ANNUAL REPORT
2019/2020

CETA
Construction Education and Training Authority

Mission

To create a solid skills base as a foundation for infrastructural development and economic empowerment.

Vision

To be a firm pillar of all in construction and nation building.

Values

Responsiveness
Respect
Integrity
Professionalism

CETA GENERAL INFORMATION

Registered name	**Construction Education and Training Authority**
ISBN number	**978-0-621-48401-4**
RP number	**RP183/2020**
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TABLE OF CONTENTS

The Honourable. Dr Blade Nzimande
Minister of Higher Education, Science and Innovation

Submission of Annual Report to the Executive Authority

In accordance with the Public Finance Management Act (PFMA) (No.1 of 1999), as amended, I have the honour of submitting to you, the Annual Report of the Construction Education and Training Authority (CETA) for the period of 01 April 2019 to 31 March 2020.

This report provides an account of the financial and non-financial performance of the organisation, in response to the Annual Performance Plan as approved for the same year.

The role of Post School Education and Training (PSET) institutions in South Africa is to build a sustainable future for our country and our continent cannot be emphasised enough.

As the CETA, we wish to express our commitment to continuing to partner with our stakeholders and various delivery partners to change the personal and professional lives of thousands of South Africans.

PART A

PART A: GENERAL INFORMATION

1. ABBREVIATIONS AND ACRONYMS

AA	Accounting Authority
APP	Annual Performance Plan
APR	Annual Performance Report
AQP	Assessment Quality Partner
ATR	Annual Training Report
CBE	Core Business Executive
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CESA	Civil Engineering South Africa
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
COID	Compensation for Occupational Injuries and Diseases
CPD	Corporation for Public Deposits
CPUT	Cape Peninsula University of Technology
CUT	Central University of Technology
DBSA	Development Bank of South Africa
DEAFSA	Deaf Federation of South Africa
DG	Discretionary Grant
DHET	Department of Higher Education and Training
DHS	Department of Human Settlements
DoL	Department of Labour
DPSA	Disabled People South Africa
DQP	Development Quality Partner
ETQA	Education and Training Quality Assurance
FETC	Further Education and Training Certificate
FITA	Flooring Industry Training Association
GCIS	Government Communication Information and System
GRAP	Generally Recognised Accounting Practice
HET	Higher Education and Training
IAS	International Accounting Standards
ICB	Institute of Certified Bookkeepers
ICT	Information Communication Technology
JPMT	Joint Project Management Team
KPI	Key Performance Indicator
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority
LMIP	Labour Market Intelligence Programme
LPQD	Learning Pathways and Quality Development
MBSA	Master Builders South Africa
MG	Mandatory Grant
MIS	Management Information System
MoU	Memorandum of Understanding
MPLS	Multi-Protocol Label Switching
MQA	Mining Qualifications Authority

MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic framework
NAMB	National Artisan Moderating Body
NARYSEC	National Rural Youth Service Corps
NC	National Certificate
NCV	National Certificate Vocational
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NHBRC	National Homebuilders Registration Council
NLRD	National Learners' Records Database
NMMU	Nelson Mandela Metropolitan University
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NVC	New Venture Creation
OFO	Organising Framework for Occupations
PABX	Private Automated Branch Exchange
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
PSET	Post-School Education and Training
QAP	Quality Assurance Partner
QCTO	Quality Council for Trades and Occupations
QMR	Quarterly Monitoring Report
RPL	Recognition of Prior Learning
SAFCEC	South African Federation of Civil Engineering Contractors
SANMVA	South African National Military Veterans' Association
SANRAL	South African National Roads Agency SOC Limited
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SAWIC	South African Women in Construction
SDA	Skills Development Act
SDF	Skills Development Facilitator
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SLA	Service level Agreement
SMME	Small, Medium and Micro-sized Enterprise
SSETA	Services Sector Education and Training Authority
SSP	Sector Skills Plan
SP	Strategic Plan
TETA	Transport Education and Training Authority
TVET	Technical and Vocational Education and Training
UKZN	University of KwaZulu-Natal
UNIVEN	University of Venda
UoT	University of Technology
WITS	The University of the Witwatersrand
WSP	Workplace Skills Plan

2. FOREWORD BY THE ADMINISTRATOR

Mr SABELO WASA
CETA Administrator

Introduction

It is my pleasure to present the Annual Report of the Construction Education and Training Authority (the CETA) for the 2019/20 financial year.

The 2019/20 financial year end comes just days short of two months since CETA was placed under administration, and even this period was affected by the judgement setting aside the administration as well as the declaration of State of Disaster by the President. Having said all of the above, it is nonetheless the responsibility of the current Accounting Authority to account for and embrace all aspects and activities of the period under review (good, bad and ugly).

This annual report outlines the overall performance of the organisation against set objectives, financial performance and positions of the organisation. CETA has been licensed for a period ending March 2030, which therefore, means 2019/20 financial year marks the end of the previous licensing period. It is, therefore, appropriate that this annual report reflects (however succinctly) on the work of CETA over this period.

General financial review of the CETA

In the 2019/20 financial year, CETA received approximately R670 million (includes UIF Grant of R37 million), in skills development levies compared to approximately R649 million in the previous period. R85 million in mandatory grants was successfully disbursed, as compared to 89 million in 2018/19, while R1,168 billion was ploughed into discretionary grant projects, compared to R695 million in the previous period. The total expenditure during the period under review increased from approximately R867 million to R1,350 billion. This increase was funded from the reserves of the entity.

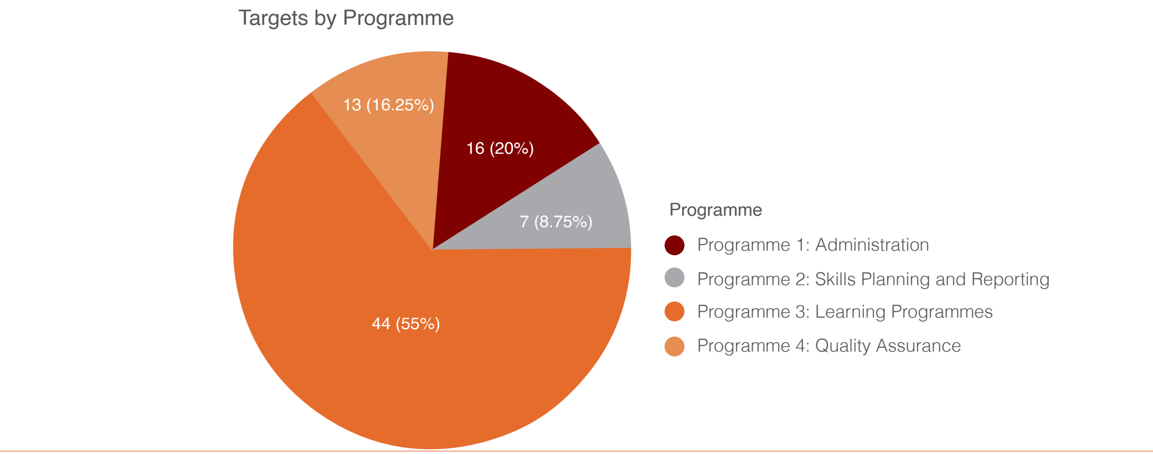
Even though an increase in expenditure for any public entity is seen as an indicator of an entity that is implementing its programs, this however, is not necessarily the case at the CETA as the entity's performance for the same period was drastically poor, which does not correlate with the surge in expenditure. In order to establish the causes for this irregular expenditure, I have appointed a team of forensic auditors to investigate all the instances of irregular expenditure as well as the reasons for this surge in expenditure.

Henceforth, AGSA has furnished the entity with the audit report that contains a qualified audit opinion with findings on performance information. An Audit Action Plan has also been prepared to address the Auditor-General's concerns and non-compliance gaps and control deficiencies that have emerged as a major risk to the organisation.

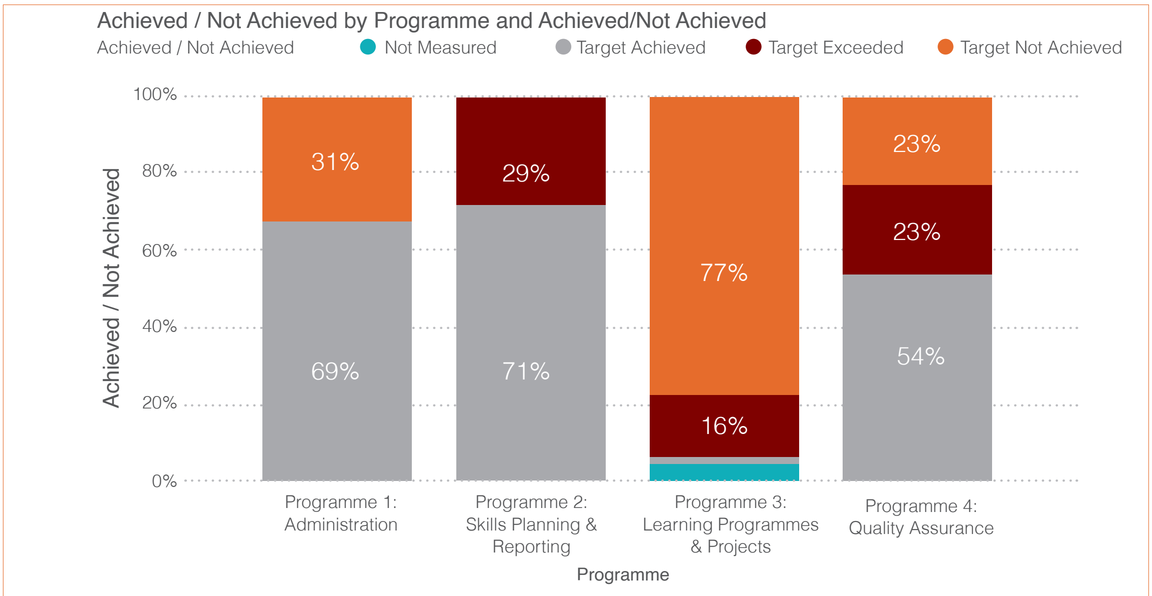
General performance review of CETA

The Financial Year under review was one in which the CETA faced several challenges. Over and above external challenges brought about by the slow-down in economic activity, the CETA was also faced with numerous internal challenges that led to under-performance and ultimately the organisation being placed under Administration in February 2020 by the Minister of Higher Education Science and Innovation.

Below are the CETA's targets as split across the four programmes.



Of the targets that were agreed upon in the APP, approximately 30% were achieved overall. This is a huge drop, given that the entity had reported 92% performance in the prior year.



This very poor performance was to be expected though, given a gripping go-slow by staff during the financial year, admitted financial irregularities under the previous Board and Management, the administration, as well as the slowdown in activity towards the end of the financial year due to Covid-19 induced reduction in construction activities.

What remains a lingering question for the organisation is the contradiction between the surge in expenditure vs the slump in performance. The approximately R500 million surge in project expenditure seems to be contrary to the slump in performance that the entity experienced. The key to this paradox may be found on the quality of data management of the entity. It has been very difficult to make sense of the numbers underlying the performance and expenditure of the entity. An example of a point in question is the fluctuation on the reported performance on artisans' creation programme where the entity was producing on average of 2000 artisans per annum up to 2016/17 and this number suddenly jumped to about 9000 per annum in 2017/18 and 2018/19. This stellar performance was produced at an average cost of approximately R650 million per annum. At almost double the amount and during the year that there was little activity taking place. Below is a summary of the performance of the projects implementation and quality assurance units:

PROGRAMME 3:IMPLEMENTATION OF LEARNING PROGRAMMES ANDPROJECTS

Goal 4.2 Increase Access to Occupationally Directed Programmes in the Construction Sector

Performance Indicators	Planned Target	Actual Achievement		Variance
		FUNDED	UNFUNDED	
Learnerships Entered				
Unemployed learners per year	3 385	2 747	197	-441
Employed learners per year	257	43	31	-183
Learnerships Completed				
Unemployed learners per year	1 692	764	832	-96
Employed learners per year	28	41	83	96
Skills Programmes Entered				
Unemployed learners per year	773	3 447	6 273	8 947
Employed learners per year	200	57	45	-98
Skills Programmes Completed				
Unemployed learners per year	737	353	313	-71
Employed learners per year	69	-	-	-69
Artisan Entered				
Unemployed learners per year	3 896	1 248	59	-2 589
Employed learners per year	-	-	-	-
Artisan Completed				
Unemployed learners per year	1 949	75	179	-1 695
Employed learners per year	-	-	-	-
Number of bursaries entered				
Unemployed learners per year	2 655	458	-	-2 197
Employed learners per year	100	-	-	-100
Number of bursaries completed				
Unemployed learners per year	120	109	-	-11
Employed learners per year	-	-	-	-
Number of internships entered				
Unemployed learners per year	675	252	-	-423
Number of internships completed				
Unemployed learners per year	273	-	-	-273
Number of University Student Placement entered per year				
Learners per year	250	35	-	-215
Number of University Student Placement completed per year				
Student Placement completed per year	55	-	-	-55
Number of TVET Student/Graduate Placements entered per year				
Student/Graduate Placements entered per year	500	120	-	-380
Number of TVET Student/Graduate Placements completed per year				
Number of TVET Student/Graduate Placements completed per year	55	-	-	-55

Performance Indicators	Planned Target	Actual Achievement		Variance
		FUNDED	UNFUNDED	
Number of Candidacy programmes entered per year				
Candidacy programmes entered per year	500	68	-	-432
Number of Candidacy programmes completed per year				
Candidacy programmes completed per year	50	-	-	-50
Number of learners RPLed				
Learners RPLed	1 336	807	-	-529

SUB-PROGRAMME: PARTNERSHIPS
SUB-PROGRAMME 4.3: PROMOTING GROWTH OF PUBLIC TVET COLLEGE SYSTEM

PERFORMANCE INDICATORS	PLANNED TARGET	ACTUAL ACHIEVEMENT	VARIANCE
Number of SETA/University partnerships funded by the CETA.	10	1	-9
Number of SETA/TVET College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector.	35	8	-27
Number of CETA Offices opened in TVET Colleges.	9	0	-9
Partnerships entered with public institutions to improve service delivery through skills development.	11	14	3
Number of public sector projects in rural areas planned for delivery of skills development programmes in the construction sector.	16	0	-16
Conduct one workshop with each of the 6 councils within the built environment sector.	6	0	-6

SUB-PROGRAMME 3.3: DEVELOPMENT & SUPPORT OF SMMEs, COOPs, NGOs, CBOs AND PBOs

GOAL 4.6 Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives.

Performance Indicators	TARGET PLANNED	ACTUAL ACHIEVEMENT	VARIANCE
Number of SMMEs in the construction sector supported through funding and/or accreditation.	20	0	-20
Number of capacity building workshops in Skills Development for Trade Union support.	2	0	-2
2 trade unions in the construction sector are supported for skills development related interventions.	2	0	-2
Partnership projects to provide training and development support to cooperatives.	6	1	-5
Number of NGOs supported with skills development interventions/ programmes within the construction sector.	10	2	-8

SUB-PROGRAMME: CAREER AND VOCATIONAL GUIDANCE

Goal 4.8: Building career and vocational guidance.

PERFORMANCE INDICATORS	PLANNED TARGET	ACTUAL ACHIEVEMENT	VARIANCE
Number of career guidance events.	20	26	6
Number of career guidance booklets updated for the construction sector.	1	1	0

PROGRAMME 4: QUALITY ASSURANCE

SUB-PROGRAMME: NQF PROVIDER ACCREDITATIONS

NSDS III Goals: 4.2 Increasing access to occupationally-directed programmes.
4.3 Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities.

PERFORMANCE INDICATORS	PLANNED TARGET	ACTUAL ACHIEVEMENT	VARIANCE
Number of new accredited training providers for short skills programmes.	50	126	76
Maintain a database of CETA accredited training providers.	1	1	0
Maintain a database of QCTO registered construction qualifications.	1	1	0
Number of accredited TVET Colleges with the CETA.	7	2	-5

SUB-PROGRAMME: QUALIFICATIONS REVIEW AND DEVELOPMENT

NSDSIII GOAL: 4.2 Increasing access to occupationally-directed programmes.

PERFORMANCE INDICATORS	PLANNED TARGET	ACTUAL ACHIEVEMENT	VARIANCE
Signed SLA with QCTO for the CETA to be the DQP.	1	1	0
Number of DQP Projects approved.	30	7	-23
Number of registered learnerships maintained with DHET.	65	87	22
Monitoring and Evaluation Policy is reviewed and approved by Accounting Authority annually.	1	1	0
External Moderation Visits Schedule for CETA programmes is compiled and approved.	4	4	0

The AGSA also raised the issues on the reliability of the data underlying performance information very sharply on their report, which relates to the issues that were there when the entity reported 92% in performance.

The data integrity exercise, which now serves as a preamble to the forensic audit, due to its insights, also revealed that the entity's data management leaves a lot to be desired, as source data is stored on spreadsheets without proper data management controls, which results in the existence of multiple versions of the same data from different officials/units. In such an environment, it is very difficult for an outsider to make sense of the exact performance of the entity.

If the situation is to be turned around, the CETA must change its focus in skills development by striking a very delicate balance between the development of artisans and professionals. I have identified the development and support of built environment professionals as a key strategic focus because of the influence of built environment professionals in the sector, and especially to transformation. To this end, I have set up a Reference Group made up of influential individuals and individuals from influential bodies in the construction sector to advise me on how CETA can accelerate the development and support of built environment professionals that would ably support transformation in the sector. This is further necessary in order to support the speed of the government's infrastructure roll-out. Ground work has already begun in our graduate development programmes, with focus on the following:

- **Formation of the built environment professionals reference and support group:** This group is made up of a majority of seasoned professionals from academic and construction related services background. This group will look at the overall system of development of professionals by CETA, from the identification of learners, funding of learners' studies, psychological and other support for funded learners, coaching and mentorship for learners, post school development of learners through different CETA programmes and relationship with former learners post their studies.
- **Review of CETA Bursary Schemes:** The CETA made the decision to honour the memory of the former Core Business Executive, Mr Thapelo Madibeng, who made a significant contribution to skills development at the CETA and other institutions. The strategic goal of the bursary programme is to have, "an increased pool of skilled and competent graduates entering the construction sector". This scheme ran parallel with the normal existing DG bursary scheme. Supported by the reference group mentioned above, we are busy reviewing these schemes to ensure alignment of the funding agreements to the requirements of different pathways that learners enrol into and also to improve the experience of the learners and the output rate for the schemes.

International Placement Programme - In order to address issues of transformation in the sector, CETA embarked on various work placement programmes. These types of programmes address work placement difficulties for graduates and the limited practical workplace experience. The first batches of learners that were seconded to China have returned with new skills.

Recognition of Prior Learning - The RPL programme identifies principles and processes through which prior learning, whether formal, non-formal or informal, is measured and mediated for recognition and certified against the requirements for credit in the formal education and training system. This system will be very catalytic on the CETA-SAWIC project of identifying informal artisans and taking them through trade testing in order to issue them with a certificate and hopefully improve their employer and customer experiences.

CETA Academy - In partnership with WITS Enterprise, CETA aimed to provide SETA customised skills through the establishment of a CETA Academy. The Academy was intended to enable SETAs to implement skills development as there are currently no SETA specific courses. The allegations around the procurement of the CETA academy building led to the Administrator suspending the implementation of this programme and recovering R43 million in prepayments relating to this building.

Establishment and Construction of Skills Development Centres - The Skills Development Centres' aim to provide access to occupational programmes and education to under-served communities in rural areas through excellent educational facilities for the community. There are a number of challenges relating to the finalisation of the construction of these centres and/or the running and management of the same. We are busy with a number of processes and stakeholder interactions to ensure that this programme is revived and that all skills development centres run as originally intended.

Artisanal Program - The training of artisans continues to be a national priority. The CETA has positioned itself as an artisanal SETA. The sector is largely informal and often these informal skills are not recognised. The CETA is aiming to address this by ensuring that relevant skills are identified, and candidates enter the formal system with acquired formal qualifications.

Partnerships remain at the heart of the CETA. The focus will be on greater cooperation between education and training institutions and the workplace; expanded access, improved quality and increased diversity of provision.

Performance Highlights Over the Period Covering the NSDSIII Licence

As already mentioned, the Financial Year under review also marks the end of the NSDS III licence period and it would therefore, be value-adding to the user of this report to highlight some of the CETA's major achievements over this period. The highlights are listed below:

- The construction of six Skills Development Centres in four provinces
- Over the five-year licence period, the CETA has achieved an overall 25% increase in the number of WSP submissions.
- The CETA achieved an average performance level of 65% over the period under review.

