

ANNUAL REPORT 2020|21



MICTSETA |

Media, Information And
Communication Technologies
Sector Education And Training Authority

SHAPING SKILLS, PIONEERING INDUSTRIES, EMPOWERING FUTURES

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DR BLADE NZIMANDE
MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION

INTRODUCTION Submission of the Annual Report to the Executive Authority

It is a pleasure to present the Annual Report of the Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) for the period 1 April 2020 to 31 March 2021 to the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande in accordance with the Public Finance Management Act, 1 of 1999.

The Annual Report account accounts for the overall performance targets of the MICT SETA, implemented in partnership with stakeholders to address skills development challenges and training in the sector.

On behalf of the MICT SETA Board and employees, I would like to extend my gratitude to you and the Department of Higher Education, Science and Innovation for the unwavering support received by the SETA during this reporting period.

Yours faithfully

MR SIMPHIWE THOBELA
CHAIRPERSON OF THE BOARD



PART GENERAL INFORMATION

A



1. MICT SETA's General Information

About Us

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/S: +27 11 207 2600/3

FAX NUMBER: +27 11 805 6833

EMAIL ADDRESS: info@mict.org.za

WEBSITE ADDRESS: www.mict.org.za

EXTERNAL AUDITORS: The Auditor-General,
4 Daventry Street,
Lynnwood Bridge Office Park,
Lynnwood Manor,
Pretoria, 0081

BANKERS: Investec:
100 Grayston Drive, Sandown, Sandton 2196
South African Reserve Bank of SA (CPD):
PO Box 427, Pretoria, 0001

First National Bank:
Carlsward, Postnet Suite 94
Private Bag X121, Halfway House, 1685

First National Bank:
Enterprise Road, FNB Building, 2nd Floor, Fairland, 2170

BOARD SECRETARY: Ayanda Manqele (Resigned 30 June 2021)

2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution	ISA	International Standards of Auditing
AA	Accounting Authority	ISOE	Institute of Sectoral or Occupational Excellence
AFS	Annual Financial Statements	SIC	Standard Industrial Classification
ARC	Audit and Risk Committee	IT	Information Technology
B-BBEE	Broad-Based Black Economic Empowerment	MICT	Media, Information and Communication Technologies
CEO	Chief Executive Officer	MTSF	Medium Term Strategic Framework
CET	Community Education and Training Colleges	NATED	National Accredited Technical Education Diploma
CFO	Chief Financial Officer	NDP	National Development Plan
CSIR	Council for Scientific and Industrial Research	NSDS	National Skills Development Strategy
NSDP	National Skills Development Plan	NSF	National Skills Fund
DG	Discretionary Grants	OHSA	Occupational Health and Safety Act
DHET	Department of Higher Education and Training	OLA	Operational Level Agreement
NQF	National Qualifications Framework	PFMA	Public Finance Management Act
DST	Department of Science and Innovation	PIVOTAL	Professional, Vocational, Technical and Academic Learning
DCDT	Department of Communications and Digital Technologies	QCTO	Quality Council for Trades and Occupations
EE	Employment Equity	QMS	Quality Management Systems
ETDP	Education, Training and Development Practices	SAQA	South African Qualifications Authority
ERRP	Economic Reconstruction and Recovery Plan	SARS	South African Revenue Services
ETQA	Education and Training Quality Assurance	SCM	Supply Chain Management
EXCO	Executive Committee	SD	Skills Development
FET	Further Education and Training	SDA	Skills Development Act
FINREMCO	Finance and Remuneration Committee	SDL	Skills Development Levy
GRAP	Generally Recognised Accounting Practice	SDLA	Skills Development Levies Act
HET	Higher Education and Training	SETA	Sector Education and Training Authority
HR	Human Resources	SIPs	Strategic Integrated Projects
HRDS	Human Resources Development Strategy	SMME	Small, Medium and Micro Enterprises
ICT	Information and Communication Technologies	SSP	Sector Skills Plan
IESBA	International Ethics Standards Board for Accountants	TIA	Technology Innovation Agency
IIA, SA	Institute of Internal Auditors	SLA	Service Level Agreement
IMS	Information Management System	UIF	Unemployment Insurance Fund
IoDSA	Institute of Directors South Africa	WIL	Work Integrated Learning
IoT	Internet of Things	W&R SETA	Wholesale and Retail Sector Education and Training Authority
IPAP	Industrial Policy Action Plan	WSP	Workplace Skills Plan
IRBA	Independent Regulatory Board for Auditors		



MR SIMPHIWE THOBELA
BOARD CHAIRPERSON

Introduction

It is an honour to present the MICT SETA Annual Report for the period 1 April 2020 to 31 March 2021 on behalf of the Accounting Authority. The Accounting Authority with its agility, resilience and diverse range of disciplines, wealth of experiences and knowledge has helped guide the MICT SETA in realising the development and delivery of revolutionary ICT skills through unprecedented times.

Importantly, I would like to extend sincere gratitude to the Executive Authority and the dedicated team within the Department of Higher Education, Science and Innovation for the support the Accounting Authority has received during the performance period under review, as well as the MICT SETA employees.

The 2020/21 financial year was an extraordinarily challenging year for the global community. The impact of the COVID-19 pandemic, as a result of lockdown restrictions, caused unprecedented disruptions particularly in the skills development landscape but also catapulted a deliberate focus towards innovation in the educational sector, driving digital transformation and being ahead of the Fourth Industrial Revolution (4IR) curve for transformative value.

Whilst access to learning and skills development was facilitated and maintained in various contexts in South Africa,

Foreword by the Chairperson

it was almost impossible for some constituent employers and skills development providers (implementing programmes for marginalised groups) to provide in-person classroom-based skills training, not to mention execute virtual learning. COVID-19 exacerbated the pre-existing social and digital divides in these marginalised groups, depriving them of continued learning, putting them at an even higher risk of falling further behind.

It is against this backdrop that the SETA needs to better position itself to enable the Fourth Industrial Revolution through increasing access to and uptake of relevant skills development interventions, and facilitating the development of the required qualifications and learning interventions with the relevant authorities and partners.

Overview of the Strategy and Performance of the MICT Sector

In the year under review, the MICT SETA achieved an unqualified Audit opinion, with no material findings, highlighting a few areas for improvement. The SETA managed to successfully achieve its strategic oriented goals as articulated in the Strategic and Annual Performance Plans with 57 key performance indicators realised out of the 76. A key factor for the partial achievement of the performance indicators was the impact of COVID-19.

The MICT SETA was able to roll-out various learning interventions nationally, increasing focused skills development interventions for rural and marginalised communities to ensure inclusivity.

New emerging training needs, as a result of the COVID-19 pandemic, accelerated our 4IR programmes implementation strategy. As such, we are proud to announce the approval by the Quality Council for Trade Occupations (QCTO) of our

application of occupational qualifications in the following 4IR domains: Artificial Intelligence, Cyber Security, Cloud Computing, Data Science, Software Development, Internet of Things (IoT), Robotic Processing Automation, Design Thinking, Quality Engineering Automation and e-Waste.

Strategic Relationships

Our industry remains the driver in creating an enabling environment to catalyse innovation and deliver on the strategic priorities to advance the objectives of post-school education and training. Through collaboration and forging strategic partnerships, in the period under review, the MICT SETA established relationships with constituent employers, labour organisations, national departments, professional bodies and associations, TVET Colleges and rural communities to increase our footprint in programme roll-out, whilst addressing scarce and critical skills in the sector.

Strategic partnerships were established with the following institutions:

- The Innovation Hub
- Gauteng Film Commission
- ZA Domain Name Authority
- South African Mobile Devices Distributors and Repairers Association (SAMDDRA)
- Youth Media Development Movement
- National Education, Health and Allied Workers Union (NEHAWU)
- Department of Higher Education, Science and Innovation

Strategic relations were enhanced with TVET colleges and Universities as follows:

- South West Gauteng TVET College (Public College)- Skills Programme
- Gert Sibande TVET College
- Lephalale TVET College
- Umfolozi TVET College - Learnership
- Sekhukhune TVET College
- Buffalo City College
- Northern Cape Urban TVET College
- Lovedale College
- Ekurhuleni East TVET College - Benoni Campus

Challenges Faced by Board

The current Board received one resignation in the year under review, and had one vacant position upon commencement of the new Board term. The Board recognises the urgent need to fill these vacancies and as such is prioritising the recruitment process to enable the SETA to continue with its mandate with a fully represented Board.

Although the entity has progressed in filling senior manager positions in the current year, not all senior management positions could be filled, which presented a challenge for the entity to meet all its objectives. Towards the end of the financial year, the MICT SETA Chief Executive Officer was placed on precautionary suspension.

The case between Business Unity South Africa and the Department of Higher Education and Training has an impact

on the SETA, even though the case is not directly with the SETA, as it has created uncertainty in the mandatory grants that will be paid going forward. The SETA awaits communication from the Department on the way forward.

The Year Ahead

Despite the rapid changes in our sector instigated by the COVID-19 pandemic, we have shown resilience under the changing environment.

To pursue the development of a 21st century skilled workforce within the context of the National Skills Development Plan (NSDP), the Accounting Authority has identified key strategic priorities in an effort to develop operational efficiencies that highlight customer centricity, improve stakeholder confidence and strengthen the strategic vision of the MICT SETA.

The Board is committed to ensure that these strategic priorities are met and will continue to strengthen the governance of the entity.

Through the strategic direction of the Board, the MICT SETA endeavors to be a key contributor in our industry by establishing cross sectoral partnerships with relevant stakeholders, institutions of higher learning, SETAs and in particular, support the growth of small, micro and medium enterprises through skills development, for their impactful participation in the economy in order to address the triple challenge of poverty, inequality and unemployment faced by our country.

Acknowledgments and Conclusion

Acknowledgment is extended to the Portfolio Committee on Higher Education, Science and Innovation and the Auditor General for their role in ensuring that the SETA fulfills its mandate. Furthermore, a word of appreciation is expressed to the Executive Authority for their oversight role. I also wish to take this opportunity to thank senior management and the employees at large for their contribution, focus and hard work which resulted in satisfactory performance, amidst the tumultuous period we have faced in this financial year. Finally, I would like to extend gratitude to the Chairpersons and Members of the Board Committees for their commitment and valuable contributions over the past year.

In conclusion, our stakeholders play a pivotal role in the ecosystem of skills development, and their support is invaluable and greatly appreciated. As an organisation, we rely on strong partnerships and impactful solutions that promote a demand driven economy for the purpose of collaboratively creating a digitally skilled nation, reducing unemployment and inequality whilst building a better future for our South Africa.

MR SIMPHIWE THOBELA
CHAIRPERSON OF THE BOARD
31 AUGUST 2021



MR MATOME MADIBANA
ACTING CHIEF EXECUTIVE OFFICER

Acting Chief Executive Officer's Overview

inevitable state of national lockdown restrictions affected the implementation of programmes mid-year, resulting in some constituent employers and skills development providers not being able to provide in person classroom-based learning, let alone implement e-Learning in the larger part of the year. With the above challenges, immediate measures had to be employed to streamline and innovate business process efficiencies across multiple divisions to maintain improved service to stakeholders.

There were also challenges experienced with the roll out of the Integrated Management System (IMS) which became a huge inconvenience to most of our stakeholders and remains a critical matter and priority to the SETA for immediate resolve.

There are, however, a number of partnerships that the SETA entered into and some of these partnerships include TVET Colleges, Community Education and Training Colleges (CETs), Companies, Private Universities across the country, Professional bodies and other state organs not limited to SETA's which are meant to improve employability, sustainable jobs and entrepreneurship as part of a concerted effort to address some of the Economic Reconstruction and Recovery Plan (ERRP) priorities. These partnerships endorse our commitment to skills development in the sector amidst rapid changes in technology and future skills needs as informed by the Sector Skills Plan (SSP). Our commitment to supporting small, micro, medium enterprises (SMME's), women, youth, people living with disabilities and the development of rural communities at large contributes towards addressing the requisite sector priority and future skills immeasurably and more focus has been channelled in this area to ensure development that is broadened, equitable and more inclusive.

As part of the SETA's efforts to ensure sound improvement of its operations, priority has been given in ensuring reliable Annual Financial Statements (AFS)s, performance information substantiated by high level of accountability and improved compliance on Supply Chain Management related contracts with continuous improvement of the internal control

environment where irregularity of any form or shape is not tolerated. Additional institutional mechanisms to fortify not only the financial accountability environment with proper oversight but also eliminating recurring audit findings is what the SETA strives and yearns for. Continuous reorientation of employees and awareness on key aspects around fraud and risk management and SCM training remains ongoing such that a larger part of employees have been trained in these areas.

There has been successful migration from manual leave processes to the electronic leave management system and adoption of electronic SCM processes to tighten internal controls, improve turnaround times on payment to suppliers and minimise errors resulting from the manual way of processing internal transactions, which will go a long way to assist in eliminating high probabilities of fraudulent activities or intentions.

As part of ensuring high responsiveness, a variety of social media platforms have been adopted by the SETA and closely monitored for better turnaround times as our stakeholders remain at the centre of enabling continuous improvement in both our systems and processes but also building a sound and accountable public administration.

The process within the SETA implement audit action plans has assisted in some areas of the organisation and the process of continuously testing the effectiveness of internal controls is ongoing and yielding much more improved audit outcomes and better overall performance on targets set out for the year whilst mitigating wasteful and irregular expenditure. A few surveys were conducted coupled with better forward planning techniques to ensure accelerated performance, understanding of stakeholders' expectations, challenges and improved attainment of targets as set.

It is noteworthy to mention the significant strides that the MICT SETA achieved during the financial year under review and they are as follows:

- The successful development of the 4IR qualifications with the Quality Council for Trades and Occupations (QCTO) in an effort to prevent further job losses and appointment of Research Chairs.
- The MICT SETA continues to create pathways for youth into the world of work through implementation of the first phase of the UIF Training Programme for 3 249 beneficiaries which had good intentions but did not go without challenges which delayed timeous and successful execution of the project and as a lesson, better project management measures for projects of this nature in future.
- Attainment of 75% in terms of overall performance outcome in respect of annual targets which is commendable in light of the pandemic.
- Successful induction of the New Board and provision of appropriate training through IoDSA which remains continuous in order to ensure better oversight.
- Appointment of appropriate and functional governance structures within prescribed timelines.
- Successful approval of a revised Organisational Structure by the new Board.
- Review of some of the critical policies and development of some new policies
- Digitisation of Leave Management system and total migration from old system to new systems in many areas

of business processes.

- Successful renovation of offices to open plan set up in an effort to enhance and promote synergy and better collaboration and team playing.
- Improved turnaround in paying suppliers within 30 days on the newly procured Finance System.

The SETA is resolute and in the right trajectory towards upskilling and reskilling the most active workforce and youth to the betterment of our country's socio economic challenges, changing the landscape of unemployment and building the kind of human capital that will better respond to the digital economy.

Organisational Performance

In the period under review, the MICT SETA's key performance indicators were revised upwards to a total of 76 and out of the 76 key performance indicators, a total of 57 indicators were fully achieved which equates to 75% overall despite low revenue and challenges associated with COVID-19. In comparison with the previous financial year, with 41 key performance indicators, a performance level of 83% (34 out of 41) was achieved.

Capacity Constraints and Challenges

Although the organisational structure was accordingly revised by the new Board leading to a process of filling priority positions with caution of the 10.5%, the MICT SETA has made significant strides in filling strategic positions. The process did not go without challenges as some positions took longer to fill due to delayed MIE verification results which forms part of the process whilst other positions were vacated within shorter time frames towards the end of third quarter and in the fourth quarter of the financial year. Although some employees left the MICT SETA for greener pastures, the Board saw it appropriate to do an organisation-wide consultation session with all employees so as to establish the level of satisfaction and general concerns employees have such that the Board has a clear picture of which other priority areas beyond those of external stakeholders need immediate attention and intervention mechanisms are in the process of being implemented organisation wide to improve the quality of work life.

Financial Overview and Spending Trends

Statement of Financial Performance

Revenue

The entity received R635 million in skills development levies income compared to R956 million in the previous year. The 33.6% decrease from the previous year is attributed to loss of income due the 4 months' skills development levy holiday. The entity has furthermore received R116 million relating to the labour activation project being implemented with UIF.

Expenditure

We paid mandatory grants of R121 million, which is a 31% decrease from R175 million paid in the previous year. The payout ratio for the current year is 77.9% as opposed to 74.8% in the prior year.

The amount spent on discretionary grants expenditure during the year was R481 million, which is a 35.9% decrease compared to the prior year. The decrease is attributed to less discretionary grants projects in the current year as well as

slow implementation of active discretionary grants projects. The amount includes the SETA's 20% portion towards implementation of the labour activation project with UIF. The entity has furthermore incurred R116 million as 80% of the labour activation project.

Expenditure on administration was R102 million, which is an increase of 5.7% compared to the previous year. The entity has exceeded the limit on administration expenditure of 10.5% due to no income received for 4 months when employers were exempt from paying levies in order to address COVID challenges.

Irregular Expenditure

The audited financial statements reflect an irregular expenditure amount of R153 million, of which the majority was carried forward from the prior year.

Irregular expenditure incurred by the SETA relating to supply chain management in the current financial year amounts to R144 000, which is a 9% decrease from R159 000 irregular expenditure incurred in the prior year. The irregular expenditure relating to non-compliance with regulations is currently under investigation, and appropriate consequence management measures instituted.

Additional irregular expenditure of R1.4 million incurred in the current year relates to recruitment processes of the Chairperson of the Board appointed by the Executive Authority. This is under the helm of DHET who will advise on the way forward.

Commitment Register

The entity has over-committed (surplus less commitments at the end of the year) on its discretionary grants commitments by R49.9 million at the end of the financial year. This amount is an increase from the prior year's overcommitment due to various projects that were committed towards the end of the year. The overcommitment amount is manageable by the SETA and is monitored to ensure that it is not excessive when compared to our reserves.

Audit Reporting Matters

Our audit outcome of an unqualified opinion without findings is welcomed despite matters emphasising controls that were not optimal, particularly on supply chain management processes and general compliance with laws and regulations. We continue to proactively analyse the root causes of the breakdown of internal controls; and based on our analysis and investigations, we continue to monitor the internal control environment in a bid to improve it. We continue to ensure that our staff is accountable towards actively working towards a good internal control environment.

Post Balance Sheet Events

There were no post balance sheet events that the entity is aware of.

Economic Viability

The MICT SETA remains economically viable even though there is room for improvement in terms of broadening the levy income base.

There are no policy reforms that need to be undertaken since financial viability is not at risk.

Request for Roll Over of Funds

The MICT SETA had a cash surplus of R233 million at the end of 2020/21 financial year. The entity has requested for roll over into the 2021/22 financial year for discretionary projects in which we have already committed and therefore are legally obliged to fulfill these commitments.

Concluded Unsolicited Bid Proposals

There were no concluded unsolicited bid proposals that we are aware of.

Discontinued Activities / Activities to be Discontinued

There are no discontinued activities or an intention to discontinue any activities of the MICT SETA.

Supply Chain Management

Supply chain management system consists of six core processes: Demand, Acquisition, Logistics, Disposal, Risk Management; as well as effective Contract performance evaluation and monitoring. The MICT SETA supply chain management systems and processes are in place. The implementation of the Enterprise Resource Planning (ERP) system will further assist in the enhancement of our systems and controls.

The division would however require further capacitation of the workforce in terms of additional experienced and qualified resources within contracts management and strategic sourcing; allowing for tightened controls within supply chain management. This is due for implementation in the next financial year through the necessary governance processes.

The SETA yearns for continuous improvement in this space and tries by all means to ensure a zero defect climate.

Appreciation

Great appreciation goes to the Portfolio Committee on Higher Education, Science and Technology, the Auditor General, the MICT SETA Accounting Authority (AA), and Audit and Risk Committee (ARC) for the continuous guidance in steering the ship in the right direction and employees widely. Various AA sub-committees played a major role in ensuring better processing of the MICT SETA AA resolutions priorities and kept the administration on its toes when it came to execution of targets. Further gratitude goes to broader stakeholders, as they are the centre of our business and the Office of the Ministry for the invaluable contribution and guidance to ensure that we continue delivering our services better to the people of South Africa.

It goes without saying that the SETA is blessed with very hard working employees who showed tenacity and went beyond the call of duty to enable it to achieve its strategic objectives. There are definitely areas that require continuous improvement through better mentoring and motivation across the entity such as better responsiveness to stakeholders and inculcating a culture of improved accountability and taking responsibility for one's actions. Regular surveys are conducted to evaluate how effectively and efficiently the MICT SETA is achieving its mandate within the sector as part of ensuring continuous improvement.

Thank you



MR MATOME MADIBANA
ACTING CHIEF EXECUTIVE OFFICER
31 August 2021

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

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 of any omissions.
- The Annual Report has been prepared in accordance with the guidelines as issued by the National Treasury.
- The audited Annual Financial Statements (Part E) were prepared in accordance with the SA GRAP standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information; establishing and implementing a system of internal controls designed to provide reasonable assurance of 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, governance, the human resources information, and the financial affairs of the organisation for the financial year ended 31 March 2021.



MR SIMPHIWE THOBELA
CHAIRPERSON OF THE BOARD
31 August 2021



MR MATOME MADIBANA
ACTING CHIEF EXECUTIVE OFFICER
31 August 2021

6. STRATEGIC OVERVIEW

Our Vision



A global leader
in the
development
and delivery of
revolutionary
ICT skills

Our Mission



We provide
opportunities
through
funding of skills
development for
our stakeholders to
participate in the
economy, through
meaningful
employment and
entrepreneurship,
in building a
capable, creative
and innovative
developmental
state

Our Values



- Honesty
- Excellence
- Integrity
- Meritocracy
- Accountability
- Customer
Centricity

7. LEGISLATIVE AND OTHER MANDATES

The Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) is a public entity established in terms of the Skills Development Act No. 97 of 1998; and listed as a schedule 3A entity as per the Public Finance Management Act No. 29 of 1999 (PFMA). 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; citizens are encouraged to participate in policy-making
- Rendering an accountable, transparent, and development-oriented administration

7.2 Legislative 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

- Skills Development Act (SDA) 1998 (Act No. 97 of 1998) as amended
- Skills Development Levies Act (SDLA), 1999 (Act No. 09 of 1999)
- Regulations published in the Government Gazette, No. 35940, 3 December 2012 regarding Monies Received by a SETA and Related Matters
- The National Qualifications Framework Act (NQF), (Act No. 67 of 2008)
- Public Finance Management Act (PFMA) (Act No. 29 of 1999)
- Employment Equity Act (EE), 1998 (Act No. 55, 1998)

7.3 Other Legislative Frameworks include:

- National Development Plan (NDP)
- Industrial Policy Action Plan (IPAP)
- Medium-Term Strategic Framework (MTSF)
- Ten-Year Innovation Plan
- Strategic Integrated Projects (SIPs)
- National Skills Development Plan (NSDP)
- Municipal Integrated Development Plans
- Provincial Growth and Development Strategies

These government policy frameworks and programmes have one objective in common, and that is to address 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 Strategic Plan and Annual Performance Plan.

7.4 Policy Mandates

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, Science and Technology 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. 1 of 1999 to the Director-General of the Department of Higher Education, Science and Technology.
- Facilitate the involvement of relevant government departments in the activities of the SETA to:
 - address the competency requirements for service 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

The Minister of Higher Education and Training vs Business Unity South Africa: SETA Grant Regulations 3 December 2012 as promulgated: Mandatory Grants.

