



F A S S E T

*Make the future count*

# ANNUAL INTEGRATED REPORT 2013/2014

*Addressing skills formation  
across the post-school pipeline*

---

# General Information

## Registered name

Fasset (Finance and Accounting Services Sector Education and Training Authority)

## Registration number

01/Fasset/1/04/11

## Registered office address

Building 3, Ground Floor  
299 Pendoring Road  
Blackheath  
2118

## Postal address

P.O. Box 6801  
Cresta  
2118

## Contact telephone number

Switchboard: 011 476 8570  
Call Centre: 086 101 0001  
Fasset Tip-off Hotline: 080 020 5054

## Email address

[fassetcallcentre@fasset.org.za](mailto:fassetcallcentre@fasset.org.za)

## Website address

[www.fasset.org.za](http://www.fasset.org.za)

## External auditor's information

Auditor-General of South Africa  
300 Middel Street  
New Muckleneuk  
Pretoria

## Banker's information

First National Bank  
4 First Place, 3<sup>rd</sup> Floor, Bankcity, Johannesburg  
P.O. Box 1153, Johannesburg, 2000  
Tel: 011 352 5601

Corporation for Public Deposits

P.O. Box 427

Pretoria

0001

Tel: 012 313 4137

## Company Secretary

Gugu Moetanalo  
[gugu.moetanalo@fasset.org.za](mailto:gugu.moetanalo@fasset.org.za)

## Publisher

Fasset, Chief Executive Officer  
P.O. Box 6801  
Cresta  
2118

## Editing & distribution

Communications Department, Fasset

Stakeholder engagement is very important to us. We value your feedback as it helps us to better contextualise issues and improve our reporting. We would like to invite you to provide us with feedback on our reporting. Your questions or comments can be faxed to: 011 476 5756 or emailed to: [fassetcallcentre@fasset.org.za](mailto:fassetcallcentre@fasset.org.za)



Dr Bonginkosi "Blade" Nzimande  
Minister of Higher Education and Training



Cheryl James  
Chief Executive Officer

---

## Our Vision

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

---

## Our Mission

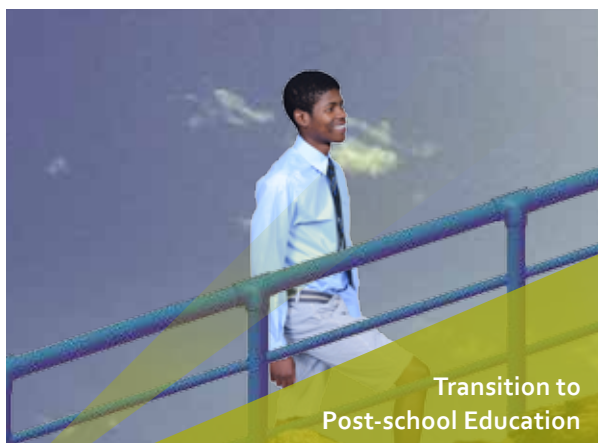
- To improve the competence of employees and potential employees, thereby enhancing productivity in the sector
- To increase the level of investment in education and training in the sector and to optimise the return on the investment
- To encourage employers and employees to adopt a culture of lifelong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

---

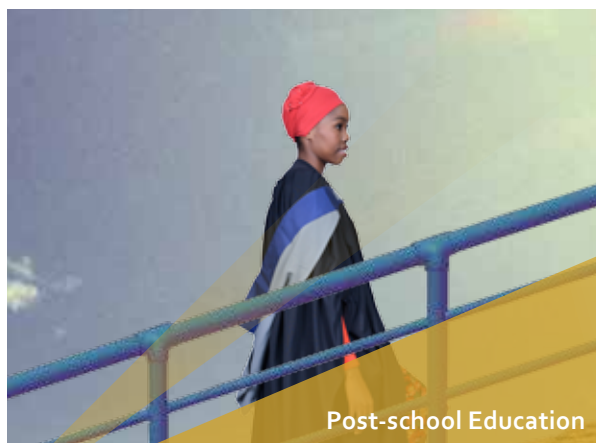
## Our Shared Values

- Professionalism and accountability
- Ethics
- Making a difference
- Valuing people

# Index



Transition to  
Post-school Education



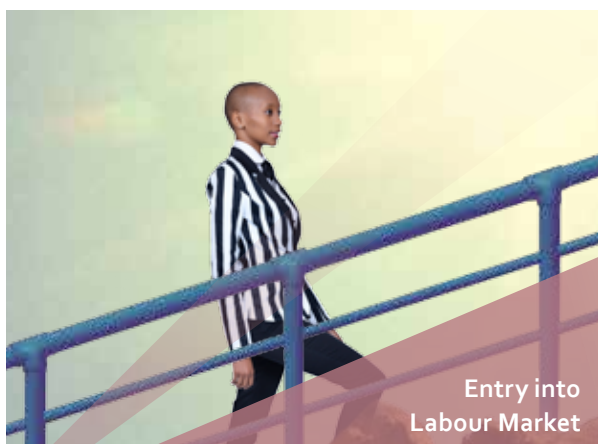
Post-school Education

## Part 1: Introductory Reports 5

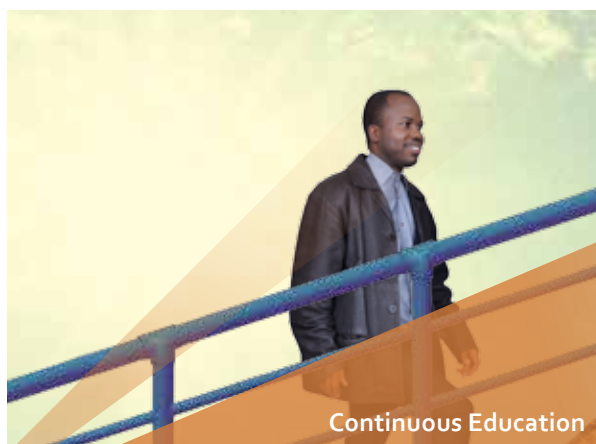
About this Report	6
About Fasset	7
Chairman's Statement	10
CEO's Review	13
Report of the Audit and Risk Committee	16

## Part 2: Annual Financial Statements 18

Report of the Auditor-General	19
Report of the Accounting Authority	22
Financial Statements	24



Entry into  
Labour Market



Continuous Education

## Part 3: Performance Information 56

2013/2014 Highlights	57
Strategic Goals	58
Skills and Development Priorities	59
Governance and Accountability	59
Stakeholder Engagement	64
Delivery against Performance Objectives	65
Adding Value to our Stakeholders	66

## Part 4: Appendices 81

Appendix A: NSDS Targets and Achievements	82
Appendix B: Fasset Organogram	88
Appendix C: Acronyms and Abbreviations used in this Report	89

# Introductory Reports



Sikhumbuzo Zoko hails from Kwa Mpisi Location in the Bizana District in the Wild Coast area of the Eastern Cape. He is a beneficiary of the 2013 Fasset-funded Phadisa Academic Programme for Commerce studies, which prepared unemployed learners with Grade 12 maths as a subject for tertiary education. He is very keen to further his studies: "I want to do a diploma and then a degree. I want to become a Chartered Accountant eventually."

# About this Report

*It is a requirement that all entities listed on the Johannesburg Stock Exchange (JSE) produce an Integrated Report. Fasset is a public entity in terms of Schedule 3 (Part A) of the Public Finance Management Act (Act No 1 of 1999), as amended (PFMA). It is not a legislated requirement for Fasset to produce an Integrated Report although annual reporting of our performance, together with annual financial statements, is required in terms of Section 40(1)(d) of the PFMA. We do however, subscribe to the highest standards of governance and transparency and have voluntarily opted to produce an Annual Integrated Report to reflect our financial and non-financial performance, as well as enable stakeholders to gain a complete understanding of our organisation, strategy and responses to Environment, Social and Governance (ESG) issues for the period 1 April 2013 to 31 March 2014.*

We embarked on our integrated reporting journey three years ago, recognising that integrated reporting is best practice. We have noted efforts by the National Treasury to embrace integrated reporting in terms of providing disclosure guidelines on non-financial information for the public sector and are encouraged by other public entities making strides in this area of reporting.

This report has therefore been prepared in terms of the National Treasury Guideline of Annual Reports for Public Entities. Cognisance has also been taken of the Integrated Reporting Framework issued by the International Integrated Reporting Committee (IIRC) in December 2013 and endorsed by the Integrated Reporting Committee of South Africa (IRCSA). Recommendations of the 2009 King Committee on the Code of Governance Principles for South Africa (King III Code) and other best practice reporting trends have also informed the approach and evolution of our integrated reporting process.

The report has been structured to provide feedback in accordance with our strategy of addressing skills formation across the post-school pipeline, and report our achievements for the year under review. Forward looking statements for the year ahead have also been included. Where we have not achieved what we planned, we have provided an explanation.

We are committed to adopting an external assurance process that is phased-in, to specifically address the ESG aspects of our performance. For this report, we have relied on a combined assurance model, which includes management, internal audit and external assurance as provided by the Auditor-General of South Africa (AGSA).

## Our compliance with G4 Sustainability Reporting Guidelines

In preparing this Integrated Report, we have followed the Global Reporting Initiative (GRI) Guidelines that have been developed to provide a globally applicable reporting

framework across the triple bottom line. Last year, GRI reporting version 3.1 was followed as the basis for our report. This year, we have aligned our reporting to the latest fourth generation (G4) guidelines to determine the boundary, scope and content of the most critical sustainability-related issues included in this report. The GRI principles of transparency, inclusiveness, auditability, completeness, relevance, sustainability, context, accuracy, neutrality, comparability, clarity and timeliness have also been used as the basis for our reporting.

## Material issues

We have provided material disclosure on governance, strategy, risk and opportunities in relation to our financial and social performance. For the purpose of our reporting we have defined material issues as those issues which can influence our stakeholders' decisions in relation to our mandate as a Seta or which can impact on our ability to deliver against National Skills Development Strategy (NSDS) III targets.

Our material issues have been identified as follows, for the period under review:

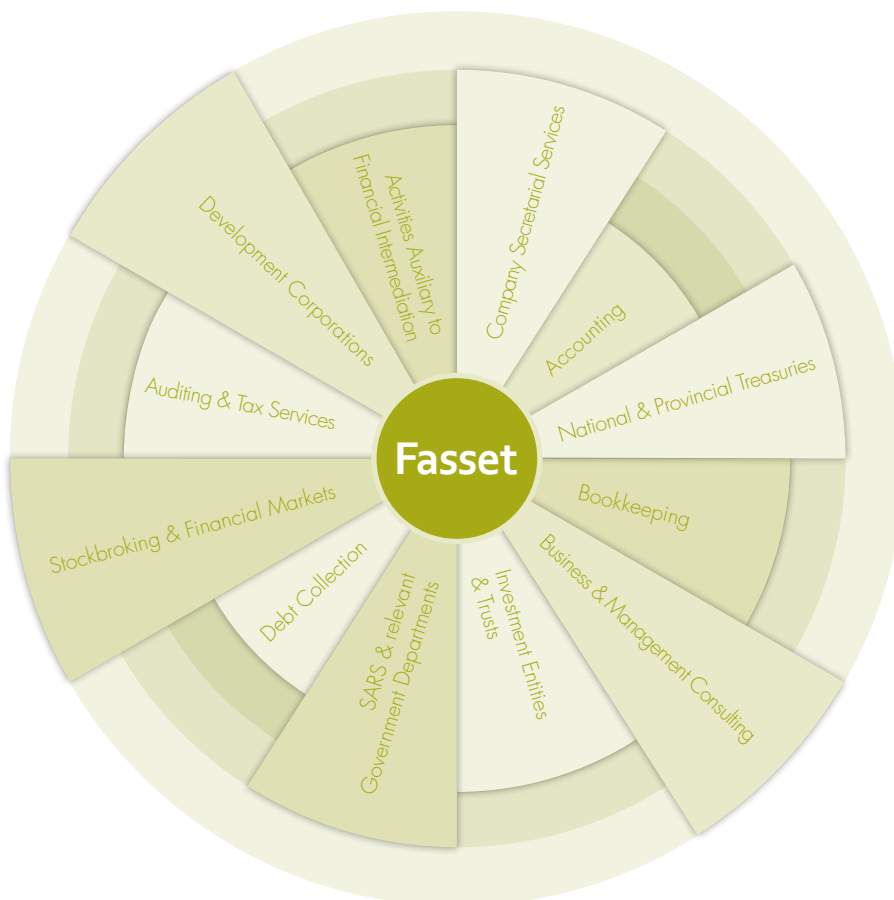
- Compliance with general regulatory and Seta-specific legislative frameworks to ensure good governance
- Delivering on our Seta mandate
- Driving transformation in the Fasset sector
- Ability to attract and retain appropriate skills
- Producing quality skills research that is relevant, enables effective strategic planning and execution of the skills development mandate
- Tracking the impact of skills development interventions in the sector, and
- Effective stakeholder engagement.

Information about the strategies that we have deployed to manage these issues and interventions to address strategic goals, is available on page 58.

# About Fasset

Fasset operates in terms of the Skills Development Act (Act No 97 of 1998), as amended (SDA). This act makes provision for the establishment of Setas for each national economic sector, as well as the Skills Development Levy Act (Act No 9 of 1999), as amended (SDLIA), which introduced programmes and funding policies designed to increase investment in skills development. These pieces of legislation provide an institutional framework for the Seta to develop and implement national, sectoral and workplace strategies in order to develop and improve the skills of the national workforce. This results in improvements in employability and productivity, while contributing to the competitiveness of the country.

Figure 1: Subsectors in the Fasset Sector



We have been in operation since April 2000 and are responsible for activities within the finance, accounting, management consulting and other financial services sector. The Fasset sector consists of member organisations categorised into the sub-sectors as illustrated in figure 1.

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

- Facilitate strategic human resource development planning within the sector
- Propose education and training standards and qualifications to bodies registered with the South African Qualification Authority (SAQA) and be responsible for developing education and training standards
- Monitor and audit achievements in terms of those standards and qualifications
- Accredite providers, assessors and moderators of education and training in this sector;
- Assure the quality of education and training in this sector without itself being a provider of education and training
- Analyse and prioritise education and training needs within this sector and develop skills development strategies to address identified priorities

## Part 1: Introductory Reports

- Enhance access to learning opportunities including:
  - Career and progression pathways
  - National Qualifications Framework (NQF) qualifications, and
  - Learnerships
- Manage and administer all learnerships within Fasset
- Manage the administration of levy disbursements in this sector
- Promote a culture of learning within this sector and encourage active employer and employee organisation participation in the strategies and activities of Fasset
- Promote and market Fasset through regular communication with all stakeholders and potential stakeholders
- Perform any other function required by SAQA and/or the QCTO in terms of Fasset's registration, and
- Perform any other function that must be performed by Fasset in terms of the SDA or any other applicable law.

We ensure that our strategies and skills development initiatives are aligned to the broader policy imperatives of the country such as the Human Resources Development Strategy for South Africa (HRDS-SA), which outlines the human resources development strategy for the country; the Medium Term Strategic Framework (MTSF), which is a broad government framework that indicates economic growth drivers; the National Development Plan (NDP), which serves as the blueprint for South Africa's economic and socio-economic development, so as to ensure that all South Africans attain a decent standard of living; and the NSDS III, which outlines the skills development strategy for the next five years, and serves as the roadmap for Fasset within which to deliver our skills development interventions.

Our mission and our values inform everything that we do. We add value to national imperatives by enabling access to skills development opportunities. We are focused on addressing the challenge of occupational skills shortages with a view to improving productivity within the economy, and are mindful of the need to achieve fundamental transformation of inequities that are linked to race, gender, class, age and disability.

### Sector profile

In the Fasset Sector Survey 2012 it was estimated that there are approximately 4 254 organisations in the Fasset sector; approximately 13% of these organisations are non-levy payers (their payroll is less than R500 000 per annum). The vast majority (91.8%) of organisations in the sector; are small and employ fewer than 50 people; 53.6% employ

fewer than ten people; 23.2% employ between 10-19 people; 15% employ between 19-49 employees; 6% employ between 50-149 employees; and 2.2% employ more than 150 people. Member organisations are highly concentrated in Gauteng and the Western Cape.

68.6% of employees have post-school qualifications; 8% hold national diplomas; 24.3% have first degrees and higher diplomas; 21.4% have honours degrees; 3.4% have masters degrees; and 1.6% have doctoral degrees. A further 27.8% have Grade 12 while only 3.6% have qualifications below Grade 12.

Transformation remains a challenge for the sector. Some inroads have, however, been made. Whites' share of employment has dropped from 53.6% in 2007 to 49.8% in 2012. The number of Black<sup>1</sup> people employed in the sector has increased from approximately 55 000 in 2007 to 65 000 in 2012.

61.4% of employees in the sector are women; white women constitute 30.4% of the workforce, Black African women 19.1%, Black Coloured women 7.1% and Black Indian women 4.8%. White men constitute 19.4% of the total workforce.

73.4% of organisations in the Fasset sector are white-owned; these organisations employ 36.7% of employees in the sector. Organisations with mixed ownership employ 26.3% of the workers in the sector, while Government and public entities employ 16.2% of the workers. A total of 6.4% of the organisations in the sector belong to Black Africans only and these organisations employ 2.8% of the total workforce.

Despite a generally positive picture of education and training within the sector, too few learners from previously disadvantaged groups, particularly Black Africans, are moving up to the higher professional qualification levels and managerial positions. Research, which informs Fasset's updated Strategic Plan for the period April 2013 to March 2018, reveals that while 69% of the clerical and administrative workers are Black and 60% of technicians and trade workers are Black, only 47% of professionals are Black, and only 34% of managers are Black. It is for this reason that the Fasset Board have adopted a strong transformation imperative as one of the strategic goals of the organisation, as outlined on page 58 of this report.

<sup>1</sup> The term "Black" includes African, Coloured and Indian employees.

### Our funding model

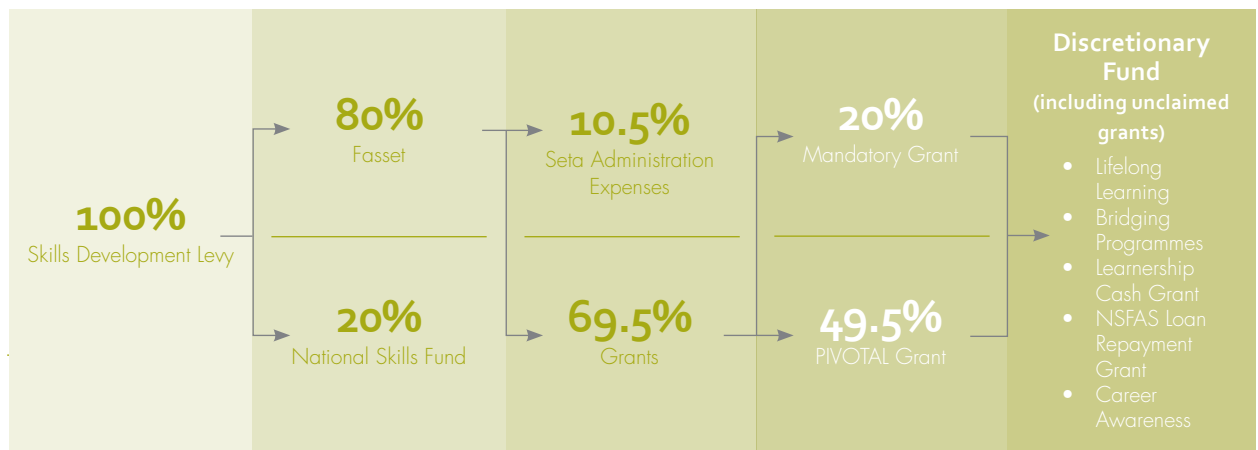
Setas are financed from the Skills Development Levy (SDL) paid in accordance with the SDLA, comprising 1% of the salary and wage bill of employers, including government departments, in the sector.

The funding received is then channelled towards the following funding streams, to finance skills development and training, as depicted in figure 2 below.

- Mandatory Grants are aimed at supporting skills initiatives in the workplace.

- The PIVOTAL and Discretionary Grants are aimed at increasing access to occupationally-directed areas of skills need, as well as expanding the availability of skills.
- Policy imperatives that keep Fasset at the cutting-edge, through interventions such as research which informs strategic decisions as well as communications initiatives that advocate the Fasset brand, and position the sector as the sector of career choice.
- Direct interventions that include flagship projects such as the Lifelong Learning offering and Bridging Programmes.

Figure 2: Fasset Funding Model



New Seta funding regulations came into effect on 1 April 2013. In terms of the new Seta grant regulations, funding allocations have been amended from the administration portion of 10% of the SDL to 10.5%. The Mandatory Grant has dropped from 50% to 20%, with the balance moving towards discretionary funding, primarily for Professional, Vocational, Technical and Academic Learning (PIVOTAL) programmes.

# Chairman's Statement



Siphiso Sono  
Chairman

*Honourable Minister, it is with pleasure that I present to you the Annual Integrated Report of the Finance and Accounting Services Sector Education and Training Authority (Fasset) for the period 1 April 2013 to 31 March 2014, as required by 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).*

This report provides an independent audited account of Fasset's financial statements and performance information. The CEO's Review and Performance Information sections provide an overview of our performance in key areas against NSDS III objectives as well as our responses to environmental, social and governance issues.

## Governance

At the end of last year, Fasset was very pleased to receive an Award from the AGSA for a clean PFMA Audit Report in category National F. Fasset was one of only five public entities to be recognised. This achievement confirms that Fasset staff are living the shared organisational values of professionalism and accountability, and ethics, and that the team remains committed to delivering on its Seta mandate focused on the imperatives of good governance.