- Artisans completed during the same period were just over 5 700.
- Inter SETA collaboration with the Services SETA with regards to the implementation of skills development initiatives to enable the optimal delivery of each SETA's mandate.
- Consecutive unqualified audit opinions for the 2016/17, 2017/18, 2018/19 financial years.
- As part of its contribution towards transformation within the sector, the CETA embarked on a process of establishing 53 new entities through its SMME support programme. The entities were comprised mainly of young people from disadvantaged communities and designated groups.
- Increased focus on women and youth entering and completing projects.
- Strategic partnerships entered into as per the below:
  - » Department of Public Works
  - » Department of Human Settlements
  - » Provincial Office of the Premier (North West and Free State)
  - » DG funding allocations to Universities
  - » Accreditation of TVET Colleges
  - » Disabled People of South Africa
  - » International Placement through the Chinese Culture and International Education Exchange Centre

Economic Viability

The construction sector is an important contributor to the South African economy. The construction industry has been the sector most affected by the downturn in capital spending in the economy for years now. The announcement of the nationwide-wide lockdown as a response to Covid-19 has added to a downward spiral of the construction sector. The future performance of the construction sector is dependent on the level of the overall recovery of economic activity in the country.

We expect the recovery to be slow but with an upward trajectory owing to the announcement of the intended roll-out of the infrastructure roll-out programme by government. This makes construction a very important contributor towards the economic recovery of the country. The result will be a significant increase in the demand for labour services in the industry. We anticipate the demand for elementary occupation workers in small and medium sized companies will recover, given the assumption of some growth in total output in the industry over the next years.

The CETA aims to sustainably strengthen the vocational training supply and the employability of artisans in order to improve the labour market oriented vocational training system, and ultimately improve the employability and provide opportunities of self-employment. The development of the sector will also largely rely on CETA bridging the skills gap and providing workplace placement opportunities for students through strategic partnerships with employers.

In order to try and help companies absorb the impact of the Covid-19 related lockdown, the president announced a four months skills development levy payment holiday effective as of 1 May 2020. This means that SETAs will forgo four months worth of revenue. This is expected to have a bearing on the future skills development funding by the SETAs. For CETA, the resultant impact is a loss of approximately R210 million rands in revenue.

Governance

CETA has commenced with the consultations with the Minister on amending the CETA standard constitution to cover two matters in the main – introduction of chambers and the establishment of CETA alumni. CETA also made some strides in the following areas of governance:

i. Overhauling of SSP and review of APP and Budget as a result of COVID-19 amongst other things.
ii. Review of policies and the introduction of procedures.
iii. Review of technology to support the business.
iv. Stakeholder engagement – developed stakeholder engagement strategy, three webinars, and numerous meetings with key stakeholders.

Organisational stability and order

CETA had undertaken several initiatives to stabilise the organisation and introduce an order of doing things that is consistent and stakeholder focused. Many queries from stakeholders centred around non-payment of fees and stipends, as well as non-issue of certificates long after completion of training. To this effect, we have made visible strides in paying the backlogs and significantly reducing backlogs on outstanding certificates. We have introduced a portal where stakeholders lodge their queries and are attended to within 24 hours, where this is not achieved the system automatically escalates the queries to the office of the Administrator. The administration team engaged the services of the external party to cleanse data and introduce some integrity in the organisational data. Sadly, due to the state of the organisations data, this exercise was very expensive but very necessary. The Administrator also moved to implement NSA and Gobodo reports, and disciplinary processes are underway for staff that is under suspension. The employees that were suspended but CETA could not establish the substance of the allegations against, were allowed to return to work. The administration team is hard at work utilising staff and resources of the organisation to achieve maximum benefit. The administration team is painfully aware that whilst it is important to look back at what went wrong in the past, it is critical to improve performance and introduce forward-looking programmes. To this end, the administration team identified a few high impact programmes:

i. Support of informal sub-sector of construction through certification of qualifying informal artisans.
ii. Development and support of built environment professionals (with special focus to developing engineering scientists and improve the shortage of built environment professionals in the SADC region).
iii. Scorecard to continuously self-assess on transformation for vulnerable groups.

Forensic investigations

The Administrator appointed forensic investigators, after some lengthy delays, to pursue various streams of forensic investigations informed by terms of reference attached in this report. The administration team keeps uncovering serious matters that require the attention of forensic investigations and therefore, the terms of reference are continuously updated albeit within reason because we cannot investigate perpetually.

Strategic compliance matters

CETA has complied with the departmental directives on several issues including COVID-19 directives, review of APP, and budget as a result of the four months levies break and other COVID-19 related reasons. One must, however, flag the reality that CETA can not avoid irregular expenditure going forward due to policy deficiencies and other reasons related to COVID-19.

Acknowledgement/s or Appreciation

Since taking office as an Administrator, we have set out to engage our stakeholders to support and participate in skills development initiatives by the CETA and appreciation goes to our active employers, professional bodies, training providers and beneficiaries of CETA programmes for continuing to work with us and inspiring us to deliver to our best ability.

I also acknowledge the support received from the Minister and the management of DHET who have exercised a high level of good leadership amid a challenging period in the organisation. I also wish to applaud CETA staff and the leadership of our labour union NEHAWU for their continued robust engagements with the Administrator over this period in order to bring order and stability to the environment.

Conclusion

To improve performance and deal with the matters that led to CETA being placed under administration, the Administrator has put the process below in motion. However, all these are limited by the risk of the lingering litigation between some members of the erstwhile Board and the Minister, as well as the time left for the administration period.

CETA Administrator
Mr Sabelo Wasa
23 October 2020

3. Statement of responsibility and confirmation of accuracy for the annual report

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General;
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines as issued by the National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.
- In my capacity as the Administrator, I have had an oversight role in the preparation of the Annual Financial Statements by the Chief Financial Officer and his team, supported by the Audit and Risk Committee who reviewed these financial statements prior to submission to myself, the National Treasury and the Department of Higher Education and Training.

The Administrator has an oversight role in the establishment and implementation of a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements. The Chief Financial Officer, the executive team, the internal auditors and the Audit and Risk Committee assist in accomplishing this task; and the Auditor-General has been engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the CETA for the financial year ended 31 March 2020.

Yours faithfully

CETA Administrator
Mr. Sabelo Wasa
23 October 2020

4. LEGISLATIVE AND OTHER MANDATES

4.1 Legislative Mandate

The Construction Education and Training Authority (CETA) is established in terms of the Skills Development Act, 1998, Act No.97 of 1998 as amended and listed in terms of the Public finance Management Act, 1999 (Act No, 1 of 1999) as amended as a Schedule 3A public entity.

The following are the legislative, policies and other frameworks that govern the work of the CETA:

4.1.1 The Constitution of the Republic of South Africa (1996) - it addresses the political transformation agenda of South Africa.

4.1.2 The Skills Development Act (Act 97 of 1998) - provides a framework to develop and improve the skills of South African workforce.

4.1.3 The Skills Development Levies Act (Act 9 of 1999) - makes provision for the funding of skills development interventions.

4.1.4 The Income Tax Act – Learnerships Allowance (Revised)

4.1.5 The Public Finance Management Act (Act 1 of 1999, as amended by Act 29 of 1999) - regulates financial management in government and public entities to ensure transparency, effective and efficient use of revenue, expenditure, liabilities and assets.

4.1.6 The Employment Equity Act No. 55 of 1998 aims to facilitate workplace transformation through the elimination of unfair discrimination and implementation of affirmative action and measures to enable equitable representation of employees from different race and gender groups in the workplace.

4.1.7 The National Qualifications Framework Act (Act 67 of 2008)

4.1.8 White Paper on Post School Education and Training (PSET)

4.1.9 Human Resources Development Strategy for South Africa (HRDSSA)

4.1.10 National Skills Development Strategy (NSDS) III

4.1.11 National Infrastructure Act (Act No. 23 of 2014)

4.1.12 The New Growth Path and the National Skills Accord

4.1.13 National Development Plan: Vision for 2030 (NDP)

4.1.14 Medium Term Strategic Framework (MTSF)

4.1.15 Strategic Integrated Projects (SIPs)

4.1.16 Special Economic Zones (SEZ)

4.1.17 National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan (IPAP) 2014/15-2016/17

The SETA Grants Regulations, As Amended

Other laws impacting on the CETA's performance include but are not limited to:

4.1.18 Broad Based Black Economic Empowerment Act (Act 53 of 2003)

4.1.19 The Preferential Procurement Policy Framework Act (Act 5 of 2000)

4.1.20 The Employment Equity Act (Act 55 of 1998)

4.1.21 Construction Regulations, 2014

4.1.22 Construction Charter

National Skills Development Strategy (NSDS III)

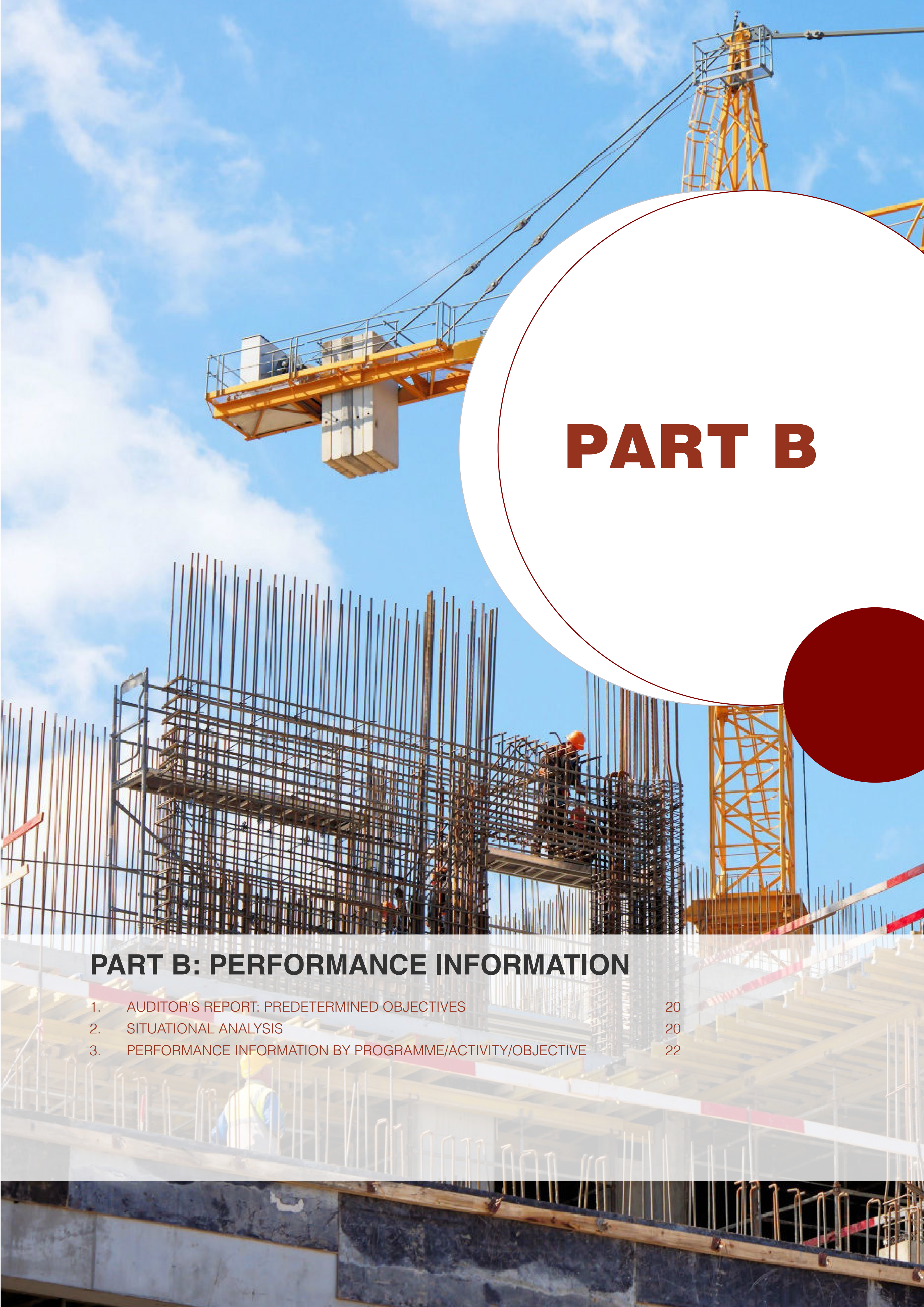
National Skills Development Strategy III aims to:

a) Improve the skills development system so that it is more responsive to the labour market needs and social equity requirements.
b) Integrate workplace training and theoretical learning.
c) Improve the skills level of graduates of secondary and tertiary education.
d) Address skills shortages in the artisan, technical and professional fields.
e) Reduce the over-emphasis on NQF level 1-3 learnerships.
f) Equip those in the workforce with sufficient technological skills.
g) Improve co-operation between the universities, Further Education and Training colleges and Sector Education and Training Authorities.
h) Support economic growth and development through viable skills development.
i) Develop sufficient skills for rural development.

National Skills Accord

The National Skills Accord was signed in July 2011 by the Government and social partners to:

a) Expand the level of training, using existing facilities more fully.
b) Make internship and placement opportunities available within workplaces.
c) Set guidelines of ratios of trainees and artisans across the technical vocations, in order to improve the level of training.
d) Improve the funding for training and use the funds available for training as incentives for companies to train.
e) Set annual targets for training in state-owned enterprises.
f) Improve SETA governance, financial management as well as stakeholder involvement.
g) Align training to the New Growth Path and improve the Sector Skills Plans.
h) Improve the role and performance of TVET Colleges.



PART B

PART B: PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

Refer to page 70-75 of the Report for the Auditor's Report, published as Part E: Financial Information.

SITUATIONAL ANALYSIS

Service delivery environment

The development of the CETA Annual Report is informed by the NSDSIII objectives. Programmes, objectives, targets and budgets have been put in place to ensure that the NSDS III goals, outcomes and outputs, which have been adopted as strategic objectives for the CETA are achieved. These are reviewed annually as part of the annual strategic planning process to ensure relevance and take into consideration the dynamics within our operating landscape.

The CETA has identified the following as its primary strategic objectives:
Primary Strategic Objectives are as follows:

- Support skills development of new entrants or unemployed into the Construction Sector.
- Enhance the skills of the existing workforce of the Construction Sector.
- Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector.
- Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions.
- Support national imperatives in relation to skills development within the Construction Sector.

Organisational Environment

The Financial Year in review was one in which the CETA faced several challenges. Over and above external challenges brought about by the slow-down in economic activity, amongst other things, the CETA was also faced with numerous internal challenges that led to under-performance and ultimately the organisation being placed under Administration.

Some of the challenges encountered during the year in review are highlighted below:

Management Vacuum – Between 13 June 2018 and 31 January 2020, the organisation was operating without a CEO. An interim CEO was appointed, however, the negative impact that this had on the organisation as well as the fact that many of the Executive Management vacancies were not filled cannot be discounted.

Industrial Action – In August 2019, employees in the organisation embarked on industrial action which directly impacted on the achievement of most of the targets in programme 3 with the result being that more than 65% of the targets were not met. The industrial action lasted for a period of almost three months ending November 2019.

Strategic Partnerships – the above mentioned also impacted on some of the strategic partnerships and programmes that were designed to aid the organisation in achieving its targets.

On or about 29 January 2020, following allegations of impropriety, the Minister suspended the Accounting Authority and subsequently the Director-General (DG) of the Department of Higher Education and Training (DHET) published Government Gazette No. 42991 dated 3 February 2020, placing CETA under administration and appointing Mr Sabelo Wasa as the Administrator.

The Auditor General of South Africa (AGSA) has furnished the entity with a qualified audit opinion with findings on failure of the entity to comply with legislation, internal control deficiencies, performance information and the substantiation thereof, amongst other things. The Administrator will work on ensuring that the correct remediation plans are agreed upon and implemented to ensure that the issues that have been identified by AGSA are thoroughly addressed.

The Administrator is fully committed to ensuring that the CETA continues to deliver on its mandate more efficiently and effectively by ensuring that the issues of governance breaches, impropriety and alleged transgressions are dealt with conclusively.

Key policy developments and legislative changes

During the period in review, there were no major changes that were made to the relevant policies and legislation affecting CETA operations.

Strategic Outcome Orientated Goals

- Goal 1: To provide ethical and strategic leadership and management.
- Goal 2: To ensure a credible mechanism for skills planning and reporting in the construction sector.
- Goal 3: To address skills priorities within the construction sector.
- Goal 4: Implementation of quality assurance that will enhance and ensure provision of quality training.

The Programme Structure:

The CETA's Strategic Plan and Annual Performance Plan programmes have been revised into four broad programmes. These programmes are aligned to the Department of Higher Education & Training's and Treasury Guideline Strategic Framework.

Programme 1: Administration
Programme 2: Skills Planning and Reporting
Programme 3: Learning Programmes and Projects
Programme 4: Quality Assurance

Programme 1: Administration

- Corporate Services
- Finance
- Governance
- Information Communications and Technology

Programme 2: Skills Planning and Reporting

- Skills Planning
- Reporting

Programme 3: Learning Programmes and Projects

- Implementation of learning programmes e.g:
  - » Short Skills Programmes
  - » Learnerships
  - » Apprenticeships
  - » Graduate Placements
  - » Work Integrated Learning
  - » Recognition of Prior Learning
- Candidacy
- Development of Skills Centres
- Development and Support of SMME's, coops, NGOs, CBOs
- Bursaries
- Certifications (excluding trades)
- Partnerships
- Career and vocational guidance

Programme 4: Quality Assurance

- NQF Provider Accreditations
- Qualifications Review and Development
- Monitoring Evaluation

PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/ OBJECTIVE

PART B : Programme and Sub-Programme Plans
PROGRAMME 1: ADMINISTRATION **This Programme Consists Of The Following Sub-Programmes:** **1.1 Corporate Services** **1.2 Finance** **1.3 Governance** **1.4 Information, Communications and Technology** **Goal: To provide ethical and strategic leadership and management.**

1.1 Sub-Programme	Corporate Services
Strategic Objective	**Provide Effective Human Capital Management**
Objective statement	To provide effective human resource management within the CETA for the delivery of its mandate.
Baseline	Approved organogram;staff capacity; performance management system.
Justification	To build required capacity in order to deliver on the mandate of the CETA.
Links	Key Acts including the Occupational Health and Safety Act (OHS); Labour Relations Act (LRA); Basic Conditions of Employment Act (BCEA) and Employment Equity Act (EEA); Compensation for Injuries and Disease Act.

1.2 Sub-Programme	Finance
Strategic Objective	**Sound Financial Management and Accurate Reporting**
Objective statement	To provide effective financial management in line with the requirements of the PFMA.
Baseline	Unqualified Audit Outcome.
Justification	To ensure efficient and effective systems of financial management, internal controls, risk management and compliance.
Links	Public Finance Management Act (PFMA), Treasury Regulations, and CETA Policies and Procedures.

1.3 Sub-Programme	Governance
Strategic Objective	**Exemplary Corporate Governance and Management**
Objective statement	Provide effective corporate governance and management of the CETA in line with the Constitution and Strategic Plan.
Baseline	CETA Constitution; Strategic Plan; PFMA.
Justification	Good Corporate governance to be able to deliver on the mandate of the CETA.
Links	NSDS; CETA Constitution; PFMA; King IV; CETA Policies.

1.4 Sub-Programme	Information, Communications and Technology
Strategic objective	**Effective Governance of ICT**
Objective statement	To provide an effective ICT environment based on the Department of Public Service and Administration (DPSA) ICT corporate governance framework in line with applicable corporate governance frameworks.

1.4 Sub-Programme	**Information, Communications and Technology**
Strategic objective	**Effective Governance of ICT**
Baseline	CETA ICT Governance Framework.
Justification	To ensure a reliable, effective and efficient IT infrastructure environment at the CETA.
Links	DPSA Corporate Governance Framework (ICT).

