

ANNUAL REPORT 2012/2013

of the

Media, Advertising, Information and Communication Technologies

Sector Education Training Authority

(MICT SETA)



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

mictseta

Accelerating quality skills towards an information savvy society



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PART A: General Information

MICT SETA: Media, Advertising, Information and Communication Technologies Sector Education Training Authority

SETA number 12

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External Auditors: The Auditor General, 300 Middel Street, New
Muckleneuk, Pretoria, SA

Bankers Information

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Sandton
2196

South African Reserve Bank of SA (CPD)

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Investec

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Sandown
Sandton
2196

First National Bank

Carlswald
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Halfway House
1685

First National Bank,

1 Enterprise Road,
FNB Building,
2nd floor,
Fairland,
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List of Abbreviations/Acronyms

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

Strategic Overview

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.
-

Strategic outcome oriented goals of the MICT SETA

The MICT SETA strategy mainly comprises the engagement and support of the constituent employers through provision of funding for industry demand-driven programmes. The targeted beneficiaries include employed, retrenched and the unemployed people. One of the SETA's priorities will be to intensify skills development programmes in rural areas and encourage uptake on the SETA programmes. Focused programmes and collaboration with incubators such as Bandwidth Barn, the Innovation Hub, SmartXchange and JCSE will be critical in addressing overall scarce and critical skills demand within industry.

The SETA has in the past cooperated with public FET institutions and will continue doing so to build their capacity to run SETA accredited programmes. This will address skills needs in both rural and urban areas. Cooperation with HET institutions in the provision of broader management, business and high-level industry skills requirements will be of extreme importance. The SETA will partner with relevant industry professional bodies or associations to promote continued professional development. Consideration will be made to provide funding for relevant short courses, seminars and workshops and other industry strategic programmes where possible. The SETA has in the past funded training programmes on new venture creation.

Legislative and other Mandates

The MICT SETA is listed as a Schedule 3A (58) institution under the Public Finance Management Act as at 30 September 2011.

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, (Act No. 67 of 2008)
- Public Finance Management Act (Act No. 29 of 1999)
- Employment Equity Act, 1998 (Act No. 55, 1998)
- Labour Relations Act, (Act No. 66 of 1995)
- Basic Conditions of Employment Act, (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; the citizens are encouraged to participate in policy-making
- Rendering an accountable, transparent, and development-oriented administration.

The other legislative frameworks include:

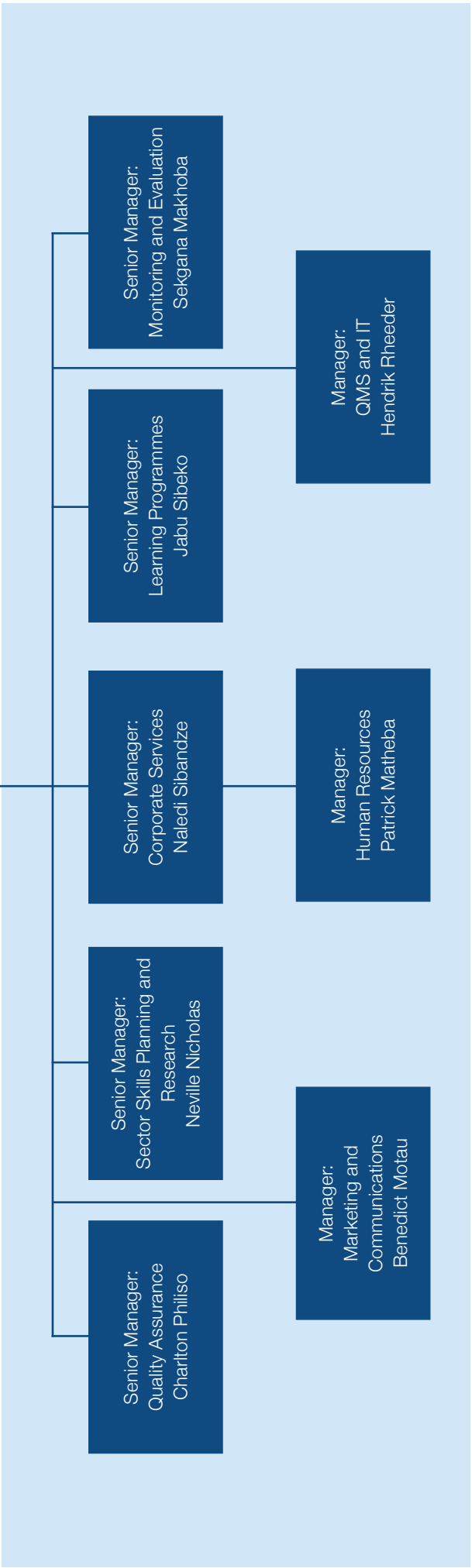
- Human Resources Development Strategy of South Africa 18 March 2009
- National Skills Development Strategy (NSDS III) 2011/12 – 2015/16
- Medium Term Strategic Framework (2009 – 2014).

Functional and Policy Mandate

The policy mandate of the MICT SETA is addressed in the MICT SETA Constitution, Government Gazette No. 35336 of 11 May 2012 and related policies to:

- implement the sector skills plan
- promote learnerships in each of the sub-sectors of the SETA
- perform the functions of an Education and Training 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 and to actively pursue concrete measures to achieve the objectives of the Act.

Organisational Structure



Foreword by the Chairperson

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 2013.

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 2012 - 2017 and the Annual Performance Plan 2012- 2015.

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 current 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) (iii)* of the Standard SETA Constitution as gazetted, is appreciated.

Progress has been made in this regard and it is my wish that the Honourable Minister would in due course appoint the new Board to enable the SETA to continue with its mandate.



*Zandile Mbele
Chairperson of the Board*

The year ahead

In the year ahead, the SETA will maintain focus on identified scarce and critical skills in the MICT Sector. This will be in direct response to the labour market demand and also to enhance national and global competitiveness in media, advertising, information and communication technologies sector.

The SETA will collaborate with employers to create workplace placements opportunities for purposes of workplace experiential training.

Foreword by the Chairperson

Acknowledgement

I wish to take this opportunity to thank the Honourable Minister and my fellow Board members, the CEO and Management team for the support that they offered during my tenure as the Board Chairperson. Due to the unforeseeable commitments it is with a deep sense of regret that I have to vacate my position as Chairperson towards the end of March this year.

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.



Zandile Mbele
Chairperson of the Board
MICT SETA

Chief Executive Officer's Overview

The Honourable Minister, Dr. Bonginkosi Nzimande, it is a great pleasure once again to present to you the Media, Advertising, Information and Communication Technologies (MICT) Sector Education and Training Authority (SETA) Annual Report for the period 1 April 2012 to 31 March 2013.

In the year under review the SETA has as in the past achieved excellent performance outcomes in key areas of its mandate; this pertains to pre-determined performance objectives, financial management, governance and legislative compliance. The SETA has funded the training of a total 5 651 learners in learning programmes. 2 830 of whom entered learnership programmes.

1 035 learners were placed in an internship programme 62% (647) of whom were placed in employment on completion.

A further 586 employees trained in various skills programmes, 413 completed, and the remainder of 173 learners will complete in 2013. Also 1 200 learners in public FETs and Universities were supported through bursaries.

The SETA has formed collaborative partnerships with seven FET Colleges and established an office in Jouberton at the Vuselela FET College in the North-West province.

The MICT SETA also formed partnerships with ICT companies to train both employed and unemployed learners in various learning programmes including specialised vendor-based programmes. It is also noted that the Annual Training Reports for 2012/13 indicate that 241 343 employees undertook some form of training in the year under review. Furthermore, an exercise of linking and mapping specialised vendor-based programmes with NQF based qualifications is in progress; the aim of which is to address scarce and critical skills as indicated in the MICT SETA Sector Skills Plan (SSP 2012 - 2017) and the Annual Performance Plan (APP 2012 - 2015).

In the year under review, the SETA in partnership with a number of companies in the sector started a job creation initiative wherein partners would consciously create employment opportunities for SETA funded or jointly funded and employer trained learners in learnerships and graduate internships.



*Oupa Mopaki
Chief Executive Officer*

Strategy

The MICT SETA's overall strategy is hinged by a strong partnership with employers, labour and other social partners to mitigate a possibility of a disjoint between the skills needs of employers and the nature and quality of training programmes that the SETA supports. It is for this reason that 95% of the SETA funded programmes for unemployed youth are employer initiated, though in support of the Sector Skills Plan and the SETA Annual Performance Plan.

Results

The result of these strategic partnerships is that progress was made in addressing scarce and critical skills as identified in the SSP, also that employers' costs of recruitment are reduced

Chief Executive Officer's Overview

remarkably and an opportunity is created for both the employer and learner to work together for at least twelve months before a final appointment could be made and accepted. Also in this way relevance is maintained between the training offered and the workplace skills requirements.

The SETA entered into a partnership with the UIF to train unemployed people in rural areas to become ICT literate in order to bridge the digital divide, so that rural people could become members of the global community through ICTs.

Challenges

The SETA has a challenge in that there is a growing demand in ICT and Media skills in urban and far rural areas, where there is an absence of ICT and Media companies to provide workplace experiential learning for learners. As a result learners in far rural areas are affected by a lack of opportunities to undergo workplace experiential training and are excluded from some of the programmes that are offered by the sector. However, the MICT SETA has implemented End-user computing learnership programmes on a simulated basis to create opportunities for unemployed, young learners to become computer literate.

Acknowledgement

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.

Conclusion

I have no doubt at all that the SETA is firmly entrenched within its stakeholder community and is able to respond swiftly to the needs of its diverse stakeholders and that this positioning places the SETA in good standing to continue to realise its vision and to be recognised as a thought leader in matters of skills development in the sector and beyond.



Oupa Mopaki
Chief Executive Officer
MICT SETA

The background of the page is a light blue gradient with several thick, flowing, wavy lines in a darker blue shade. These lines originate from the top left and bottom left, sweeping upwards and to the right, creating a sense of movement and depth. The lines are semi-transparent, allowing the background color to show through.

PART B: Performance Information

Statement of Responsibility for Performance Information

for the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of the public entity's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2013.

The MICT SETA performance information for the year ended 31 March 2013 was examined by the external auditors and their report is presented on page 13.

The performance information of the entity set out on page 35 to page 44 was approved by the Board.



Oupa Mopaki
Chief Executive Officer
MICT SETA
01 August 2013



Zandile Mbele
Chairperson of the Board
MICT SETA
01 August 2013

Auditor General's Report:

Predetermined Objectives

I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 35 to 44 of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether objectives and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

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

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

Auditor General

Pretoria
31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Overview of the MICT SETA performance

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 159 Large, 367 Medium and 3 219 Small levy-paying companies. The number of employees in the MICT Sector in 2012 was estimated at 193 032. Large companies employ 110 115 (57% of total), Medium companies employ 31 381 (16% of total) and small companies employ 51 536 (27% of total).

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 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.

MICT SETA overall performance

Key outputs related to services rendered to the public

For the year under review, the SETA funded 2 830 unemployed learners to be part of learning programmes and 2 313 learners successfully completed learning programmes. The SETA supported 1 035 interns through graduate internships so that they would complete their diplomas. Furthermore, 647 graduates were placed in various workplaces as interns.

Challenges

The SETA is confronted with a challenge of implementing learning programmes in rural areas. There is a limited number of Media and ICT companies in these areas. The SETA partnered with various government bodies and skills development service providers to address this challenge.

Significant developments

The Minister of Higher Education and Training announced the new SETA Grant Regulations that changed the overall SETA grant system. This is further discussed in detail under the heading "Key policy developments and legislative changes" herein below.

Organisational environment

The SETA representative Board governed and provided strategic direction to the organisation. The SETA had a compliment of 57 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 four core divisions namely: Sector Skills Planning (SSP) Division, Learning Programmes (LPD) Division, Education and Training Quality Assurance (ETQA) Division, Monitoring and Evaluation Division. The other support Division was Corporate Services (including Human Resources and Supply Chain Management Units), Marketing and Communications Unit, Quality Management and IT Unit. The SETA recruited and retained competent staff and implemented an effective performance management system to ensure delivery on its strategy. Regular customer satisfaction surveys were conducted to evaluate the satisfaction levels to enable continuous improvement and to strengthen customer relations.

Key policy developments and legislative changes

In the year under review, the new SETA Grant Regulations were published with the intention to regulate the proportion of funds available for skills development and to provide for Sector Education and Training Authorities (SETAs) to contribute to the cost of the work of the Quality Council for Trades and Occupations (QCTO). Furthermore, the new SETA Grant Regulations were intended to discourage the accumulation of surpluses and the carry-over of unspent funds at the end of each financial year by SETAs and to encourage training on National Qualifications Framework (NQF) registered qualifications.

With the new SETA grant regulations, the allocations for the Mandatory Grants have been revised to 20%, whilst Discretionary Grants have been revised to 49.5% and 0.5% allocated to the QCTO. The SETA engaged its constituent stakeholders and held different road shows and forums to introduce the new regulations. Overall, stakeholders understood the rationale and indicated their willingness to increase their participation in skills development. The SETA will implement the new SETA Grant Regulations in the next financial year.

Overview of the MICT SETA performance

Strategic Outcome Oriented Goals

Strategic Outcome Oriented Goal 1

Credible mechanism for workplace skills planning with the MICT sector.

The SETA established systems that enabled Work Place Skills Plans (WSP) and Annual Training Reports 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 MICT sector development. The SETA developed and implemented a strategy for access into 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 working closely with institutions like the CSIR's Innovation Hub, the Wits University's Joburg Centre for Software Engineering, and the Bandwidth Barn from Cape Town.

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 rollout occupationally-directed learning programmes. Capacity building sessions for FET Colleges to rollout SETA programmes were successfully conducted. Private providers and employers were also capacitated to deliver on MICT programmes and that led to accessible workplace training and experience for FET/HET learners.

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 developed and implemented a comprehensive strategy for SMME participation in skills development. The strategy resulted in skills development support for the SMMEs.

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 including schools.

Performance information by programme

Research and Sector Skills Planning



Neville Nicholas
Senior Manager: Sector Skills Planning

Programme 1 - Research and Sector Skills Planning

The SETA comprise four core divisions namely:

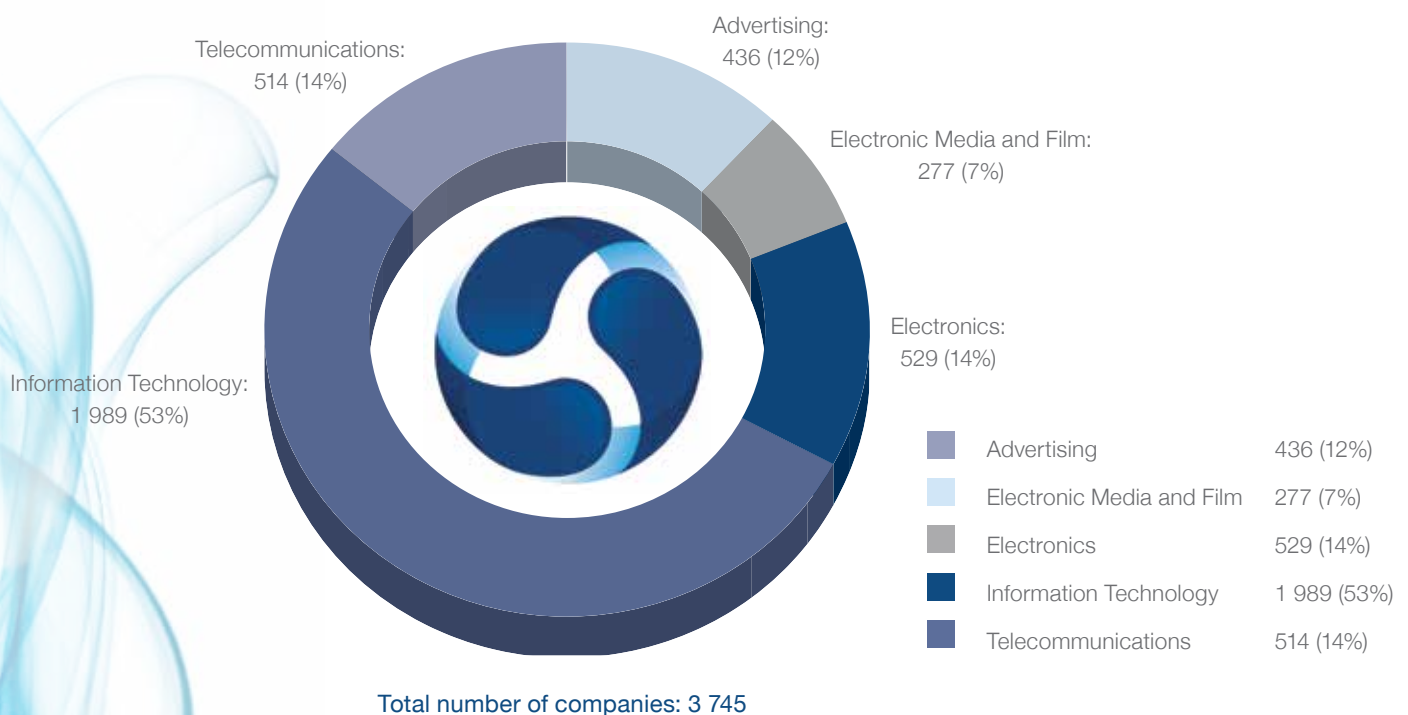
1. Sector Skills Planning (SSP)
2. Learning Programmes (LPD)
3. Education and Training Quality Assurance (ETQA)
4. Monitoring and Evaluation.

