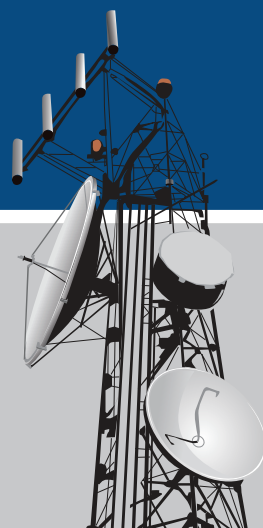
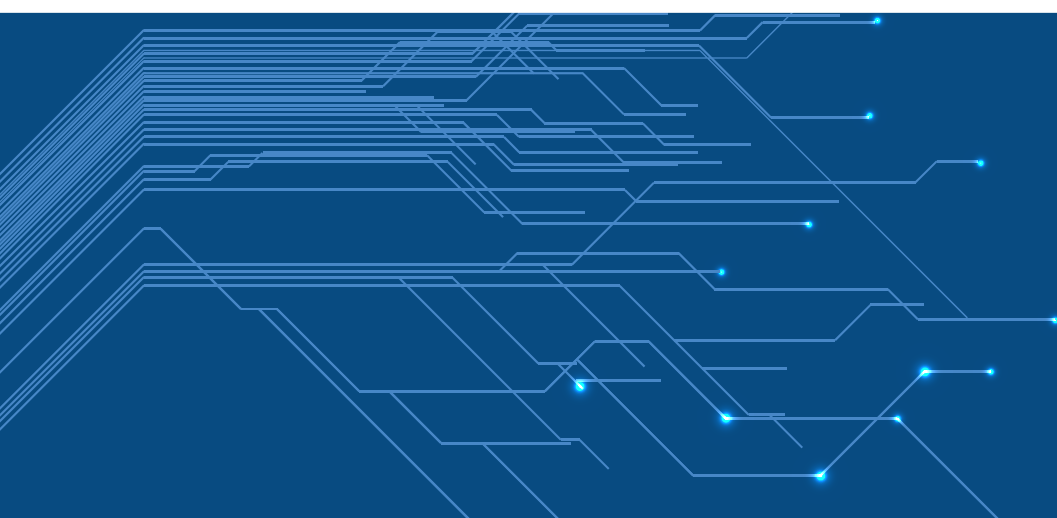


ANNUAL REPORT

mictseta
2014 | 2015
FINANCIAL YEAR



mictseta

Media, Information and Communication Technologies
Sector Education and Training Authority

Accelerating quality skills towards an information savvy society



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Part A

General Information



1. Public Entity's **General Information**

REGISTERED NAME:	Media, Information and Communication Technologies Sector Education and Training Authority
REGISTRATION NUMBER:	SETA number 12
PHYSICAL ADDRESS:	Block 2, Level 3, West Wing, Gallagher Convention Centre, 19 Richards Drive, Midrand
POSTAL ADDRESS:	PO Box 5585 Halfway House 1685
TELEPHONE NUMBER:	+27 11 207 2600/3
FAX NUMBER:	+27 11 805 6833
EMAIL ADDRESS:	info@mict.org.za
WEBSITE ADDRESS:	www.mict.org.za or www.mictseta.net.za
EXTERNAL AUDITORS:	The Auditor-General, 300 Middel Street, New Muckleneuk, Pretoria, South Africa
BANKERS:	Rand Merchant Bank Merchant Place, Cnr Fredman Dr & Rivonia Rd, Sandton, 2196 Investec 100 Grayston Drive, Sandown, Sandton, 2196 South African Reserve Bank of SA (CPD) PO Box 427, Pretoria, 0001 First National Bank Carlswald, Postnet Suite 94 Private Bag X121, Halfway House, 1685 First National Bank Enterprise Road, FNB Building, 2nd Floor, Fairland, 2170
BOARD SECRETARY:	Ms. Tania Vorster

2. List of **Abbreviations/Acronyms**

ACFE	Association of Certified Fraud Examiners
AET	Adult Education & Training (Previously known as ABET)
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AR	Annual Report
ARC	Audit and Risk Committee
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CEPD	Centre for Education Policy Development
CFO	Chief Financial Officer
CGICTPF	Corporate Governance of Information and Communication Technology Policy Framework
CWU	Communication Workers' Union
DG	Discretionary Grants
DHET	Department of Higher Education and Training (Republic of South Africa)
DoC	Department of Communications (Republic of South Africa)
DoL	Department of Labour
DPSA	Department of Public Service and Administration
ECITI	Eastern Cape Information Technology Initiative
ERP	Enterprise Resource Planning
ETDP	Education, Training and Development Practices
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FET	Further Education and Training (Private and Public Training Colleges)
FINREMCO	Finance and Remuneration Committee
FVTPL	Fair Value Through Profit or Loss
GAAP	Generally Accepted Accounting Principles
GRAP	Generally Recognised Accounting Principles
HET	Higher Education and Training
HR	Human Resources
HRD	Human Resource Development
ICT	Information and Communication Technologies
IITPSA	Institute of Information Technology Professionals South Africa
IIA, SA	Institute of Internal Auditors South Africa
IPAP	Industrial Policy Action Plan
IRBA	Independent Regulatory Board for Auditors
ISOE	Institute of Sectoral or Occupational Excellence
IT	Information Technology





2. List of **Abbreviations/Acronyms** *(continued)*

ITA	Information Technology Association
JCSE	Johannesburg Centre for Software Engineering
KCSDT	KwaBheca Community Support Development Trust
LPD	Learning Programmes Division
MICT	Media, Information and Communication Technologies
MITSDF	Media and Information Technology Skills Development Forum
MTSF	Medium Term Strategic Framework
MVEET	Mvenyana Education Trust
NAB	National Association of Broadcasters
NCRF	National Community Radio Forum
NDP	National Development Plan
NGO	Non-Governmental Organisation
NLP	Non-Levy Paying
NGP	New Growth Plan
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
NQF	National Qualifications Framework
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning Programme
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management Systems
SACF	South African Communications Forum
SAICA	South African Institute of Chartered Accountants
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SCM	Supply Chain Management
SDA	Skills Development Act
SDF	Skills Development Facilitator
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training (previously known as FET colleges)
UIF	Unemployment Insurance Fund
WSP	Workplace Skills Plan



◀◀◀ **Mr. Sipho J. Mjwara,**
Chairperson

3. Foreword by the **Chairperson**

The Honourable Minister, Dr. Bonginkosi Nzimande,

It is with great pleasure that we present to you the Annual Report of the MICT SETA for the period 1 April 2014 to 31 March 2015. We would like to thank you and your dedicated team within the Ministry for the support we have received during the performance period under review and look forward to a new financial year with new and improved targets.

Once again, the MICT SETA received an unqualified audit report with no material findings. This demonstrates that the governance structures, management and staff continue to ensure that the organisation complies with applicable legislation and delivers on its mandate. A clean PFMA Audit Report once again confirms the MICT SETA's commitment to its values of professionalism, ethics and accountability, with its focus on achieving the NSDS III objectives by way of the imperatives of good governance.

The MICT SETA has in the year under review managed to achieve its strategic goals as articulated in the MICT SETA Strategic Plan Document 2014-2019 and the Annual Performance Plan 2014-2017. The MICT SETA continues to expand its footprint around the country, thereby creating learning opportunities for learners even in far flung and rural areas.

The MICT SETA has built strategic relationships with the employer and labour organisations, universities, TVET Colleges, research institutions and rural communities to advance the objectives of post-school education and training.

With fully constituted Board and Sub-committees MICT SETA is now able to affect proper decision making and governance within the organisation.

The biggest challenge facing the Board and the ICT sector (ICTs) is determining how to respond to the changing national and global developments that are fuelled by the adoption and use of the ICTs, impacting on how countries compete, how we as citizens participate in socio economic activities and how services are delivered by the public, private and community sectors. The ICTs has emerged as the biggest differentiator impacting on all social and economic aspects.

Government has responded to this changing reality by publishing a series of policies that now must be translated into concrete programmes so that South Africa may experience the growth targets that have been set. The MICT SETA is pivotal in creating the necessary human infrastructure to make this possible. The question to be answered is whether the programmes of the MICT SETA measure up to this challenge? In the coming reporting period we would like to have views of all stakeholders and interested parties on this critical challenge.





3. Foreword by the **Chairperson** *(continued)*

We made some progress with the issue of providing skills development in a manner that spreads service provision to reach those not reached before by our programmes. Providing training opportunities in ICTs to rural areas and in significant numbers is still a challenge. We have adopted a rural focus that we hope in the medium term will spread the training opportunities to more rural areas so as to integrate service provision to reach all deserving South Africans. We would also appeal once more to whoever is willing to partner with the MICT SETA in addressing the challenges of providing skills development and training in rural areas to engage with us so that mutual strategies can be canvassed.

Skills shortages are rated as one of the most important factors hindering the success and sustainability of companies within the MICT sector. In the medium term, the MICT SETA endeavours to be an important contributor in supporting the growth of small, medium and micro enterprises through skills development, improving access to quality and occupationally directed programmes, ensuring that a pool of talent, especially at professional and managerial levels is created. This will involve co-planning with other relevant stakeholders and establishing cross-sectoral partnerships relevant to the sector. All indications are that the MICT sector is well positioned to contribute increasingly to the Gross Domestic Product (GDP) of South Africa as well as to growth in employment.

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

During the period under review, there were two resignations from the Accounting Authority/Board. On behalf of the Accounting Authority/Board, I would like to thank Messrs Thabo Mogalane and Adam Rabie for their dedication and hard work. I would also like to extend the Board’s gratitude to the Chair of the Audit and Risk Committee, Mr Abel Dlamini, for the services performed during his tenure. My gratitude also goes out to my fellow Board members and the members of the Board Committees for their commitment and valuable contributions over the past year.

Finally I extend my thanks and appreciation to Mr Oupa Mopaki, the CEO, his management team and staff for their competent and focused hard work, which resulted in another successful year. As an Organisation we have set a very high standard and shall continue to do so.

In conclusion I would like to encourage stakeholders in the sector to attend the annual MICT SETA presentation of the Annual Report, which provides a wonderful opportunity to not only engage with fellow stakeholders, but serves as a platform for stakeholders to raise issues, concerns or questions.

Thank you

Chairperson of the Accounting Authority/Board

Mr. Siphon J. Mjwara

29 July 2015



◀◀◀ **Mr. Oupa Mopaki,**
Chief Executive Officer

4. Chief Executive Officer's **Overview**

Financial review of the public entity

In the year under review the SETA revenue amounted to approximately R675.2m and allocated same for budgetary purposes according to the SETA funding regulations.

The SETA has experienced a growth of 10.09% in Skills Development Levy income (including interest and penalties) for the year under review. This stems from, amongst others, annual salary growth in the sector and an increase in the number of employers registered with the SETA.

As a result of a decrease in the mandatory grant pay-out percentage, the mandatory grant expenditure has decreased by 19.10%.

The discretionary grant expenditure increased significantly by 92.87% due to an increase in the levy income received for the year.

Spending trends of the SETA

Administration expenditure is limited, by legislation, to 10.5% of total levies received by the SETA. The SETA continues to operate well within this limit. 0.5% of the administration income has also been transferred over to the QCTO as required by legislation. The administration expenditure has increased by 7.65% from the prior year mainly due to assurance services as obtained from the external audit function; an increase in employee expenditure (as various vacant positions were filled in the current year) and a significant increase in training and employee development expenditure.

Capacity constraints and challenges facing the SETA

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

Discontinued activities / activities to be discontinued

The SETA has not discontinued in the recent past, nor intends to discontinue any activity related to its core mandate. There is however uncertainty regarding the MICT Seta's license renewal beyond 31 March 2016. The MICT Seta is awaiting communication in this regard.

New or proposed activities

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

The new activities are articulated on pages 10 – 17 of the SETA Annual Performance Plan 2014-2017.

Requests for roll over of funds

The SETA has reported a surplus of R19.8m in the current year. The SETA has reported total accumulated reserves of R367.4m. The entire





4. Chief Executive Officer's **Overview** *(continued)*

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 unsolicited bid proposals for the year under review has been concluded.

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

SCM processes and systems in place

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

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

Challenges experienced and how resolved

- Continuous upskilling of employees
- Keeping up with a constant flow of new Treasury practice notes
- Continuous improvement of the capabilities of SCM employees and processes through the following:
 - Training of employees
 - Coaching and mentoring
 - Performance management and reviews
 - Continuous review of policies and procedures

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

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

Plans to address financial challenges

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

Events after the reporting date

There were no events after the reporting date that came to the attention of the SETA and required adjustments to the financial statements as at 31 March 2015.

Economic Viability

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

Appreciation

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

Thank you

Chief Executive Officer

Mr. Oupa Mopaki

29 July 2015

5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report for the Year ended 31 March 2015

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

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines as issued by National Treasury.

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


The Accounting Authority/Board is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority/Board is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The Auditor-General is engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the organisation, for the financial year ended 31 March 2015.

Yours Sincerely



Chairperson of the Accounting Authority/Board

Mr. Sipho J. Mjwara

29 July 2015



Chief Executive Officer

Mr. Oupa Mopaki

29 July 2015



6. Strategic **Overview**

1

Vision

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

2

Mission

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

3

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; and
- 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.

7. Legislative and **Other Mandates**

The MICT SETA is established in terms of the Skills Development Act, 1998 (Act No. 97 of 1998). Moreover, the MICT SETA operates within the following legislative mandates:

7.1. Constitutional mandates

The sections within the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) that guide the operations of the MICT SETA 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 peoples' needs, the citizens are encouraged to participate in policy-making; and
- Rendering an accountable, transparent, and development-oriented administration.

7.2. Legislative Mandates

- Skills Development Act 1998 (Act No. 97 of 1998) as amended;
- Skills Development Levies Act, 1999 (Act No. 09 of 1999);
- Regulations published in the Government Gazette, No. 35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters;
- The National Qualifications Framework Act, (Act No. 67 of 2008);
- Public Finance Management Act (Act No. 29 of 1999); and

- Employment Equity Act, 1998 (Act No. 55, 1998).

7.3. The Other Legislative Frameworks Include:

- Human Resources Development Strategy of South Africa, 18 March 2009;
- National Skills Development Strategy (NSDS III) 2011/2012 – 2015/2016; and
- Medium Term Strategic Framework (2009 – 2014).

In developing the MICT SETA Annual Performance Plan, the following government priorities were taken into consideration:

- National Development Plan (NDP);
- The Medium Term Strategic Framework (MTSF);
- Human Resources Development Strategy;
- New Growth Path (NGP);
- Industrial Policy Action Plan (IPAP);
- National Skills Accord;
- Strategic Integrated Projects;
- Comprehensive Rural Development Programme; and
- Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF).