South Africa is a world leader in auditing and reporting standards and was ranked first out of 144 countries in the World Economic Forum's Global Competitiveness Report, released in September 2013. As the Seta for finance and accounting services, it is appropriate that Fasset ensures that it serves as a role model for governance not only within the Seta environment, but within the public sector as a whole. In compliance with

the King III code on corporate governance we have placed a greater emphasis on IT governance due to the increasingly prominent role of IT as a strategic enabler for organisations.

## Operating environment

The operating environment in the year under review was characterised by change. This included the implementation of the new funding regulations for Setas and the gazetting of the White Paper for a Post-school Education and Training System. Fortunately, because Fasset was already closely aligned to expected changes in the new funding regulations for Setas and the White Paper for a Post-school Education and Training System, the impact of these changes is limited. The Fasset stakeholders were well-prepared for these changes and the organisational strategies, grants and projects were also appropriately aligned to these changes.

The new Seta funding regulations have a very strong focus on PIVOTAL (Professional, Vocational, Technical and Academic Learning) programmes. This is a very positive development. Fasset has always held the view that short courses neither guarantee employment nor guarantee that participants have the requisite skills to enter the sector. It is for this reason that Fasset continues

to encourage and incentivise employers, to ensure that their PIVOTAL programmes are aligned to scarce skills areas within the Fasset sector.

Despite the reduction in the Mandatory Grant, submissions of Skills Development Plans (SDPs) have remained stable. This confirms that employers in the finance and accounting sector remain committed to training and to making every workplace a training space, in line with the Minister's behest.

The White Paper for the Post-school Education and Training System is very new. As one would expect, clarity is still required in terms of implementation in certain areas, which is due to follow in the new financial year. More importantly, the pipeline approach to skills development adopted by Fasset, is closely aligned to the post-school education and training system as envisaged in the White Paper.

### Operational highlights

A highlight during the period is the very interesting work (reported on more fully under the Quality Assurance and Learnerships (QAL) Section), which Fasset is doing in the Technical and Vocational Training (TVET) College (previously Further Education and Training (FET)) space. Despite the fact that Fasset has not traditionally operated in this space, as employers in the sector traditionally hire graduates with postgraduate qualifications, inroads are being made in terms of working with TVET Colleges.

### Financial highlights

In the 2013/2014 financial year, Fasset received R419.3 million in skills development levies compared to R349 million in the previous period; R85 million was disbursed by way of Mandatory Grants compared to R163.4 million in 2012/2013, and R327.2 million was disbursed by way of Discretionary Grants and Projects (including the once-off cost related to the TVET infrastructure) compared to R117 million in the previous period. All unclaimed funds, amounting to R164 million for the period under review, have been allocated to strategic projects identified by the Board. The surplus indicated in the financial statements reflects the amounts that are transferred to the discretionary fund to be used for strategic projects. I must emphasise that 100% of budgeted funds are either spent or allocated to projects currently in progress, and for which payment is due on full completion of all deliverables. Such funds are held in trust and reflected in our bank accounts as the finalisation of all deliverables can take up to a few years, in some instances.

### Challenges

It is important to recognise that while many advances have been made in education and training post-1994 (improvements in the demographic profile of Fasset learners is a case in point), unfortunately, racial inequalities still persist in our society, and the profile of the Fasset sector as a whole (refer to page 8 for more details), remains largely untransformed in terms of Employment Equity (EE). This situation is both untenable and also unsustainable. Transformation is therefore 'top of the agenda' as reflected in the bias of Fasset-funded programmes towards Black African learners, to address this imperative.

Most of the skills development targets have been achieved in terms of the service level agreement entered into between Fasset and the Department of Higher Education and Training (DHET) for 2013/2014 as noted in Appendix A: NSDS III Deliverables. Challenges have been encountered in some cases in terms of the number of assessors trained, attendance at Lifelong Learning seminars for middle-level programmes (NQF level 1-5) as well as the completion by learners on learnerships. A detailed analysis of the variances to the target achievement has been conducted by management, and a full explanation has been included in the Organisational Performance section of this report. It must be highlighted that the variances cannot be completely eliminated where there is a misalignment between strategies, as is the case with the DHET, NSDS III and the Fasset sector imperatives.

A further challenge experienced during the period was the introduction of the expenditure ceiling for the 2014/2015 and 2015/2016 financial years. This is a Cabinet decision, which introduces an 'expenditure cap' to amounts that may be spent as part of the austerity measures that have broadly been put in place for government departments and public entities. This may impact on the timing and nature of interventions that Fasset is able to fund, and may require management accounts to be prepared on an accrual basis as well as a cash budget to manage the flow of funds in a particular financial year. Fasset will ensure that there is no overspend on our part that potentially adds to the country's deficit and can have a detrimental effect on the broader economy. To this end, a cash flow summary for the 2014/2015 financial year has been prepared indicating the relationship between the programmes approved by the Board and the corresponding expenditure projections for the year, as contained in the Strategic Plan (SP) and Annual Performance Plan (APP) for 2014/2015.

## Part 1: Introductory Reports

### Prospects

Prospects for the year ahead are good. It is always very encouraging when new avenues open for either developing or extending the post-school education and training skills pipeline. I firmly believe that a strong national focus on capacitating TVET Colleges, coupled with better public awareness of these offerings, among employers and learners alike, will enhance employment prospects for many young South Africans. I am also very excited about the fact that in the year ahead, Fasset plans to open an incubator funding window for professional bodies that train learners to complete a professional qualification even though these learners may not necessarily end up working in the Fasset sector. This is the first time that Fasset has extended funding to this broader group of learners.

### Gratitude

During the period under review, there was one resignation from the Board. On behalf of the Board, I would like to thank Seshni Samuel for her participation and valued input. Two new Board members were also welcomed, namely, Mauwane Kotane from the Financial Markets sub-sector and Mathumo Maphaya, from the Large and Medium-sized Accounting, Auditing and Tax Practices sub-sector. I would like to thank all Board members for their hard work and valuable contribution over the past year. The valuable input of members of Fasset's Working Committees is also greatly appreciated.

Finally, I would like to thank the Fasset CEO, Cheryl James, her management team and all Fasset employees for their hard work and dedication over the past year.

I would also like to encourage stakeholders in the sector to attend Fasset's Annual General Meeting (AGM) on 11 September 2014, which provides a wonderful opportunity to not only engage with Fasset stakeholders but also serves as a good platform for stakeholders to raise issues, concerns or questions, which are always welcomed.



Siphiso Sono  
Chairman

# CEO's Review



Cheryl James  
CEO

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

I would like to thank all of Fasset's stakeholders for their support during the past year. I am very cognisant of the fact that none of the strides which we have made in terms of creating a sustainable post-school accounting and finance skills pipeline would have been possible without your on-going support.

Fasset has embraced our Minister's vision articulated in NSDS III "of a skilled and capable workforce to support an inclusive growth path". We have also embraced our Minister's vision expressed in the White Paper for a Post-school Education and Training System of "building an expanded, effective and integrated post-school system".

We recognise that in order to create a sustainable post-school skills pipeline for our sector, we need to get learners into our sector. We need learners to make the Fasset sector their sector of career choice.

Over the past two years Fasset has increased its focus and funding on its Career Guidance Campaign and its Brand Ambassador Campaign. We want to ensure that Grade 8 to Grade 12 learners are able to make informed decisions in terms of the various career opportunities that are available in our sector and we also want to ensure that they are aware of the entry requirements.

We want to encourage more TVET learners to pursue a career in our sector in response to our Minister's call that our developmental state needs more middle-level skills.

These initiatives are very important in our quest to assist our Minister to increase learner enrolments in public universities to 1.6 million, and 2.5 million in TVETs by 2030.

We have worked a lot more closely with universities, attempting to address the problems that learners experience in their pipeline of skills development. Rather than waiting for the young person to come out of university and then face the challenge of addressing the skills gap between university and the world of work, we are trying to work at the university level to see whether we can address some of these skills gaps even before learners graduate.

The Fasset-funded University of Cape Town (UCT) Bukela Ufunde Academic Programme is a case in point. Recognising that accounting, learners do not always understand key principles in financial reporting and management accounting, such as depreciation, we have funded the production of professional videos to assist first to fourth year accounting learners to understand these concepts. The videos will be available in the open learning environment and can be used by any university, university of technology, or TVET. By funding such an initiative, we are able to support a much larger group of learners within the broader economy.

We have also funded learners on the Thuthuka Light Programme. Learners on the Thuthuka Light Programme attend extra lessons and receive soft skills training. Undergraduates have not previously enjoyed such support.

## Part 1: Introductory Reports

Deploying a skills pipeline approach, we also support unemployed graduates through our Access into Employment Programmes. This is very important as these programmes are about bridging the gap between the world of academia, and the world of work. Once in employment, we continue to build our post-school skills pipeline through our Lifelong Learning events (Continuous Professional Development (CPD)).

The value-add in terms of our skills pipeline approach lies in the fact that we are focusing on “leakage” areas, and seeing how we can assist people to enter the skills pipeline and then progress through the skills pipeline, throughout their entire career. As such, we have adopted both a short-term and a medium-term approach to tackling skills development.

In building our post-school skills pipeline, all of our skills upliftment interventions, projects and learnerships attempt to address our Minister’s imperative in the White Paper, of meeting the needs of the youth, people with disabilities, and people living in rural areas.

### Challenges

We are aware that during tough economic times, which we are currently experiencing, education and training is often one of the first things that employers cut in their budgets. However, this will not provide medium and long-term sustainability.

We are trying through our various grants to encourage employers to continue to train, by picking up some of the costs associated with training, so that training continues, even during times of economic hardship. Government is very committed to this process as is evident from the Section 12H tax deduction for learners on learnerships and the Employment Tax Incentive Act (Youth Wage Subsidy). Government is acknowledging that training is expensive, especially in difficult economic times, and is therefore providing co-funding at a national-level to get young people into the employment market.

The pool of learners with good marks in pure maths remains a challenge for our sector. Twenty years into our democracy, the number of matriculants with good marks in maths remains small and is declining in terms of the number of passes and the quality of passes. During the period 2009 to 2013, the number of candidates who wrote maths declined by 17%. Even more alarming is the fact that only 17% of the matric class of 2013, who wrote pure maths, obtained a pass mark of 40% or more. The 2013 Annual National Assessment (ANA) results reveal that only 2% of Grade 9 learners scored more than 50%

for maths. This situation will only improve if all stakeholders build strong partnerships to improve the standard of maths teaching in our schools.

The pool of learners available to complete higher-level accounting and finance qualifications is very small; the challenge is exacerbated by the fact that the finance and accounting professions are competing with approximately 160 other professions to attract learners with a quality pass rate in pure maths into their respective professions.

We are also challenged by the fact that our operating environment is constantly changing. We need to ensure that we are closely aligned to legislation and national imperatives. Our Minister cautions in the White Paper for a Post-school Education and Training System, that: *“A number of important shifts in NSDS III are being incrementally addressed and implemented. These include: providing greater levels of access to education and training in rural areas; increasing collaboration between the skills system, government and industry; driving skills development primarily through the public education system, and in particular through universities and TVET colleges; and focusing less on numerical targets and more on outcome and impact. These policy imperatives will continue to drive the skills development system into NSDS IV and beyond”.*

### Prospects

Slow economic growth means there are real constraints in terms of opportunities that Fasset is able to find for learners, and job creation requires economic growth. We will, however, continue to seek innovative ways to create opportunities for learners in our sector. Going forward, we need to shift our focus to medium-term sustainable interventions so that when the economy turns upward, we have people coming through the skills pipeline who are well placed to assist in driving economic growth.

### The way forward

As custodians of public funds Fasset has always been very aware that the Seta needs to focus on its mandate of addressing skills shortages. At this point in time Setas are one of the role players in the post-school education road map. Only eighteen months remains in terms of our current operating license. The White Paper for a Post-school Education and Training System states that “in the future, Setas (or their equivalent if they are restructured) will be given a clearer and to some extent, narrower and more focused role”.

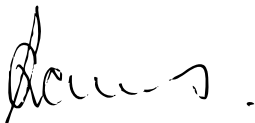
While the role players may change, it is Fasset’s responsibility to link into that road map. We need to keep

our eye on the ball. Should Fasset disappear and a new Seta structure be established, the skills challenges will not disappear. We need to recognise, as custodians of public funds, that we need to be looking longer-term because the challenge is longer-term. We must not only focus on the current mechanism that is in place to address the problem. Fasset, together with its stakeholders, needs to engage with the changing process to ensure that our sector's skills needs will be met in the future.

We are excited about Government's commitment as an employer to open up that space to enable young people to obtain work experience. Government is taking on more interns; this is a very positive development. It is also an area that we are looking at pursuing during the next financial year.

### Gratitude

Our Chairman and our Board play a critical role in terms of ensuring that Fasset remains a performance-driven organisation, which delivers against its Seta mandate and national imperatives. I would therefore like to take this opportunity to thank our Chairman and our Board for their support during the past financial year. Our stakeholders such as employers, learners, professional bodies and service providers play an equally important role and my gratitude is also extended to them. I am also indebted to my management team and staff. Without their commitment and support, none of our achievements over the past financial year would have been possible.



Cheryl James  
CEO

# 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 2014.

## Audit and Risk Committee Responsibility

The Audit and Risk Committee has adopted appropriate terms of reference as its Audit and Risk Committee Charter.

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

- Financial management
- 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.

## 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 achieving its mandate:

- Reviewed quarterly management accounts
- Updated the Audit and Risk Committee Charter
- Considered the risk management process, as well as the internal audit coverage plans and budget
- Considered internal audit reports and made recommendations as appropriate
- Monitored progress with the internal audit coverage plans as well as Management's follow-up of matters requiring attention throughout
- Monitored compliance with Fasset policies and applicable legislation
- Conducted separate informal meetings with both internal and external audit
- Provided guidance to the Board in terms of IT Governance issues and alignment to applicable legislation, and

- Conducted a self-assessment during the year. Results concluded that the Audit and Risk Committee is effective in the execution of their duties. Minor areas of improvement were identified.

## The Effectiveness of Internal Control

The Audit and Risk Committee is satisfied that:

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

## Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed with the Auditor and Management the audited Annual Financial Statements to be included in the Annual Integrated Report
- Reviewed the Auditors' management letter and Management's response thereto
- Reviewed significant adjustments resulting from the audit, and
- Reviewed and confirmed the independence of the external auditors.

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

## Audit and Risk Committee Members and Attendance

The accompanying table shows persons who served as members of the Audit and Risk Committee during the period under review, and their attendance record of formal Audit and Risk Committee Meetings.

Table 1: Audit and Risk Committee attendance and remuneration 2013/2014

Member	Mandi Olivier	Shahied Daniels	Stadi Mngomezulu	Erna Swart	Edson Ragimana	Veronica du Preez	Mdu Zakwe
Position	Independent Member	Board Member	Board Member	Independent Member	Independent Member	Independent Member	Independent Member
Meetings							
24 May 2013	✓	✓	✓	✓	✓	✓	✓
25 July 2013	✓	✓	✓	✓	✗	✓	✗
28 November 2013	✓	✓	✓	✗	✓	✓	✓
13 February 2014	✓	✓	✓	✓	✓	✓	✓
Meetings attended	4	4	4	3	3	4	3
Remuneration during the year for the financial year ending 31 March 2014	R26 000*	R13 568	R13 568*	R18 000*	R18 000	R24 000	R18 000
Travel reimbursement	R662	-	R1 908	-	-	R1 473	-

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

#### Remuneration Rate

Independent member = R6 000 per meeting for independent members  
 Independent Chairman = R6 500 per meeting for independent Chairman  
 Board member rate = R3 392 per meeting for Board members



Mandi Olivier  
 Audit and Risk Committee Chairman

# Annual Financial Statements



Agnes Seopela grew up in Limpopo. After completing her schooling, she studied Financial Management N4 to N6 at Ekurhuleni West College, Kempton Campus. She is a beneficiary of Fasset's TVET Workplace Experience Project and has been placed at the Industrial Development Corporation (IDC): "I am very thankful to Fasset for helping me to get this experience. In order to obtain the National Diploma in Financial Management, I needed the work-based experience."

# Report of the Auditor-General

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

## Report on the Financial Statements

### Introduction

1. I have audited the financial statements of the Finance and Accounting Services Sector Education and Training Authority (Fasset) set out on pages 21 to 55, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

2. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No 97 of 1998) (SDA), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Fasset as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA and the SDA.

## Report on other Legal and Regulatory Requirements

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of Fasset for the year ended 31 March 2014:

## Part 2: Annual Financial Statements

- Programme 1: conduct research, on page 82
- Programme 2: support skills development initiatives to produce middle-level skills in the sector, on pages 82 to 84
- Programme 3: support skills development initiatives to produce high-level skills in the sector, on pages 84 to 86, and
- Programme 5: workplace support through the Mandatory Grant and other registration schemes, on page 87.

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well-defined, verifiable, specific, measurable, time-bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPi).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

### Additional matter

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

### Achievement of planned targets

14. Refer to the annual performance report on pages 82 to 87 for information on the achievement of the planned targets for the year.

### Compliance with legislation

15. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### Internal control

16. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria  
31 July 2014



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

---

*The Annual Financial Statements for the year ended 31 March 2014, set out on pages 21 to 55, have been approved by the Accounting Authority on 28 May 2014 in terms of Section 51(1) (f) of the Public Finance Management Act (Act No 1 of 1999), as amended (PFMA), and are signed on their behalf by:*

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line and a flourish.

S Sono  
Chairman

# Report of the Accounting Authority

*It is the Board's responsibility to ensure the integrity of Fasset's Annual Integrated Report. We, as the Board, have applied our collective mind to the preparation and presentation of this Annual Integrated Report. It is our view as the Board that Fasset's Annual Integrated Report provides insights into the Seta'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 between 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 way without material error.*

To the best of our knowledge, and in accordance with the applicable reporting principles, it is our considered opinion that the report provides a fair representation of Fasset's financial and non-financial performance for the year ending 31 March 2014. Furthermore, it is our view that appropriate accounting policies, supported by reasonable and prudent judgement and estimates, have been applied on a consistent, going concern basis and that the Annual Financial Statements comply with GRAP and the PFMA.

Fasset complies with best practice and with all applicable legislation with regard to governance. The Fasset Constitution furthermore places additional responsibilities on the Board, which include:

- Providing strategic direction to the organisation
- Determining strategies and policies, and
- Managing performance against agreed strategies and annual performance plans.

Systems and internal controls that include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties, have been ensured. In addition, all the necessary structures, policies and procedures are in place to ensure compliance with various requirements, frameworks and standards, including compliance with King III Code on Corporate Governance. This includes placing greater emphasis on IT governance in recognition of the increasingly prominent role of IT as a strategic enabler for organisations.

A comprehensive Board induction programme for new Board members continues to be in place to support the full functioning of new Board members in discharging their duties. A self-assessment process

for the Board and subcommittees, including Working Committees, is conducted annually and serves as an additional tool for ensuring the effective functioning of the Board structures.

There are no pending legal matters for the current financial year. It is our opinion as the Accounting Authority that Fasset will continue as a going concern for the current year. This assertion is made after due consideration that Fasset has met its budgetary requirements for the current year and will continue to do so in the future.

## NSDS III

Fasset's achievements in terms of delivering against the NSDS III skills development targets are reflected in Appendix A on page 82.

## Remuneration

The CEO and COO are full-time employees. The details of their remuneration are reflected in table 2 that follows.

Table 2: CEO and COO remuneration

CEO's remuneration	2013/2014	2012/2013	2011/2012
Allowances: Car and subsistence	42 000	42 000	42 000
Base Remuneration	1 894 198	1 743 554	1 603 672
<b>Total Guaranteed Cost to Company</b>	<b>1 936 198</b>	<b>1 785 554</b>	<b>1 645 672</b>
Non-Guaranteed (at risk) Remuneration	154 272	178 555	193 181
<b>Total Guaranteed and Non-Guaranteed Remuneration</b>	<b>2 090 470</b>	<b>1 964 109</b>	<b>1 838 853</b>

COO's remuneration	2013/2014	2012/2013	2011/2012
Allowances: Car and subsistence	-	-	-
Base Remuneration	1 237 800	984 000	528 787
<b>Total Guaranteed Cost to Company</b>	<b>1 237 800</b>	<b>984 000</b>	<b>528 787</b>
Non-Guaranteed (at risk) Remuneration	92 250	98 400	27 306
<b>Total Guaranteed and Non-Guaranteed Remuneration</b>	<b>1 330 050</b>	<b>1 082 400</b>	<b>556 093*</b>

\* Joined August 2011

Board members are remunerated for attending Board and subcommittee meetings based on the National Treasury Guidelines Level S, as approved by the Minister of Higher

Education and Training. The amounts paid to each member of the Board are disclosed in table 3.

