monitored	N/A	N/A	N/A	4	4	0	Target achieved.
4.1.2	Certificates for qualifications and learnerships issued within the specified turnaround time	N/A	N/A	N/A	4	4	0	Target achieved.

\*NB: Where N/A is reported, it means that this target was not measured during that period.

# REVENUE COLLECTION

	2019 R'000	2018 R'000
<b>Revenue</b>		
Revenue from exchange transactions		
Investment income	53 894	36 968
Profit on disposal of assets	7	-
<b>Total revenue from exchange transactions</b>	<b>53 901</b>	<b>36 968</b>
Revenue from non-exchange transactions		
<b>Transfer revenue</b>		
Levies	549 192	535 310
<b>Total revenue</b>	<b>603 093</b>	<b>572 278</b>

## Capital investment

Fasset does not hold capital investments deposits with any commercial banks. But rather it deposits its levies revenue received into a Corporation for Public Deposits (CPD) account held at the South African Reserve Bank (SARB). When Fasset receives levies revenue from DHET, the funds are transferred to the CPD account immediately in order to capitalise on the interest to be earned. The funds are transferred between the CPD account and Fasset's current account as and when needed.



# CORPORATE GOVERNANCE

GROWTH

# INTRODUCTION

Fasset is committed to good governance practices, which seek to promote transparency and accountability to all of its stakeholders and also promote the SETA's ability to create for the sector essential attributes for an entity powered by public funding.

Fasset complies with all applicable regulations, standards and frameworks. In addition, robust governance structures and processes are in place to ensure the execution of the strategy and the management of risks. Fasset's commitments to internal controls include a code of conduct, service level agreements, declarations of conflict of interest, and a gifts and hospitality register.

## EXECUTIVE AUTHORITY

We report on our financial and non-financial performance to the Minister of Higher Education and Training (MHET) in her capacity as the Executive Authority. The Minister appoints Board members and the independent chairman, in line with the Constitution.

### BOARD MEMBERS



**Njabulo Ngwenya**  
Chairman



**Dr Mark Bussin**  
Organised Business



**Skalo Dikana**  
Organised Business



**Bongani Mathibela**  
Organised Business



**Angela Nyathela-Mahanjana**  
Organised Business



**Tlakale Christina Phatlane**  
Organised Labour



**Jacobus Christoffel Kruger**  
Organised Labour



**Mopo Mushwana**  
Organised Business



**Doreen Jacobs**  
Organised Labour



**Gugu Mthombeni**  
Organised Labour



**Dominic Storum**  
Organised Labour



**Nyameka Macanda**  
Organised Labour



**Daluhlanga Majeke**  
The State/Government



**Nadine Kater**  
Professional Bodies



**Patience Semenya**  
Professional Bodies

### Induction and ongoing Board Development Programme

Board members are accountable and responsible for all actions of the Board and its committees. This is emphasised during induction training provided to new directors. Other ongoing training and education allows directors to familiarise themselves with Fasset's operations, the business environment, fiduciary duties and responsibilities, Board member's commitment and behaviour, and regulatory changes and trends. Board members have the opportunity to access continuous professional development through the Institute of Directors South Africa (IoDSA). IoDSA membership is provided and paid for by Fasset. Board members have full and unrestricted access to management, SETA information and property. They are entitled to seek independent professional advice in support of their duties at the organisation's expense.

# ACCOUNTING AUTHORITY

## Introduction

The Fasset Board is the Accounting Authority. As our highest governing structure, the Board retains full and effective control and management of Fasset in accordance with applicable legislation and provides strategic direction. The Board ensures that Fasset delivers on the requirements of the Skills Development Act, 97 of 1998, as amended.

## The role of the Board is as follows:

- Holds absolute responsibility for the performance of Fasset;
- Retains full and effective control and management of Fasset;
- Ensures that Fasset carries out its fiduciary duties;
- Formulates, monitors and reviews the strategic direction of Fasset;
- Formulates and/or monitors and reviews annual budgets and plans, risk policy and major plans of action;
- Develops clear definition of levels of materiality;
- Ensures financial statements are prepared;
- Manages conflicts of interest;
- Monitors the performance of the Chief Executive Officer;
- Ensures strategic and operational objectives of sustainable performance and meeting the needs of our stakeholders;
- Assesses organisational performance and risks.
- Ensures that decisions and material issues are addressed, and
- Maintains integrity, responsibility and accountability.

## Board Charter

The King IV Code of Corporate Governance states that good governance starts with effective leadership. The Board Charter sets out the roles and responsibilities of the Board, which are disclosed in the annual report:

- Ensuring all Board members are aware of their individual and collective duties and responsibilities;
- Providing assurance to all stakeholders that the Board is fulfilling its obligations in terms of the Constitution and the Act;
- Ensuring the principles of corporate governance are applied by all Board members in the course of carrying out their fiduciary duties and in dealing with each other, and
- Ensuring all Board members are aware of the various legislation, regulations and policies that have a bearing on their conduct.

The Board ensures that Fasset delivers on the requirements of the Act by positioning the SETA to deliver on its mandate. At the core of this mandate is facilitating programmes geared towards achieving world-class finance and accountancy skills for the broader South African economy. In the past two financial years, Fasset encountered challenges that impacted on efficient delivery of the mandate. In the 2018/2019 financial year, Fasset made tremendous strides towards overcoming these, as evidenced by an increase in the achievement of targets.

## Composition of the Board

The Board comprises 14 members and an independent chairman. All Board members and the independent chairman are non-executive directors and are appointed by the MHET. The term of office started on 31 March 2018. Board members represent constituencies:

- An independent chairperson;
- Six members representing organised business (including a representative of the State);
- Six members representing organised labour, and
- Two members representing professional bodies.

**Table 10: Fasset Board and sub-committee meeting attendance and remuneration**

Name	Race and gender	Constituency	Chairman	Board meetings attended	ARC meetings attended	FINCO meetings attended	GSC meetings attended	REMCO meetings attended	Total number of meetings attended	Total amount paid
Njabulo Ngwenya	B/M	Independent Chairman	Board and GSC	11/11			5/5		16/16	R217 000
Dr Mark Bussin	W/M	Organised business	REMCO	10/11				4/4	14/15	R87 000
Skalo Dikana <sup>1</sup>	B/M	Organised business	ARC	8/11	7/7				15/18	R110 000
Doreen Jacobs	C/F	Organised labour		9/11				4/4	13/15	R135 000
Nadine Kater <sup>2</sup>	C/F	Professional bodies		10/11		6/9	5/5		21/25	R151 000
Chris Kruger <sup>3</sup>	W/M	Organised labour		11/11			5/5		16/16	Nil
Nyameka Macanda	B/F	Organised labour		4/11					4/11	R30 000
Daluhlanga Majeke <sup>3</sup>	B/M	Organised business		5/11					5/11	Nil
Bongani Mathibela <sup>4</sup>	B/M	Organised business		10/11			1/5		11/16	R77 000
Gugulethu Mthombeni	B/F	Organised labour		7/11			5/5		12/16	R101 000
Mopo Mushwana	B/F	Organised business		11/11		8/9			19/20	R153 000
Angel Nyathela-Mahanjana	B/F	Organised business		6/11			3/5	4/4	13/20	R100 000
Tlakale Phatlane	B/F	Organised labour		9/11		9/9		4/4	22/24	R198 000
Patience Semanya	B/F	Professional bodies	FINCO	8/11		7/9	3/5		18/25	R157 000
Dominic Storum*	B/M	Organised labour		6/7	3/5				9/12	R101 000

1 Remuneration paid to PricewaterhouseCoopers (PwC)

2 Remuneration paid to SAICA

3 Not remunerated

4 Remuneration paid to Basamandla Consulting

\* Resigned December 2018

## Committees

### The Board is assisted by four committees, namely:

- Audit and Risk Committee (ARC), which is made up of four independent members and two Board representatives. The collective skills and expertise of the members of this committee include extensive knowledge and expertise in public sector accounting and GRAP standards, PFMA, National Treasury Regulations, ICT governance, King IV etc. The members also have exposure to the Seta environment.

The Audit and Risk Committee has oversight responsibilities for financial management, internal controls, management of risks and monitoring of risk management policy and planning; compliance with laws, regulations, and ethics; accounting and financial reporting; responsibilities related to internal and external audit functions; and IT governance.

- The Finance Committee (FINCO), whose primary responsibilities include monitoring and reporting on financial operations; internal financial policies; budget performance; consolidating and recommending the annual budget; providing guidelines for reporting on levy collections and grant disbursements; considering and recommending financial reports; and recommending plans for and monitoring the progress of major capital and infrastructure work.
- The Governance and Strategy Committee (GSC), whose primary role is to develop policies, principles, criteria and guidelines for governance and strategy; provide strategic direction to the skills development strategy of the sector; monitor adherence to the codes of conduct/ethics; govern compliance with applicable laws; and set the direction for Fasset's approach to corporate citizenship.

- The Human Resource and Remuneration Committee (REMCO) advises and makes recommendations to the Board on:

- Establishing human resource and remuneration strategies and processes to ensure alignment with Fasset's functions and mandate;
- Ensuring that the human resource organisational structure supports Fasset's vision, mission and the activities to be undertaken by Fasset;
- Establishing, maintaining and implementing human resource and remuneration strategies to ensure competitive, fair, equitable and market-related compensation policies and plans to attract, motivate and retain talented human capital;
- Reviewing and monitoring succession planning and policies, and
- Periodically reviewing the practice of diversity in the workplace and the adherence to employment equity plans.

### Remuneration of Board members

Board members are remunerated in line with National Treasury and DHET guidelines. Board meetings are remunerated at a daily rate aligned to Category S. Committee meetings are remunerated at an hourly rate aligned to Category S. Board members are reimbursed for out-of-pocket expenses.

# RISK MANAGEMENT

Fasset remains committed to the optimal management and mitigation of all risks associated with the performance of functions and delivery in line with its vision, mission, objectives and strategic plans.

To meet this commitment, the management of risks is integrated into strategy, planning, budgeting and operational internal control processes, and is fully recognised in funding and reporting processes on the basis of evaluation of risk and Fasset's risk appetite.

The Fasset Board has overall responsibility for risk management. The Audit and Risk Committee provides oversight of this function and management is responsible for risk management. The Board recognises that risk management is an integral part of the SETA strategy-setting process. The responsibility for designing, implementing and monitoring the risk management plan is delegated to management.

Fasset defines the material issues that can potentially impact on its ability to deliver on its mandate, the associated risk and potential impact, and how the risks of these material issues are managed. The key risks are tabled and reviewed quarterly by the Audit and Risk Committee. Risk metrics and indicators are clearly defined for all risks, with the risk management process embedded in the SETA's operations.

Board and committee assessments are conducted annually to gather feedback on the performance of the Board and its committees. The assessments focus on areas such as composition, skills and competence, individual performance/participation and standards of conduct. An analysis of the results is reported to the Board with recommendations on improvement. The results of self-assessments conducted have concluded that the Audit and Risk Committee is effective in the execution of its duties. Minor areas of improvement were identified and action plans were put in place.

Internal controls relating to the adherence of all policies, processes, legislation and standards in areas such as SCM, IT and reporting of performance information were also reviewed to ensure that all strategic and operational risks were effectively managed. Inherent and emerging risks will continue to be managed through governance structures, with the Fasset Board, as the Accounting Authority, remaining ultimately responsible for the risk management function.

## Internal control

The Audit and Risk Committee monitors audit reviews and all internal controls implemented by Fasset management. The SETA's systems and internal controls include a delegation of responsibilities within a clearly defined framework, effective accounting system and adequate segregation of duties. In addition, all the necessary structures, policies and procedures are in place and updated where necessary to ensure full compliance with various requirements, frameworks and standards, including compliance with the King IV Code of Corporate Governance, which includes placing greater emphasis on IT governance in recognition of the increasingly prominent role of IT as a strategic enabler for organisations.

The Board is of the opinion, based on the information and explanations given by management, the Audit and Risk Committee and AGSA, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, the Board acknowledges that weaknesses in internal control identified during the audit were a reflection of the previous year's challenges. It should also be acknowledged that any internal controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

## Compliance with laws and regulations

Fasset's Legislative Compliance Framework is reviewed quarterly by the Audit and Risk Committee and the Board.

## Fraud and corruption

To assist Fasset to give effect to its Fraud Prevention Plan, stakeholders are encouraged to make use of the Fasset Tip-offs Hotline to notify Fasset of any suspected fraudulent activities impacting on the SETA. The hotline is monitored monthly and all activities are reported at management meetings. Neither fraud nor corruption was reported in the period under review.

## Minimising conflict of interest

Fasset abides by the following principle: A constituent, representative or employee of Fasset who is directly or indirectly interested in any business of Fasset or the committee of which he/she is a member, or who holds any office or possesses any property that might cause a conflict of interest or duties or such possible perception, must:

- Declare such interest or potential conflict of interest;
- Disclose, in writing, to the Board and CEO (in the case of an employee) any conflict of interest or duties, or possible perception of such, as soon as practicable after he/she becomes aware of the relevant facts and shall not participate in the discussion or decision taken, and
- Not take part in any transaction between Fasset and any company, firm or enterprise in which he/she, or any member of his/her family, has an interest, without declaring such interest and having been specifically authorised by the Board to take part in the transaction.