Regulation 4(4) of the 2012 Grant Regulations, as promulgated in 2012, reduced the mandatory grant that an employer could claim from 50% to 20% of the total levies paid. The manner in which the Regulations were promulgated led to litigation by Business Unity South Africa (BUSUA), wherein a ruling was ultimately made by the Labour Appeals Court in October 2019, the effect of which Regulation 4(4) was set aside.

8. EXECUTIVE AUTHORITY



DR BLADE NZIMANDE
MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION



MR BUTI MANAMELA
DEPUTY MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION

DHET Legislative Mandate

- The Higher Education Act provides for a unified and nationally planned system of higher education and for the statutory Council on Higher Education (CHE).
- The National Student Financial Aid Scheme (NSFAS Act) provides for the granting of loans and bursaries to eligible students at Universities as well as for the administration of such loans and bursaries.
- The Further Education and Training Act (AET Act) provides for the establishment of public and private adult learning centres.
- The Adult Education and Training Act (FET Act) provides for the governance and funding of TVET (previously FET Colleges) and matters related in providing an FET college education.

- The Continuing Education and Training Act, 2006, (Act No 16 of 2006).
- The National Qualifications Framework Act (NQF Act) provides for the management of the NQF via level dispensations and related matters, as well as for qualifications and quality assurance of qualifications required on the sub-frameworks of the NQF.
- The Skills Development Levies Act provides for the imposition of skills development levies and matters related thereto.
- The Skills Development Act provides for the creation of a National Skills Agency, establishment of the Quality Council for Trades and Occupations and regulation of apprenticeships and learnerships and matters related to skills development.

9. ACCOUNTING AUTHORITY



MR SIMPHIWE THOBELA
BOARD CHAIRPERSON



SIPHO GEORGE ZWANE



PORTIA BUTHELEZI



LESIBA JAN LANGA



VIWE THOMAS JAMES



*KHAYA SOLOMON XABA



TEBOGO MACK
MAMOROBELA



THABO MOFOKENG



LOYISO TYIRA



THABISA ZIMBINI FAYE



NTOMBIKAYISE KHUMALO



MARILYN WHITE**



MORWESI RAMONYAI**

* Khaya Solomon Xaba deceased
** Resigned

10. ORGANISATIONAL STRUCTURE

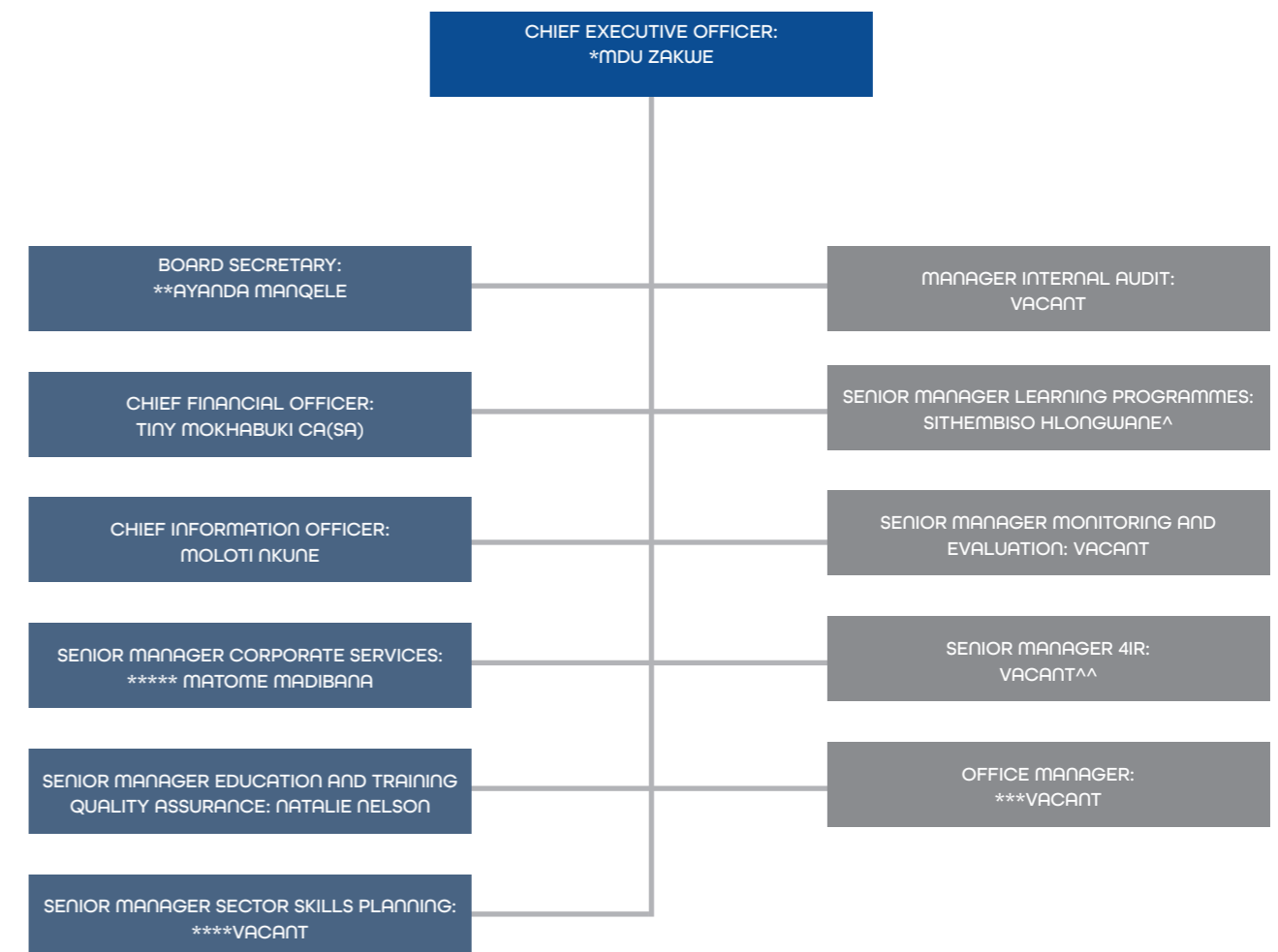
The SETA has made great strides despite challenges associated with delayed MIE results on prospective appointees leading to delayed appointments. Deliberately this was to avoid any repeat findings of irregular appointments arising from appointments prior finalisation of MIE outcomes. The new Board approved a few critical positions particularly in ICT so that it is bolstered enough to enable the MICT SETA to be a lead SETA in 4IR and innovation but also to assist other SETA's in matters of ICT.

Even though there was one retirement of a Senior Manager responsible for Sector Skills Planning, there were a fewer resignations like Board Secretary, Office Manager and Senior Manager ETQA. We are however pleased to have the

Chief Information Officer join the SETA from the 1st of September 2020, as well as filling the Board Secretary vacancy on the 1st of August 2020, followed by filling in the vacancy of Senior Manager Education and Training Quality Assurance as of the 1st of March 2021.

The CEO was placed on precautionary suspension during the last month of the financial year in March 2021 and the Senior Manager Corporate Services was appointed in the said acting capacity.

The process of filling vacant senior managerial posts was delayed due to non-responsive applications and had to be re-advertised for completeness.



* Precautionary suspension on 1 March 2021
** Resigned 30 June 2021
*** The incumbent resigned 28 February 2021
**** The incumbent retired 31 December 2020
***** Appointed as acting CEO on 01 March 2021
^ Resigned 07 April 2021
^^ Filled in acting capacity from 1 March 2021



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.

Refer to pages 85 to 88 of the Auditor-General's Report, published in Part E: Annual Financial Statements.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The MICT sector occupies a large share of the broader services sector. With the exception of a few sub-sectors involved in the production of goods, the sector falls mainly within the provision of services. The MICT sector is made up of five sub-sectors that are inter-related but also quite distinct and identifiable in their own right. They are:

- Advertising
- Film and Electronic Media
- Electronics
- Information Technology
- Telecommunications

The five sub-sectors of the SETA are increasingly converging into a single ICT ecosystem – as information, telecommunications, advertising, and even film are streamed using similar technologies. The sector is premised on the convergence between content, commerce, community, and the tools that support them.

The MICT sector is an array of segments, including news; market research; business process automation; media; data services; software; hardware; telecoms; financial and risk information; and security, among others. Essentially, the sector is anchored by the role of unified communications which enable access, storage, transmission, and manipulation of information.

The MICT sector is currently made up of 28,829 employers spread across the five sub-sectors. These estimates represent only companies allocated to the MICT SETA through the SARS registration process. The Information Technology sub-sector is the largest sub-sector, accounting for 51% of employers. Telecommunications and Electronics sub-sectors each account for 13%, closely followed by Advertising (12%) and Film and Electronic Media (11%).

Overall, the number of levy-paying employers decreased slightly from 7,902 in 2019 to 7,207 in 2020 as company's battle tough economic times and a rise in self-employment. While the current COVID-19 pandemic has significantly disrupted the economy, the South African MICT Sector experienced a 2.2% growth in employment from 2018 to 2020.

The following table depicts the MICT SETA Standard Industrial Classification (SIC) Codes.

The MICT SETA Standard Industrial Classification (SIC) Codes:

Sub-sector	SIC Code	Main Activity Description
Advertising	88310	Advertising
	88311	Activities of Advertising Agents
	88313	Commercial Design
Film and Electronic Media	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
	96132	Production and Broadcast of Radio and Television Broadcast Content
	96200	News Agency Activities
	88940	Photographic Activities
	88940	Photographic Activities
Sub-sector	SIC Code	Main Activity Description
Electronics	35791	Manufacture of Alarm Systems
	75216	Security Systems Services Except Locksmiths
	75217	Office Automation, Office Machinery and Equipment Rental Leasing Including Installation and Maintenance
	86004	Electronic and Precision Equipment/Computer Repairs and Maintenance
	86010	Consumer Electronics Repair and Maintenance
	86013	Other Electronic and Precision Equipment Repair and Maintenance
	86014	Repair and Maintenance of Electronic Marine Equipment
	87142	Research and Development of Electronic Equipment and Systems
	87143	Information Technology Import and Product Integration of Pre-Manufactured Electronics 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
	96133	Installation, Maintenance and Repair of Tracking Devices for Cars

Sub-sector	SIC Code	Main Activity Description
Information Technology	86001	Software Publishers
	86002	Computer Systems Design and Related Services
	86003	Computer Facilities Management Services
	86005	Computer Rental and Leasing
	86006	Computer Programming Services
	86007	Other Computer Related Activities
	86008	Call Centre and Customer Relationship Management Systems Development and Installations Activities
	86009	Computer System Design Services and Integrated Solutions
	86011	Computer and Office Machine Repair, Maintenance and Support Services
	86011	Computer and Office Machine Repair, Maintenance and Support Services
	86011	Computer and Office Machine Repair, Maintenance and Support Services
Tele-communications	75200	Telecommunication
	75201	Wired Telecommunications Carriers
	75202	Television and Radio Signal Distribution
	75203	Cable Networks and Programme Distribution
	75204	Telephone
	75205	Wireless Telecommunications Carriers except Satellite Radio Telephone
	75209	Television Broadcasting
	75211	Telecommunications and Wired Telecommunication Carriers
	75212	Paging
	75213	Cellular and Other Wireless Telecommunications
	75214	Satellite Telecommunications
	75215	Other Telecommunications
	86012	Communication Equipment Repair and Maintenance
	87148	Telecommunications Importation and Product Integration of Pre Manufactured Electronics IT and Telecommunications Equipment
	96131	Providing Radio and Television Transmission Signals

Sector Performance

South Africa's development trajectory is underpinned by the National Development Plan (NDP), which challenges the country to achieve sustained levels of economic growth through to 2030. The MICT Sector is an integral part of South African society and is impacted by various policy interventions, the MICT SETA understands that government's various policy and planning interventions are attempting to achieve objectives stated in the NDP. The policies and plans have a direct bearing on the sector's skills development imperatives and as such should not be considered in a fragmented approach, but require a coherent response from the MICT SETA and its stakeholders. These include, but are not limited to:

- White Paper on Post School Education and Training
- Human Resource Development Strategy for South Africa (HRDS)
- National Skills Accord (NSA)
- National Skills Development Plan (NSDP)
- National Integrated ICT Policy White Paper
- Industrial Action Policy Plan (IAPP)
- Strategic Integrated Projects (SIPs)
- Broad-Based Black Economic Empowerment (B-BBEE)

Building and managing talent requires a concerted effort and resources. A positive signal is that industry and government are aware of the drivers behind the gaps and are responding to this through both individual and collective action. To the effect of attaining the NDP objectives, the MICT SETA continues to leverage its partnerships with industry to drive innovative research and offer opportunities to small business, to enable them to play a significant role in the country's manufacturing and technology ecosystem. Equal focus is channeled towards continued support for SMEs through more focused internships and incubation programmes.

Furthermore, there is an effort by the MICT sector to absorb unemployed people, particularly the youth that graduated from respective learning programmes, to address individual employer's scarce skills. For the MICT SETA, the challenge has been to servicing the PIVOTAL skills (Sector Priority Occupations) to have an impact on the E-skills of a bigger population. Over the years, policy and national strategies have helped shift funding to fill skills gaps that are placed in the mid-to-high levels on the National Qualifications Framework.

Challenges and Opportunities

There are challenges across the economy that fall within the sphere of the MICT SETA that require attention. There are also tensions between the aspirations of different stakeholders within the sector that need to be managed for the benefit of the sector. Challenges that need to be addressed in the sector include the following:

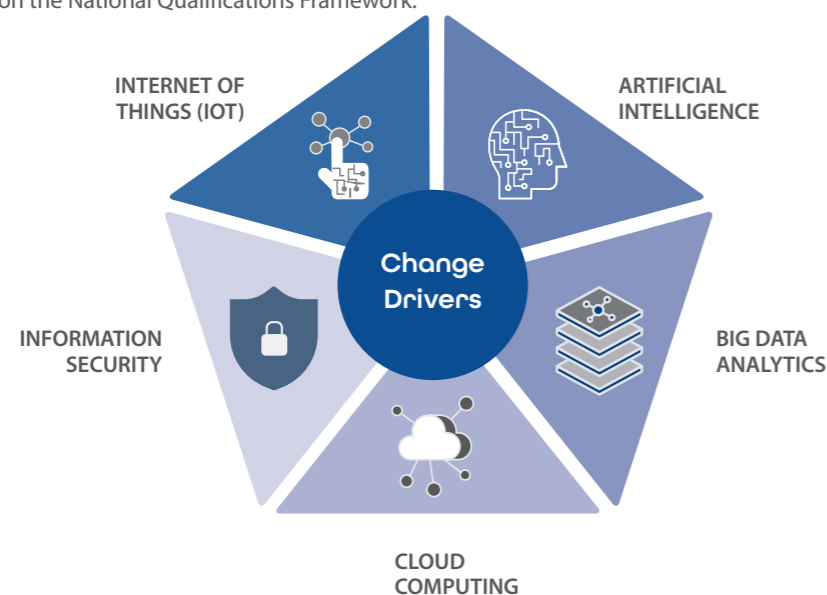
- Achieving a more South African based production
- Ensuring inclusive growth
- Addressing deepening sectoral transformation issues
- Aligning the skills development agenda to the needs of the sector and broader economy
- Supporting innovation, and
- Paying greater attention to the needs of small businesses that have the potential for expanding employment and economic growth.

Priority sector development initiatives by the MICT SETA include recognising, planning and prioritising occupations that are on the National List of Occupations in High Demand and linking occupations and specialisations that enable 4IR, expanding opportunities for Work Integrated Learning, designing effective internships that serve as effective bridges into employment and collaborating with stakeholders on work-based training, support innovation and commercialisation of 4IR technologies in South Africa, further encouraging local production and increased exports.

Sector Change Drivers

The 4th Industrial Revolution (4IR) is already altering the way communities live and work through convergence and the fusion of technologies. With South Africa pushing to be an E-skilled economy as outlined in the National Development Plan, Vision 2030, it is important to identify priority sector development outcomes that will be supported with skills development.

The following diagram (below) is the key changes or focal areas in respect of the sector. However, these should not be viewed as exclusive, but rather, an account of key factors that are influencing changes within the sector, therefore, bearing an impact on skills development issues.



Change drivers affect how businesses operate and survive into the future. Thus, new ways of doing things, including skills training, are required to exploit new opportunities in the market that emerge as a result of 4IR. Furthermore, the COVID-19 pandemic has spurred on the uptake of 4IR technologies and the relevant skills that are required to enable it. The aforementioned change drivers call for the continued development of technologies and skills. Whilst it may be true that 4IR may invalidate jobs that place emphasis on routine or menial tasks, it also presents an opportunity for the creation and/or advancement of jobs. To this effect, South African organisations are increasingly investing in 4IR technologies.

Funding, formalised training and overall development of emerging occupations is hampered by limited recognition of emerging 4IR occupations in the Organising Framework for Occupations (OFO) such as an IoT specialist within the IoT realm, cloud architect for cloud computing and AI specialist within artificial intelligence. In general, due to the limited number of candidates possessing 4IR relevant skills and experience such as cybersecurity specialists within the 5G or cloud computing space; or an appropriate skills base to expand from, there is increased competition amongst employers for the few relevantly skilled candidates in the sector such as drone operators, further pressure is exerted to accelerate the development of skills.

In order to keep up with the increasing use of artificial intelligence and robotics accelerating the reskilling of workers, redirecting the workforce to areas that create new forms of value and strengthening the talent pipeline from its source have become paramount. These suggestions may be adopted for other change drivers and speak to the need for increased research output, technical upskilling (especially for unskilled labourers) and collaboration amongst stakeholders. To this effect, the SETA is actively engaged with stakeholders such as the QCTO, training providers and industry in the development of new qualifications and improvement of existing qualifications to meet 4IR demands.

The MICT SETA is committed to implementing programmes that empower and develop competent people with the necessary skills. It will increase the participation of females and people with disabilities in programmes. The implementation will be in alignment to the South African Economic Reconstruction and Recovery Plan, as part of building the skills base required by our changing economy, young people, women and persons with disability. These will be provided with tools and training to enable them to access online learning and economic opportunities. Linked to this will be the re-orientation and alignment of the skills strategy to be more demand led and responsive to the changing nature of work, including prioritising the up-skilling of women and girls with due regard to reversing the deterioration of the gender division of labour.

2.2 Organisational Environment

The SETA is governed by a representative Board and its sub-committees which provide strategic direction to the organisation. The organisation has a staff complement of 95 employees to deliver on its mandate. The SETA signed a Service Level Agreement (SLA) with the Department of Higher Education and Training to deliver on its mandate. The substantial increase in the number of employees is attributable to new operational requirements. The operations of the MICT SETA are centralised at the Midrand head office and there are Regional Offices in Cape Town, East London and Durban, and a satellite office in Klerksdorp. The MICT SETA comprises four core divisions: Sector Skills Planning (SSP), Learning Programmes Division (LPD), 4IR and the Education and Training Quality Assurance (ETQA). The support divisions are Corporate Services (comprising of Human Resources, and Marketing and Communications), Finance (comprising of Financial Management and Supply Chain Management), Information and Communication Technology, Office of the CEO (comprising of Monitoring and Evaluation, Internal Audit, Risk and Compliance) and Office of the Board Secretary.

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 except for the development of COVID-19 and Business Continuity Management policies. Key is the Economic Reconstruction and Recovery Skills Strategy that is borne out of the urgency for a well-coordinated strategy of skills development to support both the management of COVID-19 and the economic and social recovery. The MICT SETA understands that government's various policy and planning interventions are attempting to achieve objectives stated in the National Development Plan (NDP). The policies and plans have a direct bearing on the sector's skills development endeavors and as such, should not be considered in a fragmented approach but require a coherent response from the MICT SETA and its stakeholders.

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The MICT SETA Strategy comprises of engagement with employers, service providers, government and the community at large, the aim is to channel available resources into creating a pool of talent that matches demand for such skills and those brought about by technological advancement. The targeted beneficiaries include those employed, retrenched and the unemployed. 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 will be critical in addressing overall scarce and critical skills demand within the industry.

Furthermore, the MICT SETA has in the past co-operated 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 Higher Education and Training (HET) institutions in the provision of broader high-level skills will be of extreme importance. The SETA will continue to partner within the industry to ensure support for its scarce skills needs, and with professional bodies and associations to promote continued professional development. Moreover, the SETA will encourage employers within the sector to use their workplaces more effectively to expand the level of training.

Strategic Outcome Oriented Goal 1	Efficient Corporate Services and Financial Management systems and processes that ensure effective governance
Goal Statement	Ensure that a fully functional and operational MICT SETA realises its strategic outcomes through provision of a well-established and functional administration processes and systems.
Progress Made	This outcome has been partially achieved.
Strategic Outcome Oriented Goal 2	A credible mechanism for identification of occupations in high demand
Goal Statement	Conduct research and develop a Sector Skills Plan that records industry scarce skills requirements on an annual basis.
Progress Made	This outcome has been partially achieved.
Strategic Outcome Oriented Goal 3	Supported career development services within the MICT sector
Goal Statement	Compile a comprehensive career opportunities guide for the sector using credible labour market information to promote career development on an annual basis.
Progress Made	This outcome has been achieved; a comprehensive career guide document was produced and distributed.
Strategic Outcome Oriented Goal 4	Increased delivery on programmes that link education and the workplace
Goal Statement	This is aimed at improving the relationship between education and training and to recognise the importance of workplace-based learning in achieving the policy objectives of the post school education and training system.
Progress Made	This outcome has been partially achieved.

Strategic Outcome Oriented Goal 5	Increased workplace training of workers already in employment
Goal Statement	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 on an annual basis.
Progress Made	This outcome has been achieved.
Strategic Outcome Oriented Goal 6	Increased access to occupationally directed programmes
Goal Statement	To provide appropriate workplace experience to skilled learners in order to support the country's socio-economic development goals.
Progress Made	This outcome has been achieved.
Strategic Outcome Oriented Goal 7	Supported growth of the public college system
Goal Statement	To support the growth of the public college institutional type as a key provider of skills required for socio-economic development.
Progress Made	This outcome has been partially achieved.
Strategic Outcome Oriented Goal 8	Skills development support for entrepreneurship and cooperative development
Goal Statement	To increase skills development support for entrepreneurial activities and the establishment of new enterprises and cooperatives.
Progress Made	This outcome has been partially achieved.
Strategic Outcome Oriented Goal 9	Increased skills development support for worker initiated training
Goal Statement	To support the development of union and federation members within the MICT sector through skills programmes.
Progress Made	This outcome has been achieved.
Strategic Outcome Oriented Goal 10	A 4IR strategy that is responsive to 4IR skills development needs of the MICT sector
Goal Statement	To develop an integrated strategy on the Fourth Industrial Revolution (4IR), develop 4IR-aligned qualifications, manage partnerships in the implementation of 4IR interventions and programmes.
Progress Made	This outcome has been partially achieved.
Strategic Outcome Oriented Goal 11	Improved quality of education to address programmes in high demand within the MICT sector
Goal Statement	The development of qualifications, which are aligned to the needs of the sector to improve the supply of skills. In parallel, the capacitation and accreditation of Skills Development Providers to ensure the quality of the skills produced.
Progress Made	This outcome has been achieved.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Summary of Performance Information

The MICT SETA delivered against the National Skills Development Plan (NSDP) outcomes. It entered into a Service Level Agreement with the Department of Higher Education, Science and Technology, committing to deliver against the NSDP goals and strategic objectives.