Other support divisions were Corporate Services (including Human Resources and Supply Chain Management), Marketing and Communications, Quality Management and IT.

The Sector Skills Planning and Research Division is responsible for:

- Assessments and approvals of Mandatory Grants
- Capacity building for SDFs through skills development workshops
- Promotion of Small, Medium and Micro Enterprises (SMMEs) participation
- Development and updating of the Sector Skills Plan
- Provision and dissemination of the MICT skills development research information to internal and external stakeholders.

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



Performance information by programme

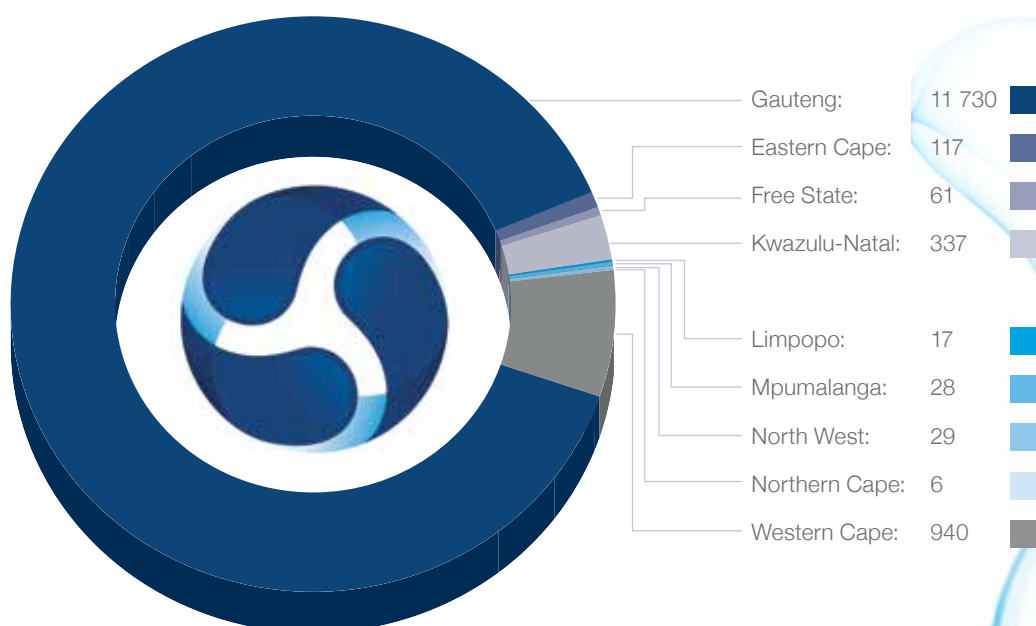
Research and Sector Skills Planning

There has been a consistent growth and increase in terms of the number of companies that pay levies to the MICT SETA in the past three years. This is attributable to the inter-SETA transfers that emanated from the 2010/11 new SETA landscape. The table below represents the number of companies that submitted the Workplace Skills Plans (WSPs), had their WSPs approved, and were paid Mandatory Grants according to the size of the companies in terms of the number of employees.

Registered Skills Development Facilitators (SDFs) for the year under review

Province	Total 2012/13
Eastern Cape	117
Free State	61
Gauteng	11 730
KwaZulu-Natal	337
Limpopo	17
Mpumalanga	28
North West	29
Northern Cape	6
Western Cape	940
Grand Total	13 265

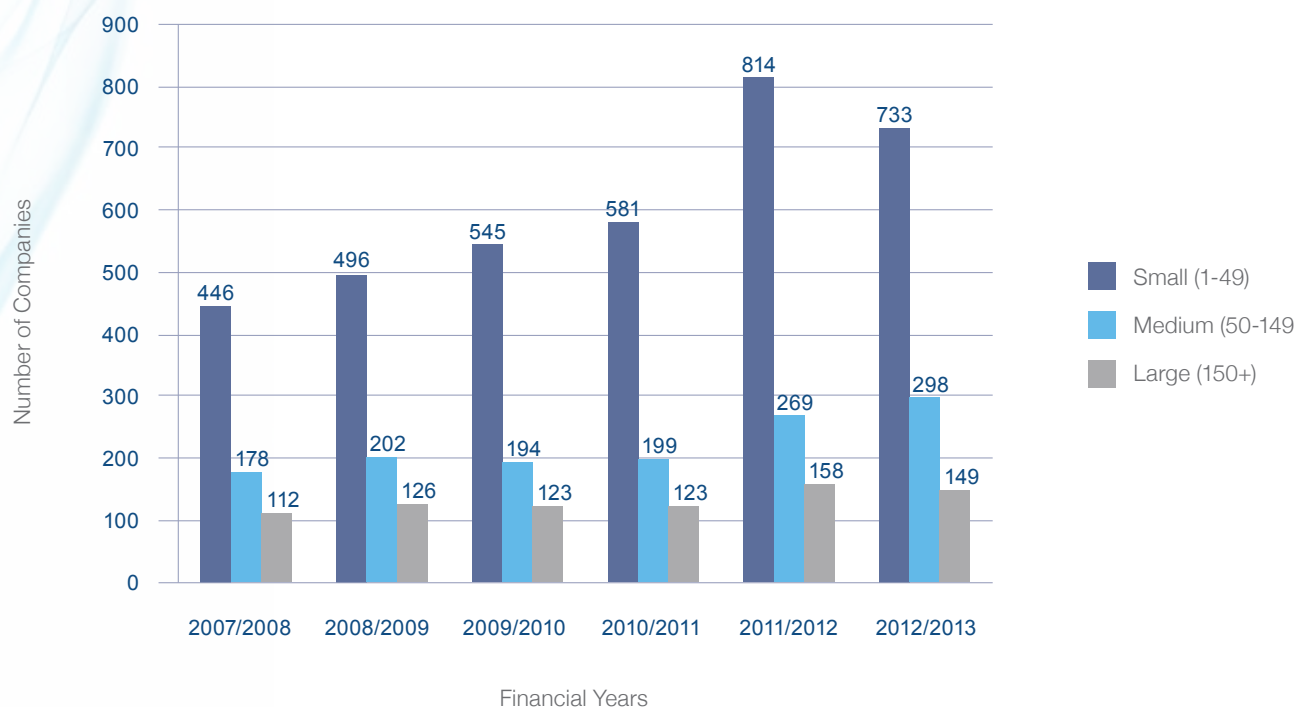
Registered SDFs



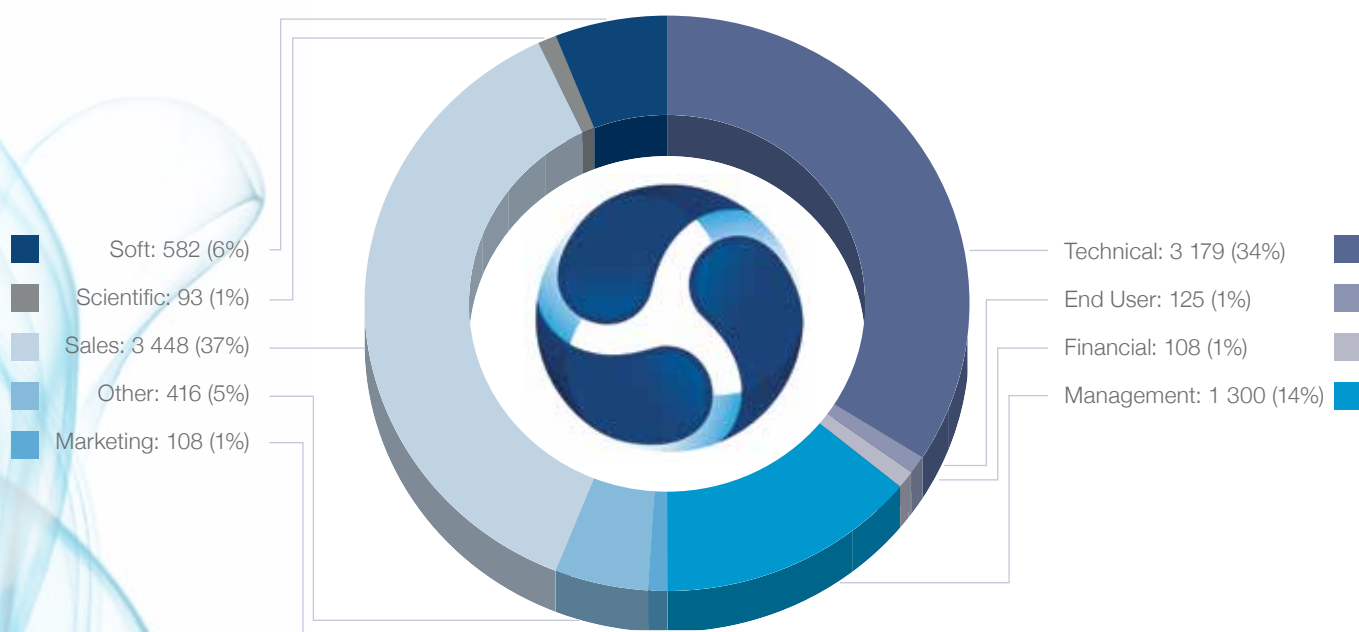
Performance information by programme

Research and Sector Skills Planning

The graph below provides a summary of the number of Workplace Skills Plans and Annual Training Reports submitted per employer size over the past five years:



The chart below provides a summary of the types of critical skills required across all subsectors.



The need for technical, professional and management skills is clearly identified and the MICT SETA will work together with employers, providers, government and the community to channel appropriate resources into creating the pool of talent that will meet the need.

Performance information by programme

Learning Programmes



Jabu Sibeko

Senior Manager: Learning Programmes

Programme 2 - Learning Programmes

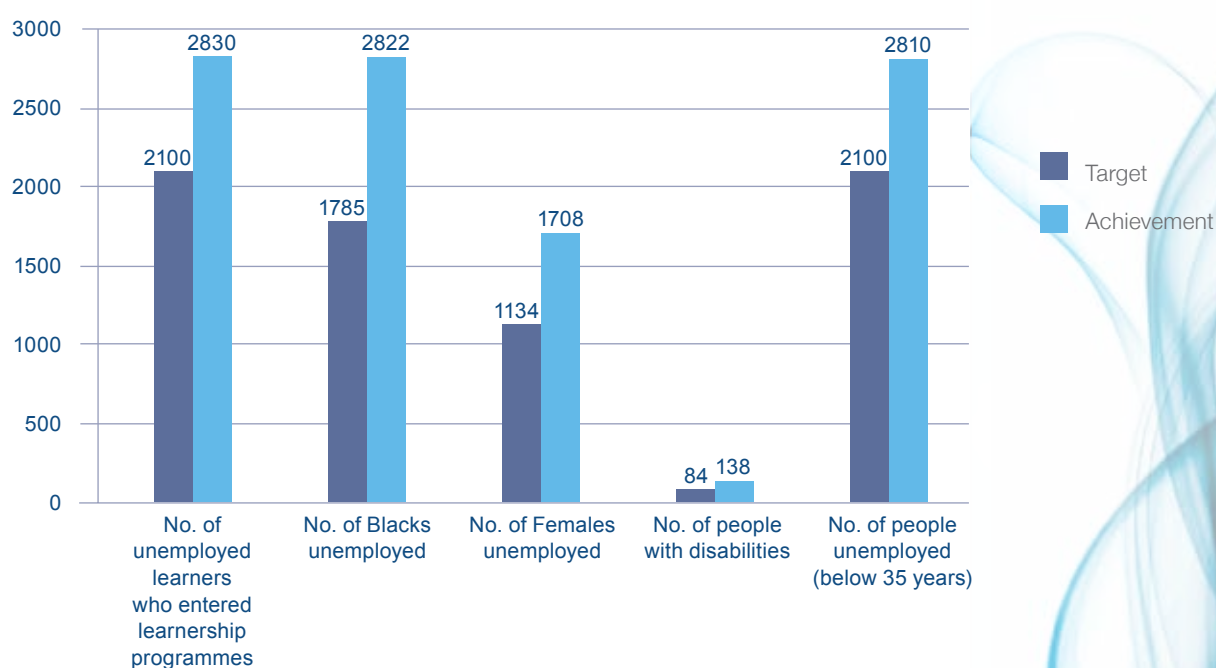
The Learning Programmes division is responsible for:

- Provision of easy access to learning
- Increasing access to employment opportunities
- Assisting in Career Pathing and Self-development of beneficiaries
- Providing a monthly stipend to learners on SETA learning programmes
- Fast tracking the development of current employees
- Serving as an entrance conduit into the MICT industries for unemployed learners.

The SETA enrolled 2 830 unemployed youth in learning programmes through discretionary funding. 2 313 unemployed learners have completed their learning programmes and were placed in different companies, government departments and local municipalities. 517 unemployed learners will complete their programmes in the new financial year.

The SETA has once more exceeded its National Skills Development Strategy target set by the Department of Higher Education and Training in the 2012/2013 financial year, that is 2 830 unemployed learners entered National Qualification Framework (NQF) Programmes from level 3 to level 5.

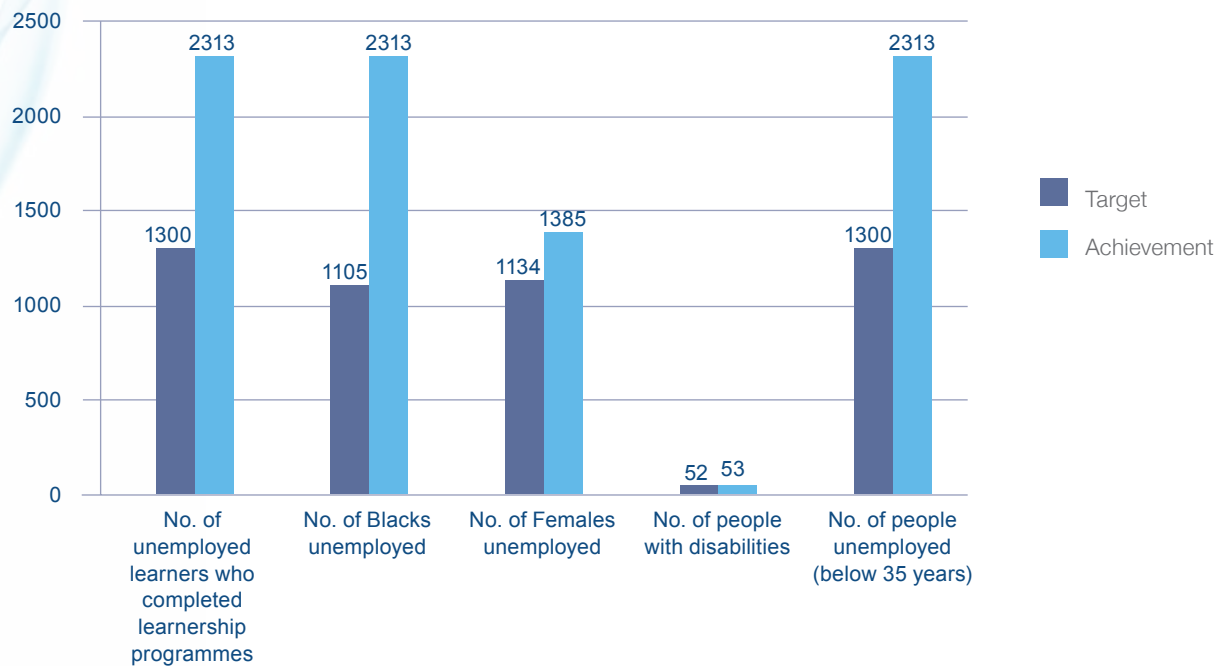
Unemployed learners who enrolled in learnership programmes are indicated in the graph below.



