



"Developing Skills. Serving Society"

2022/23 ANNUAL GENERAL MEETING FINANCE REPORT



CETA AGM– 17 NOVEMBER 2023



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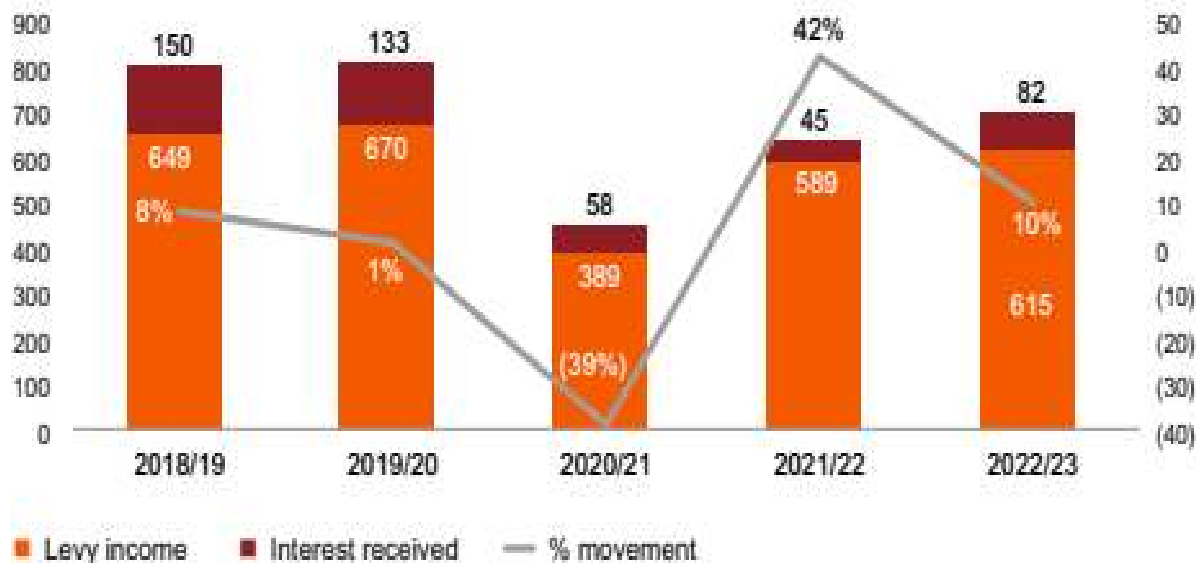
FINANCE REPORT

Statement of Financial Performance as at 31 March 2023

"Developing Skills. Serving Society"



Total revenue over five years (Rm)



