



mictseta

Annual Report **2013/2014**



Media, Advertising, Information and Communication Technologies
Sector Education and Training Authority

mictseta

Accelerating quality skills towards an information savvy society



Table of Contents

5 - 14

Part A: General Information

- 6 General Information
- 7 List of Abbreviations/Acronyms
- 8 Foreword by the Chairperson
- 10 Chief Executive Officer's Overview
- 12 Statement of Responsibility and confirmation of the accuracy of the Annual Report
- 13 Strategic Overview
- 14 Organisational Structure

15 - 51

Part B: Performance Information

- 16 Auditor-General's Report: Predetermined Objectives
- 16 Situational Analysis
- 18 Strategic Outcome Oriented Goals
- 19 Performance Information by Programme
- 49 - Linking performance with budgets
- 50 - Revenue Collection
- 50 - Capital investment

Table of Contents

52 - 72

Part C: Governance

53	Introduction
53	Portfolio Committees
53	Executive Authority
54	The Accounting Authority/The Board
66	- Risk Management
66	- Internal Control Unit
67	- Internal Audit and Audit Committee
69	- Compliance with laws and regulations
69	- Fraud and Corruption
69	- Minimizing Conflict of Interest
70	- Code of Conduct
70	- Health, Safety and Environmental Issues
70	- Social Responsibility
71	Report of the Audit and Risk Committee

73 - 81

Part D: Human Resource Management

74	Introduction
76	Human Resources Oversight Statistics

82 - 130

Part E: Financial Information

83	Report of the External Auditor
86	Annual Financial Statements

Part A:

General Information

MICT SETA

Media, Information and Communication
Technologies Sector Education Training Authority

SETA number 12

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Website:

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External Auditors:

The Auditor General, 300 Middel Street, New Muckleneuk, Pretoria, SA

Bankers Information:

1. Rand Merchant Bank
Merchant Place, Cnr Fredman Dr & Rivonia Rd, Sandton, 2196
2. Investec
100 Grayston Drive Sandown, Sandton, 2196
3. South African Reserve Bank of SA (CPD)
P O BOX 427 Pretoria, 0001
4. First National Bank
Carlswald, Postnet Suite 94 Private Bag X121 Halfway House 1685
4. First National Bank
Enterprise Road, FNB Building, 2nd floor, Fairland, 2170

List of Abbreviations/Acronyms

ATR	Annual Training Report
APP	Annual Performance Plan
AR	Annual Report
CEO	Chief Executive Officer
CWU	Communication Workers Union
DHET	Department of Higher Education and Training (Republic of South Africa)
DoC	Department of Communications (Republic of South Africa)
EIF	Electronics Industries Federation
ETQA	Education and Training Quality Assurance
ETDP	Education, Training and Development Practices
FET	Further Education and Training
GAAP	Generally Accepted Accounting Principles
GRAP	Generally Recognised Accounting Principles
HR	Human Resources
ICT	Information and Communication Technologies
IITPSA	Institute of Information Technology Professionals
ISOE	Institution of Sectoral or Occupational Excellence
IT	Information Technology
ITA	Information Technology Association
JCSE	Joburg Centre for Software Engineering
LPD	Learning Programmes Division
MICT	Media, Information and Communication Technologies
MoU	Memorandum of Understanding
MWASA	Media Workers Association of South Africa
NAB	National Association of Broadcasters
NGO	Non-Governmental Organisation
NLP	Non-Levy Paying
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
NQF	National Qualifications Framework
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning Programmes
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management System
SACF	South African Communications Forum
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SCM	Supply Chain Management
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SMME	Small, Medium, Micro Enterprise
SSP	Sector Skills Plan
UIF	Unemployment Insurance Fund
WSP	Workplace Skills Plan

Foreword by the Chairperson



The MICT SETA was able to roll-out various learning programmes in all the provinces thereby creating learning opportunities for learners even in far flung and rural areas.

Sipho Johannes Mjwara
Chairperson of the Board

Introduction

The Honourable Minister, Dr. Bonginkosi Nzimande, it is a great honour to present to you the MICT SETA Annual Report for the year ending 31 March 2014.

High level overview

The SETA has in the year under review managed to achieve its strategic goals as articulated in the MICT SETA Strategic Plan Document 2013 - 2018 and the Annual Performance Plan 2013- 2016. The MICT SETA was able to roll-out various learning programmes in all the provinces thereby creating learning opportunities for learners even in far flung and rural areas.

Strategic relationships

The SETA has built strategic relationships with the employer and labour organisations, universities, FET Colleges, research institutions and rural communities to advance the objectives of post-school education and training. This has enabled the SETA to have a broader national footprint and ease of programme roll-out from entry level to high-end scarce and critical skills in the sector.

Challenges faced by the Board

The SETA Board had some resignations and in some instances certain representative organisations ceased to

exist or lost their representativity in the sector.

This impacted on the Board's ability to quorate at scheduled meetings. In view of the foregoing, the Minister's directive to fully reconstitute the SETA Board in line with the prescripts of section 8 (5) (b) (ii) of the Standard SETA Constitution as gazetted was implemented.

The SETA convened only twice in the year under review (24 April and 27 May 2013). Since then the Board did not meet the prescripts of the Standard SETA Constitution in terms of the constituency representation and also in terms of the Ministerial directive to reconstitute itself in line with applicable legislation, this led to the ultimate dissolution of the Board on 26 September 2013.

The new Board was appointed on 01 November 2013 and convened its first meeting on 28 March 2014. The vacuum between 27 May 2013 and 28 March 2014 affected proper decision making and governance in the SETA, although there were no material finding in the operations and governance of the SETA in the year under review.

Medium to Long term goals of the entity

Skills shortages are rated as one of the most important factors hindering the success and sustainability of companies within the MICT sector. In the medium term, the MICT SETA endeavours to be an important contributor in supporting the growth of small, medium and micro enterprises through skills development, improving access

Foreword by the Chairperson (continued)

to quality and occupationally directed programmes, ensuring that a pool of talent, especially at professional and managerial levels is created. This will involve co-planning with other relevant stakeholders and establishing cross-sectoral partnerships relevant to the sector. All indications are that the MICT sector is well positioned to contribute increasingly to the Gross Domestic Product (GDP) of South Africa as well as to growth in employment.

With its up- and downstream role and “presence” in almost every other economic sector in the country, the MICT sector will play a pivotal role in contributing towards the country’s transformation imperatives and realisation of an inclusive economic growth through skills development within its sector in the long term.

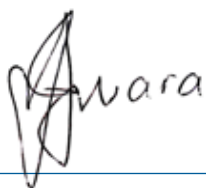
Acknowledgement

I wish to take this opportunity to thank the CEO and Management team for the excellent performance results in the year under review.

Conclusion

The MICT SETA is anchored on solid ground and best placed to achieve even greater success in its drive in “Accelerating quality skills towards an information savvy society”.

Thank you.



Sipho Johannes Mjwara
Chairperson of the Board
MICT SETA
30 July 2014

Chief Executive Officer's Overview



The SETA has funded the training of a total 6 470 learners in learning programmes. 2 580 of whom entered learnership programmes and 72% (1 858) were placed in permanent employment on completion.

Oupa Mopaki
Chief Executive Officer

Financial review of the public entity

In the year under review the SETA revenue amounted to approximately R613.3m and allocated same for budgetary purposes according to the SETA funding regulations.

The SETA has experienced a growth of 12.61% in Skills Development Levy income for the year under review. This stems from, amongst others, annual salary growth in the sector, a 4.8% increase in levies as a result of adjustments to the prior year's levies and an increase in the number of employers registered with the SETA.

As a result of the decrease in the mandatory grant percentage due to the new grant regulations, the mandatory grant expenditure has decreased significantly.

The discretionary grant expenditure increased slightly by 2%.

Spending trends of the SETA

Administration expenditure is limited, by legislation, to 10% of total levies received by the SETA. The SETA continues to operate well within this limit. The administration expenditure has increased by 19.30% from the prior year mainly due to an increased effort in improving the SETA's internal controls through the internal audit function; an increase in employee expenditure (as various vacant positions were filled in the current year) and a significant increase in training and employee development expenditure.

Capacity constraints and challenges facing the SETA

The SETA is well capacitated with resources and employees. Minor challenges surface periodically due to individuals failing to carry out their duties and responsibilities as expected. Management is able to address such issues as they emerge.

Discontinued activities / activities to be discontinued

The SETA has not discontinued in the recent past, nor intends to discontinue any activity related to its core mandate.

New or proposed activities

I would like to express my gratitude to the SETA Board, management team, staff and stakeholders for their support in the achievements posted in this report.

The new activities are activities articulated on pages 5 to 12 of the SETA Annual Performance Plan 2014 – 2017.

Chief Executive Officer's Overview (continued)

Requests for roll over of funds

The SETA has reported a surplus of R109.7m in the current year. The SETA has reported total accumulated reserves of R347.6m. A substantial portion of this amount has been committed to future discretionary programmes and as such the SETA has requested National Treasury to grant permission to retain the accumulated surplus.

Supply Chain Management

All concluded unsolicited bid proposals for the year under review

The SETA did not enter into any transaction based on unsolicited bids.

SCM processes and systems in place

The SETA SCM system consists of the following six core processes:

- Demand
- Acquisition
- Logistics
- Disposal
- Risk Management
- Performance Evaluation & Monitoring

Challenges experienced and how resolved The following challenges were experienced:

- Continuous upskilling of employees,
- Keeping up with a constant flow of new Treasury practice notes
- Continuous improvement of the capabilities of SCM employees and processes through the following:
 - ▶ Training of employees
 - ▶ Coaching and mentoring

- ▶ Performance management and reviews
- ▶ Continuous review of policies and procedures

Audit report matters in the previous year and how they would be addressed

There were no significant audit report matters that required the urgent attention of the SETA.

Plans to address financial challenges

The SETA does not have any financial challenges and operates within the prescribed funding model.

Events after the reporting date

There were no events after the reporting date that came to the attention of the SETA and required adjustments to the financial statements as at 31 March 2014.

Economic Viability

The SETA is economically viable and is in good stead to continue with its mandate.

Appreciation

Sincere gratitude is expressed to the SETA Board, management team, employees and stakeholders for their support in the achievements posted in this report.



Oupa Mopaki
Chief Executive Officer
30 July 2014

Statement of Responsibility and confirmation of the accuracy of the Annual Report

for the year ended 31 March 2014

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

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

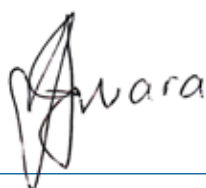
The Annual Financial Statements (Part E) have been prepared in accordance with the SA GRAP standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources



Sipho Johannes Mjwara
Chairperson
30 July 2014



Oupa Mopaki
Chief Executive Officer
30 July 2014

Strategic Overivew

Vision

To be recognized as the leader in the development of a highly skilled knowledge-based information society.

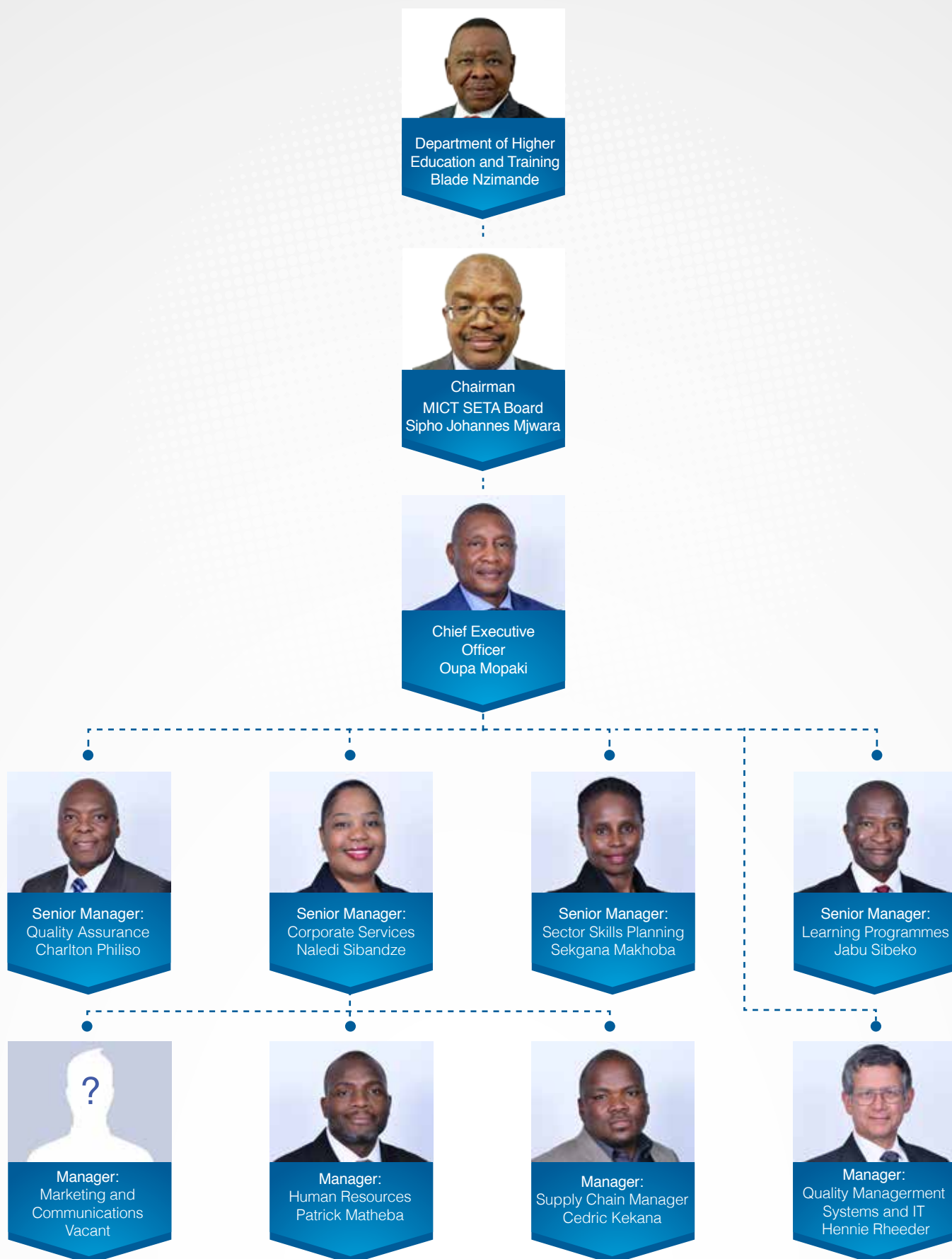
Mission

The MICT SETA generates, facilitates and accelerates the processes of quality skills development at all levels in the MICT sector.

Values

- As an organisation and individuals within the organisation we value honesty and integrity
- We are eager to take on challenges and see them through
- We have a passion for developing people
- We hold ourselves accountable to our customers and partners by honouring commitment and striving to ensure quality service delivery in line with Batho-Pele principles.

Organisational Structure



Part B:

Performance Information

Auditor-General's Report: Predetermined Objectives

Please refer the Auditor General's report on pages 83 to 84 in Part E: Financial Information.

The AGSA/auditor currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under

the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

For a user of the annual report, reading the findings of the work performed by the AGSA/ auditors on the performance information will be more useful and relevant if it is read with the reporting of the performance information in the annual report.

Situational Analysis

Service delivery environment

The MICT SETA is responsible for skills development in the Advertising, Film and Electronic Media, Electronics, Information Technology and Telecommunications sub-sectors. The MICT sector comprises 174 large, 329 medium and 3363 small levy-paying companies, resulting in a total of 3866 levy-paying companies during the financial year under review. This is an increase of 121 levy-paying companies when compared to the previous financial year.

The SETA is a performance driven and result-oriented service organisation with a superb track record attributable to visionary leadership provided by management and the Board with great stewardship founded on a transformational management ethos. The SETA is unquestionably one of the institutions that is on solid ground and has the ability to confront anticipated challenges going forward.

Organisational environment

The SETA representative Board governed and provided strategic direction to the organisation. The SETA had 74 employees to deliver on its mandate. The SETA did not experience any substantial variances in the number of employees during the year under review.

The SETA comprised three core divisions namely: Sector Skills Planning (SSP) Division, Learning Programmes Division (LPD) and Education and Training Quality Assurance (ETQA) Division. Support divisions were Corporate Services (including Human Resources, Supply Chain Management and Marketing and Communications unit) and Quality Management System and IT unit.

The SETA recruited and retained competent employees and implemented an effective performance management system to ensure delivery on its strategy.

Situational Analysis

Legislative and other mandates

The MICT SETA is listed as a Schedule 3A public entity under the Public Finance Management Act as 1999.

The MICT SETA is established in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) and carries out its operations in terms of the following Acts:

- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Skills Development Act, 1998 (Act No. 97 of 1998);
- Skills Development Levies Act, 1999 (Act No. 09 of 1999);
- South African Qualifications Authority Act, 1995 (Act No. 58 of 1995);
- The National Qualifications Framework Act, 2008 (Act No. 67 of 2008)
- Public Finance Management Act, 1999 (Act No. 29 of 1999)
- Employment Equity Act, 1998 (Act No. 55, 1998)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997).

Constitutional mandates

In terms of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), there are certain provisions that guide the operations of the MICT SETA and they include the following:

- promoting and maintaining high standards of ethics
- providing service impartially, fairly, equitably and without bias
- utilising resources efficiently and effectively
- responding to people's needs; citizens are encouraged to participate in policy-making
- rendering an accountable, transparent, and development-oriented administration.

Other legislative frameworks include:

- Human Resources Development Strategy of South Africa - 18 March 2009
- National Skills Development Strategy (NSDS III) 2011/12 – 2015/16
- Medium Term Strategic Framework (2009 – 2014)

Functional and Policy mandate

The policy mandate of the MICT SETA is addressed in the MICT SETA Constitution, and aims to:

- implement the sector skills plan
- promote learnerships in each of the sub-sectors of the SETA
- perform the functions of the Quality Assurance body
- liaise with the National Skills Authority on skills development matters
- conclude a service level agreement with the Director-General of the Department of Higher Education and Training in terms of section 10A of the Act
- promote the national standard established in terms of section 30B of the Act
- submit budgets, reports and financial information that are required in terms of the Public Finance Management Act, 1999 to the Director-General of the Department of Higher Education and Training
- facilitate the involvement of relevant government departments in the activities of the SETA to:
 - ▶ address the competency requirements for social delivery
 - ▶ address the learning needs of the most vulnerable segments of the Sector
 - ▶ promote training in SMMEs to enable them to qualify for public contracts
 - ▶ perform any duties imposed by the Act
 - ▶ actively pursue concrete measures to achieve the objectives of the Act.

Strategic Outcome Oriented Goals

Strategic Outcome Oriented Goal 1

Credible mechanism for workplace skills planning within the MICT sector.

The SETA established systems that enabled Work Place Skills Plans (WSP) and Annual Training Reports (ATR) that were credible and professionally developed. The SETA professionally researched and developed a credible Sector Skills Plan that was approved by the Executive Authority. The Sector Skills Plan articulated an agreed sector strategy that addressed scarce and critical skills needs.

Strategic Outcome Oriented Goal 2

Credible research and innovation capacity within the MICT sector.

The SETA managed to produce a Sector Skills Plan with focal areas for research and innovation that was achieved through collaborative partnerships with university faculties and other flagship research projects linked to the MICT Sector development. The SETA developed and implemented a strategy for access to high level skills and post-graduate programmes and managed to assist Masters and PhD students in collaboration with industry. The SETA's research capacity was improved by appointing a research institution, i.e. Centre for Education Policy Development (CEPD) to support the SETA in the development of the Sector Skills Plan.

Strategic Outcome Oriented Goal 3

Increased access to occupationally directed learning programmes within the MICT sector.

The SETA formed partnerships with public Further Education and Training (FET) colleges, universities of technology, and industry to roll out occupationally-directed learning programmes. MICT stakeholders, training providers and employers were also capacitated to deliver MICT programmes and that led to accessible workplace training and experience.

Strategic Outcome Oriented Goal 4

Increased and improved capacity to meet workplace skills development needs.

The SETA supported qualitative learning programmes that addressed industry skills needs and those programmes produced competent and work-ready learners and graduates.

Strategic Outcome Oriented Goal 5

Supported and developed SMMEs within the MICT sector.

The SETA supported qualitative learning programmes that addressed industry skills needs and those programmes produced competent and work-ready learners and graduates.