Performance information by programme

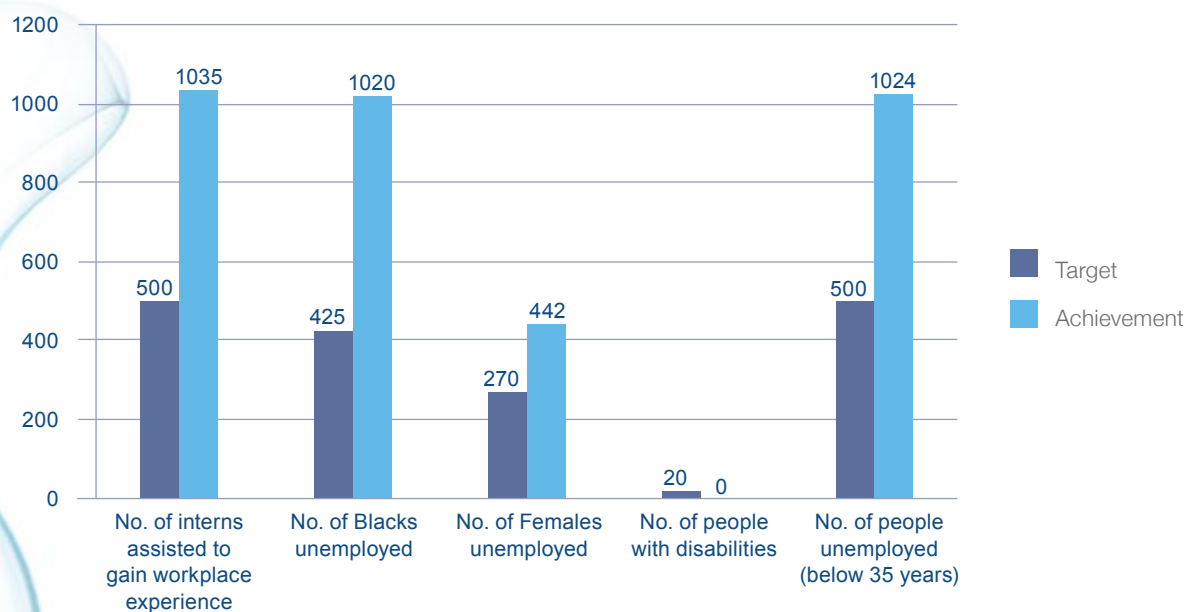
Learning Programmes

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



Graduate Internship Programmes

The SETA supported a total of 1 035 interns through graduate internship programmes as indicated in the graph below.

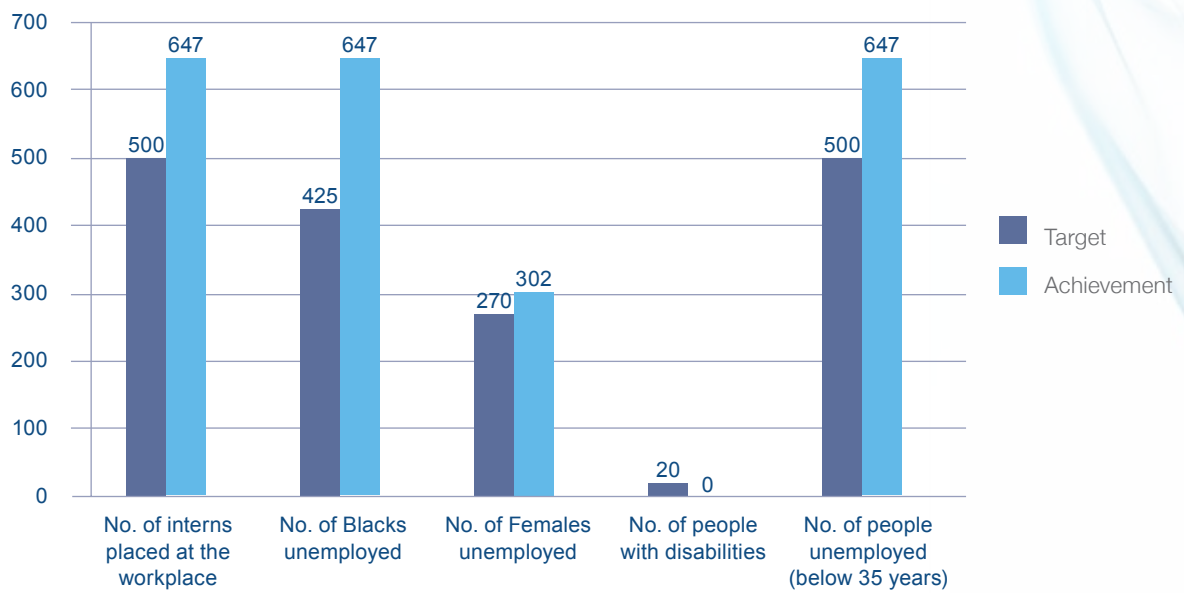


Performance information by programme

Learning Programmes

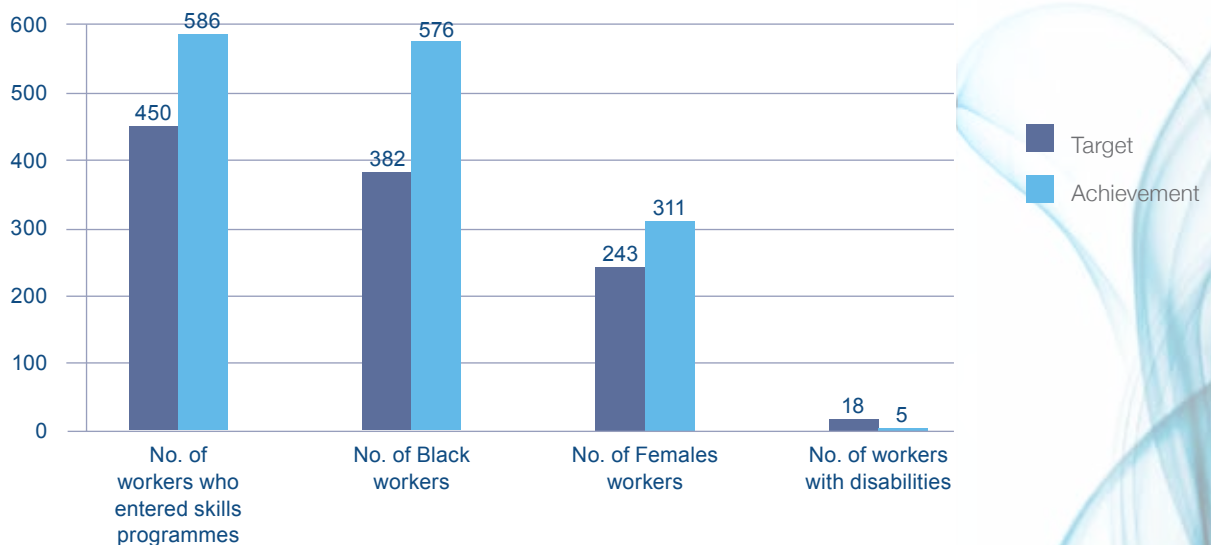
Graduates placed at the workplace.

The SETA supported a total of 647 interns to gain workplace experience as indicated in the graph below.



Skills Programmes

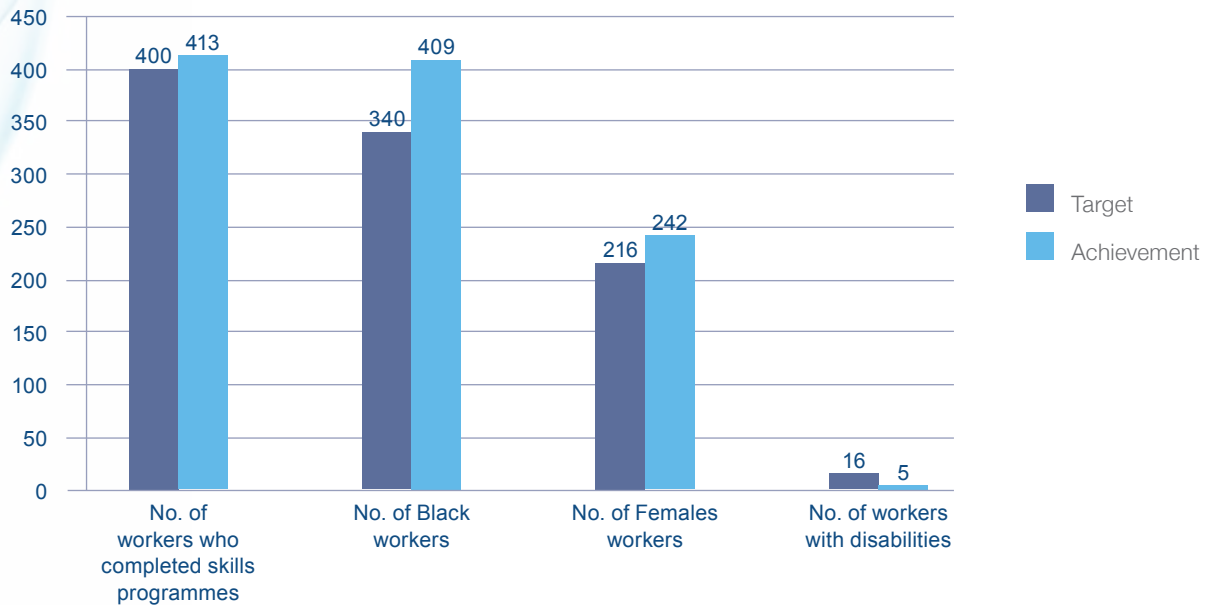
The SETA supported a total of 586 workers who entered skills programmes as indicated in the graph below.



Performance information by programme

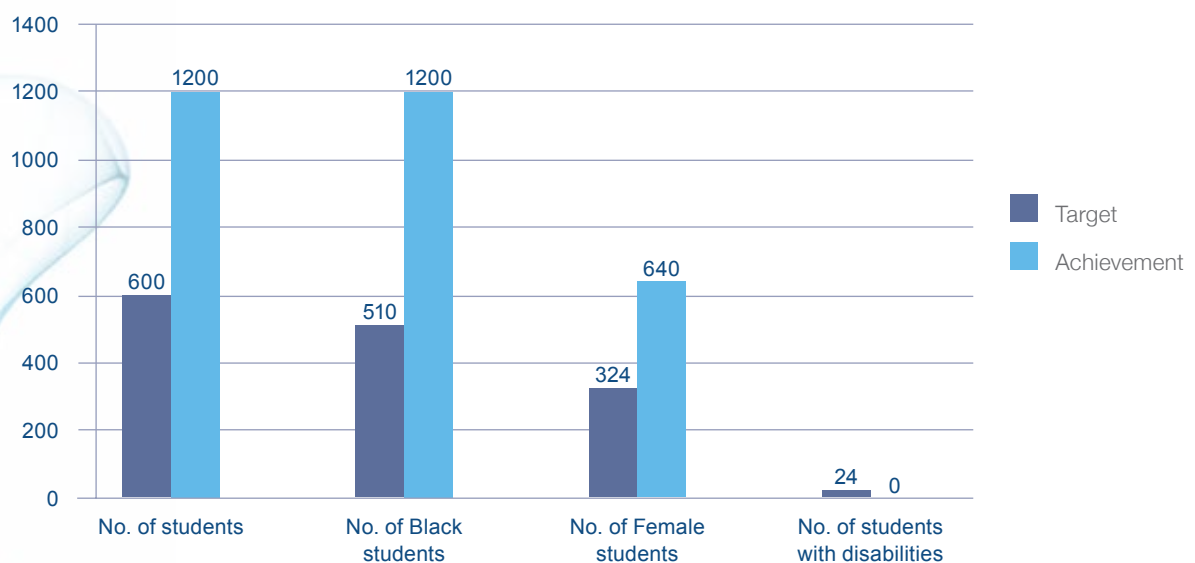
Learning Programmes

Workers who completed skills programmes are indicated in the graph below.



Bursaries

The SETA supported a total of 1 200 students through bursaries as indicated in the graph below.



Partnerships with public Further Education and Training Colleges (FETs)

The SETA entered into partnerships with 7 public FETs to roll out learning programmes.

Performance information by programme

Learning Programmes

Learners who enrolled in Learnership Programmes by Province.

Province	Number of learners
Gauteng	974
Western Cape	119
Kwazulu-Natal	354
Free State	158
Limpopo	207
North West	198
Mpumalanga	533
Eastern Cape	49
Northern Cape	238
Total	2 830

Learners who completed their Learnership Programmes by Province.

Province	Number of learners
Gauteng	1 000
Kwazulu-Natal	577
Free State	96
Limpopo	106
North West	336
Mpumalanga	198
Total	2 313

Graduate interns who gained workplace experience by Province.

Province	Number of learners
Gauteng	896
Western Cape	14
Kwazulu-Natal	60
Free State	11
Limpopo	35
Eastern Cape	19
Total	1 035

Performance information by programme

Education and Training Quality Assurance



Charlton Philiso

Senior Manager: Education and Training Quality Assurance

Programme 3 - Education and Training Quality Assurance (ETQA)

The Education and Training Quality Assurance (ETQA) division is responsible for the quality assurance in the provision of National Qualifications Framework based education and training programmes within the Media, Advertising and Information and Communication Technologies sector. The MICT SETA has undergone the SAQA audits over the years and is currently quality assuring the MICT SETA qualifications until 30 June 2015.

The quality assurance division is responsible for overall quality assurance including:

- registering of qualifications
- registering of assessors and moderators
- accrediting training providers
- issuing certificates.

List of qualifications

As at 31 March 2013 the MICT SETA ETQA had quality assurance duties for the following qualifications:

Qualification Title/ Learning Programme Title	Qualification Id	NQF Level	Minimum 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
Further Education and Training Certificate: Design Foundation	49127	Level 4	141

Performance information by programme

Education and Training Quality Assurance

Qualification Title/ Learning Programme Title	Qualification Id	NQF Level	Minimum credits
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: 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
National Certificate: Design Techniques	60509	Level 5	121
National Certificate: Electronics	59569	Level 3	120
National Certificate: Film and Television Production	58394	Level 5	122
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

Performance information by programme

Education and Training Quality Assurance

Institutions of Sectoral or Occupational Excellence (ISOEs)

Multichoice's Supersport company in Johannesburg and Creative Art College in KwaZulu Natal have been recognised as Institutions of Sectoral or Occupational Excellence for their contribution in skills development initiatives. In total, the number of Institutions recognised as ISOEs is ten.

Training provider accreditation

The table below details the number of accreditation decisions reached/taken during the 2012-2013 financial year. Processes

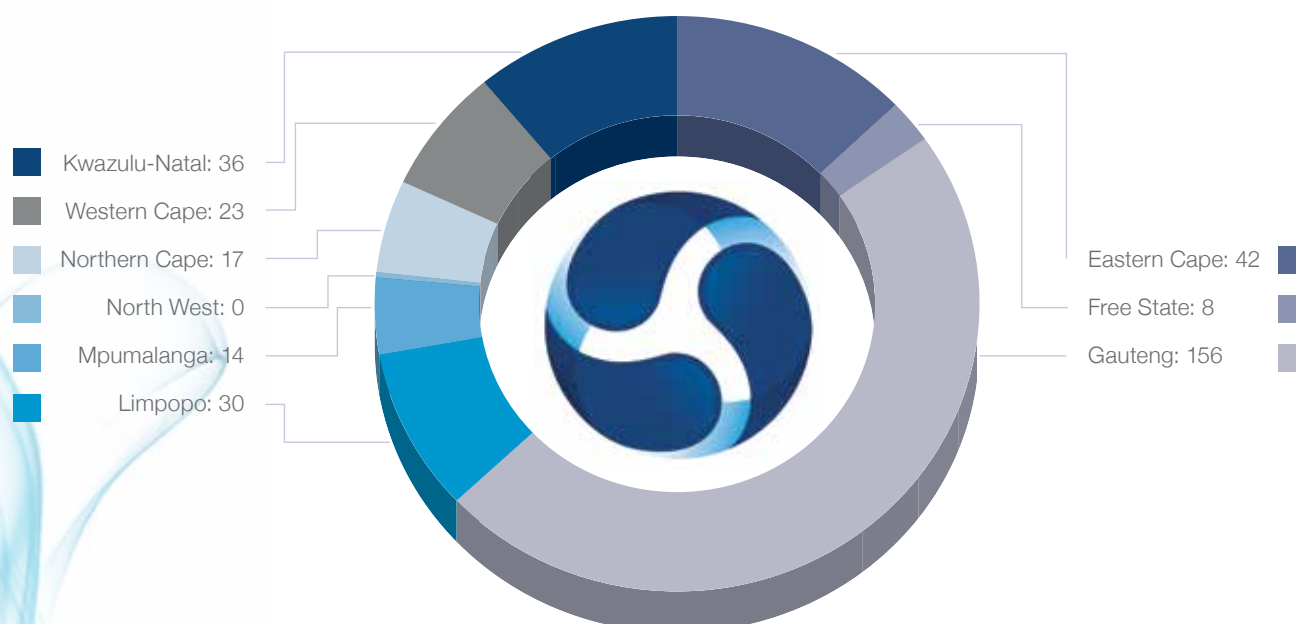
implemented in the previous years have allowed for an improved turnaround time regarding the processing of applications. The majority of accredited providers are Small, Medium and Micro Enterprise (SMME) providers.