Total revenue

R697m

grows

10%

Surplus

R10.6m

improves

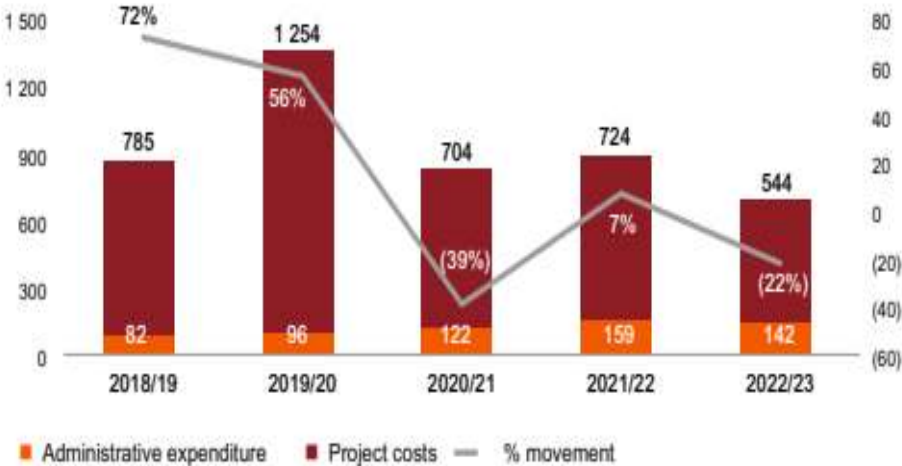
R259m

Statement of Financial Performance as at 31 March 2023

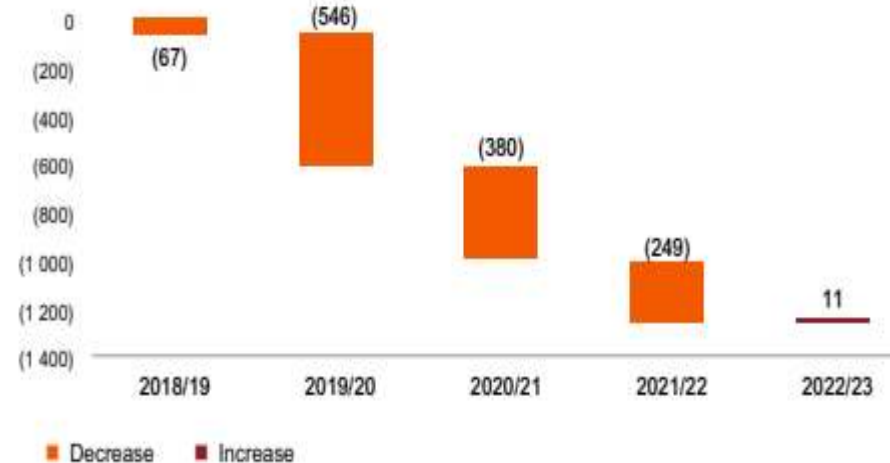
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Total expenditure over five years (Rm)



(Surplus)/deficit over five years (Rm)



Statement of Financial Position as at 31 March 2023

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	Note(s)	2023 R'000	2022 R'000
Assets			
Current assets			
Consumables	16	755	2,021
Receivables from exchange transactions	14	3,596	2,696
Receivables from non-exchange transactions	15	19,870	19,244
Cash and cash equivalents	13	1,063,789	1,116,104
		1,088,010	1,140,065
Non-current assets			
Property, plant and equipment	17	18,359	8,451
Intangible assets	18	7,875	7,749
		26,234	16,200
Total assets		1,114,244	1,156,265
Liabilities			
Current liabilities			
Payables from exchange transactions	19	17,478	19,407
Payables from non-exchange transactions	20	93,471	148,869
Provisions	21	32,903	28,173
Total liabilities		143,852	196,449
Net assets		970,392	959,816
Reserves			
Administration reserves		26,235	16,200
Employer grant reserves		1,077	941
Discretionary Grant reserve		943,080	942,675
Total net assets		970,392	959,816

Financial Overview

Statement of Financial Position

Current Assets

- Overall, current assets amounted to R1 billion.
- Cash Balance of R1b (2022: R1.1b) slightly less than prior year due to increase in project payments.

Non-Current Assets

- Property, plant and equipment increased to R18m from R10m in prior year due to fleet and ICT equipment acquisition.

Liabilities

- Overall, current liabilities amounts to R143m which includes payables, provisions and accruals
- The long outstanding payables are mainly unpaid claims for mandatory and DG due to lack of banking details as well as relevant supporting documentation.
- The process of requesting/obtaining original banking details from companies especially for mandatory grants is in progress to enable CETA to process payments due to them.

Statement of Financial Performance as at 31 March 2023

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	Note(s)	2023 R'000	2022 R'000
Revenue			
Revenue from exchange transactions			
Other income	6	1	94
Interest received	7	62,750	44,964
Total revenue from exchange transactions		62,751	45,058
Revenue from non-exchange transactions			
Transfer revenue			
Levies	4	614,754	571,684
Fines, penalties and forfeits	5	17,332	14,160
In-kind contributions – facilities	24	1,571	1,438
UIF projects income	6	155	1,744
Total revenue from non-exchange transactions		633,812	589,026
Total revenue		696,563	634,084
Expenditure			
Employee related costs	8	(59,795)	(61,708)
Depreciation and amortisation	9	(5,402)	(5,076)
Discretionary Grant expenses	12	(468,576)	(651,799)
Employer grant expenses	12	(75,570)	(71,897)
Administration expenses	10	(76,645)	(92,227)
Total expenditure		(685,988)	(882,707)
Surplus (deficit) for the year		10,575	(248,623)

Irregular Expenditure & Fruitless and wasteful expenditure as at 31 March 2023

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	2023 R'000	2022 R'000
Irregular expenditure		
Irregular expenditure incurred in the current year	68,789	52,197
Irregular expenditure payments relating to multi-year contracts that was not condoned or removed	11,082	16,136
Total	79,871	68,333
Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure incurred in the current year	647	16,768
Fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.	–	4,353
Total	647	21,121

- Included in the total current financial year irregular expenditure is an amount of R68 789 000 (2021/22: R52 197 000) which resulted from overspending on 7.5% grant allocation for administrative expenses.
- The R11 082 000 (2021/22: R16 136) relates to non-compliance with laws and regulations on multi-year contracts.
- Fruitless and wasteful expenditure of R647K (2021/22: R21m) relating to SARS Interest and Penalties charged for late payments and submissions

Statement of Financial Performance as at 31 March 2023

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	2023 R'000	2022 R'000
Levy Income: Administration		
Levies received from SARS	80,607	74,152
Government levies received	5,512	4,707
Levies provision	(623)	265
	85,496	79,124
Levy Income: Employer Grants		
Levies received from SARS	152,219	141,034
Levies provision	(1,186)	505
	151,033	141,539
Levy Income: Discretionary Grants		
levies received from SARS	381,161	349,771
Levies provision	(2,936)	1,250
	378,225	351,021
TOTAL	614,754	571,684

Statement of Financial Performance as at 31 March 2023

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OVERALL FINANCIAL VIABILITY ASSESSMENT OF CETA IS FAVORABLE BASED ON THE FOLLOWING:

1. Net asset position of the CETA is positive – R970m.
2. The statement of financial position remains healthy with R1billion bank balance.
3. Fruitless and wasteful expenditure reduced from R21m to R627k.
4. Irregular Expenditure is mainly due to overspending on 7.5% grant allocation for administrative expenses.