All disclosures made to a meeting of the Board, and related decisions and motivations, are recorded in the minutes of the meeting.

## Code of conduct

Fasset is committed to a policy of fair dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that Fasset's affairs should be conducted honestly, fairly, ethically and legally. Fasset expects all constituents, representatives and employees to share in its commitment to high moral, ethical and legal standards and be aware of and adhere to Fasset's Code of Conduct. Procedures are in place to deal with the breach of the Code of Conduct. However, these have not been tested since no incidences have occurred.

## Health, safety and environmental issues

The pressing need to address growing pressure on resources, and rising emissions and global temperatures, is almost universally accepted. Fasset subscribes to the philosophy that small, sustainable actions make a big impact and this belief forms the basis of the Fasset Environmental Policy.

In spite of the relatively low environmental impact of Fasset, the policy seeks to ensure that the SETA's business is conducted in a responsible, fair and honest manner, in keeping with regulations and codes of practice related to environmental protection. The policy concentrates on energy and water usage and on printing, while encouraging a culture of recycling and of managing and disposing of all waste responsibly.

These efforts are still in force and will continue into 2019/2020, along with other initiatives identified during the annual review of the environmental policy.

## Company Secretary

The Board is cognisant of the duties of the Company Secretary and an environment exists in which the Company Secretary is able to ensure full adherence to Board procedures and relevant regulations. The Company Secretary's role entails:

- recording minutes of the Board and meetings of its committees;
- determining the annual calendar for Board meetings in consultation with the Board Chairman and the CEO;
- preparation and distribution of Board packs for meetings;
- maintenance of statutory records;
- facilitating the annual performance evaluation process for the Board and its committees;
- managing the nomination process of new Board members;
- facilitating the induction of new Board members and developing mechanisms for providing continuous education and training for Board members to improve and maintain Board effectiveness;
- Providing guidance on Board members' fiduciary responsibilities and duties;
- Providing guidance to Board members on governance, and
- Managing conflicts of interest.

These duties were discharged accordingly.

## Social responsibility

The PFMA precludes public entities from using public funds to support corporate social responsibility (CSR) initiatives. Fasset's CSR initiatives are, therefore, staff driven and voluntary in line with its commitment to making a difference, however slight, in the communities in which it operates.

# REPORT OF THE AUDIT AND RISK COMMITTEE

Report of the Audit and Risk Committee in terms of regulations 27(1)(10)(b) and (c) of the PFMA.

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

## Audit and Risk Committee responsibility

The Audit and Risk Committee has adopted appropriate terms of reference as its ARC 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 for:

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

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

## Report on the 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 achieve its mandate:

- Updated the ARC charter;
- Considered the risk management process;
- Considered the internal audit plans and reports and made recommendations as appropriate;
- Monitored progress with the internal audit coverage plans as well as management's follow-up on matters requiring attention;
- Monitored compliance with policies and applicable legislation;
- Conducted separate in-committee meetings with management, internal and external auditors;
- Reviewed external audit plans, reports and management's follow-up on matters requiring attention;
- Provided guidance to the Board on IT governance issues and alignment to applicable legislation; and
- Conducted a self-assessment, whose results concluded that the Audit and Risk Committee is effective in the execution of its duties. Minor areas of improvement were identified and action plans were put in place.

## The effectiveness of internal control

The ARC is satisfied that:

- The risk management policy is in place. However further improvements with the embedding thereof is required;
- The internal control systems are effective for the most part. Internal control weaknesses in the SCM, ICT and grants management processes were identified and are being addressed;
- The internal auditors are operating objectively and independently; and
- Matters requiring management's attention have been addressed adequately.

## Evaluation of financial statements

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor-General the audited financial statements to be included in the Annual Integrated Report;
- Reviewed the Auditor-General's management letter and management's response;
- Reviewed significant adjustments resulting from the audit;
- Reviewed and discussed the Auditor-General's report;
- Reviewed and confirmed the independence of the external auditors for non-audit services; and
- Reviewed the performance of the finance function and recommended improvements. An Acting CFO was appointed during the year to address gaps identified.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General 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.

## Audit and Risk Committee attendance and remuneration 2018/2019

Member	Skalo Dikana <sup>1</sup> (Chairman)	Dominic Storum <sup>2</sup>	Sivuyisiwe Ndlondlwana <sup>3</sup>	Romeshni Govender	Juliet Tshoke	Mdu Zakwe
Position	Board Member	Board Member	Independent Member	Independent Member	Independent Member	Independent Member
Meetings						
23 May 2018	✓	✓	N/A	N/A	N/A	✓
25 July 2018	✓	✓	N/A	N/A	N/A	✓
25 September 2018	✓	×	✓	✓	✓	✓
*18 October 2018			✓	✓	✓	
1 November 2018	✓	✓	✓	✓	✓	×
6 December 2018	✓	×	N/A	✓	×	✓
28 February 2018	✓	N/A	N/A	✓	×	✓
18 March 2018	✓	N/A	N/A	✓	✓	✓
Meetings attended	7	3	2	5	3	6
Remuneration during year for financial year ending 31 March 2019	R77 665	R24 552	R24 000	R48 000	R32 000	R48 000
Travel reimbursement	N/A	R1 470.96	R1 083.00	R1 354.38	R224.54	R1 918.86

1 Committee fees paid to PricewaterhouseCoopers (PWC): S Dikana

2 Resigned December 2018

3 Resigned November 2018

\* Board induction meeting

### Remuneration Rate

Independent member	=	R8 000 per meeting
Chairman (Board member)	=	R11 098 per meeting
Board member	=	R8 184 per meeting
Independent Chairman	=	R8 500 per meeting



**Skalo Dikana**

Chairperson of the Audit and Risk Committee  
FASSET



# OVERVIEW OF HUMAN RESOURCES MATTERS

At 31 March 2019, Fasset's staff complement stood at 52, which almost doubled the workforce of 29 staff members at 31 March 2018. This was in keeping with the demands placed on the organisation by the establishment and capacitation of new functions arising from the strategic decision to bring in-house traditionally outsourced functions such as finance and IT. Four interns were taken on during the year.

## Set human resources priorities for the year under review and the impact of these priorities

This has been a year filled with opportunities to increase staff engagement and expand workforce knowledge for Fasset. There have been many challenges within human relations, which have impacted on staff morale, employee engagements and the operations of the organisation. The set priorities for the year under review were to strengthen the leadership and improve on the employee experience.

## Recruitment and selection

The intensive recruitment drive launched in 2017/2018 continued into the review year, with the identification and appointment of staff to capacitate the new departments. At year-end, the Finance division was fully staffed, as was the new Procurement division. Each department has two interns recruited from our careers portal.

By year-end, 27 positions had been filled with the help of a recruitment agency.

The call centre will continue to be outsourced.

## Employee performance management framework

Performance management provides a system that focuses organisation, teams and individuals on achieving business results in a holistic manner. A performance management moderation committee has been established to ensure that the forum provides discussion of employees' performance with the goal of making sure supervisors apply similar standards for all employees and eliminate biases to the greatest extent possible.

## Training and development

Our Education and Training Policy continued to upskill staff members according to their potential and Fasset's strategic priorities. During the year, six team members received study assistance through the Fasset long-term study initiative.

## Policies

All 23 human resources policies were updated to comply with the Labour Relations Act and the Basic Conditions of Employment Act.

The Human Resources Framework encapsulates the disciplines 'plan, attract, engage, develop, retain, transform and support'.

## Measuring people practices

Investors in People remains the human development standard of choice at Fasset, it being a well-respected benchmark

globally and one that allows the SETA to share in international best practices.

## Recognition and reward

The existing integrated performance management system was reviewed and put in place, which includes individual performance contracts, personal learning and development plans and three performance reviews a year. Also in place, to reward exceptional performance, are a performance management system and an incentive scheme with a maximum value of 14% of the annual remuneration package. These are aligned to and support the attainment of the strategic priorities, goals and outcomes outlined in the SP and APP. The incentive scheme is paid annually at the discretion of Exco and REMCO.

Job grading and salary benchmarking were strictly supervised, with the assistance of external service providers, and will be finalised in 2019/2020.

The performance management system was reviewed during the year, and 21 employees received bonuses.

## Employee wellness programme

A wellness programme run by ICAS is available to employees 24 hours a day and offers assistance ranging from medical and psychological to finance and legal. The Fasset Wellness Policy has been bolstered with the introduction of employee benefits.

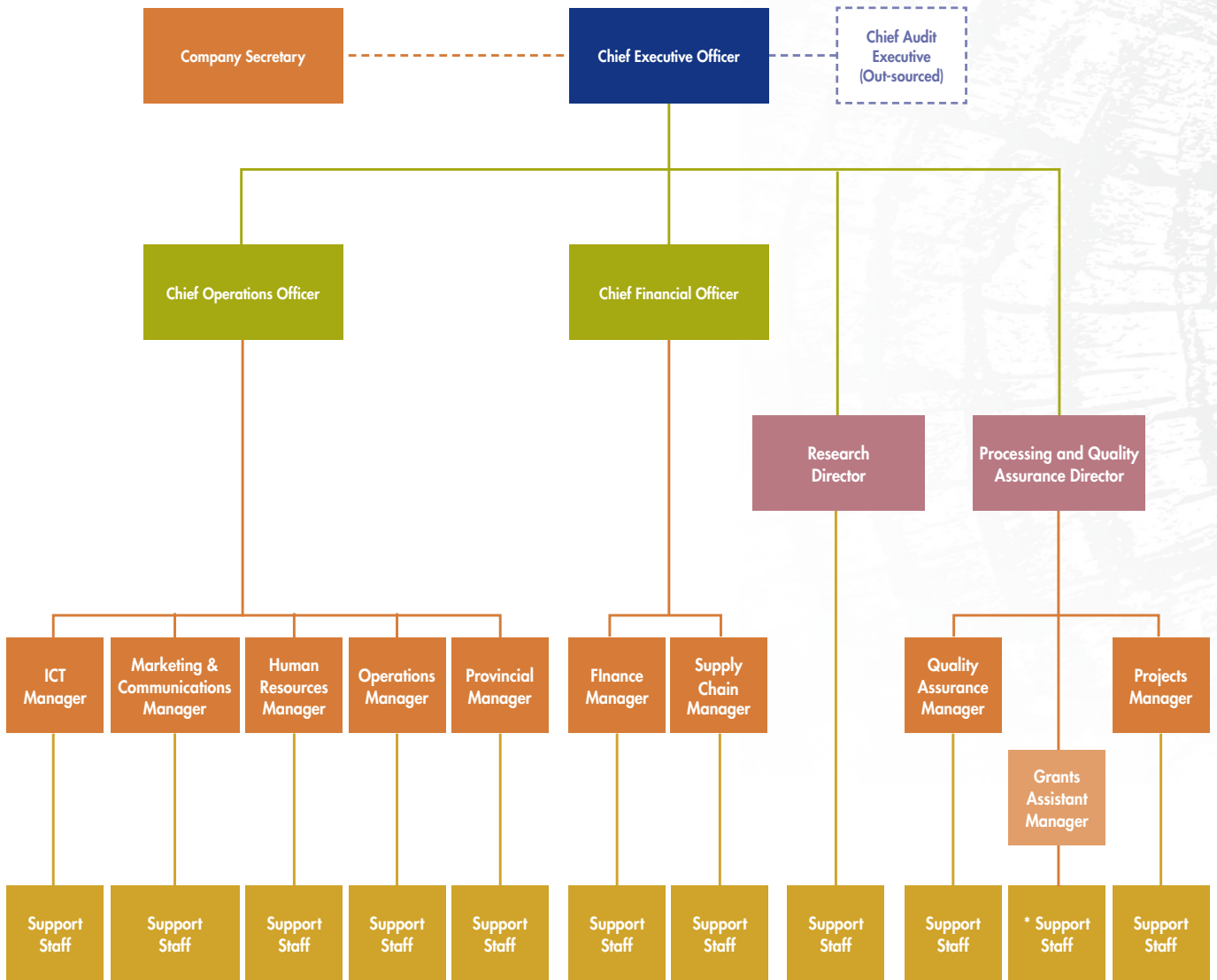
## Future HR plans/goals

A Human Resources Framework has been introduced to ensure an integrated approach to managing people issues. Aspects covered by the framework include coaching for performance, completing an employee satisfaction survey and a performance management system that is monitored continuously.

The future plans are to:

- align the Human Resources Strategy to enable Fasset to achieve its objectives;
- bring the best work experience to its employees through engagement;
- update technology;
- personalise human resources services;
- position human resources as the best befitting division that intends to grow the organisation and focus on high potential employees; and
- position Fasset as the employer of choice.