Category	Description	April 2012-March 2013
1 - 49	Small & Micro	258
50 - 149	Medium	65
150+	Large	3
Total		326

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

The chart below shows the accredited training providers geographically (per province) for the year under review.

Province 2012-2013



Performance information by programme

Education and Training Quality Assurance

Accreditation decisions taken over a nine year period

	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	Cumulative Accreditation Decisions taken as at 31 March 2013
Totals	28	126	231	134	142	320	293	332	326	1 932

Geographic representation of accredited training providers over a nine year period

Province	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	Cumulative Accreditation Decisions taken as at 31 March 2013
Eastern Cape	0	7	11	4	8	21	14	24	42	131
Free State	1	7	11	3	4	10	14	10	8	68
Gauteng	17	67	134	79	61	168	156	186	156	1 024
Limpopo	4	18	20	11	29	54	42	23	30	231
Mpumalanga	4	6	6	2	8	18	26	25	14	109
Northern Cape	0	2	3	1	0	1	1	0	0	8
North West	0	2	5	7	8	12	8	7	17	66
Western Cape	0	7	16	16	5	9	13	29	23	118
Kwazulu-Natal	2	10	25	11	19	27	19	28	36	177
Total	28	126	231	134	142	320	293	332	326	1 932

Assessor information

As part of the quality assurance duties, the SETA is expected to maintain a database of Assessors that can conduct assessments on learners to determine competency. In the year under review, the SETA managed to register 484 Assessors to assess over the qualifications that we quality assure.

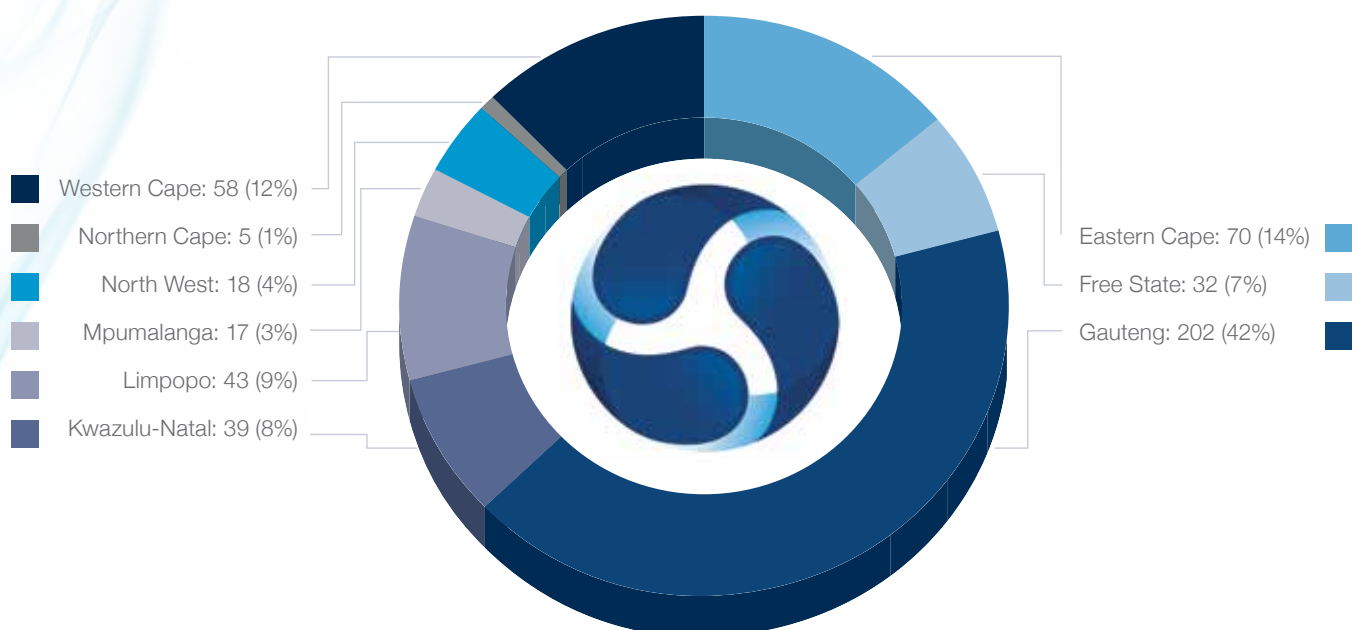
The table and chart below present the provincial spread of where the Assessors were registered.

Province	Registered Assessors
Eastern Cape	70
Free State	32
Gauteng	202
KwaZulu-Natal	39
Limpopo	43
Mpumalanga	17
North West	18
Northern Cape	5
Western Cape	58
Total	484

Performance information by programme

Education and Training Quality Assurance

Registered Assessors 2012/13



Moderator information

As part of the quality assurance duties, the SETA is expected to maintain a database of Moderators that moderate assessments. In the year under review, the SETA managed to register 194 Moderators to moderate assessments over the qualifications that we quality assure. This has led to improved quality control and a quicker turnaround time to printing learner competency certificates.

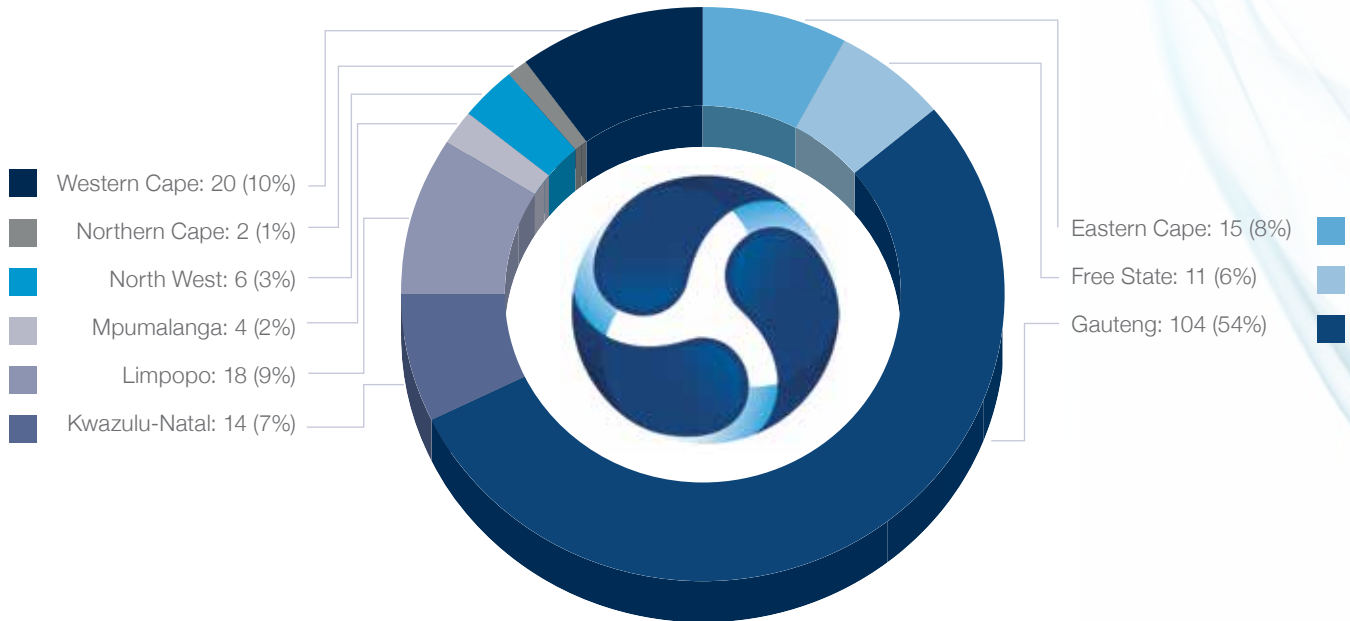
The table and chart below present the provincial spread of where the Moderators were registered:

Province	Registered Moderators
Eastern Cape	15
Free State	11
Gauteng	104
KwaZulu-Natal	14
Limpopo	18
Mpumalanga	4
North West	6
Northern Cape	2
Western Cape	20
Total	194

Performance information by programme

Education and Training Quality Assurance

Registered Moderators 2012/13



Performance information by programme

Monitoring and Evaluation



Sekgana Makhoba

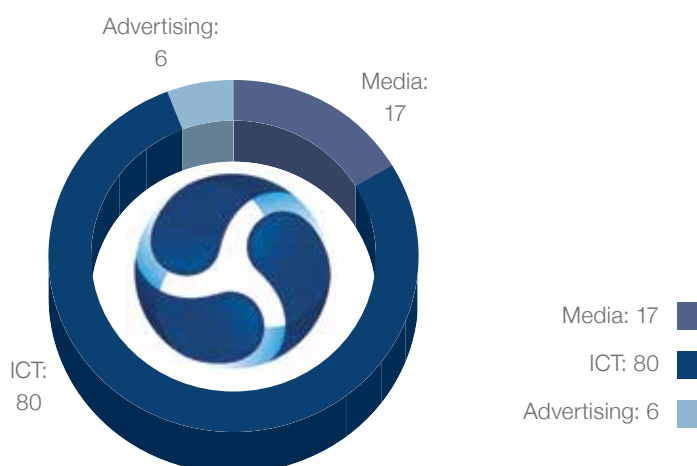
Senior Manager: Monitoring and Evaluation

Programme 4 - Monitoring and Evaluation

The Monitoring and Evaluation Divisional mandate is informed by the Skills Development Act, the National Skills Development Strategy (NSDS III) and Treasury Regulations' call for a comprehensive and effective performance monitoring, evaluation and support system for the realisation of learning programmes delivery that are qualitative and of high impact.

As a way of contributing towards this objective, the Monitoring and Evaluation Division conducted targeted audits with 103 employers within the following sub-sectors of the MICT SETA:

Number of Monitoring and Evaluation audits



The aim is to increase these numbers on an annual basis as a way of contributing towards transformation with workplaces and to support them in becoming more equitable. 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 revealed that though there some employers who could not account for mandatory grants received, most of the employers exceeded their mandatory grant training spend by far due to their good and generous training budgets.

The challenges still experienced were in the main:

- The effectiveness of the Training Committees
- Non-alignment of the ATRs to WSPs
- Equity considerations.

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

Overview of the MICT SETA performance

Quality Management System and Information Technology



Hennie Rheeder
Manager: Quality Management System and IT

Support Programme 1 - Quality Management System and Information Technology

The Quality Management and Information Technology (IT) Unit facilitates the implementation of the SETA's Quality Management System (QMS) within the organisation.

The SETA's QMS function comprises 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.

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

Achievements

Policies and procedures were updated extensively and changes effected to documentation where risks were identified from previous Auditor-General's and internal audit reports.

Overview of the MICT SETA performance

Corporate Services



Naledi Sibandze
Senior Manager: Corporate Services

Support Programme 2 - Corporate Services

The primary goal for the SETA's Corporate Services division is to ensure a fully functional and operational SETA realizes its strategic objectives through provision of a well-established and functional Corporate Services Division which is inclusive of the Supply Chain Management and Human Resources Management. The Corporate Services Division continuously plays the supportive and facilitative role to the other core functions or operational divisions within the SETA.

Supply Chain Management

The SETA has established a separate Supply Chain Management Unit within the Corporate Services (considering that the finance management is outsourced), to implement the institution's supply chain management system. The Supply Chain Management Unit of the SETA is however an integral part of financial management system.

Overview of the MICT SETA performance

Marketing and Communications



Benedict Motau

Manager: Marketing and Communications

Support Programme 3 - Marketing and Communications

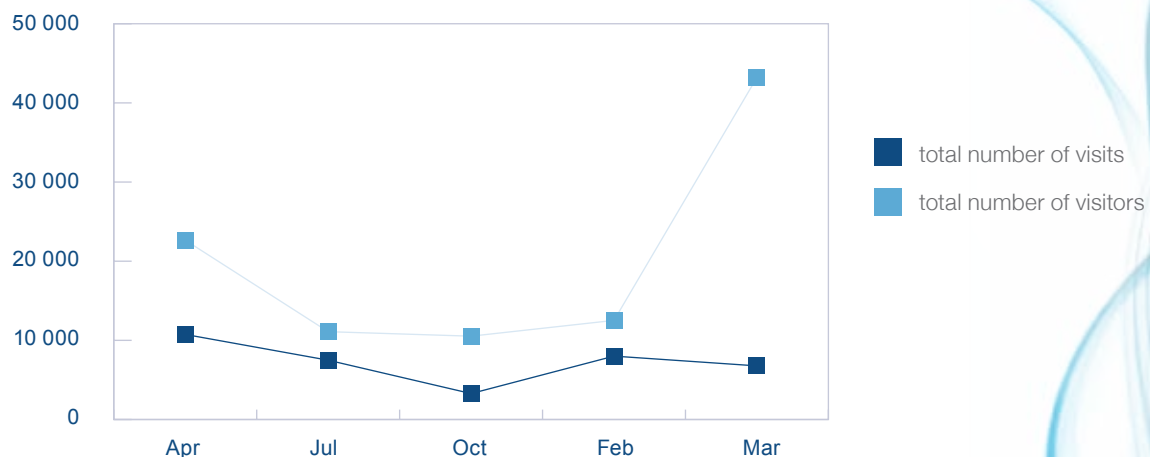
The Marketing and Communications division achieved the following in the year under review:

- coordinated a number of graduation events covering over 2 000 learners
- staged successful stakeholder conversation road shows in Gauteng, Kwa-Zulu Natal, Eastern Cape and the Western Cape
- implemented the corporate identity manual and conducted re-branding across the SETA
- produced several marketing publications
- co-ordinated attendance of exhibitions, graduations and special events on behalf of the SETA.

Website Statistics

The SETA Website statistics are indicated below for the year ended 31 March 2013:

Web information	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
Total Number of Visitors	10 747	11 470	10 926	74 93	6 819	6 040	3 277	177	291	7 543	8 007	6 775
Total Number of Visits	22 657	19 379	17 151	11 096	9 890	9 175	10 528	84 090	8 419	11 908	12 521	43 214



Overview of the MICT SETA performance

Marketing and Communications

Corporate Identity

The SETA logo was approved by the SETA Board in 2012/2013. The Corporate Identity Manual covers the logo, the pay-off line, organisational corporate identity elements and all business correspondence templates.

MICT SETA Logo

The new MICT SETA Corporate logo was unveiled to stakeholders in the year under review, at the Annual General Meeting held on 27 November 2012.

Newsletter

The SETA newsletter was launched to stakeholders at the Annual General Meeting held on 27 November 2012 in the year under review. 5 000 copies of the newsletter were distributed in the year under review.