Table 3: Board and Committee Payments: 2013/2014

Name	Chairman	Meetings attended							Total amount paid
		Board	ARC	BPC	Exco	Remco	Finco	Total	
Prabir Badal	Remco	6				2		8	90 212
Shahied Daniels		5	4					9	85 230
Amanda Dempsey	Finco	5				1	9	15	90 210
Holger Fischer <sup>2</sup>	Skills Planning	5		2	2	2		11	90 452
Sathie Gounden		4						4	48 962
Kate Hlongwane		6		2	4			12	96 139
Corné Karsten		6		2			9	17	96 233
Mauwane Kotane <sup>1</sup>	Quality Assurance/ Learnerships	3						3	61 378
Samantha Louis	Communications	6			3			9	91 293
Shirley Machaba		3						3	42 178
*Mathumo Mapaya <sup>1</sup>		3						3	-
Bongani Mathibela		6			4		6	16	94 528
Stadi Mngomezulu <sup>3</sup>		5	4	1				10	87 562
Mopo Mushwana	BPC	4		2			9	15	90 183
Sipho Sono	Board and Exco	6			3			9	117 363
<b>Total</b>									<b>1 181 923</b>

\* Elected not to receive payment

<sup>1</sup> Joined September 2013<sup>2</sup> Paid to IDC<sup>3</sup> Paid to the National Treasury

# Financial Statements

## Statement of Financial Position

For the year ended 31 March 2014

	Note	2013/2014 R'000	2012/2013 R'000
<b>Assets</b>			
<b>Current assets</b>			
Inventories		38	37
Receivables from exchange transactions	5	675	415
Receivables from non-exchange transactions	6	1 625	1 693
Cash and cash equivalents	7	184 244	252 503
		<u>186 582</u>	<u>254 648</u>
<b>Non-current assets</b>			
Property, plant and equipment	3	921	895
Intangible assets	4	16	42
		<u>937</u>	<u>937</u>
<b>Total assets</b>		<u>187 519</u>	<u>255 585</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Operating lease liability		401	424
Payables from exchange transactions	9	3 458	27 034
Trade and other payables from non-exchange transactions	10	10 235	39 714
Provisions	8	8 482	9 806
<b>Total liabilities</b>		<u>22 576</u>	<u>76 978</u>
<b>Net assets</b>		<u>164 943</u>	<u>178 607</u>
<b>Reserves</b>			
Administration reserve		937	937
Discretionary reserve		164 002	177 247
Employer grant reserve		4	423
<b>Net assets</b>		<u>164 943</u>	<u>178 607</u>

# Statement of Financial Performance

For the year ended 31 March 2014

	Note	2013/2014 R'000	2012/2013 R'000
<b>Revenue</b>			
Revenue from exchange transactions			
Other income	13	40	80
Investment revenue	17	12 681	10 778
<b>Total revenue from exchange transactions</b>		<b>12 721</b>	<b>10 858</b>
<b>Revenue from non-exchange transactions</b>			
Transfer revenue			
Levies	12	419 317	353 062
<b>Total revenue</b>	11	<b>432 038</b>	<b>363 920</b>
<b>Expenditure</b>			
Employee related costs	15	(12 316)	(10 568)
Depreciation and amortisation		(372)	(311)
Impairment of receivables		(174)	2
Repairs and maintenance		(141)	(175)
Employer grant and project expenses	16	(412 214)	(280 611)
General expenses	14	(20 487)	(18 016)
<b>Total expenditure</b>		<b>(445 704)</b>	<b>(309 679)</b>
Gain (loss) on disposal of assets and liabilities		2	(30)
<b>(Deficit)/Surplus for the year</b>		<b>(13 664)</b>	<b>54 211</b>

## Statement of Changes in Net Assets

### For the year ended 31 March 2014

	Administration reserve R'000	Discretionary reserve R'000	Employer grant reserve R'000	Total reserves R'000	Accumulated surplus R'000	Total net assets R'000
<b>Balance at 1 April 2012</b>	1 074	123 174	148	124 396		124 396
Changes in net assets Surplus for the year	-	-	-	-	54 211	54 211
Allocation of Accumulated surplus	18 451	(14 467)	50 227	54 211	(54 211)	-
Excess reserves transferred to Discretionary reserve	(18 588)	68 540	(49 952)	-	-	-
Total changes	(137)	54 073	275	54 211	-	54 211
<b>Balance at 1 April 2013</b>	937	177 247	423	178 607		178 607
Changes in net assets Deficit for the year	-	-	-	-	(13 664)	(13 664)
Allocation of Accumulated deficit	21 297	(86 283)	51 322	(13 664)	13 664	
Excess reserves transferred to Discretionary reserve	(21 297)	73 038	(51 741)	-	-	
Total changes	-	(13 245)	(419)	(13 664)	-	(13 664)
<b>Balance at 31 March 2014</b>	937	164 002	4	164 943	-	164 943

Note

24

24

24

24

# Cash Flow Statement

## For the year ended 31 March 2014

	Note	2013/2014 R'000	2012/2013 R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Levies, interest and penalties received		418 628	371 568
Other cash receipts from stakeholders		40	51
Interest income		12 598	10 684
		<u>431 266</u>	<u>382 303</u>
<b>Payments</b>			
Grants and project payments		(440 871)	(280 498)
Compensation of employees		(13 646)	(10 495)
Payments to suppliers		(44 638)	(21 588)
		<u>(499 155)</u>	<u>(312 581)</u>
<b>Net cash flows from operating activities</b>	18	<u>(67 889)</u>	<u>69 722</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(366)	(194)
Proceeds from sale of property, plant and equipment	3	7	17
Purchase of other intangible assets	4	(11)	(27)
<b>Net cash flows from investing activities</b>		<u>(370)</u>	<u>(204)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(68 259)	69 518
Cash and cash equivalents at the beginning of the year		252 503	182 985
<b>Cash and cash equivalents at the end of the year</b>	7	<u>184 244</u>	<u>252 503</u>

# Statement of Comparison of Budget and Actual Amounts

## For the year ended 31 March 2014

	Note	Approved Budget R'000	Adjustments R'000	Final Budget R'000	Actual Amounts on Comparable Basis R'000	Difference Between Final Budget and Actual R'000
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Other income		-	-	-	40	40
Interest received - investment	23	9 300	-	9 300	12 681	3 381
<b>Total revenue from exchange transactions</b>		<b>9 300</b>	<b>-</b>	<b>9 300</b>	<b>12 721</b>	<b>3 421</b>
<b>Revenue from non-exchange transactions</b>						
Transfer revenue		327 508	64 979	392 487	419 317	26 830
Levies	23	336 808	64 979	401 787	432 038	30 251
<b>Total revenue</b>						
<b>Expenditure</b>						
Employee related costs	23	(12 449)	(506)	(12 955)	(12 316)	639
Depreciation and amortisation	23	-	-	-	(372)	(372)
Debt impairment	23	-	-	-	(174)	(174)
Repairs and maintenance	23	(503)	-	(503)	(141)	362
Employer grant and project expenses	23	(299 206)	(212 712)	(511 918)	(412 214)	99 704
General expenses	23	(24 190)	(1 465)	(25 655)	(20 487)	5 168
<b>Total expenditure</b>		<b>(336 348)</b>	<b>(214 683)</b>	<b>(551 031)</b>	<b>(445 704)</b>	<b>105 327</b>
<b>Operating surplus/(deficit)</b>		<b>460</b>	<b>(149 704)</b>	<b>149 244</b>	<b>(13 666)</b>	<b>135 578</b>
Gain on disposal of assets and liabilities		-	-	-	2	2
<b>Surplus/(deficit) for the year</b>		<b>460</b>	<b>(149 704)</b>	<b>(149 244)</b>	<b>(13 664)</b>	<b>135 580</b>

# Accounting Policies

## For the year ended 31 March 2014

### 1. Presentation of Financial Statements

The 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 PFMA. Accounting policies are in accordance with the SDA and the SDLA.

These 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 financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the entity.

#### 1.2 Going concern assumption

These 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 Property, plant and equipment

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

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

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

Item	Average useful life
Office furniture and fittings	10 years
Office equipment	5 years
Computer equipment	3 years
Leasehold improvements	over the lease term

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

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

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 service amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

# Accounting Policies

## For the year ended 31 March 2014

### 1.4 Intangible assets

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 estimated useful lives of intangible assets are reviewed at the end of each annual reporting period.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

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

### 1.5 Financial instruments

#### *Initial recognition*

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

#### *Financial assets*

All financial assets of the entity are categorised as financial assets 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 are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

#### *Financial assets at amortised cost*

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

#### *Effective interest method*

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

#### *Impairment of financial assets*

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

# Accounting Policies

## For the year ended 31 March 2014

### *Financial liabilities*

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

### *Other financial liabilities*

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

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

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

### **1.6 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 (Act No 58 of 1962).

### **1.7 Leases**

#### *Operating leases - lessee*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### **1.8 Inventories**

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

### **1.9 Employee benefits**

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 payment is made.

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.

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

# Accounting Policies

## For the year ended 31 March 2014

### 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 the 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 SDA and the SDLA.

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

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

Revenue is adjusted for transfers between the Setas due to employers changing Setas. Such adjustments are separately disclosed as Inter-Seta transfers. The amount of the Inter-Seta adjustment is calculated according to the most recent Standard Operating Procedure issued by the 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.

In terms of the Department of Public Service and Administration (DPSA) circular HRD 1 of 2013, all departments are required to set aside a minimum of 1% of the total department's annual personal 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 in this regard from national and provincial treasuries.

Fasset was not in a position to verify that the amounts received from the relevant departments were accurate.

#### *Interest and penalties*

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

### 1.13 Comparative figures

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

# Accounting Policies

## For the year ended 31 March 2014

### 1.14 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.

### 1.15 Irregular expenditure

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

- This Act, or
- The State Tender Board Act (Act No 86 of 1968), or any regulations made in terms of the Act, or
- Any legislation providing for procurement procedures.

### 1.16 Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Seta grant regulations as follows:

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

Employer levy payments are set aside in terms of the SDA and the Seta grant regulations for the purpose of:

	2013/2014	2012/2013
	%	%
Administration costs of the Seta	10.5	10
Employer grant fund levy	20	50
Discretionary Grants and projects	49.5	20
Contributions to the National Skills Fund	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

Government department levy payments are set aside in terms of the DPSA circular, circular HRD 1 of 2013 for the purpose of:

	2013/2014	2012/2013
	%	%
Administration costs of the Seta	10	0
Discretionary grants and projects	20	0

Interest and penalties received from SARS as well as interest received on investments is utilised for Discretionary 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.

### 1.17 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, Seta grant regulations regarding monies received and related matters.

# Accounting Policies

## For the year ended 31 March 2014

### *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.

### *Discretionary Grant and project expenditure*

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

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

Project expenditure comprises:

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

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

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

### *Unconditional grants disbursed towards the National Skills Fund (NSF) for Technical and Vocational Education and Training (TVET) College infrastructure development*

In terms of Skills Development Circular No. 08/2013 Setas are required to contribute funds towards the NSF for TVET college infrastructure development. Funding agreements between the NSF and each individual Seta outline the details of the Seta's contribution as per the Skills Development Circular. There are no conditions or restrictions for the Seta and the funding is not refundable.

The TVET college infrastructure development payment is treated as a non-exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the Seta as outlined in the funding agreement, whichever occurs first.

A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognised to the extent of the amount outstanding.

## **1.18 Grants**

### *Mandatory Grant payments*

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

### *Discretionary Projects*

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

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.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 2. New standards and interpretations

### 2.1 Standards issued, but not yet effective

The entity has not applied the following standards, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2014 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 18: Segment Reporting</li> </ul>	1 April 2015	This standard describes the disclosure to present more specific and detailed information about major activities undertaken by an entity during a particular period, along with the resources allocated to those activities. Fasset already reports on revenue and expenditure per segment. Although the format of the reporting could change, we do not foresee major disclosure changes.
<ul style="list-style-type: none"> <li>GRAP 20: Related Parties</li> </ul>	Not yet determined	This standard prescribes the disclosure of information relevant to draw attention to the possibility that the entity's financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures.
<ul style="list-style-type: none"> <li>GRAP 108: Statutory Receivables</li> </ul>	Not yet determined	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.

### 2.2 Standards not yet effective or relevant

The following standards have been published and are mandatory for the 1 April 2014 or later periods but are not relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 105: Transfers of functions between entities under common control</li> </ul>	Not yet effective	No significant impact on future disclosures
<ul style="list-style-type: none"> <li>GRAP 106: Transfers of functions between entities not under common control</li> </ul>	1 April 2015	No significant impact on future disclosures
<ul style="list-style-type: none"> <li>GRAP 107: Mergers</li> </ul>	1 April 2015	No significant impact on future disclosures
<ul style="list-style-type: none"> <li>GRAP 32: Service Concession Arrangements: Grantor</li> </ul>	Not yet determined	No significant impact on future disclosures

## Notes to the Financial Statements

### For the year ended 31 March 2014

#### 3. Property, plant and equipment

	2013/2014		2013/2014		2013/2014		2012/2013		2012/2013	
	Cost	Accumulated	Carrying	Cost	Accumulated	Carrying	Cost	Accumulated	Carrying	Carrying
	R'000	depreciation	value	R'000	depreciation	value	R'000	depreciation	value	value
		R'000	R'000		R'000	R'000		R'000	R'000	R'000
Office furniture and fittings	592	(464)	128	588	(430)	158	588	(430)	158	158
Office equipment	882	(526)	356	739	(479)	260	739	(479)	260	260
Computer equipment	623	(400)	223	487	(307)	180	487	(307)	180	180
Leasehold improvements	464	(250)	214	456	(159)	297	456	(159)	297	297
<b>Total</b>	<b>2 561</b>	<b>(1 640)</b>	<b>921</b>	<b>2 270</b>	<b>(1 375)</b>	<b>895</b>	<b>2 270</b>	<b>(1 375)</b>	<b>895</b>	<b>895</b>

#### Reconciliation of property, plant and equipment - 2013/2014

	Opening	Additions	Disposals	Depreciation	Total
	balance	R'000	R'000	R'000	R'000
	R'000				
Office furniture and fittings	158	10	(1)	(39)	128
Office equipment	260	182	-	(86)	356
Computer equipment	180	167	(4)	(120)	223
Leasehold improvements	297	7	-	(90)	214
<b>Total</b>	<b>895</b>	<b>366</b>	<b>(5)</b>	<b>(335)</b>	<b>921</b>

## Notes to the Financial Statements

### For the year ended 31 March 2014

Reconciliation of property, plant and equipment - 2012/2013

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Office furniture and fittings	194	14	(7)	(43)	158
Office equipment	298	41	(3)	(76)	260
Computer equipment	174	115	(36)	(73)	180
Leasehold improvements	361	24	(1)	(87)	297
<b>Total</b>	<b>1 027</b>	<b>194</b>	<b>(47)</b>	<b>(279)</b>	<b>895</b>

Fully depreciated assets still in use

Gross Carrying Value

	2013/2014 R'000	2012/2013 R'000
Computer equipment	133	208
Office furniture and fittings	77	146
Office Equipment	76	291
<b>Total</b>	<b>286</b>	<b>645</b>

# Notes to the Financial Statements

For the year ended 31 March 2014

## 4. Intangible assets

	2013/2014	2013/2014	2013/2014	2013/2014	2012/2013	2012/2013	2012/2013	2012/2013
	Cost	Accumulated	Carrying	Cost	Accumulated	Carrying	Cost	Accumulated
	R'000	R'000	value	R'000	R'000	value	R'000	R'000
			R'000			R'000		R'000
Computer software	140	(124)	16	130	(88)	42		

### Reconciliation of intangible assets - 2013/2014

	Opening	Additions	Amortisation	Total
	balance	R'000	R'000	R'000
	R'000			
Computer software	42	11	(37)	16

### Reconciliation of intangible assets - 2012/2013

	Opening	Additions	Amortisation	Total
	balance	R'000	R'000	R'000
	R'000			
Computer software	47	27	(32)	42

### Fully depreciated assets still in use

	2013/2014	2012/2013
	R'000	R'000
Gross Carrying Value		
Computer software	103	50

# Notes to the Financial Statements

For the year ended 31 March 2014

## 5. Receivables from exchange transactions

	2013/2014 R'000	2012/2013 R'000
Prepayments	325	194
Deposits	86	83
Interest receivable	177	94
Other receivables	87	44
	<u>675</u>	<u>415</u>

## 6. Receivables from non-exchange transactions

	2013/2014 R'000	2012/2013 R'000
Employer receivables	1 643	1 608
Inter-Seta receivables	15	122
Impairments	(33)	(37)
	<u>1 625</u>	<u>1 693</u>
<b>Employer receivables</b>		
Overpayment to employers	1 643	1 608
Impairments	(33)	(37)
<b>Effect of adjustments on affected employers</b>	<u>1 610</u>	<u>1 571</u>

R1 643 000 (2013: R1 608 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received, and is based on the amount of such grant over payments. An amount of R33 000 (2013: R37 000) was provided for as doubtful debts.

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

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

# Notes to the Financial Statements

For the year ended 31 March 2014

## 7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2013/2014 R'000	2012/2013 R'000
Cash on hand	-	1
Bank balances	184 244	252 502
	184 244	252 503

As required in Treasury Regulation 31.2, the National Treasury approved the banks where the bank accounts are held. Surplus funds were invested in line with an investment policy as required by Treasury Regulations 31.3.5. During 2013/2014 all funds were invested in a call account with the Corporation for Public Deposits. The weighted average interest rate on short-term bank deposits was 5.7% (2013: 5.2%).

Cash and cash equivalents comprise cash held by Fasset and short-term bank deposits on call. The carrying amount of these assets approximates their fair values.

## 8. Provisions

### Reconciliation of provisions - 2013/2014

	Opening Balance R'000	Additions R'000	Reversed during the year - transferred to discretionary funds R'000	Change in estimate R'000	Total R'000
Exempt employer's provision	9 806	1 398	(4 745)	2 023	8 482

### Reconciliation of provisions - 2012/2013

	Opening Balance R'000	Additions R'000	Change in estimate R'000	Total R'000
Exempt employer's provision	8 359	946	501	9 806

### Exempt employer's provision

An amount of R8 482 000 (2013: R9 806 000) relates to levies incorrectly contributed by employers, and paid over by SARS and the 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 the DHET, the responsibility to refund the levies to the employers remains with SARS.

In terms of Skills Development Circular No. 09/2013, issued by the 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.

The change in estimate relates to prior scheme year levy reversals that occurred in the current year.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 9. Payables from exchange transactions

	2013/2014 R'000	2012/2013 R'000
Trade payables	320	1 359
Project creditors	2 553	6 641
Levies payable (UIF correction)	-	18 506
Accrued leave pay	575	512
Other accruals	10	16
	<u>3 458</u>	<u>27 034</u>

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

## 10. Trade and other payables from non-exchange transactions

	2013/2014 R'000	2012/2013 R'000
Skills development grants payable - Mandatory	7612	35 095
Skills development grants payable - Discretionary	347	715
Employer payables	348	1 064
Inter-Seta payables	2	342
Levy creditors	1 926	2 498
	<u>10 235</u>	<u>39 714</u>

## 11. Revenue

	2013/2014 R'000	2012/2013 R'000
Other income	40	80
Interest received - investment	12 681	10 778
Levies	419 317	353 062
	<u>432 038</u>	<u>363 920</u>

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	40	80
Interest received - investment	12 681	10 778
	<u>12 721</u>	<u>10 858</u>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Transfer revenue</b>		
Levies	419 317	353 062

# Notes to the Financial Statements

For the year ended 31 March 2014

## 12. Levies

	2013/2014 R'000	2012/2013 R'000
Levy transfer: Employer grants	136 287	214 370
Levy transfer: Discretionary Grants	222 335	87 168
Levy transfer: Administration	54 744	47 469
Levy penalties and interest	5 951	4 055
	<u>419 317</u>	<u>353 062</u>

## 13. Other income

	2013/2014 R'000	2012/2013 R'000
Skills Development Levy refund	33	51
Bad debt recovered	7	29
	<u>40</u>	<u>80</u>

## 14. General expenses

	2013/2014 R'000	2012/2013 R'000
Advertising	716	1 044
Auditors remuneration	1 507	1 694
Bank charges	42	40
Consulting and professional fees	12 326	10 627
Insurance	108	375
Lease rentals on operating lease	1 264	1 261
Postage and courier	22	11
Printing and stationery	320	178
Research expenditure	392	-
Staff welfare	50	17
Telephone	159	137
Training	137	117
Travel and subsistence	138	154
Water and electricity	131	510
Education and Training Quality Assurance (ETQA)	328	558
Other administration expenses	529	493
Committee costs	524	441
Remuneration to members of the Accounting Authority	1 184	359
Quality Council for Trades and Occupations (QCTO)	610	-
	<u>20 487</u>	<u>18 016</u>

# Notes to the Financial Statements

For the year ended 31 March 2014

## 15. Employee related costs

	2013/2014 R'000	2012/2013 R'000
Basic salaries	10 860	9 454
Performance awards	718	871
Medical Aid - company contributions	178	-
UIF	44	33
Workmens compensation	11	9
SDL	129	103
Leave pay provision charge	63	64
Group life benefits	313	-
Leave paid	-	34
	<u>12 316</u>	<u>10 568</u>

## 16. Employer grant and project expenses

	2013/2014 R'000	2012/2013 R'000
<b>Interest revenue</b>		
Mandatory Grants	84 965	163 413
Discretionary Grants	51 566	17 048
Project expenditure	236 411	100 149
TVET infrastructure	39 272	-
	<u>412 214</u>	<u>280 610</u>

## 17. Investment revenue

	2013/2014 R'000	2012/2013 R'000
<b>Interest revenue</b>		
Bank	12 681	10 778
<b>Interest income</b>		
Accruals on bank deposits	83	94
Bank deposits	12 598	10 684
	<u>12 681</u>	<u>10 778</u>

# Notes to the Financial Statements

For the year ended 31 March 2014

## 18. Net cash flows from operating activities

	2013/2014 R'000	2012/2013 R'000
(Deficit)/Surplus	(13 664)	54 211
<b>Adjustments for:</b>		
Depreciation and amortisation	372	311
Gain/(loss) on sale of assets and liabilities	(2)	30
Debt impairment	174	(2)
Movements in operating lease assets and accruals	(23)	-
Movements in provisions	(1 324)	1 447
Investment income accrued	(83)	(94)
<b>Changes in working capital:</b>		
Inventories	(1)	(7)
Receivables from exchange transactions	(177)	296
Consumer debtors	(174)	-
Receivables from non-exchange transactions	69	928
Payables from exchange transactions	(23 575)	9 312
Payables from non-exchange transactions	(29 481)	3 290
	<u>(67 889)</u>	<u>69 722</u>

## 19. Commitments

	2013/2014 R'000	2012/2013 R'000
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	1 260	1 221
- in second to fifth year inclusive	1 260	2 442
	<u>2 520</u>	<u>3 663</u>

The operating lease relates to building premises used for office accommodation. Fasset entered into a new lease agreement on 1 June 2011. Fasset will lease the current premises until 31 March 2016. A deposit of R75 000 was paid on inception of the lease. The deposit amount, which is refunded upon termination of the lease, will be reduced by any outstanding costs and will accrue interest based on prime less five percentage points per annum. The rent escalates annually on 1 April by 9%.

