



MICTSETA |

Media, Information And
Communication Technologies
Sector Education And Training Authority

SHAPING SKILLS, PIONEERING INDUSTRIES, EMPOWERING FUTURES



ANNUAL REPORT

2021-2022

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PART A
GENERAL
INFORMATION

1. MICT SETA'S GENERAL INFORMATION

REGISTERED NAME Media, Information and Communication Technologies Sector Education and Training Authority

REGISTRATION NUMBER: SETA Number 12

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Gallagher Convention Centre
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EXTERNAL AUDITORS: The Auditor-General of South Africa
4 Davenry Street Lynnwood Bridge Office Park,
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BANKERS INFORMATION: **Investec:** 100 Grayston Drive, Sandown, Sandton 2196

South African Reserve Bank of SA (CPD): PO Box 427, Pretoria, 0001

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

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

BOARD SECRETARY: Advocate Sanele Mabaso

2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AGSA	Auditor-General of South Africa
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CBOs	Community Based Organisations
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
CSIR	Council for Scientific and Industrial Research
DCDT	Department of Communications and Digital Technologies
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
DST	Department of Science and Technology
EE	Employment Equity
ETDP	Education, Training and Development Practices
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FET	Further Education and Training
FINREMCO	Finance and Remuneration Committee
GRAP	Generally Recognised Accounting Practice
HET	Higher Education and Training
HR	Human Resources
HRDS	Human Resources Development Strategy
ICT	Information and Communication Technologies
IESBA	International Ethics Standards Board for Accountants
IIA SA	Institute of Internal Auditors South Africa
IMS	Information Management System
IoT	Internet of Things
IPAP	Industrial Policy Action Plan
IRBA	Independent Regulatory Board for Auditors
ISA	International Standards of Auditing
ISOE	Institute of Sectoral or Occupational Excellence
IT	Information Technology
LPD	Learning Programmes Division
MICT	Media, Information and Communication Technologies
MTSF	Medium Term Strategic Framework
NDP	National Development Plan

NGO	Non-Governmental Organisation
NSA	National Skills Accord
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NQF	National Qualifications Framework
NYDA	National Youth Development Agency
OHSA	Occupational Health and Safety Act
OLA	Operational Level Agreement
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PFMA	Public Finance Management Act
QCTO	Quality Council For Trades and Occupations
QDF	Qualification Development Facilitators
QMS	Quality Management Systems
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SCM	Supply Chain Management
SD	Skills Development
SDA	Skills Development Act
SDL	Skills Development Levy
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIPs	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
TIA	Technology Innovation Agency
TVET	Technical Vocational Education and Training (previously known as FET colleges)
UIF	Unemployment Insurance Fund
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WSP	Workplace Skills Plan



3. FOREWORD BY THE CHAIRPERSON

MR SIMPHIWE THOBELA
CHAIRPERSON OF THE BOARD

INTRODUCTION

As the country gradually emerges from the aftermath of the COVID-19 pandemic and resultant lockdown, the MICT SETA has once again shown its resilience, both as a state entity and as a go-to partner in the development of much needed skills for our country.

It is thus my singular honour and pride to present the MICT SETA's Annual Report for the period 1 April 2021 to 31 March 2022. This has been yet another challenging year, but one which the MICT SETA has graciously taken in its stride. The Accounting Authority has once again provided steady, yet professional guidance to the SETA, ensuring that all critical challenges were identified timeously, and appropriate solutions provided. This is evident in the 2022-2027 five-year strategy, which prioritises the most critical skills of the future. The Accounting Authority has approved a Digital Strategy that will see the SETA tread into uncharted territory in relation to the skills, applications and systems development revolution. This is especially important because the majority of the South African populace continues to be marginalised from the mainstream education and skills development opportunities. Therefore, the strategic partnerships that the SETA continues to form are very vital in ensuring the desired reach. To this end, the Accounting Authority has approved a Rural Strategy as well as a Digital Strategy, which should help propel the SETA to the Forefront of the



“The SETA has developed and obtained QCTO accreditation of no less than 38 new qualifications and is finalising the realignment of about 22 other courses.”

skills revolution, backed by cutting edge technological advancements. It is against this background that only the foremost thought leaders within industry and the academic sector are selected as our partners.

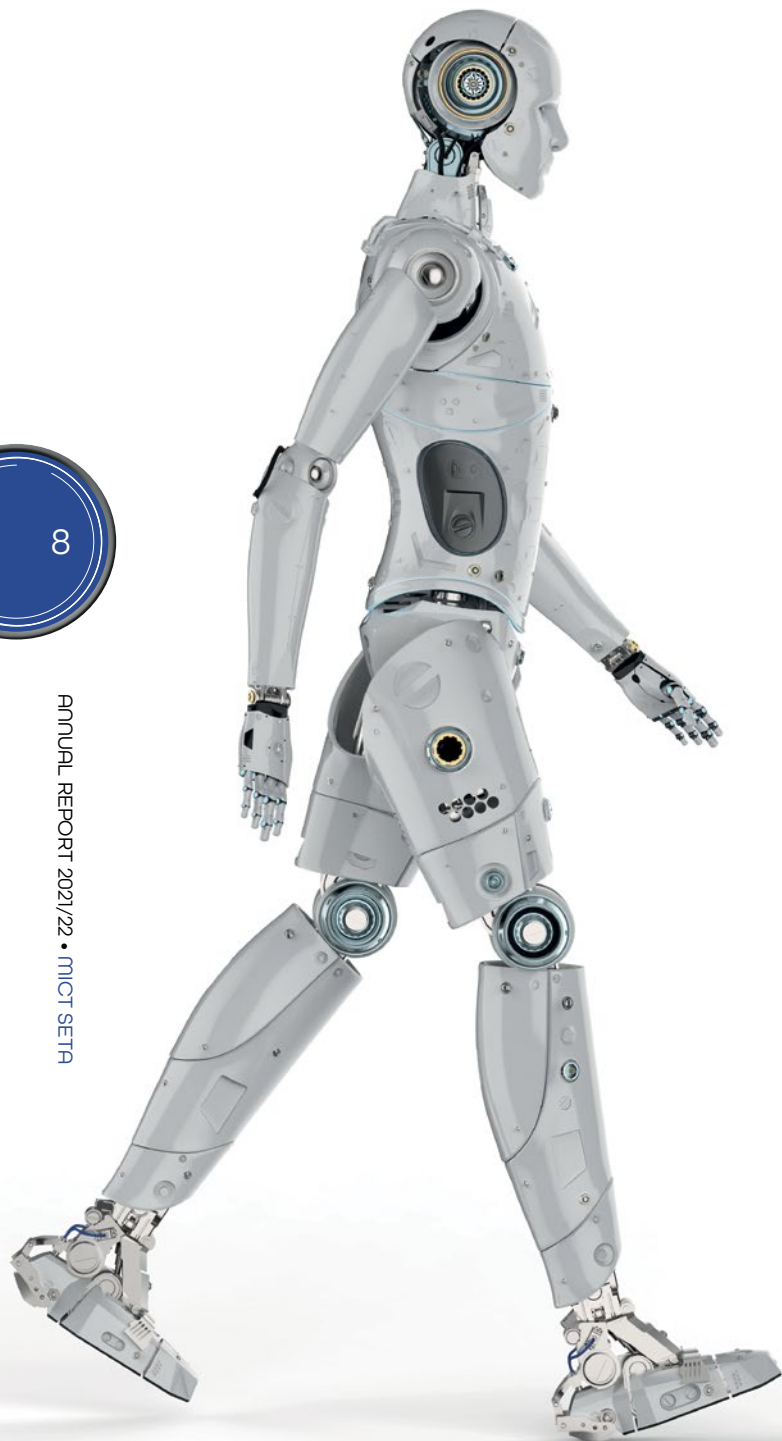
For us as a SETA, there are no big or small partners, for every partner's contribution counts. We are therefore proud that in the reporting period, we managed to add to our already illustrious list of partners, not least of them being institutions of higher learning, which provide necessary impetus in our course and systems development discourse. The Research Chairs located in the universities are therefore a vital cog as we forge ahead with the development of courses and provide fertile ground for our research and innovation.

In the reporting period under review, the MICT SETA managed to conclude a Memorandum of Understanding with the following institutions, which also house the Research Chairs: Tshwane University of Technology, Witwatersrand University, University of the Western Cape, Durban University of Technology, University of Johannesburg and University of KwaZulu Natal. TVET colleges are another key stakeholder pillar and are most suited to the implementation of our rural strategy. The focus and commitment of these institutions is immeasurable, and we are truly grateful to them. Of course, the SETA will continue to identify strategic partners with whom to form lasting relationships for the advancement of a truly inclusive education and digital skills development discourse. Foremost in our minds is the positioning of the MICT SETA to achieve its vision of facilitating the roll-out of cutting-edge future skills.

NEW INITIATIVES

Ours is a sector that grows at a very rapid pace. The same rapid growth is taking place right before our eyes in all related sub-sectors. Therefore, we dare neither slumber nor snooze in our quest to identify and develop responsive and appropriate interventions. MICT SETA is also gradually emerging as the SETA of choice for big and small companies that have truly embraced its relevance. This acknowledgement has also found resonance at a political level. Thus, we are currently championing the establishment of a Shared Services Model which, once fully implemented, will change the process of identification, design, acquisition, development and deployment of superior technologies capable of raising the standard and positioning of the SETA sector. In this regard we will also strengthen our partnership with leading enterprises in the Telco industry. These augur well for our mission, which is to *“strategically lead the MICT sector skills development system in support of meaningful economic participation of our beneficiaries, for improved socio-economic conditions”*.

The SETA has developed and obtained QCTO accreditation of no less than 38 new qualifications and is finalising the realignment of about 22 other courses. This is a catalyst to providing high-calibre digital skills. As a SETA, we also owe a debt of gratitude to our delivery partners, being employers, employer organisations, labour organisations, various skills development providers, qualification development facilitators, and most importantly our levy-paying companies, who are the bedrock of our funding. Of course, there would be no training and skills development if there were no learners who take part



in these programmes. It is, therefore, also befitting to pay tribute to learners who express confidence in the MICT SETA offerings. The majority of the learners who enter the MICT SETA programmes are committed to completing the programmes and emerge from such armed with valuable qualifications.

With the lockdown restrictions having been drastically reduced, the SETA was once again able to perform optimally, albeit with most of the employees working on a rotational basis. This was easy to achieve following our investments in new and more agile technologies. In addition, we saw the skills levy payment holiday falling off, resulting in the SETA being able to raise more funds than we did the previous year. This, in turn, meant that we were able to fund more projects in the form of formal courses, short skills programmes as well as internships. Consequently, we spent just under half a billion Rand (R437,6 million) on Discretionary Grants and R176 million on Mandatory Grants. With the continued support of partners and increased funding, which we so desperately need, we can only grow from here. As we march forward, we shall take with us the lessons imposed on us by the recent lockdown, with its various stages of restrictions, the most important of which is to work smarter to achieve greater efficiency.

Transformation remains foremost in the MICT SETA's programmes, and we shall stop at nothing to achieve an inclusive economy as espoused by the Constitution and various legislations such as the Preferential Procurement Policy Framework Act and the Broad-Based Black Economic Empowerment Act. It is for this reason that in our allocation of Discretionary Grants, we deliberately focus on the development of SMMEs. Our priority in this regard is that as many SMMEs as possible are assisted to grow to the level where they could also become levy payers. For that reason, this reporting period has seen a notable increase in the number of contracts allocated to new SMME entrants. Similarly, the volume of newly

accredited training providers and quality assurance facilitators has been on a steady increase.

Whilst access to learning and skills development was maintained in various contexts in South Africa, 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 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 Plan and Annual Performance Plan.

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.

Strategic partnerships were established with the following institutions:

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

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

- South West Gauteng TVET College (Public College)- Skills Programme
- Gert Sibande TVET College
- Lephale 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 THE BOARD

During the period under review, there were resignations of some Board members, which in some instances impacted the constituency or stakeholder representation in the sector. The Board is prioritising filling these vacant positions.

The entity has progressed in filling senior manager positions in the current year, which presented our commitment to build an agile team and optimism

towards attaining organisational stability for the entity to meet all its objectives.

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 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.

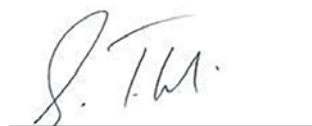
ACKNOWLEDGEMENTS AND CONCLUSION

I 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. I would also like to extend gratitude to the Chairpersons and Members of the Board Committees for their commitment and valuable contributions over the past year.

“For us as a SETA, there are no big or small partners, for every partner’s contribution counts. We are therefore proud that in the reporting period, we managed to add to our already illustrious list of partners, not least of them being institutions of higher learning, which provide necessary impetus in our course and systems development discourse.”

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.

Thank you,



Mr Simphiwe Thobela
Chairperson of the Board
31 August 2022

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

MR MATOME MADIBANA
CHIEF EXECUTIVE OFFICER

INTRODUCTION

With the ever-changing 4IR environment, the MICT SETA has become a force to be reckoned with and has been better positioned to significantly accelerate digital transformation in the sector to reasonably meet the sector skills needs and expectations. MICT SETA's visibility continues to expand far beyond urbanised and some few rural areas to more townships and rural communities far more than it ever was before. As a transversal SETA that cuts across many sectors of the economy, it has remained resilient and continues to reshape demand-driven cutting-edge future skills in response to Integrated Digital Skills Strategy (IDSS) of the SETA and the annual research outcomes which undoubtedly emphasised the dire need to intensify digital skills transfer across all communities at an early age.

As we report the organisation's performance for the 2021/22 financial year, it is worth noting the ongoing challenges precipitated by the COVID-19 pandemic, which significantly affected the timely implementation of most SETA programmes, resulting in several applications for extensions to successfully conclude implementation. Although the COVID-19 pandemic presented opportunities to accelerate digitalisation by providing services and solutions in the field of information and communications



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technology, much of the process; including service delivery, was derailed. To this end, reprioritisation was not an option but a necessary course of action to address critical strategic deliverables during the year under review.

A significant part of the driving force behind the MICT SETA's intensified annual research efforts in all oversight sectors are to ensure that the curriculum developed is not only demand-driven but aligned to the norms and standards of the industry, thus ensuring that the graduates produced are not only future-ready but entrepreneurial, smart and responsive to the digital economy which will be a key determining factor of how South Africa competes in the mainstream digital global economy. During the year under review, the MICT SETA collaboratively with the industry and the Quality Council for Trades & Occupations (QCTO), successfully developed a total of twenty nine (29) 4IR occupational qualifications, which are as follows: 1. Artificial Intelligence Programmer; 2. Software Developer; 3. Cloud Administrator; 4. Cybersecurity Analyst; 5. Design Thinking Innovation Lead; 6. Design Thinking Practitioner; 7. Quality Test Automator; 8. Software Developer; 9. Data Science Practitioner; 10. E-waste Operator Controller; 11. Internet of Things; 12. Robotic Processing Automation Developer; 13. Mobile Computing Technician Devices; 14. Mobile Device Repairer; 15. Laptop Repairer; 16. Wearable Repairer; 17. Accessories Repairer; 18. Drone Technician; 19. Remote Piloting Aircraft; 20. Remote Piloting Technician; 21. 5G Cellular Network Administrator; 22. Technopreneur; 23. Java Programmer; 24. Cybersecurity Defender; 25. Python; 26 HTML; 27 Java; 28. Java script; 29. C++.

To ensure effective implementation of the overarching Integrated Digital Skills Strategy and the mandate of the Accounting Authority to forge strategic collaborations, prioritise rural communities and SMMEs, the MICT SETA further created strategic partnerships with industry and academic institutions such as Digital Council, eWASA, AB4IR, 4IRI, Moja Centers, NEMISA, NYDA, ICT SMME Chamber, Drone Council, Harambee, and SAMMDRA to massify digital skills and better respond to current extra-ordinary disruptions and opportunities arising from 4IR.

As part of ensuring that there is a stronger focus on the administrative component, the SETA has intentionally and successfully filled strategic positions such as Internal Audit and Monitoring and Evaluation with African female appointees as part of its broader transformation agenda. One of the delivery pillars that experienced significantly longer turnaround times, as a result of the adjusted COVID-19 levels; was the accreditation process. As a mitigation, the SETA onboarded an online digital solution which enabled remote site visits. Through this digital tool, the SETA has been able to reduce its accreditation turnaround times whilst still ensuring and maintaining the regulated quality assurance standards. Furthermore, there has been a successful migration in the adoption of electronic SCM processes to tighten internal controls, improve payment turnaround times to suppliers, and minimise errors caused by manually processing internal transactions. This will go a long way toward assisting in the elimination of high probabilities of fraudulent activities or intentions. As our stakeholders remain at the centre of our mandate, the SETA has adopted and closely monitored a variety of communication platforms as part of ensuring high responsiveness

and improved turnaround times. The SETA's strategy for implementing audit action plans has aided in most areas of the organisation, and the process of continuously testing the effectiveness of internal controls are ongoing. These interventions have yielded much more improved audit outcomes and better overall performance on targets set out for the year while eliminating wastefulness and mitigating against irregular expenditure. A few surveys were conducted, along with improved planning techniques, to ensure accelerated performance, understanding of stakeholders' expectations, challenges, and improved achievement of set targets.

It is worth noting the following significant strides made by the MICT SETA during the financial year under review:

- The successful development of 29 4IR occupational qualifications in collaboration with the Industry, Quality Council for Trades and Occupations (QCTO) and the appointment of Research Chairs in various Public Universities.

- Other noteworthy projects to mention include the South African Mobile Devices Distributors and Repairers Association (SAMDDRA) partnership with the MICT SETA, whose key purpose is to disrupt and innovate the Electronic Communication Devices industry and introduce channels for effective inclusion of previously disadvantaged individuals to have notable access to the industry. The programme, which is being rolled out nationally, intended to develop the Electronics proficiency to address the massive deficit in Electronics Skills for Cell Phone repairers we currently face as a country and the region. The programme also seeks to provide communities with practical electronics skills and experience in response to the critical skills gap in the sector. One more significant initiative pertains to the Tshwane University of Technology (TUT) Research Chair led project of developing a Home-Grown Learner Management System (LMS) through a partnership with the MICT SETA to optimise an enabling climate for innovation, problem-solving and critical thinking.



- The MICT SETA has also committed to expanding its geographical footprint into remote areas of the Northern Cape, such as Springbok and Kommegas and continuing to leave footprints in South Africa's most remote communities, reaching the unreachable.
- The ongoing training of Board members by the Institute of Directors South Africa (IODSA) as part of lifelong learning and ensuring capacity enhancement for improved oversight.
- Appointment of appropriate and functional governance structures within the periods specified.
- A review of some critical policies, as well as the development of some new policies.
- Improved turnaround time in paying suppliers within 30 days as a result of improved Finance processes.
- 89% Fill rate for senior management vacancies, with 60% of the candidates being black females.
- The appointment and promotion of a new CEO, who was previously the Senior Manager of Corporate Services.

The SETA is steadfast in its commitment to upskilling and reskilling the most active workforce and youth for the betterment of our country's socio-economic challenges, changing the landscape of unemployment, and developing the kind of human capital that will better respond to the digital economy.



ORGANISATIONAL PERFORMANCE

The MICT SETA's performance was measured against 80 key output indicators (KPIs) during the financial year under review. The attainment of 72 out of 80 translates to 90% in terms of the overall performance outcome. This level of performance recorded is commendable as there is a significant improvement of 15% compared to the achievement reported in the 2020/21 financial year wherein the overall performance was 75%.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE SETA

Despite the Board's revision of the organisational structure, the SETA has made significant progress in filling strategic positions while remaining mindful of the 10.5% administration budget. The SETA is currently operating at 81% of its total capacity. Although some employees have left the MICT SETA for greener pastures, the SETA has managed fairly well in the review period and has through timeous and targeted recruitment maintained its capacity rate of 81%, ensuring consideration of internal candidates with appropriate competencies.

FINANCIAL OVERVIEW AND SPENDING TRENDS

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

The entity received R988 million in skills development levy income compared to R634 million in the 2020/21 financial year. The 55.84% increase from the 2020/21 period is attributed to an unanticipated increase in income due to an improvement in sectoral economies post COVID-19 pandemic. Furthermore, the entity has received an income of R22 million relating to the labour activation project which has been implemented in partnership with UIF.

EXPENDITURE

The MICT SETA disbursed mandatory grants of R176 million, 45.45% increase from the R121 million spent in 2020/21 period. Comparatively, the payout ratio for the current financial year is 71.5%, as opposed to 77.9% in the previous financial year.

The amount spent on discretionary grant expenditure during the year was R437 million, a 9% decrease compared to the prior year. The decline is attributed to the award of smaller discretionary grant projects in the current year and the slow implementation of active discretionary grant projects. The special project's budget of R100 million was reallocated to the discretionary expenditure. The amount includes the SETA's 20% contribution portion towards implementing the labour activation project with UIF. Furthermore, the entity has incurred R22 million as 80%(UIF portion) of the labour activation project.

Expenditure on administration was R122 million, an increase of 20% compared to the previous financial year. The entity's administration expenditure is 10% of the SDL levy income, which is below the threshold of 10.5% as required by the regulation. This is a marked achievement.

IRREGULAR EXPENDITURE

The audited financial statements reflect an irregular expenditure amount of R157 million, carried forward from the previous financial year. Of this R157 million, a request for condonation amounting to R152 million was sent to National Treasury on the 7th of May 2022 and was still being processed at the end of the audit period.