7. Legislative and **Other Mandates** *(continued)*

These Government policy frameworks and programmes have one objective in common, and that is addressing the triple ills of inequality, poverty and unemployment. These policies provide good guidelines and frameworks for the MICT SETA to work within, therefore, the MICT SETA considered these frameworks and employed them as the basis in developing its Annual Performance Plan.

7.4. 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 Skills Development Act, No. 97 of 1998;

- Promote the national standard established in terms of section 30B of the Skills Development Act, No. 97 of 1998;
- Submit budgets, reports and financial information that are required in terms of the Public Finance Management Act, No. 29 of 1999 to the Director-General of the Department of Higher Education and Training; and
- 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; and
 - perform any duties imposed by the Act and to actively pursue concrete measures to achieve the objectives of the Act.

7.5. Relevant Court Rulings

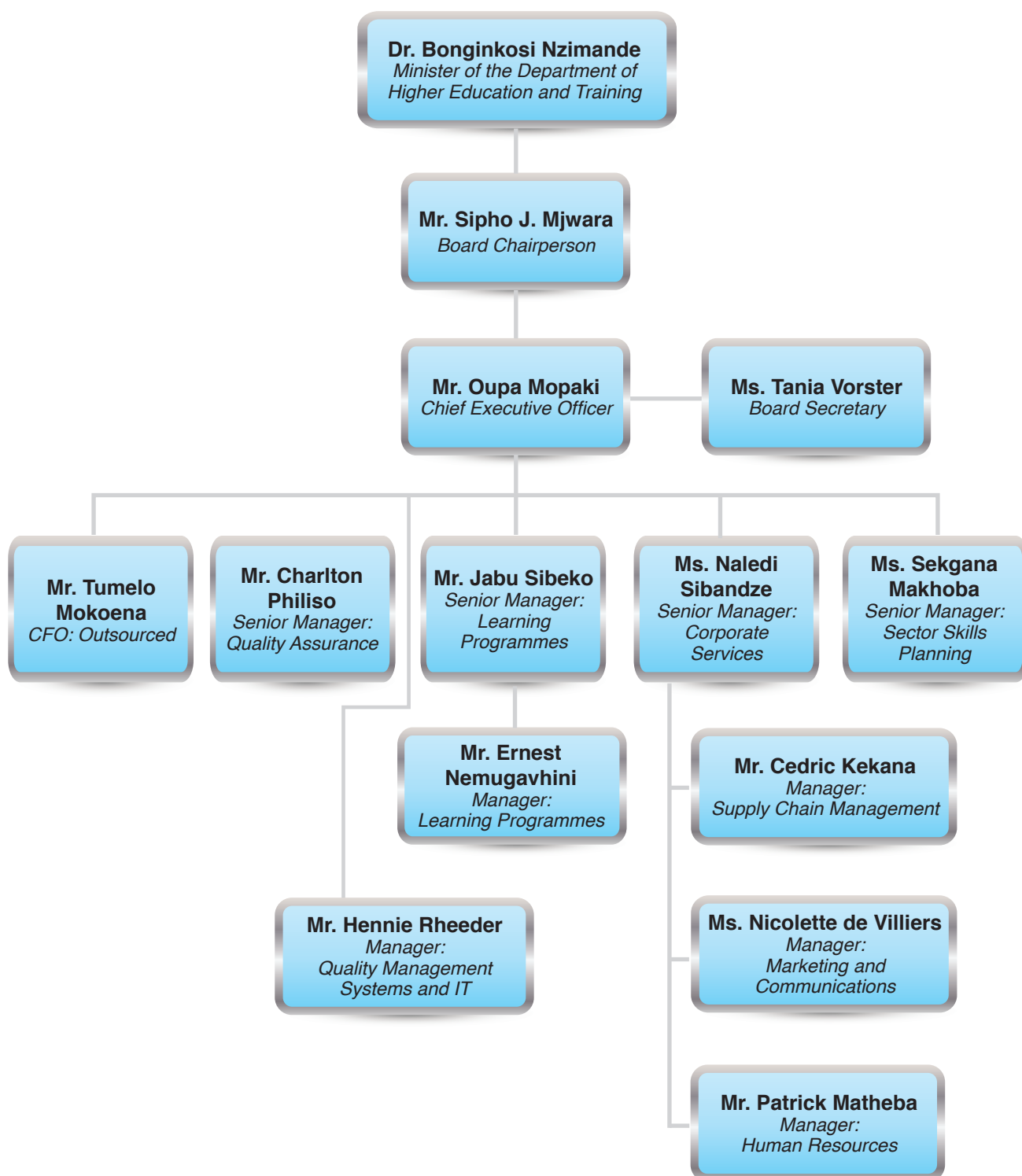
Not applicable.

7.6 Planned Policy Initiatives

Not applicable.

These Legislative Mandates provide guidelines and frameworks for the MICT SETA to work within.

8. Organisational Structure





Organisational **Structure** *(continued)*

Management Team



Back from left to right: Mr. Hennie Rheeder, Mr. Tumelo Mokoena, Mr. Ernest Nemugavhini, Mr Charlton Philiso, Ms. Nicolette de Villiers, Mr. Jabu Sibeko

Front from left to right: Ms. Sekgana Makhoba, Mr. Oupa Mopaki, Ms. Naledi Sibandze, Ms. Tania Vorster

Part B

Performance Information

1. Auditor's Report: **Predetermined Objectives**

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

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

Refer to pages 66-67 of the Auditor-General's Report, published as Part E: Financial Information.

2. Situational **Analysis**

2.1 Service Delivery Environment

The Media, Information and Communication Technologies Sector Education and Training Authority, known as the MICT SETA, was established in terms of the Skills Development Act, No. 97 of 1998 and is responsible for skills development within the Advertising, Film and Electronic Media, Electronics, Information Technology and Telecommunications sub-sectors. These sub-sectors are varied but interconnected, their products and services complement each other.

The MICT sector comprises 193 large, 348 medium and 4 169 small levy-paying companies. The number of employees within these levy-paying companies was estimated at 146 770 in 2014/2015. The Information Technology sub-sector employs 60 552, Telecommunications 47 083, Electronics 21 266, Film and Electronic Media 10 284 and Advertising 7 585 employees. The MICT SETA is defined according to Government Notice, No. 33756; published in the Government Gazette, dated 11 November 2010, in terms of the following Standard Industrial Classification (SIC) Codes:

The MICT SETA SIC Codes

SIC Code	Description
35791	Manufacture of Alarm Systems
75200	Telecommunication
75201	Wired Telecommunication Carriers Telegraph
75202	Television Broadcasting, Television and Radio Signal Distribution
75203	Cable Networks and Programme Distribution; Cable TV Services
75204	Telephone

SIC Code	Description
75205	Wireless Telecommunication Carriers except Satellite Radiotelephone
75209	Television Broadcasting
75211	Telecommunications and Wired Telecommunication Carriers
75212	Paging
75213	Cellular and Other Wireless Telecommunications
75214	Satellite Telecommunications

SIC Code	Description
75215	Other Telecommunications
75216	Security Systems Services except Locksmiths
75217	Office Automation, Office Machinery and Equipment Rental Leasing including Installation and Maintenance
86001	Software Publishers Prepacked Software
86002	Computer Systems Design and Related Services; Computer Integrated Design
86003	Computer Facilities Management Services
86004	Electronic and Precision Equipment Repair and Maintenance; Computer Maintenance and Repairs
86005	Computer Rental and Leasing
86006	Computer Programming Services
86007	Other Computer Related Activities
86008	Call Centre Systems Development and Installations Activities; Call Centre and Customer Relationship Management System Development
86009	Computer System Design Services and Integrated Solutions
86010	Consumer Electronics Repair and Maintenance
86011	Computer and Office Machine Repair, Maintenance and Support Services
86012	Communication Equipment Repair and Maintenance
86013	Other Electronic and Precision Equipment Repair and Maintenance

SIC Code	Description
86014	Repair and Maintenance of Electronic Marine Equipment
87142	Research and Development of Electronic Equipment and Systems
87143	Import and Product Integration of Pre-Manufactured Electronic IT and Telecommunications Equipment
87146	Research and Development In The Physical and Engineering Sciences
87147	Electronics Importation and Product Integration of Pre-Manufactured Electronics, IT and Telecommunications Equipment
87148	Telecommunications Importation and Product Integration of Pre-Manufactured Electronics, IT and Telecommunications Equipment
96131	Providing Radio and Television Transmission Signals
96133	Installation, Maintenance and Repair of Tracking Devices For Cars
96110	Motion Picture and Video Production and Distribution
96112	Related Activities - Film and Tape Renting to other Industries, Booking, Delivery and Storage
96113	Film and Video Reproduction
96123	Bioscope Cafes
96132	Production and Broadcast of Radio and Television Broadcast Content
96200	News Agency Activities
88310	Advertising
88311	Activities of Advertising Agents
88313	Commercial Design
88940	Photographic Activities

Source: Government Notice, No. 33756, Government Gazette, 11 November 2010





2. Situational **Analysis** *(continued)*

MICT SETA overall performance

Some of the critical demand areas cited by the MICT sector include stricter control and provision of quality education and training at grass roots level (especially in rural areas). Though the MICT SETA does make some essential contribution in this area, this is an area that could be addressed mainly and effectively by the Department of Basic Education. There is a demand for support through funding upliftment and bridging programmes. The MICT SETA SSP records the demand to determine the correct entry level requirements that fit the job and the entry level standards. Furthermore, there is a demand for provision of more funding so that employers can host learners, without employers having to pay expensive learners' salaries, transport and food expenses while they are not yet fully productive.

A number of points were raised regarding access to the skills in demand and to progress further in the MICT Sector, which if addressed, would assist with succession planning and progression. These included continued up-skilling, courses and refresher courses in new technologies. Above average language and writing skills, excellent presentation skills and good writing abilities and bridging programmes were consistently cited as critical for progressing within the Sector. Industry experts cite, as critical, the need to acquire the necessary workplace experience through targeted mentorship and coaching programmes offered to new entrants (learners), by industry.

Business acumen and fast-tracked targeted programmes for specialist and managerial roles are critical and could assist the MICT Sector particularly, to address equity and transformation by targeting Previously Disadvantaged Individuals. Provision of proper career pathing and

development frameworks is vital and could assist industry in managing the entry-level learners' expectations. The demand for suitably qualified and skilled middle and higher management candidates and specialists exceeds the supply, making these candidates expensive. The MICT SETA cooperation with industry professional bodies in the provision of professional qualifications for the working practitioner, is required.

Challenges encountered

There are several challenges that are cited by the MICT Sector, the starting point and root-cause is the poor matric results. This could be addressed through provision of post-matric bridging programmes which could lead to better access to the MICT SETA tertiary programmes, facilitating access into the MICT Sector. In addition, some MICT SETA employers find it difficult to find really competent and talented candidates to employ. As a result they have to invest tremendous resources towards self- and in-house training to fill this gap. Other challenges include a shortage of competent practitioners, which result in posts being filled with inadequately skilled employees and improving equity within the MICT Sector.

There is a perception that there are poor levels of education, resulting in lack of requisite skills in general. [This is mainly attributed to Black candidates and women in general, due the historical inequities]. Extreme commitment and concerted efforts from both the sector and the MICT SETA, will have to be applied in this area if these inequities are to be resolved. The MICT SETA will support the MICT Sector in addressing skills shortages through focused and targeted programmes by creating a pool of quality equity candidates. Other challenges include



inadequate communication of sectoral skills development requirements by the sector itself. Since the individual programmes are designed to address the needs of the sector, it is essential that the MICT Sector cooperate and partner with the MICT SETA in developing the requisite programmes.

The MICT SSP records that some of the critical demand areas include; stricter control and provision of quality education and training through partnerships, with respective employers and government (more especially in townships and rural areas). There is a requirement to review the current and develop new qualifications that address industry scarce and critical skills. Vendor specific programmes need to be aligned to the registered qualifications of the NQF as they have remained in demand. Furthermore, there is a need for bridging programmes to allow learners entry into institutions of higher learning.

There is a critical requirement to acquire the necessary workplace experience by offering new entrants (learners) targeted mentorship and coaching programmes by industry experts. The demand for suitably qualified and skilled middle and higher management candidates and specialists exceeds supply, making these candidates expensive. Business acumen and fast-tracked targeted programmes for specialist and managerial roles are critical and commitment and concerted effort from both the sector and the MICT SETA, is of high importance. This could assist the sector in addressing equity and transformation by supporting skills development that targets previously disadvantaged individuals.

The MICT SETA will cooperate with industry professional bodies to provide professional qualifications to the working practitioner demand.

The areas above, address scarce and critical skills and the MICT SETA will collaborate with the sector to address skills shortages through focused and targeted PIVOTAL programmes. Employers need to be supported to enable them to host learners without incurring additional costs.

Significant developments

The speed at which technology changes, is the major shape-shifter in the MICT sector. Improvements in technology have had contradictory implications. On the one hand, technology has made some jobs redundant but it has also increased access to ICTs across the population and opened up opportunities for new applications. The shift to electronic and digital media continues to have immense impact on the sector, increasing the demand for expertise in ICT programming, mobile technology and for cyber security.

Training can play an important role in smoothing the process, safeguarding employment and in some cases expanding employment and small business opportunities. Against this backdrop, vendor programmes continue to be popular choices for short-term training and upskilling. To respond to the persistent demands for vendor certificates, the MICT SETA has started mapping these programmes against the unit standards of existing NQF qualifications. For the MICT SETA, the challenge is to balance servicing the scarce and PIVOTAL skills, without having an impact on the e-skills of a bigger population.





2. Situational **Analysis** *(continued)*

2.2 Organisational environment

The MICT SETA is governed by a representative Board and its sub-committees which provide strategic direction to the organisation. The MICT SETA has a staff compliment of 74 employees to deliver on its mandate. The MICT SETA signed a Service Level Agreement (SLA) with the Department of Higher Education and Training to deliver on this strategy. The substantial increase in the number of employees is attributable to new operational requirements, which amongst others, were the increase in discretionary grants brought about, relative to its additional administrative establishment. The operations of the MICT SETA are centralised at its head office in Midrand and there are Regional Offices in Cape Town, East London and Durban.

The MICT SETA comprises three core divisions namely; Sector Skills Planning (SSP), Learning Programmes Division (LPD) and Education and Training Quality Assurance (ETQA). The support divisions are Corporate Services (comprises Human Resources, Supply Chain Management and Marketing and Communications) and Quality Management System and Information Technology. The MICT SETA recruited and retained competent employees and implemented an effective performance management system to ensure delivery on its strategy, and will continue doing so.