# Notes to the Financial Statements

For the year ended 31 March 2014

## Discretionary projects

	2013/2014 R'000	2012/2013 R'000
<b>2009/2010 projects</b>		
Financial Markets Learnerships	335	342
<b>2010/2011 projects</b>		
Taxation Learnership	810	999
<b>2011/2012 projects</b>		
Amathuba	-	20
Boston Le Rumo Project	-	4
Fasset Tracer Study 2012/2013	-	167
Ithemba Training Programme	-	28
NSFAS Bursaries	-	764
Rhodes BAC Programme	-	409
S&T Ukuthemba Project	-	328
Schimatus 2012	-	404
Schimatus 2013	-	3 380
Thuthuka Repeat QE Part I	1 685	7 005
Thuthuka Repeat QE Part II	-	53
	<u>1 685</u>	<u>12 562</u>
<b>2012/2013 projects</b>		
Bonani 8	-	22 508
IRBA-PPE 2013 Support Programme	-	5 281
Bonani 8 Additional	-	880
Learnership Cash Grant Year 13 (Exit)	-	200
MBAT & NMMU - Itemba	170	6 443
Phadisa Training Programme	-	1 499
Research Year 13	-	3 439
Rhodes BAC Programme 2	-	5 989
S&T - Itemba	-	3 770
Strategic Marketing	-	262
Thusanani 7	492	9 615
Thuthuka Academic Programme	825	2 993
Thuthuka QE II (PPE) 2013/2014	(4)	1 308
	<u>1 483</u>	<u>64 187</u>

# Notes to the Financial Statements

For the year ended 31 March 2014

	2013/2014 R'000	2012/2013 R'000
<b>2013/2014 projects</b>		
Bonani 9	15 056	-
TVET Learner Enrichment Project 2014	277	-
TVET Professional Qualification and Capacity Building Programme	3 800	-
TVET Research	1 108	-
TVET Work Experience Placement	10 553	-
Ithemba Bridging Programme II	5 751	-
LHE Letamo Bridging Programme	2 572	-
LHE Noka Access Programme	2 117	-
MBAT Khula Bridging Programme	5 437	-
NMMU	475	-
Thuthuka CTA Distance Learning	4 213	-
Thuthuka ITC	4 881	-
Thuthuka Undergraduate Support Programme	5 648	-
UCT Bukela Ufunde	2 685	-
Lifelong Learning Year 14	9	-
Stakeholders Engagement Y13/14	434	-
PIVOTAL Grants	4 845	-
	<b>69 861</b>	<b>-</b>
<b>2014/2015 projects</b>		
Lifelong Learning Year 15	3 170	-
	<b>77 344</b>	<b>78 090</b>
<b>Total commitments</b>		

The full balance of R164 002 000 (2013: R177 247) available in the discretionary reserve has been approved and allocated for future projects and skills priorities.

Of the allocated balance R77 344 000 has been contracted. A request for accumulation of the discretionary surplus has been submitted to the National Treasury through the DHET.

#### Year 14 split between PIVOTAL and Non-PIVOTAL

The new 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 rather than current year expenditure as the regulations only became effective at the beginning of the financial year. During the current year Fasset has allocated 92% of its 2014 projects to PIVOTAL programmes and 8% to Non-pivotal programmes.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 20. Related parties

### Relationship

Controlling entity	Department of Higher Education and Training
Entities under common control	By virtue of the fact that Fasset is a National Public Entity controlled by the DHET it is considered related to other Setas and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.
Entities with a representative serving on Fasset's Accounting Authority	Deloitte (T. Maluleke - resigned May 2012) Ernst & Young (S. Samuel - resigned Feb 2013) Industrial Development Corporation (H. Fischer) KPMG (M. Mapaya) PricewaterhouseCoopers (S. Machaba) SARS (C. Karsten & K. Hlongwane)
Members of the Accounting Authority	P. Badal S. Daniels A. Dempsey H. Fischer S. Gounden K. Hlongwane C. Karsten D. Kopolo (resigned in prior year) M. Kotane (appointed in the current year) S. Louis S. Machaba T. Maluleke (resigned in the prior year) M. Mapaya B. Mathibela S. Mngomezulu M. Molo (resigned in the prior year) M. Mushwana S. Samuel (resigned in the prior year) S. Sono (Chairman)
Members of key management	C. James (CEO) L. Lebuso (COO)

### Related party balances

	2013/2014 R'000	2012/2013 R'000
<b>Inter-Seta receivables</b>		
Bankseta	-	5
Foodbev	-	22
Sasseta	-	11
Services Seta	15	84
<b>Inter-Seta payables</b>		
FP&M Seta	-	(11)
Inseta	(2)	(8)
Sasseta	-	(2)
Services Seta	-	(3)
Unknown	-	(318)

# Notes to the Financial Statements

## For the year ended 31 March 2014

### Related party transactions

	2013/2014 R'000	2012/2013 R'000
<b>Inter-Seta transactions</b>		
Agriseta	-	(591)
Bankseta	(7)	(11)
Cathseta	(264)	(5)
FP&M Seta	6	(6)
Inseta	(138)	(67)
MICT Seta	(116)	(22)
MQA	-	(158)
Merseta	(19)	37
Sasseta	(9)	77
Services Seta	(66)	(8)
Unknown	318	(318)
Foodbev	(22)	-
<b>Remuneration - Members of key management</b>		
Aggregate remuneration (2 persons)	3 174	3 047

The senior management group consists of Fasset's CEO and COO. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are disclosed above. Refer to the report by the Accounting Authority for detail disclosure concerning the emoluments of the CEO and COO.

### Discretionary Grants and projects and service provider fees - Entities with a representative serving on Fasset's Accounting Authority

	2013/2014 R'000	2012/2013 R'000
Deloitte	26 256	25 339
Ernst & Young	10 856	5 456
KPMG	11 637	8 252
Industrial Development Corporation	6 012	4 732
PricewaterhouseCoopers	15 803	11 608
SARS	19 587	24 406

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

The transactions above occurred under terms that were no more favourable than those available in similar arm's length dealings. The transactions disclosed excludes the transactions that relate to statutory requirements. Discretionary Grants and projects comprise of the Strategic Cash Grant, PIVOTAL Grant, Assessor and Moderator Grant and project funding disbursed in accordance with the priorities as defined in the Sector Skills Plan. No guarantees have been given or received.

No expense has been recognised in the period for bad or doubtful debt in respect of the amounts owed by related parties.

# Notes to the Financial Statements

For the year ended 31 March 2014

## Remuneration - Members of the Accounting Authority

	2013/2014 R'000	2012/2013 R'000
P. Badal	90	13
S. Daniels	85	19
A. Dempsey	90	42
H. Fischer *	90	28
S. Gounden	49	19
K. Hlongwane	96	34
C. Karsten	96	37
D. Kopolo	-	3
M. Kotane	61	-
S. Louis	91	26
S. Machaba	42	3
T. Maluleke	-	6
M. Mapaya	-	-
B. Mathibela	95	39
S. Mngomezulu *	88	17
M. Moloi	-	21
M. Mushwana	90	35
S. Sono (Chairman)	117	17

The Accounting Authority consists of members appointed in terms of the Constitution. Remuneration is paid to members or to their nominating organisations. Fasset has remunerated members of the Accounting Authority for attending Board and subcommittee meetings as disclosed above. In the current year Fasset also paid a Board allowance to members of the Accounting Authority for the preparation of Board and subcommittee meetings as recommended by the DHET. This has resulted in an increase in total remuneration to members of the Accounting Authority. The transactions above occurred under terms that were no more favourable than those available in similar arm's length dealings.

\* Remuneration for attending Board and subcommittee meetings relating to these members is paid to their nominating constituency.

Fasset is controlled by the DHET. The Department is controlled by the Minister of Higher Education and Training. There were transactions relating to revenue with the DHET - refer to note 12.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 21. 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.

### 2013/2014

	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6-12 months R'000	1-2 years R'000
Payables from exchange transactions	(3 458)	(3 458)	(3 458)	-	-

### 2012/2013

	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6-12 months R'000	1-2 years R'000
Payables from exchange transactions	(27 034)	(27 034)	(27 034)	-	-

### Credit Risk

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

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

Credit risk with respect to levy paying employers is limited due to the nature of the income received. Fasset does not have any material exposure to any individual or counter-party.

Fasset's concentration of credit risk is limited to the industry (Financial and Accounting Services) in which Fasset operates. No events occurred in the industry (Financial and Accounting Services) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. Fasset is exposed to a concentration of credit risk, as significant amounts are owed by SARS and the DHET. This concentration of risk is limited as SARS and the DHET are government entities with sound reputation.

### The ageing of receivables from exchange transactions:

	Gross R'000	Impairment R'000	2014: Total R'000
Not past due	675	-	675
<b>The ageing of cash and cash equivalents</b>			
Not past due	184 244	-	184 244

# Notes to the Financial Statements

For the year ended 31 March 2014

The ageing of receivables from exchange transactions:

	Gross R'000	Impairment R'000	2014: Total R'000
Not past due	415	-	415

The ageing of cash and cash equivalents:

Not past due	252 503	-	252 503
--------------	---------	---	---------

## 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.

## 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:

	Floating rate R'000	Non-interest bearing R'000	Total R'000
<b>Year ended 31 March 2014</b>			
Cash	184 244	-	184 244
Receivables from exchange transactions	-	675	675
Payables from exchange transactions	-	(3 458)	(3 458)
	184 244	(2 783)	181 461

	Floating rate R'000	Non-interest bearing R'000	Total R'000
<b>Year ended 31 March 2013</b>			
Cash	252 502	1	252 503
Receivables from exchange transactions	-	415	415
Payables from exchange transactions	-	(27 034)	(27 034)
	252 502	(26 618)	225 884

## 22. Events after the reporting date

None.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 23. 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. Any subsequent changes required to the initial budget are approved by the Accounting Authority on recommendation of the Finance Committee.

#### Investment revenue

The investment income was 36% higher than budget due to income being higher than anticipated and various large discretionary payments (for example the TVET infrastructure payment) made late in the year. This resulted in higher average cash balances being held and Fasset earning more interest than budgeted for.

#### Transfer revenue - levies

Levy receipts were higher than budget by 6.8% due to a higher than expected increase in the number of new employers that joined Fasset during the period.

During the current year 1 434 new levy paying employers joined Fasset.

#### Employer grant and project expenses

Employer grants and project expenditure is 20% lower than budget. This is due to the fact that the budget is based on allocated funds while the actual expenditure happens across different financial years as a result of timing issues. In the current year R17.8 million was budgeted for various TVET projects of which only R1.5 million was expended in the current year. R76 million was budgeted for Discretionary Grants while only R52 million was paid in the current year. The rest of the expenses relating to these projects will be recognised in the next financial year. This principle also relates to various other smaller projects.

#### Administration expenses (including employee related costs, general expenses, repairs and maintenance)

Administration expenditure is limited to 10.5% of levies received. The legislative limit has not been exceeded and savings will be utilised to fund sector skills priorities through various projects.

The National Treasury has requested all public entities to contain costs and is driving a cost reduction programme. Fasset was able to implement cost savings in the majority of the individual expense line items, including catering and entertainment (56% below budget), legal fees (58% below budget), office maintenance (33% below budget) and travel expenses (30% below budget).

# Notes to the Financial Statements

For the year ended 31 March 2014

## 24. Accumulated surplus

Allocation of (Deficit)/Surplus to Reserves

Current year - 2013/2014

	Administration reserve R'000	Mandatory grants R'000	Discretionary grants R'000	Projects R'000	Total per Statement of Financial Performance R'000
Levies	54 744	136 287	222 335	5 951	419 317
Interest received - investment	-	-	-	12 681	12 681
Other income	40	-	-	-	40
Total revenue	54 784	136 287	222 335	18 632	432 038
Administration expenses	(33 487)	-	-	-	(33 487)
Employer grants and project expenses	-	(84 965)	(51 566)	(275 684)	(412 215)
<b>Deficit per Statement of Financial Performance allocated</b>	<b>21 297</b>	<b>51 322</b>	<b>170 769</b>	<b>(257 052)</b>	<b>(13 664)</b>

Prior year - 2012/2013

	Administration reserve R'000	Mandatory grants R'000	Discretionary grants R'000	Projects R'000	Total per Statement of Financial Performance R'000
Levies	47 469	214 370	87 168	4 055	353 062
Interest received - investment	-	-	-	10 778	10 778
Other income	80	-	-	-	80
Total revenue	47 549	214 370	87 168	14 833	363 920
Administration expenses	(29 098)	-	-	-	(29 098)
Employer grants and project expenses	-	(164 143)	(16 320)	(100 148)	(280 611)
<b>Surplus per Statement of Financial Performance allocated</b>	<b>18 451</b>	<b>50 227</b>	<b>70 848</b>	<b>(85 315)</b>	<b>54 211</b>

# Notes to the Financial Statements

For the year ended 31 March 2014

## 25. Financial instruments disclosure

Categories of financial instruments	At amortised cost R'000	Total R'000
<b>2013/2014</b>		
<b>Financial assets</b>		
Receivables from exchange transactions	675	675
Receivables from non-exchange transactions	1 625	1 625
Cash and cash equivalents	184 244	184 244
	<u>186 544</u>	<u>186 544</u>
<b>Financial liabilities</b>		
Trade and other payables from exchange transactions	2 883	2 883
Trade and other payables from non-exchange	10 235	10 235
	<u>13 118</u>	<u>13 118</u>
<b>2012/2013</b>		
<b>Financial assets</b>		
Receivables from exchange transactions	415	415
Receivables from non-exchange transactions	1 693	1 693
Cash and cash equivalents	252 503	252 503
	<u>254 611</u>	<u>254 611</u>
<b>Financial liabilities</b>		
Trade and other payables from exchange transactions	27 034	8 016
Trade and other payables from non-exchange	39 714	39 714
	<u>66 748</u>	<u>47 730</u>

## 26. Contingencies

### Surplus funds

In terms of the PFMA, all uncommitted surplus funds as at year-end may be forfeited to the National Revenue Fund should an application for retention of surplus funds be denied. Fasset will submit an application to the National Treasury through the DHET for the retention of uncommitted surplus funds amounting to R86 884 000.

As in the previous year Fasset expects that the National Treasury will approve the retention of surplus funds.

### 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 R Nil (2012/2013 R423 000) will be payable. The amount is contingent on the number of submissions received and approved.

# Notes to the Financial Statements

For the year ended 31 March 2014

## New scheme year levies received

At the reporting date levies were received in respect of the new scheme year, for which, the skills development legislation allows an employer until 30 April 2014 to submit an application for a Mandatory Grant.

At the reporting date it is estimated, as a result, that additional Mandatory Grant expenditure of R4 000 (2012/2013 R Nil) will be payable. The amount is contingent on the number of submissions received and approved.

## 27. Fruitless and wasteful expenditure

	2013/2014 R'000	2012/2013 R'000
Fruitless and wasteful expenditure	-	221

To the best of our knowledge no fruitless and wasteful expenditure have been incurred during the current year.

## 28. Irregular expenditure

	2013/2014 R'000	2012/2013 R'000
Add: Irregular expenditure - current year	-	32
Less: Amounts condoned	-	(32)
	-	-

To the best of our knowledge no irregular expenditure was incurred in the current year.

# Performance Information



Annita Bambo grew up in Limpopo. She completed the N6 Certificate in Business Studies through Tshwane North College, Pretoria and is now a beneficiary of Fasset's TVET Workplace Experience Project, placed at KPMG. Her message to young South Africans is never give up: "By dreaming big, by working hard, they can also end up where I am today. They can end up in big firms like KPMG, where people there care about one's development."

# 2013/2014 Highlights

## Performance Highlights

- Obtained a clean audit report for the fourteenth year in succession.
- Received an award from the Auditor-General of South Africa for a clean PFMA Audit Report in category National F.
- 18.8% growth in levy income attributed to new levy-paying entities joining the Fasset sector and contributing additional R19.5 million to Fasset's levy income.
- R327.2 million was disbursed by way of discretionary funding, benefitting a greater number of learners.
- Finalised our social media strategy and launched our Facebook and LinkedIn pages.
- Introduced Medical Aid cover and group risk cover as part of our employee wellness offering.
- Improved our Broad-Based Black Economic Empowerment (B-BBEE) rating from Level 5 two years ago to Level 3 in the last year.

## Disappointments

- Fewer employers submitting Skills Development Plans and the corresponding decrease in the pay out ratio of Mandatory Grants from 77.3% in 2012/2013 to 73.5% in 2013/2014.
- Targets related to completion of learners on learnerships, internships, Lifelong Learning and NSFAS Loan Repayment Grant not met.
- Did not formulate our sustainability strategy in terms of our responses to managing our environmental impact and corporate social responsibility.

## Opportunities for 2014/2015

- Implementation of the recommendations of the White Paper for a Post-school Education and Training System.
- Further drive the transformation agenda through a range of interventions.
- Increased focus on impact assessments, monitoring and evaluation of Fasset-funded programmes.
- Increased focus on PIVOTAL programmes to address skills shortages.
- Funding of incubator programmes to develop financial skills for the sector and broader economy.
- Continued implementation of TVET Colleges strategy and related projects.
- Development of the Taxation and Financial Markets learnerships.

For the period 1 April 2013 to 31 March 2014, we met most of our targets, with a number of them being over-achieved.

Challenges were experienced with achieving a number of the targets. The reasons for the non-achievement have been investigated and these factors have been incorporated in the target-setting process of the new financial year, where applicable.

The actual target achievement and reasons for the variances are included in Appendix A on page 82 of this report.

# Strategic Goals

Taking into account our sector’s skills needs and those of the broader economy as they emerged from the analysis presented in the Sector Skills Plan (SSP), national imperatives and cross-cutting objectives emanating from Government’s national strategies and policies, three strategic goals have been identified for implementation for the tenure of NSDS III:

- Increase the flow of new entrants to the labour market, to address skills shortages across the full pipeline of the post-school system
- Develop and maintain the skills base at the current workforce within the sector and beyond, and

- Address the transformation imperative within the sector.

Information pertaining to specific objectives to be achieved for each strategic goal and interventions deployed is provided in table 4 below. More detail on these achievements is reported in the Adding Value to our Stakeholders section that follows on page 66.

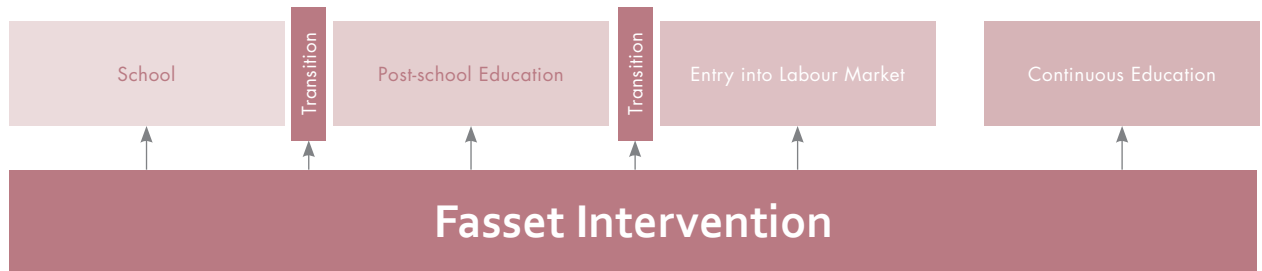
Table 4: Fasset Strategic Goals and Objectives

Strategic goal	Interventions deployed
Increase the flow of new entrants to the labour market to address skills shortages across the full pipeline of the post-school system	<ul style="list-style-type: none"> <li>• The provision of career awareness information at high schools and tertiary institutions</li> <li>• The capacitation of TVET Colleges, bridging programmes for access into higher education, access into academic qualifications or the completion of professional body designations and access to employment</li> <li>• PIVOTAL programmes to address skills shortages and to provide access to new entrants into the sector</li> <li>• The availability of the Learnership Cash Grant (LCGs) (for the Entry and Exit of learners) to medium (employing between 50 and 149 people) and small (employing between 1 and 49 people) employers, both levy and non-levy-paying, who take on new Black African and/or learners with disabilities onto learnerships</li> <li>• The provision of a Disability Toolkit to assist employers employing people with disabilities, and</li> <li>• Collaboration with Higher Education and Training institutions (HETs), TVETs, the DHET and Setas to strengthen the post-school system.</li> </ul>
Develop and maintain the skills base of the current workforce within the sector and beyond	<ul style="list-style-type: none"> <li>• Mandatory Grants paid to firms who train in accordance with their Skills Development Plans (SDPs) and PIVOTAL Plans</li> <li>• PIVOTAL Grants paid to levy-paying firms and linked to scarce skills</li> <li>• The Assessor and Moderator Grant for assessors and moderators who assess and moderate learnerships, qualifications and unit standards in Fasset’s scope</li> <li>• Lifelong learning interventions offered to both levy-paying and non-levy paying organisations within the Fasset sector, and</li> <li>• Strengthen the financial skills base of the public sector and making the public sector a training space in skills development, through payment of the SDL, submissions of SDPs and Annual Training Reports (ATRs), and participate in Fasset initiatives such as Lifelong Learning.</li> </ul>
Address the transformation imperative within the sector	<ul style="list-style-type: none"> <li>• The availability of the PIVOTAL Grant to employers who employ new Black African and/or entrants with disabilities on learnerships or who offer bursaries to new Black African and/or learners with disabilities to study at recognised tertiary institutions or professional bodies</li> <li>• The availability of the Learnership Cash Grant (LCG) (for the Entry and Exit of learners) to medium (employing between 50 and 149 people) and small (employing between 1 and 49 people) employers, both levy and non-levy-paying, who take on new Black African and/or learners with disabilities onto learnerships</li> <li>• The participation of Black African people in bridging programmes for entry into higher education, access into academic programmes for the completion of professional body qualifications and access into work readiness programmes, and</li> <li>• Incubator funding to address the skills shortages of financial skills across the broader economy.</li> </ul>

# Skills Development Priorities

We have adopted a pipeline approach to address skills development across the skills formation pipeline. These skills development priorities form the basis of our strategic goals, objectives and programmes which we undertake in response to the needs of our sector.