The COVID-19 crisis has caused enormous disruption to the lives of all South Africans, which also affected the Skills Development sector. As in all the economic sectors in South Africa, the pandemic presented a set of unprecedented challenges for the MICT sector, like all other sectors the SETA was forced to make immediate and drastic changes since the announcement by his Excellency, the President of the

Republic of South Africa, Cyril Ramaphosa regarding the National State of Disaster and the four months Skills Development Levy (SDL) contribution holiday. Since the SETA's income is derived from the receipt of skills development levy income from employers which is used to fund learning programmes through the Discretionary Grant funding, the SETA's budget was negatively impacted. As a result Programme 3: Learning Programmes targets had to be revised to equate to available funds. The remainder of the Programmes targets remained the same.

Summary of performance information against Annual Performance Plan and re-tabled Key Performance Indicators in Programme 3

Programme	Strategic Outcomes	Number of KPIs	Achieved	Over Achieved	Under Achieved
Programme 1: Administration	Outcome 1	12	7	1	4
Programme 2: Sector Skills Planning	Outcome 2-3	12	6	4	2
Programme 3: Learning Programmes	Outcome 4-10	48	8	28	12
Programme 4: Education and Training Quality Assurance	Outcome 11	4	0	3	1
	Total	76	21	36	19
	Percentage	100%	28%	47%	25%

4.1 Programme 1: Administration

PURPOSE

This programme aims to ensure effective leadership, strategic management and administrative support to the MICT SETA. This will be achieved through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice. The Office of the CFO, including Supply Chain Management aims to ensure that the MICT SETA has sound financial management systems and processes. Additionally, Systems are provided by the Information Communications Technologies divisions, whilst Corporate Services provides services for all administrative functions within the organisation, including Human Resources and Marketing and Communications. Moreover, Governance plays an oversight role of the MICT SETA performance; thus, ensure that there is effective management of revenue, expenditure, assets and liabilities.

STRATEGIC OBJECTIVE 1: Efficient Corporate Services and Financial Management systems and processes that ensure effective governance.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target 2020/21	Reasons for deviations
Finance								
	Clean audit opinions on an annual basis	Number of clean audit opinions on an annual basis	Unqualified opinion	Unqualified report	Unqualified report	Unqualified report	None	None
	Accurate and timeous Management Accounts on an annual basis	Number of Management Accounts on an annual basis	12 Management accounts	12 Management accounts	12 Management accounts	12 Management accounts	None	None
	Aligned operational and procurement plans on an annual basis	Percentage of procured services above 500K aligned to operational and procurement plans on an annual basis	New target	New target	100% acquisition of services above 500K aligned to operational and procurement plans	100% acquisition of services above 500k aligned to operational and procurement plans	None	None
	Eliminated Irregular and wasteful expenditure on an annual basis	Percentage of procured services aligned to relevant policies and procedures on an annual basis	New target	New target	100% of procured services aligned to relevant policies and procedures	99% of procured services aligned to relevant policies and procedures	-1%	Target underachieved due to irregular expenditure identified on 1 of 99 procurements
	Improved B-BBEE verification outcomes on an annual basis	B-BBEE status level 1 of contributor score attained on B-BBEE verification on an annual basis	New target	New target	Level 1 B-BBEE score	No B-BBEE certificate	-1	Target underachieved due to B-BBEE verification was in progress at the end of the financial year

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target 2020/21	Reasons for deviations
Corporate Services								
	Competitive workforce with capacity to implement organisational mandate on an annual basis	A percentage of attained DHET SLA targets on an annual basis	85% Attainment of targets	90% Attainment of targets	100% Attainment of targets	79% Attainment of targets	-21%	Delay in implementation of project due to COVID-19 resulting in some completion targets, which are dependent on enrollment, not attained
	Retained Staff on an annual basis	A percentage of Staff Turnover on an annual basis	97.53% Retention rate	90.53% Retention rate	70% Retention rate	73% Retention rate	+3	Target overachieved
	Broadened the MICT SETA visibility for effective stakeholder relations on an annual basis	Number of stakeholder awareness surveys on MICT SETA products and services on an annual basis	New Target	1 Stakeholder awareness survey	1 Stakeholder awareness survey	1 Stakeholder awareness survey	None	None
Governance								
	Clean Audit opinions on an annual basis	Number of clean audit opinions on an annual basis	Unqualified opinion	Unqualified report	Unqualified report	Unqualified report	None	None
	Attainment of targets against the signed SLA with DHET an annual basis	Percentage of targets achieved on annual basis	85% Attainment of targets	90% Attainment of targets	100% Attainment of targets	79% Attainment of targets	-21%	Delay in implementation of project due to COVID-19 resulting in some completion targets, which are dependent on enrolment, not attained
	Eliminated corrupt and fraudulent activities on an annual basis	Number of corrupt and fraudulent activities reported on an annual basis	New target	New target	100% Elimination of corrupt and fraudulent activities	100% Elimination of corrupt and fraudulent activities	None	None
	Maintained good governance	SETA governance reports on a quarterly basis	4 SETA governance reports	4 SETA governance reports	4 SETA governance reports	4 SETA governance reports	None	None

4.2 Programme 2: Sector Skills Planning

PURPOSE

This programme aims to conduct research and develop a credible (Board and DHET approved) Sector Skills Plan that reflects an accurate (triangulated) list of scarce and critical skills, serving as the basis for the SETA's Strategic Plan. The plan to achieve goals and objectives in this programme is to contract with a reputable research house and ensure that there is in-house capacity at the MICT SETA. The MICT SETA will develop a research agenda and conduct the necessary research accordingly for the financial years of this Strategic Plan. This research will be used to inform the Sector Skills Plan document.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation From planned target to Actual Achievement 2020/21	Reasons for deviations
Outcome 2: A credible mechanism for identification of occupations in high demand.	Triangulated signalling of demand and supply for skills on an annual basis	Percentage of discretionary grant budget allocated at developing high level skills on an annual basis	New Target	New Target	6.4%	6,4%	None	None
		Percentage of discretionary grant budget allocated at developing intermediate skills on an annual basis	New Target	New Target	92.6%	92,51%	-0,09%	Target under achieved
		Percentage of discretionary grant budget allocated at developing elementary skills on an annual basis	New Target	New Target	1%	1,07%	+0,07%	Target over achieved
		Number of WSPs and ATRs approved for Small firms on an annual basis	1 150 WSPs and ATRs approved for small firms	1 271 WSPs and ATRs approved for small firms	1 000 WSPs and ATRs approved for small firms	1 253 WSPs/ATRs for Small firms submitted and approved	+253	Target over achieved due to InterSETA Transfers and opening of new companies due to unemployment as a result of retrenchments
		Number of WSPs and ATRs approved for medium firms on an annual basis	392 WSPs and ATRs approved for medium firms	397 WSPs and ATRs approved for medium firms	350 WSPs and ATRs approved for medium firms	402 WSPs/ATRs for medium firms submitted and approved	+52	Target over achieved due to InterSETA Transfers and other factors such as upsizing and some of the large companies from the MICT SETA employer base taking a new size status as result of COVID-19

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 2: A credible mechanism for identification of occupations in high demand.	Triangulated signalling of demand and supply for skills on an annual basis	Number of WSPs and ATRs approved for large firms on an annual basis	287 WSPs and ATRs approved for large firms	230 WSPs and ATRs approved for large firms	230 WSPs and ATRs approved for large firms	222 WSPs/ATRs for large firms submitted and approved	-8	Target underachieved due to the impact of COVID-19 resulting in employers downsizing, thus, affecting the submission target for this indicator. Companies that have downsized have now taken a new status in terms of size, thus, also contributing to the over achievement on the preceding indicator(s)
		Number of approved Sector Skills Plans with lists of occupational shortages and skills gaps produced (including TVETs, Cooperatives and small and emerging enterprises) an annual basis	1 SSP produced and approved	1 SSP produced and approved	1 4IR focused SSP produced and approved	1 4IR focused SSP produced and approved	None	None
		Number of tracer/impact study reports produced on an annual basis	1 Tracer/impact Study report produced	1 Tracer/impact Study report produced	1 Tracer/impact Study report produced	1 Tracer/impact Study report produced	None	None

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 3: Supported career development services within the MICT sector.	Up to date Career Opportunities Guide with labour market information developed and distributed on an annual basis	Number of career opportunities guide with labour market information produced and distributed on annual basis	4822 Up to date career guides distributed	6502 Up to date career guides distributed	1 Career guide produced	4712	+1712	Target overachieved due to more events being attended and virtual sessions hosted. School visits and virtual career expos also played part in this regard
		Strategic Career Events supported and attended on an annual basis	30 Strategic Career Events attended	50 Strategic Career Events attended	25 In urban areas 25 In rural areas	17 In urban areas 33 In rural areas	-8 +8	Target has been achieved, overall
		Career guidance initiatives an annual basis	Number of Career development practitioners trained on an annual basis	New Target	New Target	30	30	None
		Number of capacity building workshops on career development services initiated on an annual basis	New Target	New Target	02	02	None	None

4.3 Programme 3: Learning Programmes

PURPOSE

To implement and monitor learning programmes in the Media, Advertising and ICT sub-sectors. The plan to achieve the objectives and goals in this programme will be to implement the following learning programme interventions that will be rolled out in both urban and rural areas in partnership with constituent employers, and with focus on 4IR strategy as far as possible.

4.3.1 Performance against tabled Annual Performance Plan

Below is performance information for Programme 3: Learning Programme on the Annual Performance Plan (APP). *These indicators are measured against re-tabled key performance indicators.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations	
Outcome 4: Increased delivery on programmes that link education and the workplace.	Learning programmes that link education and the workplace implemented on an annual basis	*Number of TVET students requiring Work Integrated Learning to complete their qualifications placed in workplaces on an annual basis	861	501	760	812	+52	Target over-achieved Over achievement is a result of more participation by the industry to implement TVET work integrated learning programmes	
		Number of TVET students completed their work integrated learning placements on an annual basis	330	502	480	546	+66	Target over-achieved Over achievement is a result of more learners completing TVET Work Integrated Learning (WIL) and high demand TVET Colleges Work Integrated Learning (WIL) for NATED courses	
		*Number of university students requiring work integrated learning to complete their qualifications placed in workplaces on an annual basis	600	51	380	380	None	Target Achieved	

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 4: Increased delivery on programmes that link education and the workplace.	Learning programmes that link education and the workplace implemented on an annual basis	Number of university students who completed their Work Integrated Learning placements on an annual basis	Not reported	Not reported	380	30	-350	This target is dependent on the enrolment of learners in the prior year and Q1 of the current financial year. There were no adequate learners within those periods
		Number of unemployed learners who enrolled in internships on an annual basis	1567	1458	806	1015	+209	Target over-achieved Over achievement is a result of more participation by the industry to implement graduate internship programmes and the demand from graduates to enrol for internship programmes
		*Number of unemployed completed internships programmes on an annual basis	887	1021	805	812	+7	Over achievement is a result of more interns completing internship programmes
		*Number of unemployed learners enrolled for skills programmes on an annual basis	1845	2777	1 006	1573	+567	Target over-achieved The over-achievement is due to the SLA's that were committed before the DHET Targets were reduced as a result of the of Skills Development Levy holiday season
		Number of unemployed learners who completed skills programmes on an annual basis	1192	1434	1005	1653	+648	Target over-achieved The over-achievement is due to high number of learners enrolled for skills programmes as result of high demand of 4ir skills by the industry

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
		*Number of unemployed learners who enrolled in Learnership programmes on an annual basis	4329	3419	1910	3706	+1796	Target over-achieved UIF Strategic project for 3249 co-funded by MICT SETA (20%) and UIF (80%) contributed to the achievement of this indicator on DHET reporting
		Number of unemployed learners who completed Learnership programmes on an annual basis	1596	2548	1755	2630	+875	Target over-achieved Target over-achieved due to high number of learners completing Learnerships in the current year
		Number of unemployed learners enrolled for candidacy programmes on an annual basis	New Target	New Target	50	50	None	None
		Number of unemployed learners who completed candidacy programmes on an annual basis	New Target	New Target	25	0	-25	This target is dependent on the enrolment of learners in the prior year and Q1 of the current financial year. There were no adequate learners within this period. 40 learner enrolled in Q4 will complete the programme in March 2022
		*Number of unemployed learners who enrolled for short programmes on an annual basis	1717	1631	706	750	+44	Target over-achieved The over-achievement is due to high participation of learners enrolled for short programmes

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons For deviations
		Number of unemployed learners who completed short programmes on an annual basis	New target	New target	705	844	+139	Target over-achieved The over-achievement is due to a high number of learners completing short programmes in the current year
		Number of Rural Development Projects initiated on an annual basis	09	20	32	34	+2	Target over-achieved The over-achievement is due to high demand by stakeholders to implement programmes in rural areas
Outcome 5: Increased workplace training of workers already in employment.	Workplace training for workers already in employment implemented on an annual basis	*Number of workers enrolled for learners programmes (new entries) on an annual basis	93	75	40	104	+64	The over-achievement is due to high demand by stakeholders to implement bursary programmes for entries
		Number of workers enrolled for Bursary programmes (continuing) on an annual basis	New Target	New Target	250	0	-250	Target under-achieved due to lack of participation by stakeholders to enrol workers
		Number of workers completed Bursary programmes on annual basis	0	39	40	40	None	Target Achieved

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 5: Increased workplace training of workers already in employment.	Workplace training for workers already in employment implemented on an annual basis	*Number of workers enrolled for skills programmes on an annual basis	409	604	350	395	+45	Target over-achieved Over-achievement is a result of more workers enrolled for skills programme by the industry due to the new skills demand
		Number of workers completed skills programmes on an annual basis	135	254	255	182	-73	Target under achieved due to none competency assessment results
		*Number of workers entering learnerships on an annual basis	Not reported	Not reported	63	76	+13	Target over-achieved due to more participation by the industry to implement learnership as a result of new skills demands
		Number of workers enrolled for AET/CET programmes on an annual basis	New Target	New Target	50	00	-50	Target not achieved Lack of achievement as a result of poor participation by the CET colleges. This is despite several follow-ups by the SETA
		Number of workers completed AET/CET Programmes on an annual basis	New Target	25	25	00	-25	Target not achieved due to lack of achievement as a result of poor participation by the CET colleges resulting in zero enrolment. This is despite several follow ups by the SETA

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 6: Increased access to occupationally directed programmes.	Skilled learners with appropriate workplace experience on an annual basis	*Number of unemployed learners granted bursaries (new enrolments)	350	346	355	362	+7	Target over-achieved The over-achievement is as a result of high enrolment of students in the current year
		Number of unemployed learners granted bursaries (continuing)	New Target	New Target	125	143	+18	Target over-achieved The over-achievement is as a result of high enrolment of students in the current year
		Number of unemployed learners granted bursaries completed their studies	175	203	355	189	-166	Target underachieved due to low number of students completing their studies in the academic year 2020
		Number of TVET partnerships established on an annual basis	8	7	12	19	+7	Target over-achieved due to high participation by TVET College
		Number of HET partnerships established on an annual basis	14	4	22	26	+4	Target over achieved due to high participation by HET Institution.
		Number of CET partnerships established on an annual basis	New Target	New Target	10	10	None	Target under achieved
		Number of SETA-employer partnerships established on an annual basis	New Target	01	10	26	+16	Target over-achieved Over-achievement is due to more participation by the industry to partner with MICT SETA on skills development programmes

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 7: Supported growth of the public college system.	TVET programmes that are aligned to industry skills needs an annual basis	Number of MICT SETA offices established and maintained in TVET colleges on an annual basis	1	1	9	9	None	None
		Number of Centres of specialization supported on an annual basis	New Target	New Target	4	6	+02	Target over-achieved Over-achievement is a result of more participation by the industry to be recognised as ISOE
		*Number of TVET Lecturers exposed to the industry through skills programmes on an annual basis	104	107	60	66	+6	Target over-achieved Over-achievement is a result of more participation by CET Managers to participate on curriculum development programmes
		Number of TVET Managers receiving training on curriculum related studies on an annual basis	104	120	40	55	+15	Target over-achieved Over-achievement is a result of more participation by CET Managers to participate on curriculum development programmes
		Number of TVET Lecturers awarded bursaries on an annual basis	New Target	New Target	160	0	-160	Target not achieved due to delayed response by TVET Lecturers and TVET Colleges to submit administration documents despite several follow ups by the SETA
		Number of CET colleges lecturers awarded skills development programmes on an annual basis	New Target	New Target	50	0	-50	Target not Achieved due to lack of participation by CET Colleges

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 7: Supported growth of the public college system.	TVET programmes that are aligned to industry skills needs an annual basis	Number of MICT SETA offices established and maintained in TVET colleges on an annual basis	1	1	9	9	None	None
		Number of CET learners accessing AET programmes on an annual basis	1 New Target	New Target	200	200	None	Target achieved
Outcome 8: Skills development support for entrepreneurship and cooperative development.	Skilled personnel (cooperatives, CBOs/NGOs/NPOs), entrepreneurs with sustainable job opportunities and growth on an annual basis	Number of cooperatives supported with training interventions or funded on an annual basis	New Target	New Target	100	394	+294	Target over-achieved Over-achievement is as a result of high participation by small businesses to implement learning programmes
		Number of small businesses supported with training interventions or funded on an annual basis	New Target	New Target	100	142	+42	Target not achieved due to poor participation by the industry to train young people on entrepreneurship programmes.
		Number of people trained on entrepreneurship supported to start their business on an annual basis	New Target	New Target	50	30	-20	Target over-achieved due to high participation by NGOs and NPOs to implement skills programmes
		Number CBOs/NGOs/NPOs supported with training interventions on an annual basis	New Target	New Target	200	250	+50	Target over-achieved due to high participation by NGOs and NPOs to implement skills programmes

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 9: Increased skills development support for worker initiated training.	Skilled federation/ union and members within MICT sector on an annual basis	Number of Federations / Trade Unions supported through the relevant skills training interventions on an annual basis	New Target	New Target	200 Skills Programme	207 Skills Programme	+7	Target over-achieved due to high participation by union members who enrolled for short programmes and skills programmes
					200 Short Programmes	204 Short Programmes	+04	
Outcome 10: A 4IR strategy that is responsive to 4IR skills development needs of the MICT sector.	4IR partnerships with key role players established on an annual basis.	Number of 4IR partnerships established with key role players in the sector on an annual basis.	New Target	New Target	20	20	None	None
	4IR Advisory Committee meetings on an annual basis	Number of committee meetings for key role players participating in the 4IR Advisory Committee on an annual basis	New Target	New Target	16	16	None	None

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 10: A 4IR strategy that is responsive to 4IR skills development needs of the MICT sector.	4IR research chairs established and maintained on an annual basis	Number of research reports produced on an annual basis	New Target	New Target	50	72	+22	Target over-achieved due to key partnerships / collaborations
		Number of new qualifications related to 4IR developed in collaboration with ETQA on an annual basis	New Target	New Target	8	10	+2	Target over-achieved due to the demand from the industry advocating for the development of these new qualifications. The process, involved key stakeholders in the industry such as QCTO, Universities, TVETs, Unions, professional bodies and other key experts
		Vendor specific programmes approved by QCTO	New Target	New Target	20	0	-20	Target underachievement due to reduced focus away from vendor specific programmes and increased focus towards development of National Occupational programmes as these qualifications are not specific nor do they belong to any vendor/ corporation

4.3.2 Original Annual Performance Plan and Performance until Re-tabling

Below is an extract of performance information for Programme 3: Learning Programme key performance indicators that have been re-tabled. The performance below is indicated against the original Annual Performance Plan (APP) and achievements until the date that the key performance indicators were re-tabled.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling (31 August 2021)	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations	Reasons For revisions to the Outputs / Output indicators / Annual Targets
Outcome 4: Increased delivery on programmes that link education and the workplace.	Learning programmes that link education and the workplace implemented on an annual basis	Number of TVET students requiring Work Integrated Learning to complete their qualifications placed in workplaces on an annual basis	861	950	960	100	-860	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of universities students requiring work integrated learning to complete their qualifications placed in workplaces on an annual basis	600	750	760	0	-760	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners who enrolled in internships on an annual basis	1567	1600	1610	50	-1560	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners enrolled in internships on an annual basis	1567	1600	1610	50	-1560	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners enrolled in internships on an annual basis	1567	1600	1610	50	-1560	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling (31 August 2021)	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations	Reasons For revisions to the Outputs / Output indicators / Annual Targets
Outcome 4: Increased delivery on programmes that link education and the workplace.	Learning programmes that link education and the workplace implemented on an annual basis	Number of TVET students requiring Work Integrated Learning to complete their qualifications placed in workplaces on an annual basis	861	950	960	100	-860	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of universities students requiring work integrated learning to complete their qualifications placed in workplaces on an annual basis	600	750	760	0	-760	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners enrolled Internships on an annual basis	1567	1600	1610	50	-1560	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners enrolled in internships on an annual basis	1567	1600	1610	50	-1560	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners enrolled in internships on an annual basis	1567	1600	1610	50	-1560	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners enrolled skills programmes on an annual basis	1845	2000	2010	800	-1210	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling (31 August 2021)	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Outcome 4: Increased delivery on programmes that link education and the workplace.	Learning programmes that link education and the workplace implemented on an annual basis	Number of unemployed learners enrolled Learnerships programmes on an annual basis	4329	3500	3510	3420	-90	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised only for MICT SETA related learnerships due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of unemployed learners who enrolled for short programmes on an annual basis	1717	1400	1410	0	-1410	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
Outcome 5: Increased workplace training of workers already in employment.	Workplace training for workers already in employment implemented on an annual basis	Number of workers enrolled for bursary programmes (new entries) on an annual basis	93	75	80	0	-80	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
		Number of workers enrolled for skills programmes on an annual basis	409	500	510	0	-510	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling (31 August 2021)	Deviation from planned target to Actual Achievement 2020/21	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Outcome 5: Increased workplace training of workers already in employment	Workplace training for workers already in employment implemented on an annual basis	Number of workers enrolled for bursary programmes (new entries) on an annual basis	164	120	0	0	0	None	Target was revised in order to address skills development requirements for workers who are already in employment
Outcome 6: Increased access to occupationally directed programmes.	Skilled learners with appropriate workplace experience on an annual basis	Number of unemployed learners granted bursaries (new enrolments)	350	705	710	30	-710	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday
Outcome 7: Supported growth of the public college system.	TVET programmes that are aligned to industry skills needs on an annual basis	Number of TVET lecturers exposed to the industry through skills programmes on an annual basis	104	120	160	0	-160	Target underachieved by date of re-tabling due to budget constraints caused by the four months' skills development levy holiday	Target was revised due to budget constraints caused by the impact of COVID-19 and skills levy four months' holiday

4.4 Programme 4: Education and Training Quality Assurance (ETQA)

PURPOSE

This programme aims to create access to quality programmes and to quality assure training provision in the Media, and ICT sub-sectors. The objective is to implement the quality assurance regulations as stipulated by the Quality Council for Trades and Occupations (QCTO) and to improve the service and the turnaround times with regards to the following:

- Accreditation of Training Providers
- Registration of Assessors and Moderators
- Learner Certification
- The MICT SETA will also engage in capacity building sessions for Training Providers to ensure the quality of delivery.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 11: Improved quality of education to address programmes in high demand within the MICT sector.	Increased number of accredited Training Providers (including TVETs and CETs) offering occupational qualifications in high demand on an annual basis	Number of accredited Training Providers offering occupational qualifications in high demand on an annual basis	559 Accredited Training Providers	573 Accredited Training Providers	632 Accredited Training Providers	637 Accredited Training Providers	+5	Target over-achieved. The target was over-achieved due to an increased demand in MICT SETA sectoral related training
	Increased number of qualified registered assessors (including TVETs and CETs) assessing quality of programmes on an annual basis	Number of qualified registered assessors assessing quality of programmes on an annual basis	1955 Registered Assessors	1636 Registered Assessors	1100 Registered Assessors	1162 Registered Assessors	+ 62	Target over-achieved Due to an increased demand in MICT SETA sectoral related training, the SETA received an increased number of applications from Skills Development Practitioners applying to be assessors

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation From planned target to Actual Achievement 2020/21	Reasons For deviations
Outcome 11: Improved quality of education to address programmes in high demand within the MICT sector.	Increased number of qualified (including TVETs and CETs) moderating quality of programmes on an annual basis	Number of qualified registered moderators moderating Quality of programmes on an annual basis	1007 Registered Moderators	726 Registered Moderators	660 Registered Moderators	667 Registered Moderators	+ 7	Target over-achieved. Due to an increased demand in MICT SETA sectoral related training, the SETA received an increased number of applications from Skills Development Practitioners applying to be moderators
	Developed or reviewed MICT SETA relevant qualifications responding to the skills needs on an annual basis	Number of developed or reviewed MICT SETA qualifications on an annual basis	0	38 Qualifications reviewed	8 Registered qualifications	0 Developed or reviewed MICT SETA qualifications on an annual basis	-8	Target under achieved Lack of institutional capacity to drive the target achievement. The target indicator indicates review of qualifications which is a SAQA process versus realignment which is a QCTO process

5. Strategy to overcome areas of under performance

There is no doubt that COVID-19 presented challenges to the traditional ways in which the SETA implements its programmes. The pandemic has forced the SETA to look into introducing newer models such as partnerships that include incubation or mentorship where larger companies in the sector incubate and/or partner with smaller companies. Moreover there will be clearer guidelines in how the SETA implements programmes such as learnerships, internships, candidacy and work integrated learning programmes. This focus will target both unemployed and employed learners and further position skills programmes as means of achievement on sectoral priority skills.