Figure 10: Organisational Structure



Chief Executive Office

Top Management

Senior Management

Professional Qualified/Managers

Specialists, administrators, attendans and intern-level positions

\* These include all support staff in the Grants and Learnership Processing support staff comprising of Specialists and Administrators.

# HUMAN RESOURCES OVERSIGHT STATISTICS

## Personnel cost by programme/activity/objective

Programme/ activity/objective	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee
	R'000	R'000	%		R'000
Administration	97 025	11 005	11.31	23	478
Skills Planning	83 638	7 045	8.4	11	640
Learning Programmes	415 702	5 361	1.3	14	383
Quality Assurance	3 604	1 859	52	4	465
<b>Total</b>	<b>599 969</b>	<b>25 270</b>	<b>-</b>	<b>52</b>	<b>-</b>

## Personnel cost by salary band

Level	Personnel expenditure	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee
	R'000	%		R'000
Top management	3 914	15	4	979
Senior management	2 471	10	2	1 236
Professional qualified	7 741	31	12	645
Skilled	4 447	18	12	371
Semi-skilled	6 351	25	20	318
Unskilled	346	1	2	173
<b>Total</b>	<b>25 270</b>	<b>100</b>	<b>52</b>	<b>-</b>

Due to the suspension of the CFO, a temporary CFO was appointed to close the gap. Additionally, fixed-term contract positions were filled in order to fully capacitate the teams where there were gaps identified. During the period under review, there were 39 permanent staff members and 13 fixed-term contract employees.

## Performance rewards

Programme/ activity/objective	Performance rewards	Personnel expenditure	% of performance rewards to total personnel cost
		R'000	R'000
Top management	-	-	-
Senior management	-	-	-
Professional qualified	4	199	37
Skilled	4	115	22
Semi-skilled	11	200	38
Unskilled	2	16	3
<b>Total</b>	<b>21</b>	<b>530</b>	<b>100</b>

Only 21 employees of the 39 permanent staff received incentive bonuses; the remaining 18 staff members were not eligible to receive the incentive bonuses.

## Training costs

Programme/ activity/objective	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
	R'000	R'000	%		R'000
Learning Programmes	5 361	145	3	3	48
Quality Assurance	1 859	54	3	1	54
Administration	11 005	85	1	2	43

## Employment and vacancies

Programme/ activity/objective	Number of employees 2017/2018	Approved posts 2018/2019	Number of employees 2018/2019	Vacancies	% of vacancies
					%
Administration	15	32	23	12	29
Learning Programmes	7	13	14	2	10
Quality Assurance	3	4	4	1	2
Skills Planning	4	9	11	0	7
<b>Total</b>	<b>29</b>	<b>58</b>	<b>52</b>	<b>15</b>	<b>48</b>

There were three resignations towards the end of the 2017/18 financial year; at the start of the 2018/19 financial year two of those vacancies were not filled; Fasset had a staff complement of 29 at the start of the 2018/19 financial year.

	Number of employees 2017/2018	Approved posts 2018/2019	Number of employees 2018/2019	Vacancies	% of vacancies
					%
Top management	4	3	4	3	7
Senior management	3	2	2	1	3
Professional qualified	15	14	12	6	21
Skilled	8	17	12	8	22
Semi-skilled	-	19	20	6	34
Unskilled	2	3	2	0	3
<b>Total</b>	<b>32</b>	<b>58</b>	<b>52</b>	<b>23</b>	<b>90</b>

The additional vacancies were temporary positions created in order to close the capacity gaps identified; hence the difference in vacancies in the two tables above. The organogram was subsequently revised but will be effective in the next financial year.

## Employment changes

In the period under review, we appointed the CEO and had one resignation. Turnover rates provide an indication of trends in employment profile of the public entity.

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	2	2	0	4
Senior management	2	1	1	2
Professional qualified	6	3	0	9
Skilled	4	11	0	15
Semi-skilled	13	7	0	20
Unskilled	2	0	0	2
<b>Total</b>	<b>29</b>	<b>23</b>	<b>1</b>	<b>52</b>

## Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	0	0
Resignation	1	2%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
<b>Total</b>	<b>1</b>	<b>2%</b>

## Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Suspension	3
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
<b>Total</b>	<b>3</b>

## Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	-	-	-	-	-	-	-
Senior management	-	-	1	-	-	-	-	-
Professional qualified	6	-	-	-	-	-	-	-
Skilled	3	-	-	-	-	-	-	-
Semi-skilled	5	-	-	-	-	-	-	-
Unskilled	0	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	-	1	-	-	-	-	-
Senior management	-	-	-	-	-	-	1	-
Professional qualified	5	-	-	-	-	-	1	-
Skilled	9	-	-	-	-	-	-	-
Semi-skilled	15	-	-	-	-	-	-	-
Unskilled	2	-	-	-	-	-	-	-
<b>Total</b>	<b>32</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management	-	-	-	-
Senior management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	-	-
Semi-skilled	-	-	1	-
Unskilled	-	-	1	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>

Fasset's staff profile consists of largely African Black females and it has to recruit more coloured, Indian and white candidates in order to close employment equity gaps identified. There has been a significant increase in the number of African Black male and Indian applicants for vacancies advertised. Fasset makes a concerted effort to diversify its staff.

FINANCIAL  
INFORMATION

GROWTH



# STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Accounting Authority is responsible for the preparation of Fasset's financial statements and for judgments made in compiling this information.

It is responsible for establishing and implementing a system of internal control to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements.

In our opinion, the Annual Financial Statements fairly reflect the operations of Fasset for the financial year ended 31 March 2019.

The external auditors have a statutory duty to express an independent opinion on Fasset's Annual Financial Statements for the year ended 31 March 2019. The Auditor-General's report is on page 72.

The Annual Financial Statements of Fasset have been approved. The full set of audited financial statements can be found from page 76 of this report.



**Njabulo Ngwenya**  
Chairman



# REPORT OF THE ACCOUNTING AUTHORITY

The Board is Fasset's Accounting Authority and has full and effective control over Fasset. It monitors the CEO's performance and ensures that decisions on material issues are addressed and that the SETA carries out its fiduciary duties.

The members of the Board have scrutinised the preparation and presentation of this Annual Integrated Report. In their view, it provides insights into Fasset's organisational strategy and how this relates to Fasset's ability to create value for the Fasset sector. The report also provides a holistic picture of the combination, interrelatedness and dependencies among the factors that affect the SETA's ability to deliver on its mandate.

All material matters, both positive and negative, have been included in the report in a balanced manner.

It is the considered opinion of the Board, as the Accounting Authority, that the Annual Integrated Report provides a fair representation of Fasset's financial and non-financial performance for the year ending 31 March 2019 and that it has been prepared in accordance with reporting requirements. Appropriate accounting policies, supported by reasonable and prudent judgment and estimates, have been applied on a consistent, going-concern basis and the Annual Financial Statements comply with GRAP and the PFMA.

Fasset complies with all other applicable legislation and the Board discharges its responsibilities of:

- Providing strategic direction to the organisation;
- Determining strategic objectives, goals and policies, and
- Monitoring performance against these objectives and goals, and annual performance plans.

It is the opinion of the Board, as the Accounting Authority, that Fasset will continue as a going concern for the ensuing year as it has met its budgetary requirements for the year under review and will continue to do so in the future.

## Remuneration

The CEO and COO are traditionally separate functions. However, at the end of the 2017/2018 financial year, a new COO was recruited, who also served as Acting CEO until the appointment by the Minister of a permanent CEO in January 2019. The former Acting CEO then took on the COO role exclusively.

Both the CEO and COO roles are full-time positions and remuneration was in line with the approved salary bands and remuneration policy for the period.

Details of senior management remuneration for the year under review is on page 104 in the audited financial statements.

Board members are remunerated for attending Board and sub-committee meetings in accordance with National Treasury Guidelines Level S. The amount paid to each Board member appears in Table 10 of this report and on page 105 of the Annual Financial Statements.

# REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

## Report of the auditor-general to Parliament on the Finance and Accounting Services Sector Education and Training Authority

### Opinion

1. I have audited the financial statements of the Finance and Accounting Services Sector Education and Training Authority set out on pages 76 to 80, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Finance and Accounting Services Sector Education and Training Authority as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act no. 97 of 1998) (SDA).

### Basis for opinion

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

### Emphasis of matter

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

### Restatement of corresponding figures

7. As disclosed in notes 28 and 30 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2019.

### Responsibilities of the accounting authority for the financial statements

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

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

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

## Report on the audit of the annual performance report

### Introduction and scope

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

Programmes	Pages in the annual performance report
Programme 2 – skills planning	45 – 46
Programme 3 – learning programmes and projects	47 – 51

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes.

### Other matter

17. I draw attention to the matter below.

### Achievement of planned targets

18. Refer to the annual performance report on pages 40 to 51 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets.

### Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on programme 2: skills planning and programme 3: learning programmes and projects. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements relating to disclosed commitments, accounts receivable and accounts payable were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. If I conclude that there is a material misstatement in this other information, I am required to report that fact.
27. I have nothing to report in this regard.

### Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation and the annual performance report included in this report.
29. Oversight controls relating to financial statements were not always effective in detecting errors, as material misstatements were identified relating to commitments disclosed as well as accounts payable. These misstatements could have been avoided had effective oversight been exercised regarding the operation of implemented controls.
30. Management did not implement adequate reviewing and monitoring controls of the annual financial statements before submission for auditing. This resulted in the performance report and financial statements being subjected to material corrections after having been submitted for auditing.
31. Significant deficiencies were noted in the information technology general control environment. These deficiencies could have been prevented had the effectiveness of information technology controls been adequately monitored throughout the year.

*Auditor-General*

Pretoria  
31 July 2019



*Auditing to build public confidence*

# INDEX

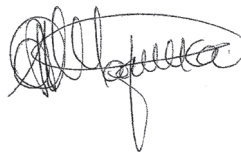
The reports and statements set out below comprise the annual financial statements:

Statement of Financial Position	76
Statement of Financial Performance	77
Statement of Changes in Net Assets	78
Cash Flow Statement	79
Statement of Comparison of Budget and Actual Amounts	80
Accounting Policies	81 - 86
Notes to the Annual Financial Statements	87 - 115

The Annual Financial Statements set out on pages 76 to 115, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2019 and were signed on its behalf by:



**Njabulo Ngwenya**  
Chairman



**Ayanda Mafuleka**  
CEO

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## Statement of Financial Position as at March 2019

	Note(s)	2019 R'000	2018 Restated* R'000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories		117	66
Receivables from exchange transactions	3	158	144
Receivables from non-exchange transactions	4	11 026	35 540
Cash and cash equivalents	5	795 658	695 645
<b>Total current assets</b>		<b>806 959</b>	<b>731 395</b>
<b>Non-current Assets</b>			
Property, plant and equipment	6	1 912	541
Intangible assets	7	157	97
<b>Total non-current assets</b>		<b>2 069</b>	<b>638</b>
<b>Total Assets</b>		<b>809 028</b>	<b>732 033</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	8	21	-
Payables from exchange transactions	9	4 245	2 457
Payables from non-exchange transactions	10	84 461	81 175
Provisions	11	38 909	10 133
<b>Total Liabilities</b>		<b>127 636</b>	<b>93 765</b>
<b>Net Assets</b>		<b>681 392</b>	<b>638 268</b>
<b>Reserves</b>			
Administration reserve		2 069	638
Mandatory reserve		401	589
Discretionary reserve		678 922	637 041
<b>Net Assets</b>		<b>681 392</b>	<b>638 268</b>

## Statement of Financial Performance for the year ended 31 March 2019

	Note(s)	2019 R'000	2018 Restated* R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Investment income	13	53 894	36 968
Profit on disposal of assets		7	-
<b>Total revenue from exchange transactions</b>		<b>53 901</b>	<b>36 968</b>
<b>Revenue from non-exchange transactions</b>			
Transfer revenue			
Levies	14	549 192	535 310
<b>Total revenue</b>		<b>603 093</b>	<b>572 278</b>
<b>Expenditure</b>			
Employee-related costs	15	(25 270)	(18 154)
Internal audit fees		(850)	(752)
External audit fees		(3 622)	(2 875)
Depreciation and amortisation		(644)	(473)
Receivables written off		(1)	(72)
Impairment of receivables		(714)	-
Consulting and professional fees	16	(11 614)	(15 536)
Repairs and maintenance		(1)	(20)
Employer grant and project expenses	17	(499 340)	(269 493)
Other administration expenses	18	(17 913)	(14 612)
<b>Total expenditure</b>		<b>(559 969)</b>	<b>(321 987)</b>
<b>Surplus for the year</b>		<b>43 124</b>	<b>250 291</b>