Figure 3: Skills Development Priorities



In terms of this pipeline, we fund:

- Career awareness interventions at high school and post-school levels
- Bridging Programmes for Access to Higher Education, enabling learners to re-write Matric Pure Maths and Accounting so that they meet the entry requirements to enrol at a university to complete a finance or accounting-related qualification
- Academic Programmes, which lead to the completion of qualifications (including TVET College qualifications) and or a professional designations
- Bridging Programmes for Access into Employment, enabling unemployed graduates to obtain the requisite soft skills and work experience to find employment, and
- Lifelong Learning events (Continuous Professional Development), for those currently employed in our sector, ensuring that their skills remain current.

## Governance and Accountability

Fasset's organisational environment is underpinned by corporate governance principles and practices. We comply with the PFMA and the King III Code on Corporate Governance. We operate within a clearly defined governance framework and adhere to the highest standards of corporate governance. This enables us to manage stakeholder concerns, build commitment within and outside the organisation, and to focus on delivery.

To this end, we undertook a gap analysis with the King III Code on Corporate Governance two years ago to assess our level of compliance as well as determine the areas where we did not comply. Of the 75 principles of King III, we comply with all of the sections of the Code except sections 2.14 and 2.15, which cannot be applied directly in our public sector environment and are explained as follows:

- Section 2.14 refers to the Board appointing the Chief Executive Officer (CEO) and establishing a framework for the delegation of authority. The appointment of the CEO is

done in terms of the SDA and the Seta's Constitution, which states that the Board can submit three names to the Minister, for proposal to Parliament, that appoints the CEO.

- Section 2.15 indicates that the Board should reflect a balance of power, with a majority of non-executive directors. An independent Chief Financial Officer (CFO) should be appointed to the Board or the matter should be explained in the integrated/annual report. The composition of our Board is determined in line with the Fasset Constitution and the Terms of Reference, comprising employee and employer representatives as well as independent members. All Board members are non-executive directors. The CEO, COO and the CFO are not members of the Board, they do, however, attend Board meetings. There is no balance of power in terms of executive/non-executive directors due to the public sector nature of our business.

### Part 3: Performance Information

Our last report indicated that we did not comply with Section 2.18. Following the appointment of a Company Secretary, effective 1 April 2013, we now comply with this section.

#### Business Ethics

As one of the Fasset values, ethics is managed through various means:

- **Code of conduct:** This code is signed by each employee and member of the Board and subcommittees on an annual basis and at any point in the year when the Code is updated.
- **Service level agreements:** Service providers agree to professional and ethical conduct for the duration of their service with Fasset.
- **Declarations of conflict of interest:** All staff, Board, Board subcommittee and working committee members are obligated to declare any interests. The members of any Bid Evaluation Committee (BEC) are also obligated to disclose any interests before evaluating tenders that are submitted to Fasset.
- **Gifts and hospitality register:** Any gifts, meals, entertainment as well as hospitality received by a staff or Board member are recorded in the gift register, regardless of the value. The CEO and Chairman of the Finance Committee review and monitor the gift and hospitality register on a regular basis.

Fraud management continues to be tracked and monitored through our policies and procedures, as well as the fraud

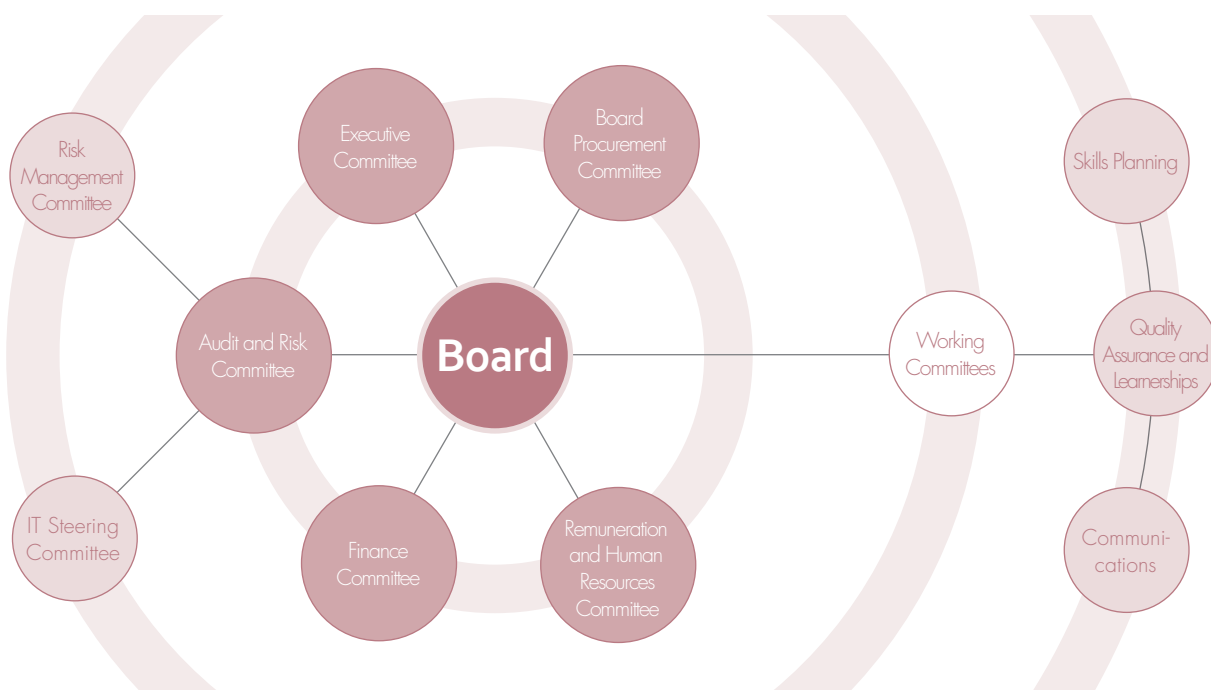
hotline. The reporting of incidents continues to be managed regularly and reported monthly in the management reports. No incidents of fraud were reported for the period under review. Staff continue to remain vigilant particularly when processing invoices and/or when requested to change banking details for service providers.

#### Fasset Board and Committees

As the Accounting Authority of the Seta, the Fasset Board is the highest governing structure. It retains full and effective control over Fasset, monitors the CEO’s performance and ensures that decisions on material matters are addressed and that fiduciary duties are carried out in Fasset’s best interests.

The Board and Committee Terms of Reference, which can be downloaded from our website ([www.fasset.org.za](http://www.fasset.org.za)), provide our stakeholders with assurance that our Board and Committees are fulfilling their obligations in terms of the Fasset Constitution and the SDA. Our Board and Committee Structures are provided in figure 4. Board and Committee assessments are conducted annually to evaluate overall performance. The findings, together with recommendations, are reported to the Board. For the year under review, the assessments indicated that the Committee structures are functioning effectively and are delivering on their respective mandates. The Board assessment had not been concluded at the time of finalising the Annual Integrated Report.

Figure 4: Fasset Board and Committee Structure



The Board is supported by the Audit and Risk Committee (ARC), Board Procurement Committee (BPC), Executive Committee (Exco), Finance Committee (Finco), Remuneration Committee (Remco), outlined in table 5 and three Working Committees: Communications Committee (Comm Comm), Quality Assurance and Learnerships Committee (QALC) and a Skills Planning Committee (SPC) outlined in table 6. The ARC is further supported by two other committees, namely the IT Steering Committee and the Risk Management Committee (RMC) outlined in table 7.

Members of ARC, the Board, BPC, Exco, Finco, and Remco are remunerated in line with the Minister’s approved rate for Board and Committees. Comm Comm, QALC and SPC members are not remunerated for attending Committee meetings. They are, however, remunerated for out-of-pocket expenditure such as travel and accommodation. Details of Board and committee member remuneration is provided in our Annual Financial Statements on page 49.

Table 5: Board and Subcommittee Descriptions

Committee	Responsibilities
Board	Setas have a standard 15-person Board, which includes an independent Chairman and two independent members appointed by the Minister of Higher Education and Training, six employee representatives and six employer representatives. The roles of Chairman and CEO are kept separate. Our Board is diverse in its composition and includes representatives from trade unions, professional bodies, investment entities and trusts, large accounting and auditing firms, small accounting and auditing firms and the State.  Board members have the requisite skills, competence and experience and meet on a quarterly basis to evaluate Fasset’s performance, assess risks and review Fasset’s strategic direction. In addition, Board members attended an annual two-day strategic planning session. Furthermore, the Board provides clear mandates and also delegates authority to Board Committees and the CEO.
BPC	Section 51(1)(a) of the PFMA prescribes that the accounting authority must ensure that Fasset has an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. The BPC should regulate Supply Chain Management (SCM) in line with the functions on behalf of Fasset in an honest, fair, impartial and accountable manner in accordance with the Board’s delegated powers.
ARC	The Audit and Risk Committee assists the Board in carrying out its responsibilities with respect to 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, and responsibilities related to the internal and external audit function.
EXCO	Exco’s decision-making authority is delegated to the committee by the Board. Exco’s primary role is to supervise the proper financial management of all financial matters; co-ordinate and supervise the implementation of the Board’s policies; co-ordinate the functioning of committees and monitor their activities and manage Fasset’s budgets and strategic plans.
Finco	The Finance Committee’s primary responsibilities include monitoring and reporting on the financial operations, internal financial policies, budget performance, consolidating and recommending the annual budget, providing guidelines on reporting on levy collections and grant disbursements, receiving, considering and recommending the financial reports, and recommending plans for, and monitoring the progress of, major capital and infrastructure work.
Remco	The Remuneration and Human Resource (HR) Committee advises Fasset and makes recommendation to the Board on establishing and maintaining competitive, fair, equitable and market-related compensation as well as other HR-related matters to attract, motivate and retain talented people.

Table 6: Board Working Committee Descriptions

Committee	Responsibilities
Comm Comm	The Communications Committee advises Fasset on general matters relating to the integrated marketing and communications strategic plan, and the budget assigned to this function.
QALC	The Quality Assurance and Learnerships Committee advises Fasset and makes recommendations to the Board on issues related to quality assurance, learnerships and qualifications.
SPC	The Skills Planning Committee advises Fasset and makes recommendations in areas such as the registration and functions of Skills Development Facilitators (SDFs), monitors and evaluates Lifelong Learning events, the submission of Mandatory Grants, the disbursement of Mandatory and Discretionary Grants, and the implementation of the SSP.

## Part 3: Performance Information

Table 7: ARC Supporting Committees

Committee	Description
IT Steering	<p>IT Governance forms part of the broader governance function within Fasset, but with its own specific focus. Oversight for this function is provided by ARC and reported to the Board on a quarterly basis. This includes the management of IT risks and the reporting thereon as well as ensuring compliance with the necessary standards and framework.</p> <p>An IT Steering Committee is in place, spearheaded by management, and reports to the ARC with roles and responsibilities of this committee outlined in the committee's terms of reference. A key focus area for this committee is to ensure the operationalisation of IT as a strategic enabler in the organisation and that the necessary strategies, policies and procedures are in place ensuring the effective governance of IT. In the last year, the committee ensured that the necessary governance processes were in place. This included the following:</p> <ul style="list-style-type: none"> <li>• Appointment of an IT Security Officer responsible for the management of the IT security function as it pertains to physical and digital security and that Fasset's IT security needs and strategy are aligned to the business strategy</li> <li>• Updating of the IT policy and procedure as part of the annual organisation-wide process of reviewing policy documents</li> <li>• Oversight of the roll-out of Fasset's IT system, which entailed an overhaul and the introduction of an integrated management system that incorporates the automation of the finance and accounting system, projects, skills planning, quality assurance and learnerships and human resource modules to enable effective online capturing and reporting of management information, and</li> <li>• Completion of the readiness status for the Corporate Governance of Information and Communication Technology Policy Framework (CGICT) as required by the DPSA.</li> </ul> <p>An IT governance framework was also developed during the last year to inform and align any decision making for IT planning, policy and operations that meet business objectives, ascertain that risks are managed appropriately and also verify that IT resources are being used responsibly and strategically.</p>
Risk Management	<p>A Risk Management Committee (RMC) has been established as a subcommittee of the Audit and Risk Committee to assist the Board in discharging its accountability for risk management by reviewing the effectiveness of the organisation's risk management systems, practices and procedures, and providing recommendations for improvement.</p> <p>For the period under review, the RMC compiled the significant risk register and conducted an annual review of the entire risk universe. Monitoring and reporting to the ARC and Board was also done periodically on the work undertaken by management.</p>

### Risk Management

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

An enterprise-wide risk management framework is therefore in place to provide direction and guidance to Fasset as it moves towards an integrated and systematic risk approach. This approach will ensure that all entity-wide risks that could affect people, reputation, business processes and systems, financial and environmental performance are identified, assessed and appropriately treated to an acceptable level, address unfavourable impacts and to benefit current and future opportunities.

Overall responsibility for the management of risk lies with our Board, which in turn provides guidance and support

to the CEO, who is the Chief Risk Officer. ARC has been delegated the responsibility to provide oversight, ensure that an adequate and effective risk management programme is in place and provide a realistic view of key risks and mitigating actions facing the organisation. The RMC has been established as a subcommittee of the ARC to monitor risk management on a fortnightly basis.

A Risk Management Plan is in place and is part of a suite of documents, which include the Risk Management Framework and Risk Management Policy. A Risk Register is also in place, which sets out control procedures, risk responses, treatment and implementation actions with management responsibility identified for each risk.

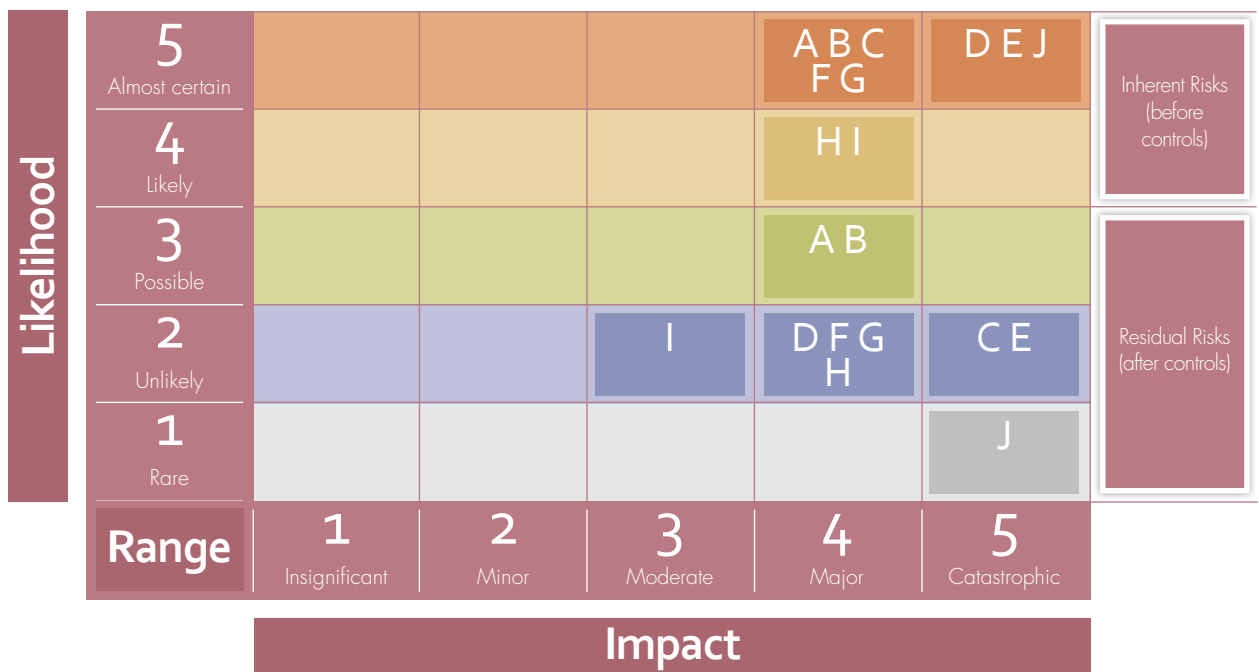
In compliance with the National Treasury requirements, the Internal Auditors have direct access to the CEO, ARC and the Board. It is the Internal Auditor's responsibility to monitor the prescribed procedures. Our risk profile did not change materially during the period under review and no unmitigated high-risk areas were identified.

The heat map that follows lists our significant risks and our assessment of their impact and likelihood of occurring.

Table 8: Significant Risks

Risk	Description
A	Disjointed relationship between Fasset and Executive Authority
B	Introduction of expenditure ceiling
C	Inadequate application systems due to software development changes not implemented timeously and accurately resulting in user needs not being met and misalignment with legislative requirements
D	SSP, SP and APP are not accepted by the DHET resulting in strategic misalignment and delay in implementation
E	Lack of an integrated contract management framework across the organisation
F	Delays in grant payments
G	Late levy pay-overs and levy information from SARS/DHET
H	Lack of impact measurement to inform future/strategic decisions
I	Current unfunded QCTO mandate potentially placing an unnecessary financial burden on Fasset
J	Projects not meeting desired outcomes within time, quality and budget

Figure 5: Fasset Significant Risk Heat Map 2013/2014



**Internal Controls**

A comprehensive set of policies is also in place in accordance with Fasset’s Constitution and in support of the SSP and the SP. Our Board and other governance structures such as Exco, Finco and ARC continue to ensure that internal controls are implemented and monitored adequately, to provide reasonable assurance.

Should you require further information pertaining to any of these internal policies and procedures, kindly consult our Proatia (Promotion of Access to Information Act) Manual as required in terms of Section 14 of this act, on our

website, [www.fasset.org.za](http://www.fasset.org.za) and follow the procedures outlined to request this information.

Fasset’s Code of Conduct ensures that ethical standards are adhered to at all times. A Materiality Framework is also in place. No instances occurred during the year, which required implementation of the policy outlined in the Materiality Framework.

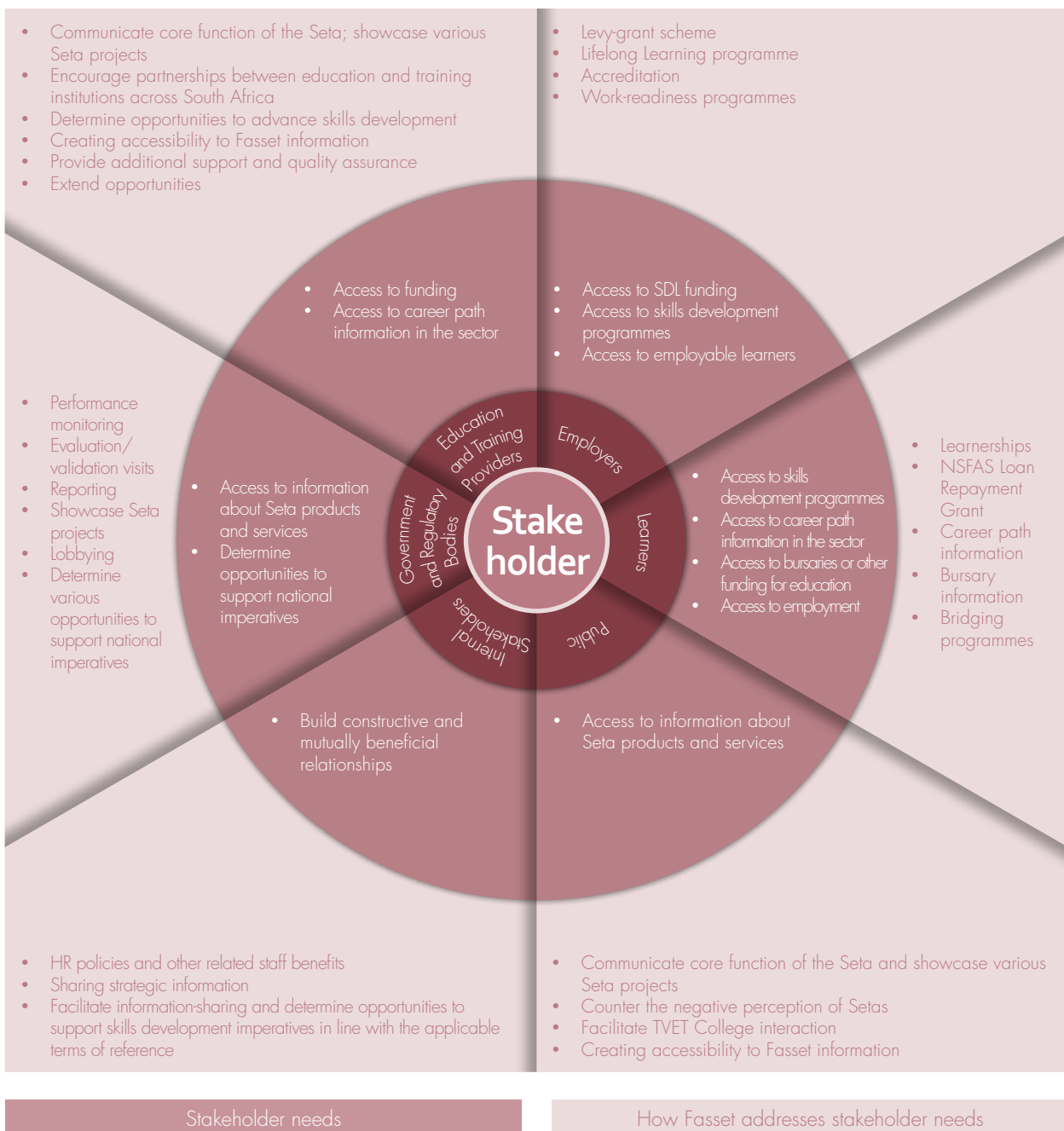
An integrated quality management system, which is updated regularly in line with changing business practice and legislative requirements, also continues to function effectively to provide the necessary guidelines for the adherence of quality standards.