2.3 Key policy developments and legislative changes

There were no major changes to relevant policies and legislation that affected the MICT SETA during the year under review.

2.4 Strategic Outcome Oriented Goals

The MICT SETA strategy mainly comprises the engagement and support of constituent employers through the provision of funding for industry demand driven programmes. The targeted beneficiaries include the employed, retrenched and unemployed people. One of the MICT SETA's priorities will be to intensify skills development programmes in rural areas and encourage uptake of 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 MICT SETA has in the past cooperated with public TVET 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 MICT 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 MICT SETA has, in the past, funded training programmes on new venture creation and will continue funding such programmes with a view to assisting small and emerging enterprises.

All the initiatives listed above will be implemented in line with the National Skills Accord. The MICT SETA will, in support of the National Skills Accord, encourage employers within its sector to use their workplaces more fully, to expand the level of training within workplaces. This will be done through relevant learning programmes.

2.5 Outcomes and Outcomes Statements

Strategic Outcome Oriented Goal 1	Credible mechanism for workplace skills planning within the MICT sector.
Goal Statement	The MICT SETA will establish systems that ensure credible and professionally developed Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs). The MICT SETA will professionally research and develop a credible Sector Skills Plan that articulates accurate scarce and critical skills needs.
Progress made	The MICT SETA established a management information system that facilitated the development of a credible Sector Skills Plan that was subsequently approved by the Executive Authority.

Strategic Outcome Oriented Goal 2	Relevant research and development, and innovation capacity for the MICT sector.
Goal Statement	The MICT SETA will produce a Sector Skills Plan with focal areas for research and innovation through collaborative partnerships with universities and industry. The MICT SETA will develop and implement a strategy for access to high level skills and post graduate programmes to support Masters and PhD students in collaboration with universities and industry. The MICT SETA will work closely with institutions such as CSIR, Wits University's Jo'burg Centre for Software Engineering, the Centre for Education Policy Development and the Department of Science and Technology.
Progress made	The MICT SETA produced the Sector Skills Plan through collaborative partnerships with the Centre for Education Policy Development and the Johannesburg Centre for Software Engineering to leverage their expertise in ensuring relevance and innovation.

Strategic Outcome Oriented Goal 3	Increased access to occupationally directed learning programmes within the MICT sector.
Goal Statement	The MICT SETA will form partnerships with public TVET colleges and Universities of Technology and industry to roll out occupationally-directed learning programmes. Capacity building sessions for both public TVET and private TVET colleges will be conducted to enable them to roll out SETA programmes. Both will be linked to employers with the aim of increasing access to occupationally directed learning programmes within the sector through bursaries, workplace experience and internships.
Progress made	MICT SETA has partnered with the following TVET Colleges: Waterberg, Orbit, Tshwane and Vuselela.

Strategic Outcome Oriented Goal 4	Increased and improved workplace capacity to meet workplace skills development needs.
Goal Statement	The MICT SETA will support qualitative learning programmes that address industry skills needs with the aim of producing competent and work-ready graduates through provision of workplace experience and internship programmes.
Progress made	MICT SETA has supported graduates with skills that prepared them for workplace 2 190 Graduates were supported with workplace experience and 303 were supported with work integrated learning.





2. Situational **Analysis** *(continued)*

Strategic Outcome Oriented Goal 5	Supported and developed SMMEs, Unions and NGOs within the MICT sector.
Goal Statement	The MICT SETA will identify the SMMEs skills development needs and support them in addressing those needs through learnerships and internships.
Progress made	12 SMMEs were supported to implement learning programmes such as learnership, internship, skills programme and bursary programmes.

Strategic Outcome Oriented Goal 6	Accessible career and vocational guidance within the MICT sector.
Goal Statement	The MICT SETA will compile a comprehensive career opportunities guide for the sector, using labour market information, to promote career development.
Progress made	The MICT SETA produced and distributed a comprehensive career opportunities guide, informed by the sector's skills demand and supply, to schools and industry.

3. Performance Information **by Objective**

3.1. **Objective 1: Credible mechanism for workplace skills planning within the MICT sector.**

Purpose

To develop a Sector Skills Plan by conducting research that determines scarce and critical skills within the sector, outline strategies to address those and measure the impact.

Strategic Objectives:

Strategic Objective 1.1	Established SETA Management System (SMS) that facilitates provision of credible WSPs and ATRs data.
Strategic Objective 1.2	Professionally researched and credible SSP.
Strategic Objective 1.3	Accurate and reliable scarce and critical skills database developed and reviewed annually.

3.2. **Objective 2: Credible research and innovation capacity within the MICT sector.**

Purpose

To conduct research and develop a sector skills plan that records industry scarce and critical skills requirements.

Strategic Objectives:

Strategic Objective 2.1	Sector Skills Plans with focal areas for research and innovation.
Strategic Objective 2.2	Collaborative partnerships with universities and other industry flagship research projects.
Strategic Objective 2.3	Annual Strategy for access into high level skills and post graduate programmes.
Strategic Objective 2.4	(2014-2016) 06 graduates in research programmes to develop researchers for the sector.

3.3. Objective 3: Increased access to occupationally directed learning programmes within the MICT sector.

Purpose

To provide relevant skills to learners in order to increase the opportunities of being gainfully employed.

Strategic Objectives:

Strategic Objective 3.1	Public TVET learners supported through Internships.
	Public TVET learners supported through Workplace experience.
Strategic Objective 3.2	Universities and Universities of Technology students supported through the Bursaries.

3.4. Objective 4: Increased and improved capacity to meet workplace skills development needs.

Purpose

To produce competent and work-ready graduates through provision of workplace experience and internship programmes.

Strategic Objectives:

Strategic Objective 4.1	Learners in Skills Programmes to address low to middle level skills.
Strategic Objective 4.2	Learners (including townships and rural areas) in Skills Programmes to address middle level skills.
Strategic Objective 4.3	Learners (including townships and rural areas) in learnerships to address middle level skills.
Strategic Objective 4.4	Graduates supported through internship programmes.
Strategic Objective 4.5	College learners offered work experience through Internship programmes.
Strategic Objective 4.6	Qualifications reviewed resulting in the development of new qualifications.
Strategic Objective 4.7	Learners on quality short courses. This target includes recognition and support of ISOEs.
Strategic Objective 4.8	Learners on short courses to address specific sector skills gaps.
Strategic Objective 4.9	Employed learners on skills programmes.





3. Performance Information **by Objective** *(continued)*

3.5. Objective 5: Supported and developed SMEs, Unions and NGOs within the MICT sector.

Purpose

To provide relevant skills to learners in order to increase the opportunities of being gainfully employed.

Strategic Objectives:

Strategic Objective 5.1	A sector skills development Skills Programme project piloted with SMME(s).
	A sector skills development Learnership project piloted with SMME(s).
Strategic Objective 5.2	Learners on the sector skills development Skills Programmes projects expanded with SMME(s).
	Learners on the sector skills development learnership projects expanded with SMME(s).
Strategic Objective 5.3	Learners on the sector skills development project piloted with selected trade unions, NGOs and community-based organisations through short courses.
Strategic Objective 5.4	Learners on the sector skills development project expanded with selected trade unions, NGOs and community-based organisations through short courses.

3.6. Objective 6: Accessible career and vocational guidance within the MICT sector.

Purpose

To showcase and communicate career opportunities within the MICT sector.

Strategic Objectives:

Strategic Objective 6.1	Career opportunities guides with MICT labour market information developed and distributed.
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Strategic objectives, performance indicators planned targets and actual achievements

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
Output 4.1.1.2: Sector Skills Plans are professionally researched, provide a sound analysis of the sector and articulate an agreed sector strategy to address skills needs.	Research partnerships formed with research house(s) to conduct research for the development of the SSP.	Research conducted in year 2010, 2012 and 2013.	1 SSP	1 Sector Skills Plan	None	-	-
	Middle level skills presented through scarce and critical skills list of the Sector Skills Plan.	None	1 SSP	1 SSP	None	-	-
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 TVET colleges and universities of technology working in partnership with employers providing workplace-based training.	Public TVET learners supported through Workplace experience.	140 Learners.	500 (DG) 500 (Co-funding)	502 600	102	R35 000 000	Overachieved through increased partnership with industry and improved operational efficiency
	Universities and Universities of Technology students supported through the Bursaries.	1 060 Students supported through Universities Bursaries.	1 100 Employed: 600 Unemployed: 500 (320 DG) 180 Co-funding)	1 511 749 762 495 267	411 149 262 175 87	R22 400 000	Overachieved through increased partnership with industry and improved operational efficiency
	Middle level skills implemented through Skills Programmes to address low to middle level skills.	2 000 Learners trained in 2012/2013.	350	373	23	R24 500 000	Overachieved through increased partnership with industry and improved operational efficiency





3. Performance Information **by Objective** *(continued)*

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
	Middle level skills implemented through Skills Programmes.	2 000 Learners trained in 2012/2013.	350	360	10	R24 500 000	Overachieved through increased partnership with industry and improved operational efficiency
	Middle level skills addressed through Learnerships including townships and rural areas.	None	3 000 Employed: 200 Unemployed: 800 (DG) 2 000 (Co-funding)	3 734 210 3 524 (1 445 DG funding) (2 079 Co-funding)	734 10 724	R53 000 000	Overachieved through increased partnership with industry and improved operational efficiency
	High level scarce skills gaps identified through the scarce and critical skills list of the Sector Skills Plan.	Scarce and critical skills list of the SSP	1 SSP	1 SSP	None	-	-
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.	A strategy developed to address high level skills gaps and presented in chapter 6 of the SSP.	None	1 SSP	1 SSP	None	-	-

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
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.	Collaborative agreements in place with universities and stakeholders to support graduates to obtain workplace experience.	2 Collaborative agreements in place.	2	2 Agreements signed with: North West University Tshwane University of Technology	None	-	-
	Output 4.2.4.1: Sector Skills Plans identify the focal areas for research, innovation and development.	606 Graduates supported through graduate internship programmes. None	610	1 393 Graduates supported through graduate internship programmes	110	R42 700 000	Overachieved through increased stakeholder participation
	Areas for research, innovation and development identified and presented in Chapter 3 of the Sector Skills Plan.		1 SSP	1 SSP	None	-	-





3. Performance Information **by Objective** *(continued)*

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
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 in place with university faculties and other stakeholders on flagship research projects.	1 Agreement with SAP.	1	1 Agreement with SAP	None	-	-
Output 4.2.4.3: Programmes are put in place that focus on the skills needed to produce research that will be relevant and have an impact in the achievement of economic and skills development goals.	Research programmes in place with university faculties and/or other stakeholders to develop research skills for the sector through bursaries.	1 Programme with SAP.	3	3 Researchers supported through bursaries	None	R210 000	-
Output 4.3.2.2: SETAs identify FET colleges with relevant programmes and put in place partnerships to offer vocational courses and work experience for college learners.	Relevant programmes at FET (TVET) colleges identified and partnerships established to offer vocational courses and work experience.	None	3 Partnerships with TVET colleges	4 Partnerships signed with : Vuselela Tshwane Orbit Waterberg	1	-	Overachieved through increased TVET colleges participation

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
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.	Vocational courses and work experience (FETs) offered to college learners through Internship Programmes.	None	500	500 College learners supported through internships	None	R35 000 000	-
	Substantial quality programmes developed and existing qualifications reviewed with the QCTO, Employers, Training Providers and other stakeholders.	40 Existing qualifications.	8	10 Skills Programmes registered: REGISTERED SKILLS PROGRAMMES (MICROSOFT) SP-MOS SP-ASI SP-CNOS SP-CAF SP-NAF SP-SNOS SP-MCSE MCSE SP-MCDS MCDS	2	-	Overachieved through increased stakeholder participation
	Agreements signed between the MICT SETA and its stakeholders to provide quality short courses. This target includes recognition and support of 5 ISOEs.	None	500	500 learners supported on quality short courses ISOEs supported SmartXchange CEPD Innovation Hub ISOEs recognised CPU Bakgatla ba Kgafela	None	R35 000 000	-
	Impact of the training analysed and reported in an Impact Study report.	None	1	1 Impact Study Report developed	None	-	-





3. Performance Information **by Objective** *(continued)*

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
Output 4.5.1.2: Sector projects are put in place to address specific sector skills gaps.	Projects in place to address specific sector skills gaps through short courses (vendor specific).	None	1 800 Employed: 1 000 Unemployed: 500 (DG) 300 (Co-funding)	2 322 1 342 980 (526 DG funding) (454 Co-funding)	522 342 180	R35 000 000	Overachieved through increased participation by employers
	Output 4.5.1.3: Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development.	4 cross-sectoral projects implemented in 2012/2013.	1	1 Cross sectoral project implemented	None	-	-
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.	The skills needs of small and emerging businesses in the MICT sector identified and presented in the Sector Skills Plan chapter 3.	None	1	1 SSP	None	-	-
	Relevant programmes promoted to address the skills needs of small and emerging businesses in the MICT sector.	None	1	1 SME forum established	None	-	-

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
Output 4.6.2.2: Sector projects are developed that are piloted by SETAs and expanded through partnership funding.	A sector skills development Skills Programme/ Learnership project(s) piloted with SMME(s) (number of learners).	None	Skills Programme: 200 Learnership: 276	200 300	None 24	R33 320 000	— Overachieved through increased participation by employers
	Skills development with SMEs expanded through internship/ learnership programmes (number of learners).	None	—	—	—	—	—
Output 4.6.2.3: A national database of small businesses supported with skills development is established and the impact of training reported on.	A national database of supported small businesses established.	None	1	1 Database in place	None	—	—
	The impact of MICT SETA supported training in SMEs reported on.	None	1	1 Impact Study report in place	None	—	—
Output 4.6.3.1: SETAs engage with trade unions, NGOs and community-based organisations in the MICT Sector in their sector and identify skills needs and strategies to address needs.	The skills needs of trade unions, NGOs and community-based organisations in the MICT Sector identified.	None	1	1 SSP developed	None	—	—
	Strategies developed to address these needs.	None	1	1 SSP developed	None	—	—





3. Performance Information **by Objective** *(continued)*

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement	Budget	Comment on Deviation
Output 4.6.3.2: SETAs establish quality pilot projects.	A sector skills development project piloted with selected trade unions, NGOs and community-based organisations through short courses (number of learners).	None	100	100	None	R7 000 000	Overachieved through increased participation by employers.
Output 4.6.3.3: Stakeholders expand successful projects with support from NSF.	Skills development with selected trade unions, NGOs and community-based organisations expanded through Short Courses (number of learners).	None	100	100	None	R7 000 000	Overachieved through increased participation by employers.
Output 4.8.1.1: Career guides are developed with labour market information from SETAs, addressing sub-sectors within their sector.	Career guides with MICT labour market information, addressing the MICT sub-sectors developed and distributed.	MICT SETA 2013 Career Opportunities Guide.	1 300	1 350	50	-	Overachieved through increased participation by employers.
Output 4.8.1.2: Sector stakeholders are engaged and programmes are adjusted to meet the skills and qualification needs to promote comprehensive career development.	Stakeholders engaged through questionnaires to review and adjust skills and qualification needs.	None	100	105 Stakeholders engaged for the qualifications review	5	-	Overachieved through increased stakeholder participation

Outputs	Performance Indicators 2014/2019	Baseline	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned Target to Actual Achievement	Budget	Comment on Deviation
	Stakeholders engaged through focus groups to review and adjust skills and qualification needs.	None	1	1 Focus group session held	None	-	-
	Stakeholders engaged through questionnaires, roadshows and focus groups to review and adjust skills and qualification needs.	None	1	1 Roadshow held	None	-	-

Additional information reported against Department of Higher Education Service Level Agreement

Goals / Outcome / Outputs	Target	Actual Achievement	Variance	Comment on Variance
Learnerships workers completed	100	100	0	
Bursaries workers completed	300	689	-389	Overachieved through increased stakeholder participation
Skills programmes workers completed	500	1 000	-500	Overachieved through increased stakeholder participation
Learnerships unemployed completed	1 500	1 906	-406	Overachieved through increased stakeholder participation
Bursary unemployed certificated	251	267	-16	Overachieved through increased stakeholder participation
Internships unemployed completed	250	332	-82	Overachieved through increased stakeholder participation
Skills programmes unemployed completed	950	1 100	-150	Overachieved through increased stakeholder participation

Strategy to overcome areas of under-performance

The MICT SETA did not have any areas of underperformance.

