

ANNUAL REPORT

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“Developing Skills. Serving Society”







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ANNUAL FINANCIAL
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Achievements to Date

82%
performance
achievement



CETA construction
of Ingwavuma Skills
Development Centre
(SDC)

The Ingwavuma SDC project
is scheduled to be completed
by November 2023





32%
upward
improvement
on performance



57%
increase in the
submission of
WSPs and ATRs



The CETA and the Wholesale and Retail Sector Education and Training Authority (W&RSETA) collaborated in infrastructure development to establish a Skills Development Centre in Kwa-Mpumuza in Msunduzi local municipality in the uMgungundlovu District Municipality in KZN. The groundbreaking ceremony took place on 09 September 2023.



PART A

GENERAL INFORMATION

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Contact Details

General Information

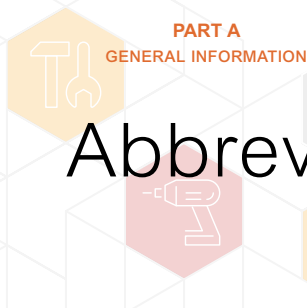
| | |
|--------------------------------------|---|
| Registered name of the public entity | Construction Education and Training Authority |
| ISBN number | ISBN 978-0-621-51142-0 |
| RP number | RP156/2023 |
| Registration number: | 05/CETA1/04/20 |
| Registered office address | 52-54 on 14 th Road Noordwyk Midrand 1687 |
| Postal address | P O Box 1955 Halfway House Midrand 1685 |
| Contact telephone numbers | +27 11 265 5900 |
| Email address | Stakeholderrelations@ceta.co.za |
| Website address | www.ceta.org.za |
| Company Secretary | |
| Board Secretary Support | Outsourced |

External Auditor's Information

| | |
|------------------|--|
| Auditor | Auditor-General South Africa |
| Physical address | 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0081 |
| Telephone | +27 12 426 8000 |

Banker's Information

| | |
|------|---|
| Bank | Standard Bank 5 Simmonds Street Marshalltown Johannesburg 2001 |
| Bank | Reserve Bank of South Africa 370 Helen Joseph Street Pretoria 0002 |

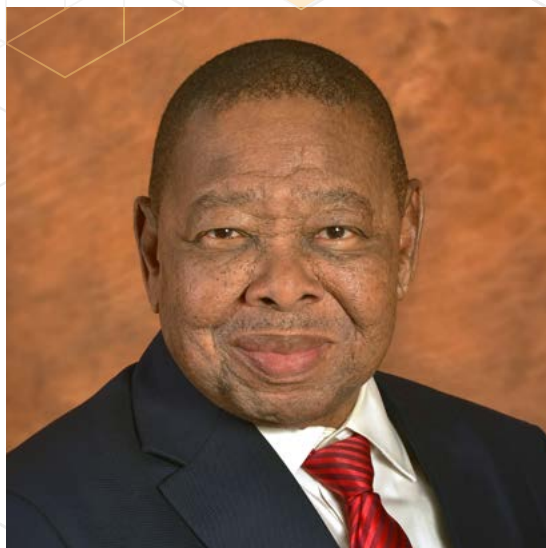


Abbreviations and Acronyms

| | |
|----------------|---|
| AA | Accounting Authority |
| AFS | Annual Financial Statements |
| AGSA | Auditor-General of South Africa |
| AR | Annual Report |
| APP | Annual Performance Plan |
| APR | Annual Performance Report |
| AQP | Assessment Quality Partner |
| ARC | Audit and Risk Committee |
| ATR | Annual Training Report |
| CB | Core Business |
| CBO | Community-Based Organisation |
| CEO | Chief Executive Officer |
| CESA | Civil Engineering South Africa |
| CET | Community-Based Organisation |
| CETA | Construction Education and Training Authority |
| CFO | Chief Financial Officer |
| CIDB | Construction Industry Development Board |
| CSP | Client Services and Projects |
| CPD | Corporation for Public Deposits |
| DEAF-SA | Deaf Federation of South Africa |
| 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 |
| GCIS | Government Communication Information and System |
| HESI | Higher Education, Science and Innovation |
| HET | Higher Education and Training |
| ICT | Information Communication Technology |
| JPMT | Joint Project Management Team |
| KPI | Key Performance Indicator |
| LPQD | Learning Pathways and Quality Development |
| MG | Mandatory Grant |
| MIS | Management Information System |
| MoU | Memorandum of Understanding |
| MTSF | Medium-Term Strategic Framework |
| NAMB | National Artisan Moderating Body |
| NC | National Certificate |
| NCV | National Certificate Vocational |
| NGO | Non-Governmental Organisation |
| NPO | Non-Profit Organisation |
| NQF | National Qualifications Framework |
| NSDP | National Skills Development Plan |
| NSDS | National Skills Development Strategy |
| NSFAS | National Student Financial Aid Scheme |
| NVC | New Venture Creation |
| OFO | Organising Framework for Occupations |
| PAYE | Pay as You Earn |

| | |
|---------------|---|
| PFMA | Public Finance Management Act |
| PSET | Post-School Education and Training |
| QAP | Quality Assurance Partner |
| QCTO | Quality Council for Trades and Occupations |
| QMR | Quarterly Monitoring Report |
| QPR | Quarterly Performance Report |
| RPL | Recognition of Prior Learning |
| SANMVA | South African National Military Veterans' Association |
| SANRAL | South African National Roads Agency State-Owned Company (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 |
| SSP | Sector Skills Plan |
| SP | Strategic Plan |
| TVET | Technical and Vocational Educational and Training |
| UIF | Unemployment Insurance Fund |
| WSP | Workplace Skills Plan |

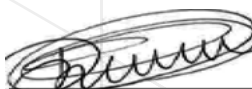


Dr BE Nzimande

Minister of Higher Education,
Science and Innovation

Submission of the 2022/23 Annual Report to the Honourable Minister of Higher Education, Science and Innovation, Dr BE Nzimande

In accordance with the Public Finance Management Act (No.1 of 1999), as amended, I have the honour of submitting to the Minister, the Annual Report of the Construction Education and Training Authority for the period 1 April 2022 to 31 March 2023. This report provides an account of the financial and non-financial performance of the CETA.