## Statement of Changes in Net Assets

	Administration reserve R'000	Mandatory reserve R'000	Discretionary reserve R'000	Total reserves R'000	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	692	442	355 027	356 161	-	356 161
Adjustments						
Correction of errors	-	-	31 816	31 816	-	31 816
<b>Balance at 01 April 2017 as restated*</b>	<b>692</b>	<b>442</b>	<b>386 843</b>	<b>387 977</b>	<b>-</b>	<b>387 977</b>
Changes in net assets						
Surplus for the year	-	-	-	-	250 291	250 291
Allocation of accumulated surplus	20 818	50 994	178 479	250 291	(250 291)	-
Excess reserves transferred to discretionary reserve	(20 872)	(50 847)	71 719		-	
<b>Total changes</b>	<b>(54)</b>	<b>147</b>	<b>250 198</b>	<b>250 291</b>	<b>-</b>	<b>250 291</b>
<b>Restated* balance at 01 April 2018</b>	<b>638</b>	<b>589</b>	<b>637 041</b>	<b>638 268</b>	<b>-</b>	<b>638 268</b>
Changes in net assets						
Surplus for the year	-	-	-	-	43 124	43 124
Allocation of accumulated surplus	14 971	48 678	(20 525)	43 124	(43 124)	-
Excess reserves transferred to discretionary reserve	(13 540)	(48 866)	62 406		-	
<b>Total changes</b>	<b>1 431</b>	<b>(188)</b>	<b>41 881</b>	<b>43 124</b>	<b>-</b>	<b>43 124</b>
<b>Balance at 31 March 2019</b>	<b>2 069</b>	<b>401</b>	<b>678 922</b>	<b>681 392</b>	<b>-</b>	<b>681 392</b>

## Cash Flow Statement

	Note(s)	2019 R'000	2018 Restated* R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Levies, interest and penalties received		569 196	525 444
Interest income		53 894	37 975
		<b>623 090</b>	<b>563 419</b>
<b>Payments</b>			
Grants and project payments		(463 505)	(281 297)
Compensation of employees		(23 787)	(18 402)
Payments to suppliers		(33 716)	(14 906)
		<b>(521 008)</b>	<b>(314 605)</b>
<b>Net cash inflows from operating activities</b>	<b>19</b>	<b>102 082</b>	<b>248 814</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(1 887)	(281)
Proceeds from sale of property, plant and equipment	6	11	-
Purchase of other intangible assets	7	(193)	(137)
<b>Net cash outflows from investing activities</b>		<b>(2 069)</b>	<b>(418)</b>
<b>Net increase in cash and cash equivalents</b>		<b>100 013</b>	<b>248 396</b>
Cash and cash equivalents at the beginning of the year		695 645	447 249
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>795 658</b>	<b>695 645</b>

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Profit on disposal of assets	-	-	-	7	7	Note 26.1
Interest received – investment	23 074	(1)	23 073	53 894	30 821	Note 26.2
<b>Total revenue from exchange transactions</b>	<b>23 074</b>	<b>(1)</b>	<b>23 073</b>	<b>53 901</b>	<b>30 828</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Levies	516 926	41 772	558 698	549 192	(9 506)	
Approved retained surplus	-	258 989	258 989	-	(258 989)	Note 26.11
<b>Total revenue from non-exchange transactions</b>	<b>516 926</b>	<b>-</b>	<b>817 687</b>	<b>549 192</b>	<b>(268 495)</b>	
<b>Total revenue</b>	<b>540 000</b>	<b>300 760</b>	<b>840 760</b>	<b>603 093</b>	<b>(237 667)</b>	
<b>Expenditure</b>						
Employee-related costs	(23 178)	(5 930)	(29 108)	(27 270)	3 838	Note 26.3
Internal audit fees	(1 100)	(200)	(1 300)	(850)	450	Note 26.4
External audit fees	(2 800)	(532)	(3 332)	(3 622)	(290)	
Depreciation and amortisation	-	-	-	(644)	(644)	Note 26.5
Receivables written off	-	-	-	(1)	(1)	Note 26.6
Consulting and professional fees	(11 008)	-	(11 008)	(11 614)	(606)	
Repairs and maintenance	(594)	360	(234)	(1)	233	Note 26.7
Impairment of receivables	-	-	-	(714)	(714)	Note 26.8
Employer grant and project expenses	(479 464)	(284 546)	(764 010)	(499 340)	264 670	Note 26.9
Administration expenses	(21 856)	(9 912)	(31 768)	(17 913)	13 855	Note 26.10
<b>Total expenditure</b>	<b>(540 000)</b>	<b>(300 760)</b>	<b>(840 760)</b>	<b>(559 969)</b>	<b>280 791</b>	
<b>Surplus for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43 124</b>	<b>43 124</b>	

# ACCOUNTING POLICIES

## 1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999). Accounting policies are in accordance with the Skills Development Act, Act No 97 of 1998, as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended.

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, is disclosed below.

### 1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity.

### 1.2 Going concern assumption

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

### 1.3 Significant judgments and sources of estimation uncertainty

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

#### Receivables from exchange transactions

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

#### Receivables from non-exchange transactions

Fasset refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected employers being in excess of the amount Fasset would have granted to those employers had all information been available at the time of paying those grants. A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, net of bad debts and allowance for irrecoverable amounts.

#### Payables from exchange transactions

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

#### Payables from non-exchange transactions

Payables from non-exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

#### Provisions

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

### 1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

Fasset assesses whether there is any indication that the expected useful life of the asset has changed based on the condition of the asset if it has improved or declined during the reporting period.

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

Where the carrying amount of an item of property, plant and equipment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

## 1.5 Intangible assets

An intangible asset is recognised when:

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

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

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

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

Item	Useful life
Computer software	2 years

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

Intangible assets are amortised on the straight line basis over their expected useful lives to their estimated residual value.

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

## 1.6 Financial instruments

### Financial assets

All financial assets of Fasset are categorised at amortised cost. 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 comprise balances held at banks and deposits made with the Corporation for Public Deposits and are stated at amortised cost, which, due to their short-term nature, closely approximates their fair value.

### Financial assets at amortised cost

Fasset classifies receivables from exchange and non-exchange transactions as financial assets at amortised cost and measures these using the effective interest method. These financial assets are not quoted in an active market and have fixed or determinable payments as defined in the Standards of Generally Recognised Accounting Practice.

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 impairment at the end of each reporting period.

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, 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 receivables from non-exchange transactions 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 surplus or deficit for the year.

### Financial liabilities

All financial liabilities of Fasset are measured at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

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

Class	Category
Trade and payables	Financial liability measured at amortised cost

## 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.

## 1.7 Tax

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

## 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Inventories consist of consumables on hand at the reporting date and are measured at cost. An individual inventory item whose cost does not exceed R1 000 is recognised as an expense in its year of acquisition.

## 1.9 Employee benefits

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

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Termination benefits are recognised and expensed only when the company can no longer withdraw the offer of the benefits.

Liabilities for annual leave are recognised as they accrue to employees. The entity recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual.

No provision has been made for retirement benefits as the entity does not provide for retirement benefits for its employees.

## 1.10 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Fasset recognises a provision for the repayment of levies contributed by companies exempted from contributing skills development levy but continue to do so.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or (b) a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Commitments are disclosed in a note to the financial statements if both the following criteria are met:

Contracts should be non-cancellable or cancellable at a significant cost; and

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts are excluded.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

## 1.11 Revenue from exchange transactions

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

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

## 1.12 Revenue from non-exchange transactions

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

When the entity 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 the entity will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to the entity are subject to the fulfilment 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) and contributions received from government departments for which Fasset qualifies as the line function SETA.

### 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 in the Skills Development Levies Act (SDLA) Act No 9 of 1999, as amended.

In terms of sections 3(1) and 3(4) of the SDLA, 1999 as amended, registered member companies of the entity pay a skills development levy of 1% of the total payroll cost to the South African Revenue Service (SARS), which collects the levies on behalf of the 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).

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 the entity, as required by Section 8 of the SDLA, 1999 as amended.

In terms of the DPSA circular, circular HRD 1 of 2013, all departments are required to set aside a minimum of 1% of the total department's annual personnel budget for training and development of its personnel and potential employees. 30% of this amount is appropriated to the SETA with which the department is affiliated. For departments belonging to more than one SETA the 30% levy is apportioned proportionally. Fasset receives contributions from SARS (as an employer) and national and provincial treasuries.

### Interest and penalties

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

## 1.13 Investment income

Interest income from investments including Corporation for Public Deposits and cash held in current accounts, is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

## 1.14 Comparative figures

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

Comparative figures were restated in the current year.

## 1.15 Fruitless and wasteful expenditure

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

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

### 1.16 Irregular expenditure

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.17 Segment information

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

Segment information is presented based on service. Service segments relate to a distinguishable component of Fasset which provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Fasset's service segments are mandatory, discretionary and administration activities.

### 1.18 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.19 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
- Mandatory reserve
- Discretionary reserve
- Accumulated surplus

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

- |   |       |
|---|-------|
| • Administration costs of the SETA          | 10.5% |
| • Employer grant fund levy                  | 20.0% |
| • Discretionary grants and projects         | 49.5% |
| • Contributions to the National Skills Fund | 20.0% |

Government department levy payments are set aside for the purpose of:

- |                                     |       |
|-------------------------------------|-------|
| • Administration costs of the SETA  | 33.3% |
| • Discretionary grants and projects | 66.7% |

Interest and penalties received from SARS as well as interest received on investments are 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 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.

## 1.20 Grants and project expenditure

A registered employer may recover a maximum of 20% 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 20% of the total levies contributed by employers.

## 1.21 Grants

### Mandatory grant payments

A liability is recognised for mandatory grant payments once the specific criteria set out in the SETA Grant Regulation have been complied with by member companies and it is probable that the entity 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 Accounting Authority have been complied with by member companies and it is probable that the entity 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 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 the Annual Financial Statements.

Commitments as per the SETA Regulations are defined as contractual obligations that exist at the end of the financial year that oblige the SETA to make payments or agreement (written) with specific terms between a SETA and a third party, whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make a payment against the discretionary grant.

Commitments are disclosed where the entity 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.

## 1.22 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity or another entity are subject to common control. This is disclosed only if not at arm's length.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 2. New standards and interpretations

### 2.1 Standards effective and adopted in the current year

In the current year, the entity had no standards and interpretations effected and adopted.

### 2.2 Standards issued and relevant but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact
<b>GRAP 18:</b> (as amended 2016): Segment Reporting	01 April 2019	The objective of this Standard is to establish principles for reporting financial information by segments. The disclosure of this information will help users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity; and enhance the transparency of financial reporting and enable the entity to better discharge its accountability obligations. Unlikely there will be a material impact as Fasset already adopted the standard.
<b>GRAP 20:</b> Related Parties	01 April 2019	This Standard prescribes the disclosure of information relevant to draw attention to the possibility that the entity's financial statements may have been affected by the existence of related parties. The adoption of this standard is not expected to impact on the results of Fasset but may result in more disclosure than is currently provided in the Annual Financial Statements.
<b>GRAP 105:</b> Transfers of Functions between Entities under Common Control	01 April 2019	The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. Unlikely there will be a material impact on Fasset.
<b>GRAP 106:</b> (as amended 2016): Transfers of functions between Entities not under Common Control	01 April 2019	The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. Unlikely there will be a material impact on Fasset.
<b>GRAP 107:</b> Mergers	01 April 2019	The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. Unlikely there will be a material impact on Fasset.
<b>GRAP 108:</b> Statutory Receivables	01 April 2019	This Standard prescribes the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. It is not expected that this Standard will significantly impact future disclosures.
<b>GRAP 109:</b> Accounting by Principals and Agents	01 April 2019	This Standard outlines the principles to be used by an entity to assess whether it is a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. It is not expected that this Standard will significantly impact future disclosures.

## 2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods, but are not relevant to its operations:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact
<b>GRAP 32:</b> Service Concession Arrangements: Grantor	01 April 2019	Adoption of the standard is not expected to have an impact on future disclosures as service concession arrangements are not relevant to Fasset.
<b>IGRAP 17:</b> Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Adoption of the standard is not expected to have an impact on future disclosures as service concession arrangements are not relevant to Fasset.

## 3. Receivables from exchange transactions

Prepayments  
Deposits  
Other receivables  
Staff debtors

2019	2018 Restated*
R'000	R'000
-	40
104	104
47	-
7	-
<b>158</b>	<b>144</b>

## 4. Receivables from non-exchange transactions

Levy debtor receivable  
Employer receivables  
Levy debtor receivable  
Project receivables

2019	2018 Restated*
R'000	R'000
1 306	-
292	3 676
174	-
9 254	31 864
<b>11 026</b>	<b>35 540</b>

R292 000 (2018: R3 676 000) was recognised as a receivable relating to the overpayment to the levy-paying employers in prior periods, as a result of levy income reversals done by SARS after the grants had been paid. 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 assessment of the risk of non-recoverability. The carrying amount of these assets approximates their fair value.

R1 306 000 relates to levies contributed by SARS for March 2019 but actual payment received after year end. In terms of the DPSA circular, circular HRD 1 of 2013, all departments are required to set aside a minimum of 1% of the total department's annual personnel budget for training and development of its personnel and potential employees. 30% of this amount is appropriated to the SETA with which the department is affiliated. For departments belonging to more than one SETA the 30% levy is apportioned proportionally. Fasset receives contributions from SARS (as an employer) and national and provincial treasuries.