Strategic Outcome Oriented Goal 6

Accessible career and vocational guidance within the MICT sector.

The SETA compiled a comprehensive career guide for the sector using labour market information and the career guide was distributed to various stakeholders.

Performance Information by Programme

The SETA comprised three core divisions namely: Sector Skills Planning (SSP), Learning Programmes (LP) and Quality Assurance (QA). Support divisions were Corporate Services (including Human Resources, Supply Chain Management and Marketing and Communications), and Quality Management System and IT

Performance Information by Programme

Programme 1: Sector Skills Planning

Purpose

To conduct research and ensure a professionally developed Sector Skills Plan that reflects an accurate list of scarce and critical skills, serving as the basis for the SETA's Strategic Plan.

The Sector Skills Planning Division is responsible for approval of Workplace Skills Plans (WSPs) and Annual Training Reports (APRs), development and dissemination of the Sector Skills Plan, processing of Mandatory Grants, capacity building for Skills Development Facilitators (SDFs), and promotion of Small, Medium and Micro Enterprises' (SMMEs) participation.

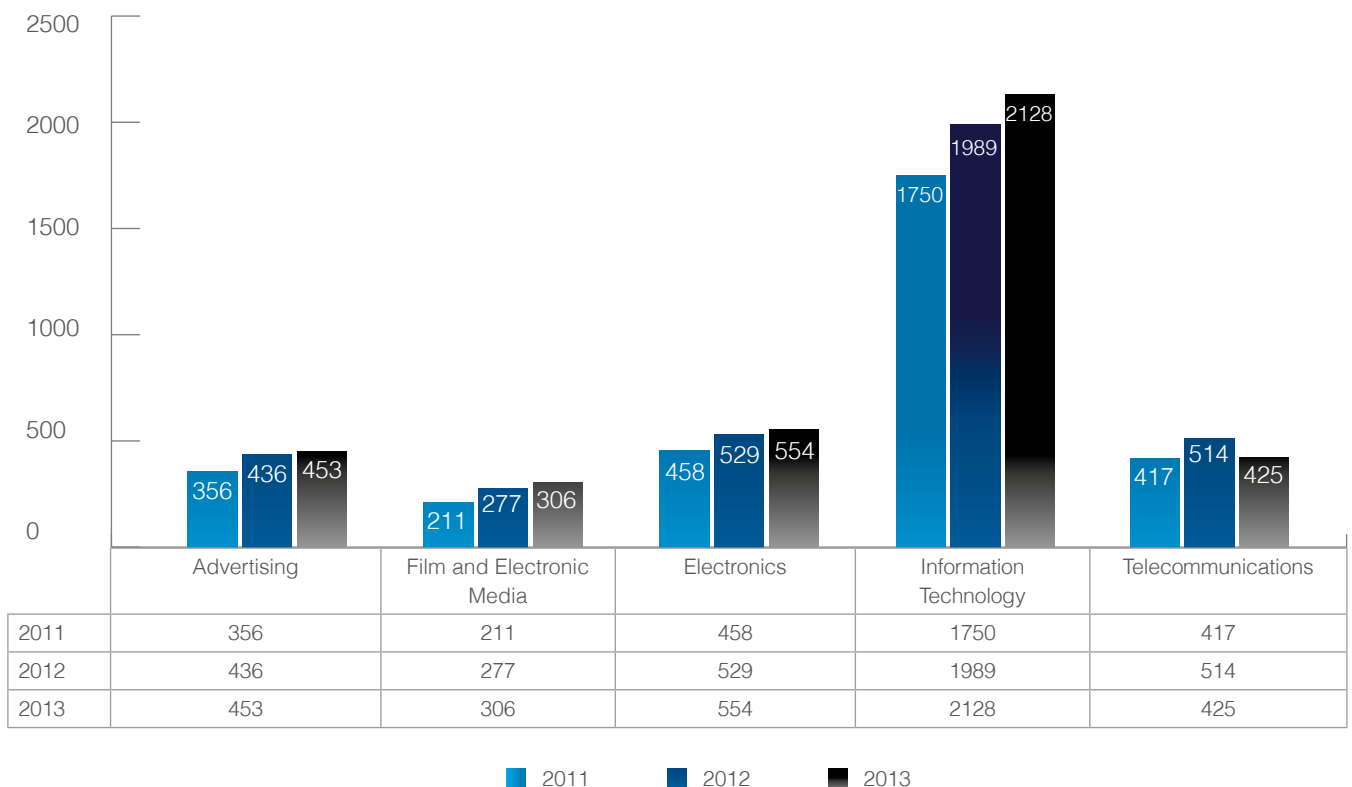
Strategic Objectives

- Credible mechanism for workplace skills planning within the MICT sector.
- Credible research and innovation capacity within the MICT sector
- Accessible career and vocational guidance within the MICT sector

Additional programme information

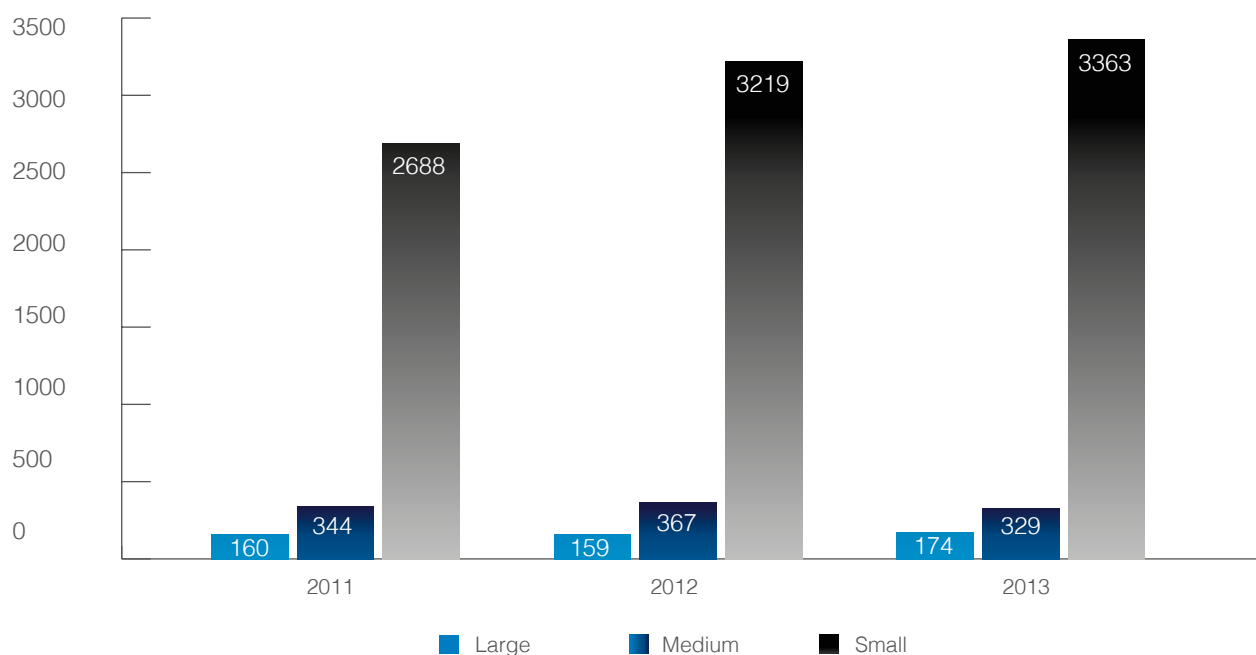
There has been a consistent increase in the number of companies that pay levies to the MICT SETA in the past three years.

The chart below represents the number of levy-paying companies per sub-sector

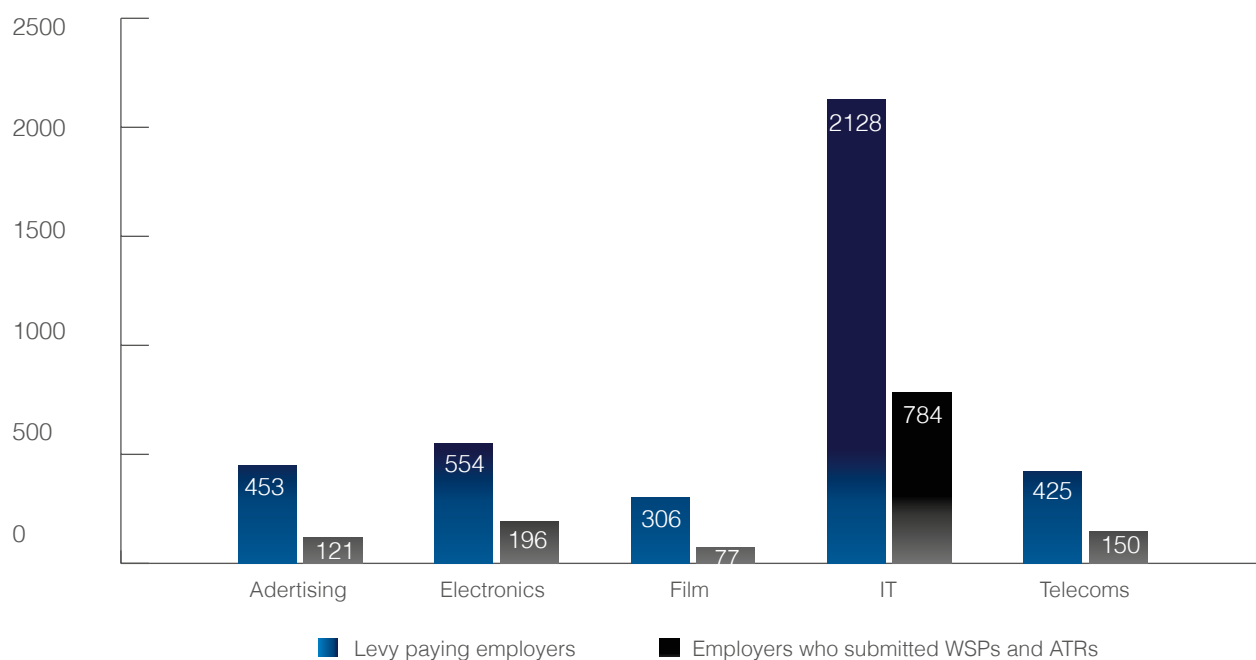


Performance Information by Programme (continued)

The chart below represents the number of levy-paying companies by size

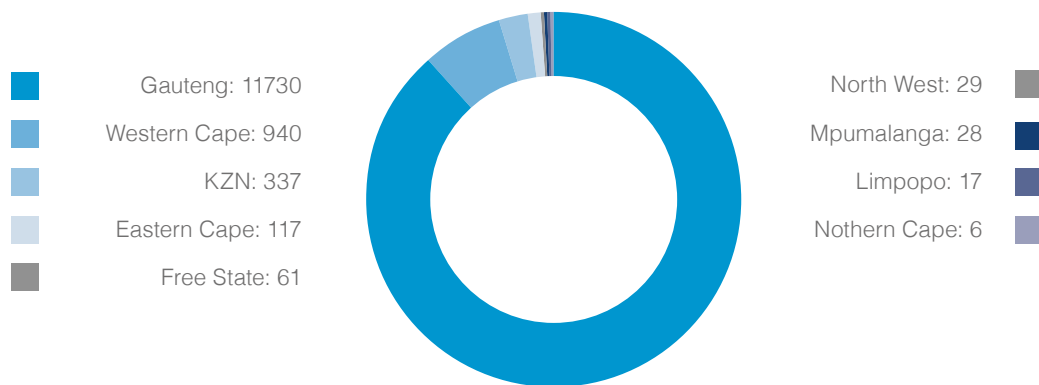


The table below represents the number of levy-paying companies versus those that submitted WSPs and ATRs



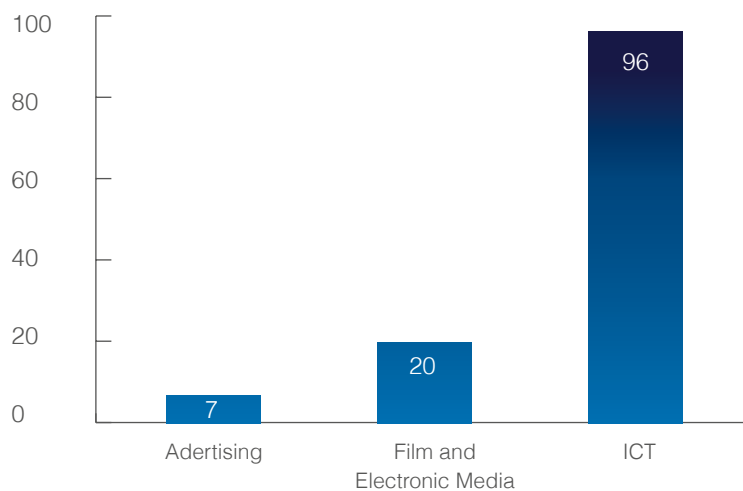
Performance Information by Programme (continued)

The chart below represents the number of levy-paying companies by size



The division conducted monitoring and evaluation of WSPs and ATRs implementation through targeted audits of 124 employers within the following sub-sectors of the MICT SETA

Number of audited companies



Among others, the audits measured whether the employers provided the type of training that addressed the critical and scarce skills as cited in their respective WSPs. The audits focused mainly on the four areas comprising:

- Mandatory grants usage and allocation by employers
- Employment equity considerations in relation to workplace skills development

- Inclusivity in relation to WSP/ATR processes
- Skills development record keeping and information management

The audits enormously improved the skills development agenda within respective workplaces, it is anticipated that this will also contribute towards productivity, equity and transformation.

Performance Information by Programme (continued)

Programme 2: Implementation of learning programmes

Purpose

To implement and monitor learning programmes in the Media, Advertising and ICT sub-sectors.

The Learning Programmes Division is responsible for provision of easy access to learning, increasing access to employment opportunities, assisting in career pathing and development of beneficiaries, and serving as a conduit into the MICT industries for learners.

Strategic Objectives

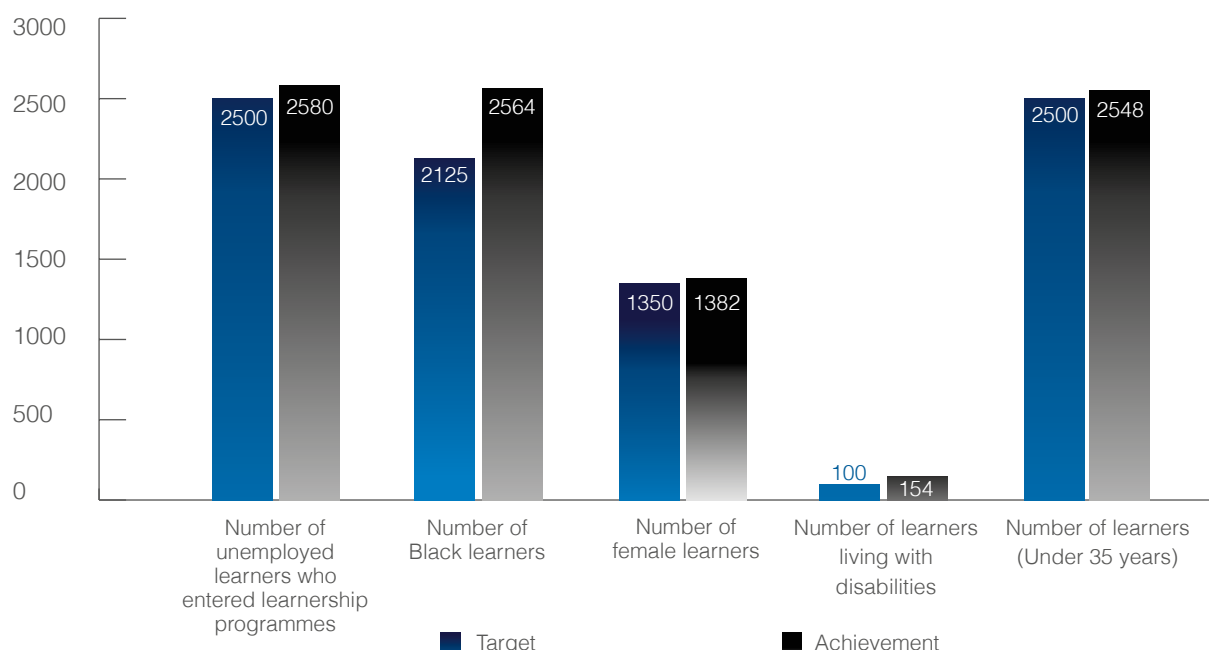
- Increased and improved capacity to meet workplace skills development needs
- Supported and developed SMMEs, Unions and NGOs within the MICT sector

Additional programme information

The SETA enrolled 6 470 unemployed youth in learning programmes through discretionary funding. 3 710 unemployed learners have completed their learning programmes and were placed in different companies, government departments and local municipalities. 2 760 unemployed learners will complete their programmes in the new financial year.

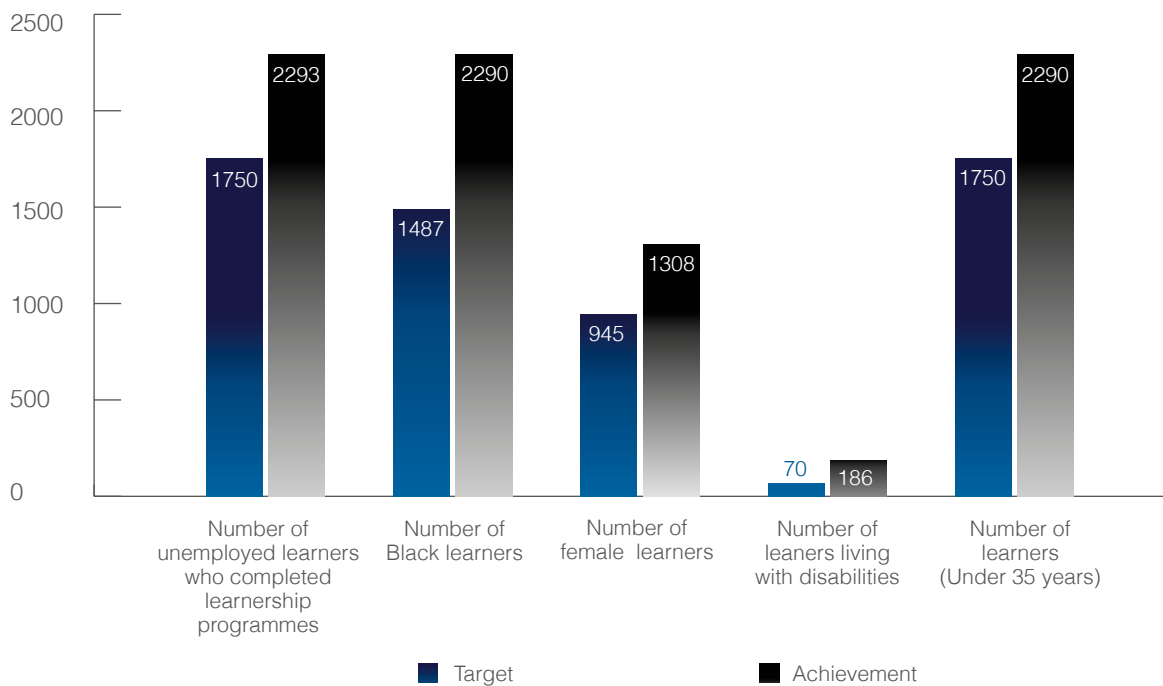
The SETA has once more exceeded its National Skills Development Strategy target set in conjunction with the Department of Higher Education for the 2013/14 financial year. A total of 6 470 unemployed learners entered National Qualification Framework (NQF) programmes from level 3 to level 5, Graduate programmes, Bursaries and Skills Programmes as part of the learning programmes and some of them will complete their training in the new financial year.