While there has been an improvement in addressing transformation imperatives, the SETA will continue to increase the participation of women and people with disabilities in programmes. The SETA will strengthen the process of risk management as it was realised that some risks were not foreseen and thereby not tracked in a risk register and managed. There was a lack of mitigation against learners who enter one programme after another. The relationship between employers and training providers was treated as an external matter between the two parties and not closely monitored. We have realised that this has an impact on the quality of skills provision.

Furthermore, the SETA has noted the need to improve its Information Management System (IMS) which is key to the implementation of the core divisions' functions. Moreover, awareness will also be on educating employers that are not submitting WSPs and ATRs. There is a great challenge amongst large employers who are paying levies and not realising the benefits from the SETA system.

6. Reporting on the Institutional Response to the COVID-19 Pandemic

The SETA, through its key partnerships funded through the Discretionary Grants Processes was able to partner with various key stakeholders in response to COVID-19. The table below sheds some light on the key partnerships and progress on institutional response to the COVID-19 pandemic.

Programme / Sub-Programme	Intervention	Geographic location (Province/District/Local Municipality)	No. of beneficiaries	Disaggregation of Beneficiaries	Total budget allocation per intervention (R'000)	Budget spent per intervention (R'000)	Contribution to the Outputs in the APP	Immediate outcomes
Programme 3: Learning Programmes	Number of unemployed learners enrolled in skills programmes on an annual basis: Data Science	Gauteng / Free state / Western Cape / KwaZulu – Natal	350	n/a	0	17 640	Learning programmes that link education and the workplace implemented on an annual basis	Increased delivery on programmes that link education and the workplace
	Sound Technology	Gauteng	250	n/a	0	9 090		
	Radio Production	Gauteng	250	n/a	0	9 090		
	Television Production	Gauteng	450	n/a	0	18 180		

Programme / Sub-Programme	Intervention	Geographic location (Province/District/Local municipality)	No. of beneficiaries	Disaggregation of Beneficiaries	Total budget allocation per intervention (R'000)	Budget spent per intervention (R'000)	Contribution to the Outputs in the APP	Immediate outcomes
Programme 3: Learning Programmes	Number of Workers entering Skills Programmes on an annual basis	n/a	150	n/a	7 000	0	Learning programmes that link education and the workplace implemented on an annual basis	Increased delivery on programmes that link education and the workplace
	Health and Safety							
	Number of unemployed learners enrolled in internships on an annual basis.	n/a	50	n/a	3 680	0		
	ICT: Data Science		50		3 680			
	ICT: Cyber Security		50		3 680			
	ICT: System Development and Support							
Total					18 040	54 000		

With the Fourth Industrial Revolution and its change drivers affecting the supply and demand, the SETA partnered with key role players in the sector in 4IR programmes such as those highlighted above. Specialised areas such as 'data analytics' are important, especially for many organisations. In South Africa, many organisations have now realised the potential of 'Big Data and Analytics', however, limited IT budgets and the dearth of skilled resources impede its adoption. The reality is that the demand for highly qualified big data analysts and artificial intelligence professionals is outperforming supply to the point where it can take many months to fill vacancies, the MICT SETA has realised this gap and it is in these cases such programmes were funded.

Moreover, areas of scarcity for most of the Film and Electronic Media occupations exist primarily in more technical roles specific to the sector and less on generic skills. Most of the shortages are due to a lack of skilled people in the sector, especially Sound Technicians. Lastly, with viewers consuming a lot more content during the COVID-19 lockdown, especially via Video on Demand, there was a greater demand for productions with occupations from Media Producer to Film and Video Editor being required. The SETA had to step in to realise the importance to fund such programmes through its Discretionary Grant funding. Although people may have technical competence, they are not always able to translate that into the overall concept and visual the director has in mind. Location scouts, for example, need a sense of what the final picture will look like on screen as well as the practicalities of moving equipment around. Sound engineers may know how to collect and mix samples of sound, but in a movie production they need to know how to work with voice and with silence.



PART C GOVERNANCE



1. INTRODUCTION

The Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) is a public entity established in terms of the Skills Development Act No. 97 of 1998; and listed as a schedule 3A entity as per the Public Finance Management Act No. 1 of 1999 (PFMA). The 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. The Skills Development Act provides an institutional framework for the MICT SETA to develop and implement national, sectoral and workplace strategies, in order to develop and improve the skills of the South African workforce.

As articulated in the King IV™ report, the ethical and effective leadership of the Accounting Authority is exemplified by integrity, competence, responsibility, accountability, fairness, and transparency.

The MICT SETA is governed in a sound and ethical way that supports an ethical culture in its business and reporting.

The Accounting Authority relies on the support of an Executive Committee, Audit and Risk Committee, Finance and Remuneration Committee and the Governance & Strategy Committee.

The Accounting Authority is responsible for providing strategic direction to the MICT SETA and ensuring that the organisation achieves its objectives and implements the goals of the NSDP. The Accounting Authority is accountable to the Executive Authority and Parliament.

2. PORTFOLIO COMMITTEE

The Portfolio Committee on Higher Education, Science and Technology exercises its oversight role over the SETAs and may invite the SETA to account on its performance from time to time.

In the year under review, the Portfolio Committee on Higher Education, Science and Innovation invited the MICT SETA to provide an update on the entity's plans and performance.

3. EXECUTIVE AUTHORITY

The Executive Authority of the MICT SETA is the Minister of Higher Education, Science and Innovation, who is responsible for appointing members of the Accounting Authority and determining their remuneration, as per the tariffs

recommended by the National Treasury. The MICT SETA signs an annual Service Level Agreement with the Executive Authority, which encompasses deliverables on the performance and provision of information and/or reports on its activities.

Further the MICT SETA, on an annual basis, submits its Sector Skills Plan, Strategic Plan and Annual Performance Plan to the DHET.

The aforementioned documents, were approved by the Executive Authority on 31 July 2020. Quarterly Performance reports were submitted to DHET in accordance with the requirements of the Skills Development Act highlighting the employed and unemployed beneficiaries for learning programmes, bursaries, skills programmes, internships, SME support, and career guidance.

For the financial year 2020/21, the Quarterly Performance reports were submitted on 15 July 2020, 15 October 2020, 15 January 2021, 15 April 2021, and 31 May 2021, and were subsequently evaluated and validated by the Executive Authority.

4. THE ACCOUNTING AUTHORITY / BOARD

4.1 Introduction

The PFMA stipulates that every public entity must have an authority that must be accountable for the purposes of the PFMA. The MICT SETA Board forms the Accounting Authority. The Accounting Authority provides oversight and support to the Management team and provides strategic leadership to the MICT SETA, ensuring that it fulfils its mandate and obligations in terms of the Constitution and the Skills Development Act.

The Accounting Authority has an absolute responsibility for the performance of the MICT SETA and is fully accountable to the Executive Authority for such performance.

In line with the MICT SETA Constitution, the Accounting Authority constitutes a fundamental base for the application of corporate governance principles at the MICT SETA. The Accounting Authority meets once per quarter during each financial year, as well as when required.

4.2 The role of the Accounting Authority is as follows:

The following roles and functions of the Accounting Authority are outlined in the MICT SETA Constitution, which forms the basis of the Board Charter.

The functions and powers of the Accounting Authority are outlined in the Constitution as follows:

- Govern and manage the SETA in accordance with the PFMA, the Act and any other applicable legislation
- Ensure that the SETA achieves the objectives in clause 5 of its Constitution and performs the functions in clause 6 of its Constitution
- Provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister
- Provide a strategic direction for the SETA
- Liaise with Stakeholders
- Ensure that the SETA complies with the relevant statutory requirements and the requirements of its Constitution
- Manage institutional risk
- Monitor the performance of the SETA
- Ensure that its members and members of the committees established comply with the Code of Conduct as set out in Annexure 2 of its Constitution
- Apply for the establishment of the SETA in terms of section 9(1) of the Skills Development Act, read together with the Regulations Regarding the Establishment of Sector Education and Training Authorities, 7 September 1999, as amended by General Notice R106 in the Government Gazette 27254 of February 2005

4.3 Board Charter

The MICT SETA Board Charter covers:

- Accounting Authority composition
- Role and functions of the Accounting Authority and the Chairperson
- Roles and responsibilities of the CEO
- Delegation of authority
- Reporting and accountability
- Conflict of interest
- Terms of office of members of the Accounting Authority
- Meetings of the Accounting Authority
- The SETA's sub-committees

The Accounting Authority fully complied with all aspects and provisions of the Board Charter by providing strategic direction and leadership, reviewing and approving budgets, plans and strategies as well as monitoring implementation. It has further monitored that the MICT SETA's business is conducted ethically.

4.4 Composition of the Accounting Authority

In line with Section 11(1) and (2) of the Skills Development Act 97 of 1998, the Accounting Authority should comprise 15 independent members, which ensures independence and objectivity in decision-making. It is comprised as follows:

- The Chairperson
- Six representatives of Organised Labour
- Six representatives of Organised Employers
- One member representing stakeholders, which include government departments and professional bodies
- One member representing Community Organisations

The Minister of Higher Education, Science and Innovation, the Honourable Minister, Dr. Blade Nzimande appointed new Accounting Authority members effective 01 April 2020 to 31 March 2025. One member, Mr Khaya Xaba representative of Nehawu has since passed on. There are currently five vacancies in the Accounting Authority.



SIMPHIWE THOBELA
Ministerial Appointee

Qualifications

B. Com Logistics
Post Graduate Diploma: Public Management
Master of Town and Regional Planning

Area of Expertise

Public Sector, Leadership, Governance, Financial Management, Supply Chain Management

Other Directorships

Universal Service and Access Agency of South Africa
Former Interim Board Member Eastern Cape Development Corporation (ECDC)-Chairperson of Finance and Investment Committee
Air Traffic and Navigation Services - Chairperson
Air Traffic and Navigation Services - Member of HR Committee, Business, Research & Operations Development Committee and Social and Ethics Committee
Former Eastern Cape Development Corporation - Chairperson: HR and REMCO



LESIBA JAN LANGA
Organised Labour
South African Postal Workers Union (SAPWU)

Qualifications

Certification: Labour Dispute Resolution
Certification: Labour Relations Management
Certification: Labour Arbitration
Certification: Advanced Labour Law Programme

Area of Expertise

Telecommunications

Other Directorships

SAPWU: President



SIPHO GEORGE ZWANE
Organised Labour
Democratic Postal and Communications Union (DEPACU)

Qualifications

Bachelor of Administration
National Diploma: Public Management
Advanced Certification: Project Management

Area of Expertise

Labour Law, Administration

Other Directorships

DEPACU: General Secretary



MARILYN WHITE*

Organised Employer
Black IT Forum (BITF)

Qualifications

B.Com: Information Systems
Certification: Management Advancement Programme
Certification: Project Management
Certification: Annual ITIL Service Delivery Training

Area of Expertise

Information Communication Technology,
Governance, Strategy, Finance and Supply Chain

Other Directorships

Gauteng Black IT Forum: Executive Director
Black IT Forum: National
Soma Solutions
Scholar Supplies
SmartSaver



MORWESI RAMONYAI*

Organised Employer
Communication Cabling Association of Southern Africa (CCASA)

Qualifications

Executive MBA
Higher Diploma: Computer Audit
B.Com: Information Systems
Certificate: Executive Leadership Development
Certificate: Sustainability Management
Certification: Carbon Footprint Analyst

Area of Expertise

Corporate Governance, ICT, BBBEE, Renewable Energy, Sustainability

Other Directorships

Chairperson: Abalimi Bezekhaya,
ARC Chairperson: City of Johannesburg Metrobus,
Board Member: City of Johannesburg Metrobus



NTOMBIKAYISE KHUMALO

Organised Labour
Communication Workers Union (CWU)

Qualifications

Diploma in Business Computing
Certification: Finance and Investment Management
Certification: Principles of Economics
Certification: SAP Finance (Certificate)
Certification: Women Leaders
Certificate: Law of Evidence
Certificate PFMA
Certificate Paralegal
Advanced Certificate Credit Management
Certification: Finance for Non-Financial Managers

Area of Expertise

Labour Law, Advanced Negotiation Skills, Skills Development

Other Directorships

uBuhle Bezwe Landscaping & Interior Designs: Executive Director
COSATU: Central Executive Committee Member
COSATU: Central Executive Sub-Committee Member - HRC
COSATU: National Finance Committee Member
COSATU: Workers Pension & Retirement Task Team Member
CWU: National Executive Member
CWU: National Office Bearer & National Treasurer
CWU: Chief Negotiator in MTN
Sentech: Employment Equity & Skills Development Member



THABISA ZIMBINI FAYE

Organised Employer
South African Communications Forum (SACF)

Qualifications

Master of Arts: International Development Management
Economics Stream
BA Honours: Development Studies
BA: Social Sciences
Fundamentals of Project Management,
Prince 2 Project Management (APMG)

Area of Expertise

Policy and Regulatory

Other Directorships

Imbewu Movement - Founding Member



PORTIA BUTHELEZI

Community Organisation
Ministerial Appointee

Qualifications

Bachelor of Commerce Accounting
Postgraduate certificate in Accounting
Postgraduate Diploma in Business Administration
Masters in Business Administration
Executive Development Certificate

Area of Expertise

Finance,SCM,Risk and Monitoring & Evaluation

Other Directorships

Harpo Corporation (Pty) LTD



TEBOGO MACK MAMOROBELA

Organised Labour
Communications Workers Union (CWU)

Qualifications

NQF L8: Strategic Diplomacy,
Leadership in Digital Leadership
NQF L8: Research Awareness for Leaders
Certification: Emerging Technical Leaders in Digital Business

Area of Expertise

Employee Relations

Other Directorships

None



LOYISO TYIRA

Organised Employer
ICT SMME Chamber

Qualifications

MPP Certificate
MDP (Management Development Programme)
PME (Programme for Management Excellence)
Certificate for Non-Mining Professionals
Certificate Management Excellence

Area of Expertise

Information Technology

Other Directorships

Future Business Consulting
ICT SMME Chamber,
SAMMDRA



VIWE THOMAS JAMES

Organised Labour
National Union of Metalworkers of South Africa (NUMSA)

Qualifications

Diploma: Advanced Law, Labour Law and Procedures Programme
N3: Electrical Engineering

Area of Expertise

Labour Law, Governance

Other Directorships

None



THABO MOFOKENG

Organised Employer
Information Technology Association (ITA)

Qualifications

Bachelor of Science: Electrical Engineering
Diploma: Project Management
Certification: Operations & Management of Wireless
Network & Systems Engineering

Area of Expertise

ICT Projects, Engineering & Technology Services

Other Directorships

Octet Technologies
Fuma Engineering
IT Association of SA
Solario Technologies



KHAYA SOLOMON XABA
(Deceased)

National Education, Health and
Allied Workers' Union (NEHAWU)

Qualifications

Honours: Business Administration
Advanced Diploma: Public Management
National Certification: Economics
Higher Certification: Economics

Area of Expertise

Media

Other Directorships

NEHAWU - National Spokesperson

* Members resigned

4.5 Committees

Item 8 sub-item (8.3.1) of the MICT SETA Constitution provides that: The Accounting Authority may delegate any of its functions to the Executive Committee, Chief Executive Officer and to any other Committee or Chamber of the SETA. The Accounting Authority established the following committees:

The following table lists the number of meetings attended by each of the members of the Accounting Authority for the financial year 2020/21:

Name	Accounting Authority	Audit and Risk Committee	Executive Committee	Finance and Remuneration Committee	Governance and Strategy Committee	ICT Steering Committee
Simphiwe Thobela	15 of 15***		13 of 14^		6 of 6^^^	
Loyiso Tyira	15 of 15***		14 of 14^		6 of 6^^^	
Tebogo Mamorobela	15 of 15***				6 of 6^^^	6 of 6^^^^
Thabo Mofokeng	15 of 15***		14 of 14^		4 of 4*	6 of 6^^^^
Viwe James	15 of 15***	3 of 4**		1 of 1**	6 of 6^^^	
Natasha Reuben	03 of 04***	1 of 1*			1 of 1*	
Marilyn White	15 of 15***			8 of 8^^	6 of 6^^^	
Ntombikayise Khumalo	15 of 15***		14 of 14^	4 of 4**^^	3 of 3**	
Morwesi Ramonyai	15 of 15***			8 of 8^^		6 of 6^^^^
Thabisa Faye	15 of 15***			8 of 8^^		6 of 6^^^^
Khaya Xaba	14 of 15***			5 of 7^^		6 of 6^^^^
Sipho Zwane	15 of 15***		14 of 14^			6 of 6^^^^
Portia Buthelezi	15 of 15***	2 of 2**		7 of 7**^^	6 of 6^^^	
Jabu Langa	15 of 15***			7 of 8^^		6 of 6^^^^
Nocwaka Oliphant	6 of 6***					
Suleman Badat	1 of 1					

* Member Resigned on 30 June 2020

** Committees were re-constituted and Members moved to other Committees

*** The Accounting Authority held 10 Special Meetings

^ The Executive Committee held 2 Special Meetings

^^ The Finance and Remuneration Committee held 5 Special Meetings

^^^ The Governance and Strategy Committee held 2 Special Meetings

^^^^ The ICT Steering Committee held 3 Special Meetings

Note: There are instances where Board members take resolution through a round-robin, for which they are paid normal meeting fees.

4.6 Functions of the Executive Committee

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

Without limiting its functions, the Executive Committee must:

- Supervise the proper management of all financial matters
- Coordinate and supervise the implementation of the Accounting Authority's policies
- Monitor national policy issues and developments and make recommendations regarding the adoption of policies by the Accounting Authority
- Coordinate the functioning of committees, chambers and structures of the 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

- Oversee staff employment issues
- Determine budgets and business plans
- Monitor the relations and interactions of the MICT SETA with other SETAs, and other agencies on matters related to skills development
- Perform any other function or duty delegated to it by the Accounting Authority

4.7 Functions of the Finance and Remuneration Committee

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

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

- The budget, cash flow and financial statements of the SETA
- The financial policies of the SETA
- Actions to implement the recommendations of the Auditor-General's Report, and the internal and external audit reports of the SETA
- The execution of the legally mandated financial functions of the SETA
- The financial implications of policies, and changes to the budget and business plan of the SETA

The Finance and Remuneration Committee must evaluate and make recommendations to the Accounting Authority in respect of the following issues relating to the remuneration of 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
- Reviewing and reassessing the adequacy of the remuneration policy annually and recommending any changes to the Accounting Authority for approval
- Ensuring that the Accounting Authority 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 Audit and Risk committee with quarterly and annual financial statements.

4.8 Functions of the Governance and Strategy Committee

Subject to the directions of the Accounting Authority, the Governance and Strategy Committee is responsible for considering and making recommendations to the Accounting Authority concerning the management and the strategy of the MICT SETA.

Without limiting its functions, the Governance and Strategy Committee must:

- Develop policies, principles, criteria and guidelines that are necessary for the governance and strategic function of the SETA
- Promote good governance
- Report to the Accounting Authority on such matters as it deems necessary
- Develop the skills development strategy for the SETA and make recommendations to the Accounting Authority on implementations of the strategy

- Monitor compliance in terms of the Skills Development Act, Skills Levies Act, Public Finance Management Act, King IV™, COSO, as well as other relevant legislation and best practices
- Review the performance of the MICT SETA against set targets on a quarterly basis and make recommendations to the Accounting Authority to improve performance where necessary
- Consider matters of corporate governance and creating, maintaining and periodically reviewing the corporate governance principles and codes of ethics
- Develop policies designed to encourage the highest levels of corporate conduct by members of the Accounting Authority and committees
- Address possible cases of conflict of interest and contravention of Code of Ethics Policy involving members of the Accounting Authority and its committees
- Oversee the governance of Information Communication Technology (ICT) systems
- Ensure that ICT systems comply with internal policies, selected industry standards, as well as relevant laws and regulations including corporate governance of ICT Policy
- Consider Quarterly reports on Information Communication Technology
- Ensure that ICT frameworks, policies and procedures are in place and are regularly reviewed
- Review reports on business risk related to ICT systems
- Recommend relevant ICT projects for approval by the Accounting Authority
- Oversee the review of the organisational strategy on an ongoing basis and recommend the Strategic Plan, Annual Plan and Service Level Agreement with DHET to Accounting Authority for approval
- Review the MICT SETA Sector Skills Plan and recommend it to the Accounting Authority for approval
- Conduct a performance assessment of the committee every second year in line with King IV™ recommendations

4.9 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 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 the MICT SETA's operations which are to be covered by the scope of internal and external audits
- The adequacy, reliability and accuracy of the financial information provided to the Accounting Authority
- The scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors
- The cooperation and coordination between the internal and external audit functions, and their cooperation and coordination pertaining to the management of the MICT SETA

- Any accounting or auditing concerns identified through internal and external audits by the Auditor- General
- The adequacy and effectiveness of the risk management processes followed and the development, maintenance and enhancement of fraud prevention plans
- The effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigation and follow-up action (including disciplinary action) of any instance of non-compliance
- The 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
- Review and confirm the Internal Audit Charter and the Internal Audit Plan, as well as the resources required to implement such a 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 regarding the appointment and removal of the internal and external auditors
- Recommend such measures as, in the Committee's opinion, may be necessary to ensure the reliability, integrity and objectivity of the MICT SETA

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

Below are the dates of appointment, qualifications and the meetings attended by members of the Audit and Risk Committee.