Irregular expenditure incurred by the SETA relating to supply chain management in the current financial year amounts to R1,7 million. The irregular expenditure relating to non-compliance with regulations is currently under investigation, and appropriate consequence management measures have been instituted.

COMMITMENT REGISTER

The entity has over-committed on its discretionary grants commitments by R51 million as at the end of the financial year. This amount increased by 2% as compared to the prior financial year's over-commitment, and this is due to various projects the SETA is committed to. The MICT SETA finds the over-commitment amount manageable as this is being monitored to ensure that the amount is not excessive when compared to the reserves.

AUDIT REPORTING MATTERS

Our audit outcome of an unqualified opinion is welcomed despite matters emphasising controls that were not optimal, particularly on Audit of Predetermined Objectives (AOPO). We continue to proactively analyse the root cause of the breakdown of internal controls. Based on our analysis and

investigations, we continue to monitor the internal control environment to improve on it. We ensure that our staff is accountable for working towards an excellent internal control environment, in line with our mandate.

POST BALANCE SHEET EVENTS

The current Chief Financial Officer of the organisation was put on a precautionary suspension on the 12th of May 2022, pending the outcome of the investigation.

The MICT SETA appointed a Chief Executive Officer, Mr Matome Madibana, on the 1st of May 2022. Mr Matome Madibana was the Senior Manager Corporate Services, and had been acting in the position of CEO since the former CEO left the organisation.



ECONOMIC VIABILITY

The MICT SETA remains economically viable even though there is room for improvement in broadening the levy income base by ensuring that companies who operate within the MICT SETA sectors and have the related SIC codes are correctly allocated into the MICT SETA.

No policy reforms need to be undertaken since financial viability is not at risk.

REQUEST FOR ROLLOVER OF FUNDS

MICT SETA had a cash surplus of R505 million at the end of the 2021/2022 financial year. The entity has requested a rollover into the 2022/2023 financial year for discretionary projects to which we have already committed and are legally obliged to fulfil these commitments.

CONCLUDED UNSOLICITED BID PROPOSALS

There were no concluded unsolicited bid proposals in the said period.

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

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

NEW OR PROPOSED KEY ACTIVITIES

The MICT SETA is required to design its workplace and systems to conform to work design elements of 4IR businesses. In order for the MICT SETA to achieve its vision of becoming a global leader in the development and delivery of revolutionary ICT skills, digital transformation becomes the centre of this. The MICT SETA has designed a sound digital strategy which will ensure that digital transformation within the sector



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is realised. This strategy has been incorporated in the Strategic Plan and Annual Performance Plan of the organisation and is in line with the National Skills Development Plan (NSDP) as well as the National Development Plan. As of 31 March 2022, MICT SETA was awaiting approval by the Executive Authority on its application for Digital Strategy budget of R150 million. This approval was subsequently granted in June 2022.

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management (SCM) system consists of six (6) core processes which are: Demand, Acquisition, Logistics, Disposal, and Risk Management, as well as Practical Contract Performance Evaluation and Monitoring. The MICT SETA supply chain management systems and processes are in place. Implementing the ERP system has further assisted in enhancing our systems and controls.

The division does, however, require further capacitation of the workforce in terms of additional qualified and experienced specialists. Therefore, the Board approved the review of the organisational structure to ensure the inclusion of the Manager: Legal and Contracts position as part of strengthening the SCM and the entire contract management ecosystem.

OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The MICT SETA’s financial position remains healthy, with the current ratio of 4.41 indicating that the SETA is able to meet the short-term obligations when they become due. The MICT SETA continues to operate as a going concern.

APPRECIATION

Thank you to the MICT SETA Accounting Authority (AA), Audit and Risk Committee (ARC), and Governance committees for their ongoing guidance in steering the ship in the right direction and to all employees. Various AA Committees played their oversight role in ensuring better accountability and processing of the MICT SETA resolutions by officials, priorities and keeping the Administration on its toes when it came to effective execution. Further appreciation is extended to our broader stakeholders, who are at the heart of our operations and the Ministry, for their invaluable contributions and guidance in ensuring that we continue to provide better services towards improving the quality of lives of the people of South Africa. Finally, the SETA’s dedicated employees, the Game Changers, without whom we are nothing.

We applaud our employees’ tenacity in going above and beyond the call of duty to help the SETA achieve its strategic goals in these unprecedented times. Areas requiring continuous improvement will be addressed and prioritised across the entity. Instilling a culture of improved accountability remains at the forefront of our priorities to effectively and efficiently assist the MICT SETA in fulfilling its mandate within the sector.

Thank you



Mr Matome Madibana
Chief Executive Officer
31 August 2022

5. STATEMENT OF RESPONSIBILITY


STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

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, performance information, governance, human resources information, and financial affairs of the organisation for the financial year ended 31 March 2022.



Mr Matome Madibana
Chief Executive Officer
Date: 31 August 2022



Mr Simphiwe Thobela
Chairperson of the Board
Date: 31 August 2022

6. STRATEGIC OVERVIEW

VISION

Cutting-edge Future skills.

MISSION

To strategically lead the MICT sector skills development system in support of meaningful economic participation of our beneficiaries, for improved socio-economic conditions.

VALUES

Our values are:

- Customer Centricity
- Ethical
- Innovative
- Committed
- Meritocracy
- Collaborative

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:

- Promoting and maintaining high standards of ethics;
- Providing service impartially, fairly, equitably, and without bias;
- Utilising resources efficiently and effectively;
- Responding to peoples' needs and citizens are encouraged to participate in policy-making; and
- Rendering an accountable, transparent, and development-oriented administration.

7.1 CONSTITUTIONAL MANDATES

The mandate of the MICT SETA is duly derived from sections 194 and 195 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) that guides the operations of the SETA in the following focus areas:

7.2 LEGISLATIVE MANDATES

The legislative mandate of the MICT SETA is drawn from the following sections within the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996):

NAME OF LEGISLATION	MANDATE
Skills Development Act (SDA) 1998 (Act No. 97 of 1998) as amended	To support skills development within MICT SETA sector by: <ul style="list-style-type: none"> • Implementing its Sector Skills Plan; • Promoting Learnerships in each of its sub-sectors; • Performing the Functions of an Education and Training Quality Assurance Body; • Liaising with the National Skills Authority on skills development matters; • Concluding a Service Level Agreement with the Director-General of the Department of Higher Education and Training in terms of section 10A of the Act; • Promoting the national standard established in terms of section 30B of the Act; and • Submitting budgets, reports and financial information that are required in terms of the Public Finance Management Act, 1999 to the Director-General of the Department of Higher Education and Training.
MICT SETA Constitution	To facilitate the involvement of line function government departments in SETA activities and promote SMME training to enable them to qualify for public contracts. Furthermore, perform any duties imposed by the Act and to actively pursue concrete measures to achieve the objectives of all applicable Acts.
Skills Development Levies Act (SDLA), 1999 (Act No. 09 of 1999)	The Skills Development Levies Act requires the MICT SETA to use all monies received in terms of the Skills Development Levies Act to administer the activities of the SETA. The MICT SETA will pay all compliant employers within its sector their mandatory grants. It will implement its Sector Skills Plan (SSP) and Annual Performance Plan (APP) as contemplated in the Treasury Regulations through the allocation of the discretionary grants, and in accordance with the Skills Development Levies Act.

NAME OF LEGISLATION	MANDATE
<p>Regulations published in the Government Gazette, No. 35940, 3 December 2012 regarding Monies Received by a SETA and Related Matters</p>	<p>Comply with Government Gazette, No. 35940 Regulations when administering all levies received from employers falling within its sector in the following manner:</p> <ul style="list-style-type: none"> • Total levies received by a SETA: 80% • Mandatory grants: 20% • Discretionary Grants: 49.5% • Administration: 10.5%
<p>The National Qualifications Framework Act (NQF), (Act No. 67 of 2008)</p>	<p>The objectives of the NQF are to create a single integrated national framework for learning achievements; facilitate access, mobility and progression within education, training and career paths; enhance the quality of education and training; accelerate the redress of past unfair discrimination in education, training and employment opportunities. In contributing to the aforementioned objectives, the MICT SETA will support its sector through the allocation of 80% of its discretionary grants to implement NQF-aligned PIVOTAL programmes in the form of Learnerships, Skills Programmes, Bursaries, Work Integrated Learning and Professional programmes.</p>
<p>Public Finance Management Act (PFMA) (Act No. 29 of 1999)</p>	<p>Ensure that all revenue, expenditure, assets and liabilities entrusted to the SETA are managed efficiently and effectively and manage the budget preparation process as well as monitor the implementation thereon and report to National Treasury accordingly. Furthermore, ensure compliance with the PFMA by establishing banking accounts, use all monies received in terms of the Skills Development Levies Act to:</p> <ul style="list-style-type: none"> • Administer the activities of the SETA; • Pay employers their mandatory grants; • Implement its SSP and APP as contemplated in the Treasury Regulations issued in terms of the Public Finance Management Act, through the allocation of the discretionary grants; and • Transfer any unclaimed mandatory funds and any interest earned thereon each financial year into the discretionary fund.
<p>Employment Equity Act (EE), 1998 (Act No. 55, 1998)</p>	<p>The main purpose of the Employment Equity Act is to achieve equality in the workplace by promoting equal opportunity and fair treatment through the elimination of unfair discrimination, implementing positive measures (affirmative action) to ensure the equitable representation of black people, women and people with disabilities at all levels in the workplace. In contributing to the decrees of this Act, the MICT SETA will ensure that steps to prevent discrimination in any employment policy or practice are taken. The MICT SETA will ensure that unfair discrimination with regards to race, sex, pregnancy, HIV status and religion amongst others will be curbed at all times.</p>
<p>Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017</p>	<p>Section 217 of the Constitution of the Republic of South Africa states that when an organ of state in the National, Provincial or Local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective. Furthermore, it stipulates the need to implement a Procurement Policy that will provide for categories of preference in the allocation of contracts; and the protection or advancement of persons, or categories of persons disadvantaged by unfair discrimination. The purpose of the Preferential Procurement Policy Framework Act is to promote an inclusive economy and to ensure that Small Medium and Micro enterprises are afforded more opportunities in government procurement. The MICT SETA will ensure full compliance with this legislation in order to enhance participation in an inclusive economy.</p>

NAME OF LEGISLATION	MANDATE
Broad-Based Black Economic Empowerment	<p>The Broad-Based Black Economic Empowerment (B-BBEE) protocol has an important influence on the MICT sector. The Broad-Based Codes of Good Practice were launched in 2007 and provided a Framework For the measurement of B-BBEE in terms of the BEE Act 53 of 2003. Although the 2007 codes encouraged voluntary compliance with B-BBEE, the current codes appear to be punitive in nature. The codes, which came into effect in 2015, provide some guidance in dealing with various elements. Skills Development has been classified as a priority element and thus the measurement principles cannot be deviated from, yet the sector (e.g. through a revised ICT charter) can adjust targets and weightings. MICT SETA Strategic Plan: 2020-2025 Strategic Plan 30 November 2020 Submission Page 12 as a priority element, a sub-minimum of 40% of the total weighing points must be achieved. This means employers will be obliged to score at least 8 out of a possible 20 points on the Skills Development Scorecard. Failure to achieve sub-minimum results in the overall BEE score being automatically docked by one level. The target for skills development is 6% of payroll, which is an increase from the previous codes' 3%. The 6%, however, can be spent on both employed and unemployed persons although the training must mirror the economically active population of the province or region in which the business operates. The MICT SETA constantly engages with employers in the sector as well as with industry bodies to advance B-BBEE in the sector. Given that internships are now fully recognised on the same level as learnerships in the scorecard (as well as placement after completion), the SETA will intensify its support for employers implementing both programmes for B-BBEE purposes while at the same time addressing youth unemployment challenges. Additionally, the SETA will continue to align vendor programmes with the NQF registered programmes for employers to benefit in terms of B-BBEE while at the same time, maximising support in addressing their skills needs.</p>



7.3 OTHER LEGISLATIVE FRAMEWORKS INCLUDE:

The MICT SETA, as one of the strategic SETAs that are dedicated to responding to the outcomes set out in the National Development Plan (NDP), which are aimed at addressing the social and economic challenges in the country, implements its programmes within the following legislative frameworks and key government policies:

- National Skills Development Plan (NSDP);
- National Development Plan (NDP);
- National Development Plan Five Year Implementation Plan;
- Industrial Policy Action Plan (IPAP);
- Medium-Term Strategic Framework (MTSF);
- Ten-Year Innovation Plan;
- Strategic Integrated Projects (SIPs);
- National Skills Development Strategy (NSDS) III;
- Municipal Integrated Development Plans;
- Provincial Growth and Development Strategies;
- White Paper on Post-Schooling Education and Training; and
- National Integrated ICT Policy Review Report.

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 and Training in terms of section 10A of the Skills Development Act, No. 97 of 1998.
- Promote the national standard established in terms of section 30B of the Skills Development Act, No. 97 of 1998.
- Submit budgets, reports and financial information that are required in terms of the Public Finance Management Act, No. 1 of 1999 to the Director-General of the Department of Higher Education and Training.
- Facilitate the involvement of relevant government departments in the activities of the SETA to:
 - o address the competency requirements for service delivery;
 - o address the learning needs of the most vulnerable segments of the Sector;
 - o promote training in SMMEs to enable them to qualify for public contracts and
 - o 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

There were no court rulings against the MICT SETA during the financial year under review.



8. ORGANISATIONAL STRUCTURE

8.1 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) ([link www.che.org.za](http://www.che.org.za)).
- 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 (FET Act) provides for the establishment of public and private adult learning centres.
- The Adult Education and Training Act (AET Act) provides for the governance and funding of TVET (previously FET colleges) and matters related to providing 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.

8.2 ACCOUNTING AUTHORITY



SIMPHIWE THOBELA
Board Chairperson

NTOMBIKAYISE KHUMALO

LESIBA JAN LANGA



SIPHO ZWANE

THABO MOFOKENG



LOYISO TYIRA

NOZIBELE MLAMBO

VIWE JAMES



THABISA FAYE

TEBOGO MAMOROBELA

8.3 MICT SETA MANAGEMENT



* Board Secretary: vacant as of 20 June 2022.

* Senior Manager: Corporate Services vacant as of 01 May 2022.



PART B

PERFORMANCE
INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General has performed procedures to obtain evidence about the usefulness and reliability of performance information reported against predetermined objectives to provide reasonable quality assurance in the form of an audit conclusion. The audit outcome is included in the Audit Report to management.

Refer to pages 94 to 98 of the Auditor-General's Report published as Part E: Financial Information.

1.1 OVERVIEW OF THE MICT SETA PERFORMANCE

SERVICE DELIVERY ENVIRONMENT

The MICT sector occupies a large share of the broader services sector, apart from a few sub-sectors that are 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 these are:

- Advertising;
- Film and Electronic Media;
- Electronics;
- Information Technology; and
- 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 35 569 employers spread across the five sub-sectors, which represents a 23% increase from 28 829 in the previous financial year. The Information Technology sub-sector is the largest sub-sector, accounting for 51% of employers. The Electronics and Telecommunications sub-sectors account for 13% and 12% of employers, respectively.

Overall, the number of levy-paying employers increased from 7 207 in 2020 to 9 093 in 2021.

The MICT sector experienced a decline in employment from 206 615 employees in 2020 to 187 585 employees in 2021. Employment in the Information Technology sub-sector is the largest of the sub-sectors with 50% employees. The sub-sectors with the smallest portion of employees are Advertising (5%) and Film and Electronic Media (6%).

The table overleaf 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
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
Information Technology	96133	Installation, Maintenance and Repair of Tracking Devices for Cars
	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	

SUB-SECTOR	SIC CODE	MAIN ACTIVITY DESCRIPTION
Telecommunications	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 government policies and planning interventions aimed at achieving the objectives expressed 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 are inter alia the:

- National Development Plan (NDP);
- Medium Term Strategic Framework (MTSF) 2019-2024;
- White Paper on Post School Education and Training;
- National Skills Development Plan (NSDP);

- Human Resource Development Strategy for South Africa (HRDS);
- National Skills Accord (NSA);
- National Integrated ICT Policy White Paper;
- New Growth Path (NGP);
- Industrial Action Policy Plan (IAPP);
- Strategic Integrated Projects (SIPs);
- Broad-Based Black Economic Empowerment (B-BBEE); and
- Economic Reconstruction and Recovery Plan (ERRP).

Building and managing talent requires a concerted effort and resources. A positive signal is that the industry and government are aware of the drivers behind the gaps and are responding to this through both individual and collective action.

Towards realizing the NDP objectives, the MICT SETA continues to leverage its partnerships with industry to drive innovative research and offer

opportunities to small businesses, to enable them to play a significant role in the country's manufacturing and technology ecosystem. Equal focus is channeled towards continued support for SMMEs 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 service 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 strategic challenges and tensions between the aspirations of different stakeholders within the sector that need to be managed for the benefit of the sector. These challenges include:

- Aligning the skills agenda to the needs of the sector.
- Supporting innovation and promoting creativity.
- Promoting a more local-based production and solutions.
- Increased exports.
- Development and support for small businesses as potential bedrocks for employment.
- Deepening the transformation agenda within the sector.

In mitigation of the aforementioned challenges, the SETA will ensure the implementation of priority sector development initiatives that focus on:

- Recognizing, planning and prioritizing occupations that are on the National List of Occupations in High Demand and linking occupations and specializations that address the abovementioned

change drivers; namely Artificial Intelligence, Cloud Computing, Big Data Analytics, 5G and IoT to enable 4IR. In that way, the SETA will be fulfilling NSDP Outcome 1 (identifying and increasing production of occupations in demand), and Outcome 2 (linking education and the workplace).

- Expanding opportunities for Work Integrated Learning.
- Designing effective internships that serve as effective bridges to employment and collaborating with stakeholders on work-based training.
- Supporting innovation and commercialization of 4IR technologies in South Africa, further encouraging local production and increased exports.

With South Africa striving towards being an e-skilled economy, as outlined in the National Development Plan Vision 2030, key change drivers that affected the MICT sector in the 2021/22 financial year are:

- Artificial Intelligence;
- Cloud Computing;
- Fifth-generation wireless technology ("5G");
- Big Data Analytics; and
- Internet of Things (IoT).

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 the uptake of 4IR technologies and the relevant skills that are required to enable it. The abovementioned change drivers call for the continued development of technologies and skills. Whilst it may be true that 4IR may invalidate jobs that emphasise routine or menial tasks, it also presents an opportunity for the creation and/or advancement of jobs.

To this effect, South African organizations are increasingly investing in 4IR technologies. However,

Funding, Formalized training and overall development of emerging occupations are hampered by limited recognition of emerging 4IR occupations in the OFO such as an IoT specialist within the IoT realm, cloud architect for cloud computing and Artificial Intelligence specialist within artificial intelligence. 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 women and people living with disabilities in programmes. The implementation will be in alignment with the South African Economic Reconstruction and Recovery Plan (ERRP), as part of building the skills base required by our changing economy, young people, women and persons with disability. This 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 prioritizing the up-skilling of women and girls with due regard to reversing the deterioration of the gender division of labour.

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 centralized at the Midrand head office and there are Regional Offices in Cape Town, East London, Durban and Free State, and a satellite office in Klerksdorp.

The MICT SETA under the leadership of the Acting Chief Executive Officer (ACEO) as of the 1st of March 2021 managed to fill all strategic positions such as Senior Manager LPD, Senior Manager ETQA, Senior Manager 4IR, Senior Manager M&E and the Board Secretary. The filling of all critical positions has seen the MICT SETA attaining 90% of targets set in the Annual Performance Plan compared to 75% in the 2020/21 financial year.

The MICT SETA comprises three core divisions, and these are the Sector Skills Planning (SSP); Learning Programmes (LP) with 4IR as a sub-programme and the Education and Training Quality Assurance (ETQA). The support divisions are Corporate Services (comprising Human Resources, Monitoring and Evaluation and Marketing and Communications), Finance, Supply Chain Management, and Information Technology Divisions. The MICT SETA recruited and retained competent employees and implemented an effective performance management system to ensure timeous delivery on its strategy.

1.2 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 the continued emphasis to implement on the Economic Reconstruction and Recovery Skills Strategy, which 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.

2. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The MICT SETA has aligned both its Strategic Plan and Annual Performance Plan with the eight Outcomes of the National Skills Development Plan 2030 and the broader goals of the National Development Plan 2030, which seek to ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development. The NDP notes that several challenges require attention, including a critical shortage of skills, a complex intergovernmental system, high levels of corruption, weak lines of accountability, inadequate legislative oversight and a long history of blurring the lines between party and state.

In contributing to the efforts of the government in addressing the aforementioned challenges, the MICT SETA's Functions are all pitched towards achieving its five-year impact statement, which is an agile organisation that supports the development of cutting-edge creative and innovative skills for sustainable employment and entrepreneurship by 2025. Below is the progress made by the MICT SETA in achieving its impact statement through the implementation of the following outcomes aligned to those of the NSDP.



NSDP OUTCOME 1: IDENTIFY AND INCREASE PRODUCTION OF OCCUPATIONS IN HIGH DEMAND

MICT SETA OUTCOME 2	INCREASED AND IMPROVED LABOUR MARKET INFORMATION THAT ACCURATELY IDENTIFIES OCCUPANTS IN HIGH DEMAND
Outcome indicators	Develop a Sector Skills Plan recording occupations in high demand
Five-year target	Five (5) approved Sector Skills Plans
Progress	Three (3) approved Sector Skills Plans have been developed. The five-year target is on track.