Unemployed learners who have enrolled in learnership programmes are indicated in the graph below:



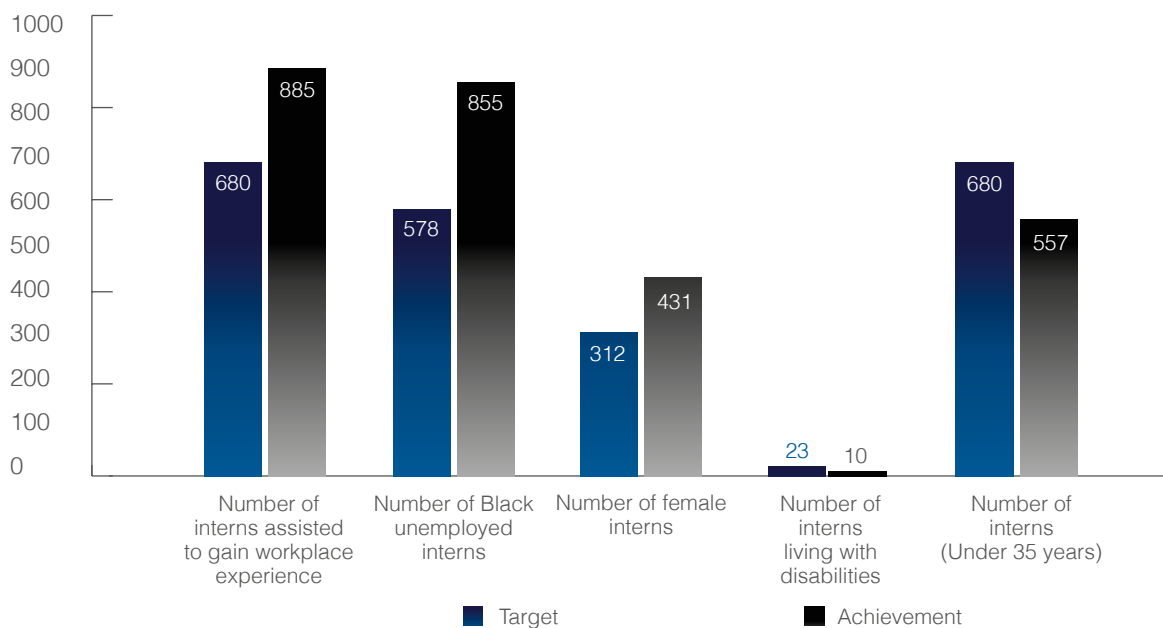
Performance Information by Programme (continued)

Unemployed learners who have completed learnership programmes are indicated in the graph below:



Graduate Internship Programmes

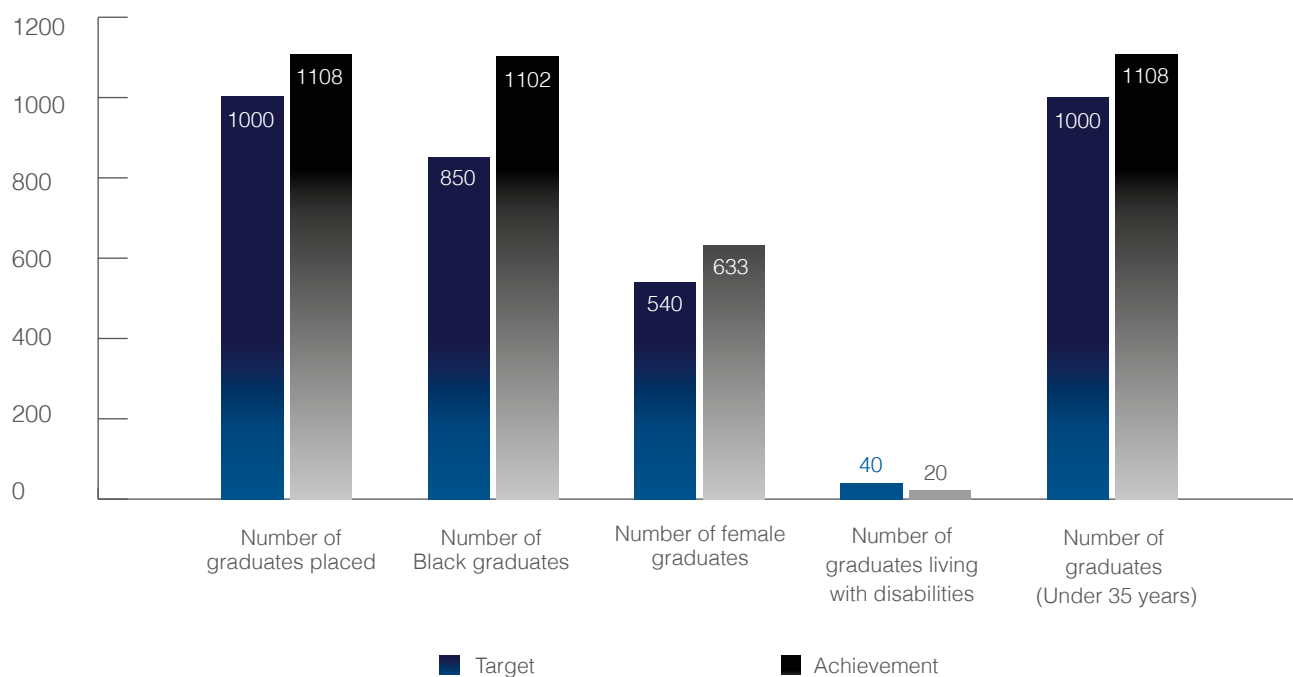
In the year under review, the MICT SETA supported a total of 885 interns through graduate internship programmes. The table below details the number of graduates supported:



Performance Information by Programme (continued)

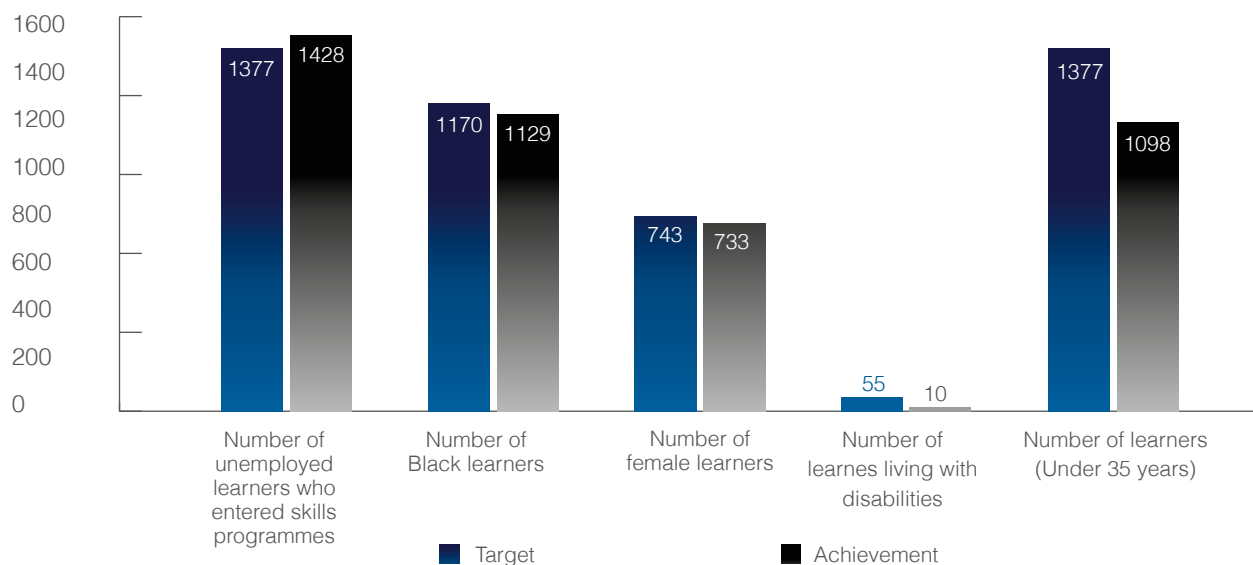
Graduates placement

The table below details the number of graduates placed at workplaces:



Skills Programmes

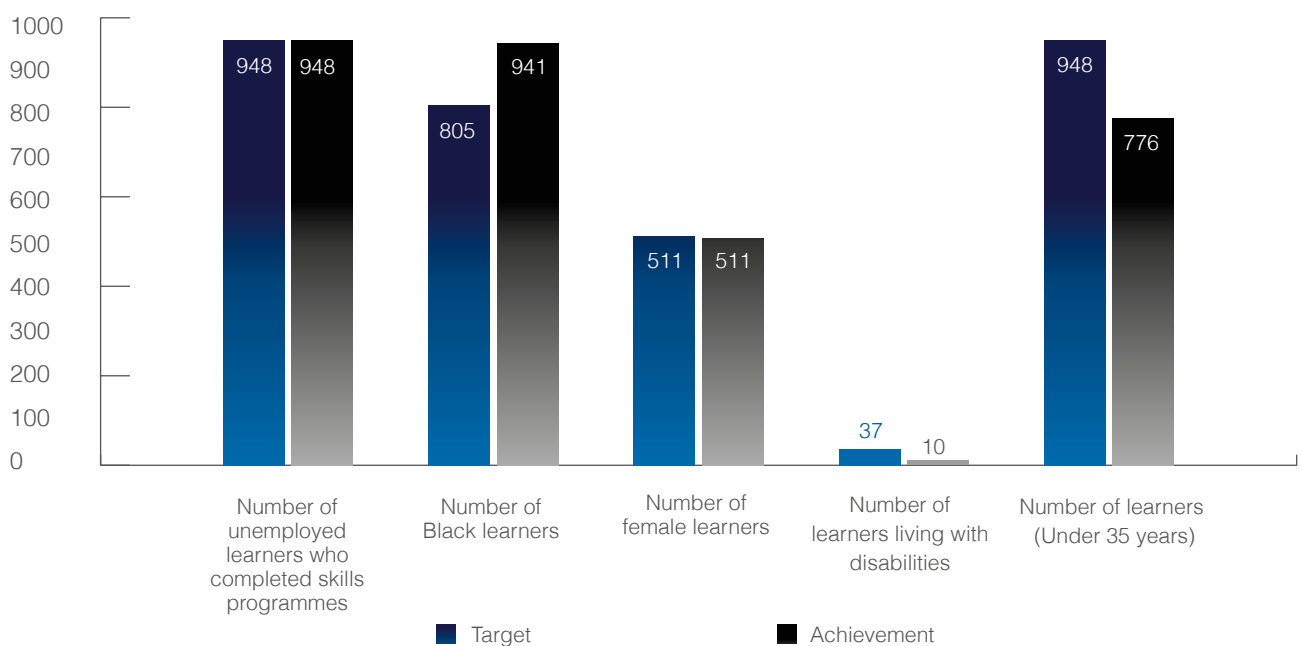
In the year under review the SETA supported a total of 1428 learners through skills programmes. The table below details the number of learners supported:



Performance Information by Programme (continued)

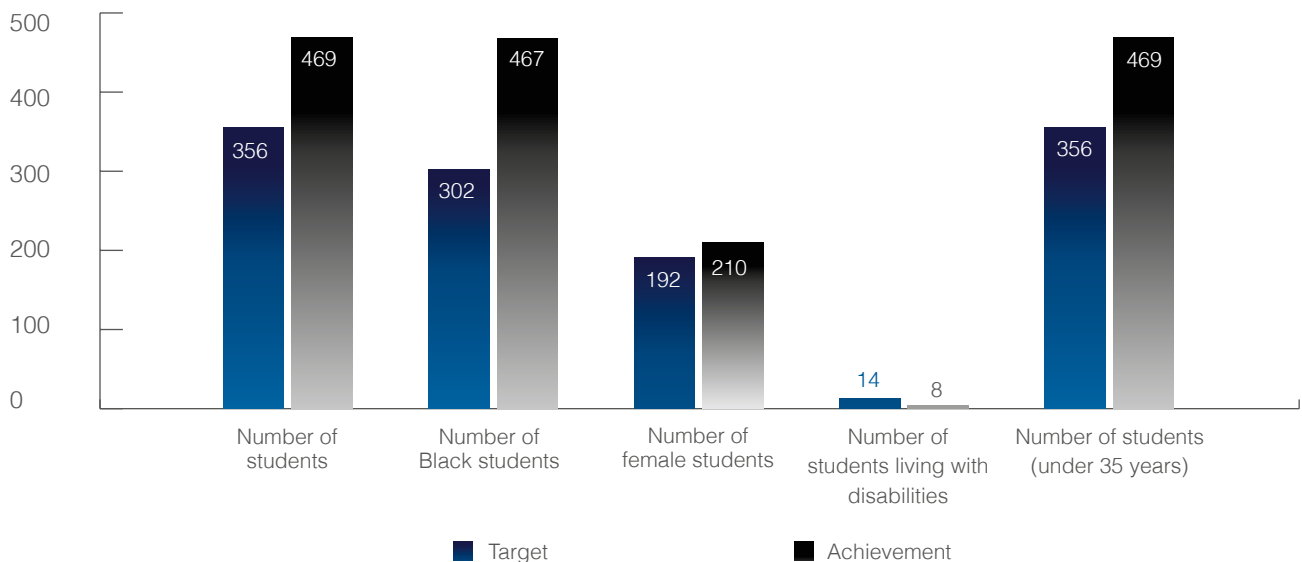
Skills Programmes (continued)

In the year under review 948 learners completed skills programmes.
The table below details the number of learners that completed skills programmes:



Bursaries

In the year under review, the MICT SETA supported a total of 469 students with bursary programmes. The table below details the number of students supported:



Performance Information by Programme (continued)

Partnerships with Public Further Education and Training Colleges (FETs)

In the year under review, 4 partnerships were formed with Public FET colleges to roll out learning programmes.

Learners who have enrolled in Learnership Programmes by Province:

Province	Number of learners
Gauteng	1128
Western Cape	142
Kwazulu-Natal	545
Free State	222
Limpopo	114
North West	12
Mpumalanga	168
Eastern Cape	198
Northen Cape	51
Total	2580

Learners who have completed their Learnership Programmes by Province:

Province	Number of learners
Gauteng	686
Kwazulu-Natal	334
Free state	63
Limpopo	206
North West	200
Mpumalanga	535
Eastern Cape	31
Western Cape	106
Northen Cape	132
Total	2293

Graduate Interns who have gained workplace experience by Province

Province	Number of learners
Gauteng	635
Western Cape	71
Kwazulu-Natal	54
Free State	12
Limpopo	58
Eastern Cape	44
Mpumalanga	11
Total	885

Performance Information by Programme (continued)

Programme 3: Quality Assurance

Quality Assurance (QA)

Purpose

To create access to quality programmes and to quality assure training provision in the Media, Advertising and ICT sub-sectors. The Quality Assurance (QA) division is responsible for the quality assurance in the provision of National Qualifications Framework (NQF) based education and training programmes within the Media, Advertising and Information and Communication Technologies sub-sectors.

Strategic Objectives

- Increased access to occupationally directed learning programmes within the MICT sector

List of qualifications

As at 31 March 2014 the MICT SETA had quality assurance duties over the following qualifications:

Additional programme information

The MICT SETA has undergone the SAQA audits over years and is currently quality assuring over forty (40) qualifications until 30 June 2015. The SETA is currently reviewing all these qualifications to have them re-written in the Quality Council for Trades and Occupations (QCTO) format.

The Quality Assurance Division is responsible for overall quality assurance including:

- registration of qualifications
- registration of assessors and moderator
- accreditation of training providers
- issuing learner certificates

Qualification Title / Learning Programme Title	Qual / Prog ID	NQF Level	Min Credits
Certificate in Telecommunications for Customer Premises Equipment	21799	Level 3	135
Certificate: Broadcast Engineering	48792	Level 5	120
Certificate: Information Technology: Database Administration	71869	Level 6	120
Certificate: Information Technology: Database Development	71850	Level 6	120
Certificate: Telecommunication Systems	65876	Level 5	120
Certificate: Telecommunications for Customer Premises Equipment	21797	Level 4	152
Further Education and Training Certificate: Advertising	50479	Level 4	148
Further Education and Training Certificate: Computer Programming	73429	Level 4	136

Performance Information by Programme (continued)

List of qualifications

As at 31 March 2014 the MICT SETA had quality assurance duties over the following qualifications:

Qualification Title / Learning Programme Title	Qual / Prog ID	NQF Level	Min Credits
Further Education and Training Certificate: Design Foundation	49127	Level 4	141
Further Education and Training Certificate: Electronics	63849	Level 4	122
Further Education and Training Certificate: Film and Television Production Operations	61450	Level 4	157
Further Education and Training Certificate: Graphic Web Design and Multimedia	73390	Level 4	136
Further Education and Training Certificate: Information Technology: End User Computing	71853	Level 4	132
Further Education and Training Certificate: Information Technology: Systems Development	78965	Level 4	165
Further Education and Training Certificate: Information Technology: Technical Support	78964	Level 4	163
Further Education and Training Certificate: Music Industry: Sound Technology	48811	Level 4	159
Further Education and Training Certificate: PC Engineering	21190	Level 4	120
Further Education and Training Certificate: PC Support	21191	Level 4	120
Further Education and Training Certificate: Photography	73298	Level 4	128
Further Education and Training Certificate: Telecommunication Network Operations	59057	Level 4	132
Further Education and Training Certificate: Telecommunication Systems	65874	Level 4	132
Further Education and Training Certificate: Website Development	73391	Level 4	136
National Certificate: 2D Animation	57611	Level 5	136
National Certificate: 3D Animation and Visual Effects	57607	Level 5	149
National Certificate: Advertising	58820	Level 5	124
National Certificate: Business Analysis	63909	Level 6	149
National Certificate: Business Analysis Support Practice	63769	Level 5	138

Performance Information by Programme (continued)

List of qualifications (continued)

As at 31 March 2014 the MICT SETA had quality assurance duties over the following qualifications:

Qualification Title / Learning Programme Title	Qual / Prog ID	NQF Level	Min Credits
National Certificate: Design Techniques	60509	Level 5	121
National Certificate: Electronics	83446	Level 5	135
National Certificate: Electronics	59569	Level 3	120
National Certificate: Film and Television Production	58394	Level 5	122
National Certificate: Information and Communications Technology (ICT) Software Testing	83026	Level 5	138
National Certificate: Information Technologies Operations	59910	Level 3	130
National Certificate: Information Technology (Systems Development)	48872	Level 5	131
National Certificate: Information Technology: End User Computing	49077	Level 3	130
National Certificate: Information Technology: Systems Support	48573	Level 5	147
National Certificate: Interactive Media	49121	Level 5	130
National Certificate: Journalism	58978	Level 5	120
National Certificate: Music Industry: Sound Technology	48671	Level 5	139
National Certificate: Radio Production	62069	Level 5	159
National Certificate: Radio Station Management	49122	Level 5	157
National Certificate: Scriptwriting	49317	Level 7	147
National Certificate: Telecommunications for Customer Premises Equipment	78963	Level 2	120
National Diploma: Copywriting	49138	Level 5	240

Performance Information by Programme (continued)

Institutions of Sectoral or Occupational Excellence (ISOEs)

Center for Education Policy Development (CEPD) in Johannesburg has been recognised as an Institute of Sectoral Excellence for their contribution in skills development initiatives. To date, the number of Institutions recognised by the MICT SETA since inception is eleven.

The below accreditation figures are made up of new and re-accredited Training Providers.

Category	Description	April 2013-March 2014
1 - 49	Small & Micro	299
50 - 149	Medium	66
150+	Large	2
Total		367

Training provider accreditation

The table below details the number of accreditation decisions reached/taken during the 2013-2014 financial year. Processes implemented in the previous years have allowed for an improved turnaround time regarding the processing of applications. The majority of accredited providers are Small, Medium and Micro Enterprise (SMME) providers.

The chart below shows the accredited training providers geographically (per province) for the year under review: Province 2013-2014



Performance Information by Programme (continued)

Accreditation decisions taken over a Ten year period

	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	Cumulative Accredita- tion Decisions taken as at 31 March 2014
Totals	28	126	231	134	142	320	293	332	326	367	2299

Geographic representation of accredited training providers over a ten year period

Province	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	Cumulative Accredita- tion Decisions taken as at 31 March 2014
Eastern Cape	0	7	11	4	8	21	14	24	42	35	166
Free State	1	7	11	3	4	10	14	10	8	8	76
Gauteng	17	67	134	79	61	168	156	186	156	197	1221
Limpopo	4	18	20	11	29	54	42	23	30	35	266
Mpumalanga	4	6	6	2	8	18	26	25	14	23	132
Northern Cape	0	2	3	1	0	1	1	0	0	3	11
North West	0	2	5	7	8	12	8	7	17	14	80
Western Cape	0	7	16	16	5	9	13	29	23	24	142
Kwazulu- Natal	2	10	25	11	19	27	19	28	36	28	205
Total	28	126	231	134	142	320	293	332	326	367	2299

Performance Information by Programme (continued)

Assessor information

As part of quality assurance duties, the MICT SETA is expected to maintain a database of assessors that can conduct assessments of learners to determine competency. In the year under review the MICT SETA registered 448 assessors to conduct assessments on qualifications that it quality assures.