Project receivables relates to an amount of R305 660 to be refunded by the University of the Free State for an amount invoiced for planned learners support sessions, the number of which was reduced, and R8 948 763.34 relating to advances paid to NSFAS to run the bursary scheme on behalf of Fasset.

#### Reconciliation of provision for impairment of employer receivables

Employer receivables

Less: Allowance for impairment

1 006 000	3 676 267
(713 786)	-
<b>292 214</b>	<b>3 676 267</b>

R1 006 000 (2018: R3 676 267) was recognised as a receivable relating to the overpayment to employers in the earlier periods, and is based on the amount of such grant overpayments.

Of the R1 006 000 employer receivables, R713 786 is impaired and R292 214 is not impaired.

## 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand

Bank balances – FNB current account

Reserve Bank (CPD account)

2019	2018 Restated*
R'000	R'000
2	2
44 784	94 431
750 872	601 212
<b>795 658</b>	<b>695 645</b>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. Fasset invests surplus funds in line with Treasury Regulations 31.3.3. During the current year funds were invested with the Corporation for Public Deposits. The average interest rate on funds held at the Corporation for Public Deposits was 7.06% (2018: 7.08%).

## 6. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and fittings	560	(527)	33	610	(560)	50
Office equipment	980	(591)	389	1 042	(856)	186
Computer equipment	1 761	(972)	789	1 300	(995)	305
Leasehold improvements	797	(96)	701	687	(687)	-
<b>Total</b>	<b>4 098</b>	<b>(2 186)</b>	<b>1 912</b>	<b>3 639</b>	<b>(3 098)</b>	<b>541</b>

### Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fittings	50	-	-	(17)	33
Office equipment	186	300	-	(97)	389
Computer equipment	305	817	(5)	(328)	789
Leasehold improvements	-	770	-	(69)	701
	<b>541</b>	<b>1 887</b>	<b>(5)</b>	<b>(511)</b>	<b>1 912</b>

### Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Depreciation	Total
Office furniture and fittings	66	-	(16)	50
Office equipment	256	25	(95)	186
Computer equipment	256	256	(207)	305
Leasehold improvements	98	-	(98)	-
	<b>676</b>	<b>281</b>	<b>(416)</b>	<b>541</b>

Repairs and maintenance to the office equipment amounted to R1 000 (2018: R20 000).

During the current year Fasset lost a laptop and the proceeds of R11 200 were received from the insurance company.

Fasset had fully depreciated assets with a total cost of R1 066 528.36 still in use as at the end of the financial year.

## 7. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	193	(36)	157	390	(293)	97

### Reconciliation of intangible assets – 2019

	Opening balance	Additions	Amortisation	Total
Computer software	97	193	(133)	157

### Reconciliation of intangible assets – 2018

	Opening balance	Additions	Amortisation	Total
Computer software	16	137	(56)	97

## 8. Operating lease accrual

	2019	2018 Restated*
	R'000	R'000
Current liabilities	21	-

Lease payments under an operating lease were recognised as an expense in the statement of financial performance on a straight-line basis over the lease term.

## 9. Payables from exchange transactions

	2019	2018 Restated*
	R'000	R'000
Trade creditors	1 597	401
Accrued leave pay	872	540
Accrued bonus	-	525
Administration accruals – trade	1 776	991
	<b>4 245</b>	<b>2 457</b>

## 10. Payables from non-exchange transactions

Skills development grants payable – mandatory
Skills development grants payable – discretionary
InterSETA payables
Project accruals
Project creditors
Levy creditors

2019	2018 Restated*
R'000	R'000
11 021	13 897
10 105	36 289
-	755
50 336	15 177
12 293	13 225
706	1 832
<b>84 461</b>	<b>81 175</b>

## 11. Provisions

### Reconciliation of provisions – 2019

Provision for discretionary grants – LEG grants
Provision for discretionary grants – projects
Exempt employer provision
Bonus Provision

Opening balance	Additions	Total
-	2 260	2 260
-	22 832	22 832
10 133	2 008	12 141
-	1 676	1 676
<b>10 133</b>	<b>28 776</b>	<b>38 909</b>

### Reconciliation of provisions – 2018

Exempt employer provision
---------------------------

Opening balance	Additions	Change in estimate	Total
11 915	22	(1 804)	10 133

### Provision for discretionary grants – LEG

An amount of R2 260 000 relates to Learner Employer Grants. Applications for 2019 were received and evaluated during the current financial year; and the final approval was after year end.

### Exempt employer provision

An amount of R12 141 000 (2018: R10 133 000) 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.

There was no change in estimate that relates to prior scheme year levy reversals that occurred in the current year (2018: R1 804 000).

In terms of Skills Development Circular No 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of Section 190 (4) of the Tax Administration Act. These amounts have been transferred to the discretionary funds in line with the aforementioned circular.

### Bonus provision

The bonus provision was calculated using a maximum of 10% of the employees' basic salary. The percentage bonus awarded is based on performance. The assessment of performance will be conducted by the Human Resources department and the timing of the payment will be considered and approved by REMCO subsequent to year end.

## 12. Accumulated surplus

### Allocation of surplus to reserves

#### Current year – 2019

	Administration reserve	Mandatory reserve	Discretionary reserve	Total per statement of financial performance
	R'000	R'000	R'000	R'000
Levies	75 593	132 316	341 283	549 192
Interest received – investments	-	-	53 894	53 894
Profit on disposal of assets	7	-	-	7
<b>Total revenue</b>	<b>75 600</b>	<b>132 316</b>	<b>395 177</b>	<b>603 093</b>
Administration expenses	(60 629)	-	-	(60 629)
Employer grants and project expenses	-	(83 638)	(415 702)	(499 340)
<b>Surplus per Statement of Financial Performance allocated</b>	<b>14 971</b>	<b>48 678</b>	<b>(20 525)</b>	<b>43 124</b>

#### Prior year – 2018

	Administration reserve	Mandatory reserve	Discretionary reserve	Total per statement of financial performance
	R'000	R'000	R'000	R'000
Levies	73 312	125 394	336 604	535 310
Interest received – investment	-	-	36 968	36 968
<b>Total revenue</b>	<b>73 312</b>	<b>125 394</b>	<b>373 572</b>	<b>572 278</b>
Administration expenses	(52 494)	-	-	(52 494)
Employer grants and project expenses	-	(74 400)	(195 093)	(269 493)
<b>Surplus per Statement of Financial Performance allocated</b>	<b>20 818</b>	<b>50 994</b>	<b>178 479</b>	<b>250 291</b>

### 13. Investment income

Reserve Bank (CPD account)  
FNB current account

2019	2018 Restated*
R'000	R'000
49 660	35 281
4 234	1 687
<b>53 894</b>	<b>36 968</b>

### 14. Levies

Levy transfer: Employer grants  
Levy transfer: Discretionary grants  
Levy transfer: Administration  
Levy penalties and interest

2019	2018 Restated*
R'000	R'000
132 316	125 394
335 618	326 910
75 593	73 312
5 665	9 694
<b>549 192</b>	<b>535 310</b>

## 15. Employee-related costs

	2019	2018 Restated*
	R'000	R'000
Basic salaries	21 257	17 258
Performance bonus – paid	-	193
Medical aid – company contributions	554	431
UIF	68	50
Workmens compensation	60	32
SDL	236	193
Leave pay accrual	332	(441)
Group life benefits	543	438
Performance bonus – current year	1 676	-
Performance bonus – prior year under provision	544	-
	<b>25 270</b>	<b>18 154</b>

The Board resolved to in-source finance, IT, human resources and SCM, this resulted in an increase in Fasset's staff complement.

## 16. Consulting and professional fees

	2019	2018 Restated*
	R'000	R'000
Consultancy fees	751	-
Service provider fees	10 863	15 536
	<b>11 614</b>	<b>15 536</b>

## 17. Employer grant and project expenses

	2019	2018 Restated*
	R'000	R'000
Mandatory grants	83 638	74 400
Discretionary grants	137 237	45 138
Project expenditure	278 465	149 955
	<b>499 340</b>	<b>269 493</b>

## 18. Other administration expenses

	2019	2018 Restated*
	R'000	R'000
Advertising	924	760
Board ad-hoc assignment fees	-	550
Bank charges	76	72
Board legal project costs	-	2 359
Committee fees*	161	591
Catering and refreshments	75	28
Committee costs	880	597
Committee travel costs	1	24
Education and Training Quality Assurance (ETQA)	11	180
Insurance	380	316
Interest and penalties	57	-
IT expenses	170	-
Lease rentals on operating lease	2 792	1 830
Legal fees	2 705	635
Other expenses	359	166
Office maintenance	133	133
Postage and courier	2	4
Printing and stationery	819	446
Quality Council for Trades and Occupations (QCTO)	3 451	2 411
Recruitment costs	829	5
Research expenditure	1 425	844
Remuneration to members of the Accounting Authority	1 512	1 592
Relocation costs	184	-
Small assets write-offs	4	18
Telephone	196	116
Training	320	414
Travel and subsistence	107	79
Water and electricity	340	442
	<b>17 913</b>	<b>14 612</b>

\* The Board legal project costs, committee travel assignments and committee fees incurred are in relation to the investigation into the SCM and HR for 2018.

\*\* The Board ad-hoc fees incurred are in relation to the ad-hoc assignment meetings that took place in 2018 and 2019.

### Lease rentals

This relates to Fasset relocating to a new building with a bigger office space.

### Legal fees

This relates to legal fees incurred for disciplinary cases held during the year.

### QCTO

Based on the prior year's levies received by Fasset.

### Recruitment cost

This relates to recruitment costs incurred as a result of insourcing of the finance, ICT, SCM and human resources functions.

## 19. Cash generated from operations

	2019	2018 Restated*
	R'000	R'000
Surplus	43 124	250 291
<b>Adjustments for:</b>		
Depreciation and amortisation	644	473
Profit on disposal of assets	(7)	-
Receivables written off	1	72
Impairment of receivables	714	-
Movements in operating lease liability	21	(39)
Movements in provisions	28 776	(1 782)
Investment income accrued	-	1 007
<b>Changes in working capital:</b>		
Inventories	(51)	(11)
Receivables from exchange transactions	(14)	40 674
Receivables from non-exchange transactions	23 800	(31 306)
Payables from exchange transactions	1 788	(20 641)
Payables from non-exchange transactions	3 286	10 076
	<b>102 082</b>	<b>248 814</b>

## 20. Commitments

### Admin commitments due

#### Within one year

Internal audit services	1 213	49
Document storage	296	27
Service provider fees	12 423	3 885
Certificate printing	-	388
Professional indemnity cover	315	180
Printing services – course material	1 157	1 294
Training facilitator – N	-	276
Training facilitator – S	-	373
Travel	128	-
Marketing	769	-
Provision of design, layout and furniture	1 731	-
Research projects	749	-
Installation of leasehold improvements	228	-

2019	2018 Restated*
R'000	R'000
1 213	49
296	27
12 423	3 885
-	388
315	180
1 157	1 294
-	276
-	373
128	-
769	-
1 731	-
749	-
228	-
<b>19 009</b>	<b>6 472</b>

#### Operating lease

- within one year
- in second to fifth year inclusive

2 797	673
10 889	-
<b>13 686</b>	<b>673</b>

The operating lease relates to the rental of office space in which the entity operates. Fasset entered into a lease agreement on 1 August 2018 until 31 July 2023. The monthly rental escalates annually by 7.5% on the anniversary of the start date.