Changes to planned targets

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

Linking performance with budgets

Please refer to the table above.





4. Revenue Collection

Sources of revenue	2014/2015			2013/2014		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Administration Levies	80 850	86 723	(5 873)	69 921	78 916	(8 995)
Mandatory Levies	154 000	168 842	(14 842)	167 813	194 237	(26 424)
Discretionary Levies	381 150	404 347	(23 197)	299 266	333 567	(34 301)
Interest and Penalties	-	15 326	(15 326)	-	6 588	(6 588)
Investment Income	12 300	24 994	(12 694)	17 100	17 550	(450)
Other Income	-	44	(44)	-	151	(151)
Total	628 300	700 276	(71 976)	554 100	631 009	(76 909)

The MICT SETA, through the South African Revenue Service as its collection agent, was successful in collecting revenue in accordance with its collection plan. There were no instances of under-collection of revenue during the financial year. The budgeted revenue in terms of the Annual Performance Plan and Strategic Plan was exceeded. This was mainly due to the growth in the ICT sector as well as annual increases in employment costs. During the year, the MICT SETA was also successful in collecting revenue from the Department of Telecommunications and Postal Services in terms of the DPSA Circular No: HRD 1 of 2013. Going forward, ongoing communication with the Department will be maintained, in order to ensure the successful collection of this revenue, annually.

4.1 Capital investment

The MICT SETA does not have infrastructure projects as its mandate is Skills Development. Capital investment, therefore, consists of only the following:

- Fixed assets required for administration of the MICT SETA; and
- Short-term investments with commercial banks.

The acquisition, implementation and management of the above, is achieved through sound policies and procedures of the MICT SETA. Where fixed assets are deemed not to result in an inflow of economic benefits to the MICT SETA, these are assessed for impairment and donated to the relevant bodies upon approval.

Part C

Governance



1. Introduction

The Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) is a schedule 3A public entity established by the Public Financial Management Act, No 29 of 1999. MICT SETA is governed in accordance with the MICT SETA constitution. This Constitution was drawn up in accordance with the requirements of the Skills Development Act No. 97 of 1998, Skills Development Levies Act No. 9 of 1999 and the PFMA, which further provides an institutional framework for MICT SETA, to develop and implement national, sectoral and work-place strategies, in order to develop and improve the skills of the South African workforce.

MICT SETA is managed in a sound and ethical way when conducting its business and reporting, by adhering to the highest principles of Corporate Governance, the MICT SETA Constitution, Code of Corporate practices and Conduct as set out in the King III report. MICT SETA's governance falls within the ambit of responsibilities of the Accounting Authority, which also serves as the Board. It is supported by an Executive Committee, Audit and Risk Committee, and a Finance and Remuneration Committee.

The Accounting Authority/Board is accountable to the Executive Authority (the Department of Higher Education and Training (DHET) and Parliament.

2. Portfolio Committee

The SETA did not attend any portfolio committee meetings as MICT SETA was not requested to appear before the Portfolio Committee in the

2014/2015 financial year. This is attributed to the sound governance environment that MICT SETA continues to display.

3. Executive Authority

MICT SETA signs an annual Service Level Agreement with the Executive Authority (DHET), which encompasses deliverables on the performance and provision of information and/or reports on its activities.

A performance plan and quarterly performance reports are submitted to the DHET, in accordance with the requirements for the number of employed and

unemployed beneficiaries for learning programmes, bursaries, skills programmes, internships, SME support and career guidance.

MICT SETA's quarterly performance reports for the financial year 2014/2015 were submitted to the DHET on 15 July 2014, 15 October 2014 and 18 December 2014 and were subsequently evaluated and validated by the DHET.

4. The Accounting **Authority/Board**

4.1 Introduction

In line with the MICT SETA constitution, the Accounting Authority/Board constitutes a fundamental base for the application of corporate governance principles at MICT SETA. All members of the Accounting Authority/Board are non-executive members which ensures independence and objectiveness in decision-making. The Accounting Authority/Board has an absolute responsibility for the performance of the MICT SETA and is fully accountable to the Executive Authority for such performance.

4.2 The role of the Accounting Authority/Board is as follows:

The following roles and functions of the Accounting Authority/Board are articulated in the MICT SETA constitution, which is the basis of the Board Charter:

- Set a strategic direction for MICT SETA and approve a strategic plan;
- Ensure that the MICT SETA achieves the objectives contemplated in clause 5 of its Constitution and performs the functions contemplated in clause 6 of the Constitution;
- Provide effective leadership and to ensure that MICT SETA implements the goals of the NSDS III and the performance agreement with the Minister to set a strategic direction for MICT SETA;
- Liaise with stakeholders;
- Ensure that MICT SETA complies with the relevant statutory requirements and the requirements of its Constitution;
- Manage institutional risk;
- Monitor the performance of MICT SETA; and
- Apply for the establishment of MICT SETA in terms of section 9 (1) of the Skills Development Act No. 97 of 1998, 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.

4.3 Board Charter

The MICT SETA Board Charter covers the following:

- Accounting Authority/Board composition;
- Role and functions of the Accounting Authority/ Board 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/Board; and
- Meetings of the Accounting Authority/Board.

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

4.4 Composition of the Account Authority/Board

The Accounting Authority/Board comprises 15 non-executive members and the Chief Executive Officer (CEO) as an Executive Member. The Accounting Authority/Board is appointed by the Minister of Higher Education and Training and represented by the following constituencies and stakeholders in the ICT Sector:

- Organised Labour and Organised Employers, which must consist of an equal number of members representing Organised Employers and Organised labour in the Sector; and
- Any interested professional body or bargaining council with jurisdiction in the sector and Community Organisations.

The term of the current Accounting Authority/Board is effective until 31 March 2016.





4. The Accounting **Authority/Board** *(continued)*

Board Members



Back from left to right: Mr. Lumko C. Mtimde, Dr. Mthuthuzeli A. Magadlela, Mr. Thamsanqa E. Mzileni

Front from left to right: Mr. Jimmy R. Morakile, Mr. Morwa J. Mooko, Mr. Masoma Manale, Mr. Gallant Roberts, Ms. Natalie-Ann Delport, Mr. Sipho J. Mjwara, Ms. Tebogo Makgatho, Mr. Joe Manchu, Mr. Anthony Parry, Mr. Teboho D. Morobe

The following tables list the members of the Accounting Authority/Board, their qualifications, membership of different committees and the number of meetings they have attended:

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings Attended
Mr. Sipho J. Mjwara	Ministerial Appointee (Chairperson)	27-Sep-13		Telecommunications- tions ICT	Sentech (Soc) Ltd Digital Horizons (Pty) Ltd Seven Seasons (Pty) Ltd Tinkling Sounds cc	Executive Committee	1 of 4
Mr. Gallant Roberts	Organised Labour (CWU)	1-Apr-11	Certificates acquired through Centre for Legal Studies UNISA Development Institute for Training and Support & Education for Labour	Corporate Social Investment and Employee Relations		Executive Committee	4 of 4
Mr. Masoma J. Manale	Organised Labour (CWU)	1-Apr-11		Sales & Marketing		Finance and Remuneration Committee	2 of 4
Mr. Thamsanqa E. Mzileni	Organised Labour (CWU)	27-Feb-14		Labour Law	Tourism KwaZulu Natal Board Member	Audit and Risk Committee	3 of 4
Mr. Morwa J. Mooko	Organised Labour (CWU)	1-Apr-11	Nat Dip: Technical Nat Cert: Technical Certificate 6 Education for HDE (Postgraduate)	Employee Relations		Finance and Remuneration Committee and Executive Committee	3 of 4
Mr. Thabo Mogalane ¹	Employer Representative (ITA)	1-Nov-13					0 of 4
Mr. Adam Rabie ²	Employer Representative (ITA)	1-Apr-11	BCom. Honours (IS)	ICT & Telecoms		Finance and Remuneration Committee	1 of 4

¹ Mr. Thabo Mogalane resigned on 6 June 2014.

² Mr. Adam Rabie resigned on 3 March 2015.





4. The Accounting **Authority/Board** *(continued)*

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings Attended
Mr. Joe Manchu	Employer Representative (SACF)	1-Apr-11	B. Compt MBA Executive Development Programme Certificate Programme in Leadership Coaching	Strategy Change Management Skills Development Monitoring and Evaluation	Manchu Group (Pty) Ltd, Answer the Call Community Economic Development NPC and Origins IKS Resource Centre NPC	Audit and Risk Committee	2 of 4
Mr. Teboho D. Morobe	Organised Labour (CWU)	27-Feb-14	N4 Light Current in Telecommunications. Currently studying Leadership Training majoring in Strategic Diplomacy	Labour matters across the ICT Industry Negotiations			4 of 4
Mr. Jimmy R. Morakile	Organised Employer Representative (ITA)	27-Feb-14	Honours Degree, Information Science Management Development Programme Post Graduate Diploma Information Science Bachelor of Public Administration Advanced Certificate in Information Systems Management	Information and Communications Technology BEE Transformation Diversity Management Enterprise Development Human Resources Management Corporate Social Investment			4 of 4
Ms. Tebogo Makgatho	Organised Employer Representative (ITA)	27-Feb-14	Higher Diploma Business Administration, Diploma Sales and Marketing, Certificate on labour market supply and demand, Finance for Non-financial managers, Board leadership programme BSc Semetics	Information Technology and R&D skills Executive Management Board leadership Business development Strategy development	Board Chairperson at South African NGO Network (SANGONet) Board Member at Chancellor House Holdings (Pty) Ltd Stortech (Pty) Ltd	Executive Committee	4 of 4

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings Attended
Dr. Mthuthuzeli A. Magadlela	Organised Employer Representative (MITSDF)	27-Feb-14	PhD in Animal Nutrition MSc in Pasture Science BSc Agriculture	Research and Development & Technology Transfer.		Finance and Remuneration Committee	2 of 4
Ms. Natalie-Ann Delport	Organised Employer Representative (NAB)	27-Feb-14	Post Graduate Diploma in Management Higher Dip in Business Management RPL for an Advanced Certificate in Leadership	Media, Training, Organisation Development, Management, Leadership, Research		Executive Committee	4 of 4
Mr. Anthony Parry	Professional Bodies Representative (IITPSA)	1-Apr-11	BA (Hons) MBA	Business Management Governance ICT Strategy Education	IITPSA NPC	Finance and Remuneration Committee	4 of 4
Mr. Lumko C. Mtimde	Community Organisation (NCRF)	1-Apr-11	Degree in Physiology and Biochemistry Post Grad Dip in Telecommunications and Information Policy Executive Development Programme	Corporate Governance, Leadership, Executive Management, Strategy development, Public finance Management, Project management, ICT, media and broadcasting, Policy and regulation making, Local government	Sentech (Pty) Ltd NSFAS World Summit Awards ECITI MVEET KCSDT	Finance and Remuneration	4 of 4





4. The Accounting **Authority/Board** *(continued)*

Since the Accounting Authority/Board cannot attend to all the matters effectively, it has established the following committees:

- Executive Committee (EXCO);
- Finance and Remuneration Committee (FinRemCo); and
- Audit and Risk Committee (ARC).

4.5 Functions of the Executive Committee

Subject to the direction of the Accounting Authority/Board, the Executive Committee is responsible for overseeing the management of the MICT 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/Board policies;
- Monitor national policy issues and developments and make recommendations regarding the adoption of policies by the Accounting Authority/Board;
- Coordinate the functioning of committees, chambers and structures of MICT 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/Board;
- Oversee staff employment issues;
- Determine and manage budgets and business plans of MICT SETA;
- Monitor the relations and interactions of MICT SETA with other SETAs, as well as with other agencies on matters related to skills development; and
- Perform any other function or duty, delegated to it by the Accounting Authority/Board or conferred upon it by this Constitution.

The following tables list the members of the Executive committee and the number of meetings they have attended:

Members of the Executive Committee			
Members		Meetings held	Meetings attended
1	Mr. Sipho J. Mjwara (Chairperson)	4	2
2	Mr. Morwa J. Mooko	4	4
3	Mr. Gallant Roberts	4	4
4	Ms. Tebogo Makgatho	4	3
5	Ms. Natalie-Ann Delport	4	3

4.6 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/Board, in order to ensure that MICT SETA meets the requirements of the SDLA, PFMA and the Treasury Regulations that relate to finance and the remuneration of the Chief Executive Officer, Accounting Authority/Board and committee members and employees.

The Finance and Remuneration Committee must evaluate and make recommendations to the Accounting Authority/Board in respect of the following financial matters of MICT 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; and

- The financial implications of policies, decisions and changes to the budget and Business Plan of MICT SETA.