The table and chart below reflects the provincial spread where the assessors were registered:

Province	Number of learners
Eastern Cape	44
Free State	17
Gauteng	190
Kwazulu-Natal	69
Limpopo	37
Mpumalanga	11
North West	12
Northern Cape	07
Western Cape	61
Grand Total	448

Registered Assessors



Performance Information by Programme (continued)

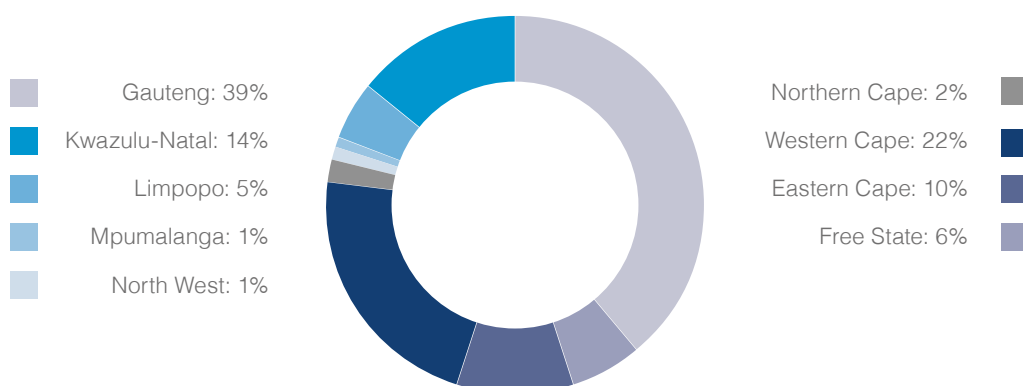
Moderator information

As part of quality assurance duties, the MICT SETA is expected to maintain a database of moderators that moderate assessments. In the year under review, the MICT SETA registered 167 moderators to moderate assessments. This has led to improved quality control and a quicker turnaround time to print learner competency certificates.

The table and chart below present the provincial spread of where the moderators were registered:

Province	Number of Moderators
Eastern Cape	17
Free State	10
Gauteng	65
Kwazulu-Natal	23
Limpopo	09
Mpumalanga	02
North West	02
Northern Cape	03
Western Cape	36
Grand Total	167

Registered Moderators



Additional Support Programmes

Programme 4: Quality Management System and Information Technology

Purpose

The Quality Management and Information Technology (IT) Unit facilitates implementation of the SETA's Quality Management System (QMS) which includes the IT function, to support quality assurance of skills development by its stakeholders.

Strategic Objectives

The MICT SETA's QMS comprises processes, hardware, software, facilities and employees, which provide a capability to satisfy the SETA's contribution to the national skills development strategy (NSDS) objectives.

The Quality Management System and IT Unit must provide sufficient evidence that the SETA's QMS is specified, designed, constructed, maintained and continually improved to satisfy its critical requirements throughout its development and operational lifecycle.

Achievements

Policies and procedures were updated extensively and changes effected to documentation where risks were identified from previous Auditor-General and Internal Audit reports.

The Department of Public Service and Administration (DPSA), in cooperation with the Government Information Technology Officer (GITO) Council, developed the corporate governance of information and communication technology policy framework (CGICTPF), which is applicable to all spheres of government, organs of state and public enterprises. Parliament approved the CGICTPF for implementation on 21 November 2012. In compliance with the CGICTPF, the MICT SETA has compiled and implemented a Corporate Governance of ICT Charter.

Programme 5: Corporate Services

Purpose

The primary goal for MICT SETA's Corporate Services division is to ensure that a fully functional and operational MICT SETA realizes its strategic objectives through provision of a well-established and functional Corporate Services division which is inclusive of Supply Chain Management, Human Resources Management, Marketing and Communications, Governance, Internal Audit, and Finance Management.

The Corporate Services division continuously plays a supportive and facilitative role to the other core functions and operational divisions within MICT SETA

Strategic Objectives

- Effective Supply chain management
- Advocacy
- Effective Human resources development and management
- Efficient Financial Management
- Good Governance

Sub- programmes of Corporate Services are:

- Supply Chain Management
- Human Resources Management
- Marketing and Communications
- Governance
- Internal Audit (Outsourced)
- Finance (Outsourced)

Additional Support Programmes (continued)

Supply Chain Management

Purpose

The purpose of Supply Chain Management (SCM) business unit is to facilitate the implementation of the supply chain management system within the SETA. The SCM business unit is responsible for procurement of goods and service which includes:

- demand management
- acquisition management
- logistics management
- asset management
- contracts management
- disposal management

Supply Chain Management Policy Review

Policy review is done on an annual basis and as and when there are amendments to legislation that govern the SCM function. The MICT SETA Supply Chain Management policy is compiled in accordance with the Public Finance Management Act, Preferential Procurement Policy & Framework Act and National Treasury Regulations.

The MICT SETA Website statistics are indicated below for the year ended 31 March 2014

Web information	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014
Total Number of Visits/Visitors	19431	3834	4763	3694	4531	2522	1590	1511	1399	31724	31419	33804

Marketing and Communications strategic focus areas

Increase visibility and improve the image	Heightened brand awareness Improve knowledge of product and services Develop a Corporate Identity manual
Buy-in by the relevant stakeholders into the strategy	Co-ownership of the brand by all stakeholders Stakeholders as brand ambassadors Full engagement in planning and implementation processes by key stakeholders
Broaden the stakeholder base	Include prospective stakeholders (SMMEs, Equity, Urban and Rural) Improve the marketing of services and products Extend the reach and access to MICT SETA's services and products
Improve the marketing of services and products	Identify and prioritize key product and services as identified in the SSP document Review and enhance the marketing plan including: branding, PR, website and communications plan Implement Monitor and evaluate

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective 4.1: Establish a credible institutional mechanism for skills planning.	Research partnerships formed with research house(s) to conduct research.	Studies performed in 2005, 2010 and 2012.	One research partnership with a research house.	Achieved [A research partnership was formed with the Centre for Education Policy Development (CEPD)].	None	None
	A chapter that addresses a sector strategy included in the SSP.	Chapter 6 and 7 in the 2012/17 SSP.	SSP document to be developed.	Achieved [A SSP 2013/14 document was developed to include sector strategy].	None	None
	WSP / ATR trends analysis completed and reflected in the SSP.	Chapter 3 and 5 in the 2012/17 SSP.	A SSP document to be developed.	Achieved [A SSP 2013/14 document was developed to reflect WSP/ATR trends analysis].	None	None
	Desk research completed and reflected in the SSP.	Chapter 3 and 4 in the 2012/17 SSP.	A SSP document to be developed.	Achieved	None	None
	Skills programmes for the employed to be implemented.	2 500 learners from WSP/ATR.	3000 employed learners to be enrolled in skills programmes.	3003 employed learners enrolled in skills programmes.	3	Overachieved through improved interactions with employers.

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective 4.1: Establish a credible institutional mechanism for skills planning.	The SSP made accessible to stakeholders.	1 200 SSPs distributed electronically.	1 300 SSP documents to be distributed.	Achieved	None	None
	The SSP made accessible to stakeholders.	2012/17 SSP placed on website.	A SSP document to be placed on website.	Achieved	None	None
Objective 4.2: Increasing access to occupationally-directed programmes.	Middle level skills presented in chapter 5 in the Sector Skills Plan.	None	A SSP document to be developed.	Achieved	None	None
	Documented and signed collaborative agreements with FETs.	5 collaborative agreements signed with FETs in 2012/13.	3 collaborative agreements with FETs on implementing skills development initiatives through FETs.	4 Achieved - Mopane FET - Sedibeng FET - Ekurhuleni - Orbit	1	Overachieved through improved interactions with FET colleges.

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective 4.2: Increasing access to occupationally-directed programmes.	Offices in rural areas.	0	1	Achieved - Vuselela FET college in Jouberton	None	None
	FET learners supported through bursaries.	240 FET learners enrolled through bursaries.	150 FET learners enrolled and supported through bursaries.	Achieved 150 FET learners enrolled and supported through bursaries at Waterberg FET College.	None	None
	Universities and Universities of Technology students supported through bursaries.	576 learners supported through University bursaries.	206 learners enrolled through University bursaries.	469 University learners enrolled and supported through bursaries.	263 additional students were funded by MICT SETA.	Over achievement due to savings made from Universities and other tertiary institutions on outstanding student fees.
	Low to middle level skills: addressed through provision of work experience through FET colleges.	None	1 000 FET graduate learners assisted with work experience through internships.	1108 FET graduate learners were assisted with work experience through internships.	108 75 additional FET graduate learners were funded by employers and an additional 33 learners by MICT SETA. (75+33=108)	Over achievement due to co-funding with employers and improved operational efficiency.
	A learner progression policy to be developed.	None	A learner progression policy to be developed.	Achieved	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
	A learner progression policy implemented through learnerships and including townships and rural areas.	None	51 employed learners to enter into learnerships.	64 employed learners entered into learnerships.	13 9 additional employed learners were funded by employers and 4 additional learners by MICT SETA. (9+4 = 13 learners)	Overachievement due to co-funding with employers and improved operational efficiency.
		None	35 employed learners to be certificated.	45 employed learners were certificated.	10	Overachievement due to employers self-funded programmes.
		2 100 unemployed learners entered learnerships.	2 500 unemployed learners to enter learnerships.	2580 unemployed learners entered learnerships.	80 24 additional unemployed learners were funded by employers and an additional 56 learners by MICT SETA. (24+56=80)	Overachievement due to co-funding with employers and improved operational efficiency.
		1 300 unemployed learners were certificated.	1750 unemployed learners to be certificated.	2293 unemployed learners were certificated.	543	Overachievement due to employers' self-funded programmes.

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
	High level scarce skills gaps identified in chapter 5 in the Sector Skills Plan.	Chapter 5 in the 2012/17 SSP.	A SSP document to be developed.	A SSP 2013/14 document was developed with high level scarce skills gaps identified in Chapter 5.	None	None
	A strategy developed to address high level scarce skills gaps and presented in chapter 6 of the SSP.	None	A strategy document to be developed.	Achieved [A SSP 2013/14 document was developed with high level scarce skills gaps addressed in chapter 5].	None	None
	Collaborative agreements in place with universities and stakeholders.	2 collaborative agreements in place.	2 collaborative agreements to be put in place.	Achieved 2	None	None
	Students supported through internship programmes of which 70% are placed.	606 students supported through graduate internship programmes.	680 students supported through internship programmes.	Achieved 885 students supported through internship programmes. 663 learners were placed.	205 62 additional students were funded by employers and 143 additional students were funded by MICT SETA.	Over achievement due to co-funding with employers and improved operational efficiency.
	Areas for research, innovation and development identified and presented in Chapter 3 of the Sector Skills Plan.	None	A SSP document to be developed.	Achieved [A SSP 2013/14 document was developed with identified areas for research, innovation and development presented in chapter 3].	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
	Research partnerships formed with research house(s) to conduct research (Refer to 4.1.1.2).	Studies performed in 2005, 2010 and 2012.	(Refer to 4.1.1.2)	(Refer to 4.1.1.2)	(Refer to 4.1.1.2)	(Refer to 4.1.1.2)
	Agreements in place with university faculties and other stakeholders on flagship research projects.	1 agreement with SAP.	1 agreement with industry partner.	Achieved 1	None	None
	Research programmes in place with university faculties and/or other stakeholders on research projects.	1 Programme with SAP.	1 (support 1 research programme from industry).	Achieved One research programme.	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective 4.3: Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities.	Prospectuses on the FET colleges in SA obtained.	None	1 partnership to engage on prospectus of FET.	Achieved 1 Yuselela FET College.	None	None
	Relevant programmes (at N6) at FET colleges identified and mapped to the SETA-SSP	None	1 programme	Achieved 1 Yuselela FET College.	None	None
	Task teams on the programmes offered set up with FETs.	None	1 partnership	Achieved 1	None	None
	Partnerships for vocational courses (at N6) established.	None	1 partnership.	Achieved 1 Partnership with Waterberg FET.	None	None
	Work experience offered to public FET college learners.	None	60 learners get work experience.	Achieved 60 public FET college learners gained work experience.	None	None
	Substantial quality programmes identified through focus groups with employers.	None	1 quality programme identified.	Achieved 1 Installer Program.	None	None
Objective: 4.5 Encouraging better use of workplace-based skills development.	Qualifications reviewed (existing) and developed (new) with the QCTO, Employers, Training Providers and other stakeholders.	None	1 qualification review.	Achieved 1	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective: 4.5 Encouraging better use of workplace-based skills development:	Stakeholder road shows conducted.	None	1 roadshow	Achieved 1	None	None
	Provision of quality programmes agreed by top 10 MICT stakeholders in each subsector through learners in skills programmes.	None	50 learners trained in skills programmes.	Achieved 50 learners trained in skills programmes.	None	None
	This target includes recognition and support of 5 ISOEs.		50 learners certificated.	Achieved 50 learners certificated.	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective: 4.5 Encouraging better use of workplace-based skills development.	Impact of the training analysed and reported in an impact study report.	None	1 impact study per year.	Achieved 1	None	None
	Workplace audits, monitoring and evaluations to be conducted to assess quality and compliance in the sector by 31 March 2014.	105 workplace audits including monitoring and evaluations.	120 workplace audits including monitoring and evaluations conducted by end Q4.	Achieved 123 workplace audits including monitoring and evaluations were conducted by end Q4.	3 additional workplace audits including monitoring and evaluations were conducted.	Overachieved through improved interactions with employers.
	Sector projects in place to address specific sector skills gaps (number of projects).	None	2 projects per year.	Achieved 2 - SME Forum - Skills & Development Forum.	None	None
	Projects in place to address specific sector skills gaps (learners in skills programmes).	None	1 227 learners enrolled in skills programmes.	Achieved 1278	51 16 additional learners were funded by employers and 35 additional learners were funded by MICT SETA. (16+35=51 learners)	Over achievement due to co-funding with employers and improved operational efficiency.
			858 learners achieved in skills programmes.	Achieved 858 learners achieved in skills programmes.	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective: 4.5 Encouraging better use of workplace-based skills development.	Cross-sectoral projects addressing skills needs along local MICT supply chains identified.	None	1 project identified.	Achieved 1	None	None
	Cross-sectoral projects established.	4 cross-sectoral projects implemented in 2012/13.	1 project implemented.	Achieved 1	None	None
Objective 4.6: Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives.	The skills needs of small and emerging businesses in the MICT sector identified and presented in the SSP chapter 5.	None	A SSP document to be developed.	Achieved [A SSP 2013/14 document was developed presenting in chapter 5 the skills needs of small and emerging businesses in the MICT sector]	None	None
	Relevant programmes promoted to address the skills needs of small and emerging businesses in the MICT sector.	None	1 programme promoted.	Achieved 1 SME Forum established.	None	None
	A sector skills development projects piloted through skills programmes with 10 SMME(s) (number of learners).	None	10 sector skills projects to be piloted with 1 learner per project (10 learners).	Achieved 10 sector skills projects were piloted with 1 learner per project (10 learners).	None	None
	Skills development with SMMEs expanded through skills programmes (number of learners).	None	0	0	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/14	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective 4.6: Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives.	A national database of supported small businesses established.	None	1 database developed annually.	Achieved 1	None	None
	The impact of MICT SETA supported training in SMMEs reported on.	None	1 impact study.	Achieved 1	None	None
	The skills needs of trade unions, NGOs and community-based organisations in the MICT Sector identified.	None	A SSP document to be developed.	Achieved 1	None	None
	Strategies developed to address these needs.	None	A SSP document to be developed.	Achieved [Strategies were developed to address these needs and addressed in chapter 6 of the SSP].	None	None
	A sector skills development project piloted with selected trade unions, NGOs and community-based organisations through skills programmes (number of learners).	None	30 unemployed learners enrolled in new skills programmes.	Achieved 30	None	None
			30 unemployed learners achieved in new skills programmes.	Achieved 30	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective 4.6: Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives.	Skills development with selected trade unions, NGOs and community-based organisations expanded through Skills Programmes (number of learners).	None	60 learners enrolled in skills programmes.	Achieved 60	None	None
			60 learners achieved in skills programs.	Achieved 60	None	None
Objective 4.8: Building career and vocational guidance.	Career guides developed with MICT labour market information, addressing the MICT sub-sectors.	MICT SETA 2012 career opportunities guide.	1 SSP Document covering career guides.	Achieved 1	None	None
	MICT career opportunities guide distributed.	MICT SETA 2012 career opportunities guide.	1300 career guides to be distributed annually.	Achieved 1307 career guides were distributed.	7 additional career guides were distributed.	Overachieved through improved interactions with employers.
	Stakeholders engaged through questionnaires to review and adjust skills and qualification needs.	None	100 questionnaires distributed.	Achieved 100	None	None

Performance Information by Programme (continued)

MICT SETA Annual Performance Report on Predetermined Objectives 2013-2014

Strategic Objectives	Performance Indicator	Actual Achievement 2012/13	Target 2013/14	Actual Achievement 2013/1014	Deviation from planned target to Actual Achievement 2013/2014	Comment on Deviations
Objective 4.8: Building career and vocational guidance.	Stakeholders engaged through focus groups to review and adjust skills and qualification needs.	None	20 Stakeholder representatives.	Achieved A skills programme was set up to address the digital migration.	None	None
	Stakeholders engaged through questionnaires, roadshows and focus groups to review and adjust skills and qualification needs.	None	1	Achieved 1	None	None

Strategy to overcome areas of under performance

There were no areas of under performance in the year under review.

Changes to planned targets

There were no changes to planned targets in the year under review.

Performance Information by Programme (continued)

Linking performance with budget

Programme	NSDS III Target	2013/14			2012/13		
		Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
Establishing a credible institutional mechanism for skills planning	4.1	778	-	778	1 067	-	1 067
Increasing access to occupationally directed programmes	4.2	285 482	142 788	142 694	95 999	89 710	6 289
Promoting the growth of Public FET College system	4.3	1 838	28 437	(26 599)	8 110	10 062	(1 952)
Addressing the low level of language and numeracy skills	4.4	38 317	76 915	(38 598)	110 555	143 285	(32 730)
Small enterprises, worker initiated, NGO and community training	4.6	14 734	-	14 734	3 662	-	3 662
Building career and vocational guidance	4.8	389	-	389	533	-	533
Total		341 538	248 140	93 398	219 926	243 057	(23 131)

Performance Information by Programme (continued)

Revenue Collection

Sources of revenue	2013/14			2012/13		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Administration Levies	69 921	78 916	(8 995)	61 000	67 500	(6 500)
Mandatory Levies	167 813	194 237	(26 424)	305 000	337 283	(32 283)
Discretionary Levies	299 266	333 567	(34 301)	122 000	134 950	(12 950)
Interest and penalties	-	6 588	(6 588)	-	4 913	(4 913)
Investment Income	17 100	17 550	(450)	14 100	16 760	(2 660)
Other Income	-	151	(151)	-	468	(468)
Total	554 100	631 009	(76 909)	502 100	561 874	(59 774)

Capital investment

The MICT SETA performs a bi-annual fixed asset verification process. Completeness tests are performed during the verification process, where assets from the floor are traced to the fixed asset register. Assets are also selected from the fixed asset register and traced back to the floor for actual existence. Furthermore fixed assets purchased monthly which have been recorded to the financial system are compared and reconciled to the fixed asset register. The process was audited by Internal and External auditors for the year under review.

Part C: Governance

Introduction

The Skills Development Act, 1998 (Act No 97 of 1998) makes provision for the establishment of SETAs for each national economic sector. The Minister determined the discrete sector of the MICT Sector Education and Training Authority in terms of section 9 of the Skills Development Act.

The SETA is governed in accordance with the SETA constitution. This Constitution was drawn up in accordance with the requirements of section 13, as further provided for in terms of section 9 (1) of the Act, and provides an institutional framework for the SETA to develop and implement national, sectoral and work-place strategies, in order to develop and improve the skills of the South African workforce.

The SETA pursues the development of a skilled workforce, in order to provide an improved service to the people of South Africa. The SETA is inspired by the vision of an appropriately skilled workforce that is empowered to render quality services, which are comparable with world-class standards.

The SETA reports to the Executive Authority, of the Higher Education and Training department. It also has an Executive Committee, Audit and Risk Committee, and a Finance and Remuneration Committee in place.