NSDP OUTCOME 4: INCREASE ACCESS TO OCCUPATIONALLY DIRECTED PROGRAMMES

MICT SETA OUTCOME 4	INCREASED ACCESS TO AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS
Outcome indicators	Increased enrolments on WIL, Internships, Learnerships, Candidacy, Skills Programmes and Short Programmes for unemployed learners in TVETs and HET institutions
Five-year target	<ol style="list-style-type: none"> 1. 951 learners on TVET WIL Programme 2. 2 046 learners on HET WIL Programme 3. 8 050 interns 4. 15 079 learners on learnerships 5. 260 Candidacy 6. 6 333 learners on Skills Programmes 7. 4 637 learners on Short Programmes
Progress	<ol style="list-style-type: none"> 1. 2203 learners on TVET WIL Programme 2. 9164 learners on learnerships 3. 3382 learners on internship 4. 111 Candidacy 5. 5369 learners on Skills Programmes 6. 3136 learners on Short Programmes <p>The five-year target is on track and will be achieved with more enrolments planned in the 2022/23 financial year.</p>

NSDP OUTCOME 5: SUPPORT THE GROWTH OF THE PUBLIC COLLEGE INSTITUTIONAL TYPE AS A KEY PROVIDER OF SKILLS REQUIRED FOR SOCIO-ECONOMIC DEVELOPMENT

SUB-OUTCOMES:

- Technical and Vocational Education and Training Colleges
- Community Education and Training Colleges

MICT SETA OUTCOME 7	INCREASED SUPPORTED GROWTH OF THE PUBLIC COLLEGE SYSTEM
Outcome indicators	Established offices in TVET colleges, TVET college lectures exposed to industry and together with CET lectures afforded bursary opportunities. College managers trained in financial and leadership management for this strategic planning.
Five-year target	<ol style="list-style-type: none"> 1. 49 offices 2. 460 TVET lectures exposed to industry 3. 340 TVET lectures on bursary programmes 4. 230 CET lectures on bursaries programmes 5. 230 Managers on management programmes
Progress	To date, 22 MICT SETA offices in TVET Colleges have been established and maintained. A total of 236 lectures exposed to the industry through skills programmes, 51 TVET lectures awarded bursary programmes and 50 college lectures awarded skills development programmes. Furthermore, 105 TVET managers and 50 CET managers received training in curriculum-related studies. The five-year target is on track.

NSDP OUTCOME 6: SKILLS DEVELOPMENT SUPPORT FOR ENTREPRENEURSHIP AND COOPERATIVE DEVELOPMENT

MICT SETA OUTCOME 8	INCREASED SKILLS DEVELOPMENT SUPPORT FOR SMMS, ENTREPRENEURSHIP COOPERATIVES DEVELOPMENT AND COMMUNITY-BASED ORGANISATIONS
Outcome indicators	Cooperatives, CBOs (people), small businesses (people) and NGOs/NPOs (people) supported with training interventions, trained on entrepreneurial skills and supported in starting their own business.
Five-year target	<ol style="list-style-type: none"> 1. 550 people/beneficiaries in cooperatives 2. 550 people/beneficiaries in small businesses 3. 550 people/beneficiaries in entrepreneurial skills
Progress	Progress achieved to date is as follows: 657 people/beneficiaries in cooperatives, 583 people/beneficiaries in small businesses and 130 people/beneficiaries in entrepreneurial skills. The five-year target is on track.

NSDP OUTCOME 7: ENCOURAGE AND SUPPORT WORKER-INITIATED TRAINING

MICT SETA OUTCOME 9	INCREASED SKILLS DEVELOPMENT SUPPORT FOR WORKER-INITIATED TRAINING
Outcome indicators	Worker-initiated training supported through skills programmes
Five-year target	650 learners in Skills Programme 200 learners in Short Programmes
Progress	A total of 297 Federations/Trade Unions supported through the relevant skills training interventions. The five-year target is on track.

NSDP OUTCOME 8: SUPPORT CAREER DEVELOPMENT SERVICES

MICT SETA OUTCOME 3	SUPPORTED CAREER DEVELOPMENT SERVICES WITHIN THE MICT SECTOR
Outcome indicators	Career opportunities guide with labour market information produced and distributed on annual basis.
Five-year target	1. Career guide with research-based labour market information developed and distributed. 2. Trained career development practitioners. 3. Career development events on occupations in high demand attended in the MICT sector.
Progress	To date, three comprehensive career guides were produced and distributed to 9422 recipients and 50 career development practitioners trained. Also, a total of 120 career development events on occupations in high demand were attended by the MICT SETA. The five-year target is on track.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 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 Administration Programme comprises the following sub-programmes:

Sub-programmes: Finance, including Supply Chain Management, aims to ensure that the MICT SETA has sound financial management systems and processes. Additionally, Corporate Services ensures the provision of high-level systems and services for all administrative functions within the organisation, including human resources and marketing while IT delivers on business processes re-engineering and digitization. Furthermore, Monitoring and Evaluation oversees the overall performance of the SETA and reporting thereof. Governance plays an overall oversight role and ensures effective management of revenue, expenditure, assets, liabilities and attainment of the SETA mandate.

SUB-PROGRAMME 1.1: FINANCE							
OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Clean audit opinions on an annual basis	Number of clean audit opinions on an annual basis.	Unqualified opinion	Clean audit	Unqualified audit repo	Unqualified audit repo	None	None
Budget Variances Reports	Percentage of budget variances by division	New target	New target	Maximum of 15% variance between budget and actual performance	Maximum of 15% variance between budget and actual performance	None	None
Commitment Register	Percentage of discretionary grants under/overcommitment	New target	New target	Maximum of 10% discretionary grants under/overcommitment	10% discretionary grants under/overcommitment	None	None
Elimination of fraudulent, negligent and corrupt activities	Percentage of fraudulent, negligent and corrupt activities reported on an annual basis	New target	100% elimination of corrupt, negligent and fraudulent activities	100% elimination of corrupt, negligent and fraudulent activities	100% elimination of corrupt, negligent and fraudulent activities	None	None



SUB-PROGRAMME 1.1: FINANCE (CONTINUED)

OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT (CONTINUED)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Full compliance with PFMA, Treasury Regulations and relevant legislation	Irregular, Fruitless and Wasteful Expenditure Report	New target	99% of procured goods and services aligned to relevant legislation and within reasonable timeframes	100% of procured goods and services aligned to relevant legislation and within reasonable timeframes	99% of procured goods and services aligned to relevant legislation and within reasonable timeframes	-1%	Target not fully met due to irregular expenditure incurred on 1 out of 99 procurements. The SCM Division has provided training to all divisions on the procurement processes and will continue providing guidance to business units on procurement processes.

SUB-PROGRAMME 1.2 CORPORATE SERVICES

OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT (CONTINUED)

An agile HR Management and development mechanism	Percentage of employee satisfaction	New target	New target	65% satisfaction	49% satisfaction	16%	Target not achieved due to the survey results that revealed dissatisfaction from a number of employees due to remuneration and benefits, no balance between work life and personal life. Furthermore, some employees believe that the organisational policies are not fair.
Maintained below 15% Vacancy rate	Percentage of Vacancy rate	New target	New target	15% Vacancy rate	15% Vacancy rate	None	None
Improved Performance Management system	Percentage of Performance Management contracting and reviews	New target	New target	100%	100%	None	None
Retained staff on an annual basis	A percentage of Staff Turnover on an annual basis.	70% retention rate	70% retention rate	70% retention rate	92% retention rate	+22%	Target over-achieved as a result of the retention strategies used which amongst others include funding of employee studies, capacitation of the business units with the right skills, performance recognition and reward.



SUB-PROGRAMME 1.3 INFORMATION TECHNOLOGY							
OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT (CONTINUED)							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Digitized organization	Number of business processes re-engineered and digitized	New target	New target	8	10	+2	Target over-achieved due to the organization prioritizing to make all its processes digital. Key partnerships were also forged with an external service provider to help speed up the process.
SUB-PROGRAMME 1.4 MONITORING AND EVALUATION							
OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT (CONTINUED)							
Monitoring and Evaluation Framework policy to improve business processes for increased performance and reporting	Percentage of Business Processes, Policies and standard operating procedures developed, implemented and reviewed for improved performance and overall compliance on an annual basis.	New target	New target	100%	100%	None	None
Implemented strategic and annual performance plan	Number of SETMIS Performance reports submitted to DHET annually	4	4	4	4		
SUB-PROGRAMME 1.5 GOVERNANCE							
OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT (CONTINUED)							
Attainment of targets against the signed SLA between the Accounting Authority and DHET on an annual basis.	Percentage of targets achieved on an annual basis	85% attainment of targets	75% attainment of targets	100% attainment of targets	90% targets attained	-10%	Reasons for non-achievement of the 8 targets are elaborated in detail under each programme.
Eliminate unethical corrupt and fraudulent activities on an annual basis through effective Corporate Governance	Percentage of corrupt and fraudulent activities reported on an annual basis	New target	100% elimination of corrupt and fraudulent activities	100% elimination and reporting of corrupt and fraudulent activities	100% elimination and reporting of corrupt and fraudulent activities	None	None

SUB-PROGRAMME 1.5: GOVERNANCE (CONTINUED)

OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT (CONTINUED)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Maintain effective and sound corporate governance. Establish a Corporate Governance Framework that will speak to compliance with regulatory requirements, DHET requirements and sound corporate governance requirements.	Establish a Corporate Governance Framework that will speak to compliance with regulatory requirements, DHET requirements and sound corporate governance requirements.	New target	Four (4) governance reports	Four (4) governance and compliance reports submitted	Four (4) governance and compliance reports submitted	None	None

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Annual target: 100% of procured goods and services aligned to relevant legislation and within reasonable timeframes: The annual target was missed with a 1% variance from the planned target due to a service that was procured without following proper SCM procedures and as a result, an irregular expenditure was incurred. The SCM unit will continue to provide guidance and training to all divisions on the procurement processes to ensure that goods and services procured are in line with the prescripts.

Annual Target: 65% satisfaction of employees: The survey was conducted in-house and focused on 10 questions to assess employee satisfaction. Of those that responded to the survey, the results revealed that a number of employees were of the view

that the organisation does not offer competitive remuneration and benefits, there is no balance between work life and personal life. Furthermore, some employees believe that the organisational policies are not fair.

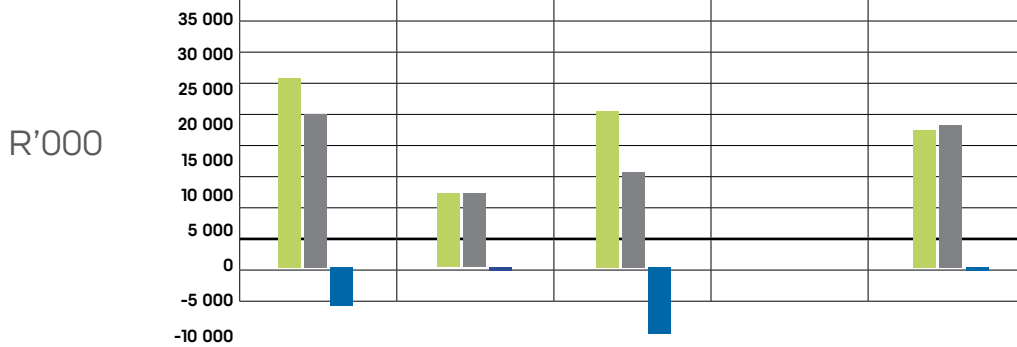
One of the mechanisms that the Human Resources business unit will put in place in the 2022/23 financial year is a salary benchmarking process that will be conducted against other SETAs. This could improve morale and boost overall satisfaction. This indicator will be reviewed in the next financial year.

Annual Target: 100% attainment of targets: The MICT SETA overall performance for the year under review is 90%, which is a representation of 72 targets achieved from a total of 80. The reasons for the non-achievement of the 8 outputs indicators are provided in detail under each Programme.

LINKING PERFORMANCE WITH BUDGETS

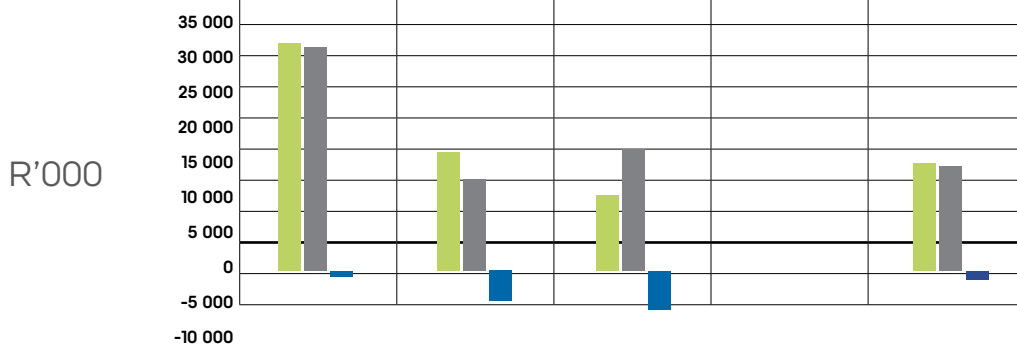
2020/2021

PROGRAMME 1 SUB-PROGRAMMES	Finance	Corporate Governance Total Services	Information Finance Technology	Monitoring and Evaluation	Governance	Total
Budget R'000	27 293	10 721	18 253	0	19 831	76 098
Actual Expenditure R'000	22 279	10 046	8 892	0	20 615	61 832
Over/Under Expenditure R'000	-5 014	-675	-9 361	0	+784	-14 266



2021/2022

PROGRAMME 1 SUB-PROGRAMMES	Finance	Corporate Governance Total Services	Information Finance Technology	Monitoring and Evaluation	Governance	Total
Budget R'000	32 873	17 570	11 770	0	16 010	78 223
Actual Expenditure R'000	32 398	13 307	17 228	0	15 104	78 037
Over/Under Expenditure R'000	-475	-4 263	5 458	0	-906	-186



REPORT ON THE INSTITUTIONAL RESPONSES TO THE COVID-19 PANDEMIC

The MICT SETA, through the Information and Communications Technology Department, provided ICT services to enhance the site verification processes by the core programmes. As a way of mitigating challenges provided by COVID-19 restrictions, ICT Services introduced a virtual sites verification system. This system was able to assist the business, particularly ETQA, to perform some of its functions, which would normally require travel to specific locations.

As a result of this system, accreditation periods were reduced from 90 days to 45 days. This new system will co-exist with many processes of the organisation going into the future on the organisational drive to Digital Transformation. This is especially because it offers other important processes such as scheduling and reporting which are important for records management, accountability, and governance.

Additionally, the learning programmes that were implemented during the 2021/22 financial year were offered in accordance with the COVID-19 pandemic regulations and these were implemented nationally. The disaggregation of beneficiaries and the number of beneficiaries will be provided upon completion of the validation process.



PROGRAMME / SUB-PROGRAMME: LEARNING PROGRAMMES

INTERVENTION	GEOGRAPHIC LOCATION	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
Internship	National	909	506 Females 403 Males	R73 600 per learner	R73 600 per learner	Enrollment of learners in internship programme during COVID-19 has contributed to positive APP output	Short-term employment of graduates during internship programmes
Skills Programme	National	1019	619 Females 400 Males	R40 400 per learner	R40 400 per learner	Enrollment of learner on skills programme during COVID-19 has contributed to positive APP output	Short-term employment of learners during skills programmes
TVET Placement	National	890	683 Females 207 Males	R70 000	R70 000	Enrollment of learners in TVET programme during COVID-19 has contributed to positive APP output	Short-term employment of learners during TVET programmes
Bursary	National	407	206 Females 166 Males	R90 000 per learner	R90 000 per learner	Funding of students through bursaries during COVID-19 has contributed to positive APP output	Short-term relief
Short Programme	National	755	436 Female 319 Males	R504 00 per learner	R504 00 per learner	Enrollment of learners in short programme during COVID-19 has contributed to positives APP output	Short-term employment of graduates during internship programmes
University Placement	National	417	Females 211 Males 206	R70 000 per learner		Enrollment of learner on university programme during COVID-19 has contributed to positives APP output	Short-term employment of graduates during university placement programmes

3.2 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 Annual Performance Plan. This research will be used to inform the Sector Skills Plan document.



OUTCOME: INCREASED AND IMPROVED LABOUR MARKET INFORMATION THAT ACCURATELY IDENTIFIES OCCUPATIONS IN HIGH DEMAND.							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Research report signalling occupations in high demand on an annual basis	Number of WSPs and ATRs submitted for small firms on an annual basis	1000 WSPs and ATRs approved for small firms	1253 WSPs and ATRs approved for small firms	1000 WSPs and ATRs submitted for small firms	1198	+198	There is more interest from businesses to participate in MICT SETA programmes, mainly because they are 4IR aligned. There is an understanding of the requirements to qualify for Discretionary Grants. The first step is to submit a fully completed WSP. Hence, such interest.
	Number of WSPs and ATRs submitted for medium firms on an annual basis.	350 WSPs and ATRs submitted for medium firms	402 WSPs and ATRs submitted and approved	350 WSPs and ATRs submitted for medium firms	375	+25	
	Number of WSPs and ATRs submitted for large firms on an annual basis	230 WSPs and ATRs approved for large firms	222 WSPs and ATRs submitted and approved for large firms.	220 WSPs and ATRs submitted for large firms.	222	+2	

OUTCOME: INCREASED AND IMPROVED LABOUR MARKET INFORMATION THAT ACCURATELY IDENTIFIES OCCUPATIONS IN HIGH DEMAND (CONTINUED)

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Research report signalling occupations in high demand on an annual basis	Number of approved Sector Skills Plans with lists of occupational shortages and skills gaps produced (including TVETs, Cooperatives and small and emerging enterprises) on an annual basis.	one (1) SSP produced and approved	one (1) 4IR-Focused SSP produced and approved	one (1) SSP produced and approved	one (1) SSP produced and approved	None	None
	Number of tracer/impact study reports produced on an annual basis	one (1) tracer/impact study report produced	one (1) tracer/impact study report produced	one (1) tracer/impact study report produced	one (1) tracer/impact study report produced	None	None

OUTCOME: INCREASED AND IMPROVED LABOUR MARKET INFORMATION THAT ACCURATELY IDENTIFIES OCCUPATIONS IN HIGH DEMAND.

Increased Career Opportunities Guidance provided on an annual basis.		one (1) career guide produced	one (1) career guide produced	one (1) career guide produced	one (1) career guide produced	None	None
	Number of career opportunities guide with labour market information produced and distributed on annual basis.	6502 up-to-date career guides distributed	4712 up-to-date career guides distributed	3000 up-to-date career guides distributed	3329	+329	Target overachieved as the MICT SETA partnered with key role players in the PSET system and sector to extend reach to a wider audience i.e. TVET colleges, DHET, and industry.
Increased career awareness in all provinces on an annual basis.	Number of Career Development Events on occupations in high demand attended by the MICT SETA on an annual basis	50 Strategic Career Events attended	17 in urban areas and 33 in rural areas	50 Strategic Career Events attended (25 in urban and 25 in rural areas)	50	None	None
Career guidance initiatives on an annual basis.	Number of Career development practitioners trained on an annual basis	New target	New target	30	39	+9	Target overachieved due to high interest and partnership with key role players such as DHET.
	Number of capacity-building workshops on career development services initiated on an annual basis	New target	New target	02	02	None	None

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

None. The Programme achieved 100% of the annual targets.

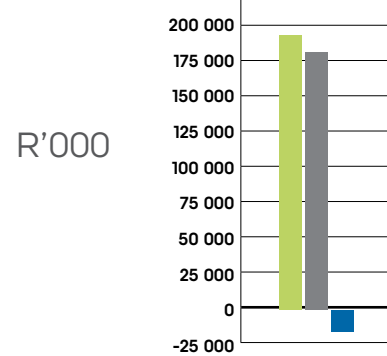
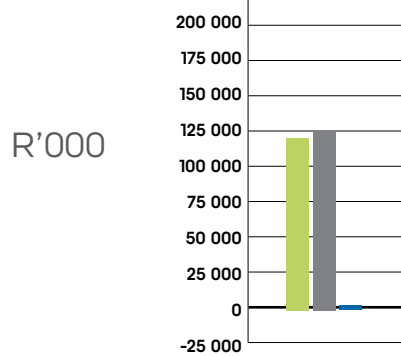
LINKING PERFORMANCE WITH BUDGETS

2020/2021

2022/2022

PROGRAMME 2	Sector Skills Planning	Total
Budget R'000	124 682	124 682
Actual Expenditure R'000	125 399	125 399
Over/Under Expenditure R'000	+717	+717

PROGRAMME 2	Sector Skills Planning	Total
Budget R'000	195 009	195 009
Actual Expenditure R'000	180 252	180 252
Over/Under Expenditure R'000	-14 757	-14 757



3.3 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 a focus on the 4IR strategy as far as possible.



OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Learning programmes that link education and the workplace implemented on an annual basis	Percentage of discretionary grant budget allocated to developing high-level skills on an annual basis	New target	6.4%	5%	5%	None	None
	Percentage of discretionary grant budget allocated to developing intermediate skills on an annual basis	New target	92.6%	94%	94%	None	None
	Percentage of discretionary grant budget allocated to developing elementary skills on an annual basis	New target	1%	1%	1%	None	None

OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
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.	501	812	800	890	+90	Target overachieved due to high demand by stakeholders to implement TVET placement
	Number of TVET students completed their work integrated learning placements on an annual basis.	502	546	600	874	+274	Target overachieved due to learners enrolled in 2020/21 completing their WIL placements in the 2021/22 financial year
	Number of university students requiring work-integrated learning to complete their qualifications placed in workplaces on an annual basis.	51	380	350	417	+67	Target overachieved due to high demand by stakeholders to implement university placement
	Number of university students completed their Work Integrated Learning placements on an annual basis.	Not reported	30	262	345	+83	Target overachieved due to higher successful completion of university placements
	Number of unemployed learners enrolled in internships on an annual basis.	1458	1015	700	909	+209	Target overachieved due to high demand by the stakeholders to implement graduate internship programmes
	Number of unemployed learners completed internships on an annual basis	1021	812	525	739	+214	Target overachieved due to higher successful completions of graduate internship programmes
	Number of unemployed learners enrolled in skills programmes on an annual basis.	2777	1573	750	1019	+269	Target overachieved due to high demand by the industry to implement skills programmes

OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Learning programmes that link education and the workplace implemented on an annual basis	Number of unemployed learners completed skills programmes on an annual basis	1434	1653	562	668	+106	Target overachieved due to higher successful completions of skills programmes
	Number of unemployed learners enrolled in learnerships programmes on an annual basis.	3419	1910	3150	3835	+685	Target overachieved due to high demand by the industry to implement learnership programmes
	Number of unemployed learners completed learnerships programmes on an annual basis.	2548	2630	2632	814	-1818	Target not achieved as a result of late submission of moderation reports by stakeholders
	Number of unemployed learners enrolled for candidacy programmes on an annual basis.	New target	50	60	64	+4	Target overachieved due to high demand by the stakeholders to implement candidacy programmes
	Number of unemployed learners completed candidacy programmes on an annual basis	New target	0	45	49	+4	Target overachieved due to high enrolment of candidacy learners
	Number of unemployed learners enrolled for short programmes on an annual basis	1631	750	700	755	+55	Target overachieved due to high demand by the stakeholders to implement short programmes
	Number of unemployed learners completed short programmes on an annual basis	New target	844	525	547	+22	Target overachieved due to an additional high successful completion of the short programmes
	Number of Rural Development Projects initiated on an annual basis.	20	34	40	190	+150	Target overachieved due to high demand by the stakeholders to implement programmes in rural areas

OUTCOME 5: INCREASED WORKPLACE TRAINING OF WORKERS ALREADY IN EMPLOYMENT

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
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.	75	104	20	45	+25	Target overachieved due to high demand by industry to implement bursary programmes
	Number of workers enrolled for bursary programmes (continuing) on an annual basis.	New target	0	15	30	+15	Target overachieved due to high demand by industry to implement bursary programmes
	Number of workers completed bursary programmes on annual basis.	39	40	15	16	+1	Target overachieved as a result of an additional learner completing an academic programme
	Number of workers enrolled for skills programmes on an annual basis.	604	395	116	136	+20	Target overachieved due to high demand by the industry to implement skills programmes
	Number of workers completed skills programmes on an annual basis.	254	182	87	187	+100	Target overachieved as a result of learners enrolled in the past financial year and completing the programme in the 2021/22 financial year
	Number of workers enrolled for AET/CET programmes on an annual basis.	New target	50	50	54	+04	Target overachieved due to high demand by CET to implement AET/CET programmes
	Number of workers completed AET/CET programmes on an annual basis	25	0	45	0	-45	Target not achieved. Learners were enrolled in quarter 3. Training is still in progress.
	Number of workers enrolled on RPL on annual basis	New target	New target	50	50	None	None
	Number of workers completed RPL on annual basis	New target	New target	37	38	+1	Target overachieved as a result of an additional learner completing the RPL programme

OUTCOME 6: INCREASED ACCESS TO OCCUPATIONALLY DIRECTED PROGRAMMES.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Skilled learners with appropriate workplace experience on an annual basis.	Number of unemployed learners granted Bursaries (new enrolments)	346	362	250	372	+122	Target overachieved due to high demand by students requiring financial assistance
	Number of unemployed learners granted Bursaries (continuing)	New target	143	150	152	+2	Target overachieved as a result of additional learners continuing with their studies
	Number of unemployed learners granted bursaries who completed their studies	404	189	112	130	+18	Target overachieved due to high successful completion by students completing their studies
	Number of TVET partnerships established on an annual basis	7	19	16	47	+31	Target overachieved due to high demand by the TVET colleges to implement skills development programmes
	Number of HET partnerships established on an annual basis	4	26	22	37	+15	Target overachieved due to high demand by the HET to implement skills development programmes
	Number of CET partnerships established on an annual basis	New target	10	09	32	+23	Target overachieved due to high demand by the CET colleges to implement skills development programmes
	Number of SETA-employer partnerships established on an annual basis	01	26	15	239	+224	Target overachieved due to high demand by the industry to implement skills development programmes

OUTCOME 7: INCREASED SUPPORTED GROWTH OF THE PUBLIC COLLEGE SYSTEM.

TVET programmes that are aligned to industry skills needs on an annual basis.	Number of MICT SETA offices established and maintained in TVET colleges on an annual basis.	01	09	12	12	None	None
	Number of Centres of Specialization supported on an annual basis.	New target	6	5	8	+3	Target overachieved due to additional Centres of Specialization supported

OUTCOME 7: INCREASED SUPPORTED GROWTH OF THE PUBLIC COLLEGE SYSTEM.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
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.	120	66	50	50	None	None
	Number of TVET Managers receiving training on curriculum-related studies on an annual basis.	New target	55	50	50	None	None
	Number of TVET Lecturers awarded bursaries on an annual basis.	New target	0	50	51	+1	Target overachieved due to an additional lecturer participating in the bursary programme
	Number of CET colleges lecturers awarded skills development programmes on an annual basis.	New target	0	50	40	-10	Target was not achieved due to non-compliance by CET colleges to submit evidence to support the indicator
	Number of managers receiving training on curriculum-related studies on an annual basis.	New target	--	50	50	None	None
	Number of CET learners accessing AET programmes on an annual basis.	New target	200	100	105	+05	Target overachieved as a result of more participation by CET to implement learning programmes for AET learners

OUTCOME 8: INCREASED SKILLS DEVELOPMENT SUPPORT FOR SMMEs, ENTREPRENEURSHIP, COOPERATIVES DEVELOPMENT AND COMMUNITY-BASED ORGANISATIONS

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	394	100	163	+63	Target overachieved due to high demand by the cooperatives to implement learning programmes
	Number of small businesses supported with training interventions or Funded on an annual basis.	New target	142	100	441	+341	Target overachieved due high demand by SMME to implement learning programmes

OUTCOME 8: INCREASED SKILLS DEVELOPMENT SUPPORT FOR SMMEs, ENTREPRENEURSHIP, COOPERATIVES DEVELOPMENT AND COMMUNITY-BASED ORGANISATIONS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Skilled personnel (cooperatives, CBOs/NGOs/NPOs), entrepreneurs with sustainable job opportunities and growth on an annual basis.	Number of people trained in entrepreneurship supported to start their business on an annual basis.	New target	30	100	100	None	None
	Number CBOs/NGOs/NPOs supported with training interventions on an annual basis.	New target	250	100	171	+71	Target overachieved due to high demand by CBOs/NGOs/NPOs to implement learning programmes

OUTCOME 9: INCREASED SKILLS DEVELOPMENT SUPPORT FOR WORKER-INITIATED TRAINING.

Skilled Federation/ union and members within the MICT sector on an annual basis.	Number of Federations / Trade Unions supported through the relevant skills training interventions on an annual basis.	New target	207	100	90	-10	Target not achieved due to non-compliance of supporting documents from the trade union
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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	20	30	30	None	None
4IR Advisory Committee members recruited on an annual basis.	Number of key role players participating in the 4IR Advisory Committee on an annual basis.	New target	16	16	42	+26	Target overachieved due to more key role players participating in different work streams
4IR research chairs established and maintained on an annual basis.	Number of research chairs established and maintained on an annual basis.	New target	New target	70	77	+7	Target overachieved due to the market demand and shortage of 4IR skills
4IR occupational qualifications developed	Number of 4IR occupational qualifications developed on an annual basis	New target	10	13	25	+12	Target overachieved due to the market demand and shortage of 4IR skills



STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The Learning Programmes division will open the Discretionary Grant(DG) window in quarter 3 to allow stakeholders to submit applications and evaluation of applications by the DG Committee will be finalised before the end of quarter 4. This approach will assist and enable stakeholders to implement learning programmes in quarter 1 up to quarter 4. Strategic partnerships with institutions of higher learning such as TVET Colleges and Community Education and Training Colleges will be improved to ensure smooth implementation of learning programmes. Capacity building sessions will be implemented with skills development providers to address the assessment process to ensure that moderation reports submitted by training providers are meeting the MICT SETA quality assurance standard.

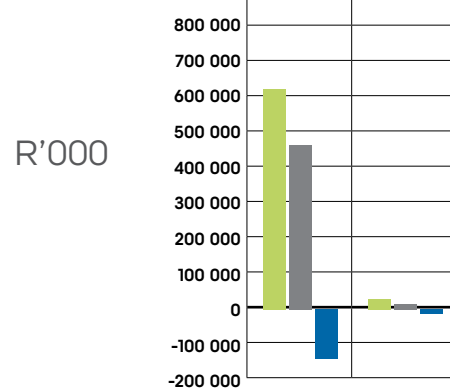
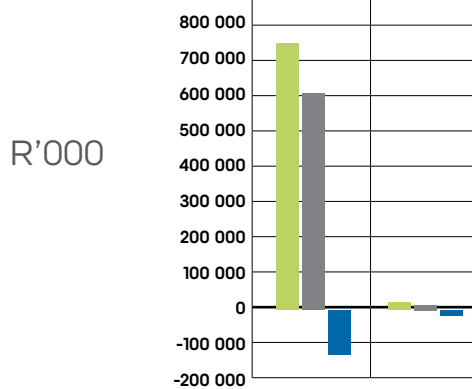
LINKING PERFORMANCE WITH BUDGETS

2020/2021

2022/2022

PROGRAMME 3 SUB-PROGRAMMES	Learning Programmes	4IR	Total
Budget R'000	752 024	514	752 538
Actual Expenditure R'000	617 996	426	618 422
Over/Under Expenditure R'000	-134 028	-88	-134 116

PROGRAMME 3 SUB-PROGRAMMES	Learning Programmes	4IR	Total
Budget R'000	628 231	4 947	633 178
Actual Expenditure R'000	483 064	3 752	486 816
Over/Under Expenditure R'000	-145 167	-1 195	-146 362



3.4 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, Advertising 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 Accreditation of Training Providers, Registration of Assessors and Moderators, Learner Certification.



OUTCOME : IMPROVED QUALITY OF EDUCATION TO ADDRESS PROGRAMMES IN HIGH DEMAND WITHIN THE MICT SECTOR.							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
Increased number of accredited Training Providers (including TVETs and CETs) offering programmes in high demand on an annual basis.	Number of accredited Training Providers offering occupational qualifications in high demand on an annual basis.	573 Accredited Training Providers	637 Accredited Training Providers	650 Accredited Training Providers	752	+102	Target overachieved due to influx of provider applications in line with occupations and skills in high demand with the MICT and other sectors
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 annual basis.	1636 Registered Assessors	1162 Registered Assessors	600 Registered Assessors	666	+66	Target overachieved as a result of the influx of ETD practitioner applications aligned to the demand for qualifications in high demand & availability of resources to quality assure.

OUTCOME : IMPROVED QUALITY OF EDUCATION TO ADDRESS PROGRAMMES IN HIGH DEMAND WITHIN THE MICT SECTOR.

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL TARGET 2021/22	ACTUAL ACHIEVEMENT 2021/22	DEVIATION FROM PLANNED TARGET 2021/22	REASONS FOR DEVIATIONS
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.	667 Registered Moderators	six (6) Registered Moderators	300 Registered Moderators	301 Registered Moderators	+1	Target overachieved due to influx of ETD practitioner applications aligned to the demand for qualifications in high demand & availability of resources to quality assure.
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	38 qualifications reviewed	zero (0) developed or reviewed MICT SETA qualifications	9	2	-7	Target not achieved due to the inability to procure the services of a Qualifications Development Facilitator as a result of non-responsive bids.

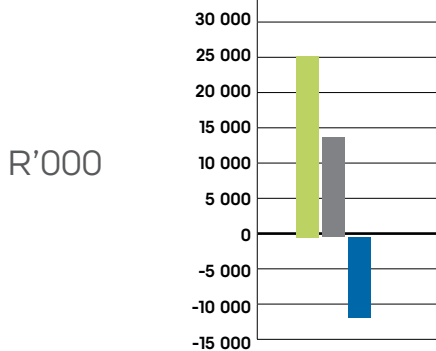
STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Annual Target: Nine (9) developed or reviewed MICT SETA qualifications: The ETQA has initiated a process of procuring the services of Panel of Qualification Development Facilitators. The appointment is anticipated to be finalised in the second quarter of the 2022/23 financial year coupled with the appointment of a fixed-term QDF contractor.

LINKING PERFORMANCE WITH BUDGETS 2021/22

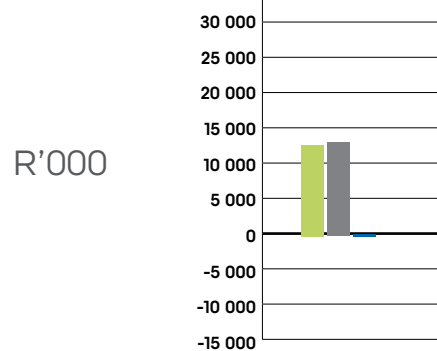
2020/2021

PROGRAMME 4	Education and Training Quality Assurance	Total
Budget R'000	25 356	25 356
Actual Expenditure R'000	14 157	14 157
Over/Under Expenditure R'000	-11 199	-11 199



2022/2022

PROGRAMME 4	Education and Training Quality Assurance	Total
Budget R'000	13 362	13 362
Actual Expenditure R'000	13 447	13 447
Over/Under Expenditure R'000	+85	+85

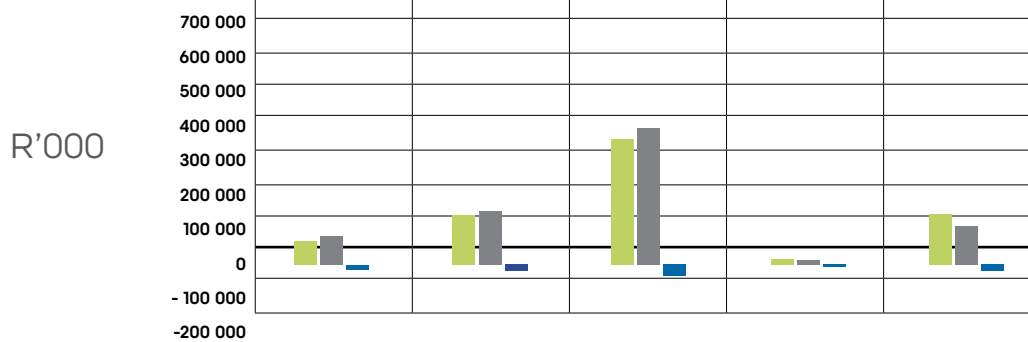


3.5 REVENUE COLLECTION

The table below reflects the different MICT SETA sources of revenue and actual amounts collected in the current financial year.

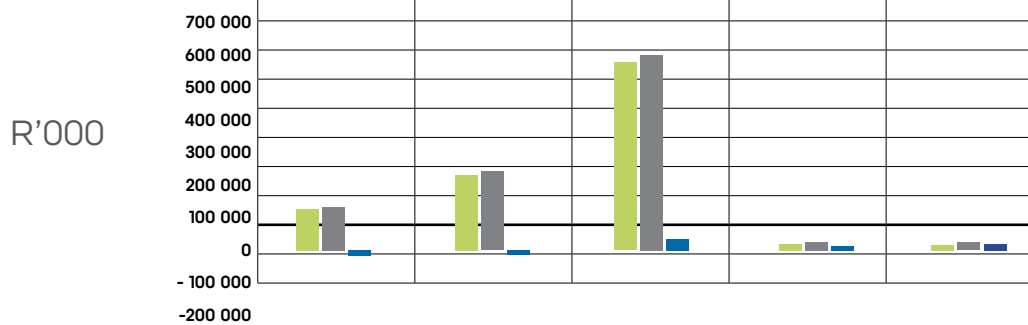
2020/2021

SOURCES OF REVENUE	Administration	Mandatory	Discretionary	Finance revenue	UIF Revenue*	Total
Budget R'000	77 448	147 521	368 114	11 700	144 256	749 039
Actual Expenditure R'000	82 096	155 139	398 031	11 679	116 067	763 012
Over/Under Expenditure R'000	+4 648	+7 618	+29 917	-21	+28 189	+70 351



2021/2022

SOURCES OF REVENUE	Administration	Mandatory	Discretionary	Finance revenue	UIF Revenue*	Total
Budget R'000	123 138	234 549	580 510	14 040	8 544	960 781
Actual Expenditure R'000	127 479	246 266	614 516	14 778	22 273	1 025 312
Over/Under Expenditure R'000	+4 341	+11 717	+34 006	+738	+13 729	+64 531



* UIF revenue is not revenue for MICT SETA but 3rd party revenue utilised to service the UIF and MICT SETA project.

3.6 CAPITAL INVESTMENTS

The MICT SETA does not have any capital investments.



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 (The Act) and listed as a schedule 3A entity as per the Public Finance Management Act No. 29 of 1999 (PFMA).

The MICT SETA is governed within the confines of the Constitution, which is in accordance with the requirements of the legal framework of the SETA. Furthermore, the SETA's finances and supply chain management are conducted in accordance with the dictates of the PFMA. The 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.

The Accounting Authority (AA) upholds the highest standards of integrity and ethical conduct as espoused in King IV, thus ensuring effective leadership of the entity based on the principles of competence, responsibility, accountability, fairness, and transparency.

Integrity and ethical business conduct also permeate the SETA's service delivery as well as performance reporting.

In conducting the business of the SETA, the AA is supported by six (6) sub-committees, which ensure that sufficient focus is placed on various aspects of the business and provide relevant advice to the AA.

During the reporting period, the AA established a Social and Ethics Committee as well as SETA Chambers, which will come into effect in the 2022/23 financial year.

The AA is responsible for providing strategic direction to the MICT SETA, by determining performance objectives and approving the annual budget, as well as ensuring that the organisation achieves its objectives and implements the goals of the National Skills Development Plan (NSDP). The AA is accountable to the Executive Authority and Parliament.

2. PORTFOLIO COMMITTEE

The Portfolio Committee on Higher Education, Science and Innovation exercises oversight over the SETA and may invite the AA to account on the SETA's performance from time to time. In the year under review, the Portfolio Committee invited the MICT SETA to provide an update on the entity's plans and performance targets on the Annual Performance Plan on 13 September 2021. Quarterly Performance reports, showing the number of employed and unemployed beneficiaries for learning programmes, bursaries, skills programmes, internships, SMME support, and career guidance are also submitted to DHET. For the financial year 2021/22, the Quarterly Performance Reports were submitted on 15 July 2021, 15 October 2021, 15 January 2022, 18 April 2022, and 31 May 2022 respectively, and were subsequently evaluated and validated by the Executive Authority.

3. EXECUTIVE AUTHORITY

The Minister of Higher Education, Science and Technology, as Executive Authority of the SETA, 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 had signed an annual Service Level Agreement (SLA) with the Executive Authority, which encompasses the MICT SETA's performance objectives, targets and deliverables, as well as the provision of information and/or reports on its activities.

The SETA also submitted the annual Sector Skills Plan (SSP), Strategic Plan (SP) and Annual Performance Plan (APP) to the Executive Authority. The aforementioned documents were approved by the Executive Authority on the following dates:

- DHET SLA: 13 September 2021;
- Sector Skills Plan - First Draft: 31 May 2021 and Final Draft: 28 July 2021;
- Strategic Plan: 13 September 2021; and
- Annual Performance Plan: 13 September 2021.

Quarterly Performance reports, showing the number of employed and unemployed beneficiaries for learning programmes, bursaries, skills programmes, internships, SMME support, and career guidance are also submitted to DHET.

For the financial year 2021/22, the Quarterly Performance Reports were submitted on 15 July 2021, 15 October 2021, 15 January 2022, 18 April 2022, and 31 May 2022 respectively, 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 Accounting Authority that must be accountable for the purposes of the PFMA. The MICT SETA Board is the Accounting Authority.

The AA 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 Act and the Constitution.

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

In line with the MICT SETA Constitution, the AA constitutes a fundamental base for the application of corporate governance principles at the MICT SETA. The AA 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 AA 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 set out in clause 5 of the Constitution and perform the functions outlined in clause 6 of the Constitution.
- Provide effective leadership and ensure that the SETA implements the goals of the NSDP and the Performance Agreement with the Minister.
- Provide 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 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 AA Fully complied with all aspects and provisions of the Board Charter by providing strategic direction and leadership, reviewing and approving budgets, plans and strategies, monitoring implementation as well as reporting performance to the Executive Authority as prescribed by legislation.