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AUDIT REPORT

2022/23FY – EXTERNAL AUDIT OUTCOMES



Types of Audit Opinion

Unqualified opinion

→ Clean opinion



Financial statements are free from any material errors and omissions

Qualified opinion



There are some major exceptions to the accounting rules but, overall, financial statements are fairly presented

Adverse opinion



There are material and pervasive issues in the financial reports

Financial statements are misrepresented or misstated

Disclaimer of opinion



Auditors are unable to express an opinion

CETA Audit Outcomes



2022/23 Financial Statements

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Results per area audited



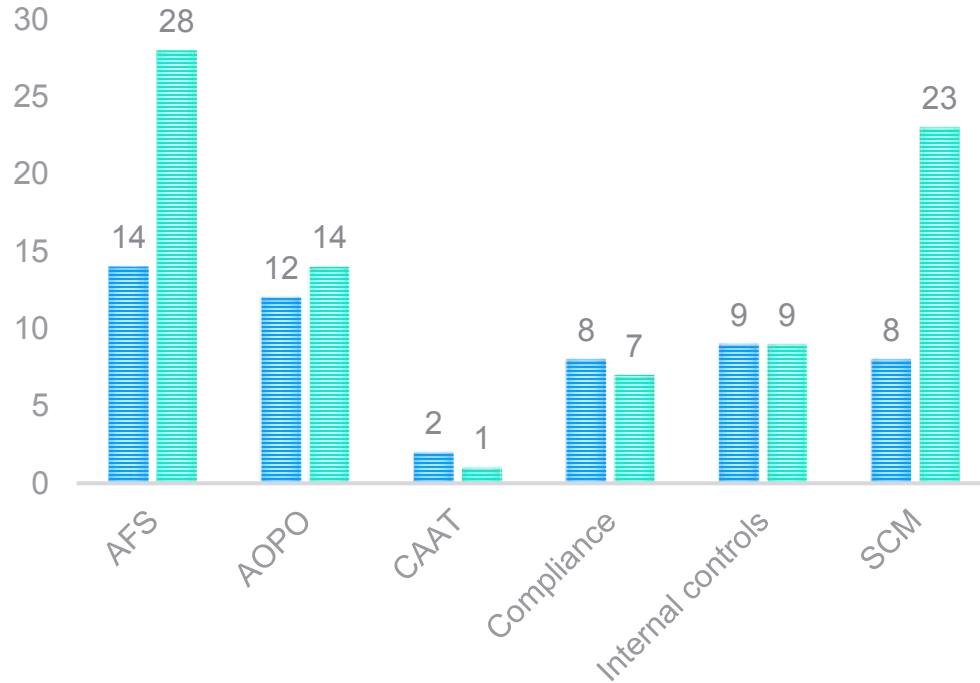
Outcome area	Movement	2022-23	2021-22	2020-21
Financial statements				
Annual performance report				
• Programme 2- Research, planning and reporting	N/A		Not audited	Not audited
• Programme 3- Learning programmes and projects				
• Programme 4- Quality assurance	N/A		Not audited	Not audited
Compliance with legislation				
• Annual Financial Statements				
• Expenditure Management				
• Asset Management				
• Consequence Management				
• Procurement and Contract Management				
• Strategic Planning and Performance Management				

	Unqualified / No material findings		Qualified		Adverse		Disclaimed		Material findings
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	Improvement		Regression		Unchanged
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AUDIT FINDING - FY23 vs FY22