Marketing and Communications strategic focus areas

Increase visibility and improve the image	<ul style="list-style-type: none"> • Heightened brand awareness • Improve knowledge of product and services • Develop a Corporate Identity Manual
Buy-in by the relevant stakeholders into the strategy	<ul style="list-style-type: none"> • Co-ownership of the brand by all the stakeholders • Stakeholder as brand ambassadors • Full engagement in planning and implementation processes by key stakeholders
Broaden the stakeholder base	<ul style="list-style-type: none"> • Include prospective stakeholders (SMMEs, Equity, Urban and Rural) • Improve the marketing of services and products • Extend the reach and access to our services and products
Improve the marketing of services and products	<ul style="list-style-type: none"> • 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/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

36

In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement	Comment on Deviations
				2011/2012	2012/2013	2012/2013	2012/2013	
4.2 Increasing access to occupationally-directed programmes	Outcome 4.2.1: Middle level skills needs are identified and addressed in all sectors	Output 4.2.1.1: SETAs research and identify middle level skills needs in their sectors and put in place strategies to address them, particularly through the use of the public FET colleges and universities of technology working in partnership with employers providing workplace-based training.	Refer to Output 4.2.4.1 for SSP research.	Refer to Output 4.2.4.1 for SSP research	Refer to Output 4.2.4.1 for SSP research	Refer to Output 4.2.4.1	Refer to Output 4.2.4.1	Refer to Output 4.2.4.1
			Documented and signed collaborative agreements with FETs and Universities of Technology.	5 collaborated agreements signed with Public FET Colleges.	Number of agreements with FETs: 5 institutions by end Q4.	Target achieved	None	None
					Implementing End User Programme with FETs in Rural Provinces.	7	2	Over achievement due to more positive partnerships with tertiary training institutions.
							None	None

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

37

In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.2 Increasing access to occupationally-directed programmes	Outcome 4.2.1: Middle level skills needs are identified and addressed in all sectors	Output 4.2.1.2: Projects are established to address middle level skills in each sector.	Workers to enter into scarce and critical skill development programmes. Types of scarce and critical skills dependent on demand from stakeholders.	412 workers entered skills development programmes	450 workers to enter into scarce and critical skills development programmes by end Q4. Types of programmes: Learnership Skills Programme Internship 100 RPL as a pilot programme Q2	586	136 123 learners funded by employers and 13 extra learners funded by MICT SETA due to improved operational efficiency. (123+13=136 learners)	Over achievement due co-funding with MICT Employers and improved operational efficiency.
			Workers to be certificated from skills development programmes.	383 workers certificated.	400 Workers certificated by end Q4.	413	13 13 learners were funded by employers.	Over achievement due to co-funding with employers.

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

38

In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.2 Increasing access to occupationally-directed programmes	Outcome 4.2.3: High level national scarce skills needs are being addressed by work ready graduates from higher education institutions	Output 4.2.3.1: Sector skills plans identify the supply challenges in relation to high level scarce skills gaps and set out strategies for addressing them.	Unemployed learners to enter into scarce and critical skills Learnership programmes.	2 080 unemployed learners entered into Learnerships.	2 100 unemployed learners to enter Learnerships by end Q4. Of the total numbers allocated 800 learners will be implemented in Rural Provinces. All End User programmes will cover HIV and Aids Programmes as part of awareness programmes.	2 830	730 621 learners were funded by employers and 109 extra learners funded by MICT SETA due to improved operational efficiency (621+109=730 learners)	Over achievement due to co-funding with employers and improved operational efficiency.
			Unemployed learners from Learnerships to be certificated.	1 912 unemployed learners from Learnerships certificated.	1 300 unemployed learners from Learnerships certificated by end Q4.	2 313	1 013 911 learners were funded by employers and 102 extra learners funded by MICT SETA due to improved operational efficiency. (911+102=1 013 learners)	Over achievement due to co-funding with employers and improved operational efficiency.

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

39

In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.2 Increasing access to occupationally-directed programmes	Outcome 4.2.3: High level national scarce skills needs are being addressed by work ready graduates from higher education institutions	Output 4.2.3.1: Sector skills plans identify the supply challenges in relation to high level scarce skills gaps and set out strategies for addressing them.	Number of students to be placed to access workplace experience.	606 unemployed graduates entered into internships.	500 unemployed graduates to enter into internships by end Q4.	1 035	535 508 graduates funded by employers and 27 extra graduates funded by MICT SETA due to improved operational efficiency. (508+27=536 graduate interns)	Over achievement due to co-funding with employers and improved operational efficiency.
		Output 4.2.3.2: Agreements are entered into between SETAs, university faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes, increased work experience and experiential learning for students and access to post-graduate work.	Documented collaborative agreements with universities and the National Student Financial Aid Scheme (NSFAS) for student debts to be paid off.	Documented collaborative agreements in place with universities and the National Student Financial Aid Scheme (NSFAS) for 570 student debts to be paid off.	Documented collaborative agreements with universities and the National Student Financial Aid Scheme (NSFAS) for 600 student debts to be paid off by end Q4.	1 200	600 This was achieved due to a Partnership with NFSAS to pay students' outstanding debt who are in learning programmes within the MICT SETA sector. (7+553=600 70/30 co-funding approach)	Over achievement due to a Partnership with NSFAS to settle students' debt.

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

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In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.2 Increasing access to occupationally-directed programmes	Outcome 4.2.3: High level national scarce skills needs are being addressed by work ready graduates from higher education institutions	Output 4.2.3.2: Agreements are entered into between SETAs, university faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes, increased work experience and experiential learning for students and access to post-graduate work.	Number of graduates that entered the workplace.	633 graduates were placed in workplaces.	500 graduates placed in workplaces by end Q4.	647	147 95 learners were funded by employers and 52 extra were funded by MICT SETA due to improved operational efficiency.	Over achievement due to co-funding with employers and improved operational efficiency.
		Output 4.2.4.2: Agreements are entered into between SETAs, university faculties and other stakeholders on flagship research projects linked to sector development in a knowledge economy.	Agreements with university faculties and other stakeholders on flagship research projects.	Agreement with the Systems, Applications and Products (SAP) on flagship research for the sector. SAP had students at the University of Pretoria to conduct the research by 31 March 2012.	Continuation of a three year bursary agreement with the Systems, Applications and Products (SAP) on flagship research for the sector. SAP has students at the University of Pretoria to conduct the research by end Q2.	Target achieved	None (95+52=147 learners)	None
			Number of students enrolled in flagship research projects	Three (3) Phd and (3) Master students enrolled with the University of Pretoria.	Three (3) Phd and (3) Master students enrolled with the University of Pretoria by end Q2.	Target achieved	None	None

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.3 Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities	Outcome 4.3.2: Partnerships between DHET, SETAs, employers, private providers and public FET colleges are resulting in increased capacity to meet industry needs throughout the country	Output 4.3.2.1: The capacity of FET colleges to provide quality vocational training is reviewed. Each college has a strategic plan in place to build capacity and engage in skills development programmes, including programmes offered in partnership with employers.	MICT SETA to initiate partnerships with FET Colleges to build capacity and run MICT SETA learning programmes in partnership with employers by 31 March 2012.	7 FET College partnerships with levy paying companies initiated by end of Q4.	5 FET College partnerships with levy paying companies initiated by end of Q4. To be able to implement Learnership programmes.	Target achieved	None	None
4.4 Addressing the low level of youth and adult language and numeracy skills to enable additional training	Outcome 4.4.1: A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience, and improve their employability	Output 4.4.1.1: A DHET-led process, including stakeholders, develops a strategy supported by all stakeholders. Output 4.4.1.2: A national database tracks training and work opportunities, and reports on implementation of the strategy.	This measure is applicable to the Department of Higher Education and Training This measure is applicable to the Department of Higher Education and Training	None None	None None	None None	None None	None None

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

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In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.5 Encouraging better use of workplace- based skills development	Outcome 4.5.1: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market	Output 4.5.1.1: SETA stakeholders agree on the provision of substantial quality programmes for employed workers and report on the impact of the training.	The SSP to capture a list of critical and scarce skills that are agreed upon. Workplace audits, monitoring and evaluations to be conducted to assess quality and impact in the sector by 31 March 2013.	Final SSP sign-off by the MICT Board by Mid-January 2012. 5 Workplace audits including monitoring and evaluations conducted.	SSP submitted by end Q2 as in Output 4.1.1.2. 100 Workplace audits including monitoring and evaluations conducted by end Q4.	Refer to Output 4.1.1.2 103	Refer to Output 4.1.1.2 3	Refer to Output 4.1.1.2 The over- achievement was due to the positive response towards monitoring and evaluation by employers and budget allowed.
		Output 4.5.1.2: Sector projects are put in place to address specific sector skills gaps.	All MICT learning programmes geared to address specific sector-skills gaps.	All funded MICT SETA learning programmes address sector scarce and critical skills according to the 2012/17 SSP.	All funded MICT SETA learning programmes address sector scarce and critical skills according to the 2013/18 SSP by end Q2 as in Output 4.1.1.2.	Refer to Output 4.1.1.2	Refer to Output 4.1.1.2	Refer to Output 4.1.1.2

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

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In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.6 Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives	Outcome 4.6.2: Partnership projects to provide training and development support to small businesses are established in all sectors and their impact reported on.	Output 4.6.2.1: SETAs, through their skills planning research, identify the skills needs of small and emerging businesses in their sector, and promote relevant programmes.	Research is conducted and the SSP encompasses scarce and critical skills and is reflected in the Strategic Plan as the basis for supporting skills development within small and emerging businesses.	6 small enterprises supported in skills development.	10 small enterprises supported in skills development by Q4 regarding: Learnerships Skills Programmes Internships	13	3 1 small enterprise was self-funded and 2 were funded by MICT SETA due to improved operational efficiency. (1+2=3 small enterprises)	Over achievement due to co-funding with small enterprises and improved operational efficiency.
		Output 4.6.2.3: A national database of small businesses supported with skills development is established and the impact of training reported on.	Small and emerging business owners and employees to have access to MICT learning programmes.	Small and emerging business owners and employees are made aware of learning programmes and have access through MICT SETA road shows and a maintained website, during the year.	50 SLAs for skills development programmes signed with small and emerging business by Q4 regarding: Learnerships Skills Programmes Internships	86	36 8 SLAs were funded by employers and 28 were funded by MICT SETA due to improved operational efficiency. (8+28=36 SLAs)	Over achievement due to co-funding with employers and improved operational efficiency.

Performance Information by Programme/Objectives

MICT SETA Annual Performance Report on Predetermined Objectives 2012-13

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In support of the National Skills Development Strategy (NSDS III)								
Objectives	Outcomes	Outputs	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement 2012/2013	Comment on Deviations
4.8 Building career and vocational guidance	Outcome 4.8.1: Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression	Output 4.8.1.1: Career guides are developed with labour market information from SETAs, addressing sub-sectors within their sector.	Career Guides compiled and distributed to stakeholders [Skills Development Facilitators (SDFs) and school principals].	1 000 Career Guides to be compiled and distributed by Q4.	1 000 Career Guides to be compiled and distributed by Q4.	4 593	3 593	The over achievement was due to improved interactions with Schools and budget allowed.

The table below summarises the programmes implemented to address the National Skills Development Strategy (NSDS III). It reflects the actual amounts spent vs. the budgeted amounts for the two year period.

Programme	2012/13			2011/12		
	Actual R'000	Budget R'000	Variance R'000	Actual R'000	Budget R'000	Variance R'000
Establishment of a credible mechanism for skills planning and implementation of Learning Programmes	243 057	219 925	23 132	206 458	219 629	(13 171)

Summary of Financial Information

Capital Investment, maintenance and asset management plan

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.

An abstract graphic consisting of several overlapping, flowing, wavy lines in various shades of blue. The lines originate from the left side and sweep across the upper half of the page towards the right, creating a sense of movement and depth. The background is a solid, very light blue.

PART C: Governance

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 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, who is empowered to render quality services, which are comparable with world-class standards.

The SETA reports to the Executive Authority, the Higher Education and Training department. It also has the Executive Committee, Audit and Risk Committee, and the 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 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 this Constitution and performs the functions contemplated in clause 6 of this 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 this 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:

Size of the Accounting Authority

The composition of the Accounting Authority may not exceed fifteen (15) Members.

This maximum number of Members includes any appointments made by the Minister.

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 on the Accounting Authority must be represented by Members who are sufficiently representative of designated groups.

The members of the SETA are listed in Schedule 4 to this Constitution.

The Accounting Authority may, with good cause, recommend to the Minister the removal of any trade union or employer organisation as a member listed in Schedule 4 to this Constitution.

Accounting Authority/The Board

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 relevant government departments within the Sector, as provided for in clause 8(5) of this Constitution, with the exception of the ministerial appointees as provided for in clause 8 (6) (c) of this Constitution.

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

- the knowledge, skills and experience required to serve on the Accounting Authority, as described in the eligibility criteria in Schedule 4 to this Constitution
- the requirements in section 14(3) of the Act, stipulating that the Accounting Authority should be sufficiently representative of the designated groups
- Such nominations should be submitted to the Minister for consideration and to recommend these to Cabinet for approval

- Three (3) persons must be ministerial appointees to the Accounting Authority, including the Chairperson who will have no voting rights.

Two of the ministerial appointees will have full voting rights.

The Minister will call for nominations of candidates, referred to in clause 8 (6) (e) of this Constitution, in terms of the nomination processes as stipulated in clause 8(6) of this Constitution.

The applications for nominations of the 2 ministerial appointees must be submitted to the Minister for consideration, and to recommend these to Cabinet for approval after the closing date stipulated in the call for nominations.

The Chief Executive Officer must provide members of the Accounting Authority with formal letters of appointment signed by the Minister, on the SETA letterhead, which sets out their duties and responsibilities of Members following their appointment.

Members must accept their appointment, and being bound by the Code of Conduct of the SETA, in writing to the Minister on or before the induction date provided for in clause 8(10) of this Constitution.

Accounting Authority/The Board

MICT SETA Board Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Ms Zandile Mbele	Ministerial Appointee (Chairperson)	1 April 2011	March 2013	MBA MA in Journalism Executive Management Diploma Other ICT/Media and Management Qualifications	EXCO	4
Mr Lumko Mtimde	Ministerial Appointee	1 April 2011		Degree in Physiology and Biochemistry Dip in Telecommunications Executive Development Programme	Finance and Remuneration	5
Mr Thami Ntentei	Ministerial Appointee	1 April 2011		BA Communications	EXCO	7
Mr Gallant Roberts	Employee Representatives	1 April 2011		Certificates acquired through centre for legal studies UNISA Development institute for Training and Support & Education for Labour	Audit and Risk Committee	7
Mr Masoma Manale	Employee Representatives	1 April 2011		Sales and Marketing Introduction to adult education and planning	Finance and Remuneration EXCO	4
Mr Morwa Mooko	Employee Representatives	1 April 2011		Nat Dip: Technical Nat Cert: Technical Certificate 6 Education for HDE (Postgraduate)	Finance and Remuneration	7
Mr Tuwani Gumani	Employee Representatives	1 April 2011		Advanced Diploma in Labour Law Higher Diploma in Education	EXCO	6
Mr Lucky Masilela	Employer Representatives	1 April 2011		Senior Management Programme BSc Applied Physics and Electronic Engineering Certificate in Telecommunications	Audit Risk Committee	6

Accounting Authority/The Board

MICT SETA Board Information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Ms Thobile Mkhize	Employer Representatives	1 April 2011	October 2012	BA (Communication Science) Certificate of Competence in PM Skills ND Electrical Engineering	Finance and Remuneration Committee	3
Ms Khahliso Mochaba	Employer Representatives	1 April 2011		LLM LLB BA Law	EXCO	3
Mr Adam Rabie	Employer Representatives	1 April 2011		BCom. Honours (IS)	Finance and Remuneration Committee EXCO	6
Mr Tony Parry	Professional Bodies Representatives	1 April 2011		BA Honours MBA	Finance and Remuneration Committee	7
Mr Motse Mfuleni	Professional Bodies Representatives	1 April 2011		B-Tech MDP Certificate in Retail Management	EXCO	4
Mr Joe Manchu	Professional Bodies Representatives	1 April 2011		BCompt. MBA Executive Development Programme Certificate Programme in Leadership Coaching	Finance and Remuneration Committee	5
Dr Harold Wesso	Government Representative	1 April 2011		D. Phil M.A BA Honours	Finance and Remuneration Committee	2

Committees

The SETA has three Board sub-committees viz. FINCO/REMCO committee, Audit and Risk committee and the EXCO.

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 staff.

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 staff, so as to attract, motivate and retain talented people.

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 staff and the Chief Executive Officer of the SETA –

- Developing guidelines on, and reviewing the compensation and performance of staff members of the organisation
- Reviewing and approving corporate goals that are relevant to the compensation of the 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 the 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
- 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	Name of members
FINCO/REMCO	4	8	Mr. Tony Parry Mr. Masoma Manale Mr. Morwa Mooko Ms Thobile Mkhize Mr. Lumko Mtimde Mr. Adam Rabie Dr. Harold Wesso Mr. Joe Manchu
Audit Risk and Committee	4	5	Mr. Lucky Masilela Mr. Gallant Roberts Ms Maleho Nkomo Mr. Eric Ndlovu Mr. Abel Dlamini
EXCO	6	5	Mr. Masoma Manale Mr. Adam Rabie Mr. Zandile Mbele Mr. Tuwani Gumani Ms Khahliso Mochaba

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 per follows:

Category sub-category and official designation	Remuneration		
	Rates per annum	Rates per day	Rates per hour
Category S			
Chairperson	1 039 392	4 125	516
Vice-Chairperson	883 146	3 505	439
Member	808 119	3 207	401

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.