4.4 COMPOSITION OF THE ACCOUNTING AUTHORITY

In line with Section 11(1) and (2) of the Act, the Accounting Authority should comprise fifteen (15) independent members to ensure independence and objectivity in decision-making. It is composed as follows:

- The Chairperson;
- Six (6) members representing Organised Labour;
- Six (6) members representing Organised Employers;
- One (1) member representing Professional Bodies; and
- One (1) member representing Community Organisations.

The current Accounting Authority was appointed by the Honourable Minister, Dr Blade Nzimande on 1 April 2020, for a period of five (5) years, which will end on 31 March 2025. There are currently three (3) vacancies

The table below lists the number of meetings attended by each of the members of the Accounting Authority for the financial year 2021/22.

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NO. OF MEETINGS ATTENDED
Mr Simphiwe Thobela	Chairperson of the AA/Exco; GOVCO member	01 April 2020	Current	B. Com Logistics Post Graduate Diploma: Public Management Master of Town and Regional Planning Advanced Programme: Risk Management PhD Candidate	Public Sector, Leadership, Governance, Financial Management, Supply Chain Management	Universal Service and Access Agency of South Africa-Interim - Board Member Air Traffic and Navigation Services - Chairman of the Board, Member of HR Committee, Social & Ethics Committee and Business, Research & Operations Development Committee Magwa Tree Estate	36

in the Accounting Authority which are in the process of being filled.

4.5 COMMITTEES OF THE ACCOUNTING AUTHORITY

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:

- Audit and Risk Committee;
- Executive Committee;
- Finance and Remuneration Committee;
- Governance and Strategy Committee; and
- ICT Steering Committee.

The Accounting Authority has established the following Chambers, which will commence operations in the coming financial year 2022/23:

- Communication Chamber;
- Information Technology Chamber; and
- Media Chamber.



NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NO. OF MEETINGS ATTENDED
Ms Ntombikayise Khumalo	EXCO Member; Former Chairperson of GOVCO	01 April 2020	Current	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	Labour Law, Advanced Negotiation Skills, Skills Development	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 CUJU: National Executive Member CUJU: National Office Bearer & National Treasurer CUJU: Chief Negotiator in MTN Sentech: Employment Equity & Skills Development Member	30
Mr Loyiso Tyjira	EXCO member; Chairperson of ITCOM & Former GOVCO member;	01 April 2020	Current	MPP Certificate MDP (Management Development Programme) PME (Programme for Management Excellence) Certificate for Non-Mining Professionals, Certificate Management Excellence	Information Technology	Future Business Consulting ICT SMME Chamber SAMDDRA	30
Mr Thabo MoFokeng	EXCO Member; Former ITCOM Chairperson	01 April 2020	Current	Bachelor of Science: Electrical Engineering Diploma: Project Management Certification: Operations & Management of Wireless Network & Systems Engineering	ICT Projects, Broadband infrastructure, Technology Management Services, Digital Assets & Blockchain Solutions	Octet Technologies Fuma Engineering IT Association of SA Solario Technologies	28
Mr Siphso George Zwane	EXCO Member	01 April 2020	Current	Bachelor of Administration National Diploma: Public Management Post Graduate Diploma: Public management Advanced Certificate in Project Management	Labour Law, Administration	Depacu: General Secretary	28

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NO. OF MEETINGS ATTENDED
Mr Tebogo Mack Mamorobela	Chairperson of FinRemco; ARC member; Former GOVCO member	01 April 2020	Current	NQF L8: Strategic Diplomacy, Leadership in Digital Leadership NQF L8: Research Awareness for Leaders Certificate: Emerging Technical Leadership in Digital Business	Employee Relations		22
Ms Thabisa Zimbini Faye	GOVCO Chairperson; Former Finremco Acting Chairperson;			Development Management - Economics Stream BA Honours: Development Studies BA: Social Sciences Fundamentals of Project Management, Prince 2 Project Management (APMG)		Founding Member	
Mr Lesiba Jan	ICT Steering Committee Member	01 April 2020	Current	Diploma: Law Certification: Labour Dispute Resolution Certification: Labour Relation management Certification: Labour Arbitration Certification: Advanced Labour Law Programme	Telecommunications	SAPWU: President	21
Mr Viwe Thomas James	ARC & ICT Steering Committee Member; Former GOVCO member	01 April 2020	Current	Diploma: Advanced Law, Labour Law and Procedures Programme N3: Electrical Engineering	Labour Law, Governance		24
Ms Nozibele Mlambo	AA member	01 April 2022	Current	Postgraduate Diploma: Project Management Advanced Diploma: Project Management Diploma: Travel and Tourism	Stakeholder Management		NA
Ms Marilyn White*	Finremco member & GOVCO Member	01 April 2020	Resigned in June 2021	B. Com: Information Systems Certification: Management Advancement Programme Certification: Project Management Certification: Annual ITIL Service Delivery Training	Information Communication Technology, Governance, Strategy, Finance and Supply Chain	Gauteng Black IT Forum: Executive Director Black IT Forum: National Soma Solutions Scholar Supplies SmartSaver	07
Mr Khaya Xaba**	AA and Finremco Member	01 April 2020	Deceased in May 2021	Honours: Business Administration Advance Diploma: Public Management National Certification: Economics Higher Certification: Economics	Media	NEHAWU: National Spokesperson	5



NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NO. OF MEETINGS ATTENDED
Ms Marwesi Ramonyoi***	Former Finremco Chairperson & ITCOM member	01 April 2020	Recalled by her organisation in July 2021	Executive MBA Higher Diploma: Computer Audit B.Comm: Information Systems Certificate: Executive Leadership Development Certificate: Sustainability Management Certification: Carbon Footprint Analyst	Corporate Governance, ICT, BBBEE, Renewable Energy, Sustainability	Chairperson: Abalimi Bezekhaya, ARC Chairperson: City of Johannesburg Metrobus, Board Member: City of Johannesburg Metrobus	9
Ms Portia Buthelezi*	ARC and GOVCO Member	01 April 2020	Resigned in February 2022	Bachelor of Commerce Accounting Post graduate certificate in Accounting Postgraduate Diploma in Business Administration Masters in Business Administration Executive Development Certificate	Finance, SCM, Risk and Monitoring & Evaluation	Harpo Corporation (Pty) LTD	20

* Resigned member (s)

** Deceased member (s)

*** Recalled member (s)

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 performs all functions referred or delegated to it by the Accounting Authority to ensure that the SETA meets the requirements of the Act, SDLA, PFMA and the Treasury Regulations that relate to finance and the remuneration of the Chief Executive Officer, AA and Committee members, as well as staff.

The Finance and Remuneration Committee evaluates and makes 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 (external) Report and the Internal Audit reports of the SETA;
- The execution of the legally mandated financial Functions of the SETA; and
- The financial implications of policies, and changes to the budget and business plan of the SETA.

The Finance and Remuneration Committee evaluates and makes recommendations to the Accounting Authority in respect of the following issues relating to the remuneration of employees and the Chief Executive Officer of the MICT SETA:

- Developing guidelines on and reviewing the compensation and performance of employees;
- 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 predetermined 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; and
- The Finance and Remuneration Committee presents 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 implementation of the strategy;
- Monitor the SETA's compliance with the Skills Development Act, Skills Levies Act, Public Finance Management Act, King IV, 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 create, maintain and periodically review 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 the 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; and
- Conduct a performance assessment of the committee every second year in line with King IV recommendations.
- 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 and control environment within 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, implementation, 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) regarding any instance of non-compliance; and
- The MICT SETA's compliance with relevant legal and regulatory requirements, as well as its Code of Conduct and the action taken to address any violations.

4.9 FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performs 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;
- In addition, the Audit and Risk Committee must also:
- Review the annual financial statements and establish whether they have been prepared in accordance with the PFMA and related Treasury Regulations, as well as the applicable accounting framework;
 - Review and approve the Internal Audit Charter and the Internal Audit Plan, as well as the resources required to implement such plan;
 - Develop a direct, strong and candid relationship with the external auditors. Communication with the external auditors must facilitate independence from the management of the

MICT SETA and encourage the external auditors to speak freely, regularly and confidentially with the Audit and Risk Committee;

- Draw up a recommendation for the Accounting Authority regarding the appointment and removal of the internal and external auditors; and
- Recommend such measures as, in the Committee's opinion, may be necessary to ensure the reliability, integrity and objectivity of the MICT SETA's operations and reporting.

4.10 FUNCTIONS OF THE ICT STEERING COMMITTEE

Subject to the directions of the Accounting Authority, the ICT Steering Committee is responsible for considering and making recommendations to the Accounting Authority concerning the procurement, implementation and maintenance of the SETA's ICT systems, applications, and related projects.

Without limiting its functions, the ICT Steering Committee must:

- Develop policies, frameworks, criteria and guidelines to inform the design, procurement and implementation of ICT Systems and applications;
- Promote good ICT governance in accordance with applicable standards and best practice;

- Review the performance of the ICT Division against set targets on a quarterly basis and make recommendations to the Accounting Authority to improve performance where necessary;
- Monitor the procurement practices of the ICT Division;
- Foster collaboration between the MICT SETA, other SETAs and selected government departments in the area of ICT systems and applications development and procurement;
- 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 applicable to corporate governance of ICT;
- Consider Quarterly Reports on implementation of ICT Projects;
- Ensure that ICT frameworks, policies and procedures in place and are strictly adhered to and regularly reviewed;
- Review reports on business risk related to ICT systems; and
- Recommend relevant ICT projects for approval by the Accounting Authority.

Below is a list of members for each of the AA committees and the number of meetings held by each committee during the 2021/22 financial year.



COMMITTEE	NO. OF MEETINGS	NO. OF MEMBERS	NAMES OF MEMBERS
Accounting Authority	11	13	<ul style="list-style-type: none"> • Simphiwe Thobela • Lesiba J. Langa • Tebogo Mamorobela • Ntombikayise Khumalo • Siphso G. Zwane • Khaya S. Xaba** • Viwe T. James • Thabisa Z. Faye • Marilyn White* • Portia Buthelezi * • Morwesi Ramonyai *** • Loyiso Tyira • Thabo Mofokeng
Executive Committee	13	5	<ul style="list-style-type: none"> • Simphiwe Thobela • Siphso G. Zwane • Ntombikayise Khumalo • Loyiso Tyira • Thabo Mofokeng
Audit & Risk Committee	7	6	<ul style="list-style-type: none"> • Badat Suleman • Lindiwe Nkosi • Gideon Lobane • Portia Buthelezi* • Tebogo Mamorobela • Viwe James
Finance & Remuneration Committee	5	6	<ul style="list-style-type: none"> • Marilyn White* • Thabisa Faye • Morwesi Ramonyai* • Lesiba J. Langa • Viwe T. James • Khaya S. Xaba**
Governance & Strategy Committee	7	6	<ul style="list-style-type: none"> • Ntombikayise Khumalo • Marilyn White* • Loyiso Tyira • Simphiwe Thobela • Portia Buthelezi* • Viwe James
ICT Steering Committee	5	7	<ul style="list-style-type: none"> • Thabo Mofokeng • Morwesi Ramonyai *** • Khaya S. Xaba** • Siphso G. Zwane • Lesiba J. Langa • Tebogo M. Mamorobela • Thabisa Z. Faye

*Resigned member(s)

**Deceased member(s)

***Recalled member(s)

On 11 February 2022, Committees were re-constituted as follows:

- Mr Viwe T. James was moved from FinRemco and GovCo to ARC and ICT Steering Committee.
- Mr Tebogo M. Mamorobela was moved from to ICT Steering Committee to FinRemco and was appointed as Chairperson thereof.
- Ms Thabisa Faye was moved from ICT Steering Committee to GovCo and was appointed as Chairperson thereof.
- Mr Loyiso Tyira was moved from GovCo to ICT Steercom and appointed as Chairperson thereof.

4.11 REMUNERATION OF MEMBERS

The table below provides information on how members of the Accounting Authority and Committees were remunerated, the amounts of remuneration paid to each member and other expenses such as travel reimbursements during the financial year ended 31 March 2022.

NAME	SURNAME	BOARD	FINREM	EXCO	GOVCO	ICT	AUDIT AND RISK	OTHER MEETINGS	TRAVEL ACCOMODATION AND CONFERENCES	TOTAL
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Gideon*	Labane	4	-	-	-	-	67	66	0	138
Khaya	Xaba	26	9	-	-	9	-	42	14	99
Lesiba	Langa	130	47	-	-	39	-	53	17	287
Lindiwe*	Nkosi	4	-	-	-	-	56	86	1	147
Loyiso	Tyira	134	-	134	53	11	-	117	121	571
Marlyin	White	30	33	-	26	-	-	40	14	144
Morwesi	Ramonyai	52	17	-	-	9	-	36	13	127
Ntombikayise	Khumalo	134	-	134	77	-	-	101	34	480
Portia	Buthelezi	87	-	-	53	-	56	53	13	262
Simphiwe	Thobela	150	22	172	58	17	6	305	1074	1802
Sipho	Zwane	125	-	134	9	30	-	63	55	416
Stanley**	Ngobeni	6	-	-	-	-	122	36	0	164
Suleman*	Badat	61	-	-	-	-	72	27	1	162
Tebogo	Mamorobela	113	11	-	-	30	65	30	83	332
Thabisa	Faye	125	54	-	11	30	-	39	16	274
Thabo	Mofokeng	125	-	134	-	47	-	90	34	431
Viwe	James	130	39	-	56	9	9	50	14	305
		1 435	232	707	344	231	453	1 235	1 503	6 140

* Independent Audit and Risk Committee Member

** Independent Risk Management Committee Member

5. RISK MANAGEMENT

The MICT SETA has a Risk Management Framework, which incorporates its Risk Management Strategy and Policy. This Framework is reviewed on an annual basis and uses inputs from the annual risk assessment that is conducted in collaboration with Management.

The Risk Management Strategy is underpinned by the following:

- The MICT SETA conducts risk assessment reviews at least annually and these form an integral part of entity-wide risk management processes that include the development and quarterly update of its Risk Registers.

The MICT SETA has an internal Risk Management Committee (RMC) established by the Chief Executive Officer. The RMC submits quarterly reports to the Audit and Risk Committee (ARC), and advises the ARC on the identified risks and progress made in implementing controls aimed at mitigating those risks, as well as areas of concern relating to risk management, if any. Most controls were implemented successfully, with a few improvements to be considered and implemented going forward.

6. INTERNAL CONTROL

Effective risk management is fundamental to the MICT SETA activities. Responsibility and accountability for risk management resides at all levels within the MICT SETA as outlined in its Risk Management Policy, and is cascaded down from the Accounting Authority through to each Manager.

The assessment, evaluation and measurement of risks is an ongoing process that is integrated into the MICT SETA activities, and it is aimed at protecting the SETA's reputation, assets and its ability to meet its mandate.

- 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 on that to the Accounting Authority through the Audit and Risk Committee.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

7.1 INTERNAL AUDIT

The MICT SETA uses a fully insourced internal audit function, which has a mandate to outsource any specialised audits as and when required. Internal Audit follows a risk-based approach that incorporates management's risk assessment and mitigation measures.

During the reporting period, a significant number of planned audits were not completed due to capacity challenges.

The following audits were undertaken in the 2021/2022 financial year:

- Performance Information (Quarter 1)
- Asset Management review
- Mandatory Grants review
- Discretionary Grants
- Strategic, Annual Performance Plan and Sector Skills Plan.
- 2021/22 Draft Annual Financial Statements
- 2021/22 Draft Annual Performance Information Report

7.2 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:

- Learning Programme Interventions (Discretionary Grants, Commitment Schedule)
- Compliance with Supply Chain Management Policies and Processes
- Risk Management
- ICT General and Applications Controls
- Human Resources
- Implementation of action plans to address audit findings;

- Management of irregular, fruitless and wasteful expenditure; and
- Data migration to the newly in-housed accounting system.

The ARC expressed its concern regarding slow progress made by management during the year in addressing internal control deficiencies identified by internal and external audits. There were also concerns over migration of data to the accounting system.

7.3 AUDIT AND RISK COMMITTEE (REFER TO PART B)

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 79 to 83.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The MICT SETA reviews its policies and procedures as and when there are changes in its regulatory environment, to ensure continuous compliance with the Skills Development Act, Skills Development Levies Act, Public Finance Management Act, the SETA Constitution and other relevant legislation. During the period under review, a POPIA Committee was established to assist in ensuring the MICT SETA's compliance with the Protection of Personal Information Act.

Below is a list of all the legislation-based instruments that MICT SETA is required to comply with, and has successfully done so:

DOCUMENT OR STATUTORY REQUIREMENT	ACTION
1. Strategic Plan	Approved and submitted Final draft to DHET on 15 September 2021
2. Annual Performance Plan	Approved and submitted Final draft to DHET on 15 September 2021
3. Sector Skills Plan	Submitted to DHET on 15 June 2021
4. Employment Equity Plan and Report	Submitted to the Department of Employment and Labour on 5 January 2022
5. Procurement Plan 2021/22	Submitted to National Treasury on (to confirm date)
6. Workplace Skills Plan 2021/22	Submitted to ETDP SETA on 15 June 2021
7. Budget for 2021/22	Submitted to DHET on and revised budget on 30 November 2021
8. Quarterly Reports (Finance and Performance Reports)	Finance: Submitted to DHET and National Treasury on (First Quarterly Report), (Second Quarterly Report), (Third Quarterly Report) and (Fourth Quarterly Report). Performance Reports: Submitted to DHET on 15 July 2021 (First Quarterly Report), 15 October 2021, (Second Quarterly Report), 15 January 2022 (Third Quarterly Report) and 18 April 2022 (Fourth Quarterly Report)
9. Quarterly Reports (Meetings of the Accounting Authority and Sub-Committees)	Submitted to DHET on 15 July 2021 (First Quarterly Report), 15 October 2021, (Second Quarterly Report), 15 January 2022 (Third Quarterly Report) and 18 April 2022 (Fourth Quarterly Report)

The SETA Governance Charter was approved on 30 June 2020, following a bi-annual review, and the Board Charter, ARC Charter as well as Terms of Reference for committees were reviewed before the end of the financial year.

The MICT SETA has further trained its management and employees on statutory requirements, conducted periodic annual policy reviews, and followed a prescribed compliance reporting schedule.

In line with the SETA Governance Charter, approved by the Minister of Higher Education, Science and Innovation, the MICT SETA submits its quarterly reports on the implementation of this charter to DHET.

During the quarter under review, the MICT SETA puts measures in place to ensure compliance to the SDA, SDL, PFMA and the SETA Constitution.

ARC Charter as well as Terms of Reference for committees were reviewed before the end of the financial year. The MICT SETA has further trained its management and employees on statutory requirements, conducted periodic annual policy reviews, effected controls and followed a prescribed compliance reporting schedule.



DOCUMENT OR STATUTORY REQUIREMENT	ACTION
10. Quarterly Reports (Governance Reports)	Submitted to DHET on 15 July 2021 (First (Quarterly Report), 15 October 2021 (Second Quarterly Report), 15 January 2022 (Third Quarterly Report) and 18 April 2022 (Fourth Quarterly Report)
11. Finance	Submitted to DHET and National Treasury on 30 July 2021 (First Quarterly Report), 29 October 2021 (Second Quarterly Report), 31 January 2022 (Third Quarterly Report) and 29 April 2022 (Fourth Quarterly Report).
12. Annual General Meeting	Was held on 05 November 2021
13. Internal Audits and Findings	Reported to the Audit and Risk Committee on 19 May 2021, 26 July 2021, 12 November 2021 and 23 March 2022
14. External Audits and Findings	Reported to the Audit and Risk Committee on 26 July 2021, 12 November 2021 and 23 March 2022
15. Legal Cases	The entity has terminated an SLA of a non-compliant entity (Eldos Women's Imbokodo - EWI); Issued a Letter of Demand to another non-compliant entity (Fanisa Holdings); and instructed lawyers to defend an action in the Western Cape relating to office accommodation, as well as sue EWI to recover funds that the entity did not use as per the SLA.
16. Fraudulent Activities	The entity received 3 whistle blower reports relating to allegations of fraud and corruption, which were processed internally. In all instances, the allegations were found to be without merit.
17. Policies	Specific policies were reviewed for 2021/22

10. FRAUD AND CORRUPTION

The MICT SETA has an approved Fraud Prevention Policy which is informed by the stipulations in the PFMA, Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004), Protected Disclosures Act, 2000 (Act No. 26 of 2000) and other related legislation.

In addition to the Policy, the MICT SETA has a Fraud Prevention Plan which incorporates the following measures:

- Ethical Conduct;
- Fraud Response and Implementation Plan; and
- Whistle-blowing Policy, including an independent hotline.

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

In addition to the national whistle-blowing tollfree number provided by the Public Service Commission, the MICT SETA procured the services of an external whistle-blowing service provider to assist in ensuring timeous and anonymous reporting of any allegations of suspected fraud and corruption. MICT SETA employees and stakeholders can report any offence or suspected fraudulent activity to the toll-free numbers, the MICT SETA Management, or to the Accounting Authority.

b. 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, or the whistleblowing hotline posted on the MICT SETA website home page (report Fraud tab); 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.

When fraud and corruption allegations are reported, the preliminary enquiry is conducted by Internal Audit, and where there is a need to refer such allegations to law enforcement authorities, the CEO will sign the relevant authorisation.