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

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

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

present the Risk and Audit and Risk Committee with quarterly and annual financial statements.

The following tables list the members of the Finance and Remuneration Committee and the number of meetings attended:

Members of the Finance and Remuneration Committee			
Members		Meetings held	Meetings attended
1	Mr. Masoma J. Manale (Chairperson)	4	3
2	Mr. Morwa J. Mooko	4	4
3	Dr. Mthuthuzeli Magadlela	4	4
4	Mr. Adam Rabie	4	2
5	Mr. Anthony Parry	4	3
6	Mr. Lumko C. Mtimde	4	2

4.7 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 Committee must serve as a mechanism of the Accounting Authority/Board to monitor and reinforce the effectiveness of both the internal control system and the Internal Audit Function.

The Committee must review and make recommendations on:

- The functioning and overall efficiency and effectiveness of the internal control system;
- The functioning of Internal Audit;
- The risk areas of MICT SETA's operations, which are to be covered by the scope of internal and external audits;





4. The Accounting **Authority/Board** *(continued)*

- The adequacy, reliability and accuracy of the financial information provided to the Accounting Authority/Board;
- 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 MICT 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; and
- The MICT 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;
- Review and confirm the Internal Audit Charter and the Internal Audit Plan, as well as the resources required to implement such plan;
- Develop a direct, strong and candid relationship with the external auditors. Communication with the external auditors must facilitate independence from the management of the MICT SETA and encourage the external auditors to speak freely, regularly and confidentially with the Audit and Risk Committee;
- Draw up a recommendation for the Accounting Authority/Board regarding the appointment and removal of the internal and external auditors; and
- Recommend such measures as, in the Committee's opinion, may be necessary to ensure the reliability, integrity and objectivity of MICT SETA.

The Audit and Risk Committee must perform the functions of an audit committee as contemplated in the PFMA and the risk committee in terms of the MICT SETA constitution.

The following tables list the members of the Audit and Risk committee, their qualifications, date of appointment and the number of meetings they have attended:

Members of the Audit and Risk Committee					
Name		Designation	Qualifications	Date Appointed	No. of Meetings Attended
1	Mr. Abel Z. Dlamini	Independent Member (Chairperson)	B Com Honours Senior Executive Programme M Com	1-Nov-08	5 of 5
2	Mr. Eric M. Ndlovu	Independent Member	Bachelor of Commerce (Accounting) B.Compt (Hons) and CTA (Accounting Sciences)	1-Aug-11	5 of 5
3	Mr. Rivalani G. Ntuli	Independent Member	B Com Accounting Honors in Accounting Science Member of: ACFE IIA,SA IRBA SAICA	27-Feb-14	4 of 5
4	Mr. Thamsanqa E. Mzileni	Non-Executive Board Member	Diploma in Public Management (incomplete)	2-Oct-14	1 of 1
5	Mr. Joe Manchu	Non-Executive Board Member	B. Compt MBA Executive Development Programme Certificate Programme in Leadership Coaching	27-Feb-14	4 of 5

4.8 Remuneration of Accounting Authority/Board members

Determination of Remuneration of Accounting Authority/Board members:

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

Category sub-category and official designation	Remuneration		
	Rates per annum	Rates per day	Rates per hour
Category S			
Chairperson	1 160 163	4 608	576
Member	902 016	3 584	448





4. The Accounting **Authority/Board** *(continued)*

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

It becomes payable once a member has attended 50% of the meetings of the Accounting Authority/Board or committee(s). No board fee is payable if less meetings are attended.

It is payable to a maximum of 75% once the member has attended 50% of the meetings. The balance of

the board fee is payable after all meetings have been held, provided the member attended the remaining meetings.

Members not remunerated:

MICT SETA remunerates each Accounting Authority/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 Accounting Authority/Board member:

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

The following allowances have been paid to the Accounting Authority/Board for the 2014/2015 financial year:

Name	Remuneration	Other Allowance	Other Reimbursements	Total
Mr. Eric M. Ndlovu	50 039	1 995	-	52 034
Mr. Maleho M. Nkomo	41 160	-	-	41 160
Mr. Tuwani Gumani	51 202	-	-	51 202
Ms. Tebogo Makgatho	70 919	132	-	71 051
Mr. Masoma J. Manale	134 087	18 173	129	152 389
Mr. Joe Manchu	64 567	172	-	64 739
Mr. Morwa J. Mooko	129 789	41 685	-	171 474
Mr. Jimmy Morakile	60 753	3 854	-	64 607
Mr. Teboho D. Morobe	61 701	27 370	1 085	90 156
Mr. Lumko C. Mtimde	125 531	744	-	126 275
Mr. Anthony Parry	72 065	-	-	72 065



Name	Remuneration	Other Allowance	Other Reimbursements	Total
Mr. Adam Rabie	53 692	-	-	53 692
Mr. Gallant Roberts	125 229	5 676	-	130 905
Ms. Natalie-Ann Delport	74 305	2 112	-	76 417
Mr. Thamsanqa E. Mzileni	1 146	297	-	1 443
Mr. Thamsanqa E. Mzileni	7 786	832	-	8 618
Mr. Thamsanqa I. Ntenti	34 973		-	34 973
Mr. Abel Z. Dlamini	95 338	941	-	96 279
Mr. Glen Ntuli	37 948	99	-	38 047
Mr. Sipho J. Mjwara	-	-	-	-
Dr. Mthuthuzeli A. Magadlela	69 377	924	-	70 301
Total	1 361 607	105 006	1 214	1 467 827

5. Risk Management

The MICT SETA has a Risk Management Strategy in place. This strategy is reviewed on an annual basis and uses the inputs from the annual risk assessment that is conducted in conjunction with the Internal Auditors. The Risk Management Strategy is underpinned by the:

- Fraud Prevention Plan;
- Whistle Blowing Policy;
- Code of Conduct; and
- Business Continuity Plan.

The MICT SETA conducts annual risk assessment reviews that form an integral part of an entity wide risk management process.

The MICT SETA has an internal Risk Management Committee that submits its reports to the Audit and Risk Committee, a sub-committee of the Accounting Authority/Board. The reports advise the Audit and Risk Committee on the risks identified and the progress made in implementing controls aimed at mitigating those risks. All controls aimed at mitigating the risks were implemented successfully.





6. Internal **Control Unit**

Internal control was assured by the Audit and Risk Committee, the Internal Auditors and the QMS and IT Unit.

Furthermore, the MICT SETA Quality Management Systems and Information Technology (IT) Unit facilitated maintenance of the SETA's Quality Management Systems (QMS). The SETA's QMS comprised processes, hardware, software, facilities and staff, which provide capability to satisfy the SETA's contribution to the National Skills Development Strategy (NSDS III) objectives.

Effective risk management is fundamental to MICT SETA activities. Responsibility and accountability for risk management resides at all levels within the MICT SETA, from the Accounting Authority/Board down through the organisation to each manager.

The assessment, evaluation and measurement of risk is an ongoing process that is integrated into MICT SETA activities. This process includes identifying risks and taking corrective action, where required. In accordance with the PFMA, and King III requirements, the internal audit provides an independent assessment of the adequacy and effectiveness of the overall risk management and reports to the Accounting Authority/Board through the Audit and Risk Management Committee.

The essence of risk management at the MICT SETA is the protection of the SETA's reputation and its ability to meet its mandate.

7. Internal Audit **and Risk Committee**

7.1 Internal Control System

The Internal Audit function provided assurance on the effectiveness and efficiency of governance, risk management and controls processes. Internal Audit did not review all risks and assurances relating to the organisation as it is one component of combined assurance.

We are satisfied that the system of internal controls is adequately designed to cover strategic and operational risks. The control system provides reasonable, but not absolute assurance that the entity's assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or detected, in time.

These controls are monitored throughout the organisation by management and employees with the necessary delegation of authority and segregation of duties.

Activities in the organisation are governed by written policies and procedures that are reviewed and approved by the CEO. The areas of concern relate to recurring findings related to the commitment registers.

7.2 Audit and Risk Committee

The key activities and objectives of the Audit and Risk Committee, together with the attendance of the Audit and Risk Committee members are contained on pages 47 to 49.

8. Compliance with Laws and Regulations

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

- Employment Equity Plan & Report submitted to DoL;
- Skills Development: Workplace Skills Plan and Annual Training Report submitted to ETDP SETA;
- Procurement Plan submitted to DHET;
- Strategic Plan and Annual Performance Plan submitted to DHET;

- Service Level Agreement signed with the Director-General of DHET;
- Budget 2013/2014 submitted and approved Quarterly Reports to DHET and Treasury;
- Finance & Performance Reports submitted on time;
- Annual Report 2013/2014, submitted to DHET, National Treasury and the Auditor-General;
- MICT SETA Annual General Meeting (AGM) held on 21 November 2014;
- Internal Audit function was in place and Internal Audit Plan implemented; and
- Auditor-General's audits implemented as planned.

9. Fraud and Corruption

The MICT SETA Fraud Prevention Plan was informed by the stipulations in the Public Finance and Management Act, 1999 (Act No. 29 of 1999), Prevention and Combatting Corrupt Practices Act, 2004 (Act No. 12 of 2004), Protected Disclosures Act, 2000 (Act No. 26 of 2000) and other related legislation.

The Fraud Prevention Plan consists of the following:

- Code of Conduct;
- Fraud Policy and Response Plan;
- Whistle Blowing Policy including an independent hotline; and
- Implementation Plan.

Mechanisms in place to report fraud and corruption and how they are implemented

The MICT SETA has a whistle blowing toll free number in place that whistle blowers can use

and remain anonymous. Employees and MICT stakeholders can report any offence or suspected fraudulent activity to the toll free number, to the MICT SETA management, or to the Executive Authority.

How cases are reported and what action is taken

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

In instances where fraud and corruption cases are reported, an investigation shall be undertaken by the relevant authorities and all cases reported must be brought to the attention of the Audit and Risk Committee.





10. 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. Accounting Authority/Board Members, Management and Employees who declare their interest have to recuse themselves from meetings and their recusals are minuted.

11. Code **of Conduct**

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

exemplary conduct by employees in public and private lives.

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

12. Health Safety and **Environmental Issues**

MICT SETA has a Health and Safety Policy which has been informed by the Health and Safety Act 85 of 1993. The Policy provisions led to the development and establishment of the functional Health and Safety committee which has been established to mitigate operational risks and promote compliance. Establishment of the Health and Safety committee is part of an integrated risk management approach by management.

All Health and Safety representatives have been provided with relevant training to perform their

duties and responsibilities as health and safety representatives. The Health and Safety Committee convene four times in a year to deliberate on health and safety issues. Special meetings are held when there are issues that need urgent attention. Management prioritise and support all initiatives to ensure a safe and healthy working environment. Reasonable progress has been made with regards to mitigation of identified possible environmental risks and measures to mitigate against these risks were implemented.



13. Board **Secretary**

The Board secretariat function resides within the office of the CEO. Its main function is to assist the Accounting Authority/Board with corporate governance procedures and monitor MICT SETA's compliance with the PFMA and other relevant legislation.

Members of the Accounting Authority/Board have unrestricted access to the advice and services of the Board Secretariat. During the period under review, the Board Secretary was appointed on 1 November 2014.

14. Social **Responsibility**

MICT SETA has created workplace exposure and empowered 10 young unemployed graduates through a Graduate Internship programme in the year under review. It offers bursaries to

employees' dependents below the management level and annually donates equipment to under-privileged schools.

15. Audit and **Risk Committee Report**

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2015.

15.1 Audit and Risk Committee Responsibility

The Audit and Risk Committee hereby 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. 29 of 1999 and Treasury Regulation 27.1; and
- it has conducted its affairs in compliance with these terms of reference and has discharged its responsibilities as contained therein.

15.2 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.





◀◀◀ **Mr. Abel Z. Dlamini,**
Chairperson of the Audit and
Risk Committee

Audit and **Risk Committee Report** *(continued)*

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), the Committee 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:

- Sector Skills Planning;
- Supply Chain Management;
- Learning Programme Division - including review of commitment register;
- Education and Training Quality Assurance Division;
- Updating Strategic and Operational Risk registers;
- Follow-up Audits;
- Tender process; and
- ERP and Migration Audit.

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

15.3 In-Year Management and Monthly/Quarterly Report

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

15.4 Evaluation of Financial Statements

The Committee has:

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

15.5 Auditor-General Report

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

The Committee concurs with and accepts the AGSA's report on the annual financial statements and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the AGSA.

Chairperson of the Audit and Risk Committee

Mr. Abel Z. Dlamini

29 July 2015

Part D

Human Resource Management



1. Introduction

1.1 Overview of HR matters

Underpinning Human Resources functions are employment legislation which requires compliance. This is implemented, together with MICT SETA's Human Resources policies, procedures and Code of Good Practice. Human Resources management remain at the centre stage of sound employee relations practices through rendering advice to Management and employees alike. To facilitate the employer/employee relationship, Remuneration and Benefits, Training and Development, Performance Management Administration, Employee Wellness, Recruitment and Selection and Health and Safety are amongst the many functions performed within the Human Resources Unit. The Unit places a strong emphasis on employees by incorporating best Human Resources practices in daily activities.

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

MICT SETA strived to achieve the following for the period under review:

- Build capacity within MICT SETA;
- Implement sound Performance Management and competitive Remuneration practices;
- Implement Succession Planning to ensure career opportunities within MICT SETA;
- Attract and retain skilled and competent employees;
- Train and develop employees to their full potential and increase the skills profile of the workforce; and
- Achievement of Employment Equity targets, ensuring broader representation within MICT SETA.

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

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

Workforce planning was utilised to provide both guidance for and a holistic approach to Human Resource planning within MICT SETA. The framework continuously identifies key areas of policy and practice that are considered to be vital for creating an integrated strategic approach to Human Resource planning.

Strategies used to attract and recruit a skilled workforce are:


- Effective Human Resources recruitment strategies to recruit and retain competent employees;
- Developmental programmes to meet future human resources needs within the organisation;
- Training and Development initiatives utilised as a measure to retain competent employees;
- Succession Planning Programmes to retain employees; and
- Attractive Employee Value Proposition, e.g. generous employment benefits and paying competitive, market related remuneration packages.

1.4 Employee Performance Management Framework

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

1.5 Employee Wellness Programmes

In ensuring that we have a healthy and productive workforce, MICT SETA, in partnership with



Careways (external service provider) conducts Employee Wellness Programmes which also offers a variety of services including stress management, legal issues, financial management and other problems affecting employees. This ensures that MICT SETA has a healthy and productive workforce.