Portfolio Committees

The SETA did not attend any portfolio committee meetings in the year under review.

Executive Authority

Quarterly monitoring reports on the MICT SETA's performance were submitted to the Executive Authority. The reports were subsequently evaluated and validated by the Executive Authority.

Accounting Authority/The Board

Introduction

The MICT SETA Accounting Authority/Board has been established in terms of the MICT SETA Constitution.

Role of the Board

The role and functions of the Accounting Authority are to:

- govern and manage the SETA
- ensure that the SETA achieves the objectives contemplated in clause 5 of its Constitution and performs the functions contemplated in clause 6 of the Constitution.
- provide effective leadership and to ensure that the SETA implements the goals of the NSDS III and the performance agreement with the Minister
- to set a strategic direction for the SETA
- liaise with stakeholders
- ensure that the SETA complies with the relevant statutory requirements and the requirements of its Constitution.
- manage institutional risk
- monitor the performance of the SETA
- apply for the establishment of the SETA in terms of section 9(1) of the Act, read together with the regulations regarding the establishment of Sector Education and Training Authorities, 7 September 1999, as amended by General Notice R106 in the Government Gazette 27254 of February 2005.

Board Charter

The MICT SETA Board Charter covers the following:

- Board composition
- role and functions of the Accounting Authority
- functions of the Chairperson
- roles and responsibilities of the CEO
- delegation of authority
- reporting and accountability
- conflict of interest
- terms of office of members of the Accounting Authority
- meetings of the Accounting Authority

The Board fully complied with all aspects and provisions of the Board Charter.

Composition of the Board

The MICT SETA Board is established in terms of the MICT SETA constitution. The constitution prescribed the composition of the Board as follows:

Composition of the Accounting Authority

The Accounting Authority comprises of members representing the following constituencies and stakeholders in the Sector:

- Organised Labour
- Organised Employers, including small businesses
- relevant government departments
- any interested professional body or bargaining council with jurisdiction in the sector, which the Minister considers appropriate for the sector. The Accounting Authority must consist of an equal number of members representing Organised Employers and Organised Labour in the Sector.

Each constituency and stakeholders represented at the Accounting Authority must be represented by members who are sufficiently representative of designated groups. The members of the SETA are listed in item 2(4) of Annexure 4. The Accounting Authority may, with good cause, recommend to the Minister the removal of any trade union or employer organisation listed in item 2(4) of Annexure 4.

Nomination and appointment of members of the Accounting Authority

At least three (3) months before the expiry of the term of office of members of the Accounting Authority, the Chief Executive Officer must invite nominations of members, for the forthcoming term of office, from Organised Labour, Organised Employers and the categories of role-players referred to in section 11(2)(b) of the Act within the Sector.

Accounting Authority/The Board (continued)

Members of the Accounting Authority must be nominated, taking into consideration:

- At least three months before the expiry of the term of office of the members of the Accounting Authority, the Chief Executive Officer must invite nominations for members for the forthcoming term of office, from organised labour, organised employers and the categories of role-players referred to in section 11(2)(b) of the Act within the Sector.
- Any person nominating another person for appointment as a member of the Accounting Authority must take into account the provisions of section 14(4) of the Act set out in item 3 of Annexure 5.
- The Minister must by notice in the Gazette invite nominations for the position of Chairperson of the Accounting Authority of the SETA from interested parties in the Sector.
- The Chief Executive Officer must provide members appointed to the Accounting.
- Authority with formal letters of appointment on the SETA letterhead and must set out in the letter the duties and responsibilities of the members.
- Members must accept their appointment and declare in writing that they accept, and will be bound by, the Code of Conduct of the SETA on or before the induction date referred to in sub item (10).

Accounting Authority/The Board (continued)

MICT SETA BOARD Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (list the Entities)	Other Committees or Task Teams (e.g.: Audit Committee / Ministerial task team)	No. of Meetings attended	Date terminated
Dr Harold Wesso	Government Representative	1 April 2011	September 2013	D. Phil M.A B.A (Hons)	EXCO	0	Finance and Remuneration Committee	2	24 February 2014
Mr Lumko Caesario Mtimde	Ministerial Appointee	1 April 2011		Degree in Physiology and Biochemistry Dip in Telecommunications Executive			Finance and Remuneration Committee	2	
Mr Thami Ntteni	Ministerial Appointee	1 April 2011	September 2013	B.A Communications	Communications			2	
Mr Gallant Roberts	Organised Labour	1 April 2011		Certificates acquired through Centre for Legal Studies UNISA Development Institute for Training and Support & Education for Labour			Audit and Risk Committee	2	

Accounting Authority/The Board (continued)

MICT SETA BOARD Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (list the Entities)	Other Committees or Task Teams (e.g.: Audit Committee / Ministerial task team)	No. of Meetings attended	Date terminated
Mr Masoma Jonathan Manale	Organised Labour	1 April 2011		Sales and Marketing Introduction to adult education and planning	Sales & Marketing		Finance and Remuneration EXCO	2	
Mr Morwa Joseph Mooko	Organised Labour	1 April 2011		Nat Dip: Technical Nat Cert: Technical Certificate 6 Education for HDE (Postgraduate)	Employee Relations	N/A	Finance and Remuneration	2	
Mr Tuwani Gumani	Professional Body	1 April 2011	September 2013	Advanced Diploma in Labour Law Higher Diploma in Education			EXCO	2	27 February 2014
Mr Lucky Masilela	Organised Employer	1 April 2011	September 2013	Senior Management Programme BSc Applied Physics and Electronic Engineering Certificate in Telecommunications				0	27 February 2014

Accounting Authority/The Board (continued)

MICT SETA BOARD Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (list the Entities)	Other Committees or Task Teams (e.g.: Audit Committee / Ministerial task team)	No. of Meetings attended	Date terminated
Ms Khahliso Mochaba	Organised Employer	1 April 2011	September 2013	LLM LLB BA Law			EXCO	1	27 February 2014
Mr Adam Rabie	Organised Employer	1 April 2011		BCom. Honours (IS)	ICT & Telecoms		Finance and Remuneration Committee EXCO	2	
Mr Anthony Parry	Professional Bodies	1 April 2011		BA (Hons) MBA	Information Technology		Finance and Remuneration Committee	2	
Mr Motse Mfuleni	Professional Bodies	1 April 2011	September 2013	B-Tech MDP Certificate in Retail Management				1	27 February 2014

Accounting Authority/The Board (continued)

MICT SETA BOARD Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (list the Entities)	Other Committees or Task Teams (e.g.: Audit Committee / Ministerial task team)	No. of Meetings attended	Date terminated
Mr Joe Manchú	Professional Bodies	1 April 2011		B. Compt MBA Executive Development Programme Certificate Programme in Leadership Coaching			Audit and Risk Committee	1	
Mr Johannes Mjwara	Ministerial Appointee (Chairperson)	27 August 2013			Communications	Sentech (Soc) Divnar Horizons Pty Ltd	Executive Committee	1	
Mr Thamsanqa Mzileni	Organised Labour	27 February 2014		Diploma in Public Management (incomplete)	Labour Law	Tourism KwaZulu Natal Board Member		0	
Mr Teboho D. Morobe	Organised Labour	27 February 2014		HR	-			1	

Accounting Authority/The Board (continued)

MICT SETA BOARD Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (list the Entities)	Other Committees or Task Teams (e.g.: Audit Committee / Ministerial task team)	No. of Meetings attended	Date terminated
Mr Jimmy R. Morakile	Organised Employer	27 February 2014		Honours Degree, Information Science Management Development programme Post graduate Diploma information Science Bachelor of Public Administration Advanced Certificate in Information Systems Management	Information Technology BEEE Transformation	NSLA Board Member		1	
Dr Andrew Magadiele	Organised Employer	27 February 2014		PhD in Animal Nutrition M Sc in Pasture Science B Sc Agriculture	Research	-	Finance and Remuneration Committee	1	
Mr Thabo Mogalane	Employer Representative	1 November 2013							

Accounting Authority/The Board (continued)

MICT SETA BOARD Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (list the Entities)	Other Committees or Task Teams (e.g.: Audit Committee / Ministerial task team)	No. of Meetings attended	Date terminated
Ms Tebogo Makgatho	Organised Employer	27 February 2014		BSc Genetics Diploma Project Management Higher Diploma Sales and Marketing Certificate on Labour Market Supply and Demand Finance for non- Financial managers Board Leadership Programme Handling Media	IT & R&D skills	Board Chairperson at South African NGO Network (SANGONeT) Board Member at Chancellor House Holdings (Pty) Ltd Stortech (Pty) Ltd	Executive Committee	1	
Ms Natalie-Anne Delpoit (Stoop)	Organised Employer	27 February 2014		Post Graduate Diploma in management Higher Dip in Business Management RPL for an Advanced Certificate in Leadership	Research	-	Finance and Remuneration Committee	1	

Committees

The MICT SETA has three Board sub committees viz. Finance and Remuneration Committee, Audit and Risk Committee and the Executive Committee.

Audit And Risk Committee

Functions of the Audit and Risk Committee

The Audit and Risk Committee must perform the functions of an audit committee as contemplated in the PFMA.

The Audit and Risk Committee must serve as a mechanism of the Accounting Authority to monitor and reinforce the effectiveness of both the internal control system and the internal audit function.

The Audit and Risk Committee must review and make recommendations on:

- the functioning and overall efficiency and effectiveness of the internal control system
- the functioning of the Internal Audit Department
- the risk areas of the SETA's operations, which are to be covered by the scope of internal and external audits
- the adequacy, reliability and accuracy of the financial information provided to the Accounting Authority
- the scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors
- the cooperation and coordination between the internal and external audit functions, and their cooperation and coordination pertaining to the management of the SETA
- any accounting or auditing concerns identified through internal and external audits and by the Auditor-General
- the adequacy and effectiveness of the risk management processes followed and the development, maintenance and enhancement of fraud prevention plans
- the effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigation and follow-up action (including disciplinary action) of any instance of non-compliance
- the SETA's compliance with relevant legal and regulatory requirements, as well as its Code of Conduct and the action taken to address any violations

The Audit and Risk Committee must review the annual financial statements and establish whether they have been prepared in accordance with the PFMA and related Treasury Regulations, as well as the applicable accounting framework. The Audit and Risk Committee must review and confirm the Internal Audit Department's Charter and the Internal Audit

Plan, as well as the resources required to implement such plan. The Audit and Risk Committee must develop a direct, strong and candid relationship with the external auditors. Communication with the external auditors must facilitate independence from the management of the SETA and encourage the external auditors to speak freely, regularly and confidentially with the Audit and Risk Committee.

The Audit and Risk Committee must draw up a recommendation for the Accounting Authority regarding the appointment and removal of the internal and external auditors.

The Audit and Risk Committee must recommend such measures as, in the Committee's opinion, may be necessary to ensure the reliability, integrity and objectivity of the SETA.

Finance And Remuneration Committee

Functions of the Finance and Remuneration Committee

The Finance and Remuneration Committee must perform all functions referred or delegated to it by the Accounting Authority, in order to ensure that the SETA meets the requirements of the Act, the SDLA, PFMA and the Treasury Regulations that relate to finance and the remuneration of the Chief Executive Officer, board and committee members and employees.

The Finance and Remuneration Committee must evaluate and make recommendations to the Accounting Authority in respect of the following financial matters of the SETA:

- the budget, cash flow and financial statements
- the financial policies and the Finance Division Plan
- actions to implement the recommendations of the Auditor-General's Report, as well as the internal and external audit reports
- the execution of the legally mandated financial functions
- the financial implications of policies, decisions and changes to the budget and Business Plan of the SETA

The Finance and Remuneration Committee must advise the Accounting Authority on any matters relating to remuneration, in order to enable the Accounting Authority to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its members and employees, so as to attract, motivate and retain talented people.

Committees (continued)

The Finance and Remuneration Committee must evaluate and make recommendations to the Accounting Authority in respect of the following issues relating to the remuneration of both the employees and the Chief Executive Officer of the SETA:

- Developing guidelines on, and reviewing the compensation and performance of employees of the organisation
- Reviewing and approving corporate goals that are relevant to the compensation of the Chief Executive Officer
- Determining the Chief Executive Officer's compensation in accordance with applicable rules and regulations
- Evaluating the Chief Executive Officer's performance against the above-mentioned goals and objectives
- Review and reassessing the adequacy of the remuneration policy annually and recommending any changes to the Accounting Authority for approval
- Ensuring that the board and committee members' remuneration is in accordance with the requirements of the PFMA and the Treasury Regulations that relate to finance and the remuneration of said members. The Finance and Remuneration Committee must present the Risk and Audit and Risk Committee with quarterly and annual financial statements.

Executive Committee

Functions of the Executive Committee

Subject to the directions of the Accounting Authority, the Executive Committee is responsible for overseeing the management of the SETA.

Without limiting its functions, the Executive Committee must:

- supervise the proper management of all financial matters;
- coordinate and supervise the implementation of the Accounting Authority's policies;
- monitor national policy issues and developments and make recommendations regarding the adoption of policies by the Accounting Authority;
- coordinate the functioning of committees, chambers and structures of the SETA and monitor their activities, in order to ensure that they act within the terms of any powers delegated to them by the Accounting Authority;
- oversee staff employment issues;
- determine and manage budgets and business plans of the SETA;
- monitor the relations and interactions of the SETA with other SETAs, as well as with other agencies on matters related to skills development; and
- perform any other function or duty, delegated to it by the Accounting Authority or conferred upon it by this Constitution.

The following tables list the members of different committees and the number of meetings they have attended:

Committee	No. of meetings held	No. of members	Names of members
FINCO/REMCO	2	7	Mr Anthony Parry Mr Masoma Jonathan Manale Mr Morwa Joseph Mooko Mr Lumko Caesario Mtimde Mr Adam Rabie Mr Joe Manchu Dr Harold Wesso
Audit and Risk Committee	2	5	Mr Gallant Roberts Mr Eric Mogale Ndlovu Mr Abel Zolile Dlamini Mr Lucky Masilela Ms Maleho Nkomo
EXCO	0	4	Mr Masoma Jonathan Manale Mr Adam Rabie Mr Tlwani Gumani Ms Kahliso Mochaba

Committees (continued)

Remuneration of Board members

How Remuneration of Board members is determined:

The Minister of Higher Education and Training determines the various categories of Board remuneration. The MICT SETA Board members are remunerated as follows as a meeting fee:

The table and chart below present the provincial spread of where the moderators were registered:

Committee	Remuneration		
	Rates per annum R	Rates per day R	Rates per hour R
Category S			
Chairperson	1 097 598	4 360	545
Vice-Chairperson	932 604	3 704	463
Member	853 374	3 392	424

Over and above the meeting fee and any other out of pocket expenses, a board fee may be payable. Where the member serves only on the board or a single committee of the board, a maximum board fee of 5% of the relevant annual remuneration becomes payable to that member. If the member serves on more than one committee or the board and one or more committees, a maximum board fee of 8% of the relevant annual remuneration becomes payable. The following applies to the payment of the board fee:

1. It becomes payable once a member has attended 50% of the meetings of the board or committee(s). No board fee is payable if less meetings are attended.
2. It is payable to a maximum of 75% once the member has attended 50% of the meetings. The balance of the board fee is payable after all meetings have been held, provided the member attended the remaining meetings.

The above is in terms of Circular 1 of 2011.

Those members that are not remunerated:

MICT SETA remunerates each Board member who attends the MICT SETA Board and its sub-committee meetings.

Other expenses e.g. Travel, reimbursed by MICT SETA:

MICT SETA arranges and pays for all travel and other expenses, as per the table below.

The amount of Remuneration paid to each Board member:

MICT SETA Board members are paid an hourly rate dependant on their role as per their appointments by the Minister for every meeting attended.

Committees (continued)

Remuneration of Board and sub-committee members

Name	Remuneration R'000	Other Allowance R'000	Other Re-Imbursements R'000	Total R'000
Dlamini ZA	39 685	190	-	39 875
Gumani T	48 584	771	-	49 355
Magadlela A	4 452	-	-	4 452
Makgatho TR	4 452	-	-	4 452
Manale MJ	56 290	12 764	114	69 168
Manchu JM	47 381	133	-	47 514
Masilela ML	46 178	-	-	46 178
Mbele PPZ	59 394	-	-	59 394
Mfuleni M	30 064	-	-	30 064
Mjwara SJ	5 723	-	-	5 723
Mooko MJ	70 835	15 302	-	86 137
Morakile J	4 452	449	-	4 901
Morobe TD	4 452	3 412	-	7 864
Mtimde LC	54 239	-	-	54 239
Ndlovu EM	39 685	-	-	39 685
Nkomo MMD	52 246	107	-	52 353
Ntentsi TI	41 736	126	-	41 862
Parry AM	70 835	-	-	70 835
Rabie A	49 787	-	-	49 787
Roberts G	55 442	2 742	-	58 184
Delport N	4 452	-	-	4 452
TOTAL	790 364	35 996	114	826 474

Committees (continued)

Risk management

Nature of risk management

Periodic risk assessment has been performed which is the integral part of an entity wide risk management process. The Treasury Regulations (TR) requires periodic risk assessment, whilst the King III Report on corporate governance and best practice risk management stipulates that the entity wide risk assessment process should be affected on an annual basis.

Risk Management Strategies to identify risks and manage the risks

Identification and prioritization of key risk arising from strategic, business and operational activities;

- The evaluation and rating of identified risks
- The identification, evaluation and rating of significant financial, operational and compliance risks within all SETA programmes and departments
- The identification of risk mitigation strategies and controls to reduce risk exposure, and improve the management of significant and cross entity risks
- The generation of operational programme and departmental based risk registers and risk profiles, and an entity wide and strategic SETA risk profile.

Progress made in addressing risks identified

Management has quarterly meeting in order to address risks identified.

Internal control unit

Internal control was assured by both the Internal Audit Function which consisted of the Audit and Risk Committee including the Internal Auditors and the Quality Management and IT Unit.

Furthermore, the SETA Quality Management and Information Technology (IT) Unit facilitated maintenance of the SETA's Quality Management System (QMS) which

included the IT function. The SETA's QMS which includes the IT function comprised processes, hardware, software, facilities and staff, which provide a capability to satisfy the SETA's contribution to the National Skills Development Strategy (NSDS III) objectives.

Internal Audit and Audit and Risk Committee Key activities and objectives of the internal audit

The objective of the internal audit review was to assess the adequacy and effectiveness of controls in relation to the areas or processes referred to in the audit scope and where appropriate, to make recommendations to improve adequacy and effectiveness of controls. The internal audit procedures were also designed to review the adequacy and effectiveness of processes and controls to ensure the achievement of specific objectives, however they were limited to the risks identified and selected samples tested for:

- Compliance with policies and, procedures
- Reliability and integrity of information
- Economical and efficient use of resources
- Safeguarding of assets.

Risk Management Summary of audit work done

- Update of risk registers and Risk Assessment report
- Follow-up audit on the Auditor General Management letter and previous internal audit reports
- Supply Chain Management
- Human Resources and Payroll Management
- Legislative Compliance Review
- Performance Information Audit (Predetermine Objectives)
- Information Technology
- Finance Management
- Skills Sector Plan (SSP) Division
- Learnership Programme Division (LPD)
- Education and Training Quality Assurance (ETQA)

Committees (continued)

Activities and objectives of the Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the SETA Board established in terms of the SETA Constitution.

The primary objective of the Audit and Risk Committee of the SETA is to assist the Chief Executive Officer in fulfilling the oversight responsibility required in terms of PFMA, related Treasury Regulations and Corporate Governance best practice, (which includes responsibilities regarding safeguarding of assets, risk management, operating effective systems of control and preparing annual financial statements) by reviewing:

- The system of internal control (financial, operational and compliance) that SETA management have established
- The SETA's auditing, accounting and financial reporting processes
- The financial reports and other information provided by SETA to National Treasury and other government departments

The risk register

Consistent with the function, the Audit and Risk Committee should encourage continuous improvement of, and should foster adherence to SETA corporate governance processes, policies, procedures and practices at all levels. The Audit and Risk Committee's primary objectives are to:

- Serve as an independent and objective party to monitor and strengthen the objectivity and credibility of the SETA financial reporting process and internal control system.
- Communicate with the audit functions, and review and appraise the efforts of external audit and internal audit function.
- Provide an open avenue of communication among management, the external auditors, and the internal audit function.
- Facilitate the imposition of discipline and control, thus reducing the opportunity for fraud; and
- Make appropriate recommendations, based on its findings, to the Accounting Officer.