Mr Thabo Masombuka
Accounting Authority Chairperson



Accounting Authority Overview



Mr Thabo Masombuka
Accounting Authority Chairperson

“ The Board is committed to facilitate and fund skills development, and to provide qualification programmes that are responsive to the needs of society and students. ”

Introduction

The Construction Education and Training Authority's (CETA's) role in contributing to the government's strategic growth plans require a comprehensive understanding of the nature of the Post-Schooling Education Sector (PSET), and how CETA, can participate in enhancing training initiatives. These initiatives aim to meet the current and foreseeable future demands of both the labour and economic market. The construction industry is one of South Africa's largest employers, accounting for just over 1,1 million direct and over 500 000 indirect employment opportunities. The sector is diverse, comprising five broad categories or sub-sectors: Materials Manufacturing, Construction, Building, Built Environment Professions, and Electrical Sub-Sectors. The need for skilled employees is driven by spending by both public and private investors to these sub-sectors.

The CETA Board and its Chairperson were appointed on 22 August 2022, after CETA had been placed under Administration by the Minister of Higher Education, Science and Innovation in February 2020. On behalf of all members of the newly appointed Board, with a tenure of only seven months, it is my privilege to present the organisation's Annual Report, including the Annual Financial Statements, for the financial year ending 31 March 2023.

This report is prepared and presented in accordance with the Annual Report specimen and guidelines issued by the South African National Treasury. It is also prepared in line with the PFMA and King IV Report on Corporate Governance for South Africa, 2016 (King IV). King IV stipulates that reporting should focused on substance over form and should disclose information that is timely, relevant, accurate, honest, accessible, and comparable with past performance.

We trust that CETA's Annual Report for 2022/23 provides a holistic and integrated review of the CETA's performance in terms of its finances, operations, and sustainability, as well as its role as one of the country's vital Sector Education and Training Authorities (SETAs).

CETA performance against pre-determined objectives

In 2022, the South African construction sector contributed an added value of approximately R107 billion (roughly \$5,9 billion) to the country's gross domestic product (GDP). This represents a decrease when compared to the previous year, when the sectors added value amounted to approximately R111 billion. CETA has assured stakeholders of its commitment to transparency and good governance. By prioritising the aforementioned sub-sectors within the construction industry, the CETA Board and management have rigorously facilitated and funded skills development through:

- Development of qualifications;
- Accreditation of training providers;
- Research and development of the Sector Skills Plan;
- Allocation of Mandatory and Discretionary Grants;
- Monitoring of Projects;
- Quality Assurance of all accredited training in the sector; and
- Certification of Learners.

The CETA Board and Accounting Authority (AA) are committed to ensuring compliance with the timely submissions of the Sector Skills Plan, Strategic Plan, Annual Performance Plan, the Service Level Agreement, and the 2022/23 Annual and Quarterly Reports to the relevant authorities. Objectives and targets based on performance outcomes have been considered, with some targets revised for 2023/24 to ensure relevance and value to all CETA stakeholders. The CETA Strategic and Annual Performance Plans consist of four broad programmes aligned to the Department of Higher Education and Training (DHET), and Treasury Guideline Strategic Framework:

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

Furthermore, the CETA 2022/25 Strategic Plan focuses on seven areas (being implemented). These are:

- CETA sustainability and clean administration;
- Effective stakeholder relations;
- People skills, competencies, and engagement;
- Effective and positive corporate culture anchored on CETA values;
- Digitisation and institutionalised IKM;
- Technology and innovation in driving our research agenda; and
- CETA brand repositioning and alignment.

Since administration ended on 2 February 2022, CETA has improved its performance against pre-determined objectives from 22% in 2020/21 to 62% in 2021/22 and, as at the end of March 2023, the 2022/23 APP result were at 82%. This is an indication of the current leadership's commitment to the transformation of the CETA to a beacon of excellence within the skills development landscape.

During the year under review, CETA paid out R76 million (2022: R72 million) in mandatory grants, and R342 million (2022: R543 million) in Discretionary Grant funding. In the 2022/23 financial year, the Discretionary Grant funding benefited nearly 8 000 learners enrolled on various CETA programmes and pathways.

CETA received approximately R632 million (including fines and penalties) in skills development levies for the 2022/23 financial year. This equated to a 7.89% increase from previous period. The total expenditure during the period under review decreased by R197 million from R883million in 2021/22, to R686 million.

Governance and systems

The AA has established the four sub-committees consisting of a suitable number of persons with the knowledge and skills needed to perform the functions of the committee. These are:

- The Board Executive Committee (BEXCO);
- The Audit and Risk Committee (ARC);

- The Finance, Human Resources, Remuneration and Ethics Committee (FHREC); and
- The Governance, Strategy, and ICT Committee (GSICT).

In pursuit to govern and manage the CETA in accordance with the PFMA and to ensure that the CETA achieves its objectives, the AA and its Board members have collectively attended seven meetings during the seven months of their appointment in 2022/23 financial year. The AA and its Board have, furthermore, tracked meeting decisions, implementations, and developments through the meeting decision log. The CETA Board considers ethics to be the bedrock of corporate governance.

Stakeholder management and engagement

Stakeholders are the lifeblood of the CETA. Since 2022, and beyond the onboarding of the new Board, the CETA has actively engaged its key stakeholders. Engagements seek to obtain better insights and perceptions of their needs. During recent nation-wide stakeholder engagement roadshows, the CETA Board and Executive management actively engaged stakeholders, highlighting their strategic plan aimed at reinstating efficient administration and transparent governance.

This level of engagement was necessary and will be valuable as the CETA builds robust relations with its stakeholders post administration. At these roadshows, CETA is guided by an absolute commitment to reforming and overhauling the CETA into one that is relevant, responsive, and agile in meeting the expectations of its partners in the various sectors it affects. This aims to advance the CETA's efforts in meeting the skills needs of the construction sector.