#### Discretionary projects

-	-
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#### 2016/2017 active projects

TVET Workplace-based experience project

2 149	6 114
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#### 2016/2017 projects – implemented in 2017/18

SAIT Imali	-	3 339
SAIT Intela	-	4 146
Special projects - National Treasury	4 427	5 558
ISFAP	89 322	110 000
TVET Workplace-based Experience project	10 223	25 711

-	3 339
-	4 146
4 427	5 558
89 322	110 000
10 223	25 711
<b>103 972</b>	<b>148 754</b>

## 20. Commitments (continued)

### Discretionary projects (continued)

#### 2017/2018 projects – Implemented in 2018/2019

ABP University of the Free State	-	10 068
ABP University of Fort Hare (Year 1)	-	3 550
ABP University of Fort Hare (Year 2)	-	3 550
ABP University of Fort Hare (Year 3)	-	3 550
ABP Unisa College of Accounting	-	9 300
ABP CPUT	-	17 222
ABP SAICA	-	7 420
FBS University of Western Cape	-	14 934
FBS University of Johannesburg	-	13 455
FBS University of Limpopo	-	21 056
FBS University of the Free State	-	9 142
FBS Career Wise Empowerment Ventures	-	7 598
FBS University of Pretoria	-	11 907
FBS University of Cape Town	-	9 273
FBS University of the Free State (Qwaqwa)	-	6 105
FBS Thuthuka Education Upliftment Fund	-	14 964
FBS Rhodes University	-	5 880
Spectrum	-	10 660
Institute of Certified Bookkeepers and Accountant (ICBA)	3 282	5 122
	<b>3 282</b>	<b>184 756</b>

## 20. Commitments (continued)

### Discretionary projects (continued)

#### 2018/2019 Projects – To be implemented in 2019/2020

College of Accounting Sciences, Unisa (1 application of 2)		
College of Accounting Sciences, Unisa (2 application of 2)		
University of Western Cape		
University of the Free State		
University of Fort Hare (first year)		
University of Fort Hare (second year)		
University of Fort Hare (third year)		
University of Johannesburg		
University of the Free State – Bloemfontein		
University of Pretoria		
University of the Free State – Qwaqwa		
University of Western Cape (financial aid office)		
Thuthuka Education Upliftment Fund		
University of Western Cape (EMS)		
Career Wise Empowerment Venture		
Thuthuka Education Upliftment Fund (ISFAP)		
Thuthuka Education Upliftment Fund CTA		
Nelson Mandela University		
College of Accounting Science		
UCT College of Accounting		
University of Fort Hare		
Rhodes University		
University of Witwatersrand		
Credo Business College		
South African Institute of Tax Professionals (SAIT) 1 – Intela 3		
Association of Certified Chartered Accountants (ACCA)		
North West University		
Spectrum		
SAIBA (unemployed)		
SAIBA (employed)		
SAICA (AT(SA))		
University of Johannesburg		
University of Pretoria		
North West University		
UCT College of Accounting		

2019	2018
R'000	Restated*
R'000	R'000
7 085	-
1 235	-
10 601	-
7 277	-
1 487	-
1 487	-
1 487	-
5 407	-
9 082	-
9 916	-
2 741	-
8 844	-
7 295	-
10 136	-
4 168	-
3 577	-
8 393	-
6 597	-
523	-
5 128	-
10 182	-
2 315	-
8 076	-
7 581	-
4 991	-
4 854	-
1 973	-
4 787	-
2 036	-
846	-
5 308	-
5 605	-
5 535	-
6 701	-
3 723	-

## 20. Commitments (continued)

### Discretionary projects (continued)

	2019	2018
	R'000	R'000
Rhodes University	2 365	-
Career Wise Empowerment Venture	7 451	-
University of the Free State (Qwaqwa)	2 841	-
University of the Free State (programme 2)	5 885	-
University of the Free State (south campus)	3 910	-
University of the Free State (SABAS)	2 201	-
University of the Western Cape (EMS)	22 066	-
Nelson Mandela University	3 419	-
Thuthuka	10 733	-
CTA Cape Peninsula University of Technology	14 610	-
University of Western Cape (financial aid)	9 888	-
ISFAP	22 552	-
Mosebo	11 427	-
University of Fort Hare	19 000	-
Thuthuka HDI	10 086	-
Credo Business College	3 071	-
IMAS	2 923	-
South African Institute of Tax Professionals (SAIT) Intela 3	2 028	-
SAIT 4 – Enterprises University of Pretoria	2 048	-
CIMA – Star Students	1 055	-
SAIT 3 – The Tax Faculty (Tax Professional)	3 034	-
SAIT 5 – The Tax Faculty (Tax Technician)	4 230	-
Association of Certified Chartered Accountants (ACCA) 2	2 612	-
ATSA	5 308	-
SAIPA	17 083	-
Ideahub Group - LLP, LPD	2 218	-
TVET Workplace-based Experience Project	34 244	-
	<b>415 267</b>	-
<b>Total discretionary</b>	<b>524 670</b>	<b>339 624</b>

An amount of R524 670 000 (2018: R339 624 000) was contracted out of the total R678 922 000 (2018: R637 041 000) discretionary reserves. The percentage commitment as at 31 March 2019 is 77%. A request for accumulation of the discretionary surplus will be submitted to National Treasury through DHET.

#### Year 2018/2019 split between PIVOTAL and Non-PIVOTAL:

The grant regulations require at least an 80/20 split for discretionary projects between PIVOTAL and Non-PIVOTAL programmes. We have performed the calculation based on current year project allocations. During the current year Fasset allocated 90% (2018: 97%) projects to PIVOTAL programmes and 10% (2018: 3%) to Non-PIVOTAL programmes.

## 21. Related parties

### Relationships

<b>Controlling entity</b>	DHET
<b>Entities under common control</b>	<p>By virtue of the fact that Fasset is a National Public Entity controlled by DHET, it is considered related to other SETAs, the QCTO 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.</p> <p>Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.</p>
<b>Members of the Accounting Authority whose entities are beneficiaries of PricewaterhouseCoopers</b>	PWC (KJ Dikana), SAICA (NA Kater), National Treasury (D Majeke), ACCA (MP Semanya), Basamandla Consulting (HB Mathibela), NERPO (NE Nyathela-Mahanjana, LIEDA (MF Mushwana)
<b>Members of Accounting Authority</b>	<p>NE Ngwenya (Chairman)</p> <p>MHR Bussin</p> <p>KJ Dikana</p> <p>HB Mathibela</p> <p>NE Nyathela-Mahanjana</p> <p>TC Phatlane</p> <p>JC Kruger</p> <p>MF Mushwana</p> <p>HD Jacobs</p> <p>GE Mthombeni</p> <p>DL Storum (Resigned 31 December 2018)</p> <p>TN Macanda</p> <p>NA Kater</p> <p>MP Semanya</p> <p>D Majeke</p>
<b>Members of key management</b>	<p>A Mafuleka (CEO)</p> <p>E Thobejane (COO)</p> <p>E Boomgaard (PQA Director)</p> <p>L Derman (Research Director)</p> <p>Z Koyana (CFO)</p> <p>S Maye (Acting CFO)</p>

## 21. Related parties (continued)

### Related-party balances

#### Inter-SETA payables

SERVICES SETA

MICT

MERSETA

Uncategorised

2019	2018 Restated*
R'000	R'000
-	60
-	23
-	238
-	434
-	755

### Related-party transactions

#### Transactions with SETAs and other entities under common control

QCTO

2019	2018 Restated*
R'000	R'000
3 451	2 411

## 22. Remuneration of executive management and members of Accounting Authority

### Remuneration of executive management

2019	Basic	Allowances	Acting allowances	Other benefits	Bonus	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Ayanda Mafuleka Chief Executive Officer (Appointed 1 January 2019)	534	2	-	18	-	554
Elizabeth Thobejane Chief Operations Officer	1 602	-	326	53	-	1 981
Zanoxolo Koyana Chief Financial Officer	1 407	-	-	52	-	1 459
Solomzi Maye Acting Chief Financial Officer (Appointed 1 March 2019)	70	-	-	-	-	70
Lauren Derman Research Director	1 282	25	-	52	50	1 409
Ebrahim Boomgaard PQA Director (Appointed June 2018)	940	-	-	36	-	976
	<b>5 835</b>	<b>27</b>	<b>326</b>	<b>211</b>	<b>50</b>	<b>6 449</b>

2018	Basic	Allowances	Acting allowances	Other benefits	Severance package	Leave payout	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cheryl James Chief Executive Officer (up to October 2017)	1 058	18	-	39	1 082	300	2 497
Lesego Lebuso Chief Operating Officer (up to November 2017)	1 143	-	404	76	-	-	1 623
Tania Lee – Projects Director (up to August 2017)	483	10	-	19	300	106	918
Natercia Faustino PQA Director (up to November 2017)	872	-	-	37	-	73	982
Elizabeth Thobejane Chief Operating Officer	63	-	-	1	-	-	64
Zanoxolo Koyana Chief Financial Officer	657	-	-	22	-	-	679
Lauren Derman Research Director	1 197	25	149	49	-	-	1 420
	<b>5 473</b>	<b>53</b>	<b>553</b>	<b>243</b>	<b>1 382</b>	<b>479</b>	<b>8 183</b>

## 22. Remuneration of executive management and members of Accounting Authority (continued)

### Remuneration – members of the Accounting Authority (excludes travel)

2019	Meeting and preparation fees	Accounting Authority ad-hoc fees	Total
	R'000	R'000	R'000
NE Ngwenya (Chairman)	217	58	275
S Daniels**	8	-	8
MHR Bussin	87	6	93
K Hlongwane**	8	-	8
KJ Dikana*	110	-	110
TN Macanda	30	-	30
S Machaba**	8	-	8
DL Storom	101	-	101
HB Mathibela	77	24	101
NA Kater*	151	41	192
MF Mushwana	153	-	153
MP Semanya	157	26	183
P Stock**	8	-	8
NE Nyathela-Mahanjana	100	-	100
TC Phatlane	198	-	198
GE Mthombeni	101	-	101
JC Kruger	-	-	-
HD Jacobs	135	6	141
D Majeke	-	-	-
	<b>1 649</b>	<b>161</b>	<b>1 810</b>

The Accounting Authority consists of members appointed in terms of Fasset's Constitution. Remuneration is paid to members or to their nominating organisations. Fasset has remunerated members of the Accounting Authority for attending Board and sub-committee meetings as disclosed above. The transactions above occurred under terms that were no more favourable than those available in similar arm's length dealings.

JC Kruger and D Majeke were not remunerated for attending Board and committee meetings.

- \* Remuneration for attending Accounting Authority and sub-committee meetings relating to these members is paid to their nominating entity.
- \*\* The Board members' term lapsed on 31 March 2018 and new members were appointed.
- \*\*\*\* Remuneration for N Ngwenya, B Mathibela, N Kater and P Semanya is for Accounting Authority ad-hoc fees incurred in relation to grievance hearing committee meetings that took place in the current financial year.

## 22. Remuneration of executive management and members of Accounting Authority (continued)

### Remuneration – members of the Accounting Authority (excludes travel)

2018	Meeting and preparation fees	Accounting Authority ad-hoc fees	Total
	R'000	R'000	R'000
S Daniels	177	589	766
A Dempsey	168	-	168
S Gounden	116	-	116
K Hlongwane	141	-	141
M Kotane	75	-	75
N Macanda	65	-	65
S Machaba*	95	-	95
B Mathibela	120	109	229
M Mushwana	143	-	143
C Rheeder	138	-	138
P Stock	174	-	174
	<b>1 412</b>	<b>698</b>	<b>2 110</b>

\*\*\* Remuneration for S Daniels and B Mathibela is for Accounting Authority ad-hoc fees incurred in relation to investigation into the supply chain management and human resources matters that took place in the prior financial year.

\* Remuneration was paid to their nominating organisations.

## 23. Risk management

### 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.

2019	Carrying amount	6 months or less	6 - 12 months	1 - 2 years
	R'000	R'000	R'000	R'000
Payables from exchange transactions	(4 245)	(4 245)	-	-

2018	Carrying amount	6 months or less	6 - 12 months	1 - 2 years
	R'000	R'000	R'000	R'000
Payables from exchange transactions	(2 457)	(2 457)	-	-

### Credit risk

Financial assets that potentially subject Fasset to the risk of non-performance by counterparties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents and receivables from exchange transactions.

Fasset limits its treasury counterparty exposure by dealing only 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 counterparty. 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 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.

2019	Gross	Impairment	Carrying amount
	R'000	R'000	R'000
Receivables from exchange transactions	158	-	158
Cash and cash equivalents	795 658	-	795 658

2018	Gross	Impairment	Carrying amount
	R'000	R'000	R'000
Receivables from exchange transactions	144	-	144
Cash and cash equivalents	695 645	-	695 645

### 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.

## 23. Risk management (continued)

### Interest rate risk

Fasset manages its interest rate risk by effectively investing Fasset surplus cash in term deposits with the Corporation for Public Deposits according to Fasset's investment policy.

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

2019	Floating rate	Non-interest bearing	Total
	R'000	R'000	R'000
Cash	795 654	2	795 656
Receivables from exchange transactions	-	158	158
Payables from exchange transactions	-	(4 245)	(4 245)
	<b>795 654</b>	<b>(4 085)</b>	<b>791 569</b>

2018	Floating rate	Non-interest bearing	Total
	R'000	R'000	R'000
Cash	695 643	2	695 645
Receivables from exchange transactions	-	144	144
Payables from exchange transactions	-	(2 457)	(2 457)
	<b>695 643</b>	<b>(2 311)</b>	<b>693 332</b>

## 24. Going concern

The entity is currently established until 31 March 2020. The ability of the entity to continue as a going concern beyond 31 March 2020 is dependent on the DHET's decision to relicence the SETA at that time. There are no known instances which cast doubt on the SETA's ability to continue as a going concern for the next 12 months.

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

## 25. Contingencies

### Discretionary projects

#### 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 R401 000 (2018: R589 000) will be payable. The amount is contingent on the number of submissions received and approved.

### Surplus funds

#### Retention of cash

In terms of Section 53 (3) of the PFMA, public entities listed in schedule 3A and 3C to the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. During May 2017, National Treasury Issued Instruction No 6 of 2017/18, which gave a revised definition of a surplus. According to this instruction, a surplus is based on cash and cash equivalents, plus receivables, less current liabilities and commitments at the end of the financial year.