All cases reported are brought to the attention of the Audit and Risk Committee, regardless of whether they have merit or not, except reports on which Members of the Audit and Risk Committee could be implicated. In such cases, relevant reports are submitted to the Accounting Authority.

11. MINIMISING CONFLICT OF INTEREST

The SETA Constitution provides a Code of Conduct for members of the Accounting Authority. In addition, the AA has approved a Code of Ethics, which also deals with the management of conflicts of interest for both employees and AA members. Members of the Accounting Authority, Management and Employees annually complete a mandatory disclosure of interest form as required by the Public Service Regulations, 2019, and are required to avoid situations where they have or could have a direct or indirect interest that conflicts or may conflict with the SETA's interests.

12. 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 fellow employees and stakeholders.

It promotes exemplary conduct by employees in their public and private lives in an effort to enhance professionalism and ensure public and stakeholder confidence in dealing with the MICT SETA.

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.

13. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The MICT SETA has a Health and Safety Policy that is informed by the Health and Safety Act 85 of 1993. In line with the Policy provisions, a Health and Safety Committee has been established, with a mandate to mitigate operational risks and promote compliance.

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.

14. BOARD SECRETARY

The Board secretariat function resides within the office of the CEO with a functional reporting line to the Accounting Authority through the Chairperson. Ms Ayanda Manqele was appointed into the role in August 2020 but resigned on 30 June 2021. The Board Secretary, Advocate Sanele Mabaso, was appointed with effect from 1 March 2022 and resigned on 20 June 2022.

The main function of the role is to assist the Accounting Authority with corporate governance procedures and monitor the MICT SETA's legislative and regulatory compliance. The Board Secretary also:

- Serves as the legal officer for the entity, responsible for contract drafting, contract management, legal advice and litigation;
- Manages Accounting Authority meetings and committee processes through preparation and distribution of board packs including agenda and minutes;
- Manages stakeholder engagement activities, including the Executive Authority and other critical stakeholders; and
- Provides advice to the Accounting Authority on the law and regulations relevant to the organisation, as well as ethics compliance requirements.

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



15. SOCIAL RESPONSIBILITY

The MICT SETA has created workplace exposure and empowered seven young unemployed graduates through an Internship Programme during the 2021/22 Financial year. It offers bursaries to dependents of all permanent employees and annually donates equipment to underprivileged schools.

The AA has resolved to establish a Social and Ethics Committee, which is mandated to look into the matter of social responsibility amongst others. Furthermore, the Accounting Authority has adopted a strategy to focus on creating long-term partnerships with rural and underdeveloped communities in order to have an ongoing impact and help address South Africa's development challenges.



16. AUDIT COMMITTEE REPORT FOR THE YEAR ENDING 31 MARCH 2022



MR. SULEMAN BADAT

AUDIT AND RISK COMMITTEE CHAIRPERSON

16.1. AUDIT AND RISK COMMITTEE ATTENDANCE 2021/2022

The Audit and Risk Committee meets at least Four times per annum in line with its approved Charter. Seven (7) meetings, including special meetings, were held during the year.

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

	DATE APPOINTED	TERMINATION DATE	NUMBER OF MEETINGS ATTENDED
Suleman Badat - Independent Chairperson	01 October 2020	Active	7
Gideon Labane - Independent Member	01 October 2020	Active	7
Lindiwe Nkosi - Independent Member	01 December 2020	Active	7
Portia Mngomezulu	01 February 2021	February 2022	6
Tebogo Mamorobela	01 February 2021	Active	7
Viwe James	February 2022	Active	1

16.2. 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.

16.3. 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 were identified during the year, which management is in the process of rectifying.

16.4. 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.

16.5. INTERNAL AUDIT

There has been instability within the internal audit function during the year due to the resignation of the Internal Audit Manager and the appointment of a successor. As a result of this, together with capacity constraints within the function, a significant portion of the internal audit plan was not executed. Internal audit follows a risk-based approach which incorporates management's risk assessment.

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

- Performance Information (Quarter 1)
- Asset Management review
- Mandatory Grants review
- Discretionary Grants
- Strategic, Annual Performance Plan and Sector Skills Plan.
- 2021/22 Draft Annual Financial Statements
- 2021/22 Draft Annual Performance Information Report

The Internal Auditors have assessed the overall internal control environment as "needs improvement".

16.6. EVALUATION OF THE FINANCE FUNCTION

The Chief Financial Officer (CFO) was placed on precautionary suspension during the year and the Finance Manager was appointed acting CFO. Nevertheless, the Audit and Risk Committee was overall satisfied with the performance of the Finance Function for the period under review.

16.7. IN-YEAR MANAGEMENT AND QUARTERLY REVIEW

The Accounting Authority has tabled the in-year management and monthly/quarterly reports to the Minister and to the Committee, as required by the Treasury regulations. The Committee is satisfied with the content and quality of these quarterly performance reports which require more robust quality checks. As per our regular discussion with Management, it was confirmed that these reports were properly formulated in compliance with the PFMA and treasury regulations.

16.8. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed the Audited Annual Financial Statements to be included in the Annual Report with the independent auditors and management;
- Reviewed the Independent Auditor's Management Report and their audit findings;
- Reviewed changes, if any, to accounting policies and practices as reported in the Annual Financial Statements;
- Reviewed the processes for compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives as reported in the Annual Report; and
- Reviewed material adjustments, if any, resulting from the audit.

16.9. EXTERNAL AUDITOR'S REPORT

The Committee has, on a quarterly basis, reviewed the entity's implementation plan for audit findings raised in the prior year. The Committee has met with the External Auditor to ensure that there are no unresolved issues that emanated from the audit.

The Audit and Risk Committee concurs and accepts the Independent Auditor's opinion regarding the Annual Financial Statements and proposes that the Audited Annual Financial Statements be accepted and read together with the report of the Independent Auditor.

16.10. 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 and support towards us achieving the requirements of our Charter as mandated.



SULEMAN BADAT

Chairperson of the Audit and Risk Committee

MICTSETA

31 July 2022

17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The table below has been completed in accordance with the compliance to the B-BBEE requirements as required by the B-BBEE Act and as determined by the Department of Trade, Industry and Competition.

Has the public entity applied any relevant Code of Good Practice (B-BBEE Certificate levels 1 – 8)

CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	N/A. MICT SETA is a schedule 3A public entity that is mandated by the Skills Development Act to achieve skills development and economic growth within the subsector it operates.
Developing and implementing a preferential procurement policy?	Yes	Preferential procurement is covered in the SCM policy.
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A. MICT SETA is a schedule 3A entity that is mandated by the Skills Development Act to achieve skills development and economic growth within the subsector it operates.
Developing criteria for entering partnerships with the private sector?	Yes	MICT SETA has developed a Discretionary Grants policy that details the criteria for awarding Discretionary Funding.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	MICT SETA has developed a Discretionary Grants policy that details the criteria of awarding Discretionary Funding.



PART D
HUMAN
RESOURCE
MANAGEMENT

1. INTRODUCTION

1.1 OVERVIEW OF HUMAN RESOURCES MATTERS

The MICT SETA aims to attract employees with the right skills, qualifications and experience and to develop, and retain top-performing talent, by offering a Total Cost to Company (TCT) that is competitive with market-related salaries.

MICT SETA achieves this by developing and reviewing policies and strategies, where employees feel recognised, encouraged and appreciated for their contribution by being rewarded for achieving set organisational targets.

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.

The process of job evaluation, job grading and salary benchmarking is done every three (3) years or when the need arises to ensure that the MICT SETA is still competitive with the market.

SET HUMAN RESOURCES PRIORITIES FOR THE PERIOD UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The MICT SETA strives to equip and encourage its employees and their children who wish to pursue tertiary education by providing them with bursaries:

- Strengthen good governance practices
- Developed new ways of doing things, focusing on compliance and continuous improvement
- Attracted and retained highly competent employees
- Appointment of women in Senior Managerial positions

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

1.2 WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

In the year under review, interns were appointed within different departments such as Learning Programmes, Board Secretariat and Finance to equip young unemployed youth to become employable and gain work experience.

The MICT SETA offered bursaries to employees and their dependents to equip them with educational knowledge and to allow them to further their studies so that they can be well equipped in terms of applying for higher positions within the MICT SETA.

Other than a reasonable budget allocated to employee PDPs on soft skills, MICT SETA further supports its employees by offering bursaries to employees across levels who wish to pursue their tertiary studies.

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

1.3 EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

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 using performance rewards linked to the individual's performance in a year.

Employees are provided training to ensure that they are fully equipped in performing their daily tasks and are also provided guidance by line managers in order for them to grow within the MICT SETA.

1.4 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 the employees. In ensuring healthy and safe working conditions, the MICT SETA complies with the Occupational Health and Safety Act (OHSA) 85 of 1993.

The service provider is available 24/7 to ensure that employees are assisted with personal issues, legal issues, financial issues and work stress.

1.5 POLICY DEVELOPMENT

All the MICT SETA HR policies were reviewed and approved. It was decided that going forward all the HR policies will be reviewed tri-annually or 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 are driven by achieving organisational excellence through exemplary Human Resources best practices relating to organisational corporate governance and strategic Human Resources Management and giving guidance to employees on the expected behaviour of employees.



1.6 ACHIEVEMENTS

The Human Resources department achieved the following:

- Out of the Four (4) APP annual targets, HR achieved three (3) of the set targets.
- Human Resources Policies were reviewed and approved by the Board.
- Appointments of women in Senior Management positions e.g. Senior Manager ETQA, Senior Manager M&E, Senior Manager SSP and Senior Manager 4IR.
- Realignment of the organisational structure in line with strategic objectives.
- Attracted and retained over 90% of human resources talent.

1.7 CHALLENGES

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

- Manual recruitment processes.
- Non-compliance by employees in relation to the submission of documents such as performance contract, performance assessment and disclosure of interest on the due date.
- Attracting employees with disabilities in line with the MICT SETA Employment Equity plan.
- Attracting skilled and competent employees from different racial groups to achieve equitable representation within the MICT SETA.

1.8 FUTURE HUMAN RESOURCE PLANS / GOALS

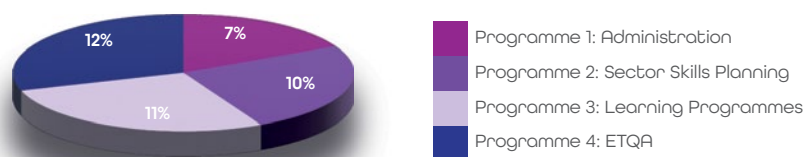
In an effort to ensure continuous improvement in the management of human resources within the MICT SETA, the Human Resources department has set the following plans/goals for the next financial year:

- Procurement of online recruitment system that will help to speed up the finalization of the recruitment process.
- To put measures in place such as counselling and verbal warnings as a corrective measure to ensure that employees comply to the submission dates.
- Prioritising appointments of people living with disabilities.
- Ensure broader representation within the MICT SETA with room for improvement.
- 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

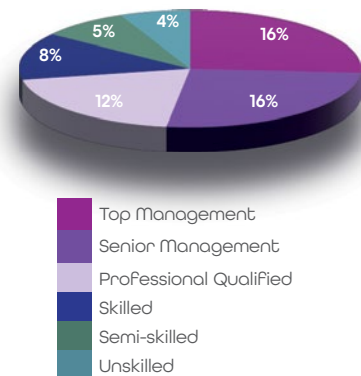
2.1 PERSONNEL BY COST PROGRAMME

PROGRAMME	TOTAL EXPENDITURE R'000	PERSONNEL EXPENDITURE R'000	EXPENDITURE %	NO. OF EMPLOYEES	AVG. COST PERSONNEL R'000
Programme 1: Administration	388 754	29 993	7%	61	492
Programme 2: Sector Skills Planning	38 238	3 061	10%	6	510
Programme 3: Learning Programmes	242 175	21 390	11%	38	563
Programme 4: ETQA	89 222	8 688	12%	14	621
Total	758 389	63 132	8%	119	531



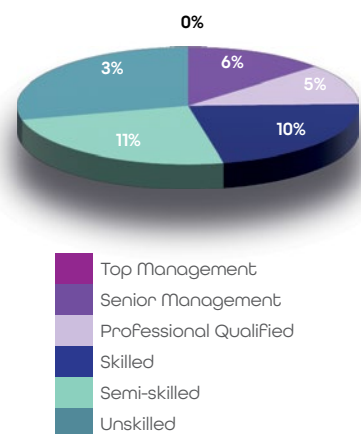
2.2 PERSONNEL BY SALARY BAND

PROGRAMME	TOTAL EXPENDITURE R'000	PERSONNEL EXPENDITURE R'000	EXPENDITURE %	NO. OF EMPLOYEES	AVG. COST PERSONNEL R'000
Top Management	6 373	1 021	16%	1	1 021
Senior Management	70 103	11 412	16%	11	1 037
Professional Qualified	89 222	11 082	12%	14	792
Skilled	280 413	23 582	8%	44	536
Semi-skilled	286 786	15 007	5%	45	333
Unskilled	25 492	1 028	4%	4	257
Total	758 389	63 132	8%	119	531



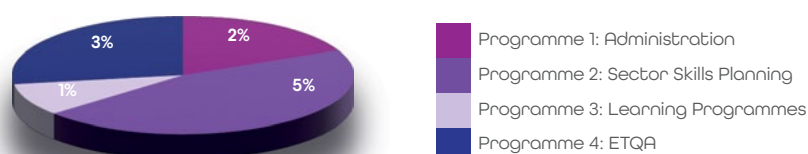
2.3 PERFORMANCE REWARDS

PROGRAMME	PERFORMANCE REWARD (CASH BONUS) R'000	PERSONNEL EXPENDITURE R'000	% OF PERFORMANCE REWARD TO TOTAL PERSONNEL COST %	NO. OF EMPLOYEES
Top Management	-	1 021	0%	1
Senior Management	709	11 412	6%	6
Professional Qualified	558	11 082	5%	6
Skilled	2 266	23 582	10%	29
Semi-skilled	1 593	15 007	11%	29
Unskilled	33	1 028	3%	1
Total	5 158	63 132	8%	77



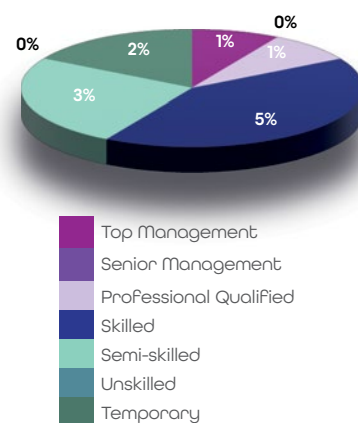
2.4 TRAINING COSTS

PROGRAMME	PERSONNEL EXPENDITURE R'000	TRAINING EXPENDITURE R'000	TRAINING EXPENDITURE AS A % PERSONNEL COST %	NO. OF EMPLOYEES	AVERAGE TRAINING COSTS PER EMPLOYEE R'000
Programme 1: Administration	29 993	522	2%	50	10
Programme 2: Sector Skills Planning	3 061	152	5%	6	25
Programme 3: Learning Programmes	21 390	277	1%	39	7
Programme 4: ETQA	8 688	267	3%	14	19
Total	63 132	1 219	2%	109	62



2.5 EMPLOYMENT AND VACANCIES

PROGRAMME	2020/21 EMPLOYEE	2021/22 APPROVED	NUMBER OF EMPLOYEES	VACANCIES	% OF VACANCIES
Top Management	1	1	0	1	1%
Senior Management	9	9	9	0	0%
Professional Qualified	13	13	12	1	1%
Skilled	48	48	42	6	5%
Semi-skilled	42	42	38	4	3%
Unskilled	1	1	1	0	0%
Temporary	17	17	15	2	2%
Total	131	131	117	14	11%

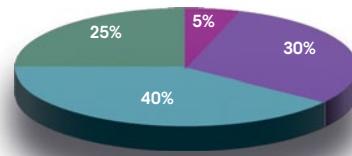


2.6 EMPLOYMENT CHANGES

PROGRAMME	EMPLOYMENT AT THE BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF PERIOD
Top Management	1	0	1	0
Senior Management	6	5	2	9
Professional Qualified	6	8	1	13
Skilled	34	10	6	38
Semi-skilled	36	3	2	37
Unskilled	1	0	0	1
Temporary	12	7	8	11
Total	96	33	20	109

2.7 REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NUMBER OF STAFF LEAVING
Death	1	5%
Resignation	6	30%
Dismissal	0	0%
Retirement	0	0%
Ill-health	0	0%
Expiry of contract	8	40%
Other	5	25%
Total	20	100%



% calculated at March 2022 closing headcount of 96
 *includes 2 trainees

2.8 LABOUR RELATIONS - MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	2
Final written warning	0
Suspension pending investigation	1
Dismissal	0
Total	3



TABLE 2.9 EMPLOYMENT EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

PROGRAMME	MALE			
	AFRICAN		COLOURED	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	1	0	0
Senior Management	4	4	1	1
Professional Qualified	5	7	1	1
Skilled	25	27	0	2
Semi-skilled	18	19	1	1
Unskilled	1	4	0	0
Temporary	8	1	0	0
Total	61	63	3	5

PROGRAMME	FEMALE			
	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

PROGRAMME	DISABLED STAFF			
	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



1. MESSAGE FROM THE ACTING CHIEF FINANCIAL OFFICER



MR. MTHENJWA MSELEKU CA(SA)
ACTING CHIEF FINANCIAL OFFICER

In a year filled with many challenges, we received tremendous support from our Executive Authority and our stakeholders. The SETA has seen a steady increase in skills development levy revenue since government is phasing in a return to normal approach post Covid 19 pandemic. The average skills development levy income amounted to R81 million per month, an increase of 22.72% from prior year.

These improved conditions have resulted in an increase of 61% in discretionary grants commitments compared to prior year.

Our asset base has increased by 66% mainly due to larger cash reserves in the current year compared to prior year which was affected by the skills development levy holiday.

We issued grants to approximately 13 676 learners totalling R721 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. The SETA has a strong commitment to make a meaningful change in our community through skills development. We are indeed encouraged by our communities within our priority areas as well as providing critical development for our most vulnerable communities during these difficult economic times.

Our strong financial standing is upheld with the commitment and expertise of our staff, partners and stakeholders even in these uncertain times. Our Accounting Authority 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 unqualified audit opinion 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

Mr Mthenjwa Mseleku CA(SA)
Acting Chief Financial Officer

26 July 2022

2. REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MEDIA, INFORMATION AND COMMUNICATION TECHNOLOGIES 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 101 to 146, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as 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 2022 and its financial performance and cash flows for the year then ended, in accordance with 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 the Standards of 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.

REPORT ON THE AUDIT OF THE 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 programmes 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 2022:

Programme	Pages in the Annual Performance Report
Programme 3: Learning programmes	51-58

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. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 3: Learning programmes

Various indicators

15. The achievements reported in the annual performance report materially differed from the supporting evidence as not all achievements as per the portfolio of evidence inspected were reported in the annual performance report for the following indicators;

Reported indicator	Reported Achievement
Number of University students completed their WIL placements on annual basis	340
Number of unemployed learners enrolled for internship programmes on annual basis	794
Number of unemployed learners completed internship programmes on annual basis	692
Number of workers granted bursaries on annual basis(New entry)	43
Number unemployed learners granted bursaries on annual basis(New entry)	304
Number of unemployed learners entering learnerships on annual basis	3827

OTHER MATTERS

16. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

17. Refer to the annual performance report on pages 51 to 58 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets. This information should be considered in the context

of the material findings on the usefulness and reliability of the reported performance information in paragraphs 10 to 15 of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

18. 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 only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

OTHER INFORMATION

21. 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 those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

22. 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.
23. 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.
24. 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

25. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report included in this report

26. Management did not have adequate processes of collating and reviewing all performance information to ensure that all achievements are recorded in the annual performance report.

Auditor-General

Pretoria
31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for a 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. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority/Board is required by the Public Finance Management (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 were given unrestricted access to all financial records and related data.



Mr Simphiwe Thobela
Chairperson of the board

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 judgements and estimates.