1.1 Strategic Objective Annual Targets

Purpose – to provide strategic leadership, management and support services to the CETA

Strategic Objective	5 Year Strategic Plan Target	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
1.1 Ensure adequate provision and capacitation of Human Resources within the CETA	Reduce Vacancy rate to 15%	47%	15%	36%	**Target Not Achieved** The CETA had 66 vacancies as per the approved organogram. Due to budget, resource and space constraints at the Head Office, many positions were "frozen". 16 posts were advertised, of which only 3 candidates were shortlisted and appointed.
	100% of staff trained or enrolled in further studies / received continuous development as per the skills matrix (informed by the signed PDP and statutory requirements)	100%	100%	100%	**Target Achieved**

Strategic Objective	5 Year Strategic Plan Target	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
1.2 Development and establishment of a SETA academy	SETA concept paper developed and approved.	-	Establishment of the SETA Academy	The SETA Academy was not established.	**Target Not Achieved** Although there were activities initiated during the financial year under review, such as procurement of a building as well as a partnership with a public institution, the target was not realised in terms of an established SETA academy as a result of challenges within the organisation.
1.2 Establishment of partnerships with public institutions	Establishment of partnerships with public institutions for effective human capital development.	Partnerships with public institutions for the delivery of SETA programmes	Partnerships with public institutions for the delivery of SETA programmes	A partnership with a public institution for effective human capital development was established.	**Target Achieved**
1.3 Sound Financial Management and Accurate Reporting	Statutory compliance requirements are adhered to maintain an unqualified audit opinion.	Unqualified audit opinion – Clean Audit	Unqualified audit opinion – 0 non-compliance finding	Unqualified audit opinion.	**Target Achieved**
1.4 Exemplary Corporate Governance and Management	Number of functional governance structures in operation to monitor the efficiency and functionality of the organisation in line with statutory requirements.	7	7	7	**Target Achieved** The governance structures existed up until the CETA was placed under administration.

Strategic Objective	5 Year Strategic Plan Target	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
1.6 Enhancement of public relations and marketing activities	Marketing through existing projects and implementation of other cost effective branding initiatives.	1	1	1	**Target Achieved**

Programme Performance Indicators and Annual Targets for MTEF 2019/20

Goal: To provide ethical and strategic leadership and management.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement For 2019/2020
1.1 Ensure adequate provision and capacitation of Human Resources within the CETA	Reduce Vacancy rate to 15%	47%	15%	36%	**Target Not Achieved** The CETA had 66 vacancies as per the approved organogram. Due to budget, resource and space constraints at the Head Office, many positions were “frozen”. 16 posts were advertised, of which only 3 candidates were shortlisted and appointed.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement For 2019/2020
1.1 Ensure adequate provision and capacitation of Human Resources within the CETA	% of staff trained or enrolled in further studies/ received continuous development as per the skills matrix (informed by the signed PDP and statutory requirements), as well as % of employees with approved performance plans.	100%	100%	100%	**Target Achieved**
1.1 Ensure adequate provision and capacitation of Human Resources within the CETA	Provide bursaries to CETA staff and fund the participation of SETA Executives and Management in the CETA developed NQF 9 programme.	50	35	17	**Target Not Achieved** Although the CETA supports development of staff, only 6 CETA staff members received bursaries in the financial year as a result of applications received.
1.2 Development and establishment of a SETA academy	Conduct at least one staff development intervention per quarter in the following areas: Writing skills Staff training on legislation, policies and procedures CETA professional etiquette International Computer Driving License (ICDL) A SETA accredited short course in project management.	4	4	0	**Target Not Achieved** As a result of the academy not being established, the envisaged staff development interventions were not realised and hence the target not achieved.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement For 2019/2020
1.2 Establishment of partnerships with public institutions	Partner with a public institution of higher education to develop a programme at an NQF 9 level specifically for SETA Executives and Management.	1	-	-	Although there was not target set, a partnership with a public institution for effective human capital development was established.
1.3 Sound Financial Management and Accurate Reporting	Quarterly financial reports are submitted to DHET.	4	4	4	**Target Achieved**
1.3 Sound Financial Management and Accurate Reporting	Creditor payment age as per the Treasury Regulations.	30 days	Unqualified Audit Opinion	Unqualified Audit Opinion	**Target Achieved**
1.4 Exemplary Corporate Governance and Management	Number of functional governance committees meeting on a quarterly basis to provide oversight on the delivery of the CETA's mandate and provide guidance.	7	7	7	**Target Achieved** Although the CETA had all 7 functional governance committees for the majority of the financial year, the CETA was placed under administration in quarter 4 and thus all structures of the Accounting Authority dissolved.
1.4 Exemplary Corporate Governance and Management	Approved delegation of Authority Framework, policies and procedures are reviewed and approved annually.	Approved Delegation of Authority.	Approved Delegation of Authority, policies and procedures.	Approved Delegation of Authority, policies and procedures.	**Target Achieved**

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement For 2019/2020
1.5 Effective Governance of ICT	ICT Charter and ICT Strategic and Implementation Plan are approved annually, monitored, analysed and responsive to ICT systems performance.	ICT Charter and ICT Strategic and Implementation Plan are approved annually.	Approved ICT Charter and ICT Strategic, Implementation Plan and performance monitoring.	ICT Charter and ICT Strategic and Implementation Plan were approved.	**Target Achieved**
1.6 Enhancement of public relations and marketing activities	Regular feedback with media houses (broadcasting, print and radio) and use of new media to raise the profile of the CETA.	7	1	1	**Target Achieved**

PROGRAMME 2: SKILLS PLANNING AND REPORTING
This programme consists of the following sub-programmes:
2.1 Skills Planning
2.2 Reporting
Goal: To ensure a credible mechanism for skills planning and reporting in the construction sector

2.1 Sub-Programme	**Skills Planning**
Strategic Objective	**Sector Skills Needs Addressed**
Objective statement	To ensure effective planning to address the skills priorities in the sector.
Baseline	Sector Skills Plans; Workplace Skills Plan; Annual Training Report.
Justification	Suitably trained workforce in the construction sector.
Links	Labour Market Intelligence Programme (LMIP); Employment Equity Reports (Labour); Stats SA (labour force survey).
NSDS III Link	4.1 Establishing a credible institutional mechanism for skills planning 4.2 Increasing access to occupationally-directed programmes.

2.2 Sub-Programme	**Reporting**
Strategic Objective	**Skills Performance Reporting**
Objective statement	To ensure accurate reporting of sector skills development initiatives.
Baseline	Quarterly Performance Report; Annual Performance Report.
Justification	All training interventions are accurately reported to ensure further skills planning.
Links	Treasury Performance Information Guidelines; DHET Performance Information Guidelines.
NSDS III Link	4.2 Increasing access to occupationally-directed programmes.

Strategic Objective Annual Targets

Goal: To ensure a credible mechanism for skills planning and reporting in the construction sector.

Strategic Objective	5 Year Strategic Plan Target	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
2.1 Sector Skills Needs Addressed	Number of levy paying members with submitted and approved WSPs and ATRs that contribute to the development of the SSP.	2 425	2 335	2 397	**Target Exceeded** The CETA conducts stakeholder engagement sessions to support levy-paying entities in ensuring submission of their WSPs and ATRs. This achievement excludes 9 non levy-paying entities that submitted WSPs.
2.2 Skills Performance Reporting	Ensuring accurate and compliant reporting on CETA Performance Information.	4	4	4	**Target Achieved**

Programme Performance Indicators and Annual Targets for MTEF 2019/20

Goal: To ensure a credible mechanism for skills planning and reporting in the construction sector.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
2.1 Sector Skills Needs Addressed	Number of levy paying members with submitted and approved WSPs and ATRs that contribute to the development of the SSP	2 425	2 335	2 397	**Target Exceeded** The CETA conducts stakeholder engagement sessions to support levy-paying entities in ensuring submission of their WSPs and ATRs. This achievement excludes 9 non levy-paying entities that submitted WSPs.
2.1 Sector Skills Needs Addressed	1 SDF workshop per province per annum on WSP and ATR compilation and submission	9	9	9	**Target Achieved**

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
2.1 Sector Skills Needs Addressed	Produce an updated and approved Sector Skills Plan aligned to the DHET SSP Framework.	1	1	1	**Target Achieved**
2.1 Sector Skills Needs Addressed	Perform at least one research activity to measure the delivery of skills in the sector.	1	1	1	**Target Achieved**
2.2 Skills Performance Reporting	Quarterly Monitoring Reports (QMR) are submitted to DHET and validation reports are kept.	4	4	4	**Target Achieved**

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

This programme consists of the following sub-programmes:

3.1 Implementation of learning programmes e.g.:
- **3.1 Short Skills Programmes**
- **Learnerships**
- **Apprenticeships**
- **Recognition of Prior Learning**

3.2 Graduate Placements

3.3 Development of Skills Centres

3.4 Development and Support of SMME's, Co-ops, NGOs, CBOs & NPOs

3.5 Partnerships

3.6 Bursaries

3.7 Career and vocational guidance

3.8 Certification (excluding trades)

Goal: To address skills priorities within the construction sector.

3.1 Sub-Programme	**Implementation of Learning Programmes**
Strategic Objective	**A skilled and capable workforce in the construction sector**
Objective statement	To ensure the skills needs in the sector are addressed with adequately skilled workforce.
Baseline	Strategic Plan; Annual Performance Plan; Sector Skills Plan.
Justification	A capacitated, empowered and appropriately skilled workforce in the Construction sphere.
Links	CETA Grants Policy; PIVOTAL List.
NSDS III Link	4.2 Increasing access to occupationally-directed programmes.

3.2 Sub-Programme	**Graduate Placements**
Strategic Objective	**A Transformed Built Environment Profession**
Objective statement	To address transformation challenges within the built environment through increasing access to built environment professions for individuals from previously disadvantaged groups.
Baseline	Employment Equity Report; Construction Industry Charter; Survey Reports; Sector Skills Plan.
Justification	To address the current demographic imbalances and to achieve equity within the built environment professions.
Links	BBBEE; Construction Industry Charter Codes.
NSDS III Link	4.2 Increasing access to occupationally-directed programmes.

3.3 Sub-Programme	**Development of Skills Centres**
Strategic Objective	**Greater Access by Marginalised Communities to Skills Development through Infrastructural Support**
Objective statement	To ensure increased access to skills development programmes by marginalised communities through the construction of skills development centres.
Baseline	CETA Situational Analysis Research Report (Skills Development Institutes); Sector Skills Plan.

3.3 Sub-Programme	**Development of Skills Centres**
Strategic Objective	**Greater Access by Marginalised Communities to Skills Development through Infrastructural Support**
Justification	To address the lack of technical infrastructure capacity for skills training in marginalised communities.
Links	Skills Development Act; CETA Grants Policy; Grant Regulations; National Development Plan.

3.4 Sub-Programme	**Development and Support of SMME's, COOPs, NGOs, CBOs & NPOs**
Strategic Objective	**A Vibrant Civil Society Engagement in Skills Development within the Construction Sector**
Objective statement	To achieve sustainable development through increased participation of SMME'S, Co-ops, NGOS, CBOS, NPOs in skills development in the construction sector.
Baseline	Sector Skills Plan; CETA SMME Programme.
Justification	To address the imbalances within the construction sector.
Links	National SMME Strategy; Comprehensive Rural Development Programme; Stats SA Survey of Employers and Self Employed.
NSDS III Link	4.6 Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives.

3.5 Sub-Programme	**Partnerships**
Strategic Objective	**Strengthened Collaboration and Partnerships for skills development in the construction sector**
Objective statement	To ensure a wider impact, greater reach and a multi sectorial approach to skills development.
Baseline	Signed Memorandum of Understanding (MOU); Sector Skills Plan.
Justification	To give effect to the objective of the Constitution of inter-Governmental collaborations.
Links	NSDS III; Sector Skills Plan.
NSDS III Link	4.3 Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities. 4.5 Encouraging better use of workplace-based skills development. 4.7 Increasing public sector capacity for improved service delivery and supporting the building of a developmental state. Item 6. Building partnerships for a skills revolution.

3.6 Sub-Programme	**Bursaries**
Strategic Objective	**An increased pool of skilled and competent graduates to enter the construction sector**
Objective statement	To provide financial support to deserving students from previously disadvantaged communities in the main to enrol for studies relevant to the construction sector.
Baseline	CETA funded bursaries.
Justification	To address socio economic challenges faced by-in the main-township and rural learners.
Links	Rural Development Strategy of the Country; NSDS III; Sector Skills Plan; #FeesMustFall campaign.
NSDS III Link	4.2 Increasing access to occupationally-directed programmes.

3.7 Sub-Programme	Career and Vocational Guidance
Strategic Objective	**Increased knowledge and interest in the construction careers**
Objective statement	To attract new entrants into the construction sector occupations.
Baseline	CETA Career Guide; CETA Career exhibitions.
Justification	Promote post school education and training opportunities within the construction sector.
Links	NSDS III; Sector Skills Plan.
NSDS III Link	4.8 Building career and vocational guidance.

3.8 Sub-Programme	Certification (Excluding Trades)
Strategic Objective	**Increased throughput of learners on accredited construction programmes through a strengthened certification process**
Objective statement	To award successful learners with valid recognised certificates and Statement of Achievements.
Baseline	NLRD Uploads, QMR Reporting of certified learners.
Justification	To conduct external moderation of the assessments to ensure that the quality standard is maintained by accredited CETA training providers and to reward qualifying learners with recognised certificates.
Links	NSDS III; Sector Skills Plan.

3.1 Programme Performance Indicators and Annual Targets for MTEF 2019/20

SUB-PROGRAMME: IMPLEMENTATION OF LEARNING PROGRAMMES
Purpose/Strategic Objective: A skilled and capable workforce in the construction sector
NSDS III Link: Goal 4.2 - Increasing access to occupationally directed programmes in the Construction Sector

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.1.1	**Learnerships Entered**				
	Unemployed learners per year	6 463	3 003 (funded)	2 747	**Target Not Achieved** During the financial year under review, the CETA did not allocate discretionary grant funding for learnerships. The CETA entered into an agreement with the UIF through a special project, to implement short skills programmes and learnerships. Only the short skills programme allocation was implemented and resulted in non-achievement of this target as learnerships was dependent on the funding agreement with the UIF.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
	Unemployed learners per year	725	382 (Unfunded)	197	**Target Not Achieved** The CETA has minimal control over this target and relies largely on the stakeholders within the sector to report on these through new registration of learners. The challenge the CETA has is that these entries are only realised at the point of requests for certification by stakeholders at the end of their projects.
	Employed learners per year	10	200 (funded)	43	**Target Not Achieved** The target was not achieved as the CETA did not fund and implement projects to achieve this target.
		130	57 (Unfunded)	31	**Target Not Achieved** The target was not achieved as the CETA relies on the sector to report on new entries in terms of projects they implement.
	Learnerships Completed				
	Unemployed learners per year	1 925	1 501 (funded)	764	**Target Not Achieved** Due to challenges within the organisation, the CETA was unable to achieve this target and the learners to be certificated, will be reported in the 2020/21 financial year.
		2 143	191 (Unfunded)	832	**Target Exceeded** This target was exceeded as a result of the learners that entered and were registered in the previous financial year, successfully completing their programmes.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
	b) Employed learners per year	0	0 (funded)	41	Although the CETA had no target for this indicator, the CETA achieved a total of 41 learners entered as a result of projects funded through discretionary grants in the previous financial years.
		53	28 (Unfunded)	83	**Target Exceeded** This target was exceeded as a result of the learners that entered and were registered in the previous financial year, successfully completing their programmes.
	Skills Programmes Entered				
	Unemployed learners per year	4 880	500 (funded)	3 447	**Target Exceeded** This target was exceeded as a result of the CETA implementing various projects as per the agreement entered into with the UIF. The beneficiaries were successfully entered into the programme.
		362	273 (Unfunded)	6 273	**Target Exceeded** The CETA has minimal control over this target in terms of projects being implemented and relies largely on the stakeholders within the sector to report on new registration of learners onto programmes.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
	b) Employed learners per year	16	0 (funded)	57	Although the CETA had no target for this indicator, the CETA achieved a total of 57 learners entered as a result of projects funded through discretionary grants in the previous financial years.
		143	200 (Unfunded)	45	**Target Not Achieved** The CETA has minimal control over this target in terms of projects being implemented and relies largely on the stakeholders within the sector to report on new registration of learners onto programmes.
	Skills Programmes Completed				
	Unemployed learners per year	1 708	600 (funded)	353	**Target Not Achieved** This target was not achieved due to the CETA's late response to requests for external moderation and certification for completed projects. 353 learners were certificated against 614 interventions.
		4 126	137 (Unfunded)	313	**Target Exceeded** This target was exceeded as a result of the learners that entered and were registered in the previous financial year, successfully completing their programmes.
	Employed learners per year	20	0 (funded)	-	
		429	69 (Unfunded)	0	**Target Not Achieved** The CETA has minimal control over this target in terms of projects being implemented and relies largely on the stakeholders within the sector to report against this indicator.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
	Artisan Entered				
	Unemployed learners per year	8 421	3 339 (funded)	1 248	**Target Not Achieved** The CETA did not achieve this target due to late implementation of projects as allocated through discretionary grants. This target is also reliant on recruited learners meeting the minimum entry requirements for apprenticeship programmes.
		1 376	557 (Unfunded)	59	**Target Not Achieved** The CETA has minimal control over this target in terms of projects being implemented and relies largely on the stakeholders within the sector to report against this indicator.
	Employed learners per year	81	0 (funded)	-	
		462	0 (Unfunded)	-	
	Artisan Completed				
	Unemployed learners per year	1 029	1 670 (funded)	75	**Target Not Achieved** This target was not achieved as apprenticeship programmes take three years to complete and learners that have completed the programme are still to undergo trade testing for completions to be reported.
		82	279 (Unfunded)	179	**Target Not Achieved** The CETA has minimal control over this target in terms of projects being implemented and relies largely on the stakeholders within the sector to report against this indicator.
	Employed learners per year	584	0 (funded)	-	
		182	0 (Unfunded)	-	

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.1.1	Number of bursaries entered: Unemployed learners per year.	2 317	2 655 (funded)	458	**Target Not Achieved** The CETA did not achieve this target as the target was planned against the implementation of the Thapelo Madibeng bursary scheme learners and learners funded through discretionary grants. As a result of the Thapelo Madibeng bursary learners entering in line with the respective academic year, they were reported in the 2018/19 financial year.
3.1.1	Number of bursaries entered: Employed learners per year.	-	100 (funded)	-	**Target Not Achieved** The CETA did not achieve this target due to non-implementation of allocated projects through discretionary grants.
3.1.1	Number of bursaries completed: Unemployed learners per year.	100	120 (funded)	109	**Target Not Achieved** The CETA did not achieve this target as there is no direct control over this output as it is dependent on each individual learner's performance and commitment.
3.1.1	Number of bursaries completed: Employed learners per year.	-	0 (funded)	-	
3.1.1	Number of internships entered: Unemployed learners per year.	743	675 (funded)	252	**Target Not Achieved** The CETA did not achieve this target as no new allocations were made during the financial year under review and also a delay in the implementation of existing projects.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.1.1	Number of internships completed: Unemployed learners per year.	124	273 (funded)	0	**Target Not Achieved** The CETA did not achieve this target as a result of no completions reported during the year. Completions are expected in the 2020/21 financial year.
3.1.1	Number of University Student Placement entered per year.	437	250 (funded)	35	**Target Not Achieved** The CETA did not achieve this target due to late implementation of projects as allocated through discretionary grants.
3.1.1	Number of University Student Placement completed per year.	69	55 (funded)	0	**Target Not Achieved** The CETA did not achieve this target as a result of no completions reported during the year. Completions are expected to be reported in the 2020/21 financial year.
3.1.1	Number of TVET Student/Graduate Placements entered per year.	373	500 (funded)	120	**Target Not Achieved** The CETA did not achieve this target due to late implementation of projects as allocated through discretionary grants.
3.1.1	Number of TVET Student/Graduate Placements completed per year.	68	55 (funded)	0	**Target Not Achieved** The CETA did not achieve this target as a result of no completions reported during the year. Completions are expected to be reported in the 2020/21 financial year.
3.1.1	Number of Candidacy programmes entered per year.	452	500 (funded)	68	**Target Not Achieved** The CETA did not achieve this target due to late implementation of projects as allocated through discretionary grants.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.1.1	Number of Candidacy programmes completed per year.	51	50 (funded)	0	**Target Not Achieved** The CETA did not achieve this target as a result of no completions reported during the year. This target is reliant on candidates successfully achieving professional registration.
3.2.2 Initiate and implement skills development centers in select areas in line with the CETA's Strategic Plan and Annual Performance Plan	Number of skills development centres in the construction sector supported.	-	7	1	**Target Not Achieved** The CETA could not achieve the target due to internal challenges that affected performance. Although the CETA has developed seven skills development centers, only one allocation was made through discretionary grants to Umfolozi TVET college for training of apprenticeship learners.