On 30 November 2017, DHET issued Skills Development Circular No 15/2017, which requires SETAs to continue to apply for the retention of surpluses in terms of Section 53(3) of the PFMA and should observe National Treasury Instruction No 6 of 2017/2018.

As of 31 March 2019 the surplus for the year is as follows:

	2019	2018 Restated*
	R'000	R'000
Cash and cash equivalents at the end of the year	795 658	695 645
Add: Receivables	11 301	35 750
Less: Current liabilities	(127 636)	(93 765)
Less: Admin commitments	(32 695)	(7 145)
Less: Discretionary projects commitments	(524 670)	(339 624)
	<b>121 841</b>	<b>290 795</b>

## 26. Budget differences

### Notes to statement of comparison of budget and actual amounts

Legislation requires that Fasset annually, in September, submit a budget to the Minister for approval. Variances of 10% and above are considered material and are explained below:

#### 26.1 Profit on disposal of assets

This relates to the profit realised on disposal of fixed assets that was not budgeted for.

#### 26.2 Investment received

Investment income was 134% higher than budget due to higher average cash balances being held during the year.

#### 26.3 Employee-related costs

Employee costs were 13% below budget due to vacancies filled later than expected.

#### 26.4 Internal audit fees

Internal audit fees were 35% below budget due to the late appointment of internal auditors. As a result, the internal audit work began only in the third quarter of the financial year.

#### 26.5 Depreciation

Fasset does not budget for depreciation as this is a non-cash item.

#### 26.6 Receivables wriffen off

This relates to bad debts written off during the year.

#### 26.7 Repairs and maintenance

Repairs and maintenance was 99% lower than budget. Fasset moved to new premises and, as a result, fewer repairs were incurred.

#### 26.8 Impairment of receivables

This relates to impairment of receivables from exchange (rental deposit) and receivables from non exchange (employer receivables), which were impaired during the year.

#### 26.9 Employer grant and project expenses

Employer grants and project expenditure were 35% lower than budget. The contributing factor to this reduction was the late implementation of some discretionary projects, which took place during the last quarter of the financial year, resulting in an increase in commitments.

#### 26.10 Other administration expenses

General expenditure was 44% lower than budget. The significant factor contributing to this was the underspending in research, Board remuneration, capex, IT expenditure and printing.

#### 26.11 Approved retained surplus

National Treasury approved the surplus for 2018 and the amount was committed before year end.

## 27. Fruitless and wasteful expenditure

	2019	2018 Restated*
	R'000	R'000
Opening balance	30 035	22 000
Add: Fruitless and wasteful expenditure – current year	133	8 035
Less: Transferred to receivables	(2)	-
Less: Condoned by the Accounting Authority	(22 000)	-
<b>Fruitless expenditure awaiting condonation</b>	<b>8 166</b>	<b>30 035</b>

Details current year	Total
The tender advert cost incurred for a cancelled advert	1
Interest on invoices not paid within 30 days	1
Penalties and interest on late payment of PAYE	52
Bursary awarded twice to the same learner	50
NSFAS loan repayment	29
	<b>133</b>

Details prior year	Total
Fasset made a payment to an approved training provider for a work-readiness programme. Subsequently, Fasset received a grant, which was paid to the same training provider for the same project, in the 2007 financial year.	22 000
Supplier was paid but did not meet the deliverables as per the memorandum of agreement. Fasset is in the process of engaging the service provider in an effort to recover the funds.	8 032
Interest charged on late payment of invoice.	3
	<b>30 035</b>

## 28. Irregular expenditure

Opening balance
Prior period error
As restated
Add: Irregular expenditure – current year
Less: Amount not recoverable (not condoned)
<b>Total irregular expenditure</b>

2019	2018 Restated*
R'000	R'000
21 122	13 776
-	(1 683)
-	12 093
1 981	9 073
-	(44)
<b>23 103</b>	<b>21 122</b>

### Details of Irregular expenditure – current year

The expenditure incurred was in line with Fasset's mandate as per the SETA Grant Regulations and the entity did not incur any material financial loss.

### Details of Irregular expenditure – prior year

In the prior period 2017 an amount of R1 683 000 was incorrectly disclosed as irregular expenditure and in the opening balance as at 01 April 2017 was restated.

In the prior period 2018 an amount of R46 970 000 was incorrectly disclosed as irregular expenditure and 2018 the figure was restated.

Fasset incurred irregular expenditure as a result of non-compliance with SCM laws and regulations. The expenditure incurred was in line with Fasset's mandate as per the SETA Grant Regulations and the entity did not incur any material financial loss.

### Non-compliance

Deviation was approved without the supplier submitting the required documents.  
 Payment was made to service providers without a valid contract.  
 Expenditure was incurred without the necessary approval.  
 Contract value was exceeded.

### Analysis of expenditure awaiting condonation

To be condoned by National Treasury – 2016
To be condoned by National Treasury – 2017
To be condoned by National Treasury – 2018

2019	2018 Restated*
R'000	R'000
7 470	-
4 623	-
9 029	-
<b>21 122</b>	<b>-</b>

## 29. Events after the reporting date

No significant issues have been noted since the end of the financial year to the date of signature of these financial statements.

## 30. Changes in accounting policy

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the employee benefits accounting policy.

### Employee benefits

During the year, Fasset changed its accounting policy with respect to the treatment of employee benefits. In order to conform with the benchmark treatment in GRAP 25, Fasset now recognises and expense termination benefits only when the company can no longer withdraw the offer of the benefits. Fasset management was also of the view that the change provides reliable and more relevant reporting in terms of GRAP 25. There were no financial impact in the prior periods.

## 31. Prior-period error

### 31.1 Receivables from non-exchange

Project receivables of Fasset, R31 815 779.95 was incorrectly omitted from the financial statements prior to 2017. This receivable relates to the advances paid to NSFAS to run the bursary scheme on behalf of Fasset. The total amount paid was R199 000 000 between September 2013 and April 2016. As at 31 March 2017 the unutilised funds amount to R31 815 779.95. In 2018 an amount of R9 500 was expensed to project expenditure.

The receivables relating to discretionary projects were incorrectly classified as exchange transactions instead of non-exchange transactions in prior periods. The financial statements of 2018 have been restated to correct the errors. The effect of the restatement on these financial statements is summarised below.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-period adjustments:

### Statement of financial position

2017	As previously reported	Correction of error	Reclassification	Total
	R'000	R'000	R'000	R'000
Receivables from exchange transactions	10 010	-	(8 489)	1 52
Receivables from non-exchange transactions	4 306	31 816	8 489	44 611
Total assets	462 312	31 816	-	494 128
<b>Net assets</b>	<b>356 161</b>	<b>31 816</b>	<b>-</b>	<b>387 977</b>

2018	As previously reported	Correction of error	Reclassification	Total
	R'000	R'000	R'000	R'000
Receivables from non-exchange transactions	35 492	(10)	58	35 540
Receivables from exchange transactions	202	-	(58)	144
Total assets	732 043	(10)		732 033
<b>Net assets</b>	<b>638 278</b>	<b>(10)</b>		<b>638 268</b>

### Statement of financial performance

2018	As previously reported	Correction of error	Restated
	R'000	R'000	R'000
Employer grant and project expenses	(269 483)	(10)	(269 493)
Total expenditure	(321 977)	(10)	(321 987)
<b>Surplus for the year</b>	<b>250 301</b>	<b>(10)</b>	<b>250 291</b>

## 31. Prior-period error (continued)

### 31.2 Payables from non-exchange transactions

The project creditors (R13 225 000) and accruals (R15 177 000) were incorrectly classified as exchange transactions instead of non-exchange transactions in the prior period.

Presented below are those items contained in the statement of financial position that have been affected by the prior-period adjustments:

	As previously reported	Reclassification	Restated
	R'000	R'000	R'000
Payables from exchange transactions	30 859	(28 402)	2 457
Payables from non-exchange transactions	52 773	28 402	81 175

## 32. Segment reporting

2019	Administration	Mandatory	Discretionary	General	Total
	R'000	R'000	R'000	R'000	R'000
<b>Revenue from exchange transactions</b>					
Investment income	-	-	53 894	-	53 894
Profit on disposal assets	7	-	-	-	7
<b>Revenue from non-exchange transactions</b>					
Skills development levy: Income	75 593	132 316	335 618	-	543 527
Penalties and interest	-	-	5 665	-	5 665
Total segment revenue	75 600	132 316	395 177	-	603 093
<b>Expenditure</b>					
Employee-related costs	(25 270)	-	-	-	(25 270)
Depreciation and amortisation	(644)	-	-	-	(644)
Employer and project expenses	-	(83 638)	(415 702)	-	(499 340)
Other administration	(34 715)	-	-	-	(34 715)
Total segment expenditure	(60 629)	(83 638)	(415 702)	-	(559 969)
<b>Total surplus</b>	<b>14 971</b>	<b>48 678</b>	<b>(20 525)</b>	<b>-</b>	<b>43 124</b>
<b>Assets</b>					
Consumables	117	-	-	-	117
Receivables from exchange transactions	158	-	-	-	158
Receivables from non-exchange transactions	-	1 598	9 428	-	11 026
Cash and cash equivalents	-	-	-	795 658	795 658
Non-current assets	2 069	-	-	-	2 069
Total assets	2 344	1 598	9 428	795 658	809 028
<b>Liabilities</b>					
Payables from exchange transactions	4 245	-	-	21	4 266
Payables from non-exchange transactions	-	11 727	72 734	-	84 461
Provisions	3 269	3 035	32 605	-	38 909
<b>Total liabilities</b>	<b>7 514</b>	<b>14 762</b>	<b>105 339</b>	<b>21</b>	<b>127 636</b>

## 32. Segment reporting (continued)

2018	Administration	Mandatory	Discretionary	General	Total
	R'000	R'000	R'000	R'000	R'000
<b>Revenue from exchange transactions</b>					
Investment income	-	-	36 968	-	36 968
<b>Revenue from non-exchange transactions</b>					
Skills development levy: Income	73 312	125 394	326 910	-	525 616
Penalties and interest	-	-	9 694	-	9 694
<b>Total segment revenue</b>	<b>73 312</b>	<b>125 394</b>	<b>373 572</b>	<b>-</b>	<b>572 278</b>
<b>Expenditure</b>					
Employee-related costs	(18 154)	-	-	-	(18 154)
Depreciation and amortisation	(473)	-	-	-	(473)
Employer and project expenses	-	(74 400)	(195 093)	-	(269 493)
Other administration	(33 867)	-	-	-	(33 867)
<b>Total segment expenditure</b>	<b>(52 494)</b>	<b>(74 400)</b>	<b>(195 093)</b>	<b>-</b>	<b>(321 987)</b>
<b>Total surplus</b>	<b>20 818</b>	<b>50 994</b>	<b>178 479</b>	<b>-</b>	<b>250 291</b>
<b>Assets</b>					
Consumables	66	-	-	-	66
Receivables from exchange transactions	144	-	-	-	144
Receivables from non-exchange transactions	-	3 676	31 864	-	35 540
Cash and cash equivalents	-	-	-	695 645	695 645
Non-current assets	638	-	-	-	638
<b>Total assets</b>	<b>848</b>	<b>3 676</b>	<b>31 864</b>	<b>695 645</b>	<b>732 033</b>
<b>Liabilities</b>					
Payables from exchange transactions	2 457	-	-	-	2 457
Payables from non-exchange transactions	-	37 044	44 131	-	81 175
Provisions	1 298	4 448	4 387	-	10 133
<b>Total liabilities</b>	<b>3 755</b>	<b>41 492</b>	<b>48 518</b>	<b>-</b>	<b>93 765</b>