Acknowledgement

I want to thank the members of the CETA Board for their valued contribution to the business by facilitating and funding skills development in South Africa – despite trying economic conditions. I trust that these efforts will serve as an encouragement to all CETA staff members and stakeholders to hold each other accountable in

our efforts to better-serve our country; as One CETA, One Team, in pursuit of ONE FAMILY!

A special word of appreciation goes to our Minister of Higher Education, Science, and Innovation Dr Bonginkosi Emmanuel “Blade” Nzimande, and Deputy Minister Mr Buti Manamela, for their commitment to build and strengthen the post-school education and training (PSET) system, since the advent of democracy in the Republic of South Africa.

Thank you to the key role players in the Department of Higher Education and Training for their leadership and strategic guidance, as well as the Portfolio Committee on Higher Education, Science and Innovation, other government departments, other SETAs, Chambers and Council within the construction industry, Construction non-levy paying and levy paying companies, provinces, and the local governments that hosted CETAs activities.

Our appreciation extends to the Executives, Management, and the hard-working Employees of CETA.

Conclusion

The AA and the Board is committed to facilitate and fund skills development, and to provide qualification programmes and curricula that are responsive to the needs of the world of work, society, and students.

I remain, truly,



Mr Thabo Masombuka
Accounting Authority Chairperson
CETA



Chief Executive Officer's Overview



Mr Malusi Shezi
Chief Executive Officer

“ The CETA recorded an audited performance achievement of 82% against the 2022/23 APP targets. This represents a 32% improvement from prior year’s overall performance. ”

I am honoured to present the CETA Annual Report for the 2022/23 financial year. This reporting period marks the first full year post the Administration period that ended on 02 February 2022. The Sector Education and Training Authorities are key drivers of economic growth, social development, and nation building through their skills offerings. I am indeed honoured to lead an organisation with such a tremendous mandate.

The CETA Management continued its quest to improve operational and financial stability, and to improve stakeholder relations. This has resulted in superior performance results for the year under review.

Reflecting on the 2022/23 period

The year saw the appointment of the CETA's Accounting Authority. This became functional as of 01 September 2022, and was a great milestone from a CETA governance perspective.

The CETA was capacitated during the review period and most critical posts were filled; including the full complement of Executive positions.

During the earlier part of the period (April and May 2022), the CETA and its leadership came under media fire, but the attempts at casting our organisation in a negative light fell short. We remained steadfast to our goals of good governance and administration, and the storm was weathered with integrity.

To communicate and solidify our commitment to good governance and administration, we have embarked on stakeholder roadshows - both internally and externally - and share the CETA's vision and turnaround path with our stakeholders.

General financial review spending trends

The CETA is funded by skills levies from businesses. In return, it disburses these levies to train, skill, and provide experiential learning to suitable candidates. This is done to address the needs of the sector through both Mandatory and Discretionary Grants processes.

The total expenditure for the year amounted to R686 million, marking a 22% decrease from the previous financial year. Employee costs experienced a slight reduction, going from R62 million to R59.7 million. This decline in expenditure also resulted in a R183 million (28%) drop in Discretionary Grant expenditure, moving from R652 million in 2021/22 to R469 million this year. However, Mandatory Grant payments rose to R76 million from R72 million in 2022. Administrative expenses also fell by R16 million compared to the previous year.

In relation to the approved budgets for the year, the levies were R615 million, against R566 million budgeted for; while DG expenditure was at R469 million versus a R768 million budget; and Administration Support expenditure was at R77 million against an R89 million budget.

The CETA reported a surplus of R10 million for the 2022/23 period, representing a 96% improvement from the prior year's deficit of R248 million. This led to a resultant increase in the accumulated reserves net of R9 million as at 31 March 2023.

Cash and cash equivalents at the year-end were R1 billion, a 5% decrease from the previous year's balance of R1,1 billion. DG Commitments stood at R1,5 billion, compared to the prior year's value of R2 billion. This decrease was primarily driven by an extensive review of legacy projects' commitments that were cancelled, as they were no longer fit for the strategic targets, and their terms lapsed. Other reductions were due to learner or beneficiary dropouts, sweeps, etc.

The CETA has sufficient reserves of R1.1 billion in cash balances and DG reserves of R943 million and is, therefore, a going concern. The CETA is licensed to operate until 31 March 2030, as per the approval from the Minister of Higher Education, Science, and Innovation, as gazetted.

The CETA duly submitted its application to the National Treasury to retain accumulated surpluses of R974 million through DHET, as legislated. The request was responded to by the National Treasury (NT), who indicated the following: *“As to your request for the retention of your surplus, please be advised that since your legislation regulates the use*

of your surplus, you do not require the National Treasury's approval to retain the surplus. The National Treasury Instruction No. 12 of 2020/21 dealing with the retention of surpluses will be reviewed to address instances of entities whose legislation regulates the use of surpluses (signed 22 November 2022)." The Executive Authority of the CETA also confirmed support to retain the cash surpluses as per the prescripts of the PFMA.

No unsolicited bid proposals were received or awarded in the current year.

I have applied consequence management on all procurement matters that required such action from the instituted probity audits on all SCM procurement awards made between 01 April and 30 April 2022.

Achievements for the current period

The CETA recorded an audited performance achievement of 82% against the 2022/23 APP targets. This represents a 32% upward improvement from the previous year's overall performance (2022: 62%).

The financial year noted an improved sector participation win all aspects. The levy payer base improved slightly from the prior year. CETA Management honoured the outstanding commitments that were standstill for extended periods; like construction of the INgwavuma Skills Development Centre (SDC) to be handed over to Umfolozi TVET College as per DHET policy directive, Okhahlamba SDC linked to Mnambithi TVET College amongst many others. A new SDC was launched by the Minister of HESI at KwaMpumzuza linked to uMgungundlovu TVET in September 2022.

The control environment has seen a marked improvement compared to the prior year. We remain committed to implementing the AG's accepted recommendations; hence, enhancing control measures will persistently be a top priority.