3.2 Programme Performance Indicators and Annual Targets for MTEF 2019/20

SUB-PROGRAMME: PARTNERSHIPS
Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for skills development in the construction sector.
NSDS III Linkage: Goal 4.3: Promoting the growth of Public TVET College system that is responsive to sector, local, regional and national skills needs and priorities partnerships.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.2.1 Supporting and Promoting the growth of Public TVET Colleges	Number of SETA/ University partnerships funded by the CETA through the discretionary grants for Construction sector programmes.	6	10	1	**Target Not Achieved** The CETA did not achieve this target as it is in part influenced by Universities that have shown an interest through submission of applications for Discretionary Grants, to partner and receive funding from the CETA to implement construction sector skills development programmes.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.2.1 Supporting and Promoting the growth of Public TVET Colleges	Number of SETA/TVET College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector.	36	35	8	**Target Not Achieved** The CETA did not achieve this target as it is in part influenced by TVET Colleges that have shown an interest through submission of applications for Discretionary Grants (DG), to partner and receive funding from the CETA to implement construction sector skills development programmes. Offers were made to 9 TVET Colleges for DG funding and 8 Colleges accepted.
	Number of CETA Offices opened in TVET Colleges.	8	9	0	**Target Not Achieved** The CETA currently has 7 offices at TVET colleges and no new offices have been opened.
CETA Head Office	Acquisition of the CETA head Office in Midrand by 01/04/2020.	-	-	-	

Programme Performance Indicators and Annual Targets for MTEF 2019/20

SUB-PROGRAMME: DEVELOPMENT AND SUPPORT OF SMME's, COOPs, NGOs, CBOs & NPOs
Purpose/ Strategic Objective: A Vibrant Civil Society Engagement In Skills Development Within The Construction Sector.
NSDS III Link: Goal 4.6: Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives;

Links to Strategic Objectives In	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.3.1 Encourage and support cooperatives, small enterprises, worker-initiated, NGO, and community training initiatives in the construction sector	Number of SMMEs in the construction sector supported through funding and/or accreditation.	25	20	0	**Target Not Achieved** This target was not achieved as a result of no new SMME development projects being implemented to support them through accreditation.
3.3.1 Encourage and support cooperatives, small enterprises, worker-initiated, NGO, and community training initiatives in the construction sector	Number of capacity building workshops in Skills Development for Trade Union support.	2	2	0	**Target Not Achieved** Due to internal challenges experienced during the financial year, no support was provided to trade unions.
3.3.1 Encourage and support cooperatives, small enterprises, worker-initiated, NGO, and community training initiatives in the construction sector	2 trade unions in the construction sector are supported for skills development related interventions.	2	2	0	**Target Not Achieved** Due to internal challenges experienced during the financial year, no support was provided to trade unions.
3.3.1 Encourage and support cooperatives, small enterprises, worker-initiated, NGO, and community training initiatives in the construction sector	Partnership projects to provide training and development support to cooperatives.	8	6	1	**Target Not Achieved** The CETA did not achieve this target as a result of the low number in applications received through Discretionary Grants and allocations made to cooperatives.

Links to Strategic Objectives In	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.3.1 Encourage and support cooperatives, small enterprises, worker-initiated, NGO, and community training initiatives in the construction sector	Number of NGOs supported with skills development interventions/ programmes within the construction sector.	7	10	2	**Target Not Achieved** The CETA did not achieve this target as a result of the low number in applications received through Discretionary Grants and allocations made to NGOs and NPCs.

Programme Performance Indicators and Annual Targets for MTEF 2019/20

SUB PROGRAMME: PARTNERSHIPS
Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for skills development in the construction sector
NSDS III Link: Goal 4.3: Promoting the growth of Public TVET College system that is responsive to sector, local, regional and national skills needs and priorities Partnerships

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target To Actual Achievement For 2019/2020
3.4.1 Increasing public sector capacity for improved service delivery	Partnerships entered with public institutions to improve service delivery through skills development.	18	11	14	**Target Exceeded** This target was exceeded due to a high level of interest from public institutions to partner with the CETA through applications for discretionary grants to fund skills development interventions.
3.4.1 Increasing public sector capacity for improved service delivery	Number of public sector projects in rural areas planned for delivery of skills development programmes in the construction sector.	38	16	0	**Target Not Achieved** This target was not achieved as a result of the delayed implementation of projects funded through discretionary grants as per allocations made for the 2019/20 financial year.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target To Actual Achievement For 2019/2020
3.4.1 Increasing public sector capacity for improved service delivery	Conduct one workshop with each of the 6 councils within the built environment sector	6	6	0	**Target Not Achieved** This target was not achieved as a result of internal challenges experienced during the financial year under review and as a result, no workshops were held with each of the 6 councils.

Programme Performance Indicators and Annual Targets for MTEF 2019/20

SUB-PROGRAMME: IMPLEMENTATION OF LEARNING PROGRAMMES
Purpose/Strategic Objective: A skilled and capable workforce in the construction sector
NSDS III Link: Goal 4.2 - Increasing access to occupationally-directed programmes in the Construction Sector

Links to Strategic Objectives In	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.5.1 Facilitating and supporting employed and unemployed learners with Recognition of Prior Learning programmes	Number of Learners RPLed (assessed) through Recognition of Prior Learning	2 051	1 336	807	**Target Not Achieved** This target was not achieved due to the CETA's late response to requests for external moderation and certification for completed projects.

PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR MTEF 2019/20

SUB-PROGRAMME: CAREER AND VOCATIONAL GUIDANCE
Purpose/ Strategic Objective: Increased knowledge and interest in the construction careers
NSDS III Link: Goal 4.8: Building career and vocational guidance;

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
3.6.1 Building career and vocational guidance in the construction sector	Number of career guidance events	30	20	26	**Target Exceeded** The CETA has conducted and ensured participation at career guidance events for the promotion of qualifications and careers in the construction sector.
	Number of career guidance booklets updated for the construction sector	1	1	1	**Target Achieved**

PROGRAMME 4: QUALITY ASSURANCE **This programme consists of the following sub-programmes:** **4.1 NQF Provider Accreditations** **4.2 Qualifications review and Development** **4.3 Monitoring Evaluation** **Goal: Implementation of quality assurance processes that will enhance and ensure quality provision of training.**

4.1 Sub-Programme	**NQF Provider Accreditations**
Strategic Objective	**Accredited skills training in the construction sector**
Objective statement	To ensure the delivery of quality accredited training by skills development providers in the construction sector
Baseline	Database of accredited training providers
Justification	To ensure quality training within the construction sector
Links	QCTO; NQF Act; Skills Development Act
NSDS II Link	4.2 Increasing access to occupationally-directed programmes 4.3 Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities

4.2 Sub-Programme	**Qualifications Review snd Development**
Strategic Objective	**Qualifications development**
Objective statement	To develop qualifications that meets the skills needs of the industry.
Baseline	Registered CETA qualifications
Justification	Qualifications that meets industry needs are registered and implemented

4.2 Sub-Programme	**Qualifications Review snd Development**
Strategic Objective	**Qualifications development**
Objective statement	To develop qualifications that meets the skills needs of the industry.
Baseline	Registered CETA qualifications
Links	QCTO; NQF Act; Sector Skills Plan
NSDS III Link	4.2 Increasing access to occupationally-directed programmes
4.3 Sub-Programme	**Monitoring & Evaluation**
Strategic Objective	**Increased and improved monitoring and evaluation of CETA programmes**
Objective statement	To ensure the quality of training provision within the construction sector
Baseline	CETA Quality Assurance Policy; CETA Monitoring and Evaluation Policy
Justification	To ensure efficiency and effectiveness of project implementation and training
Links	Government monitoring and evaluation policy framework; NSDS III
NSDS III Link	4.2 Increasing access to occupationally-directed programmes 4.5 Encouraging better use of workplace-based skills development Item 8. Monitoring and Evaluation

Strategic Objective Annual Targets

Goal: Implementation of quality assurance processes that will enhance and ensure quality provision of training.

Strategic Objective	**5 Year Strategic Plan Target**	**Baseline (Audited / Actual Performance) 2018/2019**	**Planned Target 2019/2020**	**Actual Achievement 2019/2020**	**Deviation from Planned Target to Actual Achievement for 2019/2020**
4.1 Accredited skills training in the construction sector	Number of newly accredited training providers for short skills programmes.	511	50	126	**Target Exceeded** The target was exceeded due to the secondary applications from other SETA's and new applications we were able to over achieve our targets. Extending the CETA's annual SDP workshop to interested stakeholders in the previous financial 2018/19 increased applications in 2019/20 that were compliant.
4.2 Qualifications development	Design, develop and register new occupational qualifications and curriculum.	13	30	0	**Target Not Achieved** Due to internal challenges within the CETA, only the development of 7 qualifications in the financial year 2019/20 commenced and the process was not concluded in time for registration of the qualifications in the financial year 2019/20.

Strategic Objective	5 Year Strategic Plan Target	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
4.3 Increased and improved monitoring and evaluation of CETA programmes	Coordinate site visits for effective monitoring of CETA programmes	7	4	4	**Target Achieved**
4.4 Verification of all existing accredited entities	Conduct quarterly site visit audits for all accredited training providers to verify if they are still compliant	-	4	4	**Target Achieved**

Programme Performance Indicators and Annual Targets for MTEF 2019/20

SUB-PROGRAMME: NQF PROVIDER ACCREDITATIONS

Purpose/Strategic Objective: Accredited skills training in the construction sector
NSDS III Link:

4.2 Increasing access to occupationally-directed programmes.
4.3 Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
4.1 Accredited skills training in the construction sector	Number of new accredited training providers for short skills programmes	511	50	126	**Target Exceeded** The target was exceeded due to the secondary applications from other SETA's and new applications we were able to over achieve our targets. Extending the CETA's annual SDP workshop to interested stakeholders in the previous financial 2018/19 increased applications in 2019/20 that were compliant.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
4.1 Accredited skills training in the construction sector	Maintain a database of CETA accredited training providers	1	1	1	**Target Achieved**
4.1 Accredited skills training in the construction sector	Maintain a database of QCTO registered construction qualifications	1	1	1	**Target Achieved**
4.1 Accredited TVET Colleges in CETA programmes	Number of accredited TVET Colleges with the CETA	31	7	2	**Target Not Achieved** Although the CETA has continuously supported the accreditation of TVET Colleges, this target could not be achieved in terms of new accreditations requirements due to non-compliance by the institutions to the accreditation requirements of the CETA.

Sub-Programme	Qualifications Review and Development
Strategic Objective	**Qualifications development**
Objective statement	To develop qualifications that meets the skills needs of the industry.
Baseline	Registered CETA qualifications.
Justification	Qualifications that meets industry needs are registered and implemented.
Links	QCTO; NQF Act; Sector Skills Plan.
NSDS III Link	4.2 Increasing access to occupationally-directed programmes.

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
4.2 Qualifications development	Signed SLA with QCTO for the CETA to be the DQP	8	1	1	**Target Achieved**

Links to Strategic Objectives	Performance Indicators	Baseline (Audited / Actual Performance) 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from Planned Target to Actual Achievement for 2019/2020
4.2 Qualifications development	Number of DQP Projects approved.	8	30	7	**Target Not Achieved** 7 DQP projects commenced in the financial year 2019/20 but were not completed. Factors that played a role in the non-achievement of this target include: To develop a qualification the CETA needs to appoint a facilitator that is registered with QCTO for each qualification (This involves an SCM process) Limited number of registered facilitators with QCTO, that provide serve to other SETA's for development of qualifications Lack of participation by stakeholders due to financial constraints to travel to GP and stay for a week (All stakeholders need to be present and participating in the development)
4.2 Qualifications development	Number of registered learnerships maintained with DHET.	60	65	87	**Target Exceeded** This target was exceeded as a result of some qualifications having multiple specialisations. The CETA thus registered more than one learnership against certain qualifications.
4.3 Increased and improved monitoring and evaluation of CETA programmes	Monitoring and Evaluation Policy is reviewed and approved by Accounting Authority annually.	1	1	1	**Target Achieved**
4.3 Increased and improved monitoring and evaluation of CETA programmes	External Moderation Visits Schedule for CETA programmes is compiled and approved.	7	4	4	**Target Achieved**

CORE BUSINESS REPORT

The CETA Core Business is comprised of two interlinked departments which enable it to fulfil its mandate of facilitating and funding skills development in the construction sector.

CETA Core Business Division performs the following functions:

- Conducts research and analysis of the labour market within the construction sector which in turns informs the organisation's strategy with regards to meeting the skills demand in the sector.
- Undertakes skills planning in line with Labour Market Information Intelligence Programme (LMIP) and PSET system Skills Planning and Monitoring Framework, Goal 4.1 of the NSDS III as extended and The Medium Term Strategic Framework (MTSF) on the identification of medium to long-term skills shortages.
- Development, annual review and update of the Sector Skills Plan (SSP) in order to ensure that the documents speak to the current and future state of the construction industry.
- Coordination and management of the ATR-WSP submission processes as well as mandatory grants claims from CETA by levy paying entities in the construction industry.
- The production of the Strategic Plan and the Annual Performance Plan (APP) and Service Level Agreement (SLA) of the CETA.
- The preparation and submission of quarterly progress reports on the APP and the Annual Performance Report of the CETA.
- Coordinate the design, development and/or revision of specified occupational standards and qualifications and/or part qualifications according to QCTO criteria.
- Accredit providers for the qualifications or part qualifications listed in the schedule in terms of criteria determined by the QCTO.
- Register assessors to undertake assessment for specified qualifications or part qualifications in terms of criteria determined by the QCTO.
- Maintain a comprehensive learner information database.

Research, Planning and Reporting

The Research, Planning and Reporting (RP&R) department is responsible for conducting sectorial research and developing the Sector Skills Plan (SSP) that aligns to industry needs. The unit also performs analysis of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) which are submitted by employers, and it also compiles the Quarterly Monitoring Reports (QMR) submitted to the Department of Higher Education and Training.

Research

The CETA has developed a strategic research framework which is informed by the Sector Skills Plan. The research unit reviews, maintains and manages the research agenda annually. For the year in review the following research projects / activites were conducted by the Research unit:

- Conducting tracer studies on learners that have completed a Learnership, Apprenticeship or an Internship.
- External stakeholder research on the status of training within the plumbing industry.
- Review and updating of the 2019/20 Sector Skills Plan

Again, the research projects conducted were extremely limited because of the challenges that plagued the organisation during the 2019/20 FY.

The Workplace Skills Plan (WSP) and Annual Training Report (ATR) submission to CETA

The CETA Skills Reference Data management system was opened for SDF's to submit their WSP's on the 1st February 2019 for the 2019/20 financial year. The annual stakeholder capacity-building sessions were also held as per the table below:

CETA WSP workshops

Province	Workshop Date	Focus Area
Gauteng	11 February 2019	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.
Western Cape	12 February 2019	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.
KwaZulu- Natal	13 February 2019	ATR/WSP Compilation and Submissions for 2019; Evaluation period; andInter-SETA Transfer process.
Limpopo	14 February 2019	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.
Free State	18 February 2020	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.
Northern Cape	19 February 2020	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.
Eastern Cape	20 February 2020	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.
Mpumalanga	21 February 2020	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.
North West	22 February 2020	ATR/WSP Compilation and Submissions for 2019; Evaluation period; and Inter-SETA Transfer process.

Skills Development Facilitator (SDF) registration status

The CETA is required to train Skills Development Facilitators (SDFs) on the compilation and submission of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs). All SDF's must be appointed by the entity and registered and approved by the CETA prior to the commencement of their duties.

The table below is a statistical summary of SDFs recorded on the CETA system as at year-end:

Status	Number of SDFs
Approved	5 670
Pending	607
Rejected	3 537
Grand Total	**9 814**

WSP submissions status report

During the year in review the CETA conducted stakeholder engagement and support sessions with all participating stakeholders and the results of these engagements are detailed in the table below:

Mandatory Grant Status	Large (>149)	Medium (50-149)	Small (1-49)	Grand Total
Created	21	25	75	121
Submitted	365	621	1 735	2 721
Grand Total	**386**	**646**	**1 810**	**2 842**

Breakdown of Submissions by Region

Region	Created	Submitted	Grand Total
Eastern Cape	23	272	295
Free State	2	84	86
Gauteng	44	1 007	1 051
KwaZulu-Natal	17	477	494
Limpopo	2	58	60
Mpumalanga	7	110	117
North West	1	64	65
Northern Cape	3	36	39
Western Cape	20	589	609
Unallocated	2	24	26
Grand Total	**121**	**2 721**	**2 842**

Performance Information Reporting

While the CETA was able to meet its quarterly submission deadlines, certain concerns were raised by AGSA concerning the quality of the data and the substantiation thereof thus culminating in the qualified Audit opinion. All in-all the CETA achieved approximately 30% of its targets due to the disruptions and challenges that were experienced throughout the financial year in review and which ultimately led to the organisation being placed under Administration.

Learning Pathways and Quality Development (LPQD)

CETA is accredited with the South African Qualifications Authority (SAQA) as per ETQA Regulations, 1998 and under quality assurance delegation from the Quality Council for Trades and Occupations (QCTO) to perform Education and Training Quality Assurance (ETQA) functions for construction National Qualifications Framework (NQF) qualifications. Pre-NQF construction skills development providers are accredited by the QCTO.

List of Qualifications

Name of FULL Qualification	NQF Level	Credits
National Certificate: Surveying	4	153
National Certificate: Hydrographic Surveying	4	145
National Certificate: Photogrammetry Surveying	4	141
National Certificate: Construction Contracting	2	190
National Certificate: Refractories Installation	2	120
National Certificate: Refractories Masonry	3	120
National Certificate: Management of Building Construction Processes	5	204
National Certificate: Construction: Roadworks	2	120
National Certificate: Construction: Roadworks	3	155
National Certificate: Construction Material Manufacturing	4	130
National Certificate: Construction Material Manufacturing	3	120
National Certificate: Construction Material Manufacturing	2	120
National Certificate: Community House Building	2	124
National Certificate: Timber Roof Erecting	3	120
National Certificate: Construction: Installation of Floor Coverings	1	120
National Certificate: Architectural Technology	5	120
Further Education and Training Certification: Construction Materials Testing	4	142
National Certificate: Construction: Crane Operations	2	121
National Certificate: Construction: Concreting	3	152
National Certificate: Construction Materials Testing	3	120
National Certificate: Floor Covering Installation	2	141
National Certificate: Construction Materials Testing	2	120
National Certificate: Geographical Information Sciences	5	121
National Certificate: Construction: Advanced Crane Operations	3	123
National Certificate: Construction: Advanced Plant Operations	3	123
National Certificate: Construction	2	120
General Education and Training Certificate: Construction	1	120
National Certificate: Construction: Geotechnical	3	145

Name of FULL Qualification	NQF Level	Credits
National Certificate: General Draughting	3	121
National Certificate: Aluminium Fabrication and Installation	2	153
National Certificate: Ceiling and Partitioning Installation	3	129
Further Education and Training Certificate: Quantity Surveying	4	145
National Certificate: Building and Civil Construction	3	140
National Certificate: Construction: Steelwork	3	120
National Certificate: Glazing	2	138
National Certificate: Construction Plant Operations	2	120
Further Education and Training Certificate: Construction: Plumbing	4	240
National Certificate: Waterproofing	2	240
National Certificate: Construction Health and Safety	3	133
National Certificate: Human Settlements Development	5	130
Further Education and Training Certificate: Human Settlements Development	4	121
Further Education and Training Certificate: Supervision of Construction Processes	4	181
Further Education and Training Certificate: Computer Aided Drawing Office Practice (CAD)	4	131
General Education and Training Certificate: Human Settlements Development	1	120
Further Education and Training Certificate: Plumbing	4	160
National Certificate: Electrical Engineering	3	133
National Certificate: Hot Water System Installation	2	122
National Certificate: Community Development	5	147

Development of Occupational Qualifications

New DQP Projects Started 2019/20

No.	Occupation	Qualification Title	Specialisations
01	Construction Project Manager	National Diploma: Management Civil Engineering Processes	Construction Site Manager Property Development Manager Construction Project Director Building and Construction Manager Construction Manager

No.	Occupation	Qualification Title	Specialisations
02	Quantity Surveyor	Further Education and Training Certificate: Quantity Surveying	Building Economist Electrical Specifications Writer Plumbing Estimator Construction Economist
03	Fibrous Plasterer	National Certificate: Ceiling and Partitioning Installation	Fibrous Plasterer Plasterboard Fixer/ Stopper Dry Wall Plasterer Exterior Plasterer Ceiling Fixer
04	Concreter	National Certificate: Construction Concreting	Grouting/Short-creting Assistant Concrete Worker
05	Steel Fixer	National Certificate: Construction Steelwork	Metal Plate Blender Reinforcing Iron Worker Construction Steel Bender Concrete Reinforcing Steel Placer
06	Materials Scientist	National Certificate: Construction Material Manufacturing	Ceramics Scientist Fibre Technologist Polymer Scientist

New DQP Projects approved by the QCTO

Occupation	OFO Code	Curriculum Code	Specialisation
Builder's Worker	312301	312301-000-00-00	Road Construction/ Maintenance Labourer
			Tiler Hand
			Kitchen Assembler
			Carpenter's Assistant

The two original MoUs for the above-mentioned occupation were signed by the CETA and submitted to the QCTO for processing. The QCTO has acknowledged the submission and as soon as they have signed the one original MoU will then be dispatched to the CETA.