Previous Audit and Risk Committee Members - term ended 30 September 2020



NOCWAKA OLIPHANT
Independent Member

Qualifications

B.Com, Hons B. Compt.
Certified Internal Auditor (CIA)
Certified Government Auditing Professional (CGAP)
Certificate in Control Self- Assessment (CCSA)
Certificate in Risk Management Assurance (CRMA)
Certified Forensic Investigation Professional

Date Appointed: 03 August 2018
Number of Meetings Attended: 3 of 3
** Ms. Oliphant was appointed Chairperson in September 2018



MFUNDO THANGO
Independent Member

Qualifications

CA (SA), Registered Auditor, B.Com (Acc) (Honours), B.Com (Acc)

Date Appointed: 03 August 2018
Number of Meetings Attended: 3 of 3



ZELDA TSHABALALA
Independent Member

Qualifications

Bachelor of Commerce
Post-Graduate Diploma in Business Administration
Master of Business Administration
Certificate; Control Self-Assessment Certificate; Municipal Financial Management Certificate; Corporate Governance

Date Appointed: 03 August 2018
Number of Meetings Attended: 3 of 3

Audit and Risk Committee Members from the period 01 October 2020 - 31 March 2025



SULEMAN BADAT
Independent Member

Qualifications

Bachelor of Accountancy
Chartered Accountant

Date Appointed: 01 October 2020
Number of Meetings Attended: 2 of 3

*** Mr. Suleman Badat was appointed Chairperson of ARC in 08 December 2020



LINDIWE NKOSI
Independent Member

Qualifications

Bachelor of Accounting Science
Certificate of Theory in Accounting (CTA)
Initial Test of Competence Assessment of Professional Competence
Audit Development Program (ADP)

Date Appointed: 01 December 2020
Number of Meetings Attended: 3 of 3



GIDEON LABANE
Independent Member

Qualifications

Honours: BCom Accounting
National Diploma Cost & Management Accounting
Chartered Accountant

Date Appointed: 01 October 2020
Number of Meetings Attended: 3 of 3

Audit and Risk Committee Members from the period 01 October 2020 - 31 March 2025



TEBOGO MACK MAMOROBELA
Board Member

Qualifications

NQF L8: Strategic Diplomacy,
Leadership in Digital Leadership
NQF L8: Research Awareness for Leaders
Certification: Emerging Technical Leaders in Digital Business

Date Appointed: 01 February 2021
Number of Meetings Attended: 2 of 2



PORTIA BUTHELEZI
Board Member

Qualifications

Bachelor of Commerce Accounting
Postgraduate certificate in Accounting
Postgraduate Diploma in Business Administration
Masters in Business Administration
Executive Development Certificate

Date Appointed: 01 February 2021
Number of Meetings Attended: 2 of 2



VIWE THOMAS JAMES
Board Member
(Until 21 February 2021)

Qualifications

Diploma: Advanced Law, Labour Law and Procedures Programme
N3: Electrical Engineering

Date Appointed: 01 April 2020-
01 February 2021
Number of Meetings Attended: 3 of 4

The following table lists the remuneration received by members of the Accounting Authority and Board Committees for the financial year ended 31 March 2021

Name	Surname	Board and sub-committees R	Audit and Risk Committee R	Travel and Other Allowances R	Total R
Simphiwe	Thobela	725 089	22 196	661 186	1 408 471
Ntombikayise	Khumalo	550 703	-	32 646	583 349
Loyiso	Tyira	496 455	-	48 903	545 358
Thabo	Mofokeng	507 513	-	19 323	526 835
Marilyn	White	482 843	-	21 799	504 642
Sipho	Zwane	405 798	-	28 197	434 095
Tebogo	Mamorobela	274 993	4 317	126 940	406 250
Viwe	James	319 458	34 763	39 394	393 615
Portia	Buthelezi	353 994	17 268	17 336	388 598
Thabisa	Faye	358 311	-	25 631	383 942
Lesiba	Langa	345 360	-	29 844	375 204
Morwesi	Ramonyai	349 677	-	19 184	368 861
Khaya	Xaba	336 956	-	6 623	343 579
Stanley	Ngobeni	155 372****	83 856*****	21 188	260 416
Ncwaka	Oliphant	105 431***	33 294	6 554	145 279
Suleman	Badat	11 098***	44 392	205	55 695
Natasha	Reuben	32 683*	17 268	-	49 951
Gideon	Labane	4 317**	34 536	228	39 081
Lindiwe	Nkosi	-	34 536	-	34 536
Mfundo	Thango	-	25 902	-	25 902
Zelda	Tshabalala	-	25 902	-	25 902
		5 816 051	378 230	1 105 280	7 299 560

* Natasha Reuben resigned from the MICT SETA Board in June 2020.

** Member of Audit and Risk Committee: Remuneration is for attendance at the Annual General Meeting

*** Chairperson of Audit and Risk Committee: Remuneration is for attendance in board meetings

**** Chairperson of Risk Management Committee: Remuneration is for attendance at Risk Management Committee meetings as an independent member.

***** Chairperson of Risk Management Committee: Remuneration is for attendance at audit and risk committee meetings.

The remuneration of Board members above does not include Conference fees, Training and Accommodation and other incidental costs paid for on behalf of the board. These are however included in the total expenses line recorded in the financial statements.

The Audit and Risk Committee members, Ncwaka Oliphant, Mfundo Thango and Zelda Tshabalala's term was extended until the end of September 2020 to enable the effective running of the 2019/20 audit.

5. RISK MANAGEMENT

The MICT SETA has an approved Risk Management Strategy in place. This Strategy is reviewed annually, based on the inputs received during the MICT SETA strategic planning sessions and the risk assessment workshops conducted in conjunction with Management.

The MICT SETA conducts annual risk assessment reviews that form an integral part of an entity-wide risk management process which includes an organisational Strategic Risk Register. Effective risk management is fundamental to the MICT SETA activities and will be embedded into the SETA's systems and processes, to ensure that responses to risks remain current and dynamic. The responsibility and accountability for risk management resides at all levels within the MICT SETA; from the Accounting Authority to each Manager.

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

Further, the MICT SETA has a Risk Management Committee (RMC) in place to assist the Audit and Risk Committee in its oversight on the functioning and overall efficiency and effectiveness of the internal controls, risk management processes and ensuring that the MICT SETA complies with the requirements of the Skills Development Act 97 of 1998, the Skills Development Levies Act 9 of 1999, the Public Finance Management Act 1 of 1999 and Treasury Regulations, and/or other applicable legislation.

The RMC is chaired by an independent and external Member of the Committee. During the year under review, the Committee held 05 meetings.

The Chairperson of the RMC is the only external member of the committee. In the year under review the committee held 05 meetings.

In addition to the above, the MICT SETA established an internal Risk and Compliance Unit during 2020/21 financial year, to conduct the following processes and activities, amongst others:

- a) Developing the SETA's vision for risk management;
- b) Developing, in consultation with Management, the SETA's Risk Management Framework which incorporates, inter alia, the:
 - i. Risk Management Policy;
 - ii. Risk Management Implementation Plan;
 - iii. Risk identification and assessment methodology;
 - iv. Risk appetite and tolerance; and
 - v. Risk classification.
- c) Communicating the SETA's Risk Management Framework to all relevant stakeholders and monitoring its implementation;

- d) Facilitating training sessions for internal stakeholders with respect to their risk management responsibilities;
- e) Collating, aggregating, interpreting and analysing the results of risk assessments to extract risk intelligence and report to the Chief Executive Officer and the Risk Management Committee;
- f) Participating with Internal Audit, Management and Auditor-General South Africa, in developing the Combined Assurance Plan for the SETA;
- g) Continuously driving risk management to higher levels of maturity; and
- h) Facilitating risk assessment workshops in conjunction with Management.

6. INTERNAL AUDIT

6.1 Internal Audit

Internal audit is an independent function governed by an internal audit charter, approved by the Audit Committee. The internal audit charter defines the role, organisational status, authority, responsibilities and scope of the internal audit activity.

Internal audit assists the MICT SETA to accomplish its objectives by bringing a disciplined, systematic approach to evaluating and improving the effectiveness of risk management, internal controls and governance processes.

The MICT SETA's internal audit function was outsourced for most of the first half of the period under review. The function has since insourced from October 2020. Internal Audit follows a risk-based approach which incorporates management's risk assessment.

The following audits were undertaken in the 2020/21 financial year:

- Quarter 4 Performance Information
- Human Resources Management

6.2 Review of effectiveness of internal controls

The Committee's review of the findings of the work of Internal Audit, which was based on the risk assessments conducted, revealed weaknesses in the system of internal controls which were raised with the management and the Accounting Authority. A number of weaknesses were identified in the following areas:

- Compliance with Supply Chain Management Policies and Processes
- Risk Management

The Committee expressed its concern regarding slow progress made by management during the year in addressing internal control deficiencies identified by internal and external audit. The Committee expressed concern over migration of data on the Accounting system.

6.3 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 65 to 67.

7. COMPLIANCE WITH LAWS AND REGULATIONS

The SETA Governance Charter was reviewed and approved on 30 June 2020 which requires the MICT SETA to submit quarterly compliance reports to the DHET. The MICT SETA has further 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:

Document or Statutory Requirement	Action
1. Strategic Plan	Approved and submitted draft to DHET on 15 September 2020 and final draft on 30 November 2020
2. Annual Performance Plan	Approved and submitted draft to DHET on 15 September 2020 and final draft on 30 November 2020
3. Employment Equity Plan and Report	Submitted to the Department of Employment and Labour on 14 January 2020
4. Procurement Plan 2020/21	Submitted to National Treasury on 16 March 2020
5. Workplace Skills Plan 2020/21	Submitted to ETDP SETA on 30 May 2020
6. Budget for 2020/21	Submitted to DHET on 30 November 2019 and revised budget on 19 August 2020 and 18 December 2020
7. Quarterly Reports (Finance and Performance Reports)	Finance: Submitted to DHET and National Treasury on 31 July 2020 (First Quarterly Report), 31 October 2020 (Second Quarterly Report), 31 January 2021 (Third Quarterly Report) and 30 April 2021 (Fourth Quarterly Report). Performance Reports: Submitted to DHET on 15 July 2020 (First Quarterly Report), 15 October 2020, (Second Quarterly Report), 15 January 2021 (Third Quarterly Report) and 15 April 2021 (Fourth Quarterly Report)
8. Quarterly Reports (Meetings of the Accounting Authority and Sub-Committees)	Submitted to DHET on 15 July 2020 (First Quarterly Report), 15 October 2020, (Second Quarterly Report), 15 January 2021 (Third Quarterly Report) and 15 April 2021 (Fourth Quarterly Report)
9. Quarterly Reports (Governance Reports)	Submitted to DHET on 15 July 2020 (First (Quarterly Report), 15 October 2020 (Second Quarterly Report), 15 January 2021 (Third Quarterly Report) and 15 April 2021 (Fourth Quarterly Report)
10. Finance	Submitted to DHET and National Treasury on 31 July 2020 (First Quarterly Report), 31 October 2020 (Second Quarterly Report), 31 January 2021 (Third Quarterly Report) and 30 April 2021 (Fourth Quarterly Report).
11. Annual General Meeting	Was held on 20 November 2020
12. Internal Audits and Findings	Reported to the Audit and Risk Committee
13. External Audits and Findings	Reported to the Audit and Risk Committee
14. Legal Cases	Reported to the Audit and Risk Committee There were few cases that were reported to the Audit and Risk Committee on a quarterly basis. However, it was noted that none of them posed significant and material risk to the organisation from a litigious perspective.
15. Fraudulent Activities	None
16. Policies	Specific policies were reviewed for 2020/21

8. FRAUD AND CORRUPTION

The MICT SETA Fraud Prevention Plan was informed by the stipulations in the Public Finance Management Act, 1999 (Act No. 29 of 1999), Prevention and Combating of 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:

- Code of Conduct
- Fraud Policy and Response Plan
- Whistle-blowing Policy, including an independent hotline; and
- Fraud Prevention Implementation Plan

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

The MICT SETA utilises the national whistle-blowing toll-free number that whistle-blowers can use to report any suspected fraud and corruption anonymously. Employees and the MICT SETA Stakeholders can report any offence or suspected fraudulent activity to the toll-free number, the MICT SETA Management, or to the Accounting Authority

8.2 How cases are reported and what action is taken by the MICT SETA

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

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

9. MINIMISING CONFLICT OF INTEREST

The Accounting Authority has developed a guideline dealing with the Declaration of Conflict of Interest which enables members to identify potential conflicts of interest. Members of the Accounting Authority, Management and employees annually complete a mandatory disclosure of interest form and are required to avoid situations where they have or could have a direct or indirect interest that conflicts or may conflict with the company's interest.

Procedures have been put in place for the disclosure by the Members of the Accounting Authority and management of any such conflicts.

Accounting Authority Members, Management and employees who declare their interest have to recuse themselves from meetings and their recusals are minuted accordingly.

Employees involved in supply chain processes are required to complete and sign annual disclosure of interest documents and declare any interest before the start of any proceedings. This process is minuted during the proceedings and the declarations are kept in a secure facility.

10. CODE OF CONDUCT

The MICT SETA Code of Conduct is informed by the Labour Relations Act Schedule 8 Code of Good Practice and King IV Code of Good Practice. It provides guidance with regard to ethical behaviour; both in terms of individual conduct as well as in their relationships with other people. It promotes exemplary conduct by employees in their public and private lives in an effort to enhance professionalism and ensure public and employer confidence in dealing with the MICT SETA, its stakeholders and the public at large.

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

Members of the Accounting Authority subscribe to a Code of Conduct in terms of the MICT SETA Constitution.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The MICT SETA has a Health and Safety Policy that 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.

Special meetings are held when there are issues that require urgent attention. Management prioritises and supports all initiatives to ensure a safe and healthy working environment. Reasonable progress has been made with regard to mitigation of identified possible environmental risks, and measures to mitigate these risks were implemented.

12. BOARD SECRETARY

The Board secretariat function resides within the office of the CEO with a functional reporting line to the Accounting Authority Chairperson. Ms Ayanda Manqele was appointed into the role in August 2020 and resigned post year end. The main function of the role is to assist the Accounting Authority with corporate governance procedures and monitor the MICT SETA's compliance with the PFMA and other relevant legislation.

To manage Accounting Authority meetings and committee processes through preparation and distribution of board packs including agenda and minutes.

To manage shareholder engagement activities including the Executive Authority and other critical stakeholders; and to provide advice to the Accounting Authorities on law and regulations relevant to the organisation.

Members of the Accounting Authority have unlimited access to the advice and services of the Board Secretary.

13. SOCIAL RESPONSIBILITY

The MICT SETA has created workplace exposure and empowered twelve young unemployed graduates through a Graduate Internship Programme from 2019/20 to the current year. It offers bursaries to dependents of employees below management level and annually donates equipment to underprivileged schools.

In future, the MICT SETA endeavours to create long-term partnerships with rural and underdeveloped communities in order to have an ongoing impact and help address South Africa's development challenges.



MR. SULEMAN BADAT
AUDIT AND RISK COMMITTEE CHAIRPERSON

Audit Committee Report for the Year Ending 31 March 2021

The Audit and Risk Committee is pleased to present their report for the Financial Year ended 31 March 2021.

1. Audit and Risk Committee attendance 2020/21

Two of the Independent members of the Audit and Risk Committee were appointed on 01 October 2020 and one was appointed on 01 December 2020, when the term of the previous members ended on 28 September 2020. Below are the outgoing Members of the Audit and Risk Committee, their qualifications, date of appointment and the number of meetings they attended for the financial year 2020/21. Their term ended on 30 September 2020.

AUDIT COMMITTEE MEMBERS FROM THE PERIOD OF 01 APRIL 2020 – 30 SEPTEMBER 2020



NOCWAKA OLIPHANT
Independent Member

Qualifications
B.Com, Hons B. Compt.
Certified Internal Auditor (CIA)
Certified Government Auditing Professional (CGAP)
Certificate in Control Self- Assessment (CCSA)
Certificate in Risk Management Assurance (CRMA)
Certified Forensic Investigation Professional

Date Appointed: 03 August 2018
Number of Meetings Attended: 3 of 3
** Ms. Oliphant was appointed Chairperson in September 2018



MFUNDO THANGO
Independent Member

Qualifications
CA (SA), Registered Auditor, B.Com (Acc) (Honours), B.Com (Acc)

Date Appointed: 03 August 2018
Number of Meetings Attended: 3 of 3



ZELDA TSHABALALA
Independent Member

Qualifications
Bachelor of Commerce
Post –Graduate Diploma in Business Administration
Master of Business Administration
Certificate; Control Self-Assessment Certificate; Municipal Financial Management Certificate; Corporate Governance

Date Appointed: 03 August 2018
Number of Meetings Attended: 3 of 3

COMPOSITION OF THE AUDIT AND RISK COMMITTEE FROM THE PERIOD 01 APRIL 2020 TO DATE



SULEMAN BADAT
Independent Member

Qualifications
Bachelor of Accountancy
Chartered Accountant

Date Appointed: 01 October 2020
Number of Meetings Attended: 2 of 3

*** Mr. Suleman Badat was appointed Chairperson of ARC in 08 December 2020



LINDIWE NKOSI
Independent Member

Qualifications
Bachelor of Accounting Science
Certificate of Theory in Accounting (CTA)
Initial Test of Competence Assessment of Professional Competence
Audit Development Program (ADP)

Date Appointed: 01 December 2020
Number of Meetings Attended: 3 of 3



GIDEON LABANE
Independent Member

Qualifications
Honours: BCom Accounting
National Diploma Cost & Management Accounting
Chartered Accountant

Date Appointed: 01 October 2020
Number of Meetings Attended: 3 of 3



TEBOGO MACK MAMOROBELA
Board Member
see profile on page 57



PORTIA BUTHELEZI
Board Member
see profile on page 57



VIWE THOMAS JAMES
Board Member
see profile on page 57

The Audit and Risk Committee meets at least four times per annum in line with its approved charter. Six (6) meetings, including special meetings, were held during the year.

The table below discloses relevant information on the Audit and Risk Committee members.

Name of the Member	Date appointed	Termination Date	Number of meetings attended
Nocwaka Oliphant - Independent Chairperson	03 August 2018	30 September 2020	3
Mfundo Thango - Independent Member	03 August 2018	30 September 2020	3
Zelda Tshabalala - Independent Member	03 August 2018	30 September 2020	3
Natasha Reuben	01 April 2020	30 June 2020	1
Suleman Badat – Independent Chairperson	01 October 2020	-	2
Gideon Labane – Independent Member	01 October 2020	-	3
Lindiwe Nkosi – Independent Member	01 December 2020	-	3
Portia Mngomezulu	01 February 2021	-	2
Tebogo Mamorobela	01 February 2021	-	2
Vive James	01 April 2020	01 February 2021	3

2. Audit and Risk Committee Responsibility

The Audit and Risk Committee is pleased to report that it was properly constituted as required by the Public Finance Management Act, (PFMA) and has complied with its responsibilities arising therefrom. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its charter and has managed and regulated its affairs in compliance with this charter.

3. The Effectiveness of Internal Controls

The Audit and Risk Committee obtains assurances from management, internal audit and the external auditors on the effectiveness of governance, risk management and internal controls in the areas of financial management, performance management, compliance management and information communication and technology (ICT). Management has made positive progress in addressing the internal control deficiencies that have been reported on in previous years by internal audit and the external audit. Some weaknesses in the system of internal controls remained for the period, and were raised with management and the Board. Management is still in the process of rectifying the weaknesses that have not been fully addressed

4. Risk Management

The Audit and Risk Committee is responsible for oversight of risk management. The Board has adopted a risk management framework, strategy and relevant policies for the SETA, in line with the PFMA. The SETA has established a risk management committee, chaired by an independent person, that reports quarterly to the audit and risk committee. The risk management processes are reviewed by internal audit. There has been an improvement in the risk management processes of the SETA from the previous year. The Audit and Risk Committee is satisfied with the overall risk management function and made recommendations to management to enhance the risk function.

5. Internal Audit

The SETA's internal audit function is outsourced and was operational until 30 September 2020 in a bid to insource the Internal Audit function. The Risk and Compliance Officer served in the Internal Audit function from October 2020 to until January 2021. Currently, a temporary measure has been put through appointment of Manager: Internal Audit and Internal Auditor whilst undertaking permanent recruitment measure. The independence of the internal audit was monitored throughout the period. Internal audit follows a risk-based approach which incorporates management's risk assessment. The internal audit plans and reports that were issued for the period under review were all reviewed by the Audit and Risk Committee.

The following internal audits were completed during the year under review:

- Performance Information
- Human Resources

The overall assessment of internal audit is that "Certain controls were adequate and effective; however, for those issues of ineffectiveness of controls raised during the audits, we are concerned that it would have a potential significant impact on the entity if not immediately addressed".

6. Evaluation of the Finance Function

The finance function is adequately capacitated and led by a suitably qualified and competent Chief Financial Officer. The Audit and Risk Committee is overall satisfied with the performance of the finance function for the period under review.

7. Evaluation of Annual Financial Statements

The Audit and Risk Committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgments and estimates contained in the annual financial statements
- Clarity and completeness of disclosures, and whether disclosures made have been set properly in context
- Quality and acceptability of, and any changes in, accounting policies and practices
- Compliance with accounting standards and legal requirements
- Significant adjustments and/or unadjusted differences resulting from the audit
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted
- Reasons for major year-on-year fluctuations, including variances of actual versus budget
- Asset valuations and revaluations
- Levels of general and specific provisions
- Write-offs
- The basis for the going concern assumption, including any financial sustainability risks and issues

Except for the matters identified by the External Auditors in the audit report, the audit committee is comfortable that the annual financial statements fairly present the financial position of MICT SETA as at 31 March 2021.

8. External Auditor's Report

The Audit and Risk Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the External Auditor's Report.

9. Appreciation

The Audit and Risk Committee expresses its sincere appreciation to the Board, CEO, Management team, Internal Audit and External audit for their co-operation towards us achieving the requirements of our Charter as mandated.



MR SULEMAN BADAT
Chairperson of the Audit and Risk Committee
MICT SETA
30 July 2021

15. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

In terms of Section 13G of the Broad-Based Black Economic Empowerment Act 53 of 2003, the MICT SETA must report on its compliance with broad-based black economic empowerment in the Annual Financial Statements and Annual Report required under the Public Finance Management Act, 1999 (Act No. 1 of 1999). The SETA is further required to report to the newly formed B-BBEE commission on skills development spending and programmes.

The MICT SETA is committed to Black Economic Empowerment (BEE) and all its business activities are aligned with the national transformation agenda and thus complying with the B-BBEE Act 2003. The Supply Chain Management division seeks to assist the Accounting Authority in discharging its responsibility to ensure that Broad-Based Black Economic Empowerment (B-BBEE) is pursued and implemented throughout the MICT SETA. This is being done through direct targeting of 100% black-owned entities when issuing RFQs and competitive bids.

For the period under review, the MICT SETA is still undergoing B-BBEE verification process to review its performance against the set targets on the B-BBEE sector codes. Commencing in the prior financial year, strategic B-BBEE initiatives have resulted in all competitive bids and request for quotations that have been issued clearly stating prequalification criteria that seeks to attract B-BBEE level 1 or level 2 who are only Emerging Micro-Enterprise as well as Qualifying Small Enterprise, where deemed necessary. Through the supply chain management division, the MICT SETA believes these initiatives will transform the B-BBEE spend, and will have a positive impact on the MICT SETA B-BBEE score card. This will be evidenced by the conclusion of the B-BBEE verification process.

Other matters of non-compliance not indicated above were identified by the Auditor-General during the audit and these have been indicated in the report of the Auditor-General on page 85 to 88.



PART D

HUMAN RESOURCES MANAGEMENT



1. INTRODUCTION

1.1 Overview of Human Resources Matters

The MICT SETA offers a compelling employee value proposition that is relevant in a dynamic and continually evolving environment to attract, engage, develop, and retain top performing talent.