# F ANNEXURES

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## SKILLS

# SKILLS

# ANNEXURE A: ACRONYMS

AAT	(SA) Associate Accounting Technician	NGO	Non-governmental Organisation
ABP	Academic Bridging Programme	NGP	National Growth Path
ACCA	Association of Certified Chartered Accountants	NLEG	Non-PIVOTAL Learner Employment Grant
AGSA	Auditor-General of South Africa	NLP	Non-levy Paying
APP	Annual Performance Plan	NLRD	National Learner Records Database
AQP	Assessment Quality Partner	NLRG	NSFAS Loan Repayment Grants
ARC	Audit and Risk Committee	NQF	National Qualifications Framework
ASB	Accounting Standards Board	NSA	National Skills Accord
ATR	Annual Training Report	NSDS	National Skills Development Strategy
CA (SA)	Chartered Accountant South Africa	NSF	National Skills Fund
CEO	Chief Executive Officer	NSFAS	National Student Financial Aid Scheme
CFO	Chief Financial Officer	PCHET	Portfolio Committee on Higher Education and Training
CIMA	Chartered Institute of Management Accountants	PFMA	Public Finance Management Act
COO	Chief Operating Officer	PIVOTAL	Professional, Vocational, Technical and Academic Learning Programme
CPA (SA)	Chartered Professional Accountant South Africa	PPPFA	Preferential Procurement Policy Framework Act
CPD	Continuous Professional Development	PSET	Post-school Education and Training
CSR	Corporate Social Responsibility	QA	Quality Assurance
CSSA	Chartered Secretaries Southern Africa	QAP	Quality Assurance Partner
CTA	Certificate in Theory of Accounting	QCTO	Quality Council for Trades and Occupations
DG	Discretionary Grant	REMCO	Remuneration and Human Resource Committee
DHET	Department of Higher Education and Training	RMC	Risk Management Committee
DoL	Department of Labour	ROI	Return on Investment
DPSA	Department of Public Service and Administration	SAICA	South African Institute of Chartered Accountants
DQP	Development Quality Partner	SAIPA	South African Institute of Professional Accountants
ETQA	Education and Training Quality Assurance	SAIT	SA Institute of Tax Professionals
EXCO	Executive Committee	SAQA	South African Qualifications Authority
FBS	Fasset Bursary Scheme	SARB	South African Reserve Bank
FINCO	Finance Committee	SARS	South African Revenue Service
GRAP	(Standards of) Generally Recognised Accounting Practice	SCM	Supply Chain Management
GRI	Global Reporting Initiative	SDA	Skills Development Act
GSC	Governance and Strategy Committee	SDF	Skills Development Facilitator
HET	Higher Education and Training	SDL	Skills Development Levy
HR	Human Resources	SDLA	Skills Development Levy Act (Act No 9 of 1999)
HRDS-SA	Human Resources Development Strategy for South Africa	SETA	Sector Education and Training Authority
ICB	Institute of Certified Bookkeepers	SIC	Standard Industrial Classification
ICT	Information and Communications Technology	SLA	Service Level Agreement
IIA (SA)	Institute of Internal Auditors	SMME	Small, Medium and Micro Enterprise
IIRC	International Integrated Reporting Committee	SP	Strategic Plan
IPAP	Industrial Policy Action Plan	SSP	Sector Skills Plan
IT	Information Technology	TVET	Technical and Vocational Education and Training
King IV	King IV Code of Governance Principles for South Africa	UCT	University of Cape Town
LCG	Learnerships Cash Grants	UIF	Unemployment Insurance Fund
LL	Lifelong Learning	UNISA	University of South Africa
LPD	Learner Professional Development	UJ	University of Johannesburg
MG	Mandatory Grant	UP	University of Pretoria
MHET	Minister of Higher Education and Training	UWC	University of Cape Town
MoA	Memorandum of Agreement	WBE	Work-based Experience
MoU	Memorandum of Understanding	White Paper	White Paper for Post-school Education and Training
MTSF	Medium-term Strategic Framework	WSP	Workplace Skills Plan
NDP	National Development Plan		

# ANNEXURE B:

## AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

### Financial statements

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

### Communication with those charged with governance

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

# ANNEXURE C: STAKEHOLDER ENGAGEMENT PLAN

**Table 11: Stakeholder Engagement Plan**

Key Stakeholder	Fasset Communication Objective	Communication Intervention(s)	Engagement Level(s)	Desired Engagement by Stakeholder	Measurement
<b>1. Employers</b>					
a) Levy-paying members	Communicate the benefits and incentives available to Fasset-registered employers:	<ul style="list-style-type: none"> <li>Workshops</li> <li>Advertising</li> <li>Face-to-face meetings</li> <li>Events</li> <li>Promotional material</li> <li>Newsletters</li> <li>Annual report</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate</li> <li>Inform</li> <li>Consult</li> </ul>	<ul style="list-style-type: none"> <li>Uptake of grants</li> <li>Applications for accreditation</li> <li>Participation in the Lifelong Learning and Learner Professional Development programmes</li> <li>Assist in communicating Fasset messages</li> </ul>	<ul style="list-style-type: none"> <li>Grant analysis</li> <li>Monitoring of accreditation applications</li> <li>Attendance rate at Lifelong Learning and Learner Professional Development events</li> <li>Customer satisfaction survey</li> </ul>
b) Non levy-paying members	<ul style="list-style-type: none"> <li>Grant scheme</li> <li>Lifelong Learning programme</li> <li>Learner Professional Development</li> <li>Accreditation</li> </ul> <p>Obtain feedback from employers about their skills development needs and Fasset strategies.</p>				
<b>2. Learners</b>					
a) Employed learners in the sector	Communicate the benefits available to employed learners in the sector:	<ul style="list-style-type: none"> <li>Roadshows</li> <li>Learner advertising</li> <li>Career guide</li> <li>Career portal</li> <li>Brand ambassadors through Fasset's alumni</li> <li>Social media</li> <li>Career events</li> <li>Promotional material</li> <li>Website</li> </ul>	Inform	<ul style="list-style-type: none"> <li>Uptake of learnerships</li> <li>Uptake of the NLRG</li> <li>Assist in communicating Fasset messages</li> <li>Entrance into the sector</li> <li>Uptake of available bursaries</li> <li>Pay it forward</li> </ul>	<ul style="list-style-type: none"> <li>Grant analysis</li> <li>Monitoring of learnership registrations and related throughput rate</li> <li>Customer satisfaction survey</li> <li>Monitoring of the Fasset-funded NSFAS bursary</li> <li>Monitoring of learnership registrations and related throughput rate</li> <li>Monitoring of bursaries registrations and related throughput rate</li> </ul>
b) Parents and educators	<ul style="list-style-type: none"> <li>Learnerships</li> <li>NSFAS Loan Repayment Grant (NLRG)</li> <li>Career path information</li> <li>Learner Professional Development</li> <li>Fasset Bursary Scheme</li> </ul>				
c) Secondary school learners	Communicate the benefits available to unemployed learners interested in entering in the sector:				
d) Undergraduates	<ul style="list-style-type: none"> <li>Career awareness</li> <li>Bursary information</li> <li>Opportunities through other entities e.g. Department of Labour</li> </ul>				
e) Unemployed graduates					
f) Unemployed youth not in employment or training					

Key Stakeholder	Fasset Communication Objective	Communication Intervention(s)	Engagement Level(s)	Desired Engagement by Stakeholder	Measurement	
<b>3. Government</b>						
a) Supporting departments: <ul style="list-style-type: none"> <li>National Treasury</li> <li>Department of Basic Education</li> <li>Parliament</li> <li>Department of Labour</li> <li>Other SETAs</li> <li>Auditor-General</li> </ul>	<ul style="list-style-type: none"> <li>Determine various opportunities to support national imperatives</li> <li>Counter the negative perception of SETAs</li> </ul>	<ul style="list-style-type: none"> <li>Newsletters</li> <li>Publicity</li> <li>Events</li> <li>Sponsorships</li> <li>Promotional material</li> <li>Meetings</li> <li>Integrated annual report</li> </ul>	<ul style="list-style-type: none"> <li>Inform</li> <li>Involve</li> </ul>	<ul style="list-style-type: none"> <li>Invitations to participate in joint interventions</li> <li>Requests for sector-specific information</li> <li>Supporting information about Fasset interventions</li> <li>Assist in communicating Fasset messages</li> </ul>	<ul style="list-style-type: none"> <li>Attendance at Fasset events</li> <li>Interaction with Fasset information</li> </ul>	
<b>4. Public</b>						
a) General public (national)	<ul style="list-style-type: none"> <li>Communicate core function of the SETA and showcase various SETA projects</li> <li>Counter the negative perception of SETAs</li> <li>Determine various opportunities to support national imperatives</li> <li>Make Fasset information accessible</li> </ul>	<ul style="list-style-type: none"> <li>Career portal</li> <li>Website</li> <li>Advertising</li> <li>Publicity</li> <li>Social media</li> </ul>	Inform	<ul style="list-style-type: none"> <li>Participation in Fasset interventions dependent on applicable criteria</li> <li>Positive perception and understanding of the SETA</li> </ul>	Media analysis	
<b>5. Internal Stakeholders</b>						
a) Staff	<ul style="list-style-type: none"> <li>Build constructive and mutually beneficial relationships</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Advertising</li> <li>Intranet</li> <li>Events</li> <li>Committee meetings</li> <li>Publications</li> </ul>	<ul style="list-style-type: none"> <li>Inform</li> <li>Consult</li> <li>Involve</li> <li>Collaborate</li> </ul>	<ul style="list-style-type: none"> <li>Workshops</li> <li>Advertising</li> <li>Face-to-face</li> </ul>	<ul style="list-style-type: none"> <li>Workshops</li> <li>Advertising</li> <li>Face-to-face</li> </ul>	
b) Working committees and Board	<ul style="list-style-type: none"> <li>Determine various opportunities to support skills development imperatives</li> <li>Facilitate information sharing and determine opportunities to support skills development imperatives in line with applicable terms of reference</li> </ul>			<ul style="list-style-type: none"> <li>Workshops</li> <li>Advertising</li> <li>Face-to-face</li> </ul>	<ul style="list-style-type: none"> <li>Workshops</li> <li>Advertising</li> <li>Face-to-face</li> </ul>	
c) Board	<p>Set the strategic direction and communicate activities through:</p> <ul style="list-style-type: none"> <li>Performance reporting</li> <li>Illustrating the impact of SETA imperatives</li> <li>Sharing strategic information</li> </ul>			<ul style="list-style-type: none"> <li>Inform</li> <li>Consult</li> <li>Involve</li> <li>Collaborate</li> <li>Empower</li> </ul>	<ul style="list-style-type: none"> <li>Set strategic direction</li> <li>Empower management to implement approved strategic direction</li> <li>Assist in communicating Fasset messages</li> </ul>	<ul style="list-style-type: none"> <li>Impact of set strategy</li> <li>Attendance at Fasset initiatives</li> <li>Interaction with Fasset information</li> <li>Surveys</li> </ul>
d) DHET and AGSA	<p>Communicate SETA activities and opinions through:</p> <ul style="list-style-type: none"> <li>Performance monitoring</li> <li>Evaluation/validation visits</li> </ul>			<ul style="list-style-type: none"> <li>Inform</li> <li>Consult</li> <li>Involve</li> <li>Collaborate</li> </ul>	Partner with and support Fasset initiatives	<ul style="list-style-type: none"> <li>Validation visit reports</li> <li>Monitoring of the implementation of the MoA</li> <li>Attendance at Fasset initiatives</li> </ul>
e) Outsourced partners/providers	<ul style="list-style-type: none"> <li>Reporting</li> <li>Showcasing SETA projects</li> <li>Lobbying</li> </ul>					

Key Stakeholder	Fasset Communication Objective	Communication Intervention(s)	Engagement Level(s)	Desired Engagement by Stakeholder	Measurement			
<b>6. Education and Training Providers</b>								
a) HETs	<ul style="list-style-type: none"> <li>Communicate core function of the SETA and showcase various SETA projects</li> <li>Encourage partnerships between education and training institutions across South Africa</li> <li>Determine opportunities to advance skills development</li> <li>Create accessibility to Fasset information</li> <li>Facilitate TVET training institutions interaction</li> <li>Create accessibility to Fasset information</li> </ul>	<ul style="list-style-type: none"> <li>Advertising</li> <li>Publicity</li> <li>Events</li> <li>Publications</li> <li>Sponsorships</li> <li>Promotional material</li> <li>MoUs</li> </ul>	<ul style="list-style-type: none"> <li>Inform</li> <li>Collaborate</li> <li>Involve</li> </ul>	<ul style="list-style-type: none"> <li>Participation in Fasset interventions dependent on applicable criteria</li> <li>Invitations to participate in joint interventions</li> </ul>	Monitoring of partnership agreements			
b) TVETs								
c) Professional bodies					<ul style="list-style-type: none"> <li>Provide additional support and quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>Inform</li> <li>Consult</li> </ul>	Partner with and support Fasset initiatives	Monitoring of partnership agreements
d) Private training providers					<ul style="list-style-type: none"> <li>Extend opportunities</li> </ul>	Inform		
e) Secondary schools (addressed through the Department of Basic Education)					<ul style="list-style-type: none"> <li>Communicate core function of the SETA</li> <li>Create accessibility to Fasset information</li> <li>Disseminate scarce and critical skills information through the career awareness programme</li> </ul>			Participation in Fasset interventions
<b>7. Media</b>								
a) Editors b) Journalists c) Programme producers d) Broadcasters e) Bloggers	<ul style="list-style-type: none"> <li>Create accessibility to Fasset information</li> <li>Educate the media about Fasset's interventions</li> <li>Communicate Fasset's successes</li> </ul>	<ul style="list-style-type: none"> <li>Press releases</li> <li>On-air interviews</li> <li>Opinion pieces</li> <li>Integrated annual report</li> </ul>	<ul style="list-style-type: none"> <li>Inform</li> <li>Involve</li> </ul>	<ul style="list-style-type: none"> <li>Spread Fasset's good news</li> <li>Contact Fasset as first SETA of choice if comments are sought for education and skills development matters</li> </ul>	Monitoring of Fasset news			





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- Fasset staff, who contributed to the content and provided editorial inputs
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- The production and editorial team for writing and proofreading the content as well as for design and printing of the report.



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## higher education & training

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