Occupation	OFO Code	Curriculum Code	Specialisation
Plasterer	642302	This is a trade qualification	N/A

PROJECTS REPORT

As a learner centred organisation, the mandate of the CETA remains embedded in the allocation and successful implementation of projects. The CETA has contributed positively to the learning landscape in South Africa over the past 20 years and in particular, the Construction sector.

To ensure the necessary support is provided to achieve priorities and objectives, the Projects Department is capacitated as per the below structures:

Learner Contracting and Data Management

- Contract Management
- Data/Information Management
- Learnerships
- Short Skills Programmes

Graduate Development

- Bursaries
- Internships
- Candidacy
- Higher Education Institution (HEI/HET) Student Placement
- Technical, Vocational, Education and Training (TVET) Student Placement

Monitoring and Evaluation

- Site Audits
- Workplace Approvals
- Inductions
- Project Monitoring
- External Moderation
- Certification

Provincial Operations

- Representation of the CETA in provinces as a first point of contact
- Project implementation
- Stakeholder management and support
- Information dissemination with relevant stakeholders
- Capacity building on CETA's processes for stakeholders
- Conducting, verifications, monitoring and evaluation

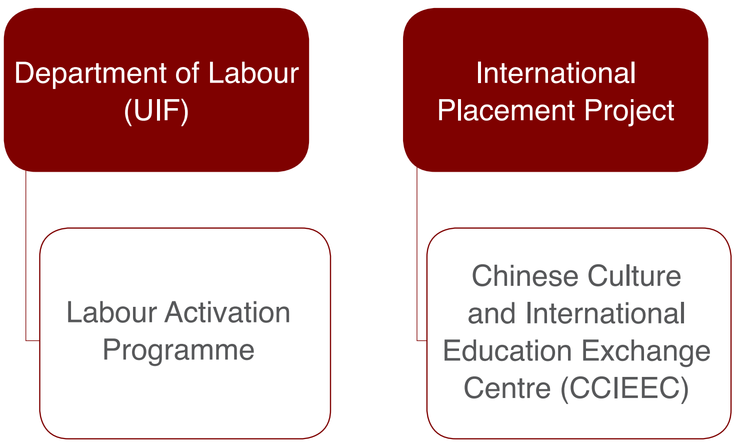
Through these divisions, the CETA expects to ensure the successful implementation of the CETA projects in conjunction with the relevant stakeholders to achieve Construction Education and Training Authority (CETA)'s strategic priorities and other special projects of national interest.

Partnerships

In the implementation of skills development activities, our intent is to develop sustainable relationships based on high performance and mutual trust. Sustainable relationships form the foundation of the CETAs ability to ensure quality and create value in the development of people in the short, medium and long-term. It is thus crucial that that building strong stakeholder partnerships is key to building a reliable skills base and creating an environment for a more sustainable future.

Strategic Projects

Through strategic partnerships to advance skills development activities, the CETA entered into strategic partnerships with the below stakeholders:



Department of Labour (UIF)

The CETA entered into a partnership with Unemployed Insurance Fund (UIF) to implement the skills development in two learning programmes and in various areas of the country targeting rural areas and townships. That targeted populations for the project were:

1. Learnership - 6 100
2. Short Skills Programme – 5 550

The total amount for the partnership agreement would see the UIF contributing 80% of the total amount and the CETA contributing 20%.

The project kicked-off with the implementation of the Short Skills Programme across the following seven Provinces:

1. Eastern Cape
2. Free State
3. Gauteng
4. KwaZulu-Natal
5. Mpumalanga
6. Northern Cape
7. North West

International Placement Project

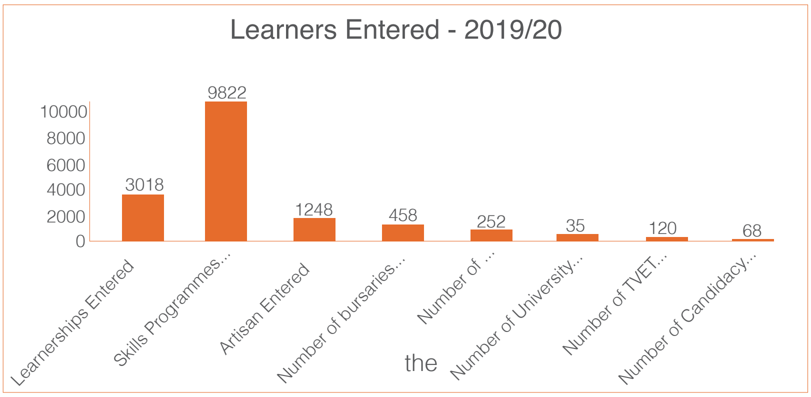
The CETA signed an agreement with The Chinese Culture and International Education Exchange Centre (CCIEEC) for 300 learners to be enrolled and placed into workplaces in and around China as interns. The successful learners were recruited by CETA from TVET Colleges across the country and within the Civil Engineering faculties. The students were placed at Chinese companies in China for work integrated learning to gain experiential learning required for their studies. The first group left South Africa at the end of March 2019 and the last group on 16 September 2019.

The programme attracted participation from TVET Colleges across all nine Provinces as per the below table:

Province	Participating TVET College/s
Eastern Cape	• King Hintsa
Free State	• Motheo TVET College • Goldfields TVET College
Gauteng	• Tswane South TVET College • Ekurhuleni East TVET College • Central Johannesburg College
KwaZulu-Natal	• Ethekwini TVET College • Elangeni TVET College • uMfolozi TVET College
Limpopo	• Capricorn TVET College • Sekhukhune TVET College • Vhembe TVET College • Letaba TVET College
Mpumalanga	• Gert Sibande TVET College • Nkangala TVET College
Northern Cape	• NC Rural TVET College
North West	• Orbit TVET College • Vuselela TVET College • Taletso TVET College
Western Cape	• Northlink TVET College

Summary on Performance

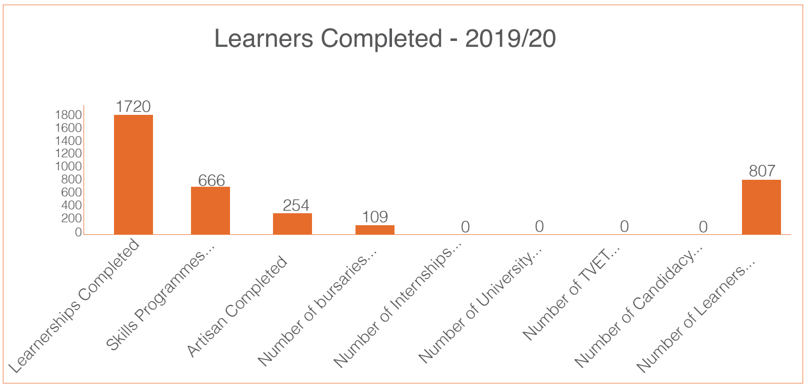
In the year under review, the CETA entered a total of 15 021 learners across different learning pathways as illustrated in the below diagram:



Due to the delayed approval of DG projects adversely affecting the implementation thereof, the CETA suffered deficits in the number of learners entering and thus targets not being achieved.

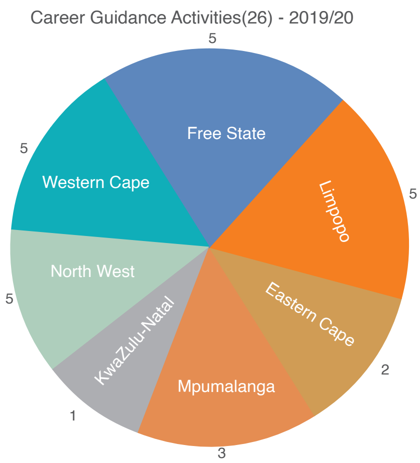
The CETA also experienced challenges during the financial year that impacted on overall performance. Where completions are concerned, external moderation visits for completed projects that fall within the ambit of CETA's quality assurance, were conducted in quarter four of the financial year and thus resulted in a direct negative impact in the certification process. Majority of the learners found to be competent are expected to be certified and reported in the 2020/21 financial year.

The performance is thus summarised as per the below diagram for completion across various learning pathways:



Career guidance and exhibitions per province

In line with the mandate of the CETA, is to ensure visibility and provision of guidance to prospective learners on careers within the construction sector. The CETA was able to engage with learners at various platforms in different provinces during the financial year and summarised as per the below diagram:



PART C

PART C: GOVERNANCE

INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

The CETA remains committed to assuring good corporate governance practices, which seek to continuously promote transparency and accountability to all of its stakeholders. This requires compliance with all the applicable regulations, standards and frameworks as issued by state institutions such as the Department of Higher Education and Training, National Treasury and the Auditor General.

The necessary internal controls are constantly reviewed, updated and put in place with oversight provided by the relevant committee structures.

PORTFOLIO COMMITTEES

The CETA had two physical engagements with the Portfolio Committee during the 2019/20 financial year. The erstwhile Accounting Authority appeared before the Portfolio Committee on Higher Education, Science and Technology to respond to allegations of corruption and mismanagement of the entity.

ADMINISTRATION

As of 3 February 2020, the Director -General: Department of Higher Education and Training, Mr Gwebinkundla Fellix Qonde, in terms of section 15(2) read with subsections (1) and (4) of the Skills Development Act, 1998 (Act No. 97 of 1998), suspended all the members of the Construction Education and Training Authority, Accounting Authority and appointed Mr Sabelo Wasa as the Administrator for a period of twelve (12) months to take over the administration of the CETA. At the expiry of the said period, the appointment of the Administrator may be reviewed and extended.

Powers of the Administrator are as follows:

a) Assume the role of and perform all the functions and duties of the Accounting Authority of the CETA as prescribed in the Skills Development Act, 1998 and the Public Finance Management Act, 1999 (Act No. 1 of 1999) read with the relevant regulations;

b) Assume the role and all functions of the Chief Executive Officer of the CETA;

c) Establish if necessary, with the Minister's approval, chambers as provided for in Section 12 and 13 of the Act;

d) Review the terms and conditions of employment of the Chief Executive Officer,

e) Chief Financial Officer and other employees of the CETA where necessary;

f) Review, if necessary, all the governance policies of the CETA in terms of any applicable law;

g) Suspend, institute disciplinary proceedings or replace, where necessary, any of the officials of the CETA in compliance with any relevant legislation;

h) If necessary, consult widely with the relevant stakeholders within the sector in

i) order to adopt a standard constitution of the CETA in terms of section 13 of the Act and other relevant legislation for approval and publication by the Minister of Higher Education, Science and Technology;

j) Facilitate the appointment of a new CETA Accounting Authority;

k) Ensure the management of the CETA funds in liaison with the Department of Higher Education and Training in accordance with the relevant provisions of the Act, Public Finance Management Act, 1999 and the relevant regulations; and

l) Make rules relating to CETA and chamber meetings, financial matters, general procurement and administrative matters which are in accordance with the provision of the Constitution of the Republic of South Africa, 1996, the Act or any other applicable law.

STATE OF INTERNAL CONTROL ENVIRONMENT

THE AUDIT AND RISK COMMITTEE CHAIRPERSON'S REPORT

We are pleased to present our report for the financial year ended 31st March 2020. The Audit and Risk Committee is an independent statutory body appointed by the Accounting Authority. Further, duties are delegated to the Committee by the Accounting Authority and are in line with the approved CETA Constitution and the Committee Charter.

This Audit and Risk Committee is new at CETA, having been appointed by the administrator on the 24th of February 2020. The committee has therefore prepared this report based on the observations during the short period of time it was in place, the audit outcomes and the investigation reports that were finalised prior to the entity being placed under administration.

Audit Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from Section 38(10) (1) of the Public Finance Management Act (PFMA) and Treasury Regulations 3.1. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control applied by the CETA over financial systems and risk management has proved not to have been effective based on a number of issues including the following:

- The erstwhile board members admitted at the portfolio committee to the presence of financial misconduct at CETA;
- There were salary increases effected, whose approval could not be established;
- There were payments for goods not received to the entities that did not have contracts with CETA;
- The risk management process in place was not functional and CETA's major risks were not properly managed

The administrator has been tasked with addressing these matters and the committee is hopeful these matters will be appropriately resolved.

Evaluation of Annual Financial Statements

The Committee:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and Management;
- Reviewed Auditor-General of South Africa's management report and management's responses thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the CETAs compliance with legal and regulatory provisions; and
- Reviewed the information on predetermined objectives to be included in the annual report.

The Committee was satisfied with the quality of the Annual Financial Statements prepared and presented by Management, however, the audit committee remains extremely concerned about the data underlying those financial statements, in the light of the qualified report of the Auditor General South Africa. The Committee concurs with the conclusions of the AGSA on the Annual Financial Statements and other legal and regulatory matters and has requested the administrator to submit the audit action plan to address the matters that were identified by the AGSA.

Internal Audit

The Internal auditors provided the Committee and management with reasonable assurance as to whether the internal controls remain adequate, effective and appropriate. This is achieved by means of the risk management process, implementation of the internal audit plan, identification of corrective actions and recommended improvements to effective controls and processes.

A new three-year rolling and annual internal audit plans will be tabled to the audit and risk committee as soon as the new service provider is appointed. The internal audit work conducted during the year focused on Finance, Performance Information, Supply Chain Management, Project Management, Human Resources, Information and Communications Technology and Risk Management. The internal audit function provided status progress reports on a quarterly basis to the Committee. The progress reports provided status updates on the implementation of the audit plan, some audit findings and status updates on the implementation of recommendations.

Risk management

We can report that the risk management process is receiving the required attention from management. To this end, management presented the strategic risk register to the Committee for consideration. Progress on the implementation of the strategic risk action plans and the tracking of some emerging risks are being monitored on a quarterly basis and presented to the Committee for consideration. Finally, several other risk documents were also presented to the Committee for review, and will be disseminated among employees to ensure that the culture of risk management is embedded at the CETA.

Auditor-General of South Africa

The Committee met with the Auditor-General of South Africa and confirms that there were no disagreements on any of the unresolved issues between the AGSA and management that affected the audit opinion.

The Committee concurs with and accepts the AGSA's audit report on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General of South Africa.

Mashukudu James Maboa
Chairperson of the Audit and Risk Committee
Construction Education and Training Authority (CETA)

PART D

PART D: HUMAN RESOURCE MANAGEMENT REPORT

The CETA Human Resources Department (HR) provides overall direction on human resource management issues and administrative support functions related to the management of employees for the CETA.

The Department endeavours to be a strategic partner to the CETA by providing Human Resources programs that attract, develop, retain, and engage a skilled and diverse workforce, thereby positioning the CETA as an employer of choice.

The CETA will undergo an HR consultancy exercise during the 2020/21 financial year which will address the following areas:

- Revision of policies and practices
- Job evaluation
- Formulation and implementation strategies
- Design an organizational structure that aligns with the CETA Strategic Plan and Annual Performance Plan.

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme/activity/objective

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Employee Cost	R1 350 228	R125 691	9.3%	109	R1 153

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	R7 095	2	R3 547
Senior Management	R26 206	13	R2 016
Professional qualified	R34 020	23	R1 479
Skilled	R30 589	29	R1 055
Semi-skilled	R21 443	28	R 766
Unskilled	R6 337	14	R 453
TOTAL	**R125 691**	**109**	**R1 153**

Performance Rewards

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	R1 692	R7 095	23%
Senior Management	R5 002	R26 206	19%
Professional qualified	R6 528	R34 020	19%
Skilled	R5 563	R30 589	18%
Semi-skilled	R4 001	R21 443	19%
Unskilled	R1 182	R6 337	19%
TOTAL	**R23 969**	**R125 691**	**19%**

Employment and vacancies

Programme /activity/ objective	2019/2020 No. of Employees	2019/2020 Approved Posts	2019/2020 No. of Employees	2019/2020 Vacancies	% of vacancies
Top Management	1	6	1	5	66.67%
Senior Management	12	14	12	2	7.14%
Professional qualified	23	37	23	14	37.84%
Skilled	31	55	31	24	47.27%
Semi-skilled	28	48	28	20	36.36%
Unskilled	14	15	14	1	6.67%
TOTAL	**109**	**175**	**109**	**66**	**37.71%**

The CETA organogram was revised twice over a 5 year period. The number of posts increased substantially and only priority positions were attended to, due to budgetary and administrative constraints. There is currently no recruitment underway, due to the pending HR consultancy exercise that will address the organogram and the organisations OD strategies.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	2	0	1	1
Senior Management	12	1	1	12
Professional qualified	23	0	0	23
Skilled	29	2	0	31
Semi-skilled	27	1	0	28
Unskilled	14	0	0	14
Total	**107**	**4**	**1**	**109**

Reasons for staff leaving

Reason	Number
Death	0
Resignation	1
Dismissal	0
Retirement	1
Ill health	0
Expiry of contract	0
Other	0
Total	**2**

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	2
Written Warning	3
Final Written warning	0
Dismissal	1

Equity Target and Employment Equity Status

The CETA will be reformulating its targets based on the outcome of the HR Consultancy exercise and will be submitting a revised employment equity plan in January 2021.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	6	6	1	1	0	0	0	0
Professional qualified	9	9	0	0	0	0	0	0
Skilled	11	11	0	0	0	0	0	0
Semi-skilled	9	9	1	1	0	0	0	0
Unskilled	1	1	0	0	0	0	0	0
TOTAL	**36**	**36**	**2**	**2**	**0**	**0**	**0**	**0**

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	3	3	1	1	1	1	0	0
Professional qualified	13	13	0	0	1	1	0	0
Skilled	19	19	1	1	0	0	0	0
Semi-skilled	15	15	2	2	0	0	1	1
Unskilled	13	13	0	0	0	0	0	0
TOTAL	**64**	**64**	**4**	**4**	**2**	**2**	**1**	**1**

Levels	Disabled Staff			
	Male		Female	
	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	1	1	2	2
Unskilled	0	0	0	0
TOTAL	**1**	**1**	**2**	**2**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PART E

PART E: FINANCIAL INFORMATION

Report of the Auditor-General to Parliament on the Construction Education and Training Authority (CETA)

Report on the audit of the financial statements

Qualified Opinion

1. I have audited the financial statements of the Construction Education and Training Authority (CETA) set out on pages 78 to 119, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Construction Education and Training Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

Basis for qualified opinion

Provisions

3. I was unable to obtain sufficient appropriate audit evidence for the provision described in note 19 to the financial statements. Mandatory grant, administration and discretionary grant provision recognised could not be substantiated by supporting audit evidence. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to provisions, stated at R114 175 000 in the financial statements.

Discretionary grant expenditure

4. The public entity did not correctly account for the expenditure in the statement of financial performance in accordance with GRAP 1, Presentation of financial statements. The discretionary grant expenditure amount disclosed under note 10 included expenditure that related to the Unemployment Insurance Fund (UIF) based on a contractual arrangement. Consequently, discretionary grant expenditure for the year is overstated by R43 330 899. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

Commitments

5. The public entity did not correctly account for all items included in the commitments disclosure note in accordance with GRAP 1, Presentation of financial statements. The commitment amount as disclosed under note 21 includes adjustments that were reported in an incorrect accounting period and some of the supporting evidence provided did not agree with the amount recorded in a commitment schedule. Consequently, commitments for the year are overstated by R37 109 595.

Revenue from non-exchange transactions

6. The public entity recognised revenue that did not meet the definition of revenue in accordance with GRAP 23, Revenue from non-exchange transactions, relating to its contractual arrangement with the UIF. Consequently, revenue from non-exchange transactions (UIF grant) was overstated by R37 030 000. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

Payables from non-exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for the payables from non-exchange transactions as described in note 18 to the financial statements. Trade payables – projects, and accrued expenses – projects could not be substantiated by appropriate supporting audit evidence. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to payables from non-

exchange transactions, stated at R101 717 000 in the financial statements. Furthermore, there was also a misclassification between the accrued expenses – projects and the trade payables – projects, which resulted in accrued expenses – projects being overstated by R25 654 171 and trade payable – projects being understated by R25 654 171.