We have genuinely embodied our refined CETA values, enabling us to evolve into an agile, high-performing organisation that continually learns and is responsive to stakeholder needs. Over the next three years, the CETA aspires to be recognised as one of the top employers in the country.

We have rolled out our augmented and comprehensive CETA flagship internship programme. We had during the year, about 43 interns who were funded from our administrative budget. The programme offers valuable experience and tackle youth unemployment in our country. All our administrative interns are fully qualified, each possessing at least an NQF 6 or higher qualification. We believe that even a brief stint with us will set them on a prosperous trajectory in their careers going forward.

Our asset base grew to R26.2 million (previous year: R16.2 million), while our liabilities decreased to R144 million (2022: R196 million).

Key projects – current and in the future

CETA continued with investing the available resources to improve its service-delivery offerings and is implementing the following key projects:

- Integration of applications systems to support the implementation of learning interventions, finance and HR management, project management, contract management, and stakeholder relations management;
- The re-alignment of historical qualifications to occupational qualifications in line with the QCTO SLA requirements;
- Enhanced skills development initiatives aligned to the Economic Reconstruction and Recovery Plan;
- Roll-out of the CETA learner biometric and stipends system; and
- Investing in the development of integrated records and knowledge management system as part our digitalisation project.

Going into the future, the CETA is committed to the following amongst many:

- The construction of the Skills Development Centres in Taletso TVET Lehurutse campus, Giyani in Limpopo and the Port Nolloth in the Northern Cape.
- Levy revenue growth through better servicing of our stakeholders and our strategic partnerships.
- Rolling out special projects that are impact focused like the CETA Women and U-coming Executives Executive Development Programme and the Impact a Generation Career Guidance project.

Audit matters

The CETA received an Except For" audit opinion from the Auditor-General of South Africa (AGSA) for the 2022/23 financial year. The financial statements were signed-off as fairly presenting the financial state of affairs as audited; with the exception regarding the DG commitments disclosure note, which was qualified. The AGSA noted some irregular expenditure due to non-compliance; to which the majority relate to legacy contracts procured in the prior years and R69 million due to 7,5% DG related admin expenditure threshold being exceeded. The SCM processes were reviewed, and efforts made to ensure that all supply chain management prescripts are fully adhered. The overall functionality of the SCM unit independent review was nearing its completion; at the date of this report. Regular probity audits and advisory have been embedded into all procurement awards exceeding threshold as prescribed in the CETA SCM policy.

Irregular and fruitless expenditures from prior years were duly investigated and concluded, except for the R15.7 million fruitless expenditure on the flagship project, which was still ongoing as of 31 July 2023. Measures to recover funds have been initiated, with some cases being handed over to legal departments for further action, ensuring the CETA does not sustain unrecovered financial losses.

Chief Executive Officer's Overview (continued)

Achievement of strategic period's targets to date

The CETA has achieved most of its key strategic term targets as shown in the table below.

| Outcome | Adjusted five-year strategic target | Achieved to date | % achieved PTD |
|--|-------------------------------------|------------------|----------------|
| Support skills development of new entrants or unemployed people into the Construction Sector | 36 307 | 19 480 | 54% |
| Enhance the skills of the existing workforce of the Construction Sector | 2 040 | 289 | 14% |
| Respond to changing sectoral needs, priorities and transformation through small business development | 200 | 90 | 45% |
| Strengthen and expand strategic partnerships | 327 | 151 | 46% |

The CETA is therefore on track to achieve more than 100% of the above targets by 31 March 2025.

Plans to address financial challenges and economic viability

The CETA continues to embark on our levy revenue improvement project, streamline our costs' structure, and seek avenues to optimally invest our funds to earn better returns where possible.

Events after the reporting date

There were no known material adjusting events after reporting date affecting the Annual Financial Statements.

Acknowledgements and appreciation

I wish to extend my sincere gratitude to the CETA Management and employees for their commitment during this year, and for raising the bar once more in achieving an improved performance of 82% against our APP targets. I am extremely grateful to our stakeholders, including training providers, learners, strategic partners, universities

and TVETs for their unwavering support and commitment towards the sector and to the CETA as a skills authority.

I would like to express my appreciation to the Honourable Minister of Higher Education, Science and Innovation, Dr BE Nzimande for entrusting us with capacitation and skilling the construction and built environment sector and his leadership in skills development for the Republic.

I look forward with eagerness to the next financial period and am confident that the CETA will achieve its skills development mandate, positioning skills agenda and provisioning as a foundation for all done in the sector.



Mr Malusi Shezi
Chief Executive Officer
CETA





Statement of Responsibility and Confirmation of Accuracy of the Annual Report

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

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

The Annual Financial Statements (AFS) (Part F) have been prepared in accordance with the Standards of Generally Accepted Accounting Practice (GRAP) and the relevant frameworks and guidelines issued by the National Treasury. The Annual Performance Report has been prepared in accordance with the National Treasury guidelines for performance information.

The Accounting Authority takes responsibility for the preparation of the AFS and for the judgements made in this information. The Accounting Authority is also responsible for establishing, and implementing 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 AFS.