Internal Audit and Audit Committee

Key activities and objectives of the internal audit

The objective of the internal audit review was to assess the adequacy and effectiveness of controls in relation to the areas or processes referred to in the audit scope and where appropriate, to make recommendations to improve adequacy and effectiveness of controls. The internal audit procedures were also designed to review the adequacy and effectiveness of processes and controls to ensure the achievement of specific objectives, however they were limited to the risks identified and selected samples tested for:

- Compliance with policies and procedures
- Reliability and integrity of information;
- Economical and efficient use of resources; and
- Safeguarding of assets

Summary of audit work done

Audits were carried out in the following functions:

- Supply Chain Management
- Human Resources and Payroll Management
- Information Technology
- Finance Management
- Learnership Programme Division (LPD)
- Follow-up audit on the Auditor General Management letter and previous internal audit reports
- Education and Training Quality Assurance
- Quality Management Systems
- Monitoring and Evaluation

Committees (continued)

Attendance of Audit and Risk Committee meetings

Name	Qualifications	Internal or external	If Internal position in the public entity	Date appointed	Date re-signed	No. of Meetings attended
Ms Maleho Nkomo	B Com Honours Senior Executive Programme M Com	External / independent	None	1 August 2011	1 March 2014	2
Mr. Abel Zolile Dlamini	Bachelor of Commerce (Accounting) B.Compt (Hons) and CTA (Accounting Sciences)	External / independent	None	1 November 2008	Active	2
Mr. Eric Mogale Ndlovu	B. com Hons (Accounting Sciences)	External / independent	None	1 August 2011	Active	1
Mr Lucky Masilela	Senior Management Programme BsC Applied Physics and Electronic Engineering Certificate in Telecommunications		None	1 June 2011	September 2013	2
Mr Gallant Roberts	Certificates acquired through centre for legal studies UNISA Development institute for Training and Support & Education for Labour		None	1 December 2007	Active	2

Committees (continued)

Compliance with laws and regulations

The MICT SETA has trained its Management and employees on statutory requirements, conducted periodic annual policy reviews, effected controls through the existence of an effective internal audit function and followed a prescribed compliance reporting schedule. The MICT SETA complied with the legal requirements as follows:

- Employment Equity Plan & Report submitted to DoL
- Skills Development: Workplace Skills Plan and Annual Training Report submitted to ETDP SETA
- Procurement Plan submitted to DHET
- Strategic Plan and Annual Performance Plan submitted to DHET
- Service Level Agreement signed with the Director-General of DHET
- Budget 2013/14 submitted and approved
- Quarterly Reports to DHET and Treasury
- Finance & Performance Reports submitted on time
- Annual Report 2013/14, submitted to DHET, National Treasury and the Auditor-General
- MICT SETA Annual General Meeting (AGM) held
- Audit function was in place and Audit Plan implemented
- Auditor General's audits implemented as planned

Fraud and Corruption

The MICT SETA Fraud and Corruption plan was informed by the stipulations in the Public Finance and Management Act, 1999 (Act No 1 of 1999), Prevention and Combatting Corrupt Practices Act, 2004 (Act No 12 of 2004), Protected Disclosures Act, 2000 (Act No 26 of 2000) and other related legislation.

The Fraud and Corruption plan consists of the following:

- Code of Conduct
- Fraud Policy and Response Plan
- Whistleblowing Policy including an independent hotline
- Implementation Plan.

Mechanism in place to report fraud and corruption

The MICT SETA has in place a whistle blowing TOLL FREE number that whistle blowers can use and remain anonymous. Employees and MICT stakeholders can report any misdemeanour or suspected fraudulent activity to the toll free number, to the MICT SETA management, or to the Executive Authority.

How are the cases reported and what action is taken

MICT SETA employees and stakeholders can anonymously call the anti-corruption toll-free number posted on the MICT SETA website home page, e-mail or telephone the office of the Chief Executive Officer, or the Chairperson of the Board by accessing the MICT SETA website for contact numbers.

In instances where fraud and corruption cases are reported, an investigation shall be undertaken by the relevant authorities.

Minimising conflict of interest

Employees involved in Supply Chain processes are required to complete and sign Declaration of Interest documents. This process is minuted during the proceedings and the declarations are kept in a secure facility. Board Members, Management and Employees who declare their interest have to recuse themselves from meetings and their recusals are minuted.

Committees (continued)

Code of Conduct

The MICT SETA Code of Conduct is informed by the Labour Relations Act Schedule 8 Code of Good Practice, King III Code of Good Practice which provides guidance with regards to ethical behaviour both in their individual conduct and in their relationship with other people. It promotes exemplary conduct by employees in public and private life.

The MICT SETA will institute a disciplinary enquiry in the event of non-compliance with the code of conduct in accordance with the disciplinary code and grievance procedures.

Health, Safety and environmental issues

The MICT SETA has a Health Policy which is informed by the Occupational Health and Safety Act, the Labour Relations Act, 1995 (Act No 66 of 1995), the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996). The policy is intended to create a healthy working environment for all employees. It endorses the fundamental rights embedded in the country's Constitution that every person shall have a right to an environment which is not detrimental to his/her health or well-being.

Social Responsibility

The MICT SETA has created workplace exposure and empowered ten (10) young unemployed graduates through a Graduate Internship programme in the year under review. The MICT SETA also offers bursaries to employees dependants below the management level. The SETA annually donates equipment to under-privileged schools.

Report of the Audit and Risk Committee



Abel Zolile Dlamini
Chairperson of the Audit Committee

The Audit Committee is pleased to present its report for the financial year ended 31 March 2014

Audit Committee Members

The Audit Committee consists of the members listed hereunder and should meet at least four times per annum. During the year under review 2 meetings were held and attendance is as reflected as below:

Name	Role	20 May 2013	23 July 2013
Ms Maleho Nkomo	Chairperson Independent	✓	✓
Mr. Eric Mogale Ndlovu	Member Independent	✓	X
Mr. Abel Zolile Dlamini	Member Independent	✓	✓
Mr Lucky Masilela	Member MICT Seta Board representative	✓	✓
Mr. Gallant Roberts	Member MICT Seta Board representative	✓	✓

Legend: ✓ Attended X Apology

Report of the Audit and Risk Committee (continued)

Audit Committee Responsibility

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference in its audit committee charter in line with the requirements of Section 51 (1) (a) (ii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and Treasury Regulation 27.1. We further report that we conducted our affairs in compliance with this charter and have discharged our responsibilities as contained therein.

The Effectiveness of Internal Control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

In line with the requirements of the PFMA and the King II Report, Internal Audit provides the Audit and Risk Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the audit report on the Annual Financial Statements and management letter of the Auditor-General South Africa (AGSA), we can report that the system of internal control for the period under review was effective and efficient.

The following internal audit work was completed during the year under review:

- Corporate Governance Review;
- Education and Training Quality Assurance Division;
- Finance Management;
- Follow-up Audit on issues previously raised by the Auditor General Management letter and Previous Internal Audit Reports;
- Human Resources and Payroll Management;
- Information and Technology Audit;
- Learnership Programme Division;
- Monitoring and Evaluation Division;
- Quality Management System;
- Sector Skills Planning Division; and
- Supply Chain Management.

The internal audit function was effective and addressed the risks pertinent to the MICT SETA.

In-Year Management and Quarterly Reports

We are satisfied with the content and quality of the in-year management and quarterly reports prepared and issued by the Accounting Officer of the MICT SETA.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the AGSA and the Accounting Officer the audited annual financial statements included in the annual report;
- Reviewed the accounting policies and practices;
- Reviewed the AGSA's management letter and management's response thereto; and
- Reviewed the MICT Seta's compliance with legal and regulatory provisions.

Auditor's Report

We have met with the AGSA to ensure that there are no unresolved issues. In addition, we have reviewed the implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

We concur with and accept the AGSA's report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the AGSA.



Mr Abel Zolile Dlamini
Chairperson of the Audit Committee
MICT Seta
30 July 2014

Part D:

Human Resource Management

Human Resource Management

Introduction

Overview of Human Resource matters at the public entity.

Underpinning Human Resources functions are pieces of employment legislation which require compliance and this is implemented together with MICT SETA's Human Resources Policies and Procedures and Codes of Good Practice. Human Resources remain at the centre stage of sound employee relations practices through rendering advice to Management and employees alike. Amongst many of the functions Human Resources performs is to regulate the employer-employee relationship, Benefits and Remuneration, Training and Development, Performance Management, Administration and also Recruitment and Selection. Human Resources place a strong emphasis on employees by providing best Human Resource practices in our daily activities.

Set Human Resource priorities for the period under review and the impact of these priorities

The MICT Seta strived to achieve the following for the period under review;

- Build capacity within the MICT Seta
- Implement sound Performance Management and Remuneration Practices
- Implement Succession Planning to ensure career opportunities within the MICT Seta
- Retain and attract skilled and competent personnel.

The above mentioned set of priorities contributed positively towards assisting MICT SETA to achieve its mandate.

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce:

The purpose of workforce planning is to provide both guidance for and a holistic approach to human resource planning within MICT SETA. The framework will continuously identify the key areas of policy and practice that are considered to be vital for creating an integrated strategic approach to HR planning.

Strategies to attract and recruit a skilled workforce:

- HR will utilise its Recruitment strategies to recruit and retain competent employees.
- Developmental programmes will be implemented to meet the future human resources needs within the organisation.
- Training and Development initiatives will be developed and implemented as measure to retain competent employees
- Succession planning programmes will be implemented to retain employees.

Employee Performance Management Framework

The MICT SETA Performance Management and Development system allows for the assessment of employees' performance in each performance cycle with the aim of motivating employees and also identifying training needs as a measure of improving employees' performance.

Employee wellness programmes

In ensuring that we have a healthy and productive workforce, MICT SETA in partnership with ICAS (external service provider) conduct an Employee Wellness Programme which offers a variety of services inclusive of stress management, legal issues, money management and other problems affecting employees.

Human Resource Management (continued)

Policy Development

MICT SETA's policies are reviewed annually and also occasionally with the purpose of aligning them to legislative and regulatory changes, environmental changes and also MICT SETA's strategic plan. MICT SETA's policy reviews continuously provide an improved framework within which Human Resources Management practices are managed. MICT SETA's policy reviews are also influenced by external best practice in the areas of corporate governance and strategic human resource management. MICT SETA's management team engages continuously to obtain support for policy development and policy analysis.

Highlights Achievement

The Human Resource Unit Managed to achieve the following:

- No material audit findings were reported in Human Resource process
- Achieved objectives as contained in the Human Resource Operational Plan
- Annual Review of all Human Resources policies and procedures

Challenges faced by the public entity

Challenges faced by public entities amongst others are the following:

- Attracting skilled and competent employees from different racial groups (Coloureds, Whites, Indians and people with disabilities) to achieve equitable representation within MICT SETA
- Employee retention
- Legislative and regulatory changes

Future Human Resource Plans /Goals

- Human Resources will ensure that a high standard of professional ethics is promoted and maintained.
- The Employee Value Proposition (EVP) will be published on the MICT SETA website for MICT SETA to be identified as an employer of choice.
- Ensure that Human Resources division offers efficient and effective human resource services to internal and external stakeholders.
- To ensure broader representation within MICT SETA.
- Improve the skills profile of the MICT SETA workforce.
- Continuously seek to develop and maintain a competitive remuneration structure.
- Continue to create a favourable working environment – become an employer of choice.
- Increase staff morale.
- Develop and implement dual career paths to enable vertical and horizontal employee progression.
- Staff retention.
- To create talent management programmes at all levels.
- Continue to provide efficient and effective HR services to internal and external stakeholders.

Human Resource Management (continued)

Human Resources Oversight Statistics

Personnel cost by Programme / activity / objectives

Programme	The total Expenditure for the entity (R'000)	Personnel Expenditure per Programme (R'000)	Personnel exp as a % of total exp	No. of employees	Average personnel cost per employee (R'000)
Total	521 241	25 033	4.8%	74	338

Personnel cost by salary band

Level	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	% of personnel exp to total personnel cost (R'000)	No of employees	Average personnel cost per employee (R'000)
Top Management	76 882*	1 988	7.95%	1	1 988
Senior Management	70 113	4 595	18.36%	4	1 149
Professional Qualified	70 113	2 552	10.19%	3	851
Skilled	140 226	8 865	35.41%	20	443
Semi-skilled	163 598	6 724	26.86%	42	160
Unskilled	309	309	1.23%	4	77
Total	521 241	25 033	100%	74	338

* Includes FET grant expense.

Human Resource Management (continued)

Performance Rewards

Programme/ activity/ objective	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	410	1 988	20.60%
Senior Management	616	4 595	13.40%
Professional Qualified	315	2 552	12.30%
Skilled	609	8 865	6.9%
Semi –Skilled	432	6 724	6.4%
Unskilled	4	309	1.3%
Total	2 386	25 033	9.5%

Training cost

Programme/ activity/ objective	Personnel Expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No of employees trained	Average Training cost per employee (R'000)
Corporate Services	11 914	279	2.30%	13	21
Education, Training and Quality Assurance	4 075	11	0.3%	1	11
Learning Programmes	4 284	66	1.4%	8	8
Sector Skills Planning	2 755	29	1.1%	6	4
Quality Management System and IT	1 465	49	3.5%	3	16
Total	25 033	436	1.7%	31	14

Human Resource Management (continued)

Employment and Vacancies

NB: The below figures comprises of both permanent and temporary employees

Programme	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of Vacancies
Top Management	1	1	1	0	0%
Senior Management	5	4	4	0	0%
Professional Qualified	3	5	3	2	40%
Skilled	17	22	20	2	9.09%
Semi - skilled	21	44	42	2	4.55%
Unskilled	16	4	4	0	0%
Total	63	80	74	6	7.5%

NB: MICT SETA is in the process of implementing succession planning measures to ensure that the organisation has a pool of suitably qualified employees who can be appointed at skilled and Senior Management positions. MICT SETA strives to fill all vacancies within a period of a month.

Employment Changes

Level	Employment At beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	5	0	1	4
Professional Qualified	3	1	1	3
Skilled	17	7	4	20
Semi-skilled	21	25	4	42
Unskilled	16	1	13	4
Total	63	34	23	74

Human Resource Management (continued)

Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Death	0	0.00%
Resignation	5	21.74%
Dismissal	3	13.04%
Retirement	0	0.00%
Ill Health	0	0.00%
Expiry of Contract	15	65.22%
Retrenchment	0	0.00%
Total	23	100.00%

NB: : Expiry of Contract: Employees were on fixed term contract and later appointed into permanent positions

Labour Relations: Misconduct and Disciplinary Action

Reason	Number
Verbal Warning	0
Written Warning	2
Final Written Warning	0
Dismissals	3

Human Resource Management (continued)

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Professional Qualified and Mid-Management	2	0	0	0	0	0	1	0
Skilled	6	6	0	0	0	0	0	1
Semi-skilled	13	2	1	0	0	1	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	24	8	1	0	0	1	1	1

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0
Professional Qualified and Mid-Management	0	1	0	0	0	0	0	0
Skilled	10	0	2	0	1	1	1	1
Semi-skilled	27	0	1	0	0	1	0	2
Unskilled	3	0	1	0	0	0	0	0
Total	42	1	4	0	1	2	1	3

Human Resource Management (continued)

Equity Target and Employment Equity Status

Levels	Disabled			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified and Mid-Management	0	0	0	0
Skilled	0	0	1	0
Semi-skilled	0	1	0	2
Unskilled	0	0	0	0
Total	0	1	1	2

Part E:

Financial Information

Report Of The External Auditor

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MEDIA, INFORMATION AND COMMUNICATION TECHNOLOGIES SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) as set out on pages 86 to 130, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The 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 Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as management determines 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 that the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Media, Advertising, Information and Communication Technologies Sector Education and Training Authority 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 in the manner required by the PFMA and 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 the selected objectives

Report Of The External Auditor (continued)

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 objectives presented in the annual performance report of the public entity for the year ended 31 March 2014:
 - Objective 4.1: Establishing a credible institutional mechanism for the skills planning on pages 36 to 37.
 - Objective 4.2: Increasing access to occupationally-directed programmes on pages 37 to 41.
 - Objective 4.3: Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities on page 42.
 - Objective 4.5: Encouraging better use of workplace-based skills development on pages 42 to 45.
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 objectives. 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 objectives.

Compliance with legislation

13. I performed procedures to obtain evidence that the public entity had complied with applicable legislation 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

14. 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, which we considered sufficiently significant for inclusion in this report.



Pretoria
30 July
2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annual Financial Statements

Statement of Financial Position as at 31 March 2014



Tumelo Mokoena CA (SA)
Financial Manager

Table of Contents

Annual Financial Statements

86	Statement of Financial Performance
87	Statement of Financial Position
88	Statement of Changes in Net Assets
89	Cash Flow Statement
90	Statement of Comparison of Budget and Actual Amounts
91	Notes to the Annual Financial Statements

Annual Financial Statements

for the year ended 31 March 2014

Statement of Financial Performance for the year ended 31 March 2014

	Notes	2013/14 R'000	2012/13 R'000
Revenue			
Skills Development Levy: income from non-exchange transactions	2	606 720	539 733
Skills Development Levy: interest from non-exchange transactions		2 720	1 714
Skills Development Levy: penalties from non-exchange transactions		3 868	3 199
National Skills Fund income	16.1	4	435
Investment income	3	17 550	16 760
Other income	4	147	33
Total revenue		631 009	561 874
Expenses			
Employer grant and programme expenses	5	409 300	521 566
Administration expenses	7	58 123	48 720
Finance costs	6	303	197
National Skills Fund expenses	16.1	4	435
FET Infrastructure development	14.1	53 511	-
Total expenses		521 241	570 918
Net surplus/(loss) for the year	1	109 768	(9 044)

Annual Financial Statements

for the year ended 31 March 2014

Statement of Financial Position as at 31 March 2014

	Notes	2013/14 R'000	2012/13 R'000
Assets			
Non-current assets			
Property, plant and equipment	8	3 313	3 303
Intangible assets	9	33	22
Total non-current assets		3 346	3 325
Current assets			
Other receivables from exchange transactions	11	1 015	1 399
Accounts receivable from non-exchange transactions	12	9 677	15 125
Cash and cash equivalents	13	444 261	346 860
Inventories	10	136	111
Total current assets		455 089	363 495
Total assets		458 435	366 820
Liabilities			
Non-Current liabilities			
Finance lease liability	15	985	1 059
FET Infrastructure development	14.1	34 703	-
Current liabilities			
Grants and transfers payable from non-exchange transactions	14.1	63 217	116 024
National skills fund received in advance	16.1	-	146
Trade and other payables from exchange transactions	14.2	4 263	2 772
Provisions	17	7 229	8 717
Short term portion of finance lease liability	15 & 21.3	482	313
Total current liabilities		75 191	127 972
Total liabilities		110 879	129 031
Net assets		347 556	237 789
Net assets represented by:			
Administration reserve		3 346	3 324
Employer grant reserve		243	6 447
Discretionary reserve		343 967	228 018
		347 556	237 789

Annual Financial Statements

for the year ended 31 March 2014

Statement of Changes in Net Assets for the year ended 31 March 2014

	Notes	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Total R'000
Balance at 1 April 2012		2 529	690	243 614	246 833
Net surplus for the year per statement of financial performance	1	18 616	58 774	(86 434)	(9 044)
Excess transfer to discretionary reserve		(17 821)	(53 017)	70 838	-
Balance at 31 March 2013		3 324	6 447	228 018	237 789
Net surplus for the year per statement of financial performance	1	20 637	33 077	56 053	109 767
Excess transfer to discretionary reserve		(20 615)	(39 281)	59 896	-
Balance at 31 March 2014		3 346	243	343 967	347 556

Annual Financial Statements

for the year ended 31 March 2014

Cash Flow Statement for the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
Notes			
Cash flows from operating activities			
Operating activities			
Cash receipts from stakeholders		619 287	532 452
Levies, interest and penalties received		619 140	532 419
Other cash receipts from stakeholders		147	33
Less: Cash paid to stakeholders, suppliers and employees		(484 298)	(521 059)
Grants and project payments		(462 255)	(471 692)
Special projects		-	(273)
Compensation of employees		(418)	(22 657)
Payments to suppliers and other		(21 625)	(26 437)
Cash generated in operations	18	134 990	11 392
Investment income		17 550	16 760
FET infrastructure development provision		(53 511)	-
Finance costs		(303)	(197)
Net cash inflow from operating activities		98 726	27 955
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	8 & 9	(1 325)	(1 779)
Net cash outflow from investing activities		(1 325)	(1 779)
Net increase in cash and cash equivalents			
		97 401	26 176
Cash and cash equivalents at beginning of year	13	346 860	320 684
Cash and cash equivalents at end of year	13	444 261	346 860

Annual Financial Statements

for the year ended 31 March 2014

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2014

		Final Budget 2013/14	Actual 2013/14	Favourable/ (Unfavourable) variance 2013/14
		R'000	R'000	R'000
Revenue				
Skills Development Levy: income from non-exchange transactions	1	537 000	606 720	69 720
Skills Development Levy: interest & penalties from non-exchange transactions		-	6 588	6 588
Donor funding income recognised from non-exchange transactions		-	-	-
National Skills Fund income		-	4	4
Investment income from exchange transactions	2	17 100	17 550	450
Other income from exchange transactions		-	147	147
Total revenue		554 100	631 009	76 909
Expenses				
Employer grant and programme expenses	3	484 179	409 300	74 879
Administration expenses	4	69 921	58 123	11 798
Finance costs		-	303	(303)
FET infrastructure development		-	53 511	(53 511)
National Skills Fund expenses		-	4	(4)
Total expenses		554 100	521 241	32 859
Net (deficit)/surplus for the year		-	109 768	109 768

Legislation requires that the SETA annually, in September submit a budget to the Minister for approval.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Statement of comparison of budget and actual amounts for the year ended 31 March 2014

1. Skills development levy income from non exchange transactions

The skills development levy income from non exchange transactions is higher than the budgeted figure by 12.86%. MICT SETA has seen an increase in the number of new employers that joined the SETA during the period, which resulted in more levies being received. The budget is based on prior year information which did not take into account possible new employers joining the SETA.