1.6 Policy Development

MICT SETA Human Resources policies are reviewed annually and when required, to align the policies with legislative and regulatory changes, environmental changes and MICT SETA's Strategic Plan. The MICT SETA policy reviews provide for a continued and improved framework within which Human Resources Management practices are managed.

The MICT SETA policy reviews are also influenced by best practice in the areas of corporate governance and strategic human resource management. MICT SETA's management team engages continuously to support policy development and policy analysis.

1.7 Achievements

The Human Resources Unit achieved the following:

- No material audit findings were reported in Human Resources processes;
- Achieved objectives as contained in the Human Resources Operational Plan;
- Annual review of all Human Resources policies and procedures;

- Implemented a Human Resources Information System; and
- Implemented salary grading and benchmarking.

1.8 Challenges

Challenges faced by public entity, amongst others, are the following:

- Attracting skilled and competent employees from different racial groups (Coloured, White, Indian and people with disabilities) to achieve equitable representation within MICT SETA; and
- Employee retention.

1.9 Future Human Resources Plans/Goals

The Human Resource Unit will:

- Ensure that a high standard of professional ethics is promoted and maintained;
- Ensure that Human Resources Unit continues to offer efficient and effective services to internal and external stakeholders;
- Ensure broader representation within MICT SETA;
- Improve the skills profile of the MICT SETA workforce;
- Continue to develop and maintain a competitive remuneration structure;
- Continue to create a favourable working environment – become the employer of choice;
- Increase staff morale;
- Staff retention; and
- To implement talent management.





2. Human Resource Oversight Statistics

2.1 Personnel cost by Programme

Programme	The total Expenditure for the entity (R'000)	Personnel Expenditure per Programme (R'000)	Personnel Expenditure as a % of total Expenditure	No. of employees	Average personnel cost per employee (R'000)
Corporate Services	29 747	13 708	46%	35	392
Education and Training Quality Assurance	11 049	4 457	40%	13	343
Learning Programmes	501 606	5 307	1%	17	312
Sector Skills Planning	135 482	2 390	2%	6	398
Quality Management Systems and IT	2 550	1 442	57%	3	481
TOTAL	680 434	27 304	4%	74	369

2.2 Personnel cost by salary band

Level	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	% of Personnel Expenditure to total personnel cost (R'000)	No of employees	Average personnel cost per employee (R'000)
Top Management	9 196	2 526	27%	1	2 526
Senior Management	36 780	4 788	13%	4	1 197
Professional Qualified	45 975	3 406	7%	5	681
Skilled	229 876	10 334	4%	25	413
Semi-skilled	321 827	6 080	2%	35	174
Unskilled	36 780	170	0%	4	43
TOTAL	680 434	27 304	4%	74	369

2.3 Performance Rewards

Programme	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to total personnel cost (R'000)
Top Management	246	2 526	10%
Senior Management	469	4 788	10%
Professional Qualified	393	3 406	12%
Skilled	854	10 334	8%
Semi –Skilled	550	6 080	9%
Unskilled	11	170	6%
Less: Adjustment to Bonus Payment	(316)	-	-
Add: Bonus Pay out	22	-	-
TOTAL	2 229	27 304	8%

2.4 Training cost

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of personnel cost	No of employees trained	Average Training cost per employee
Corporate Services	13 708	535	4%	25	21
ETQA	4 457	181	4%	8	23
LPD	5 307	171	3%	11	16
SSP	2 390	150	6%	5	30
QMS	1 440	49	3%	2	25
TOTAL	27 304	1 086	4%	51	21

2.5 Employment and vacancies

Occupational category	2013/2014 No. of Employees	2014/2015 Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies	% of Vacancies
Top Management	1	1	1	-	0%
Senior Management	4	4	4	-	0%
Professional Qualified	3	6	5	1	1.28 %
Skilled	20	26	25	1	3.8 %
Semi-skilled	42	36	35	1	2.8 %
Unskilled	4	5	4	1	20.0 %
TOTAL	74	78	74	4	5.12 %

NB. The above number of employees reflects the payroll headcount, which includes both permanent staff and interns, whereas the number of employees on page 89 only reflects the permanent staff, but excludes interns.





2. Human Resource Oversight Statistics *(continued)*

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	4	-	-	4
Professional Qualified	3	3	1	5
Skilled	20	10	5	25
Semi-skilled	42	12	19	35
Unskilled	4	1	1	4
TOTAL	74	26	26	74

NB. The high rate of appointments and terminations were as a result of employees' career progression.

2.6 Reasons for Staff Leaving

Reason	Number	% of Total no. of staff leaving
Death	1	3.85%
Resignation	17	65.38%
Dismissal	2	7.69%
Retirement	-	0%
Ill Health	-	0%
Expiry of Contract	6	23.08%
Retrenchment	-	0%
TOTAL	26	100%

NB. High resignation rate was due to uncertainty of the renewal of the MICT SETA licence and career progression.

2.7 Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	-
Written Warning	1
Final Written Warning	2
Dismissals	2

2.8 Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	-	-	-	-	-	-
Senior Management	2	2	-	-	-	-	-	-
Professional Qualified and Mid-Management	2	3	-	-	-	-	1	1
Skilled	10	8	-	-	-	-	-	1
Semi-skilled	13	15	-	1	-	-	-	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	28	29	-	1	-	-	1	3

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	2	2	-	-	-	-	-	-
Professional Qualified and Mid-Management	-	1	-	-	-	-	2	2
Skilled	13	11	-	-	1	1	1	3
Semi-skilled	20	24	1	1	1	-	-	-
Unskilled	4	3	-	1	-	-	-	-
TOTAL	39	41	1	2	2	1	3	5

Levels	Disabled			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional Qualified and Mid-Management	-	-	-	-
Skilled	-	-	1	1
Semi-skilled	1	1	-	2
Unskilled	-	-	-	-
TOTAL	1	1	1	3



Part E

Financial Information



1. Report of the Auditor-General

Report of the auditor-general to parliament on the Media, Information and Communication Technologies Sector Education Training Authority

Report on the financial statements

Introduction

1. I have audited the financial statements of the Media, Information and Communication Technologies Sector Education Training Authority (MICT SETA) set out on pages 68 to 110, which comprise statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Management Finance 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 the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.





1. Report of the **Auditor-General** *(continued)*

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Media Information and Communication Technologies Sector Education and Training Authority as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and SDA.

Emphasis of matter paragraphs

7. I draw attention to the matter below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

8. As disclosed in note 20 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during the financial year ended 31 March 2015 in the financial statements of the MICT SETA at, and for the year ended, 31 March 2014.

SETA Re-licensing

9. As disclosed in note 25 to the financial statements, the Media Information and Communication Technologies Sector Education and Training Authority (MICT SETA) licence expires on 31 March 2016. As at 31 March 2015 the Minister of Higher Education has not made a pronouncement on renewal of the SETA licences beyond 31 March 2016.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and

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

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2015:
- Objective 4.2: Increasing access to occupationally directed programmes on pages 29 to 32
 - Objective 4.3: Promoting growth of the public FET college system that is responsive to sector, local, regional and national skills needs and priorities on pages 32 to 33
 - Objective 4.5: Encouraging better use of the workplace based skills development on pages on pages 33 to 34
12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine

whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes.

I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
 - Objective 4.2: Increasing access to occupationally directed programmes
 - Objective 4.3: Promoting growth of the public FET college system that is responsive to sector, local, regional and national skills needs and priorities
 - Objective 4.5: Encouraging better use of the workplace based skills development.

Additional matter

Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Adjustment of material misstatements

16. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of Objective 4.2: Increasing

access to occupationally directed programmes; Objective 4.3: Promoting growth of the public FET college system that is responsive to sector, local, regional and national skills needs and priorities; Objective 4.5: Encouraging better use of workplace based skills development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

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

Internal control

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

Auditor-General

Pretoria
29 July 2015



Annual Financial Statements for the year ended 31 March 2015



Mr. Tumelo Mokoena,
Chief Finance Officer: Outsourced

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Annual Financial Statements

Statement of Financial Performance for the year ended 31 March 2015

	Notes	2014/2015 R'000	2013/2014 R'000
Revenue			
Skills Development Levy: income from non-exchange transactions	2	659 912	606 720
Skills Development Levy: interest from non-exchange transactions		7 613	2 720
Skills Development Levy: penalties from non-exchange transactions		7 713	3 868
National Skills Fund income	16.1	-	4
Investment income	3	24 994	17 550
Other income	4	44	147
Total revenue		700 276	631 009
Expenses			
Employer grant and programme expenses	5	608 969	409 300
Administration expenses	7	61 549	58 123
Finance costs	6	1 346	303
National Skills Fund expenses	16.1	-	4
TVET Infrastructure development	14.1	-	53 511
Surrender of uncommitted surplus to NSF	5.1	8 570	-
Total expenses		680 434	521 241
Net surplus for the year	1	19 842	109 768



Annual Financial Statements

Statement of Financial Position as at 31 March 2015

	Notes	2014/2015 R'000	2013/2014 R'000
Assets			
Non-current assets			
Property, plant and equipment	8	5 272	3 313
Intangible assets	9	646	33
Total non-current assets		5 918	3 346
Current assets			
Other receivables from exchange transactions	11	1 869	1 015
Accounts receivable from non-exchange transactions	12	50 031	9 677
Cash and cash equivalents	13	439 105	444 261
Inventories	10	117	136
Total current assets		491 122	455 089
Total assets		497 040	458 435
Liabilities			
Non-Current liabilities			
Finance lease liability	15	414	985
TVET Infrastructure development	14.1	-	34 703
Current liabilities			
Grants and transfers payable from non-exchange transactions	14.1	115 718	63 217
Trade and other payables from exchange transactions	14.2	4 431	4 263
Provisions	17	8 512	7 229
Short term portion of finance lease liability	15 & 21.3	569	482
Total current liabilities		129 230	75 191
Total liabilities		129 644	110 879
Net assets		367 396	347 556
Net assets represented by:			
Administration reserve		5 918	3 346
Employer grant reserve		509	243
Discretionary reserve		360 969	343 967
		367 396	347 556

Annual Financial Statements

Statement of Changes in Net Assets for the year ended 31 March 2015

	Notes	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Total R'000
Balance at 1 April 2013		3 324	6 447	228 018	237 789
Net surplus for the year per statement of financial performance	1	20 637	33 077	56 053	109 767
Excess transfer to discretionary reserve		(20 615)	(39 281)	59 896	-
Balance at 31 March 2014		3 346	243	343 967	347 556
Net surplus for the year per statement of financial performance	1	23 872	38 460	(42 490)	19 842
Excess transfer to discretionary reserve		(21 300)	(38 194)	59 494	-
Balance at 31 March 2015		5 918	509	360 971	367 398



Annual Financial Statements

Cash Flow Statement for the year ended 31 March 2015

	Notes	2014/2015 R'000	2013/2014 R'000
Cash flows from operating activities			
Operating activities			
Cash receipts from stakeholders		634 074	619 287
Levies, interest and penalties received		634 030	619 140
Other cash receipts from stakeholders		44	147
Less: Cash paid to stakeholders, suppliers and employees		(658 489)	(484 298)
Grants and project payments		(556 470)	(462 255)
Surrender of uncommitted surplus		(8 570)	-
Compensation of employees		(27 304)	(418)
Payments to suppliers and other		(66 146)	(21 625)
Cash generated in operations	18	(24 415)	134 990
Investment income		24 994	17 550
TVET infrastructure development provision		-	(53 511)
Finance costs		(1 346)	(303)
Net cash inflow from operating activities		(766)	98 726
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	8 & 9	(4 390)	(1 325)
Net cash outflow from investing activities		(4 390)	(1 325)
Net increase in cash and cash equivalents		(5 156)	97 401
Cash and cash equivalents at beginning of year	13	444 261	346 860
Cash and cash equivalents at end of year	13	439 105	444 261

Annual Financial Statements

Statement of comparison of budget and actual amounts for the year ended 31 March 2015

	Notes	Final Budget 2014/2015 R'000	Actual 2014/2015 R'000	Favourable/ (Unfavourable) variance 2014/2015 R'000
Revenue				
Skills Development Levy: income from non-exchange transactions	1	616 000	659 912	43 912
Skills Development Levy: interest & penalties from non-exchange transactions		-	15 326	15 326
Donor funding income recognised from non-exchange transactions		-	-	-
National Skills Fund income		-	-	-
Investment income from exchange transactions	2	12 300	24 994	12 694
Other income from exchange transactions		-	44	44
Total revenue		628 300	700 276	71 976
Expenses				
Employer grant and programme expenses	3	508 063	608 969	(100 906)
Administration expenses	4	80 850	61 549	19 301
Finance costs		-	1 346	(1 346)
Surrender of uncommitted surplus to NSF		-	8 570	(8 570)
National Skills Fund expenses		-	-	-
Total expenses		588 913	680 434	(91 521)
Net surplus for the year		39 387	19 842	(19 545)

Note:

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



Annual Financial Statements

Notes to the Statement of comparison of budget and actual amounts for the year ended 31 March 2015

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 7.13%.

MICT SETA has seen an increase in the number of new employers that joined the SETA during the period, which resulted in more levies being received. The budget is based on prior year information which did not take into account possible new employers joining the SETA.

2. Investment income

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

3. Employer Grant and Programme expenditure

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

4. Administration expenses

Administration expenditure is lower than budget by 22.21%. This is mainly due to cost savings in the following expenses categories:

Description	Approved Budget 2014/2015 R'000	Actual 2014/2015 R'000	Amount below budget R'000
Board expenses	1 930	1 392	538
QCTO expenses	3 850	1 712	2 138
External audit expenses	2 700	2 180	520
Internal audit expenses	2 610	645	1 965
Rent	5 000	4 892	108
Salary & employee costs	30 700	27 304	3 396
Catering & entertainment	60	54	6
TOTAL			8 671

Annual Financial Statements

Notes to the Statement of comparison of budget and actual amounts for the year ended 31 March 2015

Board Expenses	The board expense is under budget due to the fact that there has been less board meetings in the current year than budgeted for. The budget was based on all board and audit committee members attending each of the scheduled meetings.
QCTO Expenditure	The QCTO budget also included SAQA qualifications, no payment has been made towards these, the QCTO expenditure only includes Quarterly QCTO payments.
External audit expenses	The external audit expenses is below budget as the final audit is yet to commence.
Internal audit expenses	Internal audit expenses are below budget as the finance related audit will only commence in the new financial year.
Rent	The rental budget included rental for 2 additional offices as MICT SETA had intention to establish a rural presence. This never materialised as a decision was since taken to partner with other SETAS in satellite offices in TVET colleges.
Salary and employee costs	Salary and employee costs are lower than budget due to some posts which have been budgeted for but have not been filled.
Catering and entertainment	These costs are monitored closely in order to comply with the National Treasury's Cost Containment circular.