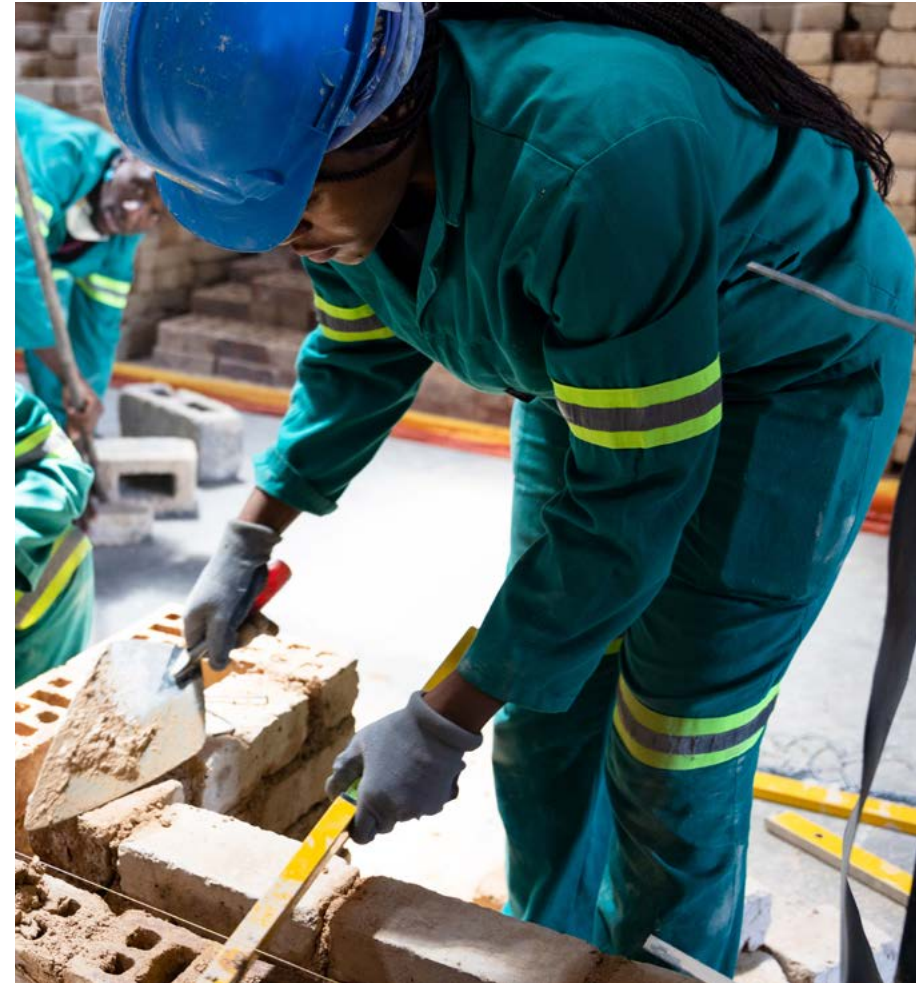
The external auditors are engaged to express an independent opinion on the AFS.

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 2023.

Yours faithfully,

Mr Thabo Masombuka
Accounting Authority Chairperson
CETA

16 August 2023





Strategic Overview

The CETA strives to support the efforts of the National Development Plan, International Social Development Goals as set out by the United Nations, and up-skill the South African construction sector. We are led by our Mission statement and foster a working culture that is guided by our organisational Values.



Our vision

To be a pillar for skills development and nation building.



Our mission

To position skills as a foundation for economic development and empowerment.



Our values

Agile, Results-orientated, Integrity, Respect, Professionalism.



Agile

Easy availability of relevant personnel and decision-makers to all stakeholders and prompt response to their issues.



Results oriented

Always striving towards attaining the highest performance targets and greatest impact.



Integrity

Acting and discharging our duties with absolute honesty, and in compliance with laws and applicable norms.



Respect

Treating all we interact with and discharging our responsibilities with courtesy and dignity.



Professionalism

Executing our responsibilities and tasks with the requisite skill, competency and attitude; and the ability to give and/or receive constructive criticism or advice without any prejudice or repercussions.

Value proposition statement

To provide skills development services by implementing the objectives of the National Skills Development Plan (NSDP 2030); to increase the number of people that obtain critical or scarce skills needed, and to build the capacity of the construction sector to be economically sustainable and globally competitive.



Ms Molebogeng Thobela
Executive Manager: Strategic Support

“ The CETA strives to support the efforts of the National Development Plan, International Social Development Goals, and up-skill the South African construction sector. ”

Legislative and Other Mandates

Legislative Mandate

The 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:

- Income Tax Act 1962 –Tax Allowance, (Act 58 of 1962);
- Basic Conditions of Employment Act (BCEA) 1997, (Act 75 of 1997): Sectoral Determination;
- No 5: Learnerships;
- Employment Equity 1998, (Act 55 of 1998);
- Skills Development Act 1998 (Act 97 of 1998);
- Public Finance Management 1999, (Act 1 of 1999);
- Skills Development Levies Act, 1999 (Act 9 of 1999);
- The National Qualifications Framework (NQF) Act (Act 67 of 2008);
- Broad-Based Black Economic Empowerment Amendment Act 2013, (Act 46 of 2013); and
- SETA Grants Regulations (2012).

Policy Mandates

CETA's strategic planning process has taken into consideration the aims and objectives of the Human Resources Development Strategy for South Africa, which outlines the Human Resources Development Strategy for the country; the Medium-Term Strategic Framework (MTSF), which is a broad government framework that indicates economic growth drivers, and the National Skills Development Plan 2030 (NSDP). These mandates serve as the roadmap for CETA within which to deliver our skills development interventions.

- The National Development Plan (NDP) (2013);
- National Human Resources Development Strategy of South Africa;
- White Paper on PSET;
- National Skills Development Plan 2030;
- Strategic Infrastructure Projects (2012);
- Transformation in the Construction Sector: Construction Charter Codes (2017); and
- Economic Reconstruction and Recovery Plan.



Organisational Structure





PART B

PERFORMANCE INFORMATION

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Auditor's Report

Refer to pages page 81 to 89 of the Annual Report for the Auditor-General's report published as Part F.

Situational Analysis

Service Delivery Environment

The CETA Annual Report is the repository of qualitative information developed and informed by the National Skills Development Plan (NSDP) 2030 and its objectives. Programmes, objectives, targets, and budgets have been put in place to ensure that the NSDP (2030) goals, outcomes, and outputs, which have been adopted as strategic objectives for the CETA are achieved. These objectives are reviewed annually as part of the annual strategic planning process to ensure relevance and to take into consideration the dynamics within the CETAs operating landscape.

The CETA has identified the following as its primary strategic objectives:

Primary Strategic Objectives

- Support skills development of new entrants or unemployed to 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; and
- Support national imperatives in relation to skills development, with emphasis on the Construction Sector.