# Stakeholder Engagement

We engage with a broad range of stakeholders in the Fasset sector in our quest to make the future count, to understand their needs and expectations, and how these can be addressed. Our stakeholders are defined as entities and individuals that are significantly affected by our activities, and those who have the capacity to affect our ability to implement strategies, and achieve strategic objectives.

We engage with our stakeholders at various levels and on various issues. We have identified six broad groups of stakeholders and have developed strategies for engaging with each group:

Figure 6: Stakeholder Engagement



# Delivery against Performance Objectives

In our previous report we stated that we would continue to operate in line with our approved SP and interface with a broad range of stakeholders as a good corporate citizen. In particular, we would place emphasis on the following six objectives:

- Focus on enhancing employee engagement and embedding our values within organisational processes and practices
- Continue to create value and meet stakeholder expectations to deliver on our mandate as a Seta in line with NSDS III objectives
- Formulate our Corporate Social Responsibilities (CSR) strategy and contribute towards social development causes through our staff-driven initiatives
- Continue to measure and report our progress in creating stakeholder value and managing risks
- Formulate our 'green strategy' approach to managing our direct and indirect environmental impact, and
- Continue to evolve our integrated reporting framework by mainstreaming sustainability imperatives into our business practice.

We have delivered on the above objectives as outlined in table 9 and partial or non-delivery has been outlined in table 10.

Table 9: Delivery of 2012/2013 Objectives

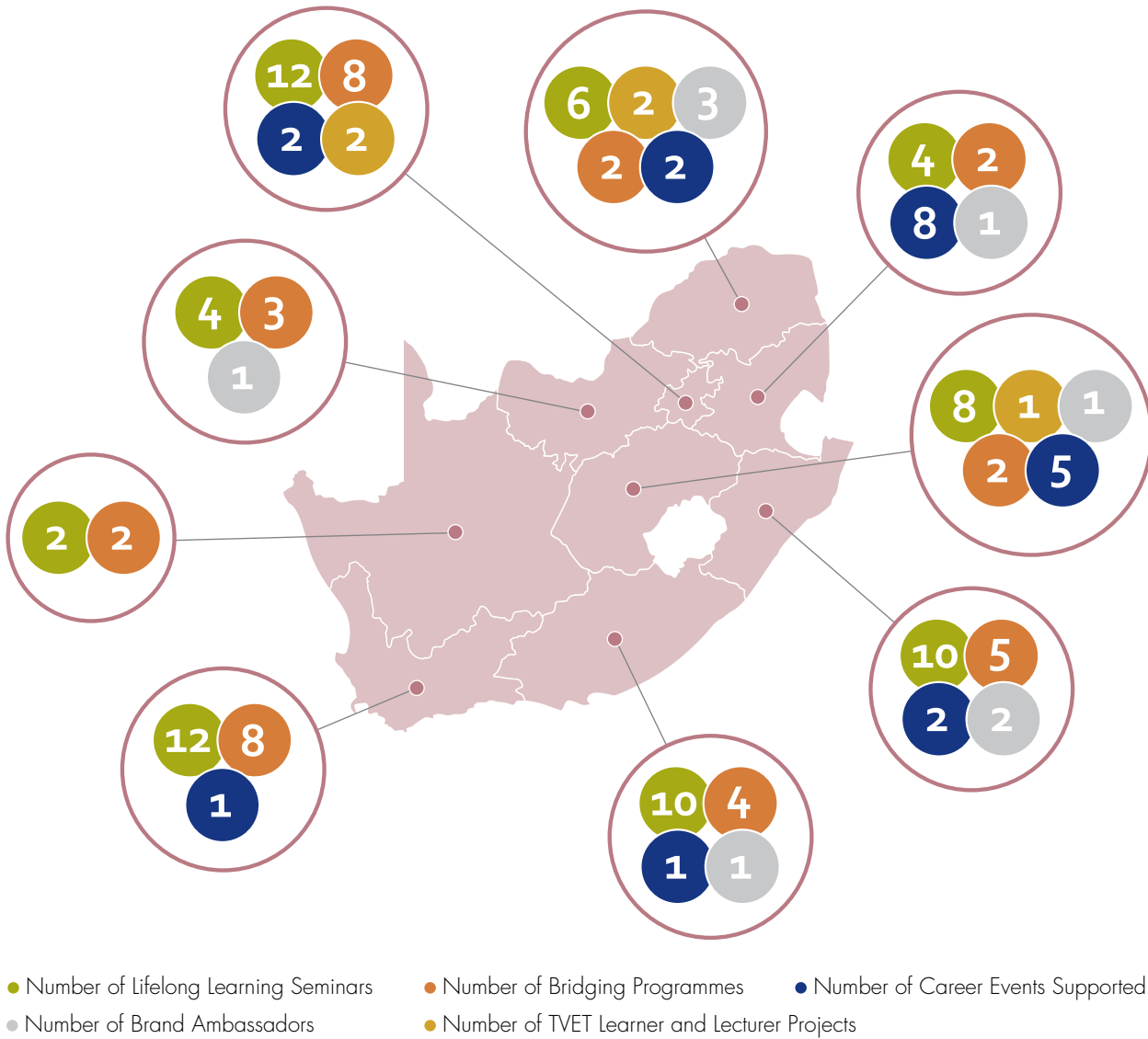
Objective	Achievements reported
Focus on enhancing employee engagement and embedding our values within organisational processes and practices	Page 78
Continue to create value and meet stakeholder expectations to deliver on our mandate as a Seta in line with NSDS III objectives	Page 66 to 77
Continue to measure and report our progress in creating stakeholder value and managing risks	Page 62 to 64, page 82 to 87
Continue to evolve our integrated reporting framework by mainstreaming sustainability imperatives into our business practice	Page 7

We have not delivered on the following two objectives:

Table 10: Non-delivery of 2012/2013 Objectives

Objective	Explanation for non-achievement/ or achievement in part
Formulate our CSR strategy and contribute towards social development causes through our staff-driven initiatives	Page 78 to 79
Formulate our 'green strategy' approach to managing our direct and indirect environmental impact	Page 80

Figure 7: Provincial distribution of Fasset Interventions



# Adding Value to our Stakeholders

A detailed account of the value that we add to our sector is provided in line with the following functional areas:

- Skills Planning
- Quality Assurance and Learnerships
- Projects
- Communications

We also report on our responses to sustainability imperatives as they relate to our staff, community, suppliers and the natural environment.

## Skills Planning

The Skills Planning function is primarily focused on assisting SDFs in the Fasset sector, through grant administration (Mandatory and Discretionary Grants) and is also involved in the strategic planning for Fasset by generating and co-ordinating research in the sector as well as Lifelong Learning programmes.

**Grants**

Grants are used to incentivise employers to train their staff. It is voluntary for all levy-payers registered with Fasset to apply for the Mandatory Grant.

The new Seta funding regulations came into effect on 1 April 2013. Two changes impacted on Fasset stakeholders: firstly, the decrease in the Mandatory Grant payments from 50% of the Skills Development Levy contribution to 20%; and secondly, the more detailed information which employers are now required to include in their SDP (previously Workplace Skills Plan (WSP)) submissions.

These changes did not discourage employers from applying for the Mandatory Grant, neither did the challenging economic

climate, characterised by very slow rates of economic growth. Mandatory Grant applications have remained relatively stable. Our employers in the sector are continuing to train their staff as is evident from the table below, depicting Mandatory Grant submissions over the past three years. The Mandatory Grant continues to be a prerequisite for accessing the following discretionary grants; Learnership Cash Grant (LCG), PIVOTAL Grant, Assessor Moderator Grant (AMG) and NSFAS Loan Repayment Grant (NLRG).

The detail outlined in the specific grant tables below indicate data that is drawn from Fasset Management System. In these tables, Approved indicates that the grant has been approved for payment on the Fasset Management System, but has not yet been processed for payment.

Table 11: Mandatory Grant applications for the past three financial years

Year	2011/2012	2012/2013	2013/2014
Approved	1 004	965	910
Rejected	283	160	142
Other*	14	23	35
<b>Total</b>	<b>1 301</b>	<b>1 148</b>	<b>1 087</b>

\* This category typically includes pending Inter-Seta Transfers and applications in query.

**Learnership Cash Grant**

For the year under review, the Board continued with driving the transformation imperative in the sector. In terms of this, the LCG was allocated to only Black African people and Black African people with disabilities to address the under representation of these groups in our sector. This decision impacted negatively on the LCG with fewer applications being approved.

Driving transformation in our sector, the Fasset Board took a decision that for the 2013/2014 funding year the LCG would

only be allocated to Black African people and Black African people with disabilities to address the underrepresentation of these groups in our sector. This decision impacted negatively on the uptake of the LCG with fewer firms applying for the grant.

The table that follows provides details of LCG applications for the past three financial years.

Table 12: Applications for the LCG for the past three financial years

Year	2011/2012*	2012/2013	2013/2014
Black African	211	220	169
Black Coloured	-	-	-
Black Indian	-	-	-
Disabled	1	1	-
Missing	-	-	74
Approved	212	221	169
Rejected	73	66	155
<b>Total</b>	<b>285</b>	<b>287</b>	<b>324</b>

\* 2011/2012 was the first year in which the LCG was restricted to applications for Black African learners only.

### Part 3: Performance Information

#### The PIVOTAL Grant

The PIVOTAL Grant is a new grant, which was offered during the period. It is based on Fasset's Strategic Cash Grant (SCG) and enabled employers to claim back a maximum of 49.5% of their SDL if they undertook education and training interventions in certain strategic priority areas. The PIVOTAL Grant was open to all population groups. However, while a maximum of 29.5% of their SDL could be claimed for PIVOTAL programmes implemented with White, Black Indian and Black Coloured learners, and non-South Africans, any

unutilised portion of the 29.5% and an additional 20% of the SDL could be claimed for Black African learners and people with disabilities on PIVOTAL programmes.

The PIVOTAL Grant could be claimed for PIVOTAL programmes undertaken in the firm, including degrees, diplomas, learnerships and internships. Short courses did not qualify for the PIVOTAL Grant.

Table 13: PIVOTAL Grant applications for the first year of the grant

Financial Year	Number Submitted	Payout Amount	Number of Learners
2013/2014	153	R36 942 314	2 912

#### The NSFAS Loan Repayment Grant

We introduced the NLRG in August 2012. The grant has been devised to enable the Fasset sector to increase its retention rate of learners on Fasset learnerships. By assisting learners to become financially independent of their NSFAS debt, Fasset hopes to retain learners in the sector, and by so doing, not only increase the pipeline of finance and accounting talent,

but also accelerate the pace of transformation within the sector.

This grant was first implemented in the 2012/2013 financial year. A decline in submissions and approvals of this grant was experienced from the first to the second year of implementation due to the fact that a large number of learners being able to apply retrospectively in the 2012/2013 financial year.

Table 14: Applications for the NLRG for the past two financial years

Year	2012/2013	2013/2014
Black African	454	183
Disabled	-	3
Approved	454	186
Rejected	144	52
<b>Total</b>	<b>600</b>	<b>238</b>

#### Assessor and Moderator Grant

The AMG reimburses the cost of training (to a limit of R4 500) to achieve the assessor or moderator educational outcomes, provided that an assessor/moderator is registered with Fasset. Since the AMG was well-subscribed in the previous financial year, additional budget was allocated in the current financial

year. There were fewer applications than expected and the grant was under-subscribed. It was anticipated that larger employers would apply for the grant on behalf of their assessors and moderators however, this did not materialise.

Table 15: Applications for the AMG for the past three years

Year	2011/2012	2012/2013	2013/2014
Approved	17	81	77
Rejected	21	50	32
<b>Total</b>	<b>38</b>	<b>131</b>	<b>109</b>

### Research

The annual SSP update was prepared and submitted to the DHET after it was approved by members of the Fasset sector, representing organised labour, organised employers and relevant government departments.

The main purpose of the SSP and the annual SSP updates are to describe the sector served by the Seta, to analyse the demand for and supply of skills to the sector and, on the basis of this analysis, to determine the skills needs and the skills development priorities for the sector. The SSP serves as a roadmap, together with NSDS III and national imperatives, to inform our strategic focus in the year ahead.

We released our updated Fasset Scarce Skills Guide in February 2014. Distributed annually, the guideline targets educationalists, learners, parents, policy-makers and education and training providers, who want to understand and identify scarce skills within the Fasset sector. The guide is also of benefit to new graduates, who may be able to fill scarce skills gaps.

Given our very strong focus on research and our desire to develop Black African talent within the research arena, we undertook to appoint a research intern for the 2013/2014 financial year. In line with our commitment to building a skills pipeline within our own organisation, this individual has been appointed in a permanent position where this person will provide our executive team with support.

Going forward, monitoring and evaluation will be a very important research focus area for Fasset. The White Paper for a Post-school Education and Training System calls for regular monitoring and analysis of data to understand levels of efficacy that are being achieved, and to identify blockages in the system. This will provide a more informed understanding of the skills deficits and the areas for focused growth linked to the country's needs.

### Lifelong Learning

Fasset supports the pipeline to skills development including its Lifelong Learning interventions. These learning events target specific stakeholders such as learners, SDFs, HR professionals and middle and senior managers as part of CPD.

Last year, we undertook to host workshops outlining the Fasset 2013 strategy and how member organisations can benefit from Fasset's, incentives and programmes, taking into account the new funding regulations. These workshops were very well-supported.

This year, twelve seminars were held during the period, with 17 135 delegates attending, bringing the total number of attendees since inception to 116 046. Some of our topics did not appeal to employers at the expected rate, as a result, levels of registration were not as high as anticipated and we did not meet our middle-level skills training target. Going forward, the Lifelong Learning calendar has been reviewed to include a greater number of events which cover topics that are expected to yield greater interest and therefore improve participation.

There were some enhancements during the period. Our online system has made it easier for employers to register multiple delegates for these events. We have also started opening the training courses to firms that can accommodate more than 50 people in their training facility. This model has worked very well. The value-add, is that the employer picks up the bulk of the course cost, including venue hire and catering, enabling us to host more Lifelong Learning events and train more learners. This approach has made Fasset more relevant to the medium and larger employer grouping, and to firms, which have their own training facilities.



### We take it seriously

Gerhard Stols CA(SA) is a director at Amax SA, an auditing and BEE verification firm for small and medium-sized business firms in South Africa. The firm has 50 employees and around 2 000 clients.

Gerhard believes Fasset's Lifelong Learning events add considerable value. "If you do not keep on learning and developing yourself, you start to stagnate. For me, it is important to stay on top of the technical knowledge, but also train for self-improvement. You can never stop learning. Out of every training event that I attend, or every book that I read, there is always something that I can apply in my day-to-day work," he explains.

At the beginning of each year, management at Amax SA looks at Fasset's calendar of Lifelong Learning events and decide at which level training would benefit employees the most. The firm views Fasset as a strategic business partner for developing talent within the organisation: "We take it seriously. We take off the day and we go to a Fasset Lifelong Learning intervention. This happens once a month. We close the office and we go to the training."

Gerhard has a special message for Fasset employers: "Attending Fasset Lifelong Learning events should be treated as important. We see the value that these events add. Employees also feel that you value their learning if you take off the time and send them to these events. It is not only an investment in your company, but in the individuals as well."

## Quality Assurance and Learnerships

The Quality Assurance and Learnerships department is primarily responsible for registering learnership agreements, accrediting providers and registering assessors and moderators.

### Quality Assurance

In fulfilling our quality assurance role we ensure that learnership agreements, are appropriately registered, providers are accredited for qualifications that fall into our scope and have met the quality assurance requirements, and that learners are not disadvantaged. Qualifications and unit standards that have not had an uptake, in terms of learner registration have been removed from Fasset's scope.

In fulfilling our quality assurance role Setas are required to engage with the QCTO. It is the QCTO's responsibility to ensure that occupational qualifications, involving workplace training are registered, quality assured and are offered by reputable service providers. It is also the QCTO's responsibility to ensure that qualifications are relevant to the marketplace, as this will enhance the likelihood of learners finding employment on completion of their qualification.

In last year's Integrated Report, we indicated that we were working towards the finalisation of the Taxation and Financial Markets Learnerships. We submitted the Financial Markets and Taxation occupational

qualifications to the QCTO for registration two years ago. These have now been registered and the work on the learnerships for the respective qualifications has commenced. Going forward, we will concentrate on the registration of learnerships for both the Taxation and the Financial Markets qualifications.

The 2014/2015 financial year will see a greater enhancement of the quality assurance function with an internal and external focus.

### Learnerships

Fasset continues to serve as a cross-sectoral skills incubator for the development of a pipeline of post-school accounting and finance skills for the entire economy. In fulfilling this role, Fasset is focused on building strong relationships with TVETs, HETs, education and training institutions and the labour market, in order to create a sustainable post-school skills pipeline.

Ranging from NQF level 3 to NQF level 8, Fasset offers a post-school pipeline of learnerships, with a variety of entry and exit points for accounting technicians and professionals alike.

No new learnerships were registered during the period. As at 31 March 2014, Fasset had 30 registered learnerships.

Of the 59 292 learners registered on Fasset learnerships to date:

- 4 273 learners were signed on during the year under review
- 792 are 18.1 learners (previously employed)
- 3 481 are 18.2 learners (previously unemployed)
- 33 820 have completed their learnerships (from 2000 to 2013).

The number of learners that have completed learnerships between 2000 and 2013, per NQF level is depicted in the following table:

Table 16: Learners completed per NQF level

Learnership NQF Level	Completed Learners
NQF level 7	32 929
NQF level 6	21
NQF level 5	84
NQF level 4	520
NQF level 3	266
NQF level 2	0
NQF level 1	0
<b>Total</b>	<b>33 820</b>

Twenty Memoranda of Understanding (MoUs) with other Setas have facilitated the implementation of

learnerships across sectors. There are currently 35 792 learners from other sectors on Fasset learnerships (2000 to 2013). Fasset employers have registered 2 317 learners on learnerships from other sectors.

Transformation remains a key driver within the Fasset sector. It is gratifying, to see annual improvements in the demographic profile of learners on Fasset learnerships. This continues to improve from 29% in Year 2, to 40% in Year 5, decreasing marginally to 39% in Year 13. A consistent placement rate of 100% on completion confirms the relevance of Fasset learnerships.

**Whole firm and internship accreditation**

Fasset has encouraged employers to apply for whole firm accreditation and to also have their internships accredited. The uptake for internship accreditation has been greater than the uptake for whole firm accreditation. Since 2011, only four firms applied for whole firm accreditation. Consequently, whole firm accreditation has been phased out. Eight firms have received internship accreditation.

For the 2013/2014 year, internships met the requirements for PIVOTAL programmes and employers were able to access PIVOTAL Grants.



**Employer testimonial: SARS partners with Fasset**

"Fasset has been playing a major role in ensuring that SARS complies with skills development legislation, in helping SARS advance and contribute to the national skills agenda. SARS also participates in major Fasset events," says SARS Head of HR, Takalani Musekwa.

SARS has a very strong focus on skills development: "Our SARS Academy provides learning and development programmes to all of our staff in the various fields. SARS is a key player with Fasset as a levy-paying organisation. Our Skills Development Committee comprises of management and representatives from organised labour and together we review the skills development programmes that we are running, and on an annual basis, we submit our Skills Development Plans and our Annual Training Reports. We have several other skills development initiatives, including a bursary scheme for matriculants and a bursary scheme for our own employees. In addition, we have a Graduate Internship Programme, and a Chartered Accountant Development Programme. Our learnership programme boasts 18.1 and 18.2 learners, which focus on internal staff." SARS is a large employer, with around 15 000 employees.