Annual Financial Statements

Accounting Policies for the year ended 31 March 2015

1. Basis of preparation

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

2. Currency

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

3. Revenue recognition

3.1 Revenue from non-exchange transactions

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

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

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

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

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

3.1.1 Levy income

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

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

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

Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to the SETA as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

Annual Financial Statements

Accounting Policies for the year ended 31 March 2015

Revenue is adjusted for transfers between the SETAs due to employers changing SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to MICT SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

3.1.2 Interest and penalties

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

3.1.3 Funds allocated by the National Skills Fund for Special Projects

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

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

3.2 Revenue from exchange transactions

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

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

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

3.2.1 Investment income

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

4. Grants and programme expenditure

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

4.1 Mandatory grants

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

4.2 Discretionary grants

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



Annual Financial Statements

Accounting Policies for the year ended 31 March 2015

4.3 Unconditional grants disbursed towards NSF for TVET college infrastructure development

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

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

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

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

4.4 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.

4.5 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.

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.

Annual Financial Statements

Accounting Policies for the year ended 31 March 2015

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.

Impairment of each class of property, plant and equipment is also assessed annually at the end of each reporting period. 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.

8.1 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.

8.2 Useful lives of property, plant and equipment and intangible assets

The SETA reviews the estimated useful lives and residual values 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.



Annual Financial Statements

Accounting Policies for the year ended 31 March 2015

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

Computer equipment	3.62 years
Office furniture and fittings	9.52 years
Office equipment	6.31 years
Leased equipment	3.53 years
Motor vehicles	4 years

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

Computer software	3.02 years
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9. Leasing

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

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

10. Provisions

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

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for 13th cheque (based on the current salary rates)

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

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

11. Grants and programmes

11.1 Mandatory and discretionary grant payments

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

11.2 Discretionary programmes

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

Accounting Policies for the year ended 31 March 2015

12. Financial instruments

12.1 Recognition

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

12.2 Financial assets

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

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

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

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

12.3 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.

12.4 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.

12.5 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.



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Accounting Policies for the year ended 31 March 2015

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.

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

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

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; and
- Unappropriated surplus.

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

	2014/2015	2013/2014
	%	%
Administration costs of the SETA	10.5	10.5
Employer Grant Fund Levy	20	20
Discretionary grants and projects	49.5	49.5
Received by the SETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

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

Annual Financial Statements

Accounting Policies for the year ended 31 March 2015

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.



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Notes to the Annual Financial Statements for the year ended 31 March 2015

1. Allocation of net surplus for the year to reserves: 2014/2015

		Employer Grant Reserve	Discretionary Grant Reserve			
	Total per statement of financial performance	Administration reserve	Mandatory grant	Discretionary grants	Special projects	Total discretionary
	R'000	R'000	R'000	R'000	R'000	R'000
Total revenue	700 276	86 767	168 842	444 667	-	444 667
Skills development levy: income from non-exchange transactions						
Admin levy income (10.5%)	86 723	86 723	-	-	-	-
Mandatory grant levy income (20%)	168 842	-	168 842	-	-	-
Discretionary grant levy income (49.5%)	404 347	-	-	404 347	-	404 347
Skills development levy: penalties and interest from non-exchange transactions	15 326	-	-	15 326	-	15 326
National Skills Fund income	-	-	-	-	-	-
Investment income	24 994	-	-	24 994	-	24 994
Other income	44	44	-	-	-	-
Total expenses	680 434	62 895	130 382	487 157	-	487 157
Administration expenses	61 549	61 549	-	-	-	-
National Skills Fund expenses	-	-	-	-	-	-
Employer grants and project expenses	608 969	-	130 382	478 587	-	478 587
Finance costs	1 346	1 346	-	-	-	-
Surrender of uncommitted surplus to NSF	8 570	-	-	8 570	-	8 570
Net surplus per Statement of financial performance allocated	19 842	23 872	38 460	(42 490)	-	(42 490)

Annual Financial Statements

Notes to the Annual Financial Statements for the year ended 31 March 2015

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

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



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Notes to the Annual Financial Statements for the year ended 31 March 2015

2. SKILLS DEVELOPMENT LEVY INCOME

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	
Government Levies received from the Department of Telecommunications and Postal Services	
InterSETA transfers in	
InterSETA transfers out	

2014/2015 R'000	2013/2014 R'000
86 723	78 916
87 035	78 906
340	-
1	(11)
(653)	21

Levy income: Employer Grants

Levies received from the Department of Higher Education and Training	
InterSETA transfers in	
InterSETA transfers out	

168 842	194 237
169 902	194 179
(79)	(114)
(981)	172

Levy income: Discretionary Grants

Levies received from the Department of Higher Education and Training	
Government Levies received from the Department of Telecommunications and Postal Services	
InterSETA transfers in	
InterSETA transfers out	

404 347	333 567
406 678	333 556
679	-
77	30
(3 087)	(19)

Total skills development levy income

659 912	606 720
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3. INVESTMENT INCOME

Bank deposits	
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24 994	17 550
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Notes to the Annual Financial Statements for the year ended 31 March 2015

4. OTHER INCOME

Other income comprises:

Service Provider Income

NSF Income

SDL mandatory grant received

2014/2015 R'000	2013/2014 R'000
44	7
-	106
-	34
44	147

5. EMPLOYER GRANT AND PROGRAMME EXPENSES

Mandatory grants

Disbursed

Movement in provisions and accruals

Discretionary grants

Disbursed

Movement in provisions and accruals

130 382	161 160
141 778	185 628
(11 396)	(24 468)
478 587	248 140
431 318	264 582
47 269	(16 442)
608 969	409 300

5.1 Surrender of Uncommitted Surplus to NSF

Amount paid to NSF

8 570	-
8 570	-

6. FINANCE COSTS

Lease finance costs

TVET infrastructure obligation interest

111	303
1 235	-
1 346	303



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Notes to the Annual Financial Statements for the year ended 31 March 2015

	Notes	2014/2015 R'000	2013/2014 R'000
7. ADMINISTRATION EXPENSES			
Depreciation		1 669	1 267
Loss on write-off of property, plant and equipment		1	1
Impairment losses on property, plant and equipment recognised/ (reversed)		20	24
Amortisation		127	12
Operating lease rentals		5 079	4 193
Buildings		4 212	3 553
Plant, machinery and equipment		867	640
Maintenance, repairs and running costs		125	49
QCTO Expenditure		1 712	941
Advertising, marketing and promotions, communication		1 970	4 516
Entertainment expenses		54	171
Consultancy and service provider fees		7 307	6 295
Legal fees		1 352	418
Cost of employment	7.1	27 304	25 031
Travel and subsistence		2 106	2 236
Staff training and development		1 086	436
Remuneration to Board and Board Committees		1 468	827
Auditor's remuneration		3 082	3 128
External audit		2 437	1 921
Internal audit		645	1 207
Other		7 088	8 578
Telephone and cell phones		800	980
General Expense		3 292	4 725
IT Support		2 995	2 874
		61 549	58 123

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Notes to the Annual Financial Statements for the year ended 31 March 2015

7.1 Cost of employment

	2014/2015 R'000	2013/2014 R'000
Salaries and wages	22 766	21 163
Basic salaries	19 507	17 727
Performance awards	2 229	2 388
Other non-pensionable allowance	1 030	1 048
Social contributions	3 792	3 364
Medical aid contributions	1 433	1 265
Pension contributions: defined contribution plans	2 249	1 995
UIF contributions	110	104
Leave and 13th cheque	746	504
	27 304	25 031
Average number of employees	71	64
Total number of employees at year end	68	64



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Notes to the Annual Financial Statements for the year ended 31 March 2015

8. PROPERTY PLANT AND EQUIPMENT

Year ended 31 March 2015	Cost R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Closing carrying amount R'000
Computer equipment	3 134	(1 432)	(29)	1 673
Office furniture and fittings	3 056	(1 462)	(22)	1 572
Office equipment	4 417	(2 963)	(5)	1 449
NSF Assets	20	(12)	-	8
Leasehold Improvements	1 395	(867)	-	528
Motor vehicles	391	(350)	-	41
Balance at end of period	12 413	(7 087)	(56)	5 271

Year ended 31 March 2014	Cost R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Closing carrying amount R'000
Computer equipment	1 454	(1 032)	(20)	402
Office furniture and fittings	1 889	(1 393)	(25)	471
Office equipment	4 050	(2 403)	(5)	1 642
NSF Assets	20	(12)	-	8
Leasehold Improvements	1 165	(486)	-	679
Motor vehicles	392	(281)	-	111
Balance at end of period	8 970	(5 608)	(50)	3 313

	Carrying amount 2014 R'000	Additions R'000	Depreciation charge R'000	Impairment R'000	Write-off/Re- classification R'000	Carrying amount 2015 R'000
Movement summary 2015						
Computer equipment	402	1 709	(426)	(9)	-	1 676
Office furniture and fittings	471	1 287	(179)	(6)	-	1 573
Office equipment	1 642	422	(613)	(5)	-	1 446
NSF Asset	8	-	-	-	-	8
Leasehold Improvements	679	231	(382)	-	-	528
Motor vehicles	111	-	(71)	-	-	40
Balance at end of period	3 313	3 649	(1 671)	(20)	-	5 271

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Notes to the Annual Financial Statements for the year ended 31 March 2015

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

	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
Total Assets 31 March 2014	12 413	(7 087)	5 271
Made up as follows:			
- Owned assets	10 665	(6 881)	3 729
- Leased assets	1 748	(206)	1 542

Total Assets 31 March 2014	8 970	(5 608)	3 313
Made up as follows:			
- Owned assets	7 222	(5 402)	1 771
- Leased assets	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 (2013/2014:R R0)

Fully depreciated assets still in use

Cost	2014/2015 R'000	2013/2014 R'000
Computer equipment	934	565
Office furniture and fittings	1 056	1 155
Office equipment	1 202	1 214
	3 192	2 934



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Notes to the Annual Financial Statements for the year ended 31 March 2015

9. INTANGIBLE ASSETS

	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
Year ended 31 March 2015			
Computer software	788	(142)	646
Balance at end of period	788	(142)	646
Year ended 31 March 2014			
Computer software	48	(15)	33
Balance at end of period	48	(15)	33

	Carrying amount 2014 R'000	Additions R'000	Disposals R'000	Amortisation charge R'000	Write-off R'000	Carrying amount 2015 R'000
Movement summary 2015						
Computer software	34	738	-	(126)	-	646
Balance at end of period	34	738	-	(126)	-	646

	Carrying amount 2013 R'000	Additions R'000	Disposals R'000	Amortisation charge R'000	Write-off R'000	Carrying amount 2014 R'000
Movement summary 2014						
Computer software	22	24	-	(12)	-	34
Balance at end of period	22	24	-	(12)	-	34

	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
Total Assets 31 March 2015	788	(142)	646
Made up as follows:			
- Owned assets	788	(142)	646
- Leased assets	-	-	-
Total Assets 31 March 2014	48	(15)	33
Made up as follows:			
- Owned assets	48	(15)	33
- Leased assets	-	-	-

Temporarily idle assets and assets not in use

There were no intangible assets that were classified as idle and/or not in use for 2014/2015 or 2013/2014.

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Notes to the Annual Financial Statements for the year ended 31 March 2015

	Notes	2014/2015 R'000	2013/2014 R'000
10. INVENTORIES			
Inventory comprises stationery and other consumables.		117	136
11. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Prepayments and deposits		651	797
Prepayments		30	171
Deposits		621	626
Deposits relate to lease deposits which are refundable at the end of the lease terms.			
Employee Receivable		30	19
Sundry debtors		1 188	199
		1 869	1 015
12. ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS			
InterSETA debtors	23.2	115	331
Employer Receivables		49 916	9 346
Overpayment of employer grants		2 652	2 351
UIF Project debtor		47 264	6 995
Total accounts receivable from non-exchange transactions		50 031	9 677



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Notes to the Annual Financial Statements for the year ended 31 March 2015

	Notes	2014/2015 R'000	2013/2014 R'000
13. CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		40 314	96 741
Cash at bank		40 303	96 731
Cash on hand		11	10
Short term investments		398 791	347 520
Cash and cash equivalents at end of year		439 105	444 261

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 5.53% (2013/2014: 4.89%).

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

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

	Notes	2014/2015 R'000	2013/2014 R'000
14. PAYABLES			
14.1 Grant and transfers payable from non-exchange transactions			
Skills development grants payable - mandatory		19 959	31 355
Skills development grants payable - discretionary		59 927	12 658
InterSETA payables	23.2	1 129	58
DHET creditors/(UIF correction)	23.1	-	-
Total grants and transfers payable		81 015	44 071
TVET Infrastructure development payable		34 703	53 849
Less: long term portion disclosed under non-current liabilities		-	(34 703)
		115 718	63 217

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Notes to the Annual Financial Statements for the year ended 31 March 2015

DHET has requested MICT SETA to make a contribution of R60 589 509 towards the R1 Billion for public TVET colleges refurbishment following the Minister of Higher Education and Training's announcement that R2.5 billion would be made available from levy grants institutions to refurbish public TVET colleges. In response to this, MICT SETA opted to make this contribution over two financial years in quarterly instalments commencing in the 2014/2015 financial year. A legal obligation was created through a funding agreement signed between the NSF and MICT SETA on 28 March 2014. This constitutes a financing arrangement as this will be paid quarterly over two financial years. The Net Present Value of the obligation has been taken into account.

Notes	2014/2015 R'000	2013/2014 R'000
14.2 Trade and other payables from exchange transactions		
Service provider and payroll related fees outstanding	4 431	4 263
	4 431	4 263

15. FINANCE LEASE LIABILITY

Finance lease liability	21.3	983	1467
Less: short term portion disclosed under current liabilities		(569)	(482)
Non-current Lease Liability		414	985

16. DONOR FUNDING INCOME RECEIVED

16.1 National skills fund received in advance

Opening balance	-	146
Received during the year	-	(43)
From the NSF	-	-
Interest transferred to MICT	-	(43)
Utilised and recognised as revenue - conditions met:	-	(138)
NSF Projects - Learnerships	-	-
NSF funds transferred out	-	(134)
Admin expenses	-	(4)
Gross carrying amount of NSF assets donated to MICT	-	35
Closing balance	-	-

In the current year an amount of R0 (2013/2014: R134 000) was incurred on NSF project expenses and R0 (2013/2014: R4 000) on NSF administration expenses. An amount of R0 (2013/2014 R0) worth of National Skills Fund was received from the NSF for new NSF projects. The NSF project has been completed.