The MICT SETA achieves this by developing and reviewing policies and strategies by which employees feel recognised, encouraged and appreciated for their contribution.

The above is achieved by competitively remunerating employees against appropriate benchmarks, creating policies that encourage continuous learning, and revising job outputs and organisational structure to determine future focus areas.

This process impacts the employee base and the concomitant people costs, recruitment, talent retention, bench strength, and succession planning processes.

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

The MICT SETA strives to perform the following human resources functions for the period under review:

- Strengthen “good governance practices”
- Developed strategic objectives, focusing on compliance and continuous improvement
- Attracted and retained highly competent employees
- Culture change and organisational design
- People and Leadership practices; agility and dynamism is being challenged and developed so that organisational behaviour can follow

The above priorities continue to contribute positively to assist the MICT SETA to achieve its mandate.

1.3 Workforce Planning Framework and Key Strategies to attract and recruit a skilled and capable workforce

In the year under review, a targeted graduate development programme (internship programme) aimed at unemployed youth in the strategic areas of our entity such as Learning programmes, Board Secretariat, ICT and Finance divisions was implemented.

The programme is intended to afford these learners much needed work experience to improve their employability whilst increasing the entity's bench strength in these areas.

Other than a reasonable budget allocated to employee Personal Development Plans (PDP's) on soft skills, MICT SETA further supports its employees by offering bursaries to employees across levels who wish to pursue their tertiary studies.

The MICT SETA further supplemented the leadership bench with external appointments in a way that positively impacts on the current and future leadership as well as the entity's employment equity representation.

Strategies used to attract and recruit a skilled workforce are:

- Developmental Programmes to meet future Human Resources needs within the organisation
- Training and Development initiatives utilised as a measure to retain competent employees
- Employment Benefits and competitive market-related Remuneration Packages

1.4 Employee Performance

The MICT SETA Performance Management and Development System regulates and manages employee performance and therefore aligns individual performance to strategic objectives of the organisation.

The positive continual performance improvement of employees is reinforced through the use of performance rewards linked to the individual's performance in a year.

1.5 Employee Wellness Programme

The MICT SETA provides wellness, access to quality health and safety by providing health and safety services through an external service provider to all employees. In ensuring healthy and safe working conditions, the MICT SETA complies with the Occupational Health and Safety Act (OHSA) 85 of 1993.

1.6 Policy Development

The MICT SETA Human Resources policies and procedures are reviewed annually or as and when the need arises, to align them with any legislative and regulatory changes, environmental changes and the 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 driven by achieving organisational excellence through exemplary Human Resources best practice relating to organisational corporate governance and strategic Human Resources Management.

1.7 Achievements

The Human Resources Unit achieved the following:

- Objectives contained in the Human Resources Operational Plan
- Annual review and workshop of employees on Human Resources Policies and Procedures
- Review of the organisational structure in line with strategic objectives
- Attracted and retained over 73% of human resources talent

1.8 Challenges

The Human Resources Unit experienced the following challenges for the year under review:

- Attracting skilled and competent employees from different racial groups to achieve equitable representation within the MICT SETA
- Functional training across all job categories

1.9 Future Human Resources Plans / Goals

In an effort to ensure continuous improvement on the management of human capital within the MICT SETA, the Human Resources Unit has set the following plans/goals for the next financial year:

- Improve the skills profile of the employees within the organisation
- Maintain a competitive rewards system and remuneration structures
- Ensure broader representation within the MICT SETA with room for improvement
- Provide a conducive work environment with an open plan arrangement for team playing and improved synergy
- Implement talent management
- Continue to offer efficient and effective human resources services to the internal and external clients
- Employee retention
- Ensure that a high standard of professional ethics is promoted and encouraged

2. Human Resources Statistics

2.1 Personnel Cost by programme/activity/objective

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Expenditure %	No. of employees	Average cost personnel (R'000)
Programme 1: Administration	386,546	25,743	7%	38	677
Programme 2: Sector Skills Planning	46,385	3,077	7%	5	615
Programme 3: Learning Programmes	262,851	17,437	7%	38	459
Programme 4: ETQA	123,695	8,206	7%	15	547
Total per AFS	819,477	54,463	7%	96	567

2.2 Personnel by Salary Band

Level	Total expenditure (R'000)	Personnel expenditure (R'000)	Expenditure %	No. of employees	Average personnel (R'000)
Senior Management	85,040	11,241	13%	7	1,606
Professional Qualified	61,847	6,182	10%	6	1,030
Skilled	286,044	24,117	8%	35	689
Semi-skilled	278,313	11,539	4%	36	320
Unskilled	108,233	1,384	1%	12	115
TOTAL	819,477	54,463	6%	96	567

2.3 Performance Rewards

Programme	Personnel expenditure (R'000)	Performance Reward (R'000)	Reward %	No. of Employees
Senior Management	11,241	1,150	10%	7
Professional Qualified	6,182	990	16%	6
Skilled	24,117	1,810	8%	29
Semi-skilled	11,539	1,360	12%	34
Unskilled	1,384	30	2%	1
Total	54,463	5,341	10%	77

2.4 Training Costs

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training Expenditure %	No. of employees	Average Training Costs (R'000)
Programme 1: Administration	25,743	460	2%	38	12
Programme 2: Sector Skills Planning	3,077	21	1%	5	4
Programme 3: Learning Programmes	17,437	321	2%	38	8
Programme 4: ETQA	8,206	188	2%	15	12
Total	54,463	990	3%	96	10

2.5 Employment and Vacancies

Level	2019/20 Employee	2020/21 Approved	Number of Employees	Vacancies	% of Vacancies
Top Management	1	1	1	0	0%
Senior Management	6	9	6	3	2%
Professionally Qualified	8	13	6	7	5%
Skilled	29	48	34	14	11%
Semi-skilled	35	42	36	6	5%
Unskilled	1	1	1	0	0%
Temporary	15	17	12*	5	4%
Total	95	131	96	35	27%

2019/20 figures are as reported in the previous Annual Report

27% of vacancies calculated as a percentage of the approved organisational structure of 131

*Includes 3 trainees who were successful for permanent appointment

2.6 Employment Changes

Salary band	Employment at the Beginning of Period	Appointments	Terminations	Employment at the End of Period
Top Management	1	0	0	1
Senior Management	6	3	3	6
Professionally Qualified	8	1	3	6
Skilled	29	7	2	34
Semi-skilled	35	1	0	36
Unskilled	1	0	0	1
Temporary	15	2	5*	12
Total	95	14	13	96

*Appointments were due to additional head count and some terminations that occurred in the previous financial year. Temporary appointments include three permanent appointments of trainees.

2.7 Reasons for Staff Leaving

Reason	Number	% of Total Number of Staff Leaving
Death	0	0%
Resignation	9*	9%
Dismissal	0	0%
Retirement	1	1%
Ill-health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	10	10%

2.8 Labour Relations - Misconduct and Disciplinary Action

Labour Relations - Misconduct and Disciplinary Action	Number
Verbal warning	1
Written warning	0
Final written warning	0
Suspension pending investigation	3
Dismissal	0
Total	4

2.9 Employment Equity Target and Employment Equity Status

Male				
Level	African		Coloured	
	Current	Target	Current	Target
Top Management	1	1	0	0
Senior Management	4	2	0	0
Professional Qualified	5	4	0	0
Skilled	11	11	0	0
Semi-skilled	18	14	0	0
Unskilled	0	6	0	1
Temporary	6	0	0	0
Total	45	38	0	1

Disabled Staff				
Level	African		Coloured	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	1	0	0
Unskilled	0	0	0	0
Temporary	0	0	0	0
Total	0	1	0	0

Female				
Level	African		Coloured	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	2	2	0	0
Professional Qualified	3	3	0	0
Skilled	18	13	0	1
Semi-skilled	16	14	1	2
Unskilled	1	6	0	0
Temporary	9	0	0	0
Total	49	38	1	3



PART ANNUAL FINANCIAL STATEMENTS

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1.



MS TINY MOKHABUKI CA(SA)
CHIEF FINANCIAL OFFICER

A Message From the CFO

Our strong financial standing is upheld with the commitment and expertise of our staff, partners and stakeholders even in these uncertain times. Our board of directors and professional staff work diligently to maintain sound financial controls. Our audit committee oversees our financial reporting and risk management. Our finance and remuneration committee continuously monitors our investment policies, asset allocation, our financial performance and the strength of our balance sheet. Our ICT committee oversees the implementation and security of our recording and reporting systems. Lastly, our Executive committee ensures that we maintain efficient operations and keep watch over our financial health.

Thank you to our stakeholders for entrusting us with your monies in a manner to ensure that our mandate of skills development has been fulfilled. We are committed to transparency and accountability in our financial affairs.

Gratitude goes to the Executive Authority for ensuring our existence, the National Treasury for ensuring that the SETA remains compliant. Furthermore, appreciation is also extended to the Auditor General and the MICT SETA Accounting Authority for its oversight role.

We are pleased with our clean audit outcome and are looking forward to working with our stakeholders in ensuring that the organisation maintains this outcome.

We look forward to answering any questions that our stakeholders may have regarding any aspect of our financial activities.

Regards

MS TINY MOKHABUKI CA(SA)
CHIEF FINANCIAL OFFICER
28 JULY 2021

In a year filled with many challenges, we received tremendous support from our Executive Authority and our stakeholders. Even though the SETA had a reduction of revenue in the financial year due to implementation of the four months' skills development levy holiday, the average skills development levy income amounted to R79 million per month which is equivalent to the average skills development levy income received in the prior year which is sound, considering the tough operating conditions.

These operating conditions have resulted in a delay in implementation of some of the learning programs, as reflected in the 38% decrease in discretionary grants commitments and 35% decrease in discretionary grants expenses as compared to prior year.

Our asset base has declined by 16% mainly due to less cash received because of the skills development levy holiday. This resulted in the SETA requiring to release some of the reserves to utilise towards operational costs.

We issued grants to approximately 9353 learners totalling R422 million to service providers, excluding the UIF labour activation project. We had various employers move into the SETA, and unfortunately lost a few employers as well through inter-seta transfers. Even though the grants issued are a decrease of 38% from the prior period, the SETA still has a strong commitment to make a meaningful change in our community through skills development. To demonstrate this, we contributed R54 million towards projects as part of our response to COVID-19. We are indeed encouraged by our communities within our priority areas as well as providing critical development for our most vulnerable communities during COVID-19 and the accompanying economic fall out.

2. Report of the Auditor-General to Parliament on the Media, Information and Communication Technoogies Sector Education and Training Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) set out on pages 89 to 136 which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flows statement and statement of comparison of budget actual amount for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the MICT SETA as at 31 March 2021 and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for opinion

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

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

2. Report of the Auditor-General to Parliament on the Media, Information and Communication Technologies Sector Education and Training Authority (continued)

Report on the audit of annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity's enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021.

Programme	Pages in the annual performance report
Programme 3 – learning programmes	34 - 47

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

Programme 3: learning programmes

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 20 to 51 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of learning programmes. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

2. Report of the Auditor-General to Parliament on the Media, Information and Communication Technologies Sector Education and Training Authority (continued)

Other information

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

Internal control deficiencies

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation. However, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2021



2. Report of the Auditor-General to Parliament on the Media, Information and Communication Technologies Sector Education and Training Authority (continued)

Annexure – Auditor-General's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority.
- Conclude on the appropriateness of the Accounting Authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the MICT SETA to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

3. Audited Annual Financial Statements For the Year Ended 31 March 2021

Index

The reports and statements set out below comprise the Audited Annual Financial Statements:

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Accounting Authority's Responsibilities and Approval

The Accounting Authority/Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Authority/Board to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and are given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate Accounting Policies consistently applied and supported by reasonable and prudent judgments and estimates.

The audited annual financial statements set out on pages 91 to 136, which have been prepared on the going concern basis, were approved by the Accounting Authority on 28 July 2021 and were signed on its behalf by:



MR SIMPHIWE THOBELA
CHAIRPERSON
28 July 2021



MR MATOME MADIBANA
ACTING CHIEF EXECUTIVE OFFICER
28 July 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	2021	2020
		R'000	R'000
Assets			
Current Assets			
Inventories	3	333	449
Accounts Receivables from exchange transactions	4	1 673	4 488
Accounts Receivables from non-exchange transactions	5	1 851	1 690
UIF Receivables	6	36 140	38 338
Cash and cash equivalents	7	343 636	432 179
		383 633	477 144
Non-Current Assets			
Property, plant and equipment	8	7 711	3 288
Intangible assets	9	11 856	3 556
		19 567	6 844
Total Assets		403 200	483 988
Liabilities			
Current Liabilities			
Accounts payables from non-exchange transactions	10	118 557	109 933
Finance lease obligation	11	155	243
Accounts payables from exchange transactions	12	10 877	7 960
Provisions	13	20 710	17 990
UIF Deferred revenue	-	-	38 338
		150 299	174 464
Non-Current Liabilities			
Finance lease obligation	11	-	155
		-	155
Total Liabilities		150 299	174 619
Net Assets		252 901	309 369
Net assets represented by:			
Administration reserve		19 567	6 844
Employer grant reserve		12	604
Discretionary reserve		233 322	301 921
Total Net Assets		252 901	309 369

Statement of Financial Performance For the year ended 31 March 2021

	Note(s)	2021 R'000	2020 R'000
Revenue			
Revenue from non-exchange transactions			
Skills Development Levies	15	622 257	938 390
Skills Development Levy - Interest		4 785	8 849
Skills Development Levy - Penalties		7 878	8 747
Other revenue - Grants received	17	67	77
UIF Revenue		116 067	-
Total revenue from non-exchange transactions		751 054	956 063
Revenue from exchange transactions			
Other revenue	17	279	-
Finance revenue	16	11 679	26 654
Total revenue from exchange transactions		11 958	26 654
Total revenue		763 012	982 717
Expenditure			
Finance costs	18	77	132
UIF Expense		116 067	-
Discretionary grant expenses	19	480 680	749 907
Mandatory grant expenses	19	120 888	175 082
Administration expenses	20	101 765	96 228
Total expenditure		819 477	1 021 349
Deficit for the year	14	(56 465)	(38 632)

Statement of Changes in Net Assets

	Administration reserve R'000	Mandatory reserve R'000	Discretionary reserve R'000	Total reserves R'000
Balance at 1 April 2019	4 518	969	342 513	348 000
(Deficit) Surplus for the year	26 886	58 998	(124 516)	(38 632)
Transfer of surplus to discretionary reserve	(24 560)	(59 363)	83 923	-
Total changes	2 326	(365)	(40 593)	(38 632)
Balance at 1 April 2020	6 844	604	301 921	309 369
(Deficit) Surplus for the year	(19 746)	34 251	(70 970)	(56 465)
Transfer of surplus to discretionary reserves	32 469	(34 843)	2 374	-
Total changes	12 723	(592)	(68 596)	(56 465)
Balance at 31 March 2021	19 567	12	233 322	252 901

Refer to Note(s) 14 for detailed calculation of surplus/(deficit).

Cash Flow Statement

	Note(s)	2021	2020
		R'000	R'000
Cash flows from operating activities			
Receipts			
Skills development levies, interest and penalties		754 159	955 986
Finance revenue		11 679	26 404
Other cash receipts from stakeholders		346	77
		766 184	982 467
Payments			
Employer grants and programme payments		(748 724)	(930 147)
Payments to suppliers and other stakeholders		(36 578)	(46 657)
Compensation of employees		(54 006)	(46 201)
Finance costs		(77)	(132)
		(839 385)	(1 023 137)
Net cash out flows from operating activities	21	(73 201)	(40 670)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(6 169)	(1 155)
Purchase of intangible assets	9	(8 930)	(2 606)
Net cash flows used in investing activities		(15 099)	(3 761)
Cash flows from financing activities			
Finance lease payments		(243)	(188)
Net increase/(decrease) in cash and cash equivalents		(88 543)	(44 619)
Cash and cash equivalents at the beginning of the year		432 179	476 798
Cash and cash equivalents at the end of the year	7	343 636	432 179

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Approved budget	Final budget	Actual amounts	Difference between final budget and actual
	R'000	R'000	R'000	R'000	R'000

Statement of Financial Performance

Revenue

Revenue from non-exchange transactions

Skills Development Levies	1 024 633	590 083	590 083	622 257	32 174
Skills Development Levies: Interest	-	-	-	4 785	4 785
Skills Development Levies: Penalties	-	-	-	7 878	7 878
Other revenue	-	-	-	67	67
UIF Revenue	-	-	144 256	116 067	(28 189)
Total revenue from non-exchange transactions	1 024 633	590 083	734 339	751 054	16 715

Revenue from exchange transactions

Other revenue	-	-	-	279	279
Finance Revenue	28 220	11 700	11 700	11 679	(21)
Total revenue from exchange transactions	28 220	11 700	11 700	11 958	258

Expenditure

Discretionary grant expenses	(700 635)	(573 371)	(574 527)	(480 680)	93 847
Finance costs	-	-	-	(77)	(77)
UIF expense	-	-	(144 256)	(116 067)	28 189
Mandatory grant expense	(217 735)	(125 393)	(118 017)	(120 888)	(2 871)
Administration expenses	(134 483)	(135 653)	(141 873)	(101 765)	40 108
Total expenditure	(1 052 853)	(834 417)	(978 673)	(819 477)	159 196
(Deficit) Surplus for the year	-	(232 634)	(232 634)	(56 465)	(176 169)

Refer to Note 29 for explanation of material variances between final budget and actual.

Accounting Policies

1. Presentation of Unaudited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standard of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999) (PFMA).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

The case between Business Unit South Africa (BUSAs) and the Minister of Higher Education and Training has posed a risk of going concern to the organisation. Further disclosure concerning this matter has been made under the contingencies note (note 23). Other than the risk mentioned there are no known instances that cast doubt on the MICT SETA's ability to continue as a going concern.

1.3 Inventories

Inventory is comprised of consumables.

Consumables are recognised as an asset on the date of acquisition and are measured at the cost of acquisition. Inventory is subsequently measured at lower of cost and net realisable value.

Consumables are subsequently recognised in surplus or deficit as are consumed.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for administrative purposes, and are expected to be used more than one financial period.

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Asset class	Depreciation method	Average useful life
Furniture and fittings	Straight line	10 - 15 years
Motor vehicles	Straight line	4 - 8 years
Office equipment	Straight line	7 - 10 years
Computer equipment	Straight line	4 - 6 years
Leasehold improvements	Straight line	4 - 6 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

Accounting Policies (continued)

1.4 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are de-recognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the Notes to the Annual Financial Statements (see Note 8).

1.5 Intangible assets

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research is recognised as an expense when it is incurred.

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

Internally generated software programs are initially recognised at cost. Development costs are recognised when it is probable that it will generate future economic benefits for the organisation. Intangible asset with finite useful life are amortised over their useful lives using a straight line basis and tested for impairment at each reported date. A module of the system is amortised only once it is available for use. Costs associated with research, training, support and maintenance are recognised as an expense and charged to statement of financial performance when incurred.

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

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

Asset class	Depreciation method	Average useful life
Computer software, internally generated	Straight line	5 - 10 years
Computer software, purchased	Straight line	4 - 6 years

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases held by the MICT SETA are recorded as purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating 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 recognised an expense in the period in which termination takes place.

1.7 Provisions and contingencies

Provisions are recognised when:

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

Accounting Policies (continued)

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

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 a 13th cheque (based on the current salary rates).

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 23.

1.8 Significant judgements and sources of estimation uncertainty

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

Accounts receivable

The MICT SETA assesses its receivables for impairment at the end of each reporting period. The MICT SETA makes judgements as to whether there is observable data indicating that the receivables have to be impaired. If the indications exist, the carrying amount of the receivables is reduced through the use of an impairment allowance account in the Statement of Financial Position. When a receivable is uncollectable, it is written off against the allowance account.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in Note 13.

Allowance for doubtful debts

On accounts receivable an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.9 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Accounting Policies (continued)

1.10 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 MICT 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.

1.11 Revenue from non-exchange transactions

Revenue from non-exchange 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 liability and revenue are measured on the basis of the fair value of the asset on initial recognition.

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

Non-exchange revenue transactions include the receipt of levy income from the DHET, income from the National Skills Fund (NSF), and grants from the National Government.

Levy income

The Accounting Policy for the recognition and measurement of Skills Development Levy (SDL) 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 (the Levies Act), 1999 (Act No. 9 of 1999) as amended, registered member companies of the MICT SETA pay an SDL of 1% of the total payroll cost to the South African Revenue Service (SARS), who collects the levies on behalf of the DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with Section 4(b) of the Levies Act as amended, effective 1 August 2005.

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

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

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

Interest and penalties

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

Funds allocated by the National Skills Fund or any other entities of government for special projects

Funds transferred are accounted for in the Annual Financial Statements of the MICT 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 Special Projects are capitalized in the Annual Financial Statements of the MICT SETA, as the MICT SETA controls such assets for the duration of the project. Such assets may however only be disposed of in terms of an agreement and specific written instructions.

Finance revenue

Finance revenue is comprised of interest accrued from short-term investments and bank balances.

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

Accounting Policies (continued)

1.12 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 criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

Mandatory grants

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

Discretionary grants

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

Programme expenditure

Programme expenditure comprises:

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

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

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

Retrospective adjustments by SARS

The MICT 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.

1.13 Reserves

Net assets are 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 amended as follows:

- Administration reserve
- Mandatory (Employer grant) reserve
- Discretionary reserve; and
- Unappreciated 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:

1.14 Comparative figures

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

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

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

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

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes. Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverables.

Accounting Policies (continued)

1.17 Taxation

The SETA received confirmation of the tax exemption on 4 April 2017, following the process of registering for income tax and applying for exemption as advised after receiving correspondence from SARS about the tax status of all the SETAs.

The MICT SETA is therefore exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

1.18 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity)
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments, which are reported on in the segment report. They are the segments identified above or, alternatively an aggregation of two or more of those segments where the aggregation criteria are met

1.19 Budget information

Entity is subject to budgetary limits in the form of budget authorisations (or equivalent), which is given effect through authorising legislation.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.20 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by management in their dealings with the entity.

1.21 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's Statement of Financial Position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

Accounting Policies (continued)

1.21 Financial instruments (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- A residual interest of another entity; or
- A contractual right to:
 - Receive cash or another financial asset from another entity; or
 - Exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in price of one currency in relation to another.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at fair value at initial recognition; or
- Are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading. A financial instrument is held for trading if:
 - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Accounting Policies (continued)

1.21 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value
- Financial instruments at amortised cost
- Financial instruments at cost

Impairment of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

- If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.
- If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit

Financial assets measured at cost:

- If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Notes to the Audited Annual Financial Statements (continued)

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IGRAP 20: Accounting for Adjustments to Revenue	1 April 2020	The impact is not material
GRAP 1 (amended): Presentation of Financial Statement	1 April 2020	The impact is not material
GRAP 34: Separate Financial Statements	1 April 2020	The impact is not material
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	1 April 2020	The impact is not material
Directive 7 (revised): The Application of Deemed Cost	1 April 2020	The impact is not material

2.2 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 1 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	1 April 2021	Unlikely there will be a material impact

Notes to the Audited Annual Financial Statements (continued)

3. Inventories

	2021 R' 000	2020 R' 000
Inventory is comprised of stationery and office consumables		
Consumables and stationery	333	449

4. Receivables from exchange transactions

	2021 R' 000	2020 R' 000
Employee costs in advance	13	25
Prepayments	-	2 789
Deposits	1 060	1 060
Sundry receivables	655	666
Provision for bad debts	(55)	(52)
	1 673	4 488

5. Receivables from non-exchange transactions

	2021 R' 000	2020 R' 000
Receivables - Employer Grants	2 181	2 656
Provision for bad debts	(330)	(966)
	1 851	1 690

6. UIF Project

	2021 R' 000	2020 R' 000
UIF Receivables	36 140	38 338
The MICT SETA entered into a Service Level Agreement with the Unemployment Insurance Fund (UIF) on the 29 March 2019 for funding of a learnership training programme for 3 249 learners. The total contracted amount is R191.691 million for a period of 15 months. Due to operational reasons the contract has been further extended to 30 June 2022. UIF is contributing 80% towards the programme, and MICT SETA will contribute 20%. At year-end, the SETA had a contractual right to receive cash of R 36.140 million from UIF being 80% of the third tranche payment of R 47.922 million, based on all the deliverables being met at year-end and duly submitted to UIF before 31 March 2021.		