2. Investment income

Investment income is higher than budget as a result of higher than expected levy income. This resulted in an increase in the average cash balances held over the financial year.

3. Employer Grant and Programme expenditure

Employer grant expenditure is higher than budget due to levy income being higher than budget, but programme expenditure is lower than budget as a result of deliverables not being met by the employers to whom MICT had committed, hence payment on committed projects could not be made.

4. Administration expenses

Administration expenditure is lower than budget by 17.43%. This is mainly due to cost savings in the following expenses categories:

Description	Approved Budget 2013/2014 R'000	Actual 2013/2014 R'000	Amount below budget R'000
Board expenses	1 040	740	300
QCTO expenses	2 797	940	1 857
Licenses	196	32	164
Training & staff development	700	436	264
Rent	4 400	3 554	846
Legal costs	700	418	282
Salary & employee costs	29 356	25 031	4 325
Catering & entertainment	177	171	6
Computer services	3 048	2 643	405
Research and development	4 150	500	3 650
Total			12 098

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Statement of comparison of budget and actual amounts for the year ended 31 March 2014 (continued)

Board expenses	The board expense is under budget due to the fact that there has been less board meetings in the current year than budgeted for. The budget was based on all board and audit committee members attending each of the scheduled meetings.
QCTO expenses	The QCTO budget also included SAQA qualifications, no payment has been made towards these, the QCTO expenditure only includes Quaterly QCTO payments.
Licenses	There has been a significant cost saving in the annual software licenses.
Training & staff development	The training and staff development expense is lower than budgeted as employees have attended less training than anticipated.
Rent	The rental budget included rental for 2 additional offices as MICT had intention to establish a rural presence. This never materialised as a decision was since taken to partner with other setas in satellite offices in FET colleges.
Legal costs	The budget for legal fees made provision for potential legal battle that was expected to arise with a service provider due to a dispute, this never materialised in the current year
Salary & employee costs	Salary and employee costs are lower than budget due to some posts which have been budgeted for but have not been filled.
Catering & entertainment	The cost saving is as a result of the discontinuation of catering for internal office meeting as a cost containment measures.
Computer services	The cost saving is as a result of blocking of certain websites resulting in the decrease in internal costs. The budget was also based on 3G services for board members relating to tablet PC usage, which has not yet materialised.
Research and development	Costs relating to research and development only started being incurred towards the end of the financial year

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014

1. Basis of preparation

The principle accounting policies adopted in the preparation of these Annual Financial Statements are set out below and are, in all material aspects, consistent with those of the prior year, except as otherwise indicated. The Annual Financial Statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards. The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

2. Currency

These financial statements are presented in South African Rands since it is the currency in which the majority of the entity transactions are denominated.

3. Revenue recognition

3.1 Revenue from non-exchange transactions

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

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

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

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, income from the National Skills Fund, and grants from the national government.

3.1.1 Levy income

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

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended, registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collect the levies on behalf of the Department. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

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

Skills Development Levy (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 Department makes an allocation to MICT SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014 (continued)

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 Department. Skills Development Levy (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 Department makes an allocation to MICT SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

3.1.2 Interest and penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

3.1.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the SETA as a liability until the related eligible special project expenses are incurred. The liability is reduced by any project expenditure incurred and recognised as revenue.

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

3.2 Revenue from exchange transactions

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

The only exchange revenue received by the MICT is the interest earned on the investment. Unconditional grants received are recognised when the amounts have been received.

3.2.1 Investment income

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

4. Grants and programme expenditure

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 SETA Grant Regulations regarding monies received and related matters (The SETA Grant Regulations).

Mandatory grants

Grants are equivalent to 20% of the total levies contributed by employers to the SETA during the corresponding financial period.

Discretionary grants

A SETA may, out of any surplus monies, and in accordance with the criteria as defined in the SETA Grant Regulations, determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved.

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014 (continued)

Unconditional grants disbursed towards NSF for FET college infrastructure development

In terms of Skills Development Circular No. 08/2013 Setas are required to contribute funds towards the NSF for FET college infrastructure development. Funding agreements between the NSF and each individual SETA outline the details of the Setas contribution as per the Skills Development Circular.

The above mentioned Circular and funding agreements do not contain any conditions or restrictions for the Seta and the funding is not refundable.

The FET 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.

Programme expenditure

Programme expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the SETA 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.

Programme costs are recognised as expenses in the period in which they are incurred.

Retrospective adjustments by SARS

The SETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts.

5. Irregular and fruitless and wasteful expenditure

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

- The PFMA,
- The Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended

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

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014 (continued)

5. Irregular and fruitless and wasteful expenditure (continued)

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred.

6. Property, plant and equipment

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. In the current year the policy has changed and property, plant and equipment acquired at no cost are stated at fair value as at date of acquisition less any subsequent accumulated depreciation.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

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

Assets that have been fully depreciated but are still in use or are temporarily idle will be disclosed in the Annual Financial Statements under the Property Plant and Equipment note.

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

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating profit.

7. Intangible assets

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

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

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

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating profit.

8. Critical accounting judgements and key sources of estimation uncertainty

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

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

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014 (continued)

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and intangible assets

The SETA reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period, refer note 8 and note 9 for the respective carrying values

The following average useful lives are used in the calculation of depreciation:

Computer equipment	3.79 years
Office furniture and fittings	9.61 years
Office equipment	6.36 years
Leased equipment	3.68 years
Motor vehicles	4 years

The following average useful lives are used in the calculation of amortization:

Computer software	3.25 years
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9. Leasing

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and are recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

10. Provisions

Provisions are recognised when the SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

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 Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for 13th cheque (based on the current salary rates)

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014 (continued)

10. Provisions (continued)

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

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

11. Grants and programmes

Mandatory and discretionary grant payments

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

Discretionary programmes

Where a project has been approved, but has not been accrued for, it is disclosed as commitments in the notes to the financial statements.

12. Financial instruments

Recognition

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

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets of the SETA were categorised as loans and receivables.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014 (continued)

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 balance sheet date. 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.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Account and other payables do not bear interest and are stated at their nominal value.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

All financial liabilities of the SETA were classified as other financial liabilities.

Other financial liabilities

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

The effective interest rate 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.

13. Transfer of Functions

Assets acquired and liabilities assumed by the SETA are recognised at the carrying amount, which is the amount at which the asset or liability is recognised by the transferor in its statement of financial position as of the transfer date. The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor is recognised in accumulated surplus or deficit.

Annual Financial Statements

for the year ended 31 March 2014

Accounting Policies for the year ended 31 March 2014 (continued)

14. Reserves

Net assets is classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as follows:

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

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2013/14 %	2012/13 %
Administration costs of the SETA	10.5	10
Employer Grant Fund Levy	20	50
Discretionary grants and projects	49.5	20
Received by the SETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

Effective 1 April 2013, section 36 of the Skills Development Act, 1998 relating to the allocation of skills development levies was amended by the minister of Higher Education and Training. In addition to the 10.5% allocation of administration income, an amount that does not exceed 0.5% of the total levy paid by the employer should be transferred by the seta to the QCTO for quality assurance funding.

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

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

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

15. Comparative figures

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

16. Taxation

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

17. Consumable Inventory

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of the acquisition. It is subsequently recognised in surplus or deficit as it is consumed.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014

1. Allocation of net surplus for the year to reserves: 2013/2014

			Employer grant Reserve	Discretionary grant Reserve		
	Total per statement of financial performance	Administration Reserve	Mandatory skills grant	Discretionary grants	Special projects	Total discretionary
	R'000	R'000	R'000	R'000	R'000	R'000
Total revenue	631 009	79 063	194 237	357 705	4	357 709
Skills development levy: income from non-exchange transactions						
Admin levy income (10.5%)	78 916	78 916	-	-	-	-
Mandatory grant levy income (20%)	194 237	-	194 237	-	-	-
Discretionary grant levy income (49.5%)	333 567	-	-	333 567	-	333 567
Skills development levy: penalties and interest from non-exchange transactions	6 588	-	-	6 588	-	6 588
National Skills Fund income	4	-	-	-	4	4
Investment income	17 550	-	-	17 550	-	17 550
Other income	147	147	-	-	-	-
Total expenses	521 241	58 426	161 160	301 652	4	301 656
Administration expenses	58 123	58 123	-	-	-	-
National Skills Fund expenses	4	-	-	-	4	4
Employer grants and project expenses	409 300	-	161 160	248 140	-	248 140
Finance costs	303	303	-	-	-	-
FET infrastructure development	53 511	-	-	53 512	-	53 512
Net surplus per Statement of financial performance allocated	109 768	20 637	33 077	56 053	-	56 053

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

Allocation of net surplus for the year to reserves: 2012/2013

			Employer grant Reserve	Discretionary grant Reserve		
	Total per statement of financial performance	Administration Reserve	Mandatory skills grant	Discretionary grants	Special projects	Total discretionary
	R'000	R'000	R'000	R'000	R'000	R'000
Total revenue	561 874	67 533	337 283	156 623	435	157 058
Skills development levy: income from non-exchange transactions						
Admin levy income (10%)	67 500	67 500	-	-	-	-
Mandatory grant levy income (50%)	337 283	-	337 283	-	-	-
Discretionary grant levy income (20%)	134 950	-	-	134 950	-	134 950
Skills development levy: penalties and interest from non-exchange transactions	4 913	-	-	4 913	-	4 913
National Skills Fund income	435	-	-	-	435	435
Investment income	16 760	-	-	16 760	-	16 760
Other income	33	33	-	-	-	-
Total expenses	570 918	48 917	278 509	243 057	435	243 492
Administration expenses	48 720	48 720	-	-	-	-
National Skills Fund expenses	435	-	-	-	435	435
Employer grants and project expenses	521 566	-	278 509	243 057	-	243 057
Finance costs	197	197	-	-	-	-
Net deficit per statement of financial performance allocated	(9 044)	18 616	58 774	(86 434)	-	(86 434)

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

2. Skills development levy income

2013/2014	2012/2013
R'000	R'000

The total levy income per statement of financial performance is as follows:

Levy income: Administration	78 916	67 500
Levies received from the Department of Higher Education and Training	78 906	67 403
InterSETA transfers in	(11)	102
InterSETA transfers out	21	(5)

Levy income: Employer Grants	194 237	337 283
Levies received from the Department of Higher Education and Training	194 179	336 795
InterSETA transfers in	(114)	511
InterSETA transfers out	172	(23)

Levy income: Discretionary Grants	333 567	134 950
Levies received from the Department of Higher Education and Training	333 556	134 755
InterSETA transfers in	30	204
InterSETA transfers out	(19)	(9)

Total skills development levy income	606 720	539 733
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3. Investment income

Bank deposits	17 550	16 760
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Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

	2013/14	2012/13
Note	R'000	R'000

4. Other income

Other income comprises:

MAPPP interseta transfer	7	-
NSF Income	106	-
SDL mandatory grant received	34	33
	<u>147</u>	<u>33</u>

5. Employer grant and programme expenses

Mandatory grants	161 160	278 509
Disbursed	185 628	272 935
Movement in provisions and accruals	(24 468)	5 574
Discretionary grants	248 140	243 057
Disbursed	264 582	230 123
Movement in provisions and accruals	(16 442)	12 934
	<u>409 300</u>	<u>521 566</u>

6. Finance costs

Lease finance costs and FET infrastructure interest	303	197
	<u>303</u>	<u>197</u>

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

7. Administration expenses

	Note	2013/14 R'000	2012/13 R'000
Depreciation		1 267	892
Loss on write-off of property, plant and equipment		1	50
Impairment losses on property, plant and equipment recognised/(reversed)		24	35
Amortisation		12	7
Operating lease rentals		4 193	4 571
Buildings		3 553	4 096
Plant, machinery and equipment		640	475
Maintenance, repairs and running costs		49	135
Advertising, marketing and promotions, communication		4 516	3 035
Entertainment expenses		171	50
Consultancy and service provider fees		6 295	4 536
Legal fees		418	254
Cost of employment	7.1	25 031	22 502
Travel and subsistence		2 236	1 720
Staff training and development		436	1 219
Remuneration to Board and Board Committees		827	950
Auditor's remuneration		3 128	2 355
External audit		1 921	1 787
Internal audit		1 207	568
Other		9 520	6 409
Telephone and cell phones		980	778
General Expense		5 666	3 119
IT Support		2 874	2 512
		58 123	48 720

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

7.1 Cost of employment

	2013/14	2012/13
Note	R'000	R'000
Salaries and wages	21 163	18 865
Basic salaries	17 727	16 581
Performance awards	2 388	958
Other non-pensionable allowance	1 048	1 326
Social contributions	3 364	3 140
Medical aid contributions	1 265	1 057
Pension contributions: defined contribution plans	1 995	1 995
UIF contributions	104	88
Leave and 13th cheque	504	497
	<u>25 031</u>	<u>22 502</u>
Average number of employees	64	47
Total number of employees at year end	64	45

Included in the Basic salaries figure is an amount of R 8 376.86 which was overpaid to a newly engaged employee who took a long sick leave and never returned to work after being paid their salary. Evidence of the submitted leave taken could not be found and verified. The MICT seta has followed up on the matter and sent letters of demand to the employee and was unsuccessful and has therefore written off the amount.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

8. Property, plant and equipment

Cost	Accumulated depreciation	Accumulated impairment	Closing carrying amount
R'000	R'000	R'000	R'000

Year ended 31 March 2014

Computer equipment	1 454	(1 032)	(20)	402
Office furniture and fittings	1 889	(1 393)	(25)	471
Office equipment	4 050	(2 403)	(5)	1 642
NSF Assets	20	(12)	-	8
Leasehold Improvements	1 165	(486)	-	679
Motor vehicles	392	(281)	-	111
Balance at end of period	8 970	(5 608)	(50)	3 313

Year ended 31 March 2013

Computer equipment	1 746	(1 333)	(4)	409
Office furniture and fittings	1 778	(1 407)	(29)	342
Office equipment	3 972	(2 508)	(2)	1 462
NSF Assets	20	(6)	-	14
Leasehold Improvements	1 058	(149)	-	909
Motor vehicles	382	(215)	-	167
Balance at end of period	8 956	(5 618)	(35)	3 303

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

8. Property, plant and equipment (continued)

	Carrying amount 2013	Additions	Depreciation charge	Impairment	Write-off/ Re- classification	Carrying amount 2014
	R'000	R'000	R'000	R'000	R'000	R'000
Movement summary						
Computer equipment	409	230	(213)	(17)	(7)	402
Office furniture and fittings	342	211	(80)	(2)	-	471
Office equipment	1 462	751	(566)	(5)	-	1 642
NSF Assets	14	-	(6)	-	-	8
Leasehold Improvements	909	108	(338)	-	-	679
Motor vehicles	167	10	(66)	-	-	111
Balance at end of period	3 303	1 310	(1 269)	(24)	(7)	3 313

Carrying amount 2012	Additions	Depreciation charge	Impairment	Write-off	Carrying amount 2013
R'000	R'000	R'000	R'000	R'000	R'000

Movement summary 2013

Computer equipment	424	229	(190)	(4)	(50)	409
Office furniture and fittings	214	228	(71)	(29)	-	342
Office equipment	1 637	238	(411)	(2)	-	1 462
NSF Asset	13	6	(5)	-	-	14
Leasehold Improvements	-	1 058	(149)	-	-	909
Motor vehicles	232	-	(65)	-	-	167
Balance at end of period	2 520	1 759	(891)	(35)	(50)	3 303

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

8. Property, plant and equipment (continued)

Cost	Accumulated amortisation	Closing carrying amount
R'000	R'000	R'000

Total Assets 31 March 2014	8 970	(5 608)	3 313
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Made up as follows:

Owned assets

7 222	(5 402)	1 771
1 748	(206)	1 542

Leased assets

Total Assets 31 March 2013	8 956	(5 653)	3 303
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Made up as follows:

Owned assets

7 208	(5 447)	1 761
1 748	(206)	1 542

Leased assets

Temporarily idle assets and assets not in use

Property, plant and equipment that were idle or had been retired from use had a net carrying value of R0 (2012/13:R R0)

Fully depreciated assets still in use

Gross carrying value

2013/14	2012/13
R'000	R'000

Computer equipment	565	1 024
Office furniture and fittings	1 155	1 119
Office equipment	1 214	1 828
	<u>2 934</u>	<u>3 971</u>

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

9. Intangible assets

Cost	Accumulated amortisation	Closing carrying amount
R'000	R'000	R'000

Year ended 31 March 2014

Computer software	48	(15)	33
Balance at end of period	48	(15)	33

Year ended 31 March 2013

Computer software	41	(19)	22
Balance at end of period	41	(19)	22

Carrying amount 2013	Additions	Disposals	Amortisation Charge	Write-off	Carrying amount 2014
R'000	R'000	R'000	R'000	R'000	R'000

Movement summary 2014

Computer software	22	24	-	(12)	-	34
Balance at end of period	22	24	-	(12)	-	34

Carrying amount 2012	Additions	Disposals	Amortisation Charge	Write-off	Carrying amount 2013
R'000	R'000	R'000	R'000	R'000	R'000

Movement summary 2013

Computer software	9	20	-	(7)	-	22
Balance at end of period	9	20	-	(7)	-	22

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

9. Intangible assets (Continued)

Cost	Accumulated amortisation	Closing carrying amount
R'000	R'000	R'000

Total Assets 31 March 2014	48	(15)	33
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Made up as follows:

Owned assets

Leased assets

48	(15)	33
-	-	-

Total Assets 31 March 2013	41	(19)	22
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Made up as follows:

Owned assets

Leased assets

41	(19)	22
-	-	-

Temporarily idle assets and assets not in use

There were no intangible assets that were classified as idle and/or not in use for 2013/14 or 2012/13

10. Inventories

Note	2012/13	2012/13
	R'000	R'000
	136	111

Inventory comprises stationery and other consumables.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

Notes	2013/14	2012/13
	R'000	R'000

11. Other receivables from exchange transactions

Prepayments and deposits	797	1 105
Prepayments	171	507
Deposits	626	598

Deposits relate to lease deposits which are refundable at the end of the lease terms.