Remuneration of Board and sub-committee members

Name	Remuneration	Other reimbursements	Total
G Roberts	77 103.96	6 888.20	83 992.16
AM Parry	65 585.96	0	65 585.96
JM Manchu	64 562.96	808.32	65 371.28
ML Masilela	64 357.96	1 257.60	65 615.56
TN Mkhize	63 894.96	530.40	64 425.36
MJ Mooko	69 929.96	43 804.40	113 734.36
LC Mtimde	63 971.96	312.00	64 283.96
TI Ntentsi	41 350.35	390.80	41 741.15
MJ Manale	65 013.96	22 472.38	87 486.34
K Mochaba	61 630.96	0	61 630.96
T Gumani	63 150.96	3 800.16	66 951.12
A Rabie	54 963.96	0	54 963.96
M Mfuleni	45 568.35	0	45 568.35
PPZ Mbele	80 304.72	982.80	81 287.52
EM Ndlovu	38 602.35	702.00	39 304.35
MMD Nkomo	42 793.35	0	42 793.35
ZA Dlamini	29 401.35	195.00	29 596.35
Total	992 188.03	82 144.06	1 074 332.09

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.

Achievements

In striving for continuous improvement, Policy and Procedure documents were updated extensively and changes effected to documentation where risks were identified from the Auditor-General's and internal audit reports.

Reconciliation of various pieces of performance information (including quarterly reports submitted to the relevant Authorities) on the SETA's performance against predetermined objectives during the year, was achieved. This achievement assured a successful annual performance report as audited.

The internal audit function prepared a three year strategic internal audit plan based on the risks facing the SETA. The internal audit function reported to the audit committee detailing its performance against the strategic internal audit plan.

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

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.

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.

Governance

Attendance of Audit and Risk Committee meetings

Name	Qualifications	Internal or external	If Internal position in the public entity	Date appointed	Date resigned	No. of Meetings attended
Ms Maleho Nkomo	BCom. Honours Senior Executive Programme M Com	External / independent	None	1 August 2011	Active	4
Mr Abel Dlamini	Bachelor of Commerce (Accounting) BCompt. Honours and CTA (Accounting Sciences)	External / independent	None	1 November 2008	Active	4
Mr Eric Ndlovu	BCom. Honours (Accounting Sciences)	External / independent	None	1 August 2011	Active	4
Mr Lucky Masilela	Senior Management Programme BSc Applied Physics and Electronic Engineering Certificate in Telecommunications	Internal / board members	None	1 June 2011	Active	3
Mr Gallant Roberts	Certificates acquired through centre for legal studies UNISA Development institute for Training and Support & Education for Labour	Internal / board members	None	1 December 2007	Active	3

Compliance with laws and regulations

The MICT SETA has trained its Management and staff 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 Education, Training and Development Practices 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 2011/12, 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

Governance

Fraud and Corruption

The SETA Fraud and Corruption plan was informed by the stipulations in the Public Finance and Management Act No. 1 of 1999, Prevention and Combating Corrupt Practices Act No. 12 of 2004, Protected disclosures 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 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 SETA management, or to the Executive Authority.

How are the cases reported and what action is taken

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

Code of Conduct

The 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 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 SETA has a Health Policy which is informed by the Occupational Health and Safety Act, the Labour Relations Act No. 66 of 1995, the Constitution of the Republic of South Africa 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 SETA has created workplace exposure and empowered ten (10) young unemployed graduates through a Graduate Internship programme in the year under review. The 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



Maleho Nkomo

Chairperson: Audit and Risk Committee

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2013.

Audit and Risk Committee Members

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

NAME	ROLE	18 May 2012	20 July 2012	25 Oct 2012	15 Nov 2012
Ms. M. Nkomo	Chairperson – Independent	√	√	√	√
Mr. A. Dlamini	Member - Independent	√	√	√	√
Mr. E. Ndlovu	Member - Independent	√	√	√	√
Mr. L. Masilela	Member - MICT SETA Board representative	X	√	√	√
Mr. G. Roberts	Member - MICT SETA Board representative	√	√	√	X

Legend: √ = Attended X = Apology

Audit and Risk 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 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.

Report of the Audit and Risk Committee

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 III 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
- Learning Programmes Division
- Monitoring and Evaluation Division
- Quality Management System
- Sector Skills Planning Division
- Supply Chain Management.

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

In-Year Management and Monthly/Quarterly Report

We are satisfied with the content and quality of the in-year management and quarterly reports prepared and issued by the Chief Executive Officer of the 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
- Reviewed the 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.



Maleho Nkomo
Chairperson of the Audit and Risk Committee
MICT SETA
15 August 2013

An abstract graphic consisting of several overlapping, flowing, wavy lines in various shades of blue. The lines originate from the left side and sweep across the upper half of the page towards the right, creating a sense of movement and depth. The background is a solid, very light blue.

PART D: Human Resource Management

Human Resource Management



Patrick Matheba
Manager: Human Resources

Introduction

Overview of the HR matters at the public entity.

The SETA's Human Resource Management is governed by pieces of legislation that include the Labour Relations Act No. 66 of 1995, Employment Equity Act No. 55 of 1998, Basic Conditions of Employment Act No. 75 of 1997, the Skills Development Act No. 97 of 1998, the Employment Equity Act No. 55 of 1998 and the Occupational Health and Safety Act No. 85 of 1993 amongst others.

The SETA's Human Resources Policies, Procedures and Code of Good Practice remain at the centre stage of sound employee relations and practices. Amongst many of the functions, Human Resource Management is responsible for creating a conducive employer-employee relationship.

The SETA's Human Resource Management administers Benefits and Remuneration, Training and Development, Performance Management, Administration, including Recruitment and Selection amongst others. Human Resource Management places a strong emphasis on employees by providing best Human Resource Practices on the SETA daily activities.

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

The SETA strived to achieve the following for the period under review;

- Build capacity within the SETA the impact of which will be continuous achievements of the SETA mandate
- Implement sound Performance Management and Remuneration Practices to maintain a competent workforce
- Retain and attract skilled and competent personnel to improve the SETA service delivery
- Implement Succession Planning to ensure career opportunities within the SETA.

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

The purpose of the workforce planning is to provide both guidance for and holistic approach to Human resource planning within the 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:

- Key strategies to attract and recruit a skilled and capable workforce
- Competitive remuneration packages
- Employee Wellness programmes
- Bursary allocations for certain categories of employees and their dependants
- Succession planning programmes to ensure internal employee growth and career pathing.

Human Resource Management

Employee Performance Management Framework

Employees' job descriptions are tied to their performance outcomes. The SETA Performance Management Framework allows for the assessment of employees performance bi-annually with the aim of motivating employees and identifying the training needs as a measure of improving employee's performance.

Human Resource Policy Review

SETA Policies are reviewed annually and occasionally with the purpose of aligning to the legislative changes, environmental changes and the SETA strategic plan. SETA Policy reviews continuously provide for an improved framework within which Human Resources Management practices are managed.

SETA Policy reviews are also influenced by the external leading practices in the area of corporate governance and strategic human resource management. SETA Management team engage continuously to obtain support for policy development and policy analysis.

Employee wellness programmes

In ensuring that we have a healthy and productive workforce, the SETA in partnership with ICAS (External Service Provider) conducts an Employee Wellness Programme which also offers a variety of social services inclusive of health and financial advice matters.

Policy Development

Achievements

The Human Resource Division managed to achieve the following:

- All the relevant HR policies were developed, approved and implemented
- No material audit findings were reported in Human Resource Management processes
- Successful implementation of the Human Resource Management Operational Plan
- Employee retention.

Challenges faced by the MICT SETA

Challenges faced by public entities amongst others are the following:

- Attracting skilled and competent personnel due to SETA stigmatisation
- 5-year SETA lifespan mitigates against employee long-term aspirations and needs of SETA employees.

Future Human Resource Plans/Goals

- Ensure that high standard of professional ethics is promoted and maintained
- Offer efficient and effective Human Resource services to internal and external stakeholders
- Ensure employment equity within the workplace
- Improve the skills profile of the SETA workforce
- Create a favourable working environment – become the employer of choice
- Increase staff morale
- Develop and implement dual career paths to enable vertical and horizontal employee progression
- Staff retention
- Create talent development programmes at all levels.

Human Resource Management

Personnel cost by Programme

Programme	The total Expenditure for the entity (R'000)	Personnel Expenditure per Programme (Salaries) (R'000)	Personnel exp as a % of total exp	No. of employees	Average personnel cost per employee (R'000)
Corporate Services	R 5 625 728.75	R 4 920 512.85	87.46%	27	R 208 360.32
Education Training and Quality Assurance	R 3 600 466.40	R 2 702 385.11	75%	8	R 450 058.30
Learning Programmes	R 3 375 437.25	R 3 052 098.34	90%	8	R 421 929.65
Sector Skills Planning	R 3 825 495.55	R 3 627 148.22	94.8%	11	R 347 772.32
Monitoring and Evaluation	R 4 050 524.70	R 1 161 997.20	28.6%	4	R 1 012 631.17
Marketing and Communications	R 900 116.60	R 583 347.88	64.8%	3	R 300 038.86
Quality Management Systems and IT	R 1 125 145.75	R 534 083.40	47%	2	R 562 572.87
Total	R 22 502 915.00	R 16 581 573 .00	74%	63	R 357 189.12

Personnel cost by salary band

Level	Total Expenditure for the entity(R'000)	Personnel Expenditure (Salaries) (R'000)	% of personnel exp to total personnel cost (R'000)	No of employees	Average personnel cost per employee (R'000)
Top Management	R 1 563 316.80	R 840 065.76	54%	1	R 1 563 316.80
Senior Management	R 4 390 337.71	R 3 763 523.52	86%	5	R 878 067.54
Professional Qualified	R 4 371 856.35	R 3 785 313.16	87%	3	R 1 457 285.45
Skilled	R 1 932 442.25	R 1 782 898.69	92%	17	R 113 673.07
Semi-skilled	R 5 981 082.39	R 424 5212.91	71%	21	R 284 813.44
Unskilled	R 4 263 879.50	R 2 164 558.96	51%	16	R 266 492.46
Total	R 22 502 915.00	R 16 581 573.00	73%	63	R 357 189.12

Performance Rewards

Programme	Performance Rewards	Personnel Expenditure	% of performance rewards to total personnel cost (R'000)
Top Management	-	R 1 563 316.80	0%
Senior Management	R 482 673.27	R 4 390 337.71	10.9%
Professional Qualified	R 146 484.76	R 4 371 856.35	3.3%
Skilled	R 198 245.40	R 1 932 442.25	10.25%
Semi –Skilled	R 157 912.35	R 5 981 082.39	2.6%
Unskilled	-	R 4 263 879.50	0%
Total	R 985 315.78	R 22 502 915.00	4.3%

Human Resource Management

Training cost

Business Unit	Personnel Expenditure	Training expenditure	Training expenditure as a % of personnel cost	No of employees trained	Average Training cost per employee
Corporate Services	R 5 625 728.75	R 353 476.49	6%	27	R 13 091.72
ETQA	R 3 600 466.40	R 114 092.05	3%	8	R 14 261.50
LPD	R 3 375 437.25	R 118 980.91	4%	8	R 14 872.61
SSP	R 3 825 495.55	R 209 531.02	5%	11	R 19 048.27
QMS	R 4 050 524.70	R 117 439.36	2.8%	2	R 58 719.68
Marketing and Communications	R 900 116.60	R 150 492.05	17%	3	R 50 164.01
M & E	R1 125 145.75	R 154 771.05	13.7%	4	R 38 692.76
Total	R 22 502 915.00	R 1 218 782.93	4%	63	R 19 345.76

Employment and Vacancies

Programme	2011/2012 No. of Employees	2012/2013 Approved Posts	2012/2013 No. of Employees	2012/2013 Vacancies	% of Vacancies
Top Management	1	0	1	0	0%
Senior Management	4	1	5	0	0%
Professional Qualified	3	1	3	0	0%
Skilled	11	9	17	2	10.5%
Semi - skilled	21	4	21	2	8.69%
Unskilled	5	14	16	2	11.11%
TOTAL	45	29	63	6	9%

Salary Band	Employment At beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	4	1	0	5
Professional Qualified	3	1	1	3
Skilled	11	7	1	17
Semi-skilled	21	2	2	21
Unskilled	5	12	1	16
TOTAL	45	23	5	63

Human Resource Management

Reason for staff leaving

Reason	Number	% of total no. of staff leaving to all staff members (Permanent and Temporary)
Death	0	0%
Resignation	3	4.76%
Dismissal	1	1.58%
Retirement	0	0%
Ill Health	0	0%
Expiry of Contract	1	1.58%
Retrenchment	0	0%
Total	5	7.93%

Labour Relations: Misconduct and Disciplinary Action

Reason	Number	% of total no. of all staff subjected to Labour Relations legislation to total number of Labour Relations cases for all staff members (Permanent and Temporary)
Verbal Warning	0	0%
Written Warning	5	7.93%
Final Written Warning	0	0%
Dismissals	1	1.58%

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	2	2	0	0	0	0	1	1
Professional Qualified and Mid-Management	2	3	0	0	0	0	1	1
Skilled	8	9	0	0	0	0	0	0
Semi-skilled	7	13	0	0	0	0	0	0
Unskilled	4	11	0	0	0	0	0	0
TOTAL	24	39	0	0	0	0	2	2

Human Resource Management

Equity Target and Employment Equity Status

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	1	0		0	0	0	0
Professional Qualified and Mid-Management	0	0	0	1	0	0	0	1
Skilled	6	2	1	0	1	0	1	0
Semi-skilled	13	1	1	0	0	0	0	0
Unskilled	11	0	1	0	0	1	0	0
TOTAL	32	4	3	1	1	1	1	1

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	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	0	0

The background of the page is a white canvas with several overlapping, flowing, translucent blue lines. These lines vary in opacity and thickness, creating a sense of movement and depth. They sweep across the page from the top and left towards the bottom right, with some lines curving and looping back. The overall effect is a modern, fluid, and abstract design.

PART E: Financial Information

Statement of Responsibility

for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Authority is responsible for the preparation of the public entity's annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the public entity for the financial year ended 31 March 2013. The external auditors are engaged to express an independent opinion on the AFS of the public entity.

The MICT SETA annual financial statements for the year ended 31 March 2013 have been audited by the external auditors and their report is presented on page 73.

The Annual Financial Statements of the public entity set out on page 75 to page 108 have been approved.



Oupa Mopaki
Chief Executive Officer
MICT SETA
31 August 2013



Zandile Mbele
Chairperson of the Board
MICT SETA
31 August 2013

Report of the Chief Executive Officer

for the Annual Financial Statements for the year ended 31 March 2013

Financial review of the public entity

In the year under review the SETA revenue amounted to approximately R544.6m and allocated same for budgetary purposes according to the SETA funding regulations.

The SETA has experienced a growth of 13.2% in the Skills Development Levy income for the year under review. This stems from, amongst others, a 6.4% salary growth in the sector, a 5.2% increase in levies as a result of adjustments to the prior year scheme levies and an increase in the number of employers registered with the SETA.

As such, the mandatory grant expenditure has increased in correlation to the increase in levy income.

As a result of the increased levy income, the SETA discretionary funds expenditure went up by 17.7% for the year under review.

Spending trends of the SETA

Administration expenditure is limited, by legislation, to 10% of total levies received by the SETA. SETA continues to operate well within the limit. The administration expenditure has increased by 20.2% from the prior year mainly due to an increased effort in marketing activities to increase SETA presence and improve the SETA brand, an increase in employee expenditure (as various vacant positions were filled in the current year) and a significant increase in training and staff development expenditure.

Capacity constraints and challenges facing the SETA

The SETA is well capacitated with resources and personnel, minor challenges surface periodically due to individual employees 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 or intends to discontinue any activity related to its core mandate.

New or proposed activities

The new activities are articulated in pages 5 to 12 of the SETA Annual Performance Plan 2013 – 2016.

Requests for roll over of funds

The SETA has reported a deficit of R9m in the current year, which shows that it is spending the prior year accumulated reserves and not continuing to build up excessive reserves. The SETA has reported total accumulated reserves of R237.7m. The total 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.

Report of the Chief Executive Officer

for the Annual Financial Statements for the year ended 31 March 2013

Challenges experienced and how resolved

The following challenges were experienced:

- Continuous up-skilling of staff
- Keeping up with a constant flow of new Treasury practice notes
- Continuous improvement of the capabilities of SCM personnel 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 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

On 2 April 2013, SARS informed DHET that a SARS system error had occurred resulting in the following:

- Monies belonging to the UIF were transferred as skills development levies to the SETA's from September 2012 until February 2013

- This resulted in the SETA being overpaid for 6 months
- The total amount of the error for SETA amounted to R38 million.