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Notes to the Annual Financial Statements for the year ended 31 March 2015

17. PROVISIONS

	13th cheque 2014/2015	Performance Bonus 2014/2015	Exempt employers	Total 2014/2015	Total 2013/2014
	R'000	R'000	R'000	R'000	R'000
Opening carrying amount	119	1 695	5 415	7 229	8 717
Additional amount provided	447	1 564	1 460	3 471	5 008
Amounts written back - MAPPP SETA	-	-	-	-	(2 335)
Amounts written back - MICT SETA	-	-	-	-	(1 224)
Amounts paid out	(427)	(1 761)	-	(2 188)	(2 937)
Closing carrying amount	139	1 498	6 875	8 512	7 229

13th cheque provision is calculated based on total cost of employment and accrued evenly throughout the year. The 13th cheque bonus is paid out during December.

Performance bonuses are paid during the month of September and the amount is dependent on the outcome of individual performance evaluations.

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

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

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Notes to the Annual Financial Statements for the year ended 31 March 2015

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

	2014/2015 R'000	2013/2014 R'000
Net surplus as per statement of financial performance	19 842	109 768
Adjusted for non-cash items:		
Depreciation	1 669	1 267
Amortisation	127	12
Impairment	20	24
Loss on disposal/write off of property, plant and equipment	1	1
TVET infrastructure development provision	-	53 511
Profit on sale of property, plant and equipment	-	-
Finance costs	1 346	303
Increase/(decrease) in provisions	1 283	(1 488)
Relating to employment	1 283	(1 488)
Adjusted for items separately disclosed		
Investment income	(24 994)	(17 550)
Adjusted for working capital changes:		
Decrease/(Increase) in receivables	(41 208)	5 832
(Decrease)/Increase in payables	17 481	(16 665)
(Increase) in inventory	19	(25)
Cash generated by operations	(24 415)	134 990

19. CONTINGENCIES

19.1 Pending litigations

Service Providers	Reason	Status
J. Shembe	CCMA CASE	Matter has been referred to the Labour High Court and is awaiting a 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.



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Notes to the Annual Financial Statements for the year ended 31 March 2015

19.2 Contingent asset

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

This is a possible receivable of which the existence will be confirmed after litigation is conducted.

19.3 Contingent liabilities

First time employer registrations

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

At the reporting date it is estimated that, as a result of possible applications, additional mandatory grant expenditure of R509 232 (2013/2014 at R243 526) may be incurred. The amount is contingent on the number of submissions received and approved.

New scheme year levies received

At the reporting date levies were received in respect of the new scheme year, for which the Skills Development legislation allows an employer until 30 April 2015 to submit an application for a mandatory grant.

At the reporting date it is estimated, as a result, that additional mandatory grant expenditure of R0 (2013/2014: R1 832) will be payable. The amount is contingent on the number of submissions received and approved.

20. COMMITMENTS

20.1 Discretionary reserve

Of the balance of R360 969 000 (2013/2014: R343 967 000) available in the discretionary reserve at the end of 31 March 2015, R365 982 000 (2013/2014: R318 199 000) has been approved and contracted for future projects and skills priorities as set out below.

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

During the year, a consolidated commitments register was created in an effort to improve controls. This exercise resulted in a net adjustment in the opening balance of R160 804 000 processed. This was due to idle projects, expired contracts, reversals of previous write-backs and the write-off of the 2009/2010 opening balance. The implications are that the SETA had additional funds which were since committed towards discretionary projects.

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Notes to the Annual Financial Statements for the year ended 31 March 2015

	NSDS III Target	Opening Balance	2014/2015 New Projects Contracted to	2014/2015 Utilised	2014/2015 Approved write-backs	Closing Balance
2014/2015		R'000	R'000	R'000	R'000	R'000
Establishing a credible institutional mechanism for skills planning	4.1	81 479	-	-	(81 479)	-
Increasing access to occupationally directed programmes	4.2	140 365	200 546	(183 078)	(88 441)	69 392
Promoting the growth of Public TVET College system	4.3	30 513	245 230	(118 411)	(27 652)	129 680
Addressing the low level of language and numeracy skills	4.4	197 225	202 561	(177 099)	(55 807)	166 910
Small enterprises worker initiated NGO and community training	4.6	87	-	-	(87)	-
Workplace: Small BEE firms	2.5	4 712	-	-	(4 712)	-
Workers Trained On ABET Programmes	2.7	11 118	-	-	(11 118)	-
Workers Trained On Learnership Programmes	2.8	13 474	-	-	(13 474)	-
Total		479 003	648 337	(478 588)	(282 770)	365 982



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Notes to the Annual Financial Statements for the year ended 31 March 2015

	Restatement of opening balance										
	NSDS III Target	Opening Balance	Project Write-Backs	New Projects Contracted to	Utilised	Closing Balance	2009/2010 Opening Balance	Adjustment to prior year write-backs	Adjustment to SLA amounts - prior to 2009/10	NSDS Target Re-classification	2013/2014 Restated Closing Balance
2013/2014		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2013/2014	Establishing a credible institutional mechanism for skills planning	-	-	-	-	-	(47 047)	11 542	114 699	2 285	81 479
	Increasing access to occupationally directed programmes	154 577	(11 602)	90 533	(142 788)	90 720	(23 428)	20 601	56 041	(3 569)	140 365
	Promoting the growth of Public TVET College system	24 807	(1 301)	31 896	(28 437)	26 964	(6 922)	74	10 473	(76)	30 513
	Addressing the low level of language and numeracy skills	102 953	(3 639)	175 286	(76 915)	197 685	-	617	6 480	(7 527)	197 255
	Small enterprises, worker initiated, NGO and community training	2 830	-	-	-	2 830	-	-	-	(2 743)	87
	Workplace: Small BEE firms	-	-	-	-	-	-	-	-	4 712	4 712
	Workers Trained On ABET Programmes	-	-	-	-	-	(10 650)	-	18 953	2 815	11 118
	Workers Trained On Learnership Programmes	-	-	-	-	-	(6 337)	-	16 938	2 873	13 474
	Non-Levy Paying Enterprises	-	-	-	-	-	(1 928)	950	-	978	-
	Institute of sectoral or Occupational excellence	-	-	-	-	-	(176)	-	-	176	-
Other Projects-Quality Assurance	-	-	-	-	-	-	(150)	-	-	150	-
Other - subsistence and travel	-	-	-	-	-	-	74	-	-	(74)	-
Total		285 167	(16 543)	297 715	(248 140)	318 199	(96 564)	33 784	223 584	-	479 003

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

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Notes to the Annual Financial Statements for the year ended 31 March 2015

21.1 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

2014/2015 R'000	2013/2014 R'000
3 928	4 176
1 629	5 622
5 557	9 798

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

21.2 Finance Lease commitments

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

Notes	Present Value R'000	Interest R'000	Payment R'000
Due not later than one year (current liabilities)	569	67	637
Due later than one year and not later than five years (non current liabilities)	414	36	450
15	983	103	1 086

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.

22.1 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 2015

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

	Floating rate		Non-interest bearing		Total
	Amount	Effective interest rate	Amount	Weighted average period until maturity in years	
	R'000		R'000		R'000
Year ended 31 March 2015					
Assets					
Cash	439 094	5.53%	11		439 105
Accounts receivable	30	0.00%	651	0.08 years	681
Total financial assets	439 124	5.53%	662		439 786
Liabilities					
Accounts payable	-		4 431	0.08 years	4 431
Total financial liabilities	-		4 431		4 431
	439 124		(3 769)		435 355
Year ended 31 March 2014					
Assets					
Cash	444 251	4.89%	10		444 261
Accounts receivable	19	0.0%	797	0.08 years	816
Total financial assets	444 270	4.89%	807		445 077
Liabilities					
Accounts payable	-		4 263	0.08 years	4 263
Total financial liabilities	-		4 263		4 263
	444 270		(3 456)		440 814

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.

22.2 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 2015

The ageing of other receivables from exchange transactions:

	2014/2015	2013/2014
Not past due	651	797
Past due 0 - 30 days	-	-
Past due 31 - 120 days	-	-
Past due 120 - 365 days	-	-
More than one year	-	-

22.3 Liquidity risk

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

2014/2015	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	(4 431)	(4 431)	(4 431)	-	-	-

2013/2014	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	(4 263)	(4 263)	(4 263)	-	-	-

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.

22.4 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.

22.5 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.



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Notes to the Annual Financial Statements for the year ended 31 March 2015

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

22.6 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.

22.7 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.

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

23.2 Transactions with entities under common control

By virtue of the fact that MICT SETA 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 on the next page.

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Notes to the Annual Financial Statements for the year ended 31 March 2015

	Notes	2014/2015 R'000		2013/2014 R'000	
		Amount of the transaction	Amount receivable / (payable)	Amount of the transaction	Amount receivable / (payable) Restated
Receivables		(60)	115	(1 011)	331
W&RSETA		(2)	-	2	2
SERVICES SETA		(39)	-	(371)	97
MERSETA		-	-	(5)	-
HWSETA		-	-	(58)	-
FASSET		98	-	(116)	-
FP&M SETA		(33)	115	55	148
CATHSSETA		(84)	-	(158)	84
CETA		-	-	(3)	-
LG SETA		-	-	-	-
CHIETA		-	-	(6)	-
THETA		-	-	-	-
EDTP		-	-	-	-
MAPPP SETA		-	-	(149)	-
Unallocated		-	-	(33)	-
MQA SETA		-	-	(164)	-
Department of Communications	2	-	-	-	-
From MAPPP SETA: Transfer of Function	20	-	-	(5)	-
Payables		3 781	851	158	57
CATHSSETA		-	-	-	-
TETA		-	-	8	-
SERVICES SETA		(6)	-	14	6
FP&M SETA		-	-	51	-
ESETA		42	-	24	-
INSETA		(5)	-	8	5
W&RSETA		695	-	54	-
Foodbev		4	-	-	-
CETA		-	-	-	-
Bank SETA		-	-	-	-
MERSETA		2 245	-	-	-
MAPPP SETA		-	-	-	-
Unallocated		805	851	-	46
From MAPPP SETA: Transfer of Function	20	-	-	-	-
Net Total		3 720	(736)	(1 169)	274

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



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Notes to the Annual Financial Statements for the year ended 31 March 2015

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/Board and the members of the senior management group.

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

	2014/2015 R'000	2013/2014 R'000
Aggregate remuneration	1 468	827
Number of persons	14	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:

	2014/2015 R'000	2013/2014 R'000
Aggregate remuneration	7 763	4 018
Number of persons	6	5

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

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Notes to the Annual Financial Statements for the year ended 31 March 2015

23.4 Transactions with stakeholders represented on the Accounting Authority/Board

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/Board.

		Type of transaction	2014/2015 R'000	2014/2015 R'000	2013/2014 R'000	2013/2014 R'000
			Transactions during the year	Amount Payable	Transactions for the year	Amount Payable
Telkom						
M. Manale, Mooko		Mandatory Grant	25 660	-	11 753	-
		Discretionary Grant	1 829	-	3 461	-
Total			27 489	-	15 214	-
Media Development and Diversity Agency						
L. Mtimde		Discretionary Grant	-	-	-	900
Total			-	-	-	900
Bytes Technology Group						
A. Rabie		Mandatory Grant	-	-	-	-
Total			-	-	-	-
Primedia						
K. Mochaba		Mandatory Grant	-	-	-	-
Total			-	-	-	-
Vodacom						
A. Rabie		Mandatory Grant	7 288	-	10 467	-
		Discretionary Grant	6 790	-	1 311	-
Total			14 078	-	11 778	-
BCX Business Connexion						
J. Morakile		Mandatory Grant	4 257	-	4 486	-
		Discretionary Grant	7 329	-	3 675	-
Total			11 586	-	8 161	-
National Association of Broadcasters (E-TV)						
N. Delport		Mandatory	-	-	536	-
Total			-	-	536	-

Note:

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



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Notes to the Annual Financial Statements for the year ended 31 March 2015

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

To the best of our knowledge no material losses through criminal conduct and irregular irregular expenditure occurred during the year ended 31 March 2015.

Irregular expenditure was identified in the year relating to 2010/2011. However, the SETA is still awaiting condonation from National Treasury:

	2014/2015 R'000	2013/2014 R'000
Opening balance	2 280	2 280
Irregular expenditure incurred	-	-
Irregular expenditure condoned	-	-
Irregular expenditure awaiting condonement	2 280	2 280

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

Procurement not in adherence with PPPF act:

In 2010/2011 and 2009/2010, the SETA did not comply with the requirements of par.3 (1) of Regulation 725 of 10 August 2001 to the PPPF Act of 2000 which states that the 80/20 formula must be used to calculate the points for price and HDI status in respect of all procurement with a Rand value equal to, or above R30 000 and up to a Rand value of R500 000.

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

The following preventative procedures have been put in place:

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

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

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

24.2 Fruitless and Wasteful Expenditure Incurred

MICT SETA pays PAYE based on EMP201 returns that are submitted monthly. When the EMP501 reconciliations were submitted, differences arose between the EMP201's and the EMP501's. Due to these differences, SARS records show an amount due by MICT of R328 606, of this amount, R86 346 related to PAYE, while R242 259 related to interest and penalties charged by SARS on the outstanding payment. This was incurred and paid in the 2013/2014 financial year.

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

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Fruitless and wasteful expenditure was identified in the current year:

	2014/2015 R'000	2013/2014 R'000
Opening balance	243	-
Fruitless and wasteful expenditure incurred	-	243
Fruitless and wasteful expenditure condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	243	243

25. GOING CONCERN

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

The SETA is currently established until 31 March 2016. There are no known instances that cast doubt on the MICT SETA's ability to continue as a going concern except the uncertainty of the SETA's existence post 31 March 2016. The SETA is currently awaiting notice from the Minister for a renewal of its certificate of establishment post 31 March 2016.

26. NEW STANDARDS AND INTERPRETATIONS

26.1 Standards and interpretations issued, but not yet effective

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

Standard/Interpretation	Effective date Years beginning on or after	Expected impact
GRAP 20: Related parties	01 April 2014	This standard prescribes the disclosure of information relevant to draw attention to the possibility that the entity's financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures.
GRAP 18: Segment Reporting	01 April 2016	No significant impact on future disclosures
GRAP 108: Statutory Receivables	01 April 2015	No significant impact on future disclosures



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26.2 GRAP 20 : Related party

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

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

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