"Fasset has played a major role in ensuring that SARS is compliant with the skills development legislation, in helping SARS advance and contribute to the national skills agenda. We have two programmes, which have been accredited by Fasset. SARS is currently processing further accreditation, specifically on tax and customs programmes. However, we realise that some of these programmes do not fall within the Fasset arena, so Fasset is helping us to approach other Setas, so that we can get some of these other programmes accredited," Takalani concludes.

## Part 3: Performance Information

### Partnering with TVETs, professional bodies and employers

In last year's Integrated Report, we undertook to continue working with the DHET and other Setas and to enter into partnerships with FETs (now TVETs), HETs, professional bodies and training providers. In fulfilment of this, we finalised our Public Further Education and Training (FET) and Higher Education and Training (HET) Institutions Strategy 2013 to 2016. By implementing this strategy, we are strengthening our partnerships with institutions such as Waterberg TVET College, Tshwane North College, Ekurhuleni West College and Sekhukhune TVET College.

Fasset has traditionally had limited interaction with TVETs as they only offer qualifications up to NQF level 5. The majority of people working in the Fasset sector have a minimum of a NQF level 6 qualification plus a professional body qualification. By implementing our Public FET (TVET) and Higher Education and Training (HET) Institutions Strategy, we are expanding our post-school pipeline and are now well-positioned to draw learners into the Fasset sector skills pipeline at a lower level than in the past. Working in partnership with TVETs, professional bodies and employers in the sector, four TVET Projects were implemented during the period under review, three of which were launched in February 2014. Details appear in the table below.

Table 17: Fasset TVET College Interventions

Name of the project	Description
TVET Learner Enrichment Project	The project seeks to enhance and support the Life Orientation module as part of the curriculum of the National Certificate (Vocational) at NQF level 4.
TVET Professional Qualification and Capacity Building Project	The need to encourage professional bodies in the Fasset sector that have qualifications at NQF level 5 or below to accredit TVETs to deliver their qualifications, has been identified.  Upon successful completion of the qualification, learners will be placed with employers to obtain work experience. Pedagogical skills will be imparted to lecturers to capacitate them in terms of the content they teach.
The Pilot TVET Learner Workplace-based Experience Project	The N6 certificate in Business Studies requires TVET learners to have 18 months relevant work experience. In addressing this blockage in the skills pipeline, which prevents learners from achieving their qualification or finding better sustainable employment, Fasset is funding the stipend and travel allowance for TVET learners placed with employers in the sector for the full period of 18 months.  The project will provide opportunities for learners to achieve the National N Diploma, thereby enhancing their prospects for employability as well as exposing employers to TVET learners as an alternative source for recruitment at the lower levels.
TVET Qualification Mapping and Analysis Project	The project will conduct research into the relevance of the National N Diploma in Financial Management in the Fasset sector. It will also explore possible opportunities for credit transfer between this qualification and other qualifications within the scope of Fasset's quality assurance.

The TVET Learner Enrichment Project, the TVET Professional Qualification and Capacity Building Project and the Pilot TVET Learner Workplace-based Experience Project, include a research component to establish the success and impact of each of these projects.

### Projects

Fasset Bridging Programmes are funded through discretionary funding, to facilitate skills development, transformation and social upliftment. Through a public tender process, bridging projects funded target the entire post-school pipeline.

#### Our pipeline approach to project funding

In line with our TVET and HET strategy to build partnerships with these public institutions and in line with our pipeline approach to skills development, Fasset funds Bridging Programmes for:

- Access into Higher Education (NQF level 5)
- Bridging Programmes for Access into Employment (NQF level 6-7), and

- Academic Programmes which lead to the completion of a qualification, and/or a professional designation (NQF level 6-8).

By funding programmes at these three levels, we are able to make a difference in young people's lives by bridging learners into university, and the workplace, and assisting young people to obtain a professional qualification. Our Bridging Programmes for Access into Higher Education, target learners with Matric who did not obtain university exemption. We provide them with an opportunity to re-write their Matric mathematics and English to enable them to gain university entrance for a BCom or BCompt degree.

An innovation during the period under review was our Board's approval of an incubator funding window in keeping with our post-school pipeline approach, to cater for the professional bodies which do not necessarily produce qualifications that are geared for the Fasset sector, but are needed in the economy as a whole.

People who qualify through professional bodies such as Chartered Institute for Management Accountants (CIMA) or Association of Chartered Certified Accountants (ACCA), do not necessarily end up in the Fasset sector, but generally work in the broader financial arena. While our projects have traditionally focused on placing people within the Fasset sector, the incubator window will allow for people to be placed mainly outside the sector. The funding window in the 2014/2015 financial year will include the incubator window.

During the period, we focused on programmes which culminated in qualifications, as opposed to pure work-readiness. In our last funding window for Bridging Programmes for Access into Employment, we specifically asked providers to add a PIVOTAL element to their offering. The PIVOTAL element needed to be credit-bearing and to articulate into a qualification. This has proved to be a challenge for some of our project providers.

The Rhodes Business Analyst Certificate (BAC) Programme is a case in point. We were unable to fund this programme as the Rhodes BAC is not credit bearing, neither does it articulate into any other programme.

During the period under review R63 822 320 was allocated, bringing the total amount allocated over

the past 14 years to R573 137 567, including NSF-funding. Some 19 114 individuals in total have benefited. The programmes are in line with the NSDS III targets and other government imperatives including, but not limited to the MTSE, the HRD-SA, the IPAP and the NGP. Projects funded were distributed across all nine provinces, to various training providers, to ensure a more even spread of funding.

Last year, we indicated that going forward, our Board would adopt a slightly different approach to tendering with public institutions, namely a two-stage bidding process. This option has been investigated further and was found to be unsuitable due to the additional administrative requirements for both the public entities as well as Fasset.

In our interactions with universities leading up to the tender window, many universities indicated that they were not yet ready to interact with Fasset in this particular tender window. We are continuing to engage with these institutions, providing additional support in the form of workshops and meetings to capacity build the university staff in this regard. It is anticipated that universities will be in a better position to submit proposals in the upcoming tender windows.

An additional change during the year was to make the briefing session compulsory for the funding windows. In the year ahead, we plan to hold briefing sessions in more than one province. We are also looking at different ways to engage with providers who have historically been unable to tender for the large projects.

In last year's report, we included a case study on Sibusiko Zoko, a cleaner at the Mosaïek Church in Fairlands, Johannesburg. He applied and was accepted onto the Phadisa Programme. The Phadisa Programme has enabled him to gain admission to the University of Johannesburg. He has enrolled for a National Diploma in Accounting. Open Learning Holdings has undertaken to support him throughout this financial year.

### Learner testimonials

Our learner testimonials attest to the fact that Fasset-funded projects are adding real value to the lives of our project beneficiaries and are also helping employers meet skills shortages. Further details on our project success stories and learner testimonials can be found on our website [www.fasset.org.za](http://www.fasset.org.za).



### My life changed dramatically

"My life changed dramatically. I was employed. There was a difference from the graduate who had a degree, but was not employed, and the graduate who was now employed and looking forward to month-end because there would be a salary, and that feeling that I would be posting money for my Mum that month. It was the most awesome feeling I had had in my entire life," Neo Ngobeni explains.

Neo Ngobeni graduated from the University of Limpopo. "The nightmare kicked in when I started to look for employment. All adverts in the newspaper wanted experience, which you do not have when you have just graduated. No-one wants to hire you," Neo recalls.

He saw an advertisement in the Star for the Fasset-funded Bonani Programme and applied. After graduating from the Bonani Programme he was despondent because he was not placed into employment immediately. He soon changed his mind when he was invited to an interview two weeks later with Rakoma & Associates, an audit firm in Bryanston: "I did well in the interview and they said they would call me. After the interview I realised what the Bonani Programme had taught me. The programme had taught me communication skills, how to be confident in myself, how to be able to be assertive and understand and listen, and also how to respond to the questions I was asked. These important skills really helped me throughout the interview".

Rakoma & Associates offered him a position: "I am very blessed to be part of that team. I get to sit with Chartered Accountants every day. This is very motivating. Some of the CAs have experienced what I am going through now. They understand the pressure of working and trying to balance your study life".

Neo is currently studying part-time through the University of Johannesburg: "The Bonani Programme has changed my life. I can afford my tuition fees. I can afford to send money back to my Mum. Things that I wished to have when I was growing up, I can have now".

### Projects funded during the period

We funded four programmes which would provide access into employment and a programme which would culminate in the completion of a professional designation, the Independent Regulatory Board for Auditors (IRBA) Public Practice Examination (PPE) 2014. We also funded an entirely new offering, the UCT Bukela Ufunde Academic Programme (more information is available in our CEO's review on page 13).

In line with our skills pipeline approach, we funded the Thuthuka ITC Programme (previously Thuthuka QE I programme) as well as funding BCompt graduates on a CTA distance-learning programme offered through Unisa. Thuthuka Light, the Thuthuka undergraduate programme was also funded.

### NSFAS Bursaries

We allocated R130 million (this includes R60 million paid in March 2014) to NSFAS for bursaries for university students and TVET students. Bursaries were allocated to first, second, third and fourth year students. For those who passed, bursaries were again allocated for the 2014

academic year. 1 014 bursaries in total were allocated. Fasset has never funded bursaries previously and NSFAS is administering the bursary on Fasset's behalf. Since Fasset's strategy has recently been aligned to work more closely with public institutions, a sizable sum of money (R20 342 628) has been allocated to universities this year. This is in line with the White Paper for a Post-school Education and Training System.

### Communications

The Communications function is responsible for leading, developing and implementing integrated, strategic communication strategies so that stakeholders are regularly informed regarding Fasset, its service offerings and the Fasset brand.

Last year, we undertook to establish a mentorship programme for our brand ambassadors. Our CEO, COO and Fasset managers are mentoring our brand ambassadors. We also undertook to provide training and support including CV preparation and attendance at Lifelong Learning events.



*Brand Ambassadors*

For the period under review, twelve brand ambassadors were appointed and a monthly target of two interventions per ambassador was set. Our brand ambassadors submit a monthly report about their interventions, in which they provide details about their objectives, who they met and the topic they covered. They also submit an attendance register and photographs.

The value-add for our brand ambassadors is that the campaign provides them with an opportunity to improve their presentation, networking and communication skills. It also provides them with an opportunity to build their self-confidence. These skills will stand them in good stead when they enter the world of work.

One of the highlights during the period was the election of our Waterberg TVET College brand ambassador to the position of President of the Student Representative Council at the college.

Figure 7 on page 66 indicates the provincial distribution of the appointed brand ambassadors.

In the year ahead, we want to ensure that we have a brand ambassador in each province. We plan to appoint 15 brand ambassadors to ensure adequate representation and spread the Fasset footprint in as many rural areas and townships as possible.

We also undertake to do a lot more on-site monitoring of our brand ambassadors and are intent on involving

our brand ambassadors in our bridging projects. Since they receive all information pertaining to these projects, including recruitment criteria, they are well positioned to encourage candidates to apply. Our brand ambassadors may also participate in some of our bridging programmes so that they too can be bridged into the next training opportunity within the post-school education and training pipeline.

#### **Career Events**

The White Paper for a Post-school Education and Training System raises as a concern the need to ensure that all young people in the latter years of schooling, and those in their early years of post-school education, receive appropriate and adequate career guidance and advice. As is evident from our brand ambassador campaign, engagement with learners and students at TVETs and universities is a well-established priority.

During the period, we shifted our focus from Career Exhibitions to Career Events. We believe Career Exhibitions add very little value in terms of stakeholder engagement. Going forward, we would like to host our own Finance and Accounting career events. The idea is to invite an audience, who are interested in the finance and accounting field, to exhibit opportunities in the finance and accounting field exclusively. These events will be hosted in a presentation or workshop format, where learners have an opportunity to engage with professionals on a one-on-one basis.

### Part 3: Performance Information

We piloted our first ever Finance and Accounting Career Event at the Waterberg TVET College on 6 February 2014; 50 learners and five educators attended. One employer, five professional bodies, two regulators including the IRBA and the Financial Services Board (FSB) and the SAQA exhibited.

In the year ahead, we will continue to focus on hosting our own Career Guidance events. By so doing, we will be able to target learners who are interested in pursuing a career in Finance and Accounting. We will also be able to target learners who have the requisite school subjects to pursue a career within our sector.



As lead Seta at two public TVET colleges in Limpopo, we have complied with the Ministerial imperative and opened a Seta Career Awareness Office at the Waterberg TVET College, Business Studies Campus on 6 February 2014. The office represents all Seta offerings and will be run by a Fasset brand ambassador, supported by an ETD P Seta appointed Career Guidance Officer.

#### Publicity

Our publicity programme has been designed to increase participation in Fasset interventions and to also alert our stakeholders to Fasset benefits, incentives, programmes and achievements. Fair and equitable media coverage was obtained in business publications, national and regional newspapers, community newspapers and web-based publications. Free publicity to the value of R1 893 275.76 was obtained. Various publications were produced during the year, including our quarterly newsletter, Facts, a monthly e-zine, eFacts, our quarterly e-zine for learners, I-Facts and the 2012/2013 Annual Integrated Report.

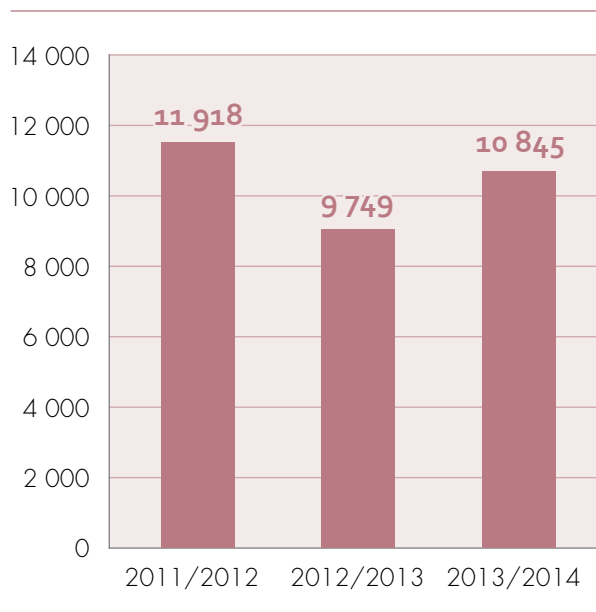
#### Call Centre

As a key platform for stakeholder engagement, our Call Centre continues to deliver high levels of service and has

been mainly utilised by the employer and learner market in the period under review.

The Fasset Call Centre received a total of 10 835 calls during the 2013/2014 financial year. The total calls across three financial years is illustrated in figure 8 below.

Figure 8: Call Centre Calls Received



### ROI Model

We continue to refine our Return on Investment (ROI) model to measure the effectiveness of Fasset communications objectives and increase participation in skills development. In developing our ROI model we are attempting to look at the intangible value of communications. The exercise has proved very challenging as not much work has been done on the measurement of an intangible impact against the spend. Our focus throughout has been on communicating key messages and strengthening our Stakeholder Engagement Plan. Our key stakeholders have been identified in our Stakeholder Engagement section on page 64 of this report. Benchmarks will be set after the close of this financial year.

Our ROI model is campaign-focussed and have attempted to measure the investment and the outcome/impact of six different campaigns. The outcome is measured at different levels.

- Level one: impression (measure the number of people reached)
- Level two: active interest and query (measure the number of applications/responses/enquiries)
- Level three: commitment/recruitment (measure the number of applications approved/attendance, and
- Level four: conversion rate/impact analysis (the extent of the impact, for example, the number of learners entering the sector).

We have focused on levels one and two in our communication campaigns. Information for levels three and four may be available from other departments. This achievement cannot however, be attributed directly to communication activities.

We have adopted a call-to-action approach in all of our interventions.

### Our People Management Practices

We have a staff complement of 27, including one contract worker. The Fasset team has remained stable since its inception, growing proportionately over time and is characterised by several long-serving team members. This has ensured that Fasset's institutional knowledge has been retained.

The team consists of the management team, which is tasked with implementing strategies and policies outlined in the legislation and agreed to by the Board. Our *modus operandi* includes a multi-skilling approach that provides opportunities for exposure to a variety of work assignments and enables us to manage in times of operational constraint. During the past financial year,

there were six new appointments, one resignation and three promotions.

Our permanent team is kept to a minimum for the implementation and maintenance of core functions, as defined in the SDA. This approach is in line with our commitment to ensure that the highest possible proportion of the SDL is allocated to skills development interventions rather than administrative processes.

Strong leadership plays a pivotal role in entrenching a performance-based and ethics-oriented culture throughout the organisation. During the year under review, our management team consisted of the CEO, the COO and five professionals as outlined in the organisational organogram in Appendix B on page 88. The management team is tasked with implementing strategies and policies outlined in the SDA and the Fasset SP, as approved by the Board. Non-core functions such as Internal Audit, Information Technology (IT), Call Centre and Finance are outsourced and specific expertise is procured as and when required. This approach has enabled Fasset to focus on core functions and consistently deliver on our mandate.

### Employment Equity

Our recruitment and selection policies drive Employment Equity (EE) within the organisation. The composition of our management team reflects our commitment to skills development and EE. Occupational levels and grades are aligned with the sector and reflect our commitment to meeting our HR needs through clearly defining the roles and activities for all positions. A breakdown of the Fasset team according to race, gender and occupational bands is provided in the organogram in Appendix B.

### Human capital management

A Performance Management System is in place, with performance appraisals being conducted three times a year. Each employee also has a Personal Development Plan. Managers conduct performance appraisals for their own staff, with managers either reporting directly to the CEO, or the COO. Committed to developing our own people, we prefer to promote from within our organisation.

Our policies include a Benefits Scheme Policy, a Code of Conduct, an Employee Handbook, an Induction Manual and an HR Manual. During the course of the year, we appointed an Employee Wellness Committee tasked with the implementation of an Employee Wellness Programme.

## Part 3: Performance Information

### Remuneration

We strive to be an employer of choice. A Remunerations and HR Committee reviews the remuneration of our executive team, our management team and our staff on an annual basis. Our salaries are market-related. Staff are recognised in accordance with their current skills and competency levels whilst at the same time giving them the opportunity to develop. We have provided details pertaining to our CEO and our COOs remuneration in our Financial Statements on page 23 and the occupational bands have been included in the organogram in Appendix B.

### Education and training

Our staff are upskilled on an on-going basis to meet their developmental potential and are capacitated to deliver on

Fasset's strategic objectives. As an employer, we submit a SDP and an ATR.

We encourage our employees to improve their skills and we incentivise our employees to do so by subsidising their studies. This applies not only to academic qualifications, but professional skills development in general, to enable overall job effectiveness in line with their Personal Development Plans.

During the period Fasset staff attended 37 training interventions: ten of the events were specialised training, including the attendance of a conference. Seventeen employees in total were trained during the period. An amount of R150 783 was spent on training.



Valentine's Day at Fasset

### Employee Wellness

Last year, we indicated that we had identified gaps in terms of our interactions and connectedness as a team and recognise that some work still needed to be done in terms of enhancing employee engagement. The gaps related to regular interactions as a team, at an organisational level, and completing the embedding of the values process.

During the year under review, team building events were held to address the embedding of the values. An employee wellness and social responsibility committee were established to initiate activities aimed at strengthening the employee engagement interventions, driven at staff level. A series of workshops were also held as part of the process to embed the values within organisational practices and behaviours. Staff benefits such as Medical Aid cover and group risk cover were also introduced from 1 April 2013, forming part of the employee wellness offering.

We also started a process for re-accreditation with Investors in People (IiP), an international standard for good people governance.

## Addressing our Corporate Social Responsibility

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

key catalyst for people, particularly those in less fortunate circumstances, to lead more productive lives.

### Social upliftment

Since South Africa is a developmental state, there is a dire need for social upliftment. As a Seta, our mandate serves as the basis for our CSR agenda, which enables us to provide upskilling and training opportunities through the range of interventions that we offer such as learnerships, workplace experience, access to occupationally-directed qualifications and continuous professional development as funded through our Mandatory and Discretionary Grants. However, as a public entity, we are constrained to go beyond this in terms of utilising public funds to support social causes and non-profit organisations working towards the development, empowerment and social progress of the broader communities in which we operate. Our CSR programme is therefore based on our staff

volunteering their time or resources to those less fortunate than themselves.

For the year under review, we continued to support our 'adopted' school, Refallete Primary School in Orange Farm, Johannesburg as part of our social responsibility initiatives. Together with other partners such as ACCA, we have supported the school's library, donated furniture and computers, all of which we were no longer using.

We also embarked on a 'Winter Drive' as part of the Mandela Day celebrations, where warm clothing and food items were donated. Our donation coincided with Phuhlisa Trust's donation of school shoes to the school. In addition, Fasset and ACCA staff assisted the school to expand its existing vegetable garden, helping to expand the school's feeding scheme for the benefit of the broader community.



In the year ahead, we plan to expand our CSR initiatives to include other schools, for the benefit of a greater number of learners. We will do so as part of the process of formalising our CSR strategy.

### Working with our suppliers

We operate in an increasingly dynamic environment, which requires us to ensure that we improve our business operations and maintain procurement discipline. We maintain sound SCM practices in line with the PFMA and other applicable standards.

We view SCM as a way of contributing to socio-economic development. Our supplier database consists of 162 suppliers of which 67 (41.3%) are Black Economic Empowerment (BEE) suppliers. A record of all suppliers that are not specifically contracted, but are actively used by our business units within a 12-month period, is maintained for possible future business opportunities.

Our commitment to transformation is not driven by compliance, but by a sincere commitment and desire to contribute to transformation in a way that can bring

## Part 3: Performance Information

meaningful change to the lives of all South Africans. In terms of this, we have developed a Procurement Guide and introduced compulsory briefing sessions in our projects tendering processes, in a bid to assist potential bidders, particularly emerging providers, to access procurement opportunities with Fasset.