Context for the opinion

8. 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 this auditor's report.
9. I am independent of the public entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Events after the reporting date

12. I draw attention to note 33 to the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of covid-19 on the entity's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances.

Responsibilities of the accounting authority for the financial statements

13. 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 the 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.
14. 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

15. 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.
16. 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

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 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.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to 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.
19. 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 annual performance report of the public entity for the year ended 31 March 2020:

Programmes	Pages in the annual performance report
Programme 3 – Learning programmes and projects	31 – 48

20. 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.
21. The material findings in respect of the reliability of the selected programmes are as follows:

Programme 3 - Learning programmes and projects

22. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided differed materially from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the target. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to further determine whether any further adjustments were required to these reported achievements.

Indicator	Reported achievement
Number of learnership entered – unemployed	197 unfunded
Number of learnership entered – employed	43 funded 31 unfunded
Number of learnership completed – employed	41 funded 83 unfunded
Number of learnership completed – unemployed	764 funded 832 unfunded
Number of skills programmes entered – unemployed	3 449 funded 6 240 unfunded
Number of skills programmes entered – employed	90 funded 45 unfunded
Number of skills programmes completed – unemployed	310 unfunded
Number of artisans entered-unemployed	1 248 funded 59 unfunded
Number of artisans completed – unemployed	75 funded 170 unfunded
Number of bursary entered – unemployed	458
Number of university student placement – entered	35
Number of candidacy programmes – entered	68
Number of skills development centres in the construction sector supported	1
Number of learners RPL (assessed) through recognition of prior learning	807

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. Refer to the annual performance report on pages 22 to 49 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph 21 of this report.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3: learning programmes and projects. As management subsequently corrected only some of the misstatements, I raised material findings on the 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

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
27. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements,

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.
29. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified opinion.

Expenditure management

30. Effective and appropriate steps were not taken to prevent irregular expenditure of R557 445 000 as disclosed in note 26 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by expenditure incurred without an approved budget, in contravention of section 53(4) of the PFMA.
31. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

Other information

32. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the administrator's report and report of the audit and risk committee. 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.
33. 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 thereon.
34. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

36. 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 and the findings on compliance with legislation included in this report.
37. The entity's leadership did not provide a culture of honesty, ethical business practices and good governance, and protect and enhance the best interests of the entity.
38. The public entity did not prepare regular, accurate and complete financial statements that were supported by reliable and credible information. This was as a result of inadequate review of the financial information that resulted in the financial statements being materially misstated.
39. Although the entity has documented policies and procedures to guide its operations to support the understanding and execution of internal control objectives, processes, and responsibilities, instances of non-compliance with the policies and procedures were identified with regards to areas of responsibility. These deficiencies resulted in multiple findings on financial statements items and in non-compliance with legislation. This was mainly caused by insufficient monitoring controls. Compliance monitoring controls implemented by the public entity were not adequate to prevent material non-compliance with key legislation.
40. The controls over daily and monthly processing of transactions did not prevent and detect deficiencies in some instances. Action plans implemented by the entity did not adequately address root causes to prevent audit findings, and numerous internal control deficiencies were reported.
41. Controls to ensure accurate and complete financial reports were not effective in preventing and detecting control deficiencies. The processing and reconciling controls implemented by the entity during the financial year were ineffective, as the accounting records and schedules presented for audit were, in some instances, not accurate and complete.
42. The public entity's compliance monitoring controls were not effective in preventing non-compliance with applicable laws and regulations.
43. The audit committee was not effective in assisting to strengthen the control environment within the public entity as numerous material misstatement were identified during the audit. Furthermore, findings recurred on performance reporting and compliance matters. These were identified during the audit process.

Other reports

44. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
45. During the financial year under review, the executive authority conducted two investigations at the public entity. The investigations covered various allegations including financial misconduct, contravening supply chain management and grants regulations, and governance matters that led to certain executives being suspended while others resigned. A further forensic investigation commenced on the 18 September 2020 to investigate the allegations. Management has indicated that when the outcome of the investigation into human resources is known, appropriate sanctions will be implemented.

Auditor - General.

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Auditor-General
Pretoria
30 September 2020

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 selected programmes 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 Construction Sector Education and Training Authority 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 the 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 confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

CONSTRUCTION EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are 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 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 Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements. The Accounting Authority are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements.

However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement.

The external auditors are responsible for expressing an independent opinion on the financial statements of Construction Education and Training Authority (CETA).

The annual financial statements set out on pages 78 to 119 were approved by the Accounting Authority on 30 September 2020 and were signed on its behalf by:

CETA Administrator
Mr Sabelo Wasa
23 October 2020

Statement of Financial Performance
For the year ended 31 March 2020

	Note(s)	2020 R '000	2019 Restated* R '000
Revenue			
Revenue from exchange transactions			
Other income	5	1 066	48
Interest received - investment	6	132 378	150 424
Total revenue from exchange transactions		**133 444**	**150 472**
Revenue from non-exchange transactions			
Transfer revenue			
Levies	3	612 466	627 636
Fines, Penalties and Forfeits	4	19 646	20 389
UIF Grant		37 030	-
In-Kind Contributions - Facilities	24	1 338	1 304
Total revenue from non-exchange transactions		**670 480**	**649 329**
Total revenue		**803 924**	**799 801**
Expenditure			
Administration Expenses	9	(96 048)	(81 838)
Employer Grant Expenses	10	(85 918)	(89 323)
Discretionary Grant Expenses	10	(1 168 262)	(695 981)
Total expenditure		**(1 350 228)**	**(867 142)**
Deficit for the year		**(546 304)**	**(67 341)**

Statement of Financial Position
As at 31 March 2020

	Note(s)	2020 R '000	2019 Restated* R '000
Assets			
Current Assets			
Cash and cash equivalents	11	1 687 556	2 249 453
Receivables from exchange transactions	13	540	383
Receivables from non-exchange transactions	12	46 376	1 058
Consumables	14	5 921	12 482
		1 740 393	**2 263 376**
Non-Current Assets			
Property, plant and equipment	15	6 245	10 562
Intangible assets	16	121	197
		6 366	**10 759**
Total Assets		**1 746 759**	**2 274 135**
Liabilities			
Current Liabilities			
Payables from exchange transactions	17	9 551	8 864
Payable from non-exchange transactions	18	101 717	126 401
Provisions	19	114 175	71 100
		225 443	**206 365**
Total Liabilities		**225 443**	**206 365**
Net Assets		**1 521 316**	**2 067 770**
Reserves			
Administration grant reserve		6 376	10 761
Employer grant reserves		1 476	506
Discretional grant reserve		1 513 464	2 056 504
Total Net Assets		**1 521 316**	**2 067 771**
Total Net Assets & Liabilities		**1 746 759**	**2 274 135**

Statement of Changes in Net Assets
For the year ended 31 March 2020

	Note(s)	Administration reserve R '000	Employer Grant reserve R '000	Discretional grant reserve R '000	Total reserves R '000	Unappropriated Surplus R '000
Balance at 01 April 2018		**8 234**	**352**	**2 126 526**	**2 135 112**	**2 135 112**
Changes in net assets Surplus/ Deficit for the year		3 245	64 691	(135 276)	(67340)	67 340
Excess reserves transferred		(718)	(64 537)	65 255	-	-
Net income (losses) recognised directly in net assets		2 255	154	(70 908)	(68 499)	-
Surplus for the year		-	-	-	-	(67 341)
Total recognised income and expenses for the year		2 255	154	(70 908)	(68 499)	(67 341)
Total changes		2 255	154	(70 908)	(68 499)	(67 341)
Restated* Balance at 01 April 2019		**10 761**	**506**	**2 056 504**	**2 067 771**	**-**
Changes in net assets Surplus for the year		-	-	-	-	(546 304)
Change in Net asset for the year		(12 299)	63 997	(598 002)	(546 304)	-
Excess Reserves transferred (to)/from		7 914	(63 027)	55 113	-	-
Total changes		(4 385)	970	(542 889)	(546 304)	(546 304)
Balance at 31 March 2020		**6 376**	**1 476**	**1 513 464**	**1 521 467**	**(546 304)**

Note(s)

Cash Flow Statement
For the year ended 31 March 2020

	Note(s)	2020 R '000	2019 Restated* R '000
Cash flows from operating activities			
Receipts			
Grants		631 455	646 554
Interest income		132 378	150 424
		763 833	**796 978**
Payments			
Employee costs		(136 165)	(115 888)
Suppliers and stakeholders		(1 188 620)	(716 932)
		(1 324 785)	(832 820)
Net cash flows from operating activities	20	**(560 952)**	**(35 842)**
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(769)	(7 534)
Purchase of other intangible assets	16	(183)	(96)
Net cash flows from loss/sale of property, plant and equipment		7	63
Net cash flows from investing activities		**(945)**	**(7 567)**
Net increase/(decrease) in cash and cash equivalents		**(561 897)**	**(43 409)**
Cash and cash equivalents at the beginning of the year		2 249 453	2 292 861
Cash and cash equivalents at the end of the year	11	**1 687 556**	**2 249 452**

Statement of Comparison of Budget and Actual Amounts
For the year ended 31 March 2020

Budget on Cash Basis

	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	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	1 066	**1 066**	34.1
Interest received - CPD	108 606	(37 332)	71 274	132 378	**61 104**	34.2
Total revenue from exchange transactions	**108 606**	**(37 332)**	**71 274**	**133 444**	**62 170**	
Revenue from non-exchange transactions						
Transfer revenue						
In-Kind Contributions-Facilities	-	-	-	1 338	**1 338**	
Levies	567 931	108 095	676 026	612 466	**(63 560)**	34.3
Fines, penalties and forfeits	29 667	1 358	31 025	19 646	**(11 379)**	34.4
UIF Grant	-	-	-	37 030	**37 030**	34.5
Total revenue from non-exchange transactions	**597 598**	**109 453**	**707 051**	**670 480**	**(36 571)**	
Total revenue	**706 204**	**72 121**	**778 325**	**803 924**	**25 599**	
Expenditure						
Administration expenses	(79 364)	(22 791)	(102 155)	(96 048)	**6 107**	34.8
Employer grant expenses	(144 219)	(50 362)	(194 581)	(85 918)	**108 663**	34.6
Discretionary grant expenses	(482 621)	1 031	(481 589)	(1 168 262)	**(686 675)**	34.7
Total expenditure	**(706 203)**	**(72 121)**	**(778 325)**	**(1 350 228)**	**(571 904)**	
Deficit before taxation	**-**	**-**	**-**	**(546 304)**	**(546 305)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**(546 304)**	**(546 305)**	

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in South Africa. The financial statements comply with the Standards of GRAP, interpretations and directives issued.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement. Amounts are presented in round thousands unless otherwise stated. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Financial Statements, are disclosed below.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.4 Skills Development Levy Income

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

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended, registered member companies of the CETA pay a skills development levy of 1% of their total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education, Science and Innovation (DHET). Companies with an annual payroll cost below 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 to CETA from SARS through DHET (net of the 20% contribution to the National Skills Fund (NSF)). Revenue is adjusted for transfers of employers between SETAs. Such adjustments are separately disclosed as inter-seta transfers. The amount of the inter-seta adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET.

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

When a new employer transfers to CETA, levies received from the former SETA are recognised as revenue and allocated to the respective category to maintain original identity.

1.5 Skills Development Levy: Penalties and Interest

Interest and penalties are levied by SARS in terms of the Skills Development Levies Act (the Levies Act), 1999 (Act No. 9 of 1999) as amended. Penalties and interest are recognised as revenue when they become receivable and an allocation has been made by the South African Revenue Services.

1.6 Employer grants and Discretionary grants

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).

Employer grants (Mandatory grants)

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

Discretionary grants and project expenses

CETA may, out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the CETA Board. Where necessary, interested employers, associations or organisations may be required to complete and submit a funding application for consideration and approval by the SETA.

Project expenses comprise;

- 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 other costs as are specifically chargeable to CETA under the terms of the contract.

Costs are allocated using methods that are systematic and rationale and are applied consistently to all costs of a similar nature.

Discretionary grants and project expenses are recognised in the period in which they are incurred.

1.7 Revenue adjustments by SARS

CETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected this may result in grants that have been paid to affected employers being in excess of the amount CETA would have granted to those employers had all information been available at the time of paying those grants. A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, including net of bad debts and allowance for irrecoverable amounts.

1.8 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the CETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

1.9 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the CETA as a liability until the related eligible special project expenses are incurred. The liability is reduced by any project expenditure incurred and recognised as revenue. Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the CETA, as the CETA controls such assets for the duration of the project. Such assets may, however, only be disposed of in terms of agreement and specific written instructions by the NSF.

1.10 Inter-SETA transfers

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for skills development levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as inter-SETA transfers. The amount of the inter-SETA transfers is calculated according to the most recent Standard Operating Procedure as issued by the Department of Higher Education and Training.

1.11 Discretionary grant

The funding for discretionary grants and projects stems from the 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the CETA.

CETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved, implementation has taken place and the conditions have been met, creating an obligation to pay. Up to a maximum of 7.5% of the allocated discretionary grant amount shall be budgeted to administer the project by the employer or training provider.

Discretionary grant support costs

The 7.5% limit shall not be applicable to the following:

- Consulting to support CETA strategic goals
- Expenditure incurred as a result of support to conceptualisation, implementation and conclusion Launches
- Legal costs
- Salaries of core business staff Travel and accommodation

1.12 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to CETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The asset and the corresponding revenue are measured at fair value on initial recognition.

1.13 Interest income

Interest income is recognised in surplus or deficit using the effective interest rate method. Interest is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.14 Allowance for impairment of receivables from exchange and non-exchange transactions

Receivables from exchange and non-exchange transactions are assessed for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgments are made as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivables. The impairment is measured as the difference between the receivables carrying amount and the present value of the estimated future cash flows.

1.15 Investment income

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

1.16 Revenue from non-exchange transaction

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Non-exchange revenue transactions result in resources being received by CETA, usually in accordance with a binding arrangement. When CETA 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 CETA will receive economic benefits or service potential and a reliable estimate of resources transferred can be made. Where the resources transferred to CETA are subject to the fulfillment of specific conditions, an asset and a corresponding liability are recognised. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised. The asset and the corresponding revenue are measured at fair value on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, Science and Innovation.

1.17 Project expenditure

Project expenditure comprise:

- 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 CETA 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.

Project costs are recognised as expenses in the period the invoice is received and approved.

Receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

At the end of the financial period any unspent or uncommitted funds must be transferred to the National Skills Fund Authority with an allowance of 5% of the uncommitted funds that will be carried over to the next financial year, except where a request to carry forward the uncommitted funds has been lodged as per the Grant Regulations requirements. The unspent funds are determined by taking the surplus as stated in the Statement of Financial Performance for the financial period under review less the commitments for training of learners in programmes funded from discretionary funds.

Mandatory grants

The grants payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the prescribed cut off period as the payment then becomes probable. The grant is equivalent of 20% of the total levies paid by the employer during the corresponding financial period for the skills implementation grant respectively.

Administrative expenditure

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers. Administration expenses consist of the operational expenditure incurred by the CETA in delivering its mandate

1.18 Critical accounting judgements and key sources of estimation

In the application of CETA's accounting policies management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if the revision affects both current and future periods.

1.20 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or 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.

Property, plant and equipment which has a cost price less than R 2 000 are expensed and not capitalised. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non- monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment.

Subsequent measurement

Building machinery, furniture and fixtures, motor vehicle, office equipment, computer equipment and computer network are carried at cost less accumulated depreciation and any impairment losses except for land and buildings which are carried at a revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The depreciation of assets commences on the date that the asset is available for use, even if it is not yet in use.

Depreciation is calculated and provided for on an annual basis. If the residual value of an asset is at least equal to its carrying amount, then the depreciation amount is zero. Depreciation of an asset ceases at the date that the asset is derecognised. Any gains or losses arising from de-recognition of an asset is included in profit or loss when the item is derecognised. Useful lives are reviewed on an annual basis.

Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

Item	*Depreciation method*	*Average useful life*
Furniture and fixtures	Straight line	4-16 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	4-16 years
Computer equipment	Straight line	3 -9 years
Computer software	Straight line	2-9 years

Residual values

Residual values of other assets are determined by considering the second hand values of similar items which are already at the age the asset is expected to be at the end of its useful life. This would be applicable especially to vehicles. CETA reviews the residual values on an annual basis. The review revealed that the residual values used in the current or prior periods were still valid. No significant variances were identified.

De-recognition

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal (including disposal through a non-exchange transaction) or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment shall be included in surplus or deficit when the item is derecognised.

1.21 Intangible assets

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

Intangible assets are amortised on the straight line basis over their expected useful lives to their estimated residual value.

Impairment losses are recognised when the carrying amount of an intangible asset exceeds its estimated recoverable amount. Such intangible asset is written down immediately to its recoverable amount. Impairment losses are recognised in surplus or deficit.

The amortisation period and amortisation method are reviewed at each reporting date.

The effect of any change in these estimates is accounted for prospectively. Where intangible assets are disposed, the gain or loss on disposal is determined as the difference between disposal proceeds and the carrying amount on date of disposal.

Gains or losses on disposal are recognised in surplus or deficit. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item Depreciation	Method	Useful life
Computer licenses	Straight line	2 years, limited to license period

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The useful lives are detailed in the note for property plant and equipment

Intangible assets are derecognised:

- on disposal;or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising is the difference between the net disposal proceeds, if any and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.22 Useful lives of property, plant and equipment and intangible asset

CETA reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. Refer to notes 16 and 17 for the carrying values of property, plant and equipment and intangible assets.

1.23 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 uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a

specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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 (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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 guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

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

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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 of three types of risk: currency risk, interest rate risk and other price risk.

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.

A financial asset is past due when a counterpart has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution;or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- 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.

1.24 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Recognition

The entity recognises statutory receivables using the policy on revenue from non-exchange transactions

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

The transaction amount (for purposes of the Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired. In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest

payments (where levied).

- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

1.25 Taxation

No provision has been made for taxation, as CETA is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of1962).

Value Added Taxation (VAT)

The Revenue Laws Amendment Act, (Act No.45 of 2003) commenced on 22 December 2003. Previously the definition of enterprise placed Sectorial Education and Training Authorities (SETA) in Schedule 3A within the scope of VAT. The Amendment Act, however has amended this definition of enterprise and effectively places the public entity outside the scope of VAT; effective as of 1 April 2005.

1.26 Commitments

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

Unrecognised contractual commitments are disclosed in the annual financial statements.

Commitments mean that contractual obligations exist at the end of the financial year that will oblige CETA to make a payment or payments in the ensuing year. A contractual obligation means there is an agreement (written) with specific terms between CETA and a third party whereby the third party undertakes to perform something in relation to a discretionary project for which CETA will be obliged to make payment against the discretionary grant

1.27 Revenue from non-exchange transactions

Revenue comprises of gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.
Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity. The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Members of the Accounting Authority and employees are required to disclose their interest in any contracts that CETA is entering into with an outside party. Inter-SETA transactions and balances arise due to the movement of employers from one SETA to another.

1.30 In-Kind contributions

In-Kind contributions are recognised at fair value and are equally recorded as revenue and expenditure for donated use of services, facilities and other assets. Donated assets are recorded as current or fixed assets.

1.31 Financial instruments

Financial instruments are broadly defined as those contracts that results in a financial asset in one entity and a financial liability or residual interest in another entity. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

Financial assets and financial liabilities are initially recognised at fair value. Where an entity subsequently measures financial assets and financial liabilities at amortised cost or costs, and transactions costs are included in the cost of the asset or liability.
Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial

recognition, an entity can however designate such an instrument to be measured at fair value

An entity cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an entity's statement of financial position and performance, as well as the nature and extent of the risks that an entity is exposed to as a result of its financial instruments. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or costs and the preparation of a sensitivity analysis, are encouraged rather than required.

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. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the CETA shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

A financial asset is cash, residual interest of another entity, a contractual right to receive cash or another financial asset from another entity exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the CETA.

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 CETA classification
The CETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from non-exchange transactions	Financial assets measured at initial recognition at fair value,and are subsequently measured at amortised cost using the effective interest rate method.
Receivables from exchange transactions	Financial assets measured at initial recognition value, and are subsequently measured at amortised cost using the effective interest rate method.
Cash and cash equivalents	Financial assets which comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known changes in value.

The CETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Provisions	Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost. Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost.
Payables from exchange transactions	Payables from non-exchange transactions Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost.

Off-setting

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

1.32 Finance leases –lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

When an operating lease is terminated before the lease period has expired, any payment made to the lessor as a penalty is recognised as an expense in the period in which termination occurs.