Organisational Environment

CETA leadership is committed to ensure that CETA is never placed under administration again. This goal is underpinned by the implementation of a major organisational change process, with the aim of improving its operations, governance, processes, and procedures which will subsequently transform CETA into a beacon of excellence within the skills development landscape. In pursuit of the CETA mandate the leadership is clear that to turn the CETA around, the focus areas identified as priority for improvement of CETA's performance are:

- Sustainability and clean administration;
- Effective stakeholder relations;
- Improved people skills, competencies, and employee engagement;
- Effective and positive corporate culture anchored by CETA values;
- Digital and institutional knowledge management;
- Technology and innovation in driving the research agenda; and
- CETA brand repositioning and alignment.

The CETA internal environment has been stable since having exited the administration.

Summary of Performance

The following achievements have been recorded:

- In the last three financial years, the CETA has improved its performance significantly, from 22% to 62% to 82% in the year of review;
- Organisational stability premised on ethical effective leadership and governance;

- Filling of critical positions;
- Increased partnerships for impact;
- CETA will continue to improve its performance against the pre-determined APP objectives;
- Continue to capacitate its internal employees;
- Continue to the sector transformation through skills and position skills agenda at the core;
- Project management improvements are being implemented and tracked throughout the period, reported at Management Executive Committee (EXCO), Audit Improvement team and to the ARC on quarterly basis; and
- CETA Monitoring and Evaluation to verify and reports to Management EXCO monthly on performance tracking and needed improvements.

Going forward

Internally, the CETA continues to focus on people development and will implement learning opportunities in the identified competencies that will assist employees to better perform in their current roles. The CETA also invests in the professionalisation of its staff through the registration of employees with professional bodies.

Policies and procedures are being reviewed, to cater for the current and future needs of an organisation in transit to superior performance.

An effort is being made to build a corporate culture anchored on values. The aim is to embed an ethical culture that all employees will embrace and demonstrate in all dealings with stakeholders.



Situational Analysis (continued)

Research Agenda

A research agenda highlights research priorities that will lead to more successful research, laying out a clear framework for making future research decisions.

The Research Agenda has been developed specifically to:

- inform Department planning and implementation processes;
- inform stakeholders of the organisation's research priorities;
- signal to funders and development partners which research areas require investment; and
- assist the Department in guiding resource allocation for research.

Importance of research

The role of research in realising the vision expressed in the White Paper on Post-School Education and Training (PSET) (2013) is critical. It can provide insights into the PSET system and the constituencies it serves, including the success or failure of policies and their execution, as well as information and analysis about other nations' experiences with similar difficulties. It also allows practitioners to test and compare various theories and approaches to PSET delivery as well as the development of cutting-edge information, services, and applications for the system.

Most importantly, research can provide evidence from which the CETA can make choices, evaluate policy, and improve the system in both policy and practice.

Research forms an integral part of the CETA's strategic development process. The NSDP 2030 outlines eight outcomes that the SETAs must implement. Research is a key function that enables SETAs to build an empirical basis for implementing, monitoring, and evaluating programmes to address the NSDP 2030 outcomes.

Research is a key function that enables SETAs to build an empirical basis for implementing, monitoring and evaluating programmes to address the NSDP 2030 outcomes. The objectives of the research agenda are to guide the in determining its short- and long-term goals over the period of the Sector Skills Plan. The CETA's planning is strongly linked to the outcomes and recommendations made in the research implemented, as these are incorporated in determining partnerships, underpins the Discretionary Grant submission criteria and provides insight into current issues or trends.

The research themes focus on the broad areas of qualifications, industry research, green technology, and demand. The CETA hosts sessions with its stakeholders to share research findings and assist in guiding the industry.

In the year under review, CETA commissioned a research study into the effectiveness of its training programmes. Training providers and employers were interviewed as part of the study. Beneficiaries were polled to find out how they are faring in their careers since completing their training.

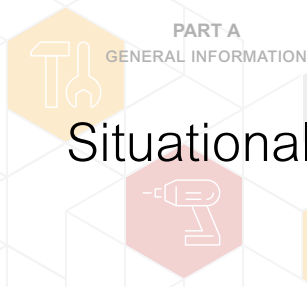
Another research study commissioned was a tracer study, seeking to ascertain the whereabouts of CETA beneficiaries. The outcomes of these research studies assist the CETA in planning for the current and future needs of the industry. Going forward, the following research studies are in progress, or are to be commissioned.

Funding for the research projects for the CETA

The CETA plans to utilise the internal research budget and the DG budget to fund all research related activities or projects. The findings and recommendations help the organisation in accurately structuring its strategic priorities. The research conducted not only assists the CETA in understanding the fundamental issues affecting the industry, but it can also guide innovation and provide focus for the industry's required skills.

Summary of CETA Research Projects 2022/23

| Research Topic | Purpose of the Research | Completion Date |
|---|---|---|
| 1. Evaluating the Delivery of CETA Funded Skills Development Programmes in the Construction Sector | <ul style="list-style-type: none">The study's aim is to evaluate the delivery of skills development programmes (CETA initiated and funded) | January 2023 – 31 March 2023 Completed |
| 2. Tracer study of all current and previous beneficiaries of CETA funded learning programmes | <ul style="list-style-type: none">Conduct a tracer study of all current and previous beneficiaries of CETA funded learning programmes | 2022/23 |
| 3. Research on TVET growth occupationally directed programmes and CETA support for the growth of the TVET colleges as a key provider of skills required for socio-economic development. | <ul style="list-style-type: none">Conduct study on TVET growth occupationally directed programmes and CETA support for the growth of the TVET colleges as a key provider of skills required for socio-economic development. | In progress |



Situational Analysis (continued)

CETA Research Projects for 2020–2025

1. Local manufacturing methodologies within the industry

Research theme: Green Technology methodologies for local manufacturing

Description: A comprehensive research project is in motion, to better understand green construction methods, and to integrate these techniques into skills training and the labour market. In the immediate term, skills transfer and integration into local curricula and eventually, the local manufacturing pipelines. As the outcomes of this research is linked to manufacturing the CETA will seek a partner in the manufacturing sector to ensure that there is cohesion between the industries and increased benefit to their joint stakeholders, industry as well as the economy. The CETA further seeks to establish research chairs for the green economy and to this end kick off meetings have been had with various institutions which the CETA is looking to partner in so far as this project is concerned.