We were the first Seta to obtain a B-BBEE rating in 2012. Although it is not a requirement for Setas, we were assessed during the period under review in terms of the B-BBEE scorecard and improved our rating from level 5 two years ago, to Level 3. We achieved this improvement through our focus on the management control and socio-economic development elements of the scorecard.

We are mindful of our suppliers' need for the prompt payment of goods and services supplied. We therefore, ensure that payment for goods and services rendered is made in accordance with the terms and conditions of the contract i.e. within 30 (thirty) days after receipt of a correct invoice.

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

### Managing our environmental impact

There is increasing evidence of the impact of climate change and the need to manage environmental impacts. As a Seta, we have a low environmental impact. We are mindful, nevertheless, of our direct and indirect impacts on the environment as an organisation and as individuals.

While our operations are primarily based in our office in Johannesburg, we maintain a regional presence through various initiatives and engage in business travel for Board, Committee members and staff. We are very cognisant of the fact that travel has an environmental impact and have started focusing on ways to reduce our environmental footprint.

Our direct and indirect impacts are regulated through the application of relevant legislation, subscription to voluntary external regulations, and internal self-regulation. We report on our activities in these two domains as follows:

#### Direct impacts

Our operations consume resources such as water, electricity, cleaning materials, paper and other office consumables, including toner and printer cartridges. We focus on managing the efficient use of these resources and reducing consumption, wherever possible. In the course of Seta business, specifically the delivery of our Lifelong Learning programme and the extension of our regional footprint through our Provincial Strategy and our TVET Colleges and HET Institutions Strategy, our staff travel around the country. We are very aware that these activities leave a carbon footprint.

#### Indirect impacts

Our consideration for the environment extends to our indirect impact. As a provider of skills development interventions, we are also mindful of our role in enabling the development and consumption of goods and services. We have a role to play in ensuring that the growth and socio-economic development is enabled in a manner which is both socially and environmentally responsible. We are very aware of the fact that while these endeavours translate into an opportunity for development, there are, however, risks associated with these activities, which require responsible risk management.

Going forward, we will engage in dialogue to assess opportunities for us to increasingly utilise our position to engage with our suppliers, service providers and delivery partners who offer goods and services that may have both positive environmental benefits and negative impacts such as printing operations.

In the year ahead, we will put in place initiatives to address environmental education among our staff and committees to promote environmental awareness and the reduction of resources, both within the work and the home environment. This will culminate in the development of our Environmental Management Strategy and the approach we will adopt in managing our direct and indirect environmental impact.

# Appendices



Fumani Nkuna, Learning and Development Manager at a large audit firm, believes Fasset's lifelong learning events add considerable value. "Some organisations may not have the critical mass to schedule a one day programme internally, but if you have these events offered by Fasset, it provides that flexibility."

# Appendix A:

## NSDS Targets and Achievements

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

Goal 1: Establish a credible institutional mechanism for skills planning

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
1.1	Conduct Research.	Setas research and identify middle-level skills needs in their sector and put in place strategies to address them, particularly through the use of FET Colleges and Universities of Technology, working in partnership with employers providing workplace-based training.	Commission and conduct research on relevant areas as agreed by the Fasset Board and distribute to relevant stakeholders = 1 research output.	Two research outputs delivered, i.e. the sector survey and the annual grant analysis.	This target has been over-achieved due to an additional research output being delivered.
1.2		SSPs are professionally researched, provide a sound analysis of the sector and articulate an agreed sector strategy to address skills needs.	The SSP Update for 2013/2014 is finalised and submitted to the DHET by the due date.	SSP produced, signed off by all parties, presented to Fasset stakeholders and submitted to the DHET by the due date.	No deviation.

Goal 2: Increase access to occupationally-directed programmes

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
2.1	Support skills development initiatives to produce middle-level skills on the sector.	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector.	20 workers and unemployed people that have <b>registered</b> and been funded on Learnership Cash Grants.	6 workers and unemployed people that have <b>registered</b> and funded on Learnership Cash Grants.	The target has not been achieved. Fasset relies on the industry estimates for learnership registration and completion during the target setting process. Fewer than expected learners were approved for this grant. This may be attributed to small firms not taking part in middle-level skills, but instead on high-level skills learnerships. In addition, employers in the sector tend to focus on high-level skills. Although the middle-level split has not been achieved, the overall LCG target has been achieved.

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
2.2	Support skills development initiatives to produce middle-level skills on the sector.	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector.	270 workers and unemployed people that have <b>registered</b> on Learnerships.	944 workers and unemployed people that have <b>registered</b> on Learnerships.	This target has been over-achieved. Fasset relies on the industry estimates for learnership registration and completion during the target setting process. The introduction of the PIVOTAL programme definition led to employers registering more learners on learnerships as opposed to internships.
2.3			17 000 workers and unemployed people that have <b>registered</b> on Lifelong Learning.	10 631 workers and unemployed people that have <b>registered</b> on Lifelong Learning.	This target has not been met. It was decided that an optimal number of events had been run for the year and additional delegates could not be trained.
2.4			60 workers and unemployed people that have <b>registered</b> on Bridging Projects.	176 workers and unemployed people that have <b>registered</b> on Bridging Projects.	This target has been over-achieved due to additional funding made available to fund new projects during the course of the financial year.
2.5			5 workers and unemployed people that have <b>registered</b> on the Assessor intervention.	72 workers and unemployed people that have <b>registered</b> on the Assessor intervention.	This target was over-achieved. A significant number of Assessors were trained by two large organisations in the Fasset sector.
2.6			90 workers and unemployed people that have <b>completed</b> Learnerships.	56 workers and unemployed people that have <b>completed</b> Learnerships.	This target has not been achieved. Fasset relies on the industry estimates for learnership registration and completion during the target setting process. The majority of middle-level skills learnerships are offered by other Setas and the completions are dependent on those Setas. Some Setas are experiencing a backlog with their verification processes which is likely to have contributed to the low level of achievement.
2.7			17 000 delegates that have <b>completed</b> Lifelong Learning.	10 631 delegates that have <b>completed</b> on Lifelong Learning.	This target has not been met. It was decided that an optimal number of events had been run for the year and additional delegates could not be trained.

## Part 4: Appendices

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
2.8	Support skills development initiatives to produce middle-level skills on the sector.	Fasset introduces a system of grants and introduces learning programmes to address middle-level skills in the sector.	42 workers and unemployed people that have <b>completed</b> Bridging Projects.	60 workers and unemployed people that have <b>completed</b> Bridging Projects.	This target has been over-achieved due to the additional funding made available by the Board after targets had been set with the DHET.
2.9			5 workers and unemployed people that have <b>completed</b> the Assessor intervention.	72 workers and unemployed people that have <b>completed</b> the Assessor intervention.	This target was over-achieved. A significant number of Assessors were trained by two large organisations in the Fasset sector.

### Goal 3: Increase access to occupationally-directed programmes

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
3.1	Support skills development initiatives to produce high-level skills on the sector.	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector.	3 900 workers and unemployed people that have <b>registered</b> on Learnerships.	3 327 workers and unemployed people that have <b>registered</b> on Learnerships.	This target has not been achieved. This target is not within Fasset's control. The target was set 18 months before the start of the financial year.
3.2			6 500 delegates that have <b>registered</b> on Lifelong Learning.	6 500 delegates that have <b>registered</b> on Lifelong Learning.	No deviation.
3.3			1 250 workers and unemployed people that have <b>registered</b> on Bridging Projects.	1 774 workers and unemployed people that have <b>registered</b> on Bridging Projects.	This target has been over-achieved due to additional funding made available to fund new projects during the course of the financial year.
3.4			5 workers and unemployed people that have <b>registered</b> on the Moderator intervention.	5 workers and unemployed people that have <b>registered</b> on the Moderator intervention.	No deviation.
3.5			438 workers and unemployed people that have <b>registered</b> and completed on PIVOTAL bursaries.	445 workers and unemployed people that have <b>registered</b> and completed on PIVOTAL bursaries.	Marginal deviation.
3.6			438 workers and unemployed people that have <b>registered</b> and completed learnerships via the PIVOTAL Grant.	445 workers and unemployed people that have <b>registered</b> and completed learnerships via the PIVOTAL Grant.	Marginal deviation.
3.7			2 000 people funded via the PIVOTAL Grant.	2 011 people funded via the PIVOTAL Grant.	Marginal deviation.

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation	
3.8	Support skills development initiatives to produce high-level skills on the sector.	Fasset introduces a system of grants and introduces learning programmes to address high-level skills in the sector.	3 067 workers and unemployed people that have <b>completed</b> Learnerships.	2 422 workers and unemployed people that have <b>completed</b> Learnerships.	This target has not been achieved. The completion target was set based on estimates provided by SAIPA and SAICA, as well as previous target achievement.	
3.9			6 500 delegates that have <b>completed</b> on Lifelong Learning.	6 500 delegates that have <b>completed</b> on Lifelong Learning.	No deviation.	
3.10			875 workers and unemployed people that have <b>completed</b> on Bridging Projects.	966 workers and unemployed people that have <b>completed</b> on Bridging Projects.	Marginal deviation.	
3.11			5 workers and unemployed people that have <b>completed</b> on the Moderator intervention.	5 workers and unemployed people that have <b>completed</b> on the Moderator intervention.	No deviation.	
3.12			65 academic articles are tracked (entered).	87 academic articles are tracked (entered).	This target has been over-achieved due to more people entering academic articles than expected.	
3.13			60 academic articles are tracked (completed).	67 academic articles are tracked (completed).	Marginal deviation.	
3.14			360 workers funded through the NSFAS Loan Repayment Grant.	108 workers funded through the NSFAS Loan Repayment Grant.	The target is under-achieved. A number of communication interventions were conducted to encourage the uptake of the grant. The criteria have been revised to encourage more participation in the new financial year.	
3.15			45 people benefitting from Recognition of Prior Learning (RPL).	46 people benefitting from Recognition of Prior Learning (RPL).	Marginal deviation.	
3.16			Total number of firms accredited for internships.	5 firms accredited for internships.	7 firms accredited for internships.	Marginal deviation.
			Total number of interns on internships.	100 interns on internships.	48 interns on internships.	This target was underachieved due the change in definition of internships by the dti which requires the internship to be registered on the NQF. This change in requirement led to a reduction of interns on internships.

## Part 4: Appendices

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
3.17	Learnerships and qualifications will be developed, that can be applied cross-sectorally.	Taxation and Financial Markets qualification and learnership developed.	2 developed qualifications and learnerships.	2 developed qualifications and 0 developed learnerships.	The two targets relate to the development of the Taxation and Financial Markets qualifications, which was done in the prior year. This entailed conducting the pre-work, scoping meetings as well as engaging with the relevant professional bodies and other communities of expert practice. A submission was subsequently made to the QCTO to register the qualifications in the prior year before work could commence on the development of the related learnerships. However, the registration for the qualifications by the QCTO took longer than expected and confirmation of the registration was only received in March 2014. Fasset could, therefore not proceed with the development of learnerships in the period under review until said registration was done.

### Goal 4: Engaging with FET Colleges

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
4.1	Engaging with FET institutions to address skills needs in the sector.	Partnerships with Setas, employers, private providers and public FET Colleges resulting in increased capacity to meet industry needs throughout the country.	Implementation of the FET (TVET) strategy.	Public Further Education and Training (FET) (TVET) Colleges and Higher Education and Training (HET) Institutions Strategy developed.	No deviation.
4.2			150 graduates placed (in-service training).	156 graduates placed.	Marginal deviation.
4.3			2 Fasset-accredited programmes delivered at FET (TVET) institutions through professional bodies and/or directly by Fasset.	2 programmes delivered.	No deviation.

## Goal 5: Encouraging better use of workplace-based skills development

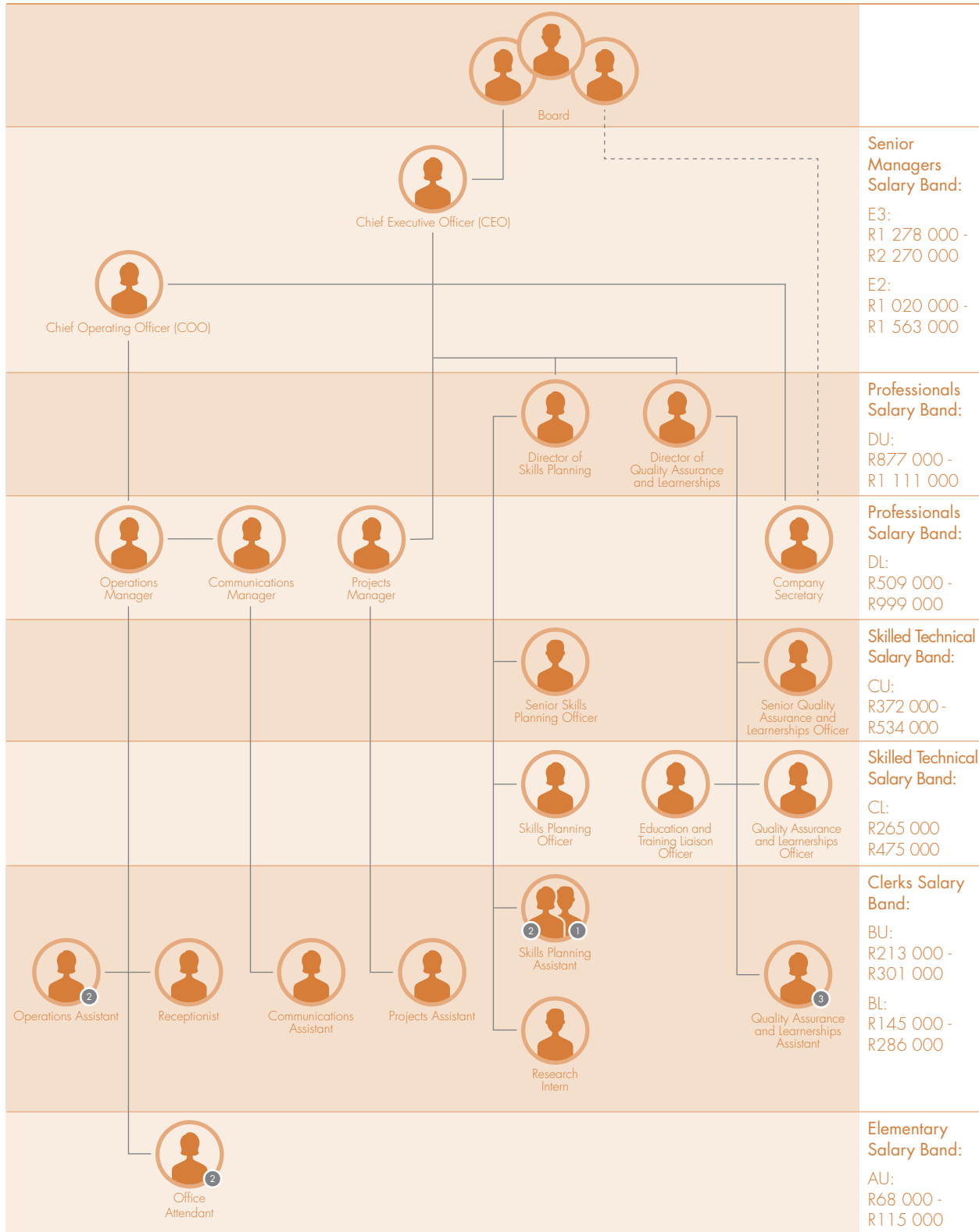
No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
5.1	Workplace Support through the Mandatory Grant and other registration schemes	At least 80% of large employers submit SDP and ATR claims and impact is measured.	52 large firms submit SDPs/ATRs.	67 firms submitted.	The target has been over-achieved due to the change in organisation size.
5.2		At least 60% of medium sized employers submit SDP and ATR claims and impact is measured.	96 medium-sized firms submit SDPs/ATRs.	101 firms submitted.	The target has been over-achieved due to the change in organisation size.
5.3		At least 40% of small sized employers submit SDP and ATR claims and impact is measured.	Support is provided to 1 160 small levy-paying firms.	Support provided to 1 123 firms.	Marginal deviation.
5.4		Support to Government departments to participate in skills development.	2 Government departments supported.	3 Government departments supported.	The target has been over-achieved due to one additional government department submitting a Mandatory Grant.
5.5		Participation of non-levy paying firms in skills development initiatives.	750 non-levy paying firms participate in skills developments initiatives.	962 non-levy paying firms participates in skills developments initiatives.	The target has been over-achieved due to more non-levy paying firms being targeted in a specific incentive and registration mailer.

## Goal 6: Building career and vocational guidance

No	NSDS Output	Output Description	Fasset 2013/2014 Target	Achievement	Reason for Deviation
6.1	Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression.	Career Guides are developed with labour market information from Setas, addressing sub-sectors within their sector.	Career Guide is developed for occupations across sectors in the economy. Comprehensive occupational profile of the sector and guide to employment opportunities in the sector should be included.	The Career Guide was developed and includes information on career paths, professional bodies and information on the career.	No deviation.
6.2	Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression.	Career guides are developed with labour market information from Setas, addressing sub-sectors within their sector.	Learner marketing campaign planned and implemented using the following: <ul style="list-style-type: none"> <li>• Learner print media campaign</li> <li>• Attendance at career exhibitions nationally</li> <li>• Online advertising</li> <li>• Social media</li> <li>• National distribution of the Fasset careers video and career guide</li> <li>• Fasset brand ambassadors, and</li> <li>• Viral campaign.</li> </ul>	A national learner campaign was developed to include a variety of communication platforms such as print media, exhibitions, social media and brand ambassadors, targeting learners across the country from Grade 10 onwards.	No deviation.

# Appendix B:

## Organogram



**Total Staff Demographic Profile:**  
 77% Black African  
 15% White  
 4% Black Coloured  
 4% Black Indian

**Managerial Demographic Profile:**  
 37% Black African  
 37% White  
 13% Black Coloured  
 13% Black Indian

**Total Gender Profile:**  
 89% Female  
 11% Male



# Appendix C:

## Acronyms and Abbreviations used in this Report

ACCA	Association of Chartered Certified Accountants	IRCSA	Integrated Reporting Committee of South Africa
AGSA	Auditor-General South Africa	ITC	Initial Test of Competence
AGM	Annual General Meeting	JSE	Johannesburg Stock Exchange
AMG	Assessor and Moderator Grant	King III	2009 King Code of Governance Principles for South Africa
ANA	Annual National Assessment	LCG	Learnership Cash Grant
APP	Annual Performance Plan	MoU	Memorandum of Understanding
ARC	Audit and risk Committee	MTSF	Medium-term Strategic Framework
ATR	Annual Training Report	NDP	National Development Plan
BAC	Business Analyst Certificate	NLRG	National Student Financial Aid Scheme Loan Repayment Grant
B-BBEE	Broad-Based Black Economic Empowerment	NLP	Non-Levy Payer
BEC	Bid Evaluation Committee	NQF	National Qualifications Framework
BEE	Black Economic Empowerment	NSDS III	National Skills Development Strategy III
BPC	Bid Procurement Committee	NSF	National Skills Fund
CEO	Chief Executive Officer	NSFAS	National Student Financial Aid Scheme
CGICT	Corporate Governance of Information and Communication Technology	PAA	Public Audit Act
CIMA	Chartered Institute of Management Accountants	PFMA	Public Finance Management Act
Comm Comm	Communications Committee	PIVOTAL	Professional, Vocational, Technical and Academic Learning
COO	Chief Operating Officer	PPE	Public Practice Examination
CFO	Chief Financial Officer	QAL	Quality Assurance and Learnerships
CPD	Continuous Professional Development	QALC	Quality Assurance and Learnerships Committee
CSR	Corporate Social Responsibility	QCTO	Quality Council for Trades and Occupations
DHET	Department of Higher Education and Training	QE	Qualifying Examination
DPSA	Department of Public Service and Administration	Remco	Remuneration Committee
EE	Employment Equity	ROI	Return on Investment
EEA	Employment Equity Act	RPL	Recognition of Prior Learning
ESG	Environment, Social and Governance	SAICA	South African Institute of Chartered Accountants
ETDP	Education, Training and Development Practices	SAIPA	South African Institute of Professional Accountants
ETQA	Education and Training Quality Assurance Body	SAQA	South African Qualifications Authority
Exco	Executive Committee	SARS	South African Revenue Services
Fasset	Finance and Accounting Services Sector Education and Training Authority	SCG	Strategic Cash Grant
FET	Further Education and Training	SCM	Supply Chain Management
Finco	Finance Committee	SDA	Skills Development Act
FMPPi	Framework for Managing Programme Performance Information	SDLA	Skills Development Levy Act
FSB	Financial Services Board	SDL	Skills Development Levy
GRAP	Generally Recognised Accounting Practice	SDF	Skills Development Facilitator
GRI	Global Reporting Initiative	SDP	Skills Development Plan
HET	Higher Education and Training	Seta	Sector Education and Training Authority Strategic Plan
HRD-SA	Human Resources Development Strategy for SA	SPC	Skills Planning Committee
IDC	Industrial Development Corporation	SSP	Sector Skills Plan
IiP	Investors in People	the dti	The Department of Trade and Industry
IPAP	Industrial Policy Action Plan	TVET	Technical and Vocational Education and Training
IRBA	Independent Regulatory Body for Auditors	UCT	University of Cape Town
IIRC	International Integrated Reporting Committee	UIF	Unemployment Insurance Fund
		WSP	Workplace Skills Plan





RP 218/2014

ISBN: 978-1-770-18721-4



higher education  
& training

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