The SETA was affected by receiving R38 million UIF incorrectly as SDL. The financial statements have been updated accordingly and the matter was disclosed as an adjusting event after reporting period under Note 26 of the Annual Financial Statements.

Economic Viability

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

Acknowledgement/s or Appreciation

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



Oupa Mopaki
Chief Executive Officer
MICT SETA
31 March 2013

Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MEDIA, ADVERTISING, 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, Advertising, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) as set out on pages 75 to 108, which comprise the statement of financial position as at 31 March 2013, 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), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as management determines 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 2013, 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 of the Auditor-General

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

8. I performed procedures to obtain evidence of the usefulness and reliability of the information in the annual performance information report as set out on pages 35 to 44 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether objectives and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.
10. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
11. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

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

Internal control

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

Auditor General

Pretoria
31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Janine du Plessis
Financial Manager

Annual Financial Statements

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Annual Financial Statements

Statement of Financial Performance for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
REVENUE			
Skills Development Levy: income from non-exchange transactions	2	539 733	477 838
Skills Development Levy: interest from non-exchange transactions		1 714	1 986
Skills Development Levy: penalties from non-exchange transactions		3 199	1 252
National Skills Fund income	16.1	435	4 933
Donor funding income recognised	16.2	-	50
Investment income	3	16 760	16 647
Other income	4	33	100
Total revenue		561 874	502 806
EXPENSES			
Employer grant and programme expenses	5	521 566	441 827
Administration expenses	7	48 720	40 527
Finance costs	6	197	113
National Skills Fund expenses	16.1	435	4 933
Donor funding expenses	16.2	-	50
Total expenses		570 918	487 450
NET (DEFICIT)/SURPLUS FOR THE YEAR	1	(9 044)	15 356

Annual Financial Statements

Statement of Financial Position as at 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	3 303	2 520
Intangible assets	9	22	9
Total non-current assets		3 325	2 529
Current assets			
Other receivables from exchange transactions	11	1 399	723
Accounts receivable from non-exchange transactions	12	15 125	3 574
Cash and cash equivalents	13	346 860	320 684
Inventories	10	111	67
Total current assets		363 495	325 048
TOTAL ASSETS		366 820	327 577
LIABILITIES			
Non-Current liabilities			
Finance lease liability	15	1 059	1 223
Current liabilities			
Grants and transfers payable from non-exchange transactions	14.1	123 750	73 876
National skills fund received in advance	16.1	146	419
Trade and other payables from exchange transactions	14.2	2 772	3 759
Provisions	17	991	1 157
Short term portion of finance lease liability	15 & 21.3	313	310
Total current liabilities		127 972	79 521
TOTAL LIABILITIES		129 031	80 744
NET ASSETS		237 789	246 833
NET ASSETS REPRESENTED BY:			
Administration reserve		3 324	2 529
Employer grant reserve		6 447	690
Discretionary reserve		228 018	243 614
		237 789	246 833

Annual Financial Statements

Statement of Changes in net Assets for the year ended 31 March 2013

	Notes	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Total R'000
Balance at 1 April 2011		1 222	1 795	216 162	219 179
Transfer of function	20	-	-	12 298	12 298
Net surplus for the year per statement of financial performance	1	20 712	63 674	(69 030)	15 356
Excess transfer to discretionary reserve		(19 405)	(64 779)	84 184	-
Balance at 31 March 2012		2 529	690	243 614	246 833
Net surplus/(deficit) 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

Annual Financial Statements

Cash Flow Statement for the year ended 31 March 2013

	Notes	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		532 452	478 813
Levies, interest and penalties received		532 419	478 713
Other cash receipts from stakeholders		33	100
Less: Cash paid to stakeholders, suppliers and employees		(521 059)	(495 261)
Grants and project payments		(471 692)	(459 777)
Special projects		(273)	369
Compensation of employees		(22 657)	(10 380)
Payments to suppliers and other		(26 437)	(25 473)
Cash generated in operations	18	11 392	(16 448)
Investment income		16 760	16 647
Finance costs		(197)	(113)
Net cash inflow from operating activities		27 955	86
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	8 & 9	(1 779)	(1 985)
Proceeds from disposal of property, plant and equipment		-	-
Net cash outflow from investing activities		(1 779)	(1 985)
CASH FLOW FROM FINANCING ACTIVITIES			
Transfer of Functions		-	12 298
Net cash inflow from financing activities		-	12 298
Net increase in cash and cash equivalents		26 176	10 399
Cash and cash equivalents at beginning of year	13	320 684	310 285
Cash and cash equivalents at end of year	13	346 860	320 684

Annual Financial Statements

Statement of comparison of budget and actual amounts for the year ended 31 March 2013

		Final Budget 2012/13	Actual 2012/13	Favourable/ (Unfavourable) variance 2012/13
	Notes	R'000	R'000	R'000
REVENUE				
Skills Development Levy: income from non-exchange transactions	1	488 000	539 733	51 733
Skills Development Levy: interest & penalties from non-exchange transactions		-	4 913	4 913
Donor funding income recognised from non-exchange transactions		-	-	-
National Skills Fund income		-	435	435
Investment income from exchange transactions	2	14 100	16 760	2 660
Other income from exchange transactions		-	33	33
Total revenue		502 100	561 874	59 774
EXPENSES				
Employer grant and programme expenses	3	488 425	521 566	(33 141)
Administration expenses	4	56 464	48 720	7 744
Finance costs		-	197	(197)
Donor funding expenses		-	-	-
National Skills Fund expenses		-	435	(435)
Total expenses		544 889	570 918	(26 029)
NET (DEFICIT)/SURPLUS FOR THE YEAR		(42 789)	(9 044)	33 745

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

Notes to the Statement of comparison of budget and actual amounts for the year ended 31 March 2013

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 8.9%.

The increase in the levies resulted mainly from the receipt of prior scheme year levies in the current year (levy adjustments). MICT SETA has also seen an increase in the number of new employers that joined the SETA during the period.

2 Investment income

Investment income is higher than budget as a result of the 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 and programme expenditure is higher than budget due to levy income being higher than budget.

4 Administration expenses

Administration expenditure is lower than budget by 13.9 %. This is mainly due to cost savings in the following expenses categories:

Description	Approved Budget 2012/2013 R'000	Actual 2012/2013 R'000	Amount below budget R'000
Consultation fees	6 719	4 536	2 183
Marketing and advertising	4 820	3 035	1 785
Cost of employment	24 070	22 502	1 568
Computer Services	3 097	2 512	585
Equipment Rentals	700	475	225
TOTAL			6 346

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

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 fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

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

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, 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 the SETA as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

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.

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

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 50% 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 50% 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.

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.

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

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

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.

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	3.93 years
Office furniture and fittings	10 years
Office equipment	6.79 years
Leased equipment	5 years
Motor vehicles	6 years

Notes to the Annual Financial Statements for the year ended 31 March 2013

Computer software	3.90 years
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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.

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.

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

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

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

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.

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 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.

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 97 of 1998) as follows:

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

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

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:

	2012/13	2011/12
	%	%
Administration costs of the SETA	10	10
Employer Grant Fund Levy	50	50
Discretionary grants and projects	20	20
Received by the SETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

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 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

Notes to the Annual Financial Statements for the year ended 31 March 2013

1 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
Donor funding income recognised	-	-	-	-	-	-
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	-	-	-	-
Donor funding expense	-	-	-	-	-	-
Net surplus /(Deficit) per Statement of financial performance allocated	(9 044)	18 616	58 774	(86 434)	-	(86 434)

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES: 2011/2012

			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	502 806	61 352	299 043	137 428	4 983	142 411
Skills development levy: income from non-exchange transactions						
Admin levy income (10%)	61 252	61 252	-	-	-	-
Mandatory grant levy income (50%)	299 043	-	299 043	-	-	-
Discretionary grant levy income (20%)	117 543	-	-	117 543	-	117 543
Skills development levy: penalties and interest from non-exchange transactions	3 238	-	-	3 238	-	3 238
National Skills Fund income	4 933	-	-	-	4 933	4 933
Investment income	16 647	-	-	16 647	-	16 647
Donor funding income recognised	50	-	-	-	50	50
Other income	100	100	-	-	-	-
Total expenses	487 450	40 640	235 369	206 458	4 983	211 441
Administration expenses	40 527	40 527	-	-	-	-
National Skills Fund expenses	4 933	-	-	-	4 933	4 933
Employer grants and project expenses	441 827	-	235 369	206 458	-	206 458
Finance costs	113	113	-	-	-	-
Donor funding expense	50	-	-	-	50	50
Net surplus /(Deficit) per Statement of financial performance allocated	15 356	20 712	63 674	(69 030)	-	(69 030)

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

2 SKILLS DEVELOPMENT LEVY INCOME

2012/2013 R'000	2011/2012 R'000
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The total levy income per statement of financial performance is as follows:

Levy income: Administration

Levies received from the Department of Higher Education and Training	67 500	61 252
Government Levies received from the Department of Communication	67 403	60 981
InterSETA transfers in	-	225
InterSETA transfers out	102	85
	(5)	(39)

Levy income: Employer Grants

Levies received from the Department of Higher Education and Training	337 283	299 043
InterSETA transfers in	336 795	298 809
InterSETA transfers out	511	430
	(23)	(196)

Levy income: Discretionary Grants

Levies received from the Department of Higher Education and Training	134 950	117 543
InterSETA transfers in	134 755	117 450
InterSETA transfers out	204	172
	(9)	(79)

TOTAL SKILLS DEVELOPMENT LEVY INCOME

539 733	477 838
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3 INVESTMENT INCOME

Bank deposits

16 760	16 647
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4 OTHER INCOME

Other income comprises:

Graduation income	-	31
SDL mandatory grant received	33	69
	33	100

5 EMPLOYER GRANT AND PROGRAMME EXPENSES

Mandatory grants

Disbursed

Movement in provisions and accruals

Discretionary grants

Disbursed

Movement in provisions and accruals

278 509	235 369
272 935	257 535
5 574	(22 166)
243 057	206 458
230 123	205 015
12 934	1 443
521 566	441 827

6 FINANCE COSTS

Lease finance costs

197	113
197	113

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
7 ADMINISTRATION EXPENSES			
Depreciation		892	669
Loss on write-off of property, plant and equipment		50	5
Impairment losses on property, plant and equipment recognised/(reversed)		35	-
Amortisation		7	5
Operating lease rentals		4 571	3 981
Buildings		4 096	3 379
Plant, machinery and equipment		475	602
Maintenance, repairs and running costs		135	73
Advertising, marketing and promotions, communication		3 035	1 521
Entertainment expenses		50	85
Consultancy and service provider fees		4 536	4 954
Legal fees		254	329
Cost of employment	7.1	22 502	18 714
Travel and subsistence		1 720	1 595
Staff training and development		1 219	241
Remuneration to Board and Board Committees		950	508
Auditor's remuneration		2 355	2 126
External audit		1 787	1 517
Internal audit		568	609
Other		6 409	5 721
Telephone and cell phones		778	639
General Expense		3 119	2 266
IT Support		2 512	2 816
		<u>48 720</u>	<u>40 527</u>

7.1 Cost of employment

Salaries and wages	18 865	15 700
Basic salaries	16 581	12 758
Performance awards	958	1 493
Other non-pensionable allowance	1 326	1 449
Social contributions	3 140	2 130
Medical aid contributions	1 057	697
Pension contributions: defined contribution plans	1 995	1 363
UIF contributions	88	70
Leave and 13th cheque	497	884
	<u>22 502</u>	<u>18 714</u>
Average number of employees	47	41
Total number of employees at year end	45	47

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

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 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

Year ended 31 March 2012

Computer equipment	1 631	(1 207)	-	424
Office furniture and fittings	1 550	(1 336)	-	214
Office equipment	3 734	(2 097)	-	1 637
NSF Assets	14	(1)	-	13
Motor vehicles	382	(150)	-	232
Balance at end of period	7 311	(4 791)	-	2 520

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

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

Notes to the Annual Financial Statements for the year ended 31 March 2013

Movement summary 2012

	Carrying Amount 2011 R'000	Additions R'000	Depreciation Charge R'000	Disposals R'000	Write-off R'000	Carrying Amount 2012 R'000
Computer equipment	449	155	(177)	-	(3)	424
Office furniture and fittings	224	56	(64)	-	(2)	214
Office equipment	242	1 757	(362)	-	-	1 637
NSF Asset	-	14	(1)	-	-	13
Motor vehicles	296	-	(64)	-	-	232
Balance at end of period	1 211	1 982	(668)	-	(5)	2 520

Total Assets 31 March 2013

Made up as follows:

- Owned assets
- Leased assets

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

8 956 (5 653) 3 303

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

Total Assets 31 March 2012

Made up as follows:

- Owned assets
- Leased assets

7 311 (4 791) 2 520

5 563	(4 585)	978
1 748	(206)	1 542

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 (2011/12:R R3 296)

Fully depreciated assets still in use

Gross carrying value

	2012/13 R'000	2011/12 R'000
Computer equipment	1 024	1 013
Office furniture and fittings	1 119	944
Office equipment	1 828	1 824
	3 971	3 781

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

9 INTANGIBLE ASSETS

Year ended 31 March 2013

Computer software
Balance at end of period

Cost	Accumulated Amortisation	Closing Carrying Amount
R'000	R'000	R'000

41	(19)	22
41	(19)	22

Year ended 31 March 2012

Computer software
Balance at end of period

21	(12)	9
21	(12)	9

Movement summary

Computer software
Balance at end of period

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

9	20	-	(7)	-	22
9	20	-	(7)	-	22

Movement summary 2012

Computer software
Balance at end of period

Carrying Amount 2011 R'000	Additions R'000	Disposals R'000	Amortisation Charge R'000	Write-off R'000	Carrying Amount 2012 R'000
-------------------------------------	--------------------	--------------------	---------------------------------	--------------------	-------------------------------------

11	3	-	(5)	-	9
11	3	-	(5)	-	9

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

Total Assets 31 March 2013

Made up as follows:

- Owned assets
- Leased assets

Cost	Accumulated Amortisation	Closing Carrying Amount
R'000	R'000	R'000

41 (19) 22

41	(19)	22
-	-	-

Total Assets 31 March 2012

Made up as follows:

- Owned assets
- Leased assets

21 (12) 9

21	(12)	9
-	-	-

Temporarily idle assets and assets not in use

There were no intangible assets that were classified as idle and/or not in use for 2012/13 or 2011/12.

Fully depreciated assets still in use

Gross carrying value

Computer Software

2012/13
R'000

2011/12
R'000

- -

- -

10. INVENTORIES

Inventory comprises stationery and other consumables.

Note

2012/13
R'000

2011/12
R'000

111 67

11. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Prepayments and deposits

Prepayments

Deposits

1 105 687

507 115

598 572

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

Employee receivable

Sundry debtors

Interest receivable

Transfer of Function: Loan receivable from MAPPP SETA

20

4 8

204 3

86 17

- 8

1 399 723

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

12. ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

	Note	2012/13 R'000	2011/12 R'000
InterSETA debtors	23.2	885	921
National Skills Fund trade receivables		-	-
Employer Receivables		14 240	2 653
Overpayment of employer grants		2 051	2 653
UIF Project debtor		12 189	-
TOTAL ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS		15 125	3 574

13. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	51 718	47 330
Cash at bank	51 708	47 324
Cash on hand	10	6
Short term investments	295 142	273 354
Cash and cash equivalents at end of year	346 860	320 684

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% (2011/12: 5.41%).

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.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments.

There are limitations on the use of cash and cash equivalents of R 146 000 as it represents National Skills Fund (NSF) funds in advance which is to be used for specific NSF projects as per agreement.