Notes to the Audited Annual Financial Statements (continued)

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021 R' 000	2020 R' 000
Cash on hand	-	7
Bank balances	169 272	139 798
Short-term investments	174 364	292 374
	343 636	432 179

As required in Treasury Regulations 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 3.23% (2020: 6.08%). Short-term investments are held with the Corporation for Public Deposits and Investec at 98.15% and 1.85%, respectively.

The Skills Development Act Regulation states that a SETA may, if not otherwise specified by the PFMA, invest the monies in accordance with Investment Policy approved by the relevant SETA. Treasury Regulations 31.3.3 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 National Treasury from the requirements of Treasury Regulations 31.3.3 to invest surplus funds with the Corporate for Public Deposits exempts the SETA, surplus funds are invested in line with an Investment Policy as required by the Treasury Regulation 31.3.5. Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with the registered banking institutions or the Corporation of Public Deposits. These are subject to an insignificant risk of change in value.

8. Property, plant and equipment (Figures in Rand thousands)

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	6 058	(2 997)	3 061	3 739	(2 651)	1 088
Motor vehicles	382	(382)	-	382	(382)	-
Office equipment	3 088	(2 197)	891	2 644	(1 813)	831
Computer equipment	6 819	(4 842)	1 977	5 273	(4 047)	1 226
Leasehold improvements	3 365	(1 583)	1 782	1 506	(1 363)	143
Total	19 712	(12 001)	7 711	13 544	(10 256)	3 288

Reconciliation of property, plant and equipment 2021 (Figures in Rand thousands)

	Opening Balance	Additions	Depreciation	Total
Furniture and fittings	1 088	2 320	(347)	3 061
Office equipment	831	444	(384)	891
Computer equipment	1 226	1 546	(796)	1 976
Leasehold improvements	143	1 859	(219)	1 783
	3 288	6 169	(1 746)	7 711

Notes to the Audited Annual Financial Statements (continued)

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020 (Figures in Rand thousands)

	Opening Balance	Additions	Depreciation	Total
Office furniture and fittings	1 160	270	(342)	1 088
Motor vehicles	37	-	(37)	-
Office equipment	1 217	80	(466)	831
Computer equipment	1 457	778	(1 009)	1 226
Leasehold improvements	334	27	(218)	143
	4 205	1 155	(2 072)	3 288

Expenditure incurred to repair and maintain property, plant and equipment

	2021 R' 000	2020 R' 000
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs Maintenance	405	204

Expenditure incurred to repair and maintain property, plant and equipment is included in the Statement of Financial Performance in the repairs and maintenance expenditure line item.

Notes to the Audited Annual Financial Statements (continued)

9. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, purchased	2 026	(1 497)	529	1 490	(1 454)	36
Computer software, Internally generated	12 536	(1 209)	11 327	3 520	-	3 520
Total	14 562	(2 706)	11 856	5 010	(1 454)	3 556

Reconciliation of intangible assets - 2021

	Opening Balance	Additions	Amortisation	Impairment loss	Total
Computer software, purchased	36	536	(43)	-	529
Computer software, Internally generated (a)	3 520	9 382	(1 209)	(366)	11 327
	3 556	9 918	(1 252)	(366)	11 856

Reconciliation of intangible assets 2020

	Opening Balance	Additions	Amortisation	Total
Computer software	314	-	(278)	36
Computer software, Internally generated	-	3 520	-	3 520
	314	3 520	(278)	3 556

Intangible assets under development comprises of expenditure incurred on the development of a new Learner Management and the ERP System.

(a) Included in the additions amount of R9.3 million is R2.6 million to intangible assets under development the ERP system.

10. Accounts payable from non-exchange transactions

	2021 R' 000	2020 R' 000
Designated at fair value		
Grants payable - Mandatory	31 508	68 383
Grants payable - Discretionary	80 209	34 834
Inter SETA and other payables	6 840	6 716
	118 557	109 933

Notes to the Audited Annual Financial Statements (continued)

11. Finance lease obligation

	2021 R' 000	2020 R' 000
Minimum lease payments due		
Within one year	168	320
In second to fifth year inclusive	-	168
	168	488
Less: future finance charges	(13)	(89)
Present value of minimum lease payments	155	399

It is the entity's practice to lease certain office equipment (photocopy machines) under finance lease. The finance lease is held with Ratho M and it substantially transfers the risks and rewards to the MICT SETA.

The lease term is three years and the implicit interest rate was 26%.

Interest rates are fixed at the contract date. The lease have fixed repayments and no arrangements have been entered into for contingent rent.

12. Payables from exchange transactions

	2021 R' 000	2020 R' 000
Service provider payables	4 574	1 587
Payroll payables	1 529	1 410
Payroll accruals	2 399	2 208
Accruals	1 621	2 475
Operating lease liability	754	280
	10 877	7 960

Notes to the Audited Annual Financial Statements (continued)

13. Provisions

Reconciliation of provisions 2021 (Figures in Rand thousands)

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	5 819	5 966	(5 819)	5 966
Exempt employers	12 171	2 616	(43)	14 744
	17 990	8 582	(5 862)	20 710

Reconciliation of provisions 2020 (Figures in Rand thousands)

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	4 281	5 708	(4 170)	5 819
Exempt employers	10 314	3 134	(1 277)	12 171
	14 595	8 842	(5 447)	17 990

Performance bonus

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

Exempt employers

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

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

Notes to the Audited Annual Financial Statements (continued)

14. Surplus for the year

Allocation of surplus for the year to reserves: 2020

	Administration R' 000	Mandatory R' 000	Discretionary R' 000	Total R' 000
Total Revenue	123 246	234 080	625 391	982 717
Administration levy (10,5%)	123 169	-	-	123 169
Mandatory levy (20%)	-	234 080	-	234 080
Discretionary levy (49,5%)	-	-	581 141	581 141
Penalties and interest	-	-	17 596	17 596
Finance revenue	-	-	26 654	26 654
Other revenue	77	-	-	77
Total expenditure	96 360	175 082	749 907	1 021 349
Administration expenses	96 228	-	-	96 228
Mandatory expenses	-	175 082	-	175 082
Discretionary expenses	-	-	749 907	749 907
Finance costs	132	-	-	132
Surplus per Statement of Financial Performance	26 886	58 998	(124 516)	(38 632)

Allocation of surplus for the year to reserves: 2021

	Administration R' 000	Mandatory R' 000	Discretionary R' 000	Total R' 000
Total Revenue	82 096	155 139	525 777	763 012
Administration levy (10,5%)	81 750	-	-	81 750
Mandatory levy (20%)	-	155 139	-	155 139
Discretionary levy (49,5%)	-	-	385 368	385 368
Penalties and interest	-	-	12 663	12 663
Finance revenue	-	-	11 679	11 679
UIF revenue	-	-	116 067	116 067
Other revenue	346	-	-	346
Total expenditure	101 842	120 888	596 747	819 477
Administration expenses	101 765	-	-	101 765
Mandatory expenses	-	120 888	-	120 888
Discretionary expenses	-	-	480 680	480 680
Finance costs	77	-	-	77
UIF expense	-	-	116 067	116 067
(Deficit) Surplus per Statement of Financial Performance	(19 746)	34 251	(70 970)	(56 465)

Notes to the Audited Annual Financial Statements (continued)

15. Revenue

Levy income per Statement of Financial Performance is as follows:

Skills Development Levy - Administration	2021 R' 000	2020 R' 000
SDL income: Administration	81 750	123 154
Inter SETA transfers out	-	15
Administration levy income (10.5%)	81 750	123 169

Skills Development Levy - Mandatory

	2021 R' 000	2020 R' 000
SDL income: Mandatory	155 263	234 052
Inter SETA transfers in	12	-
Inter SETA transfers out	(136)	28
Mandatory levy income (20%)	155 139	234 080

Skills Development Levy - Discretionary

	2021 R' 000	2020 R' 000
SDL income: Discretionary	385 368	581 075
Inter SETA transfers out	-	70
Discretionary Levy income (49.5%)	385 368	581 145
Total Skills Development Levy income	622 257	938 394

16. Finance Revenue

	2021 R' 000	2020 R' 000
Interest revenue		
Interest from investments	9 238	19 405
Interest from bank	2 441	7 249
	11 679	26 654

Finance revenue is made up of interest received from both short-term investments and cash available at the bank.

Notes to the Audited Annual Financial Statements (continued)

17. Other revenue

Other revenue comprises of:

	2021 R' 000	2020 R' 000
The amount included in other revenue arising from exchanges of goods or services are as follows:		
Income from Penalties charged to service providers	207	-
Income from Insurance claim	49	-
Recovery of Legal costs	23	-
	279	-

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

	2021 R' 000	2020 R' 000
Grants from ETDP SETA	67	77

18. Finance costs

	2021 R' 000	2020 R' 000
Finance lease costs	77	132

19. Mandatory and discretionary grant expenditure

	2021 R' 000	2020 R' 000
Grants disbursed	98 218	162 916
Provision/(reversal) and accruals	22 670	12 166
Mandatory (employer) grants	120 888	175 082
Grants disbursed	469 500	726 864
Provision/(reversal) and accruals	11 180	23 043
Discretionary grants (programmes)	480 680	749 907

Notes to the Audited Annual Financial Statements (continued)

20. Administration expenditure

	Notes	2021 R' 000	2020 R' 000
Operating lease rental - Buildings		6 347	5 080
Operating lease rental - Equipment		760	580
Repairs and maintenance		457	204
QCTO expenditure		6 126	5 925
Advertising, marketing and publications		768	2 105
Catering and refreshments		51	242
Service provider and consulting fees		3 478	3 197
Legal fees		1 017	582
Investigations		857	2 615
Compensation of employees	20.1	54 463	48 420
Travel and subsistence		419	3 230
Staff training and development		1 040	1 201
Remuneration to Board and Sub-Committees		8 674	3 887
External audit fees		2 197	3 748
Internal audit fees		230	646
Telephone and cell phone costs		343	637
General expenses	20.2	4 049	3 394
ICT support costs		6 834	7 323
Depreciation		1 745	2 074
Amortisation		1 252	278
Research costs		658	860
		101 765	96 228

20.1 Compensation of employees

2021	Salaries and wages R' 000	Employer contributions R' 000	Other contributions R' 000	Total R' 000
Basic salaries	40 355	-	-	40 355
Performance awards	5 341	-	-	5 341
Other non-pensionable allowances	662	-	-	662
Medical aid contributions	-	2 897	-	2 897
Pension contributions	-	2 935	-	2 935
UIF and SDL	-	551	-	551
Leave and 13th cheque	-	-	1 722	1 722
	46 358	6 383	1 722	54 463

Notes to the Audited Annual Financial Statements (continued)

20.1 Compensation of employees (continued)

2020	Salaries and wages R' 000	Employer contributions R' 000	Other contributions R' 000	Total R' 000
Basic salaries	35 381	-	-	35 381
Performance awards	4 670	-	-	4 670
Other non-pensionable allowances	596	-	-	596
Medical aid contributions	-	2 371	-	2 371
Pension contributions	-	2 952	-	2 952
UIF and SDL	-	584	-	584
Leave and 13th cheque	-	-	1 866	1 866
	40 647	5 907	1 866	48 420

20.2 General expenses

	2021 R' 000	2020 R' 000
Bank charges	372	147
Certificates and Qualifications	553	204
Cleaning	12	92
Electricity and Water	907	880
Insurance	71	72
Licences and subscriptions	21	57
Postage and courier	14	65
Printing and stationery	287	535
Other expenses	729	46
Human resource expenses	437	271
Equipment Rental	-	46
Roadshows and forums	-	920
Provision for bad debts	4	52
Storage Facilities	213	7
COVID-19 Expenses	429	-
	4 049	3 394

Notes to the Audited Annual Financial Statements (continued)

21. Cash used in operations

	2021 R' 000	2020 R' 000
Surplus (Deficit)	(56 465)	(38 632)
Adjustments for:		
Depreciation	1 745	2 072
Amortisation	1 252	278
Impairment	366	-
Provision for bad debts	4	1 019
Movements in provisions	2 720	3 396
Changes in Working Capital		
Inventories	116	(115)
Accounts receivable from exchange transactions	2 815	(2 934)
Accounts receivable from non-exchange transactions	(161)	(202)
UIF receivables	2 198	(38 338)
Accounts payable from exchange transactions	1 923	(702)
Accounts payable from non-exchange transactions	8 624	(4 849)
UIF Deferred revenue	(38 338)	38 338
	(73 201)	(40 670)

22. Commitments

Discretionary reserve

2021	NSDP target	Opening balance R' 000	Adjustments R' 000	New contracts R' 000	Expenditure R' 000	Write- backs R' 000	Total R' 000
Commitments approved and effective							
Increasing access to occupationally directed programmes**	4	262 275	11 543	298 472	(310 575)	(17 872)	243 843
Promoting the growth of Public TVET College system	4	52 900	2 706	162 345	(170 105)	(8 771)	39 075
		315 175	14 249	460 817	(480 680)	(26 643)	282 918

Notes to the Audited Annual Financial Statements (continued)

22. Commitments (continued)

2020	NSDP target	Opening balance R' 000	Adjustments R' 000	New contracts R' 000	Expenditure R' 000	Write- backs R' 000	Total R' 000
Commitments approved and effective							
Increasing access to occupationally directed programmes	4	439 924	(97 465)	416 813	(432 712)	(64 285)	262 275
Promoting the growth of Public TVET College system	4	228 251	(124 539)	271 033	(307 617)	(14 228)	52 900
		668 175	(222 004)	687 846	(740 329)	(78 513)	315 175
Commitments approved but not yet effective							
	-	-	-	-	-	-	-
		668 175	(222 004)	687 846	(740 329)	(78 513)	315 175

**Included in this line is transactions with Universities for Bursaries, WIL, Internship and Learnerships amounting to R255million, (2020: R333 million).

**Included in the commitment balance is the UIF commitment amount of R 12 million. See note 6 for details.

**Included in the commitment balance is an amount of R 8 million in respect of a contract with Communications Worker Union in which Ms N Khumalo and Mr T Mamorobela board members are employees, an amount of R 3.9 million in respect of National Workers Metal Union in which Mr V James a board Member is an employee and an amount of R 5.4 million in respect of South African Mobile Devices Distributors and Repairers Association in which Mr L Tyira a board member is a founder and a director.

Operating Leases

	2021 R' 000	2020 R' 000
Minimum lease payments due		
Within one year	4 785	5 422
In second to fifth year inclusive	13 012	17 427
	17 797	22 849

Operating lease payments represent rentals payable by the entity for the head office building in Midrand and regional offices in Cape Town, Durban and East London. No contingent rent is payable. All leases are subject to an average escalation rate of 8% per annum. The lease for the head office is for a period of five years expiring on 31 December 2024. The lease has an escalation rate of 8% per annum. The leases for the regional offices are for a period of three years, expiring in the financial year 2021/2022. The lease for the Cape Town Office expired on 31 March 2021 and was further extended for six months while the procurement of a new lease is underway.

Notes to the Audited Annual Financial Statements (continued)

23. Contingencies

Litigations

	2021 R' 000	2020 R' 000
Matters relating to labour disputes		
Claim Amount	57	10 600
Legal Fees	1 022	650
	1 079	11 250

- The MICT SETA has experienced various misconducts by its employees in the past and had to apply disciplinary measures in handling the matters. These matters have resulted in litigation claims against the MICT SETA, which resulted in legal fees incurred by the SETA as in the Statement of Financial Performance under administration expenses.
- The pending matter regarding the former CEO was handed over to labour court in the prior year with estimated costs as disclosed above. However, the matter with the labour court was suspended pending the final investigation report by the Special Investigating Unit.
- The Senior Manager ETQA (former Acting CEO) was suspended in the prior year and the matter was handed over to CCMA. The matter was settled. The former Acting CEO resigned during the year. The legal fees incurred by the MICT SETA are included in the above legal fees.
- An employee was dismissed for misconduct during the year. The matter was handed over to CCMA, the matter was settled and the employee was reinstated with no retrospective financial implications during the course of the financial year. Another employee was suspended during the year and the suspension was further lifted by the organisation.
- A former employee alleged unfair labour practice in respect of other payments alleged to be due to him. Matter is currently in arbitration. The amount claimed in respect of this matter is disclosed above.
- The current CEO of the organisation was put on suspension for alleged misconduct on the 1st of March 2021. The matter was investigated and an enquiry took place during the month of May 2021. He subsequently resigned effective from the 31st July 2021. As at 31 March 2021 there was no claims incurred in respect of this matter.

Contingent-liabilities

First time employer registrations

The Skills Development Legislation allows an employer, registering for the first time, six 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 R12 163 (2020: R604 412) may be incurred. The amount is contingent on the number of submissions received and approved.

SETA Grant Regulations of 3 December 2012 as re- promulgated: Treatment of Surpluses

No latest updates regarding this matter, Circular No.16/2017 on 30 November 2017 as was issued by the Department is still in force

SETA Grant Regulations 3 December 2012 as promulgated: Mandatory Grants

Regulation 4(4) of the 2012 Grant Regulations, as promulgated in 2012, reduced the mandatory grant that an employer could claim from 50% to 20% of the total levies paid. The way that the Regulations were promulgated led to litigation by Business Unity South Africa (BUSAs), to which a ruling was ultimately made by the Labour Appeal Court in October 2019, the effect of which Regulation 4(4) was set aside.

The ruling is silent on the percentage quantum that can be claimed back by employers and on the effective date of the order. The effect is that the Minister would have to decide on the percentage for mandatory grants, in consultation with the sector. To date, there has been no communication regarding the approved mandatory grant percentage.

DHET splits the mandatory grant levy income portion at a rate of 20% in the monthly levy download information. Consequently, the SETA has continued to pay and accrue mandatory grants at 20% in the 2020/21 financial year, which is also aligned to the approved annual performance plan. The mandatory grant expenditure in the statement of financial performance, as well as the mandatory grant liability in note 9 and 12 were calculated at a rate of 20%.

Given that the intention of the litigants was to increase the mandatory grant percentage, the likelihood of a contingent asset is remote. Nonetheless, the likelihood of a liability can only be confirmed from the outcome of the consultation between the Minister and the sector, which is not within the control of the entity. The amount of the possible obligation cannot be (reliably) estimated due to the uncertainty of the approved rate, as well as the effective date of application.

Notes to the Audited Annual Financial Statements (continued)

23. Contingencies (continued)

Retention of cash surpluses

In terms of Section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C of the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining prior written approval of National Treasury. On 25 May 2017, the National Treasury issued Instruction No. 6 of 2017/2018, which introduced the revised provisions of the retention of surpluses to be followed by the public entities listed in Schedule 3A and 3C of the PFMA. According to this Instruction, a Surplus is based on the Cash and Cash Equivalents at the End of the Year add Receivables less Current Liabilities and Commitments.

On 02 September 2020, National Treasury issued a new instruction note 12 of 2020/21 effective for the surpluses realized in the 2019/20 financial years and beyond, this instruction note repealed Instruction note no. 06 of 2017/2018 on the retention of cash surpluses and introduced the revised provisions of the retention of surpluses to be followed by the public entities listed in Schedule 3A and 3C of the PFMA. According to this Instruction a Surplus is based on the Cash and Cash Equivalent at the End of the year add Receivables less Current liabilities.

Notwithstanding the accumulated surplus of R233 million below, the MICT SETA has at year-end commitments in the form of contracts with various service providers as indicated in note 23. The commitment value on these contracts is R 282.918 million. The Net deficit after taking into account these commitments is -R 49.917 million.

	2021 R' 000	2020 R' 000
Calculation of surpluses		
Cash and cash equivalents at the end of the year	343 636	432 179
Add: Receivables	39 664	44 516
Less: Current liabilities	(150 299)	(174 464)
(Deficit) Surplus on commitment	233 001	302 231

Notes to the Audited Annual Financial Statements (continued)

24. Financial instruments Litigations

Financial Risk Management

In the course of operations, the SETA is exposed to credit, liquidity and market risk. The MICT SETA has developed a comprehensive risk strategy in terms of TR 27.2.1 in order to monitor and control these risks. The financial instruments notes have been updated to ensure alignment with the disclosure as per GRAP 104, the corresponding comparatives for 2019/20 was also updated. The risk management process relating to each of these risks is discussed under the headings below.

Market Risk

1. Currency Risk

The entity is not exposed to any currency risk

2. Interest Rate Risk

The entity's interest rate risk arises from interest on cash and cash equivalent and other receivables. Exposure to interest rate risk is monitored on a continuous and proactive basis.

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

Year ended 31 March 2021 (Figures in Rand thousands)

	Interest bearing (Variable rate)		Non-interest bearing	
	Amount	Effective interest rate	Amount	Total
Cash and cash equivalents	343 636	3,23%	-	343 636
Accounts receivable	249	3,23%	407	656
Total Financial assets	343 885	-	407	344 292
Accounts payable	-	-	(5 175)	(5 175)
	343 885		(4 768)	339 117

Year ended 31 March 2020 (Figures in Rand thousands)

	Interest bearing (Variable rate)		Non-interest bearing	
	Amount	Effective interest rate	Amount	Total
Cash and cash equivalents	432 172	6.08%	7	432 179
Accounts receivable	250	6.08%	421	671
Total Financial assets	432 422		428	432 850
Accounts payable	-	-	(1 587)	(1 587)
	432 422		(1 159)	431 263

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.

Notes to the Audited Annual Financial Statements (continued)

24. Financial instruments Litigations (continued)

3. Other price risk

The entity is not exposed to other price risk.

4. Credit Risk

Financial assets, which potentially subject the MICT 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 MICT SETA limits its treasury counter-party exposure by only dealing with well-established and reputable financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation TR 31. The MICT 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 MICT SETA does not have any material exposure to any individual or counter-party.

The MICT SETA's concentration of credit risk is limited to the industry (ICT and Media and related industries) in which the MICT SETA operates. The impact of the government's Skills Development Levies four months' break given to employers, had no significant credit risk impact because MICT SETA does not have material receivables at-year end. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately assessed and provided for. Accounts receivable are presented net of an allowance for doubtful debt.

	2021 R' 000	2020 R' 000
Cash at bank and short-term investments		
Bank balances	169 272	139 798
Short-term investments	174 364	292 374
	343 636	432 172

Liquidity risk

The MICT SETA manages liquidity risk through effective management of working capital, capital expenditure and cash flows. Adequate reserves and liquid resources are maintained. The entity manages liquidity risk through forecasting, as well as monitoring cash flows on a daily basis.