1.33 Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as amended as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus/deficit.

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are transferred to the discretionary reserve. Provision is made in the mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

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

- Administration costs of CETA
- Employer grant fund levy
- Discretionary grants and projects
- Contributions to the National Skills Fund.

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund CETA's administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

1.34 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year and have been restated from the earliest prior period presented, to account for the effect of prior period errors.

1.35 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is recognised in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

1.36 Irregular expenditure

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including–
a) the PFMA as amended;
b) the Skills Development Act (the Act), 1998 (Act No. 97 of 1998) as amended.

Irregular expenditure is recognised in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense. Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is recorded in the irregular expenditure register and disclosed in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is awaited at year end is recorded in the irregular expenditure register and disclosed as irregular expenditure awaiting condonement in the notes to the financial statements.

Where irregular expenditure was incurred in a previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned during the year under review.

Irregular expenditure incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, an account receivable is recognised. Thereafter, steps are taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose all amounts written off in the relevant note to the financial statements.

If the irregular expenditure has not been condoned and no person is held liable, the expenditure related remains in the irregular expenditure register and is disclosed in the notes to the financial statements.

1.37 Segment information

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by CETA. The major classifications of activities identified in budget documentation would usually reflect the segments for which CETA reports information to management.

Segment information is either presented based on service or geographical segments.

Service segments relate to a distinguishable component of CETA that provides specific outputs or achieves particular operating objectives that are in line with CETA's overall mission. CETA's service segments are mandatory, discretionary and administration activities. These segments are based on the Skills Development Levies Act, 1999 and the SETA Grant regulations.

1.38 Budget information

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 01/04/2019 to 31/03/2020.

The 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.

1.39 Consumables and inventories

Consumables are recognised as an asset on the date of acquisition and are measured at the cost on the acquisition date. Consumables are valued at the lower of cost or net replacement value. Consumables are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and they can be measured reliably. Consumables and inventories

Consumables are initially measured at cost on acquisition date and subsequently measured at the lower of cost and current replacement cost. Consumables are recognised as assets at acquisition date and subsequently recognised in surplus or deficit as they are consumed.

1.40 Reserves

Amounts retained in the employer grant reserve are based on an estimate of employer grants that may be approved after the reporting date in relation to newly registered companies who have up to 6 months to submit applications for mandatory grants in terms of the Skills Development Act. This estimate is also disclosed as a contingent liability.

Reserves are sub-classified in the Statement of financial position between the following funds and reserves:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the regulations issued in terms of the Skills Development Act, Act No 97 of 1998 as amended. Member employer company levy payments are set aside in terms of the Skills Development Act, Act No 97 of 1998, as amended and the regulations issued in terms of the Act, for the purpose of:

	2020 %	2019 %
Administration costs of the CETA	10.50	10.50
Discretionary Grant	49.50	49.50
Mandatory Grant	20	20
National Skills Fund	20	20
	100	100

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for CETA administration costs.

Interest and penalties received from the South African Revenue Services as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source of the income.

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Reserves are created based on the accrual basis of accounting.

Contributions from Public Service	Split
Administration	1/3
Discretionary Grants	2/3

1.41 Employee benefits

Defined contribution plans

The CETA provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. Contributions are at a rate of 15% of pensionable emoluments of which members contribute 7.5%.The CETA's contribution to the defined contribution plans are charged to the Statement of Financial Performance in the year to which they relate and there is no further liability for the CETA. The CETA pays for the medical aid of the staff members and there is no obligation to the CETA over and above medical aid contributions.

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

At the reporting date, a liability is recognised for compensated absences such as annual leave not yet utilised by employees. CETA recognises this obligation based on the best available estimate of accumulated leave days expected to vest and on remuneration rates of the respective employees.

Defined contribution plans

Payments to defined contribution plans are recognised as an expense as they fall due. A liability is recognised for unpaid contributions at the end of the reporting period.

Termination benefits

Termination benefits are recognised when they accrue to employees

1.42 Provisions, accruals and contingencies

Provisions are recognised at the best estimate of cash outflows required to settle the related obligations. Disclosure of the basis of each provision is included in note 19.

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

Provision for levies exempt companies

Exempt companies' provision includes employers who continued paying skills development levies even though they are exempt in terms of Skills Development Act.

Provision for employee entitlements

The cost of other 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 last day of the financial year. Leave provision are included under payables from exchange transactions in the statement of financial position based on the current salary rates and latest approved increases. Provision for bonus is also included.

Provisions for grants
Mandatory

A provision is recognised for grant payments due once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998, as amended has been complied with by member companies and it is probable that the CETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant.

Discretionary

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitment in the notes to the financial statements.

Contingent assets and contingent liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity. Contingent assets and contingent liabilities are not recognised.

1.44 Subsequent events

Subsequent events are all events that occur between the reporting date and the date on which the financial statements are authorised for tabling in parliament. Adjusting events are all the events that confirm the financial performance and position of the SETA at year end and if material the financial statements are adjusted accordingly

1.45 Errors and ommissions

Material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by:

a) Restating the comparative amounts for the prior period(s) presented in which the error occurred;or

b) If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

Notes to the Annual Financial Statements

	2020 R '000	2019 R '000

2. Allocation of unappropriated surplus

	Administration grants R '000	Employer grants R '000	Discretionary grants R '000	Total per Statement of Financial Performance R'000	Total per Statement of Financial Performance R'000
Revenue					
Admin levy income (10.5%)	82 411	-	-	82 411	83 778
Grant levy income (69.5%)	-	149 915	380 140	530 055	543 858
Skills development levy: penalties and interest	-	-	19 646	19 646	20 389
UIF Grant	-	-	37 030	37 030	-
Interest received	-	-	132 378	132 378	150 424
In-Kind Contributions - Facilities	1 338	-	-	1 338	1 304
Other income	-	-	1 066	1 066	48
Total	**83 749**	**149 915**	**570 260**	**803 924**	**799 801**
Expenses					
Administration expenses	(96 048)	-	-	(96 048)	(81 838)
Employer grant expenses	-	(85 918)	-	(85 918)	(89 323)
Discretionary grant expenses	-	-	(1 168 262)	(1 168 262)	(695 981)
Total	**(96 048)**	**(85 918)**	**(1 168 262)**	**(1 350 228)**	**(867 142)**
	(12 299)	**63 997**	**(598 002)**	**(546 304)**	**(67 341)**

3. Levies

	2020 R '000	2019 R '000
Levy income: Administration		
Levies in cash	82 676	84 061
Levies received from SARS	79 348	81 739
Government levies received	3 328	2 299
Inter-seta transfers in	-	23
Levies provision	(265)	(282)
	82 411	**83 779**
Levy income: Employer Grants		
Levies in cash	150 420	154 551
Levies received from SARS	150 420	154 506
Inter-seta transfers in	-	45
Levies provision	(505)	(537)
	149 915	**154 014**

	2020 R '000	2019 R '000
Levy income: Discretionary Grants		
Levies in cash	381 390	391 175
Levies received from SARS	374 735	386 464
Government levies received	6 655	4 598
Inter-seta transfers in	-	113
Levies provision	(1 250)	(1 330)
	380 140	**389 845**
Total	**612 466**	**627 638**

4. Fines, Penalties and Forfeits

Skills Development Levy : Interest	9 815	9 719
Skills Development Levy: Penalties	9 831	10 670
	19 646	**20 389**

5. Other income

Income from Refunds	1 066	48

6. Interest received

Interest revenue		
Corporation of Public Deposits (CPD)	132 378	150 424

7. Administration Expenses - Employee related costs

Basic	22 905	19 006
Performance Bonuses	6 043	4 239
Medical aid - company contributions	4 523	3 631
Unemployment Insurance Fund	166	149
Other Employee Cost	649	1 778
Bond Subsidy	936	555
Pay As You Earn	16 491	12 377
Pension fund contribution	5 142	4 551
	56 855	**46 286**

Defined Contribution Plan

The CETA's contribution to the defined contribution plan is charged to the Statement of Financial Performance in the year to which they relate and there is no further liability for the CETA.

Fringe Benefits

The CETA introduced new fringe benefits for its employees in the 2018/19 financial year namely the; mobility allowances, education allowances and the employer pension contribution.

	2020 R '000	2019 R '000

Other

Included in other employee costs are: Garnishee orders, leave Pay, compensation fund, employee wellness, union fees, recruitment fees, bursaries, etc.

8. Administration Expenses - Depreciation and amortisation

	2020	2019
Property, plant and equipment	5 341	5 285

9. Administration Expenses - Operating expenses

	2020	2019
Administration Expenses		
Employee related cost - Ref Note 7	56 855	46 286
Depreciation and Amortisation - Ref Note 8	5 341	5 285
Administration Expenses - Ref Note 9	33 852	30 267
	96 048	**81 838**

	2020	2019
Advertising	2 441	3 037
Auditors remuneration	4 843	3 458
Legal costs	8 135	1 859
Other operational expenses	7 639	6 918
In-kind Contribution - Facilities	1 338	1 304
Board members expenses	2 489	4 572
Consulting and outsourcing	-	6
Travel, Subsistence and accommodation	456	668
QTCO	2 618	4 240
Other expenses	3 893	4 205
	33 852	**30 267**

Other

Included in other operating expenses are: Repairs and Maintenance, Cleaning, Stationery, Security, Insurance, Refreshments, Printing, Archiving expenses, etc. These increased in the current financial year due to the increase in staff compliment.

	2020	2019
Repairs and maintenance - Property and Buildings	397	640
Repairs - Office equipment	13	48
	410	**688**

10. Employer Grant and Project Expenses

	2020	2019
Mandatory Grants	**85 918**	**89 323**
- Expensed	82 430	89 426
- Movement in provision	3 488	(103)
Discretionary Grants	**1 168 262**	**695 982**
- Core expenditure	1 046 899	560 069
- Admin expenditure	121 363	135 913

	2020 R '000	2019 R '000
Employee cost	**79 430**	**69 781**
- Basic Salaries	32 467	30 902
- Performance Bonuses	8 303	5 834
- Pay As You Earn	21 190	17 690
- Unemployment Insurance Fund	309	294
- Pension fund contribution	7 008	6 854
- Medical Aid	7 415	6 708
- Bond Subsidy	1 307	937
- Other Employment costs	1 431	562
Project Administration costs	**41 933**	**66 133**
-Travel, Subsistence and Accommodation	1 070	4 891
- Communication, PR and Marketing	8 169	19 669
- Adjudication of Projects	2 500	2 500
- Evaluation of DG Proposals	10 998	11 291
- Consulting and Outsourcing	4 353	4 863
- Project Management	1 998	-
- Legal Costs	7 577	15 887
- Management Information system	4 825	2 452
- Other Project administration Expenses	443	4 580
	1 263 869	**785 304**

Included in Other Project Administration Expenses are: Repairs and Maintenance, Cleaning, Stationery, Security, Insurance, Refreshments, Printing, Archiving expenses, etc. which are project related.

Repairs and maintenance - Property & Buildings	-	223

11. Cash and cash equivalents

Cash on hand	4	2
Bank balance - Standard Bank	91 087	81 282
Bank balance - Corporation of Public Deposits	1 596 465	2 168 169
	1 687 556	**2 249 453**

As Required in Treasury Regulation 31.2, the CETA holds bank accounts with financial institutions approved by National Treasury. The Skills Development Act Regulations states that the CETA may, if not otherwise specified by the Public Finance Management Act., the short term deposits are invested in line with the investment policy.

	2020 R '000	2019 R '000
Figures in Rand thousands		

12. Receivables from non-exchange transactions

	2020	2019
SARS employer receivable	1 357	8 228
Provision for bad debts	(325)	(7 170)
Project debtors	45 344	-
	46 376	**1 058**

SARS Employer is a review on movements in receivables resulting from SARS adjustments, in line with CETA policy and section 190(1)(b) of the Tax Administration Act. Most of the debtors older than five years that had not moved in the that financial year, this resulted in the increased provision for bad debts for the year 2018/19. In addition the provision for bad debts considered the status of the employers SARS database, whether company is active, inactive, estate or bankrupt.

13. Receivables from exchange transactions

	2020	2019
Prepaid expenses	-	35
Staff debtors	108	88
Sundry deposit	432	260
	540	**383**

14. Consumables

	2020	2019
Consumable stores	5 921	12 482

15. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	4 252	(3 706)	546	4 205	(2 824)	1 381
Motor vehicles	9 677	(6 480)	3 197	9 677	(4 933)	4 744
Office equipment	4 806	(4 034)	772	4 728	(3 353)	1 375
Computer equipment	9 483	(7 753)	1 730	8 859	(5 797)	3 062
Total	**28 218**	**(21 973)**	**6 245**	**27 469**	**(16 907)**	**10 562**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 381	47	-	(882)	546
Motor vehicles	4 744	-	-	(1 547)	3 197
Office equipment	1 375	78	-	(681)	772
IT equipment	3 062	644	(7)	(1 969)	1 730
	10 562	**769**	**(7)**	**(5 079)**	**6 245**

	2020 R '000	2019 R '000

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 828	379	-	(826)	1 381
Motor vehicles	1 834	4 276	-	(1 366)	4 744
Office equipment	1 249	901	(16)	(759)	1 375
IT equipment	3 223	1 978	(74)	(2 065)	3 062
	8 134	**7 534**	**(90)**	**(5 016)**	**10 562**

There are 930 assets with a R1 value which were due for replacement in the 2019/20 financial year. Due to financial constraints, these assets will only be replaced during the next financial year.

	2020	2019
Remaining average useful lives of assets with R values		
Furniture and fittings	-	1
Motor vehicles	-	3
Office equipment	-	2
Computer equipment	-	1
	-	**7**
Cost price of the assets with R0,00 carrying amounts		
Furniture and fittings	-	728 426
Motor vehicles	-	4 473 301
Office equipment	-	913 108
Computer equipment	-	4 747 218
	-	**10 862 053**

16. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 454	(2 333)	121	2 271	(2 074)	197

	2020 R '000	2019 R '000

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	197	183	(259)	121

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	**371**	**96**	**(270)**	**197**

Remaining useful life	
Computer software	1 year
Cost price of the computer software with R1 carrying amount	
Computer software	R96 382

17. Payables from exchange transactions

	2020	2019
Trade payables	79	4 026
Lease liability	252	357
Accrued expense- Administration	4 200	618
Other creditors	1 434	1 186
Leave provision	3 586	2 677
	9 551	**8 864**

18. Payables from non-exchange transactions

	2020	2019
Mandatory grant payables	26 903	28 686
Trade payables - projects	12 318	16 846
NSF lay-off scheme	37	37
Accrued expenses - projects	62 459	80 832
	101 717	**126 401**

	2020	2019
NARYSEC Funds opening balance	-	725
Amounts paid	-	(725)
	-	-

	2020 R '000	2019 R '000

19. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Movement	Total
Mandatory grant provision	2 246	3440	5 686
Employer refund provision	22 326	2 020	24 346
Discretionary grant provision	45 855	37 511	83 366
Administration provision	673	104	777
	71 100	**43 075**	**114 175**

	2020	2019
Employer refund opening balance	22 326	20 176
Transfers to discretionery grants	(3 757)	(3 600)
Current year	4 399	4 325
Change in provision	1 378	1 425
	24 346	**22 326**

The provision for employer refund R24 346(2018/19 : R22 326) relates to employers who, even though are not obliged to pay skills development levy because their payroll is less than R500K, inter alia, still they contribute towards SDL. Any exempt contribution older than five years are swept to discretionary reserves as directed by the Skills Development Circular no 09/2013 in conjunction with section 190(4) of the Tax Administration.

	2020	2019
Mandatory grants provision	2 246	7 958
Opening balance		
Change in provision	3 440	(5 712)
	5 686	**2 246**

	2020	2019
Administration provision opening balance	673	2 607
Change in provision	104	(1 934)
	777	**673**

	2020	2019
Discretionary grant provision		
Opening balance	45 855	64 503
Utilised	-	(18 877)
Change in provision	37 511	229
	83 366	**45 855**

	2020 R '000	2019 R '000
20. Cash used in operations		
Deficit	(546 304)	(67 341)
Adjustments for:		
Depreciation and amortisation	5 341	5 285
Movements in provisions	42 922	(24 144)
Adjustment to Opening balance	-	(1 159)
Profit on write off assets	-	27
Changes in working capital: Consumables	6 561	(11 142)
Receivables from exchange transactions	(157)	329
Receivables from non-exchange transactions	(45 318)	7 963
NARYSEC	-	(725)
Payables from exchange transactions	687	(2 601)
Taxes and transfers payable (non-exchange)	(24 684)	57 666
Payables from non-exchange transaction	**(560 952)**	**(35 842)**

21. Commitments

21.1 DG Commitments

Programme	Restated Opening balance	Sweep & Cancellation	Termination Adjustments	Allocations	Utilization	2019/20 Closing Balance
Academic Development: Jnr Lecture	1 167	(1 167)	-	-	-	-
Academic Infrastructure and lecture	25 680	-	-	-	-	25 680
Apprenticeships	719 535	(202 338)	282 283	176 880	(379 850)	596 510
Associates lecture position (Transport planning/GIS/CAD for planning)	45 806	(45 806)	-	-	-	-
Bursaries	309 353	(94 158)	58 087	24 000	(152 264)	145 019
Candidacy	223 749	(121 134)	13 012	85 500	(26 081)	175 046
CETA Academy	149 013	-	-	-	(23 630)	125 383
Contemporary Leaders development	378	-	-	-	(378)	-
Development of Academic Programme	747	(52)	-	-	-	694
DQP Status	3 874	(3 174)	-	-	-	700
Engineering Articulation Research and Partners	14 101	-	(2 929)	-	(7 818)	3 354
Equity Development Post	2 954	(2 532)	-	-	(415)	7
Establishment and Development of Cooperatives	11 984	(10 394)	-	-	(46)	1 544
Establishment of a Construction Laboratory and Workshop	8 920	-	-	-	-	8 920
Establishment of a Cooperative	500	(500)	-	-	-	-
Establishment or Enhancement of Construction Department in Public FET Colleges	2 967	(1 967)	-	-	-	1 000

					2020 R '000	2019 R '000
21. Commitments (continued)						
Future Leaders	776	-	-	-	(524)	252
Innovation	4 019	-	-	-	(1 561)	2 459
Internship'	163 585	(69 144)	(1 150)	-	(53 959)	39 331
Joint Projects (JPMT)	4 292	-	-	-	-	4 292
Learnership	724 152	(265 873)	2 888	2 500	(272 573)	191 095
Mentorships DG Projects	-	-	-	5 054	(2 758)	2 296
New Leaders Development	1 612	-	-	-	(1 482)	130
Occupational Health and Safety	12 290	-	(12 084)	-	-	206
Placement of Learners	61 915	(45 994)	-	31 800	(8 620)	39 101
Post-School Sector Collaboration	1 870	-	-	-	-	1 870
Programme Development	129	(129)	-	-	-	-
Project Management and Administration	6 369	-	-	-	-	6 369
Recognition of Prior Learning	42 691	(9 262)	-	-	(9 902)	23 527
Rural Community development projects	9 214	-	-	-	-	9 214
Sector Skills Plan	3 156	-	15 013	-	(11 600)	6 569
Short Skills Programmes	161 459	(77 877)	100	2 250	(39 130)	46 803
Skills Development Centre	231 913	(62 279)	-	-	(2 165)	167 470
Special Projects	2 265	-	-	-	-	2 265
Trade Testing	4 640	(3 509)	-	-	(518)	613
Training of FET College Staff in assessment and moderation	300	(200)	-	-	-	100
Various Projects	304	(304)	-	-	-	-
Work Readiness Campaign	1 770	-	-	-	-	1 770
Workplace Integrated Learning	63 211	(37 843)	1 150	-	(6 899)	19 618
Operational Kit Cooperative	-	-	-	250	-	250
Cooperative Empowerment Training	-	-	-	1 400	-	1 400
Short Skills Programme-UIF CETA	-	-	-	89 494	(46 727)	42 767
School Renovation	-	-	-	3 000	-	3 000
Total	**3 022 660**	**(1 055 636)**	**356 370**	**422 128**	**(1 048 900)**	**1 696 624**

21.2 Operating leases

Minimum lease payments due		
- within one year	766	2 950

The operating lease commitment has been straight lined over the lease term to take into account escalation clauses contained therein. The operating lease relates to the business premises used for office accommodation for the Head office, Kwa-Zulu Natal and Western Cape provinces.