2. Innovation within the Construction Industry

Research theme: Fourth Industrial Revolution, innovation, and its impact on skills within the Construction Industry

Description: The pandemic is imposing a “new normal”, the CETA is embracing the challenge for innovation and technological changes – internally and externally. Internally, the systems are being adapted in accordance with the demands of the new normal. Externally, a project has been adopted to distil all new and emerging construction methods and components. The results will be shared with employers, training providers, and learning institutions, so that these are factored into the training, further explored for improvements, indigenisation, and possible local manufacturing. As this project entails issues of innovation and technology the CETA has partnered with the Media, Information and Communication Technologies SETA (MICT) to ensure that the CETA draws on the necessary knowledge of the technology and innovation sector.

Integration of topic 1 and 2

Main Topic (Amalgamation of topic 1 and 2) Research chair into innovation in the local manufacturing for construction works.

Project Status: The project is planned to start in the current financial year 2023/24

Duration: To be determined

3. The impact of CETA learning programmes to the industry

Research theme: Evaluation of CETA programmes

Description: An evaluative study is required to understand what impact the CETA has to learners through its learning programmes and to the construction sector. The study is required for various reasons, including to ensure the CETA is making the relevant impact and that the planning process is applicable to the industry.

Project Status: Completed and final report submitted.

4. The role that the CETA can play in transforming the construction sector.

Research theme: Transformation within the Construction Sector and how the CETA can play a vital role.

Description: Plans are afoot to address the ongoing exclusion of blacks, women and rural folks from the mainstream construction economy. Concrete measures include a project to re-author the role and place of women in the sector, with concrete measures in respect of recruitment, support, retention and placement. In addition, a Transformation Colloquium is planned in order to take stock and to devise new and creative ways of advancing transformation in the sector.

Project Status: It is envisaged that the project will start in 2023/24 or 2024/25 financial year.

Duration: Six months

5. The role that the CETA can play in TVET growth in occupationally directed programmes

Research theme: Occupationally directed programmes within the TVET sector.

Description: The CETA works closely with TVET Colleges in several learning programme and strategic engagements. The specific focus of this engagement would be to encourage research with and for TVET Colleges on growing their occupationally directed programmes. These qualifications are important as they become the building blocks to full qualifications, with work- based learning being the central pillar. With occupationally directed programmes learners are measured on knowledge, practical skills and work experience, and the aim for the construction industry is that it produces quality learners from this system. This would encourage the industry to take up learners more readily into their companies.

Project Status: In progress.

Duration: To be determined

6. The role of the CETA in participation in the sector in supporting the skills needs of the informal sector

Research theme: The growth and skills support requirements within the informal sector of the Construction Industry

Description: The construction sector has a large and rapidly growing informal sector, offering several services to the industry. The CETA need to understand how to harness this sector for it to become an entire contributor to the economy. In addition, in partnership with relevant organisation and professional bodies, the CETA can also understand how to help these entities in terms of skills development.

This sector also characterised by SMEs, although is also primarily individuals conducting business, and as such has very specific skills requirements to ensure sustainability and longevity of their businesses. This research will inform the CETA's strategy for SME's operating within the informal sector, and further define the parameters of the informal sector.

Project Status: To be started.

Duration: To be determined.



Situational Analysis (continued)

7. Track and trace project for CETA funded projects beneficiaries

Research theme: Tracer study of all current and previous beneficiaries of CETA funded learning programmes.

Description: Beyond the concerns of work placement during training, the decline in the construction industry has had an impact on the absorption of learners into employment post their training. It is in this light that the CETA will embark on a tracer study of previous and current beneficiaries of its funded learning programmes, with the aim of determining the ability for trained learners to receive employment, the percentage employed within the industry and those employed elsewhere, the trades that they have qualified for, and the percentage of unemployed after receiving their certificates.

Tracer studies are widely used in the educational space to track and to keep record of students once they have graduated from a particularly learning programme. Tracer studies are important in training programmes to establish the relevance and applicability of a particular programme and can be utilised as a planning and monitoring tool.

Project Status: TOR submitted, to be implemented.

Duration: 18 months

8. Outcome of CETA-funded bursars' construction-related research studies, a unified approach to research findings by Higher Education and Training Institutions/TVET college graduates

Description: Trend analysis of CETA bursars on completed research projects, outcomes, and recommendations for future implementations.

Project Status: TOR to be submitted, to be implemented.

Duration: To be determined

Outcome Oriented 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 are made up of four broad programmes. These programmes are aligned to the DHET, and the Treasury Guideline Strategic Framework as follows:

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

Programme 1: Administration

- Strategic Support;
- Finance;
- Governance; and
- Information and Communication Technology.

Programme 2: Research, Planning and Reporting

- Skills Planning;
- Skills Performance Reporting; and
- Research.

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 SMMEs, Co-ops, NGOs, CBOs;
- Bursaries;
- Certifications (excluding trades);
- Partnerships; and
- Career and vocational guidance.

Programme 4: Quality Assurance

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

Performance Information by Programme/Activity/Objective

CETA 2022/23 Performance Summary

Administration

| | |
|---------------------------------|---|
| Number of targets per programme | 2 |
| Number of targets achieved | 1 |

Actual % achievement (2022/23) **50%**

Skills planning and reporting

| | |
|---------------------------------|---|
| Number of targets per programme | 8 |
| Number of targets achieved | 8 |

Actual % achievement (2022/23) **100%**

Learning Programmes and Projects

| | |
|---------------------------------|----|
| Number of targets per programme | 64 |
| Number of targets achieved | 50 |

Actual % achievement (2022/23) **78%**

Quality assurance

| | |
|---------------------------------|---|
| Number of targets per programme | 9 |
| Number of targets achieved | 9 |

Actual % achievement (2022/23) **100%**

CETA performance in numbers and statistics

Total number of targets per programme **83**

Total number of targets achieved **68**

The CETA's overall audited performance for 2022/23 is **82%**



Performance Information by Programme/Activity/Objective (continued)