The Audited Annual Financial Statements set out on pages 101 to 146, which have been prepared on the going concern basis, were approved by the Accounting Authority on 26 July 2022 and were signed on its behalf by:



Mr Matome Madibana
Chief Executive Officer



Index

The reports and statements set out below comprise the audited annual financial statements presented to the Accounting Authority:

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STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
CURRENT ASSETS			
Inventories	3	204	333
Accounts receivables from exchange transactions	4	2,932	1,673
Accounts receivables from non-exchange transactions	5	6,072	1,851
UIF Receivables	6	-	36,140
Cash and cash equivalents	7	644,267	343,636
		653,475	383,633
NON-CURRENT ASSETS			
Property, plant and equipment	8	6,487	7,711
Intangible assets	9	7,882	11,856
		14,369	19,567
Total Assets		667,844	403,200
LIABILITIES			
CURRENT LIABILITIES			
Accounts payables from non-exchange transactions	10	112,072	118,557
Finance lease obligation	11	-	155
Accounts payables from exchange transactions	12	12,958	10,877
Provisions	13	22,990	20,710
		148,020	150,299
Total Liabilities		148,020	150,299
Net Assets		519,824	252,901
NET ASSETS REPRESENTED BY:			
Administration re-serve		14,369	19,567
Employer Grant reserve		150	12
Discretionary reserve		505,305	233,322
Total Net Assets		519,824	252,901

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2022

	Notes	2022 R'000	2021 R'000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Skills Development Levies	15	974,182	622,257
Skills Development Levy - Interest		6,805	4,785
Skills Development Levy - Penalties		7,141	7,878
Other Revenue - Grants Received	17	94	67
UIF Revenue		22,273	116,067
Total revenue from non-exchange transactions		1,010,495	751,054
REVENUE FROM EXCHANGE TRANSACTIONS			
Other revenue	17	39	279
Finance revenue	16	14,778	11,679
Total revenue from exchange transactions		14,817	11,958
Total revenue		1,025,312	763,012
EXPENDITURE			
Finance costs	18	13	77
UIF expense		22,273	116,067
Discretionary grant expenses	19	437,677	480,680
Mandatory grant expenses	19	175,978	120,888
Administration expenses	20	122,448	101,765
Total expenditure		758,389	819,477
Surplus (deficit) for the year	14	266,923	(56,465)

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2022

	Administration Reserve R'000	Mandatory Reserve R'000	Discretionary Reserve R'000	Total Reserves R'000
Balance at 01 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 grant	32,469	(34,843)	2,374	-
Total Changes	12,723	(592)	(68,596)	(56,465)
Balance at 01 April 2021	19,567	12	233,322	252,901
Surplus for the period	5,018	70,288	191,617	266,923
Transfer of surplus to discretionary grants	(10,216)	(70,150)	80,366	-
Total changes	(5,198)	138	271,983	266,923
Balance at 31 March 2022	14,369	150	505,305	519,824

Refer to note 14 for detailed calculation of surplus/(deficit)

CASH FLOW STATEMENT

For the year ended 31 March 2022

	Notes	2022 R'000	2021 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Skills development levies, interest & penalties		1,039,342	754,159
Finance revenue		14,778	11,679
Other cash receipts from stakeholders		39	346
		1,054,159	766,184
PAYMENTS			
Employer grants and programme payments		(640,858)	(748,724)
Payments to suppliers and other stakeholders		(48,523)	(36,578)
Compensation of employees		(63,074)	(54,006)
Finance costs		(13)	(77)
		(752,468)	(839,385)
Net cash out flows from operating activities	21	301,691	(73,201)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(538)	(6,169)
Purchase of intangible assets	9	(367)	(8,930)
Net cash flows used in investing activities		(905)	(15,099)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(155)	(243)
Net increase/(decrease) in cash and cash equivalents		300,631	(88,543)
Cash and cash equivalents at the beginning of the year		343,636	432,179
Cash and cash equivalents at the end of the year	7	644,267	343,636

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2022

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between Final budget and actual R'000
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Skills Development Levies	938,198	-	938,198	974,182	35,984
Skills Development Levies: Interest	-	-	-	6,805	6,805
Skills Development Levies: Penalties	-	-	-	7,141	7,141
Other revenue	-	-	-	94	94
UIF Revenue	8,544	-	8,544	22,273	13,729
Total revenue from non-exchange transactions	946,742	-	946,742	1,010,495	63,753
REVENUE FROM EXCHANGE TRANSACTIONS					
Other revenue	-	-	-	39	39
TRANSFER REVENUE					
Finance Revenue	14,040	-	14,040	14,778	738
Total revenue from exchange transactions	14,040	-	14,040	14,817	777
EXPENDITURE					
Discretionary grant expenses	(500,256)	(100,000)	(600,256)	(437,677)	162,579
Finance costs	-	-	-	(13)	(13)
UIF expense	(8,544)	-	(8,544)	(22,273)	(13,729)
Mandatory grant expense	(187,640)	-	(187,640)	(175,978)	11,662
Special Projects	(100,000)	100,000	-	-	-
Administration expenses	(123,138)	-	(123,138)	(122,448)	690
Total expenditure	(919,578)	-	(919,578)	(758,389)	161,189
Surplus for the year	41,204	-	41,204	266,923	225,719
Reallocation of Surplus to accumulated surpluses	-	(41,204)	(41,204)	-	41,204
(Deficit) Surplus for the year	41,204	(41,204)	-	266,923	266,923

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

ACCOUNTING POLICIES

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

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

These audited annual financial statements have been prepared on an 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 Unity South Africa (BUSA) and the Minister of Higher Education and Training has posed a risk on the going concern of 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 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 use for administrative purposes, and are expected to be used during more than one 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 - 6 years
Office equipment	Straight-line	7 - 10 years
Computer equipment	Straight-line	3 - 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.

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the 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 (or on the research phase of an internal project) 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 assets with finite useful lives are amortised over their useful lives using a straight-line basis and tested for impairment at each reporting 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 the 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 of the obligation.

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.

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 bonuses.

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 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 judgement 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 judgments 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 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 if 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 DOUBTABLE 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-cancelable or only cancelable 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.

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 on 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 the 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 the 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 the levy income from DHET, income from the National Skills Fund (NSF), and grants from the National Government.

LEVY INCOME

The Accounting Policy for 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 capitalised 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 the short-term investment 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.

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 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 Regulation issued in term of the Skills Development Act, 1998 (Act 97 of 1998) as amended as follows:

- Administration reserves
- Mandatory (Employer grant) reserve
- Discretionary reserves and
- Unappropriated surplus

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act and the regulations issued in terms the Act.

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 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.

1.17 TAXATION

The SETA received confirmation of the tax exemption on 04 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 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

The 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 01/04/2021 to 31/03/2022.

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 to be 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, that 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 indefectibility.

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.

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 flow of a financial instrument will fluctuate because of changes in market interest rate.

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in the 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 assets or financial liability.

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 ANNUAL FINANCIAL STATEMENTS

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:
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	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 01 April 2022 or later periods:

Standard/ Interpretation:	Effective Date: Years Beginning On Or After	Expected Impact:
GRAP 25 (as revised): Employee Benefits	To be determined	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	To be determined	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. INVENTORIES

Consumables and stationery

**2022
R'000**

**2021
R'000**

204

333

4. ACCOUNTS RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R'000	2021 R'000
Employee costs in advance	8	13
Prepayments	1,184	-
Deposits	1,060	1,060
Sundry receivables	743	655
Provision for bad debts	(63)	(55)
	2,932	1,673

5. ACCOUNTS RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables - Employer grants	6,243	2,181
Sundry receivables	3,143	-
Provision for bad debts	(3,314)	(330)
	6,072	1,851

6. UIF RECEIVABLES

UIF Receivables	-	36,140
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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 31 July 2022. UIF is contributing 80% towards the programme, and MICT SETA contributes 20%. At the financial year end 31 March 2022, the SETA had no contractual right to receive any cash because deliverables for the last disbursement were not met.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	9	-
Bank balances	382,161	169,272
Short-term investments	262,097	174,364
	644,267	343,636

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 2.78% (2021: 3.23%). Short term investments are held with the Corporation for Public Deposits., Cash that was invested in Investec was transferred to the Corporation for Deposits as per Treasury Note issued.

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. 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

	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Furniture and fittings	6,081	(3,429)	2,652	6,058	(2,997)	3,061
Motor vehicles	382	(382)	-	382	(382)	-
Office equipment	3,175	(2,482)	693	3,088	(2,197)	891
Computer equipment	7,232	(5,663)	1,569	6,819	(4,842)	1,977
Leasehold improvements	3,380	(1,807)	1,573	3,365	(1,583)	1,782
Total	20,250	(13,763)	6,487	19,712	(12,001)	7,711

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fittings	3,061	23	(432)	2,652
Office equipment	891	87	(285)	693
Computer equipment	1,976	414	(821)	1,569
Leasehold improvements	1,783	14	(224)	1,573
	7,711	538	(1,762)	6,487

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Office 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

The depreciation methods and average useful lives, and residual values of property, plant and equipment have been assessed and the impact was found to be not material:

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

INCLUDED IN STATEMENT OF FINANCIAL PERFORMANCE	2022 R'000	2021 R'000
Repairs and Maintenance	14	405

Expenditure incurred to repair and maintain property, plant and equipment is included in Statement of Financial Performance in the repairs and maintenance expenditure line item, R 14,000 For 2022 and R405,000 For 2021.

9. INTANGIBLE ASSETS

	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000
Computer software, purchased	2,026	(1,681)	345	2,026	(1,497)	529
Computer Software, internally generated	12,537	(5,000)	7,537	12,536	(1,209)	11,327
Total	14,563	(6,681)	7,882	14,562	(2,706)	11,856

RECONCILIATION OF INTANGIBLE ASSETS - 2022

	Opening balance R'000	Additions R'000	Amortisation R'000	Impairment loss R'000	Impairment reversal R'000	Total R'000
Computer software purchased	529	-	(184)	-	-	345
Computer Software, internally generated (a)	11,327	367	(3,791)	(457)	91	7,537
	11,856	367	(3,975)	(457)	91	7,882

RECONCILIATION OF INTANGIBLE ASSETS - 2021

	Opening balance R'000	Additions R'000	Amortisation R'000	Impairment loss R'000	Total R'000
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

(a) Internally generated assets include intangible assets under development which comprises of expenditure incurred on the development of a new Learner Management and the ERP System.

10. ACCOUNTS PAYABLE FROM NON-EXCHANGE TRANSACTIONS

	2022 R'000	2021 R'000
DESIGNATED AT FAIR VALUE		
Grants payable - Mandatory	34,641	31,508
Grants payable - Discretionary	70,559	80,209
InterSETA and other payables	6,872	6,840
	112,072	118,557

11. FINANCE LEASE OBLIGATION

	2022 R'000	2021 R'000
MINIMUM LEASE PAYMENTS DUE		
- within one year	-	168
	-	168
less: Future Finance charges	-	(13)
Present value of minimum lease payments	-	155

It is the entity's practice is 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 3 years and the implicit interest rate was 26%.

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

The lease reached its full useful life during the financial year at the end of October 2021.

12. ACCOUNTS PAYABLES FROM EXCHANGE TRANSACTIONS

Service provider payables	4,462	4,574
Payroll payables	211	1,529
Payroll accruals	3,046	2,399
Accruals	4,240	1,621
Operating lease liability	999	754
	12,958	10,877

13. PROVISIONS

RECONCILIATION OF PROVISIONS - 2022	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Performance bonus	5,966	6,690	(5,966)	6,690
Exempt employers	14,744	4,172	(2,616)	16,300
	20,710	10,862	(8,582)	22,990

RECONCILIATION OF PROVISIONS - 2021	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
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

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.

14. SURPLUS FOR THE YEAR

ALLOCATION OF SURPLUS FOR THE YEAR TO RESERVES: 2022

	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
Total revenue	127,479	246,266	651,567	1,025,312
Administration levy (10,5%)	127,346	-	-	127,346
Mandatory levy (20%)	-	246,266	-	246,266
Discretionary levy (49,5%)	-	-	600,570	600,570
Penalties and interest	-	-	13,946	13,946
Finance revenue	-	-	14,778	14,778
UIF revenue	-	-	22,273	22,273
Other revenue	133	-	-	133
Total expenditure	122,461	175,978	459,950	758,389
Administration expenses	122,448	-	-	122,448
Mandatory expenses	-	175,978	-	175,978
Discretionary expenses	-	-	437,677	437,677
Finance costs	13	-	-	13
UIF expense	-	-	22,273	22,273
(Deficit) Surplus per Statement of Financial Performance	5,018	70,288	191,617	266,923

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)

15. REVENUE

2022
R'000

2021
R'000

Levy income per the Statement of Financial Performance is as follows:

SKILLS DEVELOPMENT LEVY: ADMINISTRATION:

SDL: Administration	127,307	81,750
InterSETA transfers in	39	-
Administration levy income (10.5%)	127,346	81,750

SKILLS DEVELOPMENT LEVY: MANDATORY

SDL Income: Mandatory	246,298	155,263
InterSETA transfers in	-	12
InterSETA transfers out	(32)	(136)
Mandatory levy income (20%)	246,266	155,139

SKILLS DEVELOPMENT LEVY: DISCRETIONARY

SDL income: Discretionary	600,385	385,368
InterSETA transfers in	185	-
Discretionary levy income (49.5%)	600,570	385,368
Total Skills Development Levy Income	974,182	622,257

16. FINANCE REVENUE

INTEREST REVENUE

Interest from investments	7,733	9,238
Interest from bank	7,045	2,441
	14,778	11,679

17. OTHER REVENUE

Other revenue comprises of:

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

Income from penalties charged to service providers	20	207
Income from Insurance claim	19	49
Recovery of legal costs	-	23
	39	279

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

TAXATION REVENUE		
Grants from ETDP SETA	94	67

18. FINANCE COSTS

	2022 R'000	2021 R'000
Finance lease costs	13	77

19. MANDATORY AND DISCRETIONARY GRANT EXPENDITURE

Grants disbursed	173,725	98,218
Provision/(reversed) and accruals	2,253	22,670
Mandatory (employer) grants	175,978	120,888
Grants disbursed	434,162	469,500
Provision/reversed and accruals	3,515	11,180
Discretionary grants (programmes)	437,677	480,680

20. ADMINISTRATIVE EXPENDITURE

Operating lease rental - Buildings		6,729	6,347
Operating lease rental - Equipment		777	760
Repairs and maintenance		25	457
QCTO expenditure		4,436	6,126
Advertising, marketing and publications		2,916	768
Catering and Refreshments		53	51
Service provider and consulting fees		1,418	3,478
Legal fees		1,334	1,017
Investigations		54	857
Compensation of employees	20.1	63,132	54,463
Travel and subsistence		1,661	419
Staff training and development		1,219	1,040
Remuneration to Board and Sub-Committees		7,087	8,674
External audit fees		3,314	2,197
Internal audit fees		-	230
Telephone and cell phone costs		530	343
General expenses	20.2	6,830	4,049
ICT support costs		10,939	6,834
Depreciation and Impairment		1,763	1,745
Amortisation and Impairment		4,341	1,252
Research costs		1,213	658
4IR Qualification Development		2,677	-
		122,448	101,765

20. ADMINISTRATIVE EXPENDITURE (CONTINUED)

20.1 COMPENSATION OF EMPLOYEES

	Salaries and wages R'000	Employer contributions R'000	Other contributions R'000	Total R'000
2022				
Basic salaries	46,930	-	-	46,930
Performance awards	5,904	-	-	5,904
Other non-pensionable allowance	603	-	-	603
Medical aid contributions	-	3,514	-	3,514
Pension contributions	-	3,636	-	3,636
UIF and SDL	-	767	-	767
Leave and 13th cheque	-	-	1,778	1,778
	53,437	7,917	1,778	63,132
2021				
Basic salaries	40,355	-	-	40,355
Performance awards	5,341	-	-	5,341
Other non-pensionable allowance	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

20.2 GENERAL EXPENSES

	2022 R'000	2021 R'000
Bank Charges	139	372
Certificates and Qualifications	159	553
Cleaning	10	12
Electricity and Water	1,283	907
Insurance	152	71
Licences and subscriptions	20	21
Postage and courier	68	14
Printing and stationary	252	287
Other expenses	158	729
Human resource expenses	260	437
Equipment Rental	532	-
Roadshows and Forums	599	-
Provision for bad debt	3,151	4
Storage Facilities	30	213
COVID 19 expenses	17	429
	6,830	4,049

21. CASH USED IN OPERATIONS

	2022 R'000	2021 R'000
Surplus/(Deficit)	266,923	(56,465)
Adjustments For:		
Depreciation	1,763	1,745
Amortisation	3,975	1,252
Impairment	366	366
Provision for bad debts	3,151	4
Movements in provisions	2,280	2,720
Changes in working capital:		
Inventories	(129)	116
Accounts receivable from exchange transactions	(1,259)	2,815
Accounts receivable from non-exchange transactions	(4,221)	(161)
UIF receivables	36,140	2,198
Movement in provision for doubtful debt	(2,894)	-
Accounts payable from exchange transactions	2,081	1,923
Accounts payable from non-exchange transactions	(6,485)	8,624
UIF Deferred revenue	-	(38,338)
	301,691	(73,201)

22. COMMITMENTS

DISCRETIONARY RESERVE: 2022

Commitments approved and effective	NSDP Target	Opening Balance R'000	Adjustments R'000	New Contracts R'000	Expenditure R'000	Write Backs R'000	Total R'000
Increasing access to occupationally directed programmes**	4	243,843	(4,957)	603,030	(329,614)	(23,069)	489,233
Promoting the growth of Public TVET College system	4	39,075	-	137,146	(108,063)	(1,149)	67,009
		282,918	(4,957)	740,176	(437,677)	(24,218)	556,242

**Included in this line is transactions with Universities for Bursaries, WIL, Internship and Learnerships amounting to R 313 million), (2021:R255 million).

**Included in the commitment balance is an amount of R 1,2 million in which Ms N Khumalo and Mr T Mamorobela board members are employees.

** Included in the commitment balance is the UIF Commitment amount of R 4 million. See note 6 for details.

DISCRETIONARY RESERVE: 2021

Increasing access to occupationally directed programme	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

**Included in this line is transactions with Universities for Bursaries, WIL, Internship and Learnerships amounting to R255 million), (2021:R255 million).

**Included in the commitment balance is an amount of R 1.7 million in respect of National Union of Metal Workers of South Africa in which Mr V James our board member, is an employee and an amount of R 3.4 million in respect of South African Mobile Devices Distributors and Repairers Association in which Mr L Tyiro our board member, is a Founder and a director.

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

22. COMMITMENTS (CONTINUED)

2022
R'000

2021
R'000

OPERATING LEASES

Minimum lease payments due

- within one year
- in second to fifth year inclusive

	-	4,785
	8,583	13,012
	8,583	17,797

Operating lease payments represent rentals payable by the entity for 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 payments due within one year is R 4.4 million, the lease has an escalation rate of 8% per annum. The leases for the regional offices have expired in the current financial year and procurement of new leases is underway, these leases were extended for a 6 months period while the procurement was being finalised, the Kwa-zulu Natal and Cape Town leases have been extended until August 2022 and September 2022 respectively. The lease for Eastern Cape contract is month to month basis until the procurement process was finalised in April 2022.

23. CONTINGENCIES

LITIGATIONS

MATTERS RELATING TO LABOUR DISPUTES

Claimed Amount

Legal Fees

	4,422	57
	455	1,022
	4,877	1,079

- 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 MICT SETA as in the Statement of Financial Performance under administration expenses.
- Included in the litigations above is a claim from an unsuccessful bidder taking MICT SETA to court pleading for review and setting aside of the lease agreement of the East London Office. The lawyers have indicated an estimated value of R 0,5 million, should MICT SETA lose the case. The legal fees are estimated at R 0,166 million.
- Included in the litigations above is a claim from a former employee who has taken the MICT SETA to court alleging discrimination relating to unilateral changes to employment conditions wherein the former employee was forced to take early retirement in 2017. The lawyers have indicated an estimated value of R 3 million, should MICT SETA lose the case.
The legal fees are estimated at R 0,218 million.
- Included in the litigations above is a claim from a former employee, the employee resigned and later declared the dispute that her resignation amounted to constructive dismissal in that MICT SETA made continued conditions of her employment intolerable - this matter referred to Conciliation. MICT SETA has estimated a value of R 0,538 million which is equivalent to employees 12 months salary.

23. CONTINGENCIES (CONTINUED)

- e) Included in the litigations above is a claim from a service provider over payment of invoices, where the service provider is claiming to have rendered services. MICT SETA is in dispute. The amount claimed by the service provider is R 0,383 million. The legal fees are estimated at R 0,070 million.
- f) In the prior year a former employee alleged unfair labour practice in respect of other payments alleged to be due to him. The matter was referred to arbitration and the arbitrator ruled in favour of MICT SETA.

FIRST TIME EMPLOYER REGISTRATIONS.

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

At the reporting date it is estimated that, as a result of possible applications, additional mandatory grant expenditure of R 149 821 (R 2021: R 12 163) may be incurred. The amount is contingent on the number of submissions received and approved.

SETA GRANT REGULATIONS 3 DECEMBER 2021 AS REPROMULGATED: TREATMENT OF SURPLUS.

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 OF 3 DECEMBER 2012 AS REPROMULGATED: 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 (BUSA), to which a ruling was ultimately made by the Labour Appeal Court in October 2019, the effect of which Regulation 4(4) was 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 2021/22 financial year, which is also aligned to the approved annual performance plan. The mandatory grant expenditure is the staff.

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.

23. CONTINGENCIES (CONTINUED)

RETENTION OF CASH SURPLUS.

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 realized in the previous financial year without obtaining prior written of National Treasury. On the 25 May 2017, National treasury issued Instruction No. 6 of 2017/2018 which introduced the revised provisions of the retention of surplus 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 the 02 September 2020, National Treasury issued a new instruction note 12 of 2020/2021 effective for the surpluses realised in the 2019/20 financial years and beyond, this instruction note repealed Instruction note no. 06 of 2017/2018 on 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 Cash and Cash Equivalent at the end of the year add Receivable less Current liabilities.

Notwithstanding the accumulated surplus of R505 million below, MICT SETA has at year end commitments in the form of contracts with various service providers as indicated in note 22. The commitment value on these contracts is R 556 million. The Net deficit after taking into account these commitments is -R 51 million.