■ 2022/23 ■ 2021/22



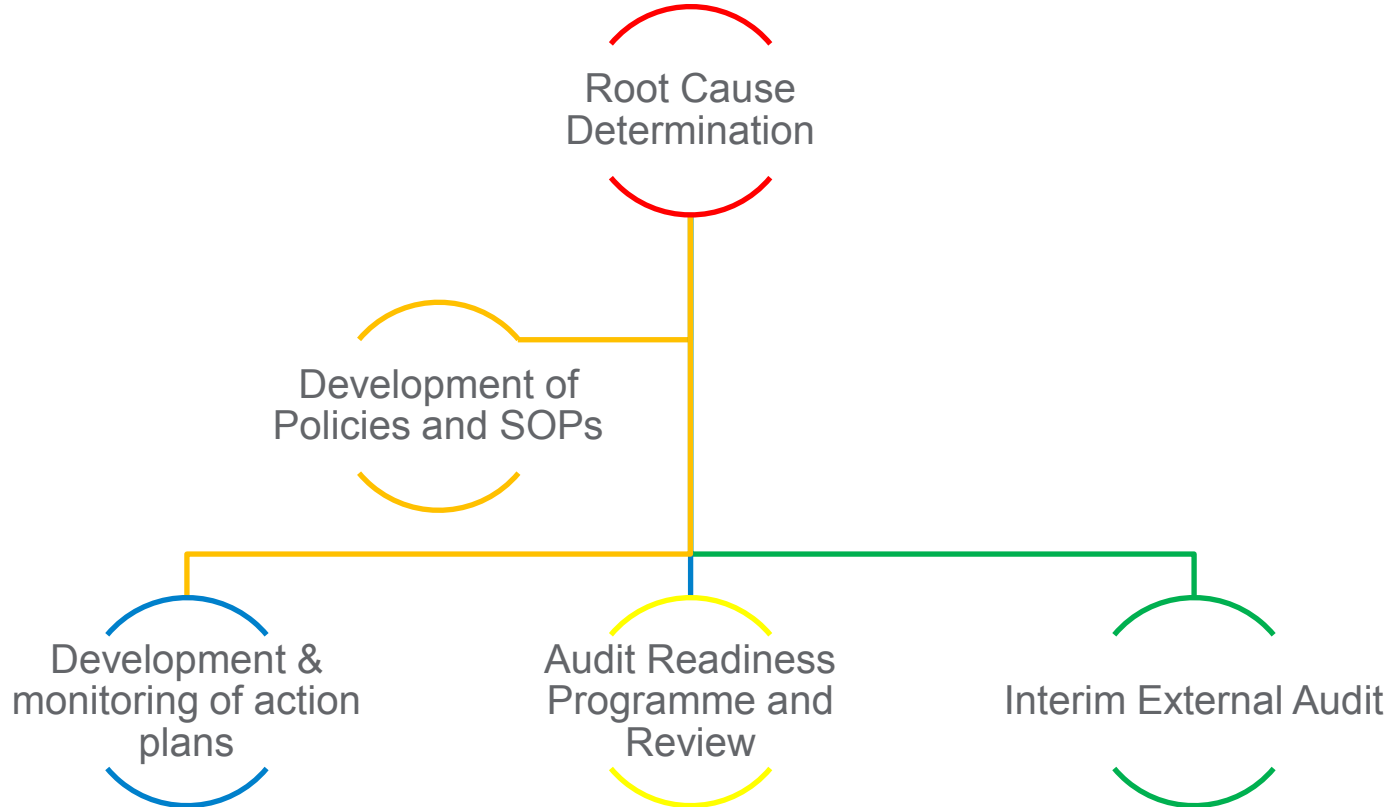
- Audit opinion is the same as last year.
- Number of findings reduced from 82 to 53.
- Material Irregularity (MI) notification was issued
- Achievement of Planned target = 82%

Auditor's Recommendation

Management should establish and maintain a proper record- system to ensure that complete, relevant, and accurate information that supports what is disclosed on the financial statements is accessible and available within the agreed time frames

2022/23FY – EXTERNAL AUDIT OUTCOMES

Way Forward – Road to Clean Administration



HOW TO ACHIEVE A CLEAN AUDIT PER AGSA



Matters reported by external and internal auditors should receive timeous management attention.

Internal controls should address the following key areas:

1. Financial & Performance Management ✓

- Ensure **proper record keeping** of all transactions
- Maintain effective controls over **daily and monthly processing and reconciling** of transactions
- Produce regular, accurate and **complete financial and performance reports**
- Review and **monitor compliance** with applicable legislation
- Design and implement formal controls to **mitigate control deficiency risks**

2. Governance: ✓

- Ensure that **risks** are periodically identified, assessed and effectively mitigated
- Maintain an adequately resourced and functioning **internal audit** unit
- Maintain an **ARC** that performs its legislated duties and promote accountability and service delivery

3. Leadership: ✓

- Establish **culture** of honesty, ethical business practices and good governance
- Exercise **oversight responsibility**
- Ensure effective human resource practices and **implement appropriate policies and procedures**
- Approve and monitor **implementation of action plans** to address audit findings and internal control deficiencies
- Approve an appropriate information technology governance

2022/23FY – EXTERNAL AUDIT OUTCOMES

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Inspirational Quote



If you improve by 1%
everyday, within a year you
will have improved by 365%.
Think about that.





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END: THANK YOU