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

		2012/13 R'000	2011/12 R'000
14. PAYABLES	Notes		
14.1 GRANT AND TRANSFERS PAYABLE FROM NON-EXCHANGE TRANSACTIONS			
Skills development grants payable - mandatory		55 823	50 249
Skills development grants payable - discretionary		29 100	16 166
InterSETA payables	23.2	449	480
DHET creditors/(UIF correction)	26	30 652	-
Total grants and transfers payable		116 024	66 895
Exempt employers payables			
Opening balance		6 981	4 538
From MAPPP SETA: Transfer of Function		-	1 239
Exempt Employer raised during current year		745	1 204
Closing balance		7 726	6 981
This balance relates to amounts to be repaid to all employers exempted from SDL (below threshold of R500 000 payroll per annum) who have however contributed.			
		123 750	73 876
14.2 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Service provider fees outstanding		2 772	3 759
		2 772	3 759
15. FINANCE LEASE LIABILITY			
Finance lease liability	21.3	1 372	1533
Less short term portion disclosed under current liabilities		(313)	(310)
Non-current Lease Liability		1 059	1 223

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

16 DONOR FUNDING INCOME RECEIVED

16.1 NATIONAL SKILLS FUND RECEIVED IN ADVANCE

Opening balance		419	-
Received during the year		162	5 352
From the NSF		153	2 243
From MAPPP SETA - Transfer of Functions	20	-	3 077
Interest received		9	32
Utilised and recognised as revenue - conditions met:		(435)	(4 933)
NSF Projects - Learnerships		(225)	(4 215)
Admin expenses		(210)	(718)
Closing balance		146	419

In the current year an amount of R 225 000 was incurred on NSF project expenses and R210 000 on NSF administration expenses. An amount of R 153 000 worth of National Skills Fund was received from the NSF for new NSF projects.

16.2 DONOR FUNDING RECEIVED IN ADVANCE

	2012/13 R'000	2011/12 R'000
Opening balance	-	50
Utilised		
Marketing expenses	-	-
Closing balance	-	50

The SETA received funds from Vodacom that were to only be utilised for expenditure relating to the technology bus or certain marketing campaigns. The balance of these funds were recognised as revenue received in advance. During the prior year expenses of R50 000 was incurred and a corresponding amount was recognised as revenue in compliance with the accounting policy. The project was completed and closed out in 2011/12.

17 PROVISIONS

	13th Cheque 2012/13	Performance Bonus 2012/13	Total 2012/13	Total 2011/12
	R'000	R'000	R'000	R'000
Opening carrying amount	108	1 047	1 157	728
Additional amount provided	429	1 107	1 536	1 459
Amounts paid out	(418)	(1 284)	(1 702)	(1 030)
Closing carrying amount	119	870	991	1 157

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.

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2013

18. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

	2012/13 R'000	"2011/12 R'000
Net surplus as per statement of financial performance	(9 044)	15 356
Adjusted for non-cash items:		
Depreciation	891	668
Amortisation	7	5
Impairment	35	
Loss on disposal/write off of property, plant and equipment	50	5
Finance costs	197	113
Increase/(decrease) in provisions	(166)	430
Relating to employment	166	(430)
Special project income recognised	-	-
Adjusted for items separately disclosed		
Investment income	(16 760)	(16 647)
Adjusted for working capital changes:		
(Increase) in receivables	(12 227)	(2 362)
(Decrease)/increase in payables	48 453	(13 976)
(Increase)/decrease in inventory	(44)	(40)
Cash (utilized) / generated by operations	11 392	(16 448)

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 R447 333 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, additional mandatory grant expenditure of R 6 445 993 (2011/12 at R 669 401) will be payable. The amount is contingent on the number of submissions received and approved.

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Notes to the Annual Financial Statements for the year ended 31 March 2013

New scheme year levies received

At the reporting date levies were received in respect of the new scheme year, for which the Skills Development legislation allows an employer until 30 June 2013 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 3 685(2011/12: R 20 500) will be payable. The amount is contingent on the number of submissions received and approved.

South African Revenue Services

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 242 840.

This is a possible obligation of which the existence will be confirmed after MICT SETA has performed a reconciliation between the EMP501's and EMP201's as to ascertain whether the amounts stated by SARS in the statement of accounts are valid.

20 TRANSFER OF FUNCTION

"The Minister of Higher Education and Training announced the dismembership of MAPPP SETA on 1 April 2011. The media, advertising and broadcasting sub-sectors were assigned to ISETT SETA and ISETT changed its name to MICT SETA. This resulted in ISETT taking over typical SETA responsibilities for various employer companies that previously resided with MAPPP SETA. The transfer date has been determined as 1 April 2011. MICT SETA has early adopted GRAP 105 and has accounted for the transfer of function in accordance with this statement.

There is no impact for the 2012/13 financial year

The impact of the transfer of function was as follows for the 2011/2012 year:

	2011/12 R'000
Increase in Loan Receivable **	16 622
Increase in interSETA debtors	4
Increase in interSETA creditors	(14)
Increase in employee receivables	2
Increase in grants and transfers payable from non-exchange transactions	(1 239)
Increase in NSF received in advance	(3 077)
Increase in Accumulated Surplus: 1 April 2011	12 298

** This amount represented the amount receivable from MAPPP SETA as at 1 April 2011. The Amount was used to finance the liabilities and open commitments assumed from MAPPP SETA. The loan has been repaid in full.

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Notes to the Annual Financial Statements for the year ended 31 March 2013

21. COMMITMENTS

21.1 Discretionary reserve

Of the balance of R 228 018 (2011/12: R243 614 000) available in the discretionary reserve at the end of 31 March 2013, R285 167 000

(2011/12: R221 796 000) has been approved and committed for future projects and skills priorities as set out below.

		Opening Balance	Transfer of function	Project Write-Backs	New Projects Approved	Utilised	Closing Balance
2012/13	NSDS III Target	R'000	R'000	R'000	R'000	R'000	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
Building career and vocational guidance	4.8	-	-	-	-	-	-
Total		221 796	-	(37 820)	344 248	(243 057)	285 167

Discretionary reserve continued

		Opening Balance	Transfer of function	Project Write-Backs	New Projects Approved	Utilised	Closing Balance
2011/12	NSDS III Target	R'000	R'000	R'000	R'000	R'000	R'000
Approved by Accounting Authority 2009/2010							
Increasing access to occupationally directed programmes	4.2	180 423	3 828	-	52 642	(90 052)	146 841
Promoting the growth of Public FET College system	4.3	150	6 487	-	9 698	(7 759)	8 576
Addressing the low level of language and numeracy skills	4.4	20 255	1 380	-	146 179	(105 215)	62 599
Small enterprises, worker initiated, NGO and community training	4.6	6 179	-	-	1 033	(3 432)	3 780
Total		207 007	11 695	-	209 552	(206 458)	221 796

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Notes to the Annual Financial Statements for the year ended 31 March 2013

21.2 Operating Leases commitments

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

Not later than one year

Later than one year and not later than five years

2012/13 R'000	2011/12 R'000
3 420	2 345
8 650	6 693
<u>12 070</u>	<u>9 038</u>

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

21.3 Finance Lease commitments

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

Note	Present Value R'000	Interest R'000	Payment R'000
Due not later than one year (current liabilities)	313	105	418
Due later than one year and not later than five years (non current liabilities)	1 059	124	1 183
15	<u>1 372</u>	<u>229</u>	<u>1 601</u>

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.

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Notes to the Annual Financial Statements for the year ended 31 March 2013

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

Floating rate		Non-interest bearing		"Total"
Amount R'000	Effective interest rate	Amount R'000	Weighted average period until maturity in years	R'000

Year ended 31 March 2013

Assets

Cash	346 850	4.89%	10		346 860
Accounts receivable	4	0.00%	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

Year ended 31 March 2012

Assets

Cash	320 678	5.41%	6		320 684
Accounts receivable	7	12.5%	687	0.08 years	694
Total financial assets	320 685	5.41%	693		321 378

Liabilities

Accounts payable	-		3 759	0.08 years	3 759
Total financial liabilities	-		3 759		3 759
	320 685		(3 066)		317 619

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.

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.

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Notes to the Annual Financial Statements for the year ended 31 March 2013

The ageing of other receivables from exchange transactions:

	2012/13	2011/12
Not past due	1 105	687
Past due 0 - 30 days	-	-
Past due 31 - 120 days	-	-
Past due 120 - 365 days	-	-
More than one year	-	-

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

2012/13	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other Payables from exchange transactions	(2 772)	(2 772)	(2 772)	-	-	-

2011/12	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other Payables from exchange transactions	(3 759)	(3 759)	(3 759)	-	-	-

Liquidity Risk

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.

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.

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Notes to the Annual Financial Statements for the year ended 31 March 2013

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.

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.

There were transactions relating to revenue with the Department of Communication in the prior year

There is 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 R38.8 million (note 14.1)

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.

	Note	2012/13 R'000		2011/12 R'000	
		Amount of the transaction	Amount receivable / (payable)	Amount of the transaction	Amount receivable / (payable)
Receivables		587	885	913	921
W&RSETA		19	-	3	1
SERVICES SETA		(38)	468	300	506
MERSETA		2	2	-	-
HWSETA		-	55	51	55
FASSET		22	-	1	-
FP&M SETA		372	-	-	-
CATHSSETA		203	-	-	-
CETA		-	3	(2)	3
LG SETA		-	-	10	-
CHIETA		-	6	(2)	6
THETA		-	-	(1)	-
EDTP		2	-	-	-
MAPPP SETA		-	149	135	149
Unallocated		-	33	29	33
MQA SETA		-	164	164	164
Department of Communications	2	-	-	225	-
From MAPPP SETA: Transfer of Function	20	5	5	-	4

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Notes to the Annual Financial Statements for the year ended 31 March 2013

Note	2012/13 R'000		2011/12 R'000	
	Amount of the transaction	Amount receivable / (payable)	Amount of the transaction	Amount receivable / (payable)
Payables	(49)	449	314	480
CATHSSETA	(1)	1	-	-
SASSETA	-	-	-	-
SERVICES SETA	43	54	44	97
FP&M SETA	(51)	21	20	20
Agri SETA	-	-	-	8
INSETA	-	67	62	67
W&RSETA	-	104	97	104
EDTP	(9)	-	-	-
CETA	-	15	15	15
Bank SETA	-	144	144	144
MERSETA	(20)	29	(1)	9
MAPPP SETA	-	-	(5)	-
Unallocated	2	-	(62)	2
From MAPPP SETA: Transfer of Function	20	(13)	-	14
Net Total	636	436	599	441

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

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:

	2012/13 R'000	2011/12 R'000
Aggregate remuneration	950	441
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:

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	2012/13 R'000	2011/12 R'000
Aggregate remuneration	6 808	5 350
Number of persons	6	5

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.

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.

Type of transaction	2012/13 R'000	2012/13 R'000	2011/12 R'000	2011/12 R'000
	Transactions during the year	Amount Payable	Transactions for the year	Amount Payable
Telkom				
M Mooko	Mandatory Grant	33 629	-	40 070
	Discretionary Grant	-	-	782
Total		33 629	-	40 852
Media Development and Diversity Agency				
L Mtimde	Mandatory Grant	-	-	-
	Discretionary Grant	900	900	-
Total		900	900	-
Bytes Technology Group				
A Rabie	Mandatory Grant	3 798	-	-
	Discretionary Grant	-	-	-
Total		3 798	-	-
Primedia				
K Mochaba	Mandatory Grant	1 105	-	-
Total		1 105	-	-
Communication Workers Union				
G Robberts, M Mooko	Discretionary Grant	-	-	1 566
Total		-	-	1 566
National Association of Broadcasters				
K Mochaba	Mandatory Grant	-	-	820
Total		-	-	820

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

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

To the best of our knowledge no material losses through criminal conduct and fruitless and wasteful expenditure occurred during the year ended 31 March 2013.

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

Irregular expenditure was identified in the current year amounting to R40 000.

	2012/13 R'000	2011/12 R'000
Opening balance	2 240	2 240
Irregular expenditure incurred	40	-
Irregular expenditure condoned	-	-
Irregular expenditure awaiting condonement	2 280	2 240

Irregular expenditure Opening Balance: 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 prior and current year and MICT SETA is awaiting their response.

Irregular Expenditure Incurred in the current year: Insufficient SCM supporting documentation

In the current year the irregular expenditure amounting to R40 000 was identified due to the following:

Procurement amounting to R15 000 made without obtaining the required SBD4 form and

Procurement amounting to R25 000 made without performing the required a needs assessment and without preparing the required evaluation sheet.

The SCM specialist involved was issued with a final written warning and has since resigned.

A request for condonation will be prepared and sent to National Treasury.

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25. New accounting pronouncements affected in the current year

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SETA and may have an impact on future financial statements.

		Effective date
Related party	GRAP 20	Not yet Effective

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

GRAP 20: Related party

This standard prescribes the disclosure of information relevant to draw attention to the possibility that the SETAs 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.

		Effective date, commencing on or after
Segment Reporting	GRAP 18	Not yet Effective
Transfer of Function between Entities Under Common Control	GRAP 105	Not yet Effective
Transfer of Function between Entities Not Under Common Control	GRAP 106	Not yet Effective
Mergers	GRAP 107	Not yet Effective

26. Events after balance sheet date

During April 2013, the Department of Higher Education and Training informed MICT SETA that UIF contributions were incorrectly paid out as SDL levies for the period 1 Sep 2012 - 28 Feb 2013. This was an adjusting event after balance sheet date that affected the 31 March 2013 Financial year end and was therefore, adjusted accordingly.

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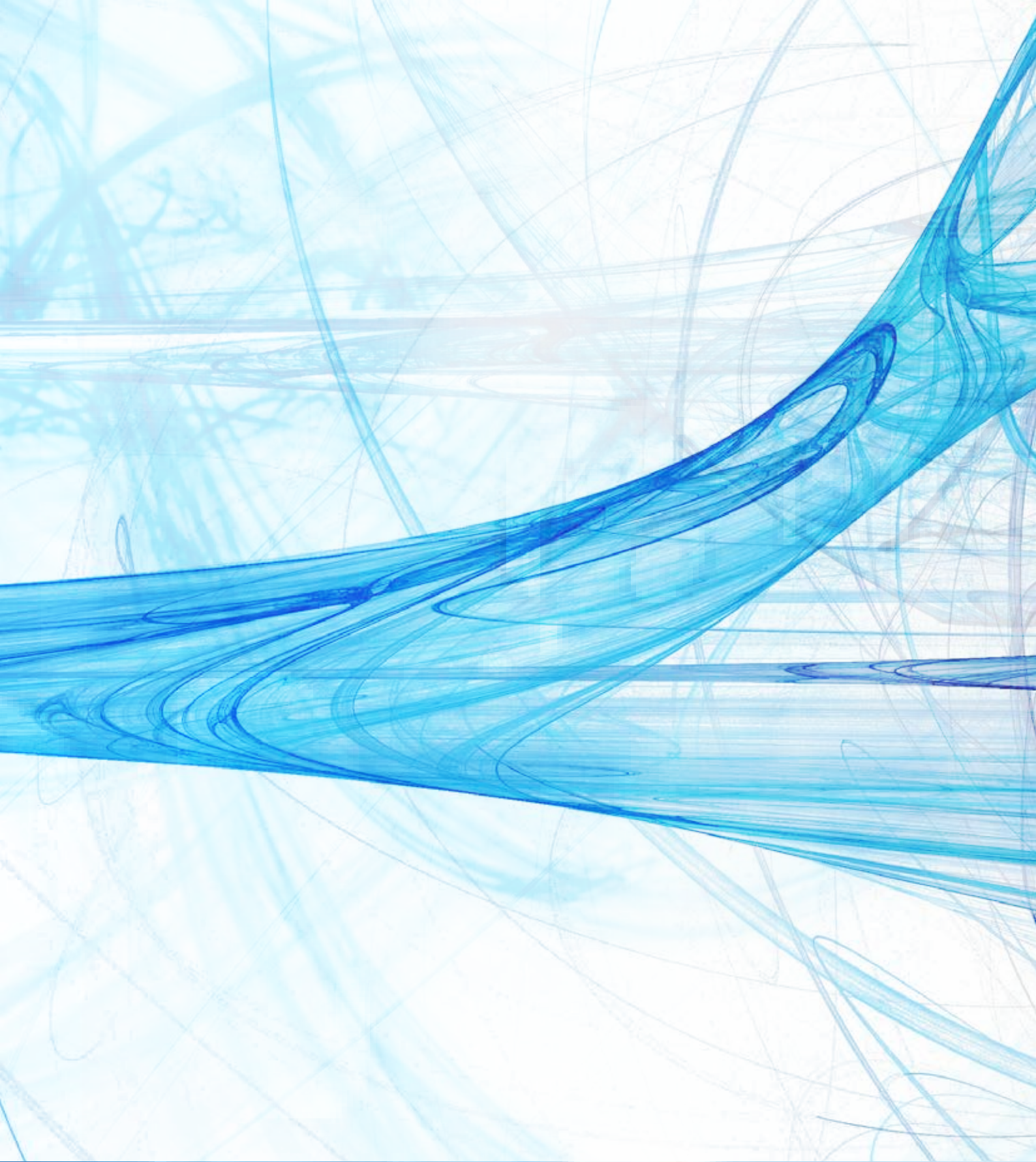
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