CALCULATION OF SURPLUS	2022 R'000	2021 R'000
Cash and cash equivalents at the end of the year	644,267	343,636
Add: Receivables	9,004	39,664
Less: Current liabilities	(148,020)	(150,299)
(Deficit)/Surplus	505,251	233,001

24. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

In the course of operations the MICT 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 2021/22 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

24. FINANCIAL INSTRUMENTS (CONTINUED)

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 2022	Interest bearing (Variable rate)		Non-interest bearing	
	Amount R'000	Effective interest rate %	Amount R'000	Total R'000
Cash and cash equivalents	644,267	2.78%	-	644,267
Accounts receivable	615	2.78%	3,271	3,886
Total Financial assets	644,882		3,271	648,153
Accounts payable	(114)		(4,462)	(4,832)
	644,768		(1,191)	643,321

YEAR ENDED 31 MARCH 2021	Amount R'000	Effective interest rate %	Amount R'000	Total R'000
Cash and cash equivalents	343,636	3.23%	-	343,636
Amounts 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

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

3. OTHER PRICE RISK.

The entity is not exposed to other price risk.

4. CREDIT RISK.

Financial asset, 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 account 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 Regulations. The MICT SETA's exposure is continuously monitored by Finance and Remuneration Committee.

Credit risk with respect to levy paying employers is limited due to 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. No events occurred in the industry during the financial year that may have an impact on the accounts receivables that has not been adequately assessed and provided for. Accounts receivable are presented net of an allowance for doubtful debt.

24. FINANCIAL INSTRUMENTS (CONTINUED)

2022
R'000

2021
R'000

CASH AT BANK AND SHORT-TERM INVESTMENTS

Bank balances	382,470	169,272
Short-term investments	262,097	174,364
	644,567	343,636

5. LIQUIDITY RISK.

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

YEAR ENDED 31 MARCH 2022	Carrying amount R'000	On Demand R'000	1 - 3 months R'000	4 - 12 months R'000	1 - 5 years R'000
CURRENT ASSETS					
Accounts receivable From exchange transactions	2,932	2,932	-	-	-
Accounts receivables From non-exchange transactions	6,072	6,072	-	-	-
UIF Receivables	-	-	-	-	-
Inventories	204	204	-	-	-
Cash and cash equivalents	644,267	644,267	-	-	-
CURRENT LIABILITIES					
Accounts payables From exchange transactions	(12,958)	(12,958)	-	-	-
Accounts From non-exchange transactions	(112,072)	(112,072)	-	-	-
Finance lease obligation	-	-	-	-	-
Provisions	(22,990)	(22,990)	-	-	-
	505,455	505,455	-	-	-

YEAR ENDED 31 MARCH 2021

CURRENT ASSETS					
Accounts receivables From exchange transactions	1,673	1,673	-	-	-
Accounts receivables From non-exchange transactions	1,851	1,851	-	-	-
UIF Receivables	-	-	-	-	-
Inventories	36,140	36,140	-	-	-
Cash and cash equivalents	333	333	-	-	-
Current liabilities	343,636	343,636	-	-	-
Accounts payable From non-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)	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

CATEGORIES OF 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 on 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 RECEIVABLES

The carrying amount of accounts receivable, net 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 rate approximates their carrying amounts.

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

FINANCIAL ASSETS: 2022	At fair value R'000	At amortised cost R'000	Total R'000
Trade and other receivables from exchange transactions	-	2,932	2,932
Cash and cash equivalents	644,267	-	644,267
	644,267	2,932	647,199

FINANCIAL LIABILITIES: 2022	At amortised cost R'000	Total R'000
Trade and other payables from exchange transactions	12,958	12,958
Taxes and transfer payable (non-exchange)	70,559	70,559
	83,517	83,517

24. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS: 2021	At fair value R'000	At amortised cost R'000	Total R'000
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

FINANCIAL LIABILITIES: 2021	At amortised cost R'000	Total R'000
Trade and other payables from exchange transactions	10,877	10,877
Taxes and transfers payables (non-exchange)	80,209	80,209
	91,086	91,086

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 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 transaction. Where there were transaction 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 & 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 Setas are disclosed in note 17.

25. RELATED PARTIES (CONTINUED)

2022
R'000

2021
R'000

RELATED PARTY BALANCES

AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES

MERSETA	(5,935)	(5,935)
FP&M SETA	(53)	(53)
SERVICE 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

MANAGEMENT CLASS: SENIOR MANAGEMENT

2022 Name	Basic R'000	Bonus and performance related payments R'000	Other short-term employment benefits R'000	Post- employment benefits R'000	Other benefits received R'000	Total R'000
CEO (a)	660	-	42	41	6	749
CFO	1,795	271	107	47	19	2,239
CIO	1,447	121	107	98	19	1,793
Acting: CEO (b)	420	-	-	-	-	420
SM: SSP (c)	375	-	23	27	8	433
M:CEO (d)	445	-	130	85	8	668
SM: LPD (e)	79	-	3	3	2	87
Acting SM: LPD (e)	86	-	-	-	-	86
SM: ETQA	1,244	-	75	44	19	1,382
SM: Monitoring and Evaluation	97	-	6	5	2	110
SM: Corporate Services	1,261	185	116	31	19	1,612
SM: 4IR (F)	253	89	31	13	6	392
Board Secretary (g)	443	-	28	28	8	507
Acting: Board Secretary (g)	145	-	-	-	-	145
Acting SM: 4IR (F)	103	-	-	-	-	103
	8,853	666	668	422	116	10,726

- (a) The Former 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. He subsequently resigned from the organisation on the 31 of July 2021. While on suspension he continued to receive his salary and full benefit until his resignation on the 31 July 2021.
- (b) The Senior Manager:Corporate Service was appointed as an Acting CEO from the 1st of March 2021. He acted in this position until 1st of May 2022.
- (c) The Senior Manager:SSP as appointed on the 2nd of November 2021, The previous Senior Manager resigned in December 2020. There was no one who acted in the position.
- (d) The Manager OCEO: was appointed in on the 1st of August 2021. The previous manager left the organisation in February 2021. There was no one who acted in the position
- (e) The Manager LPD: acted in this position from the 4th of March 2021 until the end 31 July 2021 when he was appointed as a Senior Manager LPD on a permanent basis. During the period of of the 4th of March 2021 to 6 of April 2021, the then Senior Manager: LPD was on sick leave, he later resigned from the organisation on the 7th of April 2021 .
- (F) The Advisor LPD acted as a Senior Manager 4IR from 1st of March 2021 until 30 November 2021 when she was appointed as Senior Manager 4IR on the 1 December 2021.
- (g) The Committee Secretary acted in the position of Board Secretary from 01 August 2021 until 28 February 2022, when a new Board Secretary was appointed.

25. RELATED PARTIES (CONTINUED)

2021 Name	Basic R'000	Bonus and performance related payments R'000	Other short-term employment benefits R'000	Post- employment benefits R'000	Other benefits received R'000	Total R'000
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	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 and Evaluation	73	-	-	-	-	73
Acting SM: LPD (e)	116	-	-	-	-	116
SM: LPD (e)	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	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 the 10 July 2019 and he lodged a dispute with the CCMA. He continued to receive Full employment benefits until his resignation on the 20th August 2020.
- (b) A new ETQA Senior Manager was appointed from March 2021.
- (c) The ETQA Advisor and Senior Manager: Corporate Services acted in this position between 01 April 2020-28 February 2021. In accordance with the acting allowance policy only the ETQA advisor was paid an acting allowance. The ETQA advisor acted from 01 October 2020-28 February 2021.
- (d) The Manager HR acted in this position from 01 October 2020-31 October 2020 and was paid an acting allowance.
- (e) The Manager LPD was appointed to act in this position from 10 July 2020-04 March 2021 and was paid an acting allowance.
- (f) The KZN Regional Manager, Finance Manager and LPD Manager acted in this position and were paid an acting allowance. The KZN Regional Manager acted between 01 April 2020-30 June 2020. The Finance Manager acted from 01 December 2020-28 February 2021 during the time the LPD Senior Manager was on sick leave and the LPD Manager acted in the position between 04 March 2021-31 March 2021.
- (g) The SSP Senior Manager went on early retirement. Her last month was December 2020.
- (h) The Manager in the OCEO acted in this position from 01 January 2021-28 February 2021 and was paid an acting allowance.
- (i) The 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) The Manager in the Office of the CEO (OCEO) resigned during the year and his last month was February 2021.
- (k) The CFO and the Corporate Services Senior Manager acted in this position in January 2021 and March 2021 respectively.

25. RELATED PARTIES (CONTINUED)

MANAGEMENT CLASS: BOARD MEMBERS - 2022

	Board R'000	FinRemco R'000	Exco R'000	Govco R'000	ICT R'000	Audit & Risk Committee R'000	Other R'000	Travel and Accomm. R'000	Total R'000
Mr S Thobela	150	22	172	58	17	6	303	1,074	1,802
Ms P Buthelezi (a)	87	-	-	53	-	56	53	13	262
Ms N Khumalo	134	-	134	77	-	-	101	34	480
Mr K Xaba (b)	26	9	-	-	9	-	41	14	99
Mr L Langa	130	47	-	-	39	-	54	17	287
Mr L Tyira	134	-	134	53	11	-	118	121	571
Ms M White (a)	30	33	-	26	-	-	41	14	144
Ms M Ramonyai (c)	52	17	-	-	9	-	36	13	127
Mr S Zwane	125	-	134	9	30	-	63	55	416
Mr T Mamorobela	113	11	-	-	30	65	30	83	332
Mr T Mofokeng	125	-	134	-	47	-	90	34	430
Ms T Faye	125	54	-	11	30	-	38	16	274
Mr V James	130	39	-	56	9	9	48	14	305
Mr S Ngobeni (d)	6	-	-	-	-	-	158	-	164
Mr S Badat	61	-	-	-	-	72	29	-	162
Mr G Labane	4	-	-	-	-	68	66	-	138
Ms L Nkosi	4	-	-	-	-	56	86	1	147
	1,436	232	708	343	231	332	1,355	1,503	6,140

(a) Ms. White and Ms. Buthelezi resigned during the financial year in May 2021 and February 2022 respectively

(b) Mr Xaba passed away in June 2021

(c) Ms. Ramonyai was recalled by her organization in July, the minister terminated her membership in August 2021

(d) Mr. Ngobeni is an independent member of the RMC, who chairs the management committee and reports to ARC functionally.

(e) Included in Other is R256 000 for shortlistings and interviews of senior managers, R 220 000 for board training and membership subscriptions. As well as other ministerial meetings and other stakeholder engagements.

(f) The remuneration of Board members above does not include Conference Fees (R 0.947 million) paid for on behalf of the board, these are included as part of the board expenses in note 20

25. RELATED PARTIES (CONTINUED)

MANAGEMENT CLASS: BOARD MEMBERS - 2021

	Board R'000	FinRemco R'000	Exco R'000	Govco R'000	ICT R'000	Audit & Risk Committee R'000	Other R'000	Travel and Accomm. R'000	Total R'000
Mr S Thobela	302	28	172	80	28	22	125	661	1,418
Ms P Mngomezulu	164	73	-	73	-	17	63	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	4	42	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	-	-	-	-	33	6	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	173	38	-	261
	2,778	678	676	563	401	478	898	897	7,369

- The previous Board was terminated in March 2020 and the new Board was appointed effective 01 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.
- Included in the Board amount is R 310 000 relating to remuneration for attending Board Induction
- Included in Other is R 90 000 (Project Management meeting), R 99 000 (Engagement with employees), R 80 000 (NSA consultation), R 400 000 (Shortlisting and Interviews for Senior Management and Audit and Risk members), R 224 000 (Training).
- The remuneration of Board members above does not include Conference Fees (R 1,1 million), and other incidental costs (R 194 000) paid for on behalf of the board, these are included as part of the board expenses in note 20

25. RELATED PARTIES (CONTINUED)

NON-EXECUTIVE MEMBERS

The MICT SETA has, in the normal course of its 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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
ADMINISTRATION EXPENDITURE				
CWU Commission on Promotional Items	(1)	(1)	-	-
• Mr T Mamorobela				
• Ms N Khumalo				
NEHAUU	(57)	(46)	-	-
• MR K Xaba				
Telkom	(370)	(305)	-	-
• Mr T Mamorobela				
MANDATORY (EMPLOYER) GRANTS EXPENDITURE				
Telkom	(9,653)	(5,690)	-	-
• Mr T Mamorobela				
Dell	-	(506)	-	-
• Natasha Reuben				
DISCRETIONARY GRANTS EXPENDITURE				
South African Mobile Devices Distributors and Repairers Association (a)	(3,418)	-	-	-
• Mr L Tira				
National Union of Metalworkers of South Africa (a)	(1,680)	-	-	-
• Mr V James				
Communications Workers Union	(6,843)	-	-	-
• Ms N Khumalo				
• Mr T Mamorobela				
	(22,022)	(6,548)	-	-

(a) The comparison for 2020/2021 transactions amounts to R 0,604 million and 0,210 million relating discretionary grants expenditure paid to companies that are related to the board members. These transactions and nature of relationship were disclosed in note 22 in the financial year 2020/2021.

26. EVENTS AFTER THE REPORTING DATE

The MICT SETA appointed a Chief Executive Officer, Mr Matome Madibana, on the 2nd May 2022. Mr Matome Madibana was a Senior Manager Corporate Service, he has been acting in the position of CEO since the former CEO left the organisation.

The Current Chief Financial Officer of the organisation was put on suspension for alleged misconduct on the 12 of May 2022 pending the outcome of the investigation.

27. FRUITLESS AND WASTEFUL EXPENDITURE

2022
R'000 **2021**
R'000

Opening balance as previously reported	9	12
Opening balance as restated	9	12
Less: Amounts recoverable - prior period	-	(3)
Closing balance	9	9

Fruitless and Wasteful expenditure relates to interest charged by Auditor General and Redefine Properties on invoices paid after 30 days for an amount of R 5 553; R 500 relates to staff advance not recovered from an employee at the end of their service; R 310 relates to traffic fines; R 2990 is the cost of expired consumables in the MICT Storeroom.

The Fruitless and Wasteful expenditure of R 9000 is being investigated to determine the recoverability of the amount according to the Fruitless and Wasteful Expenditure Framework.

28. IRREGULAR EXPENDITURE

Opening balance as previously reported	153,307	152,065
Add: Irregular Expenditure - current	3,579	1,562
Less: Irregular Expenditure on contracts condoned by National Treasury	-	-
Less: Irregular expenditure on contracts removed by the Relevant Authority/Accounting Authority	-	(320)
Closing balance	156,886	153,307

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 were 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.

28. IRREGULAR EXPENDITURE (CONTINUED)

2022
R'000 **2021**
R'000

ANALYSIS OF IRREGULAR EXPENDITURE ON CONTRACTS CONDONED BY NATIONAL TREASURY/REMOVED BY THE RELEVANT AUTHORITY PER AGE CLASSIFICATION

Irregular Expenditure incurred in the prior year	-	-
Irregular Expenditure removed by the Relevant Authority in the current year	-	320
	-	320

Management investigated the irregular expenditure and took effective and appropriate steps against the officials who made and/or permitted the irregular expenditure. Included in the irregular expenditure reported is an amount of R 152 million submitted to the relevant authority for condonation.

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 expenditure is R 3.2 million related to fees paid to the Chairman of the board who was appointed by the Executive Authority. DHET has submitted a blanket condonation request to National Treasury.

ANALYSIS OF CLOSING BALANCE OF IRREGULAR EXPENDITURE AWAITING CONDONATION PER AGE CLASSIFICATION

Current year: Awaiting condonation	3,579	1,536
Prior years: Awaiting condonation	153,307	151,771
Prior year: Not condoned	-	-
	156,886	153,307

DETAILS OF IRREGULAR EXPENDITURE

Contract extensions exceeded the 15% threshold without prior written approval from National Treasury. This is as a result of contravention of SCM Instruction Note 3 of 2016/17; expansion of variation of orders.	2,493	2,493
Procurement of services above the threshold values determined by the National Treasury. Contravention of Treasury Regulation 16A 6.1 and Practice Note 8 of 2007/2008.	1,937	160
Accounting Authority member's appointment: Contravention of Sections 11A 11C(1) 11(5)	3,220	1,418
Irregular expenditure relates to budget management. R 67m (2018/19) and R6m (2016/17) and R 55m from prior year	128,866	128,866
Contravention of section 50 & 51 of PFMA	20,130	20,130
Contravention of Treasury Instruction Note 4A of 2016/17	47	47
Contravention of Practice Note 7 of 2009/10	193	193
	156,886	153,307

29. BUDGET DIFFERENCES

SKILLS DEVELOPMENT LEVY: INCOME FROM NON-EXCHANGE TRANSACTIONS

The year to date Skills Development Levy income received from DHET is R 988 million, R 49,9 million above approved budget due to improved economy within the sector and R 353.2 million 55.62% above prior year actuals due to the Skills Development Levy holiday granted to employers in the prior financial year.

FINANCE REVENUE

Finance revenue comprises of interest received from investments and bank balances, this is R0.738 million which is within 5% variance of the budgeted amount.

MANDATORY AND DISCRETIONARY GRANT EXPENDITURE

Mandatory grant expenditure -6.21% below budget of R 187.6 million and a 45.5% above year to date prior year actuals. The variance on the budget is due to a conservative budget estimate and the variance on prior year is due to the holiday on the SDL resulting in less income and thus less payments in the prior year

Discretionary grant expenditure is below budget by -27.08% due to majority of current year commitments being signed only in the last quarter as well as the reallocation of the special projects budget. The actual expenditure is below prior year actuals by - 8,95%, this can be attributed to the delays in the approvals of SLAs in the current year resulting from systems issues.

ADMINISTRATION EXPENDITURE

Administration expenditure for 2021/22 is -0.55% below budget. The saving in the administration expenditure is a result of underspending mainly due to cost management. The actual is however 20,25% greater 2020/21 financial year mainly due to salary costs on filling up some of strategic positions embarked throughout the current year. Major variance of administration expenditure are indicated below.

DESCRIPTION	Final budget R'000	Actual expenditure R'000	Difference R'000
Compensation of employees	71,769	63,132	(8,637)
Legal fees	1,000	1,334	334
Consulting fees	1,000	1,418	(418)
Repairs and maintenance	750	25	(725)
ICT support costs	3,915	10,939	7,024
Building rentals	7,812	6,729	(1,083)
Marketing and advertising	1,778	2,916	1,138
Investigations	-	54	54
Depreciation & amortisation	6,790	6,104	(686)
External audit fees	3,992	3,314	(678)
Remuneration to board and sub-committees	4,662	7,087	2,425
Research	1,000	1,213	213
	104,468	104,265	(1,039)

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: 2022

	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
REVENUE				
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Skills Development Levy: Income	127,346	246,266	600,570	974,182
Skills Development Levy: Interest and penalties	-	-	13,946	13,946
Other revenue - grants received	94	-	-	94
REVENUE FROM EXCHANGE TRANSACTIONS				
Interest revenue	-	-	14,778	14,778
Other revenue	39	-	-	39
UIF Income	-	-	22,273	22,273
Total segment revenue	127,479	246,266	651,567	1,025,312
EXPENDITURE				
Cost of employment	63,132	-	-	63,132
Depreciation and amortisation	6,104	-	-	6,104
Other administration expenses	53,212	-	-	53,212
Employer grant and project expenses	-	175,978	437,677	613,655
Finance costs	13	-	-	13
UIF Expense	-	-	22,273	22,273
Total segment expenditure	122,461	175,978	459,950	758,389
Total segment surplus	(5,018)	(70,288)	(191,617)	(266,923)
ASSETS				
Non-current assets	14,369	-	-	14,369
Consumables	204	-	-	204
Accounts receivable from exchange transactions	2,932	-	-	2,932
Accounts receivable from non-exchange transactions	-	6,072	-	6,072
Total segment assets	17,505	6,072	-	23,577
Cash and cash equivalents				644,267

30. SEGMENT INFORMATION (CONTINUED)

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES: 2022 (CONTINUED)

	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
LIABILITIES				
Accounts payable from exchange transactions	12,958	-	-	12,958
Accounts payable from non-exchange transactions	-	41,513	70,559	112,072
Provisions	6,690	16,300	-	22,990
Total segment liabilities	19,648	57,813	70,559	148,020

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES: 2021

	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
REVENUE				
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
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
EXPENDITURE				
Cost of employment	54,463	-	-	54,463
Depreciation and amortisation	2,997	-	-	2,997
Other administration expenses	44,305	-	-	44,305
Employer grant and project expenses	-	120,888	480,680	601,568
Finance costs	77	-	-	77
UIF Expense	-	-	116,067	116,067
Total segment expenditure	101,842	120,888	596,747	819,477
Total segment surplus	(19,746)	34,251	(70,970)	(56,465)
ASSETS				
Non-current assets	21,655	-	-	21,655
Consumables	333	-	-	333
Accounts receivable from exchange transactions	1,673	-	-	1,673
Accounts receivable from non-exchange transactions	-	1,851	-	1,851
UIF Receivable	-	-	36,140	36,140
Total segment assets	23,661	1,851	36,140	61,652
Cash and cash equivalents				343,636

30. SEGMENT INFORMATION (CONTINUED)

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES: 2021 (CONTINUED)

	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
LIABILITIES	10,877	-	-	10,877
Accounts payable from exchange transactions	-	38,348	80,209	118,557
Accounts payable from non-exchange transactions	155	-	-	155
Provisions	5,966	14,744	-	20,710
Total segment liabilities	16,998	53,092	80,209	150,299

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