	2020 R '000	2019 R '000
21.3 Administration Commitments		
Avis Car Rental	338	-
AE Soft (Pty) LTD	1 500	535
Bredasdorp Armed Responses	82	156
Cornastone Enterprise Systems (Pty) LTD	155	2 836
Data Proof Communications	626	1 636
Fidelity Security Services	433	1 707
Five Star Communications	6 750	-
Galix Networking (Pty) Ltd	-	235
Graysonreed Consulting (Pty) Ltd	-	24 900
Docufile/ Iron Mountain	75	26
Modise Protection Services Cc	122	-
Kunene Makopo Risk Solutions (Pty) Ltd	146	576
Lettie Top	122	-
Net15	552	-
Mosebo Networks	-	4 796
Ntumba & Associates Consulting	195	2 150
Prosperosa 360 (Pty) Ltd	-	171
Servest (Pty) Ltd	14	64
Servest Interior Solutions	-	61
Singa Tel (Pty)Ltd T/A Net 15	-	2 773
Solu Growth (Pty) Ltd (Deloitte & Touche)	1 135	4 541
Skg Properties	766	-
Vuvuzela Hotline (Pty) Ltd	-	52
	13 011	**47 215**

Commitments secured rates, that are used as and when services are needed, these commitments are capped according to appointment letters. The capping varies from R500 thousand to R45 million. The list is as follows,

Ctrack Mzansi (Pty) Ltd	As per quotes rates
Docufile/ Iron Mountain	As per quotes rates
Five Star Communications	As per quotes rates
Ndumiso Voyi Inc	As per quotes rates
Nkwali Consulting	As per quotes rates

Most supplier contracts expired on 31 March 2020 and some were extended on a month-to month basis. An estimate of amounts on these could not be reliably made, with regard to their extension periods.

22. Prior period errors

a) Impact on account balances:

Increase in Payables from non-exchange transaction	-	(97715)
Decrease in Payables from exchange transaction	-	97715
	-	-

	2020 R '000	2019 R '000

During the finalisation of the financial statements for the 2018/19 financial year, the Auditor General gave an opinion on the classifications of exchange and non-exchange transaction . The CETA adjusted its receivable and payables accordingly.

b) Included in the commitment schedule is the adjustment of approximately R8.3 million relating to the prior year, as a result of addendum and change request which were submitted by the stakeholder, after the finalisation of the audit.

Previously stated balance carried forward amount for F/Y 2018/19	-	3 014 342
Increase/Decrease in approvals	-	8 320
Revised closing balance	**-**	**3 022 662**

23. Restatement of prior year figures

Reclassification of accounts was done on the following notes from the 2018/19 comparative balances;
Note 13.1 Payables from non-exchange transactions - three accounts from the payable note were reclassified and consolidated into one account in the 2019/20 financial statements. The effect is as follows:

Levy creditors	R21 107
SARS payables	R1 167
Skills development mandatory grants	R6 411
To:	
Mandatory grants payables	(R28 686)

24. Related parties

Relationships	
Member of the Accounting Authority	Refer to members' report note
Ultimate controlling entity	Department of Higher Education, Science and Technology
Members with a representative serving on the CETA Accounting Authority	SAFCEC (W Mfebe), MBSA (R Mnisi), NUM (J Montisetse, P Matsa, S Mlangeni, I Ndlovu), BCAWU (TE Kgole, M Moloto), SACPCMP (R Govender), NSBE (TC Madikane), National Dept of Human Settlements (S Nxumalo), National Dept of Public Works (V Manzini)
Other Departments with significant influence key Stakeholders	National Treasury, National Skills Fund,National Students Financial Aid Scheme
Significant Affiliates	Other 20 SETAs and QCTO
Members of key management	Robert Semenya - Acting Chief Executive Officer, Velile Ndlovu - Chief Financial Officer, Khomotso Mpandeli - Acting Core Business Executive, Innocent Ngenzi - Acting Cooperate Services Executive

Related party transactions

	2020 R '000		2019 R '000	
	Amounts received/ (Paid)/ Commitment	Amounts receivable/ (Payable)	Amounts received/ (Paid)	Amounts receivable/ (Payable)
DHET	624 149	-	643 096	-
MERSETA	-	-	182	-
QCTO (0,5%)	(2 618)	-	(4 240)	-
SSETA	-	-	-	146
TVET Colleges	253 295	-	-	-
Universities	120 186	-	-	-
Other Colleges	142 988	-	-	-
	1 138 000	**-**	**639 038**	**146**

The transactions from MERSETA relates to Inter-SETA transfers. The amount of the transaction includes interest and penalties (where applicable) transferred to or from the CETA.

Emanating from the collaboration between the Services and Construction SETAs share joint projects and resources such as office space, assets, bursaries etc.

Following the Minister's request for SETAs, to have offices in TVET Colleges, the CETAs provincial offices are located in TVET Colleges. In most colleges, CETA does not pay rent for the granted office space.

24. Related parties (Continued)

No emoluments were paid to the members or any individuals holding a prescribed office during the year.

Cost of occupancy

Mpumalanga	93	89
KZN	127	121
North West	101	97
Free State	681	651
WesternCape	63	60
Northern cape	152	145
Eastern Cape	85	81
Gauteng	36	34
	1 338	**1 278**

The CETA Limpopo provincial office is not included above because there's a lease contract in place. Mpumalanga and the Free State provinces moved to bigger office space in the current year.

Equipment (Generator)

Head Office	-	25

The generator was bought in June 2011 and was fully depreciated by June 2016. The costs for the transportation, installation and maintenance are incurred by the CETA.

Key Management Remuneration

The key management personnel (as defined by Related Party Disclosures) of the CETA are: the members of the accounting authority and the members of senior management.

2020	Designation	Comments	Date Effective	Total Cost to Company R'000	Acting Allowance R'000	Bonus R'000	Total
V Ndlovu	CFO	Suspended	2020/02/12	2 550	-	788	3 338
R Semenya	Acting CEO	Resigned	2020/01/27	2 323	538	904	3 765
K Mpandeli	Acting CBE	Suspended	2020/02/12	1 343	110	426	1 879
S Tleane	Acting CSE			1 897	157	497	2 551
I Ngenzi	Acting COO	Retired	2020/02/11	1 349	157	456	1 962
Executive Management				**9 462**	**962**	**3 071**	**13 495**

2019	Total Cost to Company R'000	Acting Allowance R'000	Lump Sum R'000	Bonus R'000	Total
S Pilusa	841	-	100	-	941
T Madibeng	966	-	-	-	966
R Semenya	2 298	383	-	824	3 505
V Ndlovu	2 709	-	-	718	3 427
K Mpandeli	1 575	79	-	379	2 033
I Ngenzi	1 720	192	-	406	2 318
Executive Management	**10 109**	**654**	**100**	**2 327**	**13 190**

* Other benefits comprise travel allowance and medical benefits

	Designation	Comments	Date effective	Total Cost to Company R'000	Total
S Wasa	Administrator	Appointed	2020/02/03	371	371
BE Hlongwe	Advisor: Finance	Appointed	2020/02/18	213	213
GN Sejake	Advisor: Projects	Appointed	2020/02/18	189	189
ZS Mnisi	Advisor: ICT	Appointed	2020/02/18	189	189
MM Morrison	Advisor: Operations & Strategy	Appointed	2020/02/18	189	189
PP Mnguni	Advisor: Change Management	Appointed	2020/02/18	189	189
MVM Mashigo	Advisor: Monitoring and Evaluation	Appointed	2020/02/18	189	189
Executive Management				**1 529**	**1 529**

The Accounting Authority

The accounting authority consists of members appointed in terms of its constitution. The chief executive officer attends meetings of the accounting authority but is not a member of the accounting authority. All the Accounting Authority members were suspended from 03 February 2020, and as at 31 March 2020 their contracts ended.

2020

Members names	Accounting Authority	Executive Committee	Core Business Committee	Audit Committee	Finance Committee	Governance &Strategy Committee	Remuneration Committee	Other Meeting Allowance	Total Meetings	Travel Re-imbursement	Grand Total
	R'000	R'000	R'000	R'000)	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr R Cele	94	63	-	-	-	-	-	65	222	-	222
Mr W Mfebe	69	47	31	-	-	-	-	25	172	4	176
Mr R Mnisi	78	-	15	-	-	15	-	9	117	2	119
Mr TC Madikane	65	-	23	-	-	-	31	13	132	4	137
Ms R Govender	47	-	8	26	-	31	-	-	113	1	114
Mr T Matosa	56	23	15	-	52	-	-	22	169	12	181
Ms I Ndlovu	86	47	23	-	-	-	52	37	246	13	259
Mr J Montisetse	35	-	16	10	-	-	23	17	101	-	101
Mr S Mlangeni	60	-	16	-	39	23	-	22	160	6	166
Mr A Mahlalutye	-	-	-	16	-	-	-	9	24	1	26
Mr V Nondabula	60	-	-	52	-	-	8	9	129	2	131
Ms C Mofet-Mubu	-	-	-	26	-	-	-	4	31	1	31
Mr Z Murhawi	-	-	-	-	-	-	-	104	104	1	105
Mr TE Kgole	30	-	-	-	15	-	-	9	54	-	54
Ms M Moloto	30	-	-	-	-	-	-	9	39	-	39
	710	**180**	**147**	**130**	**106**	**69**	**114**	**352**	**1 813**	**48**	**1 860**

Figures in Rand thousand

Note 24 Continues (continued)

2019

	Accounting Authority	Executive Committee	Core Business Committee	Audit Committee	Finance Committee	Governance &Strategy Committee	Remuneration Committee	Other Meeting Allowance	Total Meetings	Fuel & Other	Grand Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr R Cele	227	111	-	-	-	-	11	142	490	-	490
Mr W Mfebe	167	67	41	-	-	-	-	94	368	3	372
Mr R Mnisi	126	-	16	-	-	47	-	18	206	1	207
Mr T C Madikane	153	-	23	-	-	-	78	26	280	5	285
Ms R Govender	137	-	31	16	-	73	-	61	318	4	322
Mr T Matosa	145	74	23	-	52	-	-	87	382	17	399
Ms I Ndlovu	149	82	23	-	-	-	105	82	441	16	457
Mr J Montisetse	56	8	8	16	-	-	62	10	159	-	159
Mr S Mlangeni	154	8	23	-	39	47	-	40	310	5	316
Mr A Mahlalutye	-	-	-	10	-	-	-	4	15	-	15
Mr V Nondabula	4	-	-	16	-	-	-	-	20	-	20
Mr Z Murhawi	-	-	-	-	-	-	-	60	60	1	61
Mr Z Fihlani	-	-	-	5	-	-	-	-	5	-	5
Mr Rankoe	-	-	-	10	-	-	-	-	10	-	10
Ms J Mogadime	1	-	-	17	-	-	-	-	18	-	18
Ms S Hari	-	-	-	30	-	-	-	4	35	-	35
	1 319	**350**	**188**	**120**	**91**	**167**	**256**	**628**	**3 119**	**53**	**3 172**

	2020	2019
26. Irregular expenditure		
Opening balance as previously reported	79 429	-
Opening balance as restated	79 429	-
Add: Irregular expenditure - current	557 445	79 429
Closing balance	**636 874**	**79 429**

Incidents/cases identified in the current year include those listed below:

Contravention	Disciplinary steps taken/criminal proceedings		
An irregularity on the mandatory process for SCM tender submissions	No disciplinary steps taken as these are currently still under investigation	3 167	412
Excess over the 10.5% administration expenditure limit	No disciplinary steps taken since since excess only	7921	-
A revised budget not submitted to the Accounting Authority of the CETA, when it became known to the CETA that discretionary grant budget would be exceeded.	No disciplinary steps taken yet, as these are currently still under investigation	546 304	67 340
Unauthorised adjustments of employee salaries	No disciplinary steps taken yet, as these are currently still under investigation	-	11 677
Expenditure incurred without following the approved SCM processes	No disciplinary steps taken yet, as these are currently still under investigation	53	-
		557 445	**79 429**

The incurred irregular expenditure related to:

Included in irregular expenditure is an unauthorised adjustment amount of R11.6 million to the CETA employee salaries effective as of 1 April 2018 to include 100% pension benefits.

Authorisation of this transaction could not be established, as a result it was classified as irregular in the 2018/19 financial year and the erstwhile CETA Accounting Authority, resolved that the payments to the employees must be reversed and that a consequence management process, which includes investigation and possible recovery of this irregular expenditure be undertaken.

This recovery was done through an application for a declaratory order, which was later reversed by the board in December 2019 and the payment of pensions continued due to labour disputes.

The administrator is currently busy with the investigation into the decision to adjust the employee salaries effective as of 1 April 2018 to include 100% pension benefits and the HR consultations are taking place to determine how to deal with this matter.

27. Fruitless and wasteful expenditure

There were no fruitless and wasteful expenditure incurred during the financial year.

	2020 R '000	2019 R '000

28. Financial instruments disclosure

In the course of CETA operations, it is exposed to interest rate, credit, liquidity and market risk. CETA has developed a comprehensive risk strategy in terms of Treasury Regulations 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the heading below.
Financial instruments have not been discounted as they will be settled or recovered within 6 months. The effect of discounting was considered and found not to be material.

Interest rate risk

CETA Manages its interest rate risk by effectively investing CETA surplus the Corporation for Public Deposits (CPD) as per Treasury Regulation 31.3.3.

Categories of financial instruments

Financial assets 2020

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	46 375	46 375
Receivables from non-exchange transactions	-	531	531
Cash and cash equivalents - Investments effective rate - 6.75%	1 596 465	-	1 596 465
Cash and cash equivalents - Cash at bank and on hand	91 087	-	91 087
	1 687 552	**46 906**	**1 734 458**

Financial assets 2019

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	1 058	1 058
Receivables from non-exchange transactions	-	382	382
Cash and cash equivalents - Cash at bank and on hand	81 282	-	81 282
Cash and cash equivalents - Investments Interest rate @ 7.06%	2 168 169	-	2 168 169
	2 249 451	**1 440**	**2 250 891**

Financial assets, which potentially subjects CETA to the risk of non-performance by counter parties and thereby subjects to credit concentration of credit risk, consist mainly of cash and cash equivalent, investments and account receivable.

CETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury regulations 28. CETA 's exposure is continuous.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. CETA does not have any material exposure to any individual or counter-party. CETA's concentration of credit risk is limited to the industry (Construction related industries) in which CETA operates. No events occurred in the industry (Construction and related) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are a presented net of allowances for doubtfull debts.

	2020 R '000	2019 R '000

Financial instruments in Statement of financial performance

Risk management

Financial risk management

Liquidity risk

CETA manages liquidity risk through proper management of working capital, capital expenditure (and actual versus forecasted cash flows and its cash management. Adequate reserves and liquid resources are maintained.

2020	Carrying Amount	Contractual Cash Flow	6 months or less
Payables from non-exchange transaction	101 717	101 717	101 717
Payables from exchange transaction	7 640	7 640	7 640
	109 357	**109 357**	**109 357**

2019	Carrying Amount	Contractual Cash Flow	6 months or less
Payables from non-exchange transaction	126 401	126 401	126 401
Payables from exchange transaction	8 865	8 865	8 865
	135 266	**135 266**	**135 266**

In case of liquidity problems, funding resources might be available in terms of the DHET and the National Treasury approval for borrowing requirements in the open market

Market risk

CETA is exposed to to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wages rates. No significant events occurred during the year of audit.

Fair values
CETA's financial instruments consists of mainly of cash and cash equivalent, accounts and other receivable and payables. No financial instruments were carried at an amount in excess of its fair value. Fair value could be reliably measured for all financial instruments.

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

Cash and cash equivalent

Cash and cash equivalent comprise of cash held by CETA and short-term bank deposits with an original maturity of less than three months. The carrying amount of these assets approximates their fair values.

Accounts receivable

The carrying amount of the account receivable is a net of allowances for any doubtful debt , estimated by the Accounting Authority based on prior experience. The carrying amount of these assets approximates their fair values. The effect of discounting was considered and found to be immaterial.

	2020 R '000	2019 R '000

30. New standards and interpretations

30.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact

31. Contingencies

Contingent liabilities

31.1 Retention of surplus funds

Surplus Funds as at 31 March 2018, in terms of the Public Finance Management Act (1 of 1999), as amended, all surplus funds as at year-end must be forfeited to National Treasury should an application for the retention of surplus funds be denied. The Services SETA submitted an application for the retention of accumulated funds as at 31 March 2018 to National Treasury. In terms of the Grant Regulation 3(11), SETAs are expected to have spent or committed (through actual contractual obligations) at least 95% of discretionary funds available to use as at 31 March of each year. NSF liability and uncommitted funds: The Labour Appeal Court, in a matter between the Minister of Higher Education and Training and Business Unity South Africa, set aside paragraph 3(12) of the Grant Regulations. Therefore, uncommitted funds are no longer transferable to the National Skills Fund. SETAs are however required to disclose the uncommitted surplus. The possible liability is calculated as follows:

Discretionary Grant reserves	R1,513,464	R2,056,504
Less: Commitments	- R1,696,626	-R3,022,762
Less: Allowable 5%	-R75,673	R102,825
Over-commitment and therefore no payback	**R0**	**R0**

	2020 R '000	2019 R '000

31.2 SARS Reversal

Department of Higher Education and Training	R217, 557	R217 557

The South African Revenue Services (SARS) reversed the levy that was paid to the CETA in July 2015, leaving the CETA with the above amounts as a possible liability owed to the Department's system.

31.3 Litigations

Summons against CETA by service providers for projects contract related matters	R184	R184

31.4 BUSA Case and Surplus funds

In October 2019, BUSA won a court case against DHET where the Department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations that was set aside. . The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards. The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. Communication has been received from the Minister regarding the approved mandatory grant percentage that SETAs should pay, stating that DHET continues to split the mandatory grant levy income portion at 20%. Consequently, the CETA continued to pay and accrue for mandatory grants at 20% in alignment with the approved annual performance plan. The mandatory grant expenditure as well as the skills development grants payable were calculated at a rate of 20%. Pending agreement between the Minister and the employers through BUSA)on the rate, there is a possible obligation to pay additional mandatory grants if a rate above 20% is later agreed upon. Due to uncertainty of the approved rate and effective date of application of such rate, the amount of the possible liability cannot be reliably estimated. The mandatory grant expenditure in note 3 as well as the mandatory grant liability in note 11 were calculated using mandatory grant percentage of 20%. The SETA therefore discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers from the date of the court decision to the year end. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at this point.

31.5 First time employer registration

The Skills Development legislation allows an employer, registration for the first time and 6 months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, additional mandatory grants expenditure of 1.4 million (FY2018/19: R506. thousand) will be payable. The amount is contingent on the number of submissions received and approved.

Contingent assets

31.6 SARS Reversal

The South African Revenue Services (SARS) reversed the levy that was paid to the CETA in July 2015, leaving CETA with the above amount as a possible recovery from Aveng. R 165 370 (2018/19: R165 370)

32. Going concern

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

33. Events after the reporting date

2020 Scheme year levies

The levy contributors were given a 4 months grace period expiring 31st October 2020. This grace period will results in reduced revenue, thereby, impacting significantly on already approved budgets and KPIs and targets on the Annual Performance Plan of 2020/21 financial year.

CETA will reprioritise its budget by releasing funds through:

- Reviewing of commitments
- Cancellation of static projects
- Downward revisions of budgets for slow moving projects
- Reductions of some short skills projects
- Review of APP targets to reduce total expenditure on projects
- Strict management of the timeline for the implementation of the projects.

This reprioritisation will help cover the shortfall on administration budget. Because CETA is budgeted to the maximum of 10,5% permissible for administrative budget, CETA will need the minister's approval to effect such reprioritisation.

34. Budget differences

Material differences between budget and actual amounts

34.1 Revenue Other Revenue - This was a refund from a service provider, amount not budgeted for as it was contingent

34.2 Interest Received - The difference in this amount is due to budgeting processes, as less was earned in the current year in line with declining bank balances

34.3 Levies - Decline in levies contributions was as a result of stakeholders leaving CETA to other SETAs due to satisfaction issues

34.4 Fines, Penalties and Forfeits - The movement in note 34 contributed to less interest, penalties due to transfer to other CETAs

35.5 UIF Grant - This was due to new initiative by the Department of Labour to address unemployment in the RSA, in which CETA became a participant in the current year

34.6 Employer grant expenses - With the decline in levies contribution, the estimated pay-out ratio also dropped. This was attributable to the poor performance of the CETA in that period.

34.7 Discretionary grant expenses - The increase in projects spending ranges from various reasons triggered by the increased claims.

34.8 Administration expenditure - Due to challenges faced by CETA during the 2019/20 financial year, resulting in less spend in this area than what was anticipated during the budget preparation.

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