2021 (Figures in Rand thousands)

	Carrying Amount	On Demand	1 - 3 Months	4 - 12 Months	1 - 5 Years
Current Assets					
Accounts receivables from exchange transactions	1 673	1 673	-	-	-
Accounts receivables from non-exchange transactions	1 851	1 851	-	-	-
UIF Receivables	36 140	36 140	-	-	-
Inventories	333	333	-	-	-
Cash and cash equivalents	343 636	343 636	-	-	-
Current Liabilities					
Accounts payables from exchange transactions	(10 877)	(10 877)	-	-	-
Accounts payables from non-exchange transactions	(118 557)	(118 557)	-	-	-
Finance lease obligation	(155)	(23)	(73)	(59)	-
Provisions	(20 710)	(20 710)	-	-	-
	233 334	233 466	(73)	(59)	-

Notes to the Audited Annual Financial Statements (continued)

24. Financial instruments Litigations (continued)

2020 (Figures in Rand thousands)

	Carrying Amount	On Demand	1 - 3 Months	4 - 12 Months	1 - 5 Years
Current Assets					
Accounts receivables from exchange transactions	4 488	4 488	-	-	-
Accounts receivables from non-exchange transactions	1 690	1 690	-	-	-
Inventories	449	449	-	-	-
UIF Receivables	38 338	38 338	-	-	-
Cash and cash equivalents	432 179	432 179	-	-	-
Current Liabilities					
Accounts payables from exchange transactions	(7 960)	(7 960)	-	-	-
Accounts payables from non-exchange transactions	(109 933)	(109 933)	-	-	-
Finance lease obligation	(243)	(18)	(56)	(169)	-
Provisions	(17 990)	(17 990)	-	-	-
UIF Deferred revenue	(38 338)	(38 338)	-	-	-
	302 680	302 905	(56)	(169)	-

Categories of Financial instruments

Financial instruments

Fair values

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

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

Cash and cash equivalents

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

Accounts receivable

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

Accounts payable

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 accounts 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.

Notes to the Audited Annual Financial Statements (continued)

24. Financial instruments Litigations (continued)

2021 (Figures in Rand thousands)

	At fair value	At amortised cost	Total
Financial assets			
Trade and other receivables from exchange transactions	-	1 673	1 673
UIF receivables	-	36 140	36 140
Cash and cash equivalents	343 636	-	343 636
	343 636	37 813	381 449

	At amortised cost	Total
Financial liabilities		
Trade and other payables from exchange transactions	10 877	10 877
Taxes and transfers payable (non-exchange)	80 209	80 209
	91 086	91 086

2020 (Figures in Rand thousands)

	At fair value	At amortised cost	Total
Financial assets			
Trade and other receivables from exchange transactions	-	4 488	4 488
UIF receivables	-	38 338	38 338
Cash and cash equivalents	432 179	-	432 179
	432 179	42 826	475 005

	At amortised cost	Total
Financial liabilities		
Trade and other payables from exchange transactions	7 960	7 960
Taxes and transfers payable (non-exchange)	34 834	34 834
UIF Deferred revenue	38 338	38 338
	81 132	81 132

Notes to the Audited Annual Financial Statements (continued)

25. Related parties

Transactions with controlling entity

The MICT SETA is controlled by the Department of Higher Education and Training (DHET). The Department is controlled by the Minister of Higher Education and Training.

Levies were received from the DHET and are disclosed in Note 15.

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, QCTO, other SETAs, Public TVET colleges, Public Universities 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 DHET, these amounts were disclosed in the table below.

Transactions, Balances and Commitments with Public TVET colleges, Public Universities are disclosed under note 22.

Balances with UIF are disclosed in note 6, transactions with QCTO and entities in the national sphere of government are disclosed in note 20 and transactions with other Seta's are discussed in note 17.

Related party balances

	2021 R' 000	2020 R' 000
Amounts included in Trade receivable (Trade Payable) regarding related parties		
MERSETA	(5 935)	(5 935)
FP&M SETA	(53)	(53)
SERVICES SETA	(702)	(702)
SASSETA	(25)	(25)
ETDP SETA	(1)	(1)
	(6 716)	(6 716)

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

Notes to the Audited Annual Financial Statements (continued)

25. Related parties (continued)

Senior Management

2021 (Figures in Rand thousand)

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
CEO	2 048	320	117	-	26	2 511
CFO	1 739	185	102	44	16	2 086
CIO	670	-	92	33	11	806
SM:SSP (g)	971	186	139	-	14	1 310
Acting: CEO(k)	40	-	-	-	-	40
Acting SM: SSP (h)	32	-	-	-	-	32
SM:ETQA (a)	599	-	-	-	8	607
SM:ETQA (b)	99	-	6	4	2	111
Acting SM: ETQA (c)	80	-	-	-	-	80
SM: Corporate Services	1 184	153	105	29	19	1 490
Acting SM: Corporate Services (d)	15	-	-	-	-	15
Acting SM: Monitoring & Evaluation (e)	73	-	-	-	-	73
Acting SM: LPD (f)	116	-	-	-	-	116
SM: LPD	912	95	56	33	19	1 115
Board Secretary (i)	199	166	18	26	5	414
Board Secretary (i)	727	-	45	37	13	822
M: OCEO (j)	929	46	58	68	18	1 119
	10 433	1 151	738	274	151	12 747

(a) The Senior Manager: Education and Training Quality Assurance (ETQA) was suspended on 10th July 2019 and he lodged a dispute with CCMA. He continued to receive his full employment benefits until his resignation on the 20th August 2020.

(b) New ETQA Senior Manager was employed from 1 March 2021.

(c) The ETQA Advisor and Senior Manager Corporate Service acted in this position between 1 April 2020 to 28 February 2021. In accordance with the acting allowance policy only the ETQA advisor was paid an acting allowance. The ETQA advisor acted from 1 October 2020 to 28 February 2021.

(d) The Manager HR acted in this position from 1 October 2019 to 31 October 2019 and was paid an acting allowance.

(e) Manager LPD was appointed to act in this position from 10 July 2020 to 4 March 2021 and was paid an acting allowance allowance.

(f) Regional Manager: KZN, Finance Manager and Manager LPD acted in this position and were paid acting allowance. The Regional Manager KZN acted between 1 April 2020-30 June 2020. Manager Finance acted in this position between 1 December 2020 to 28 February 2021 during the time when the Senior Manager LPD was on sick leave. Manager LPD acted in the position between 4 March 2021 - 31 March 2021.

(g) S M: SSP went on early retirement. Her last month was December 2020.

(h) M: OCEO acted in this position from 01 January to 28 February 2021 and was paid an acting allowance.

(i) Board Secretary resigned during the year. His last month was June 2020 and a new Board Secretary was employed with effect from August 2020.

(j) M:OCEO resigned during the year and his last month was February 2021.

(k) CFO and SM Corporate acted in this position in the month of January and March respectively.

Notes to the Audited Annual Financial Statements (continued)

25. Related parties (continued)

Remuneration of executive management

Senior Management

2020 (Figures in Rand thousands)

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
CEO (d)	1 887	-	138	117	36	2 178
CFO (d)	1 445	-	45	67	16	1 573
Board Secretary	1 029	-	199	110	19	1 357
SM: SSP	1 217	101	148	188	14	1 668
SM: Corporate Services (d)	1 050	-	98	105	13	1 266
SM: ETQA (a)	1 337	-	146	103	17	1 603
Acting SM: ETQA (b)	-	-	122	-	-	122
Acting SM: LPD (c)	-	-	186	-	-	186
M: OCEO (d)	333	-	32	21	4	390
	8 298	101	1 114	711	119	10 343

- (a) The Senior Manager: Education and Training Quality Assurance (ETQA) was suspended on 10 July 2019 and he lodged a dispute with CCMA. He continued to receive his full employment benefits throughout the 2019/20 financial year. The matter was still not finalised at year end.
- (b) The ETQA Advisor and a Manager of the regional office were appointed to act in this position and were paid acting allowances. ETQA advisor acted from 1 October 2019 to 31 October 2019 Manager regional office acted from the 1 November 2019 to 31 March 2020
- (c) Manager LPD was appointed to act in this position and was paid an acting allowance. The appointment took effect from 1 May 2019 to 31 March 2020.
- (d) CFO and Manager OCEO were appointed during the current year. They joined the organisation on the 10 June 2019 and 2 December 2019 respectively. The CEO and Senior Manager Corporate Services were also appointed in the beginning of the current year, they joined the organisation on the 1 April 2019 and 4 April 2019 respectively.

Notes to the Audited Annual Financial Statements (continued)

25. Related parties (continued)

Remuneration of Board Members

2021 (Figures in Rand thousand)

Name	Board	FinRemco	Exco	Govco	ICT	Other	Audit & Risk Committee	Travel, Accommodation	Total
Mr S Thobela	302	28	172	80	28	125	22	661	1 418
Ms P Mngomezulu	164	73	-	73	-	63	17	2	392
Ms N Khumalo	229	52	130	67	-	94	-	13	585
Mr K Xaba	186	91	-	-	52	24	-	7	360
Mr L Langa	177	91	-	-	52	46	-	10	376
Mr L Tyira	224	-	130	82	-	93	-	33	562
Ms M Radebe	194	136	-	65	-	112	-	2	509
Ms M Ramonyai	173	95	9	-	52	37	-	4	370
Ms N Reuben	22	-	-	11	-	-	17	-	50
Mr S Zwane	199	-	125	-	52	46	-	13	435
Mr T Mamorobela	150	-	-	73	35	42	4	111	415
Mr T Mofokeng	219	-	104	39	67	95	-	4	528
Ms T Faye	194	95	-	-	52	42	-	1	384
Mr V James	203	17	-	73	-	35	35	35	398
Ms N Oliphant	105	-	-	-	-	6	33	1	145
Ms Z Tshabalala	-	-	-	-	-	-	26	-	26
Mr MW Thango	-	-	-	-	-	-	26	-	26
Mr S Badat	-	-	-	-	-	-	55	-	55
Mr G Labane	4	-	-	-	-	-	35	-	39
Ms L Nkosi	-	-	-	-	-	-	35	-	35
Mr S Ngobeni	33	-	6	-	11	38	173	-	261
	2 778	678	676	563	401	898	478	897	7 369

- a) The previous Board was terminated in March 2020 and the new Board was appointed effective 1 April 2020. The Audit and Risk Committee members term was extended until the end of September 2020 to enable the effective running of the 2019/20 audit.
- (b) Included in the Board amount is R310 000 relating to remuneration for attending Board Induction.
- (c) Included in Other is R90 000 (Project Management meeting), R99 000 (Engagement with employees), R80 000 (NSA consultation), R400 000 (Shortlisting and interviews of Senior Management and Audit and Risk members), R224 000 (Training)
- (d) The remuneration of board members above does not include Conference fees (R1, 1 million), and other incidental costs (R194 000) paid for on behalf of the Board

Notes to the Audited Annual Financial Statements (continued)

25. Related parties (continued)

Remuneration of Board Members 2020 (Figures in Rand thousand)

Name	Board and Sub-committees	Audit and Risk Committee	Other Allowances	Total
Ms UM Oliphant	-	211	4	215
Ms M Radebe	180	-	1	181
Mr TD Morobe	200	-	46	246
Ms U Exner	160	42	3	205
Ms N Khumalo	307	-	13	320
Adv. GN Khumalo *	21	-	-	21
Mr L Liphoko	65	-	2	67
Mr TE Mzileni	130	60	21	211
Ms N Maheneza	195	-	38	233
Ms Z Phakathi	216	-	6	222
Mr T Mofokeng	294	-	5	299
Mr S Mantlhakga	229	-	43	272
Mr C Mervin**	17	-	1	18
Ms Z Tshabalala	-	91	1	92
Mr MW Thango	-	108	4	112
Mr P Phasha	233	-	41	274
Mr S Ngubane	267	-	29	296
Mr S Ngobeni	-	33	1	34
Mr M Mopeli	108	-	2	110
	2 622	545	261	3 428

The previous Board was terminated in March 2018 and the new Board was appointed and effective 1 April 2018. The previous Audit and Risk Committee served the MICT SETA until the new Committee was appointed in August 2018.

*The member resigned from the MICT SETA Brand on 4 March 2019.

**The members has been placed on precautionary leave of absence from February 2019.

Notes to the Audited Annual Financial Statements (continued)

25. Related parties (continued)

Non-executive members 2021

The MICT SETA has, in the normal course of operations, entered into certain transactions with entities which had a nominated representative or director serving on the MICT SETA Accounting Authority/Board.

Type of transaction	Transactions		Balances	
	R' 000 2021	R' 000 2020	R' 000 2021	R' 000 2020

Type of transaction

Administration expenditure

CWU Commission and Promotional Items	(1)	(3)	-	-
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- Mr T Mzileni,
- Ms N Maheneza,
- Mr S Mantlhakga,
- Mr C Mervin,
- Ms N Khumalo
- Mr T Mamorobela

NEHAWU	(46)	-	-	-
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- Mr K Xaba

WITS Business School	-	(139)	-	-
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- Mr A Parry

MTN Zakhele	-	(4)	-	(32)
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- Dr A Magadlala

Telkom	(305)	(338)	-	-
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- Mr T Morobe,
- Ms N Maheneza
- Mr T Mamorobela

Mandatory (employer) grants

AME Healthcare	-	(63)	-	-
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- Ms NG Khumalo

Broadband Infracore SOC LTD	-	(205)	-	-
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- Ms DS Rampa

HP South Africa Pty Limited	-	(28)	-	-
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- Ms M Phindela

Notes to the Audited Annual Financial Statements (continued)

	Transactions		Balances	
	R' 000 2021	R' 000 2020	R' 000 2021	R' 000 2020
Sentech	-	(219)	-	3
• Mr L Mtimde				
MTN Zakhele	-	-	-	14
• Dr A Magadla				
JC Decaux South Africa (Pty) Limited	-	(232)	-	-
• Mr L Liphoko				
Telkom	(5 690)	(9 873)	-	-
• Mr T Morobe;				
• Ms N Maheneza				
• Mr T Mamorobela				
Dell	-	-	-	-
Natasha Reuben	(506)			
Discretionary grants				
AME Healthcare	-	-	-	-
• Ms NG Khumalo				
Investec	-	4 519	-	69 033
• Ms Lefentse Bashele				
JC Decaux South Africa (Pty) Limited	-	(88)	-	-
• Mr L Liphoko				
Broadband Infracore SOC LTD	-	(88)	-	-
• Ms DS Rampa				
	(6 548)	(6 761)	-	69 018

Notes to the Audited Annual Financial Statements (continued)

26. Events after the reporting date

The current CEO of the organisation was put on suspension for alleged misconduct on the 01 March 2021. The matter was investigated and an enquiry took place during the month of May. He subsequently resigned effective from the 31 July 2021. As at 31 March 2021 there was no claims incurred in respect of this matter as per AFS.

27. Fruitless and Wasteful in Expenditure

	2021 R' 000	2020 R' 000
Opening balance as previously reported	12	32
Opening balance as restated	12	32
Add: Expenditure identified - current	-	2
Less: Amounts recoverable - prior period	(3)	(22)
Closing balance	9	12

Fruitless and wasteful expenditure relates to interest charged by the Auditor-General and Redefine Properties on invoices paid after 30 days for an amount of R5 553, R500 relates to staff advance not recovered from an employee at the end of their service, R 310 relates to traffic fines, R2 990 is the cost of expired consumables in the MICT store. The amount recovered in the current year equals to R2 647.

The Fruitless and Wasteful Expenditure of R 9 000 is currently being investigated to determine the recoverability of the amount according to the Fruitless and Wasteful Expenditure Framework.

28. Irregular Expenditure (Figures in Rand thousands)

The following is the summary of Irregular Expenditure during the period under review.

	2021 R' 000	2020 R' 000
Opening balance as previously reported	152 065	89 092
Current year	1 562	83 339
Less: Irregular Expenditure on contracts condoned by National Treasury	-	(20 366)
Less: Irregular expenditure on contracts removed by the Relevant Authority/Accounting Authority	(320)	
	153 307	152 065

During the year 2019/20 National Treasury approved our request for condonation of Irregular contracts identified by management in the prior year 2018/19. Some of these contracts had not reached their expiry at the reporting date, as a result there was additional expenditure incurred on these condoned contracts in the current financial year. Below is the analysis of the irregular expenditure incurred from these condoned contracts.

Analysis of Irregular Expenditure on Contracts Condoned by National Treasury per age classification

	2021 R' 000	2020 R' 000
Irregular Expenditure incurred in the prior year	-	20 366
Irregular Expenditure removed by the Relevant Authority in the current year	320	-
	320	20 366

Management investigated the irregular expenditure and took effective and appropriate disciplinary steps against the officials who made and/or permitted the irregular expenditure. Included in the irregular expenditure reported is an amount of R128.865 million submitted to the relevant authority for condonation, R2.597million supported by the Accounting Authority for condonation and R0.321 million removed by the relevant authority in accordance with the irregular expenditure framework.

Included in the Irregular Expenditure is R20 million related to the former CEO that was investigated by the Public Protector. Included in the Irregular Expenditure is also R1.4 million related to fees paid to/for the Chairperson of the board who was appointed by the Executive Authority. DHET is performing further determination on this Irregular Expenditure.

Notes to the Audited Annual Financial Statements (continued)

28. Irregular Expenditure (Figures in Rand thousands) (continued)

Analysis of closing balance of Irregular Expenditure awaiting condonation per age classification

	2021 R' 000	2020 R' 000
Current year - Awaiting condonation	1 536	77 822
Prior years - Awaiting condonation	151 771	73 922
Prior year - Not condoned	-	321
	153 307	152 065

Details of Irregular Expenditure (Figures in Rand thousands)

	2021 R' 000	2020 R' 000
Contract extensions exceeded 15% threshold without prior written approval from the National Treasury. This is as a result of contravention of SCM Instruction Note 3 of 2016/17; expansion of variation of orders.	2 493	2 464
Procurement of services above threshold values determined by National Treasury. Contravention of Treasury Regulation 16A6.1 and Practice Note 8 of 2007/2008.	160	159
Accounting Authority member's appointment :Contravention of sections 11A, 11C(1), 11 (5) of the Skills Development Act, No.97 of 1998 (SDA) as amended	1 418	-
Contravention of PPPFA Regulation.	-	295
Irregular Expenditure relates to budget management. R67m (2018/19) and R6m (2016/17) and R55m from current year.	128 866	128 866
Contravention of section 50 & 51 of PFMA.	20 130	20 130
Contravention of Treasury Instruction Note 4A of 2016-2017.	47	47
Contravention of Practice Note 7 of 2009/10.	193	104
	153 307	152 065

Notes to the Audited Annual Financial Statements (continued)

29. Budget variance analysis (Figures in Rand thousands)

Material variances between budget and actual amounts

The Legislation requires that the MICT SETA submit a budget to the Minister of Higher Education and Training every year in September for approval.

Skills Development Levy: Income from non-exchange transactions

Levy income received for the year 2020/21 is R634.987 million and exceeds the approved budget by (1,07%). This is due to budget revision resulting from the COVID-19 pandemic, the SETA applied a more conservative approach when revising its budget. The SETA received 50.55% less year-on-year due to four months levy holiday implemented by the government in response to the COVID-19 pandemic.

Finance revenue

Interest received from investments and bank balances is R11 .679 million which is equivalent to budget. This is 56.18% less than prior year actuals.

Mandatory and discretionary grant expenditure

Mandatory grant expenditure for the year is R120.888 million which is 1.02% above approved budget. Year-on-year there is a 44.83% decrease in mandatory grants expense this is due to 4 months levy holiday implemented by the government in response to COVID-19 pandemic. The SETA applied a more conservative approach when revising its budget.

Discretionary expenditure for the year is 19,52% lower than budget of R574.527 million .Compared to prior year there is a 56.01 % decrease in grants disbursed linked to current year targets. The actual expenditure is below both the approved budget and prior expenditure due to attributed to the delay in implementation of programmes in the current year as a result of national shut down caused by the COVID-19 pandemic and the slow economy.

Administration expenditure

Administration expenditure for 2020/21 is 39.41 % below budget. The saving in the administration expenditure is a result of underspending mainly due to cost cutting and the impact of COVID-19 pandemic which affected operations of our service providers. The actual is however 1.05% greater than 2019/20 mainly due to salaries costs on on filling up of some of strategic positions embarked throughout the current year.

Major variance of administration expenditure are indicated below:

Description	Original budget	Adjusted budget	Final budget	Actual Expenditure	Difference
Compensation of employees	59 254	68 931	66 646	54 463	12 183
Legal fees	3 000	3 000	1 200	1 017	183
Consulting fees	12 594	7 793	2 860	3 478	(618)
Repairs and maintenance	1 050	1 050	1 050	457	593
Internal audit fees	681	681	1 275	230	1 045
ICT support costs	5 960	6 000	6 960	6 834	126
Building Rentals	8 441	9 235	7 233	6 347	886
Marketing and advertising	7 250	8 898	6 799	768	6 031
Investigations	5 720	5 720	2 400	857	1 543
Depreciation & Amortisation	8 221	8 371	8 371	3 070	5 301
External audit fees	3 520	3 520	3 520	2 197	1 323
Remuneration to Board and Sub-committees	4 440	4 440	4 840	8 674	(3 834)
Research	1 900	1 900	1 900	658	1 242
	122 031	129 539	115 054	89 050	26 004

Notes to the Audited Annual Financial Statements (continued)

30. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of three major functional areas being: administration, discretionary and mandatory grants. The segments were organised around the type of levies received in terms of the Skills Development Act. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Segment surplus or deficit, assets and liabilities

2020 (Figures in Rand thousands)

Revenue

Revenue from non-exchange transactions	Administration	Mandatory	Discretionary	Total
Skills Development Levy: Income	123 169	234 080	581 141	938 390
Skills Development Levy: Interest and penalties	-	-	17 596	17 596
Other revenue - grants received	77	-	-	77

Revenue from exchange transactions

Interest revenue	-	-	26 654	26 654
Total segment revenue	123 246	234 080	625 391	982 717

Expenditure

	Administration	Mandatory	Discretionary	Total
Cost of employment	48 420	-	-	48 420
Depreciation and amortisation	2 352	-	-	2 352
Other administration expenses	45 456	-	-	45 456
Employer grant and project expenditure	-	175 082	749 907	924 989
Finance costs	132	-	-	132
Total segment expenditure	96 360	175 082	749 907	1 021 349
Total segment (deficit) surplus	26 886	58 998	(124 516)	(38 632)

Notes to the Audited Annual Financial Statements (continued)

30. Segment information (figures in Rand thousands) (continued)

Assets

	Administration	Mandatory	Discretionary	Total
Non-current assets	4 519	-	-	4 519
Consumables	449	-	-	449
Accounts receivable from exchange transactions	4 488	-	-	4 488
Accounts receivable from non-exchange transactions	-	1 690	-	1 690
UIF Receivables	-	-	38 338	38 338
Total segment assets	9 456	1 690	38 338	49 484
Cash and cash equivalents				432 179
Total assets as per Statement of Financial Position				481 663

Liabilities

	Administration	Mandatory	Discretionary	Total
Accounts payable from exchange transactions	7 960	-	-	7 960
Accounts payable from non-exchange transactions	-	75 099	34 833	109 932
Finance leases	399	-	-	399
Provisions	5 819	12 171	-	17 990
UIF Deferred revenue	-	-	38 338	38 338
Total segment assets	14 178	87 270	73 171	174 619

2021

Revenue

Revenue from non-exchange transactions	Administration	Mandatory	Discretionary	Total
Skills Development Levy: Income	81 750	155 139	385 368	622 257
Skills Development Levy: Interest and penalties	-	-	12 663	12 663
Other revenue - grants received	67	-	-	67

Revenue from exchange transactions

Interest revenue	-	-	11 679	11 679
Other revenue	279	-	-	279
UIF Income	-	-	116 067	116 067
Total segment revenue	82 096	155 139	525 777	763 012

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