Employee Receivable	19	4
Sundry debtors	199	204
Interest receivable	-	86
	<u>1 015</u>	<u>1 399</u>

12. Accounts receivable from non-exchange transactions

InterSETA debtors	23.2	331	885
Employer Receivables		9 346	14 240
Overpayment of employer grants		2 351	2 051
UIF Project debtor		6 995	12 189
Total accounts receivable from non-exchange transactions		<u>9 677</u>	<u>15 125</u>

13. Cash and cash equivalents

Cash at bank and in hand	96 741	51 718
Cash at bank	96 731	51 708
Cash on hand	10	10
Short term investments	347 520	295 142
Cash and cash equivalents at end of year	<u>444 261</u>	<u>346 860</u>

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

13. Cash and cash equivalents (Continued)

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 4.89% (2012/13: 4.89%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the PFMA, invest the monies in accordance with the investment policy approved by the relevant SETA. Treasury regulation:31.3 requires that , unless exempted by the National Treasury, the SETA as a public entity that is listed in schedule 3A of the Act, must invest surplus funds with the Corporation of Public Deposits. In instances where the SETA was exempted by the National Treasury from the requirements of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by the Treasury Regulation 31.3.5. In instances where exemption was not granted by National treasury, funds were invested with the Corporation for Public Deposits.

Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of one month or the Corporation for Public Deposits. These are subject to an insignificant risk of change in value.

14. Payables

		2013/14	2012/13
	Notes	R'000	R'000
14.1 Grant and transfers payable from non-exchange transactions			
Skills development grants payable - mandatory		31 355	55 823
Skills development grants payable - discretionary		12 658	29 100
InterSETA payables	23.2	58	449
DHET creditors/(UIF correction)	23.1	-	30 652
Total grants and transfers payable		44 071	116 024
FET Infrastructure development		53 849	-
Less: long term portion disclosed under non-current liabilities		(34 703)	-
		63 217	116 024

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

14. Payables (Continued)

DHET has requested MICT to make a contribution of R 60 589 509 towards the R1 Billion for public FET colleges refurbishment following the minister of Higher education and training's announcement that R2.5 billion would be made available from levy grants institutions to refurbish public FET colleges. In response to this, MICT opted to make this contribution over the next 2 financial years in quarterly instalments commencing in the 2014/15 financial year. A legal obligation has been created through a funding agreement signed between the NSF and MICT on 28 March 2014. This constitutes a financing arrangement as this will be paid quarterly over 2 financial years. The Net Present Value of the obligation has been taken into account.

14.2 Trade and other payables from exchange transactions

		2013/14 R'000	2012/13 R'000
	Notes		
Service provider and payroll related fees outstanding		4 263	2 772
		<u>4 263</u>	<u>2 772</u>

15. Finance lease liability

Finance lease liability	21.3	1 467	1372
Less: short term portion disclosed under current liabilities		(482)	(313)
Non-current Lease Liability		<u>985</u>	<u>1 059</u>

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

16. Donor funding income received

	Notes	2013/14 R'000	2012/13 R'000
Opening balance		146	419
Received during the year		(43)	162
From the NSF		-	153
Interest transfered to MICT		(43)	9
Utilised and recognised as revenue - conditions met:		(138)	(435)
NSF Projects - Learnerships		-	(225)
NSF funds transfered out		(134)	-
Admin expenses		(4)	(210)
Gross carrying amount of NSF assets donated to MICT		35	-
Closing balance		-	146

In the current year an amount of R0 (2012/13: R 225 000) was incurred on NSF project expenses and R 4396 (2012/13: R210 000) on NSF administration expenses. An amount of R0 (2012/13 R 153 000) worth of National Skills Fund was received from the NSF for new NSF projects.

17. Provisions

	13th cheque 2013/14 R'000	Performance Bonus 2013/14 R'000	Exempt employers R'000	Total 2013/14 R'000	Total 2012/13 R'000
Opening carrying amount	121	870	7 726	8 717	8 138
Additional amount provided	548	3 212	1 248	5 008	2 281
Amounts written back - MAPPP Seta	-	-	(2 335)	(2 335)	-
Amounts written back - MICT Seta	-	-	(1 224)	(1 224)	-
Amounts paid out	(550)	(2 387)	-	(2 937)	(1 702)
Closing carrying amount	119	1 695	5 415	7 229	8 717

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

17. Provisions (continued)

13th cheque provision is calculated based on total cost of employment and accrued evenly throughout the year. The 13th cheque bonus is paid out during December. Performance bonuses are paid during the month of September and the amount is dependent on the outcome of individual performance evaluations.

The balance of the exempt employers payable relates to amounts to be repaid to all employers exempted from SDL (below threshold of R500 000 payroll per annum) who have however contributed.

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

18. Reconciliation of net cash flow from operating activities to net surplus

	2013/14 R'000	2012/13 R'000
Net surplus as per statement of financial performance	109 768	(9 044)
Adjusted for non-cash items:		
Depreciation	1 267	891
Amortisation	12	7
Impairment	24	35
Loss on disposal/write off of property, plant and equipment	1	50
FET infrastructure development provision	53 511	-
Profit on sale of property, plant and equipment	-	-
Finance costs	303	197
Increase/(decrease) in provisions	(1 488)	(166)
Relating to employment	(1 488)	(166)
Adjusted for items separately disclosed		
Investment income	(17 550)	(16 760)
Adjusted for working capital changes:		
Decrease/(Increase) in receivables	5 832	(12 227)
(Decrease)/increase in payables	(16 665)	48 453
(Increase) in inventory	(25)	(44)
<i>Cash generated by operations</i>	134 990	11 392

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

19. Contingencies

19.1 Pending litigations

Service Providers	Reason	Status
B. Modumela	CCMA CASE	Matter has been referred to the Labour High Court and is awaiting for the trial date to be set.

It is estimated that, as a result, additional legal expenses will be incurred to finalise this matter.

At the reporting date the outcome of the case is uncertain and possible financial inflow or outflow cannot yet be reliably estimated.

19.2 Contingent asset

An IT service provider billed the MICT SETA for excessive data usage on 3G cards. The service provider is unable to demonstrate that the 3G cards belonged to MICT SETA and an amount of R563 564 is now in dispute.

This is a possible receivable of which the existence will be confirmed after a thorough investigation has been done.

19.3 Contingent liabilities

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 of possible applications, additional mandatory grant expenditure of R 243 526 (2012/13 at R6 445 993) may be incurred. The amount is contingent on the number of submissions received and approved.

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 R 1 832 (2012/13: R 3 685) will be payable. The amount is contingent on the number of submissions received and approved.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

20. Commitments

20.1 Discretionary reserve

Of the balance of R 343 967 000 (2012/13: R228 018 000) available in the discretionary reserve at the end of 31 March 2014, R 318 199 000 (2012/13: R285 167 000) has been approved and contracted for future projects and skills priorities as set out below.

Amounts for expenses that have already been incurred, and therefore included in the project expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury via the Department. At the time of compiling the financial statements, no reply had been received.

Included in the aforementioned contracts is a joint funding arrangement between MICT and NSF to fund learners on a 50:50 basis. As per the terms of the agreement, MICT will pay 100% of all expenses incurred. These will be recovered from the UIF on a quarterly basis. As at 31 March 2014, the full 100% of the contract amounts have been disclosed as the project has not been implemented as yet and no expenditure incurred. The 50% is expected to be recovered in the 2014/15 financial year upon implementation. The total amount expected to be recovered from the contracts included below is R14 575 000

		Opening Balance	Project Write- Backs	New Projects Contracted to	Utilised	Closing Balance
		R'000	R'000	R'000	R'000	R'000
2013/14	NSDS III Target					
Increasing access to occupationally directed programmes	4.2	154 577	(11 602)	90 533	(142 788)	90 720
Promoting the growth of Public FET College system	4.3	24 807	(1 301)	31 896	(28 437)	26 964
Addressing the low level of language and numeracy skills	4.4	102 953	(3 639)	175 286	(76 915)	197 685
Small enterprises, worker initiated, NGO and community training	4.6	2 830	-	-	-	2 830
Total		285 167	(16 543)	297 715	(248 140)	318 199

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

20. Commitments (Continued)

2012/13	NSDS III Target	Opening Balance R'000	Project Write-Backs R'000	New Projects Contracted to R'000	Utilised R'000	Closing Balance R'000
Increasing access to occupationally directed programmes	4.2	146 841	(35 674)	133 120	(89 710)	154 577
Promoting the growth of Public FET College system	4.3	8 576	-	26 293	(10 062)	24 807
Addressing the low level of language and numeracy skills	4.4	62 599	(1 196)	184 835	(143 285)	102 953
Small enterprises, worker initiated, NGO and community training	4.6	3 780	(950)	-	-	2 830
Total		221 796	(37 820)	344 248	(243 057)	285 167

The project write backs are as a result of a change of scope in contracts due to a drop-out of learners from internship and learnership programmes as well as contracts where employers have not met deliverables as per the contracts.

The new grant regulations stipulate that 80% of discretionary funding should be spent on Professional Vocational, Technical and Academic Learning (PIVOTAL) activities. Of the total contracted amount of R297 715 000 (excluding FET Infrastructure development) in the current year, R212 429 000 was for PIVOTAL activities and R85 286 000 for non-pivotal activities.

20.2 Operating Leases commitments

	2013/14 R'000	2012/13 R'000
Total of future minimum lease payments under non-cancellable leases:		
Not later than one year	4 176	3 420
Later than one year and not later than five years	5 622	8 650
	9 798	12 070

MICT has entered into lease contracts in respect of office buildings for Midrand and the regional offices in Cape Town and East London.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

20. Commitments (Continued)

20.3 Finance Lease commitments

Reconciliation of total future minimum lease payments and their present value:

	Present Value R'000	Interest R'000	Payment R'000
Notes			
Due not later than one year (current liabilities)	482	113	596
Due later than one year and not later than five years (non current liabilities)	984	36	1 020
15	1 467	149	1 616

The organisation has entered into a finance lease agreement for rental of photocopying and printing equipment for all the above centres which is due to expire on 30 June 2016 with an escalation rate of 7.5% per annum. These have been accounted for in terms of GRAP 13. No provision was made for an option to renew the leases on expiry.

22. Financial instruments

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

Interest rate risk

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

The SETA's exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

22. Financial instruments (continued)

	Floating rate		Non-interest bearing		Total R'000
	Amount R'000	Effective interest rate	Amount R'000	Weighted average period until maturity in years	
year ended 31 March 2014					
Assets					
Cash	444 251	4.89%	10		444 261
Accounts receivable	19	0.00%	797	0.08 years	816
Total financial assets	444 270	4.89%	807		445 077
Liabilities					
Accounts payable	-		4 263	0.08 years	4 263
Total financial liabilities	-		4 263		4 263
	444 270		(3 456)		440 814
year ended 31 March 2013					
Assets					
Cash	346 850	4.89%	10		346 860
Accounts receivable	4	0.0%	1 105	0.08 years	1 109
Total financial assets	346 854	4.89%	1 115		347 969
Liabilities					
Accounts payable	-		2 772	0.08 years	2 772
Total financial liabilities	-		2 772		2 772
	346 854		(1 657)		345 197

Financial instruments have not been discounted as they will all be settled or recovered in the near future. Effect of discounting was considered and found not to be material.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

22. Financial instruments (Continued)

Credit risk

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

The SETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation TR 28. The SETA's exposure is continuously monitored by the Finance and Remuneration Committee.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA does not have any material exposure to any individual or counter-party. The SETAs concentration of credit risk is limited to the industry (ICT and media and related industries) in which the SETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of an allowance for doubtful debt.

The ageing of other receivables from exchange transactions:

	2013/14 R'000	2012/13 R'000
Not past due	797	1 105
Past due 0 - 30 days	-	-
Past due 31 - 120 days	-	-
Past due 120 - 365 days	-	-
More than one year	-	-

Liquidity risk

The SETA manages liquidity risk through proper management of working capital, capital expenditure. Adequate reserves and liquid resources are maintained.

2013/14	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	More than 2 years R'000
Trade and other Payables from exchange transactions	(4 263)	(4 263)	(4 263)	-	-	-
2012/13	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	More than 2 years R'000
Trade and other Payables from exchange transactions	(2 772)	(2 772)	(2 772)	-	-	-

In the unlikely event of liquidity problems, funding resources might be available in terms of the Department of Higher Education and Training and National Treasury approval for borrowing requirements in the open market.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

22. Financial instruments (Continued)

Market risk

The SETA 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 that the SETA is aware of.

Fair values

The SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instrument was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to relatively short-term maturity of these financial assets. The effect of discounting was considered and found to be immaterial.

Accounts payable

Borrowings

The fair value of interest-bearing borrowings is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (only if applicable). The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts.

The carrying amount of account and other payables approximates fair value due to relatively short-term maturity of these financial assets. The effect of discounting was considered and found to be immaterial.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

23. Related party transactions

23.1 Transactions with the controlling entity

The SETA was controlled by the Department of Higher Education and Training. The Department is controlled by the Minister of Higher Education and Training.

In the prior year, there was an amount due to the Department of Higher Education and Training due to UIF that was incorrectly paid over to the Seta as SDL amounting to R30.6 million (note 14.1). This amount was recovered by DHET during the 2013/14 year.

23.2 Transactions with entities under common control

By virtue of the fact that MICT is a National Public Entity related to other entities and departments in the National sphere of government it is considered related to Telkom, Eskom, South African Airways, other SETAs and the National Skills Fund.

The transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under the common control of the Department of Higher Education and training, these amounts were disclosed below.

Notes	2013/14 R'000		2012/13 R'000	
	Amount of the transaction	Amount receivable / (payable)	Amount of the transaction	Amount receivable / (payable) Restated
Receivables	(1 011)	331	587	885
W&RSETA	2	2	19	-
SERVICES SETA	(371)	97	(38)	468
MERSETA	(5)	-	2	2
HWSETA	(58)	-	-	55
FASSET	(116)	-	22	-
FP&M Seta	55	148	372	-
CATHSSETA	(158)	84	203	-
CETA	(3)	-	-	3
LG SETA	-	-	-	-
CHIETA	(6)	-	-	6
THETA	-	-	-	-
EDTP	-	-	2	-
MAPPP SETA	(149)	-	-	149
Unallocated	(33)	-	-	33
MQA SETA	(164)	-	-	164
Department of Communications	2	-	-	-
From MAPPP Seta: Transfer of Function	20	-	5	5

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

23. Related party transactions (continued)

	Notes	2013/14 R'000		2012/13 R'000	
		Amount of the transaction	Amount receivable / (payable)	Amount of the transaction	Amount receivable / (payable) Restated
Payables		159	57	(49)	449
CATHSSETA		-	-	(1)	1
TETA		8	-	-	-
SERVICES SETA		14	6	43	54
FP&M SETA		51	-	(51)	21
ESETA		24	-	-	-
INSETA		8	5	-	67
W&RSETA		54	-	-	104
EDTP		-	-	(9)	-
CETA		-	-	-	15
Bank SETA		-	-	-	144
MERSETA		-	-	(20)	29
MAPPP SETA		-	-	-	-
Unallocated		-	46	2	-
From MAPPP Seta: Transfer of Function	20	-	-	(13)	14
Net Total		(852)	274	636	436

Note that relating to SETA transfers the amount of the transaction, where applicable, includes interest and penalties transferred to or from the SETA.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

23. Related party transactions (continued)

23.3 Remuneration of Key Management

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are: the members of the accounting authority and the members of the senior management group.

The accounting authority consists of members appointed in terms of its constitution. The Chief Executive Officer attends meetings of the accounting authority but is not a member of the accounting authority. The aggregate remuneration of members of the Accounting Authority and the number of members receiving remuneration within this category, are:

	2013/14 R'000	2012/13 R'000
Aggregate remuneration	827	950
Number of persons	15	15

The senior management group consists of the SETA's chief executive officer and senior managers. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	2013/14 R'000	2012/13 R'000
Aggregate remuneration	4 018	6 808
Number of persons	5	6

Refer to the report by the Accounting Authority for detail disclosure concerning the emoluments of members of the accounting authority, Chief Executive Officer and senior managers.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

23. Related party transactions (continued)

23.4 Transactions with stakeholders represented on the accounting authority

The SETA has, in the normal course of its operations, entered into certain transactions with entities which had a nominated representative serving on the SETA accounting authority.

		2013/14 R'000	2013/14 R'000	2012/13 R'000	2012/13 R'000
Type of transaction		Transactions during the year	Amount Payable	Transactions for the year	Amount Payable
Telkom					
M Manale ,Mooko	Mandatory Grant	11 753	-	33 629	-
	Discretionary Grant	3 461	-	-	-
Total		15 214	-	33 629	-
Media Develeopment and Diversity Agency					
L Mtimde	Discretionary Grant	-	-	900	900
Total		-	-	900	900
Bytes Technology Group					
A Rabie	Mandatory Grant	-	-	3 798	-
Total		-	-	3 798	-
Primedia					
K Mochaba	Mandatory Grant	-	-	1 105	-
Total		-	-	1 105	-
Vodacom					
A.Rabie	Mandatory Grant	10 467	-	-	-
	Discretionary Grant	1 311	-	-	-
Total		11 778	-	-	-
BCX Business Connexion					
J Morakile	Mandatory Grant	4 486	-	-	-
	Discretionary Grant	3 675	-	-	-
Total		8 161	-	-	-
National Association of Broadcasters (E-TV)					
N Delpont	Mandatory	536	-	-	-
Total		536	-	-	-

The above transactions occurred under terms that were no less favorable than those available in similar arm's length dealings.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

24. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

To the best of our knowledge no material losses through criminal conduct and irregular irregular expenditure occurred during the year ended 31 March 2014.

Irregular expenditure was identified in the year relating to 2010/11. However, the Seta is still awaiting condonation from National Treasury :

	2013/14 R'000	2012/13 R'000
Opening balance	2 280	2 240
Irregular expenditure incurred	-	40
Irregular expenditure condoned	-	-
Irregular expenditure awaiting condonement	2 280	2 280

Irregular Expenditure Opening Balance: Procurement not in adherence with PPPF act:

Procurement not in adherence with PPPF act:

In 2010/11 and 2009/10, the SETA did not comply with the requirements of par.3(1) of Regulation 725 of 10 August 2001 to the PPPF Act of 2000 which states that the 80/20 formula must be used to calculate the points for price and HDI status in respect of all procurement with a Rand value equal to, or above R30 000 and up to a Rand value of R500 000.

The preference point system as required above was not applied by the SETA and all procurement that exceeded R30 000 during the year was awarded based solely on price after 3 quotations had been received. However, we have reviewed the affected suppliers and found the majority of them to be BEE compliant. As 3 quotations were obtained and the procurement was awarded based on the cheapest quoted price no financial losses were incurred.

The following preventative procedures have been put in place:

- Preference point system calculation template has been developed
- Procurement equal to, or above R30 000 is monitored by the SCM Officer

The SETA did not suffer any financial losses related to the above expenditure.

A request for condonation has been sent to the National Treasury in the current year and MICT SETA is awaiting their response.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

24. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure Incurred

MICT SETA pays PAYE based on EMP201 returns that are submitted monthly. When the EMP501 reconciliations were submitted, differences arose between the EMP201's and the EMP501's. Due to these differences, SARS records show an amount due by MICT of R 328 606, of this amount, R 86 346 related to PAYE, while R 242 259 related to interest and penalties charged by SARS on the outstanding payment.

HR personnel that were involved at the time this liability arose have since resigned.

Fruitless and wasteful expenditure was identified in the current year:

	2013/14 R'000	2012/13 R'000
Opening balance	-	-
fruitless and wasteful expenditure incurred	243	-
Fruitless and wasteful expenditure condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	243	-

25. Going Concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. There are no known instances that cast doubt on the MICT Seta's ability to continue as a going concern.

Annual Financial Statements

for the year ended 31 March 2014

Notes to the Annual Financial Statements for the year ended 31 March 2014 (continued)

26. New Standards and interpretations

26.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2014 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact:
GRAP 20: Related parties	01 April 2014	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.
GRAP 18: Segment Reporting	01 April 2015	No significant impact on future disclosures
GRAP 108: Statutory Receivables	01 April 2016	No significant impact on future disclosures

26.2 GRAP 20: Related party

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2014 or later periods but are not relevant to its operations:

	Effective date: Years beginning on or after	Expected impact:
GRAP 105: Transfers of functions between entities under common control	01 April 2014	No significant impact on future disclosures
GRAP 106: Transfers of functions between entities not under common control	01 April 2014	No significant impact on future disclosures
GRAP 107: Mergers	01 April 2014	No significant impact on future disclosures
GRAP 32: Service Concession Arrangements: Grantor	01 April 2015	No significant impact on future disclosures

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