PROGRAMME 1: ADMINISTRATION

This programme consists of the following sub-programmes:

1.1 Effective administration and governance

Goal: To provide ethical and strategic leadership and management.

| | |
|--------------------|---|
| Programme 1: | Administration |
| Purpose: | To provide strategic leadership, effective governance, effective and efficient operational management, and support services to the CETA |
| Sub-programme 1.1: | Effective administration and governance |
| Purpose: | Effective Corporate Governance and Management |

Programme Output Indicators and Annual Targets for MTEF 2022/23

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|---|--|------------------------------------|---|---|---|--|
| Support national imperatives in relation to skills development with emphasis on the Construction SETA | Effective and clean administration and Governance | 1.1 Improved controls and audit outcomes | Qualified Audit Opinion | Unqualified Audit Opinion | Qualified | – | Action plan to be in place in order to achieve qualified audit opinion |
| Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector | Enhanced reputation of the CETA through public relations and marketing activities | 1.2 Effective and Enhanced stakeholder relations with improved CETA brand and reputation | 1 | 0% stakeholder issues unresolved for more than 3 months | 0% stakeholder issues unresolved for more than 3 months | – | Target Achieved |



Performance Information by Programme/Activity/Objective (continued)

PROGRAMME 2: SKILLS PLANNING AND REPORTING

This programme consists of the following sub-programmes:

- Skills Planning
- Skills performing reporting
- Research

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

| Programme 2: | Research, Planning, and Reporting |
|---------------------------|---|
| Purpose: | To ensure a credible mechanism for skills planning and reporting in the construction sector |
| Sub-programme 2.1: | Skills Planning |
| Purpose: | To ensure effective planning to address the skills priorities in the sector |
| Sub-programme 2.2: | Skills performing reporting |
| Purpose: | To ensure effective reporting on skills priorities in the sector |
| Sub-programme 2.3: | Research |
| Purpose: | To ensure relevant and applicable research on skills priorities in the sector |



Performance Information by Programme/Activity/Objective (continued)

Programme Output Indicators and Annual Targets for MTEF 2022/23

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|---|--|---|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Enhance the skills of the existing workforce of the Construction Sector | Identified interventions required to improve enrolment and completion of priority occupations. | 2.1 Number of WSPs and ATRs approved for small firms | 2 410 | 1 455 | 1 715 | 260 | Target Exceeded This was due to the CETA providing support through WSP/ATR workshops resulting in a higher number of small firms submitting compliant WSP/ATRs. |
| | | 2.2 Number of WSPs and ATRs approved for medium firms | | 480 | 482 | 2 | Target Exceeded This was due to the CETA providing support through WSP/ATR workshops resulting in a higher number of medium firms submitting compliant WSP/ATRs. |
| | | 2.3 Number of WSPs and ATRs approved for large firms | | 250 | 284 | 34 | Target Exceeded This was due to the CETA providing support through WSP/ATR workshops resulting in a higher number of large firms submitting compliant WSP/ATRs. |
| | | 2.4 SDF workshop per annum on WSP and ATR compilation and submission | 9 | 3 | 9 | 6 | Target Exceeded This is due to physical stakeholder workshops having been conducted in each province post the relaxation of Covid-19 restrictions that were implemented during the national state of disaster limiting contact sessions. |
| | | 2.5 Conduct research to produce an updated and approved Sector Skills Plan aligned to the DHET SSP Framework. | 1 | 1 | 1 | – | Target Achieved |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|--|--|------------------------------------|------------------------------------|-----------------------------------|---|-----------------------|
| Support national imperatives in relation to skills development, with emphasis on the Construction Sector | Accurate and compliant reporting on CETA Performance Information. | 2.6 Quarterly Monitoring Reports (QMR) are submitted to DHET and validation reports are kept | 4 | 4 | 4 | – | Target Achieved |
| | Identified interventions required to improve enrolment and completion of priority occupations. | 2.7 Perform at least one research activity to measure the delivery of skills in the sector. | 1 | 1 | 1 | – | Target Achieved |
| | | 2.8 Number of sector research agreements signed for TVET growth occupationally directed programmes | – | 1 | 1 | – | Target Achieved |



Performance Information by Programme/Activity/Objective (continued)

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

This programme consists of the following sub-programmes:

- Implementation of learning programmes, e.g.
- Short Skills Programmes
- Learnerships
- Apprenticeships
- Recognition of Prior Learning
- Bursaries
- Graduate Placements
- Development of Skills Centres
- Development and Support of SMMEs, Co-ops, NGOs, CBOs and Non-Profit Organisations (NPOs)
- Partnerships
- Career and vocational guidance
- Certification (excluding trades)

Goal: To address skills priorities within the construction sector.

| Programme 3: | Learning Programmes and Projects |
|---------------------------|---|
| Purpose: | To address skills priorities within the construction sector |
| Sub-programme 1.1: | Implementation of learning programmes |
| Purpose: | To ensure the skills needs in the sector are addressed with adequately skilled workforce |
| Sub-programme 1.2: | Graduate placements |
| Purpose: | To address transformation challenges within the built environment through increasing access to built environment professions for individuals from previously disadvantaged groups |
| Sub-programme 1.3: | Provision of skills development opportunities and Centres within previously disadvantaged communities |
| Purpose: | Greater Access by Marginalised Communities to skills development through Infrastructural Support |
| Sub-programme 1.4: | Development and support of SMMEs, Co-ops, NGOs, CBOs and NPOs |
| Purpose: | A Vibrant Civil Society Engagement In skills development Within The Construction Sector |
| Sub-programme 1.5: | Partnerships |
| Purpose: | Strengthened Collaboration and Partnerships for skills development in the construction sector |
| Sub-programme 1.6: | Bursaries |
| Purpose: | An increased pool of skilled and competent graduates to enter the construction sector |
| Sub-programme 1.7: | Career and vocational guidance |
| Purpose: | Increased knowledge and interest in the construction careers |



Performance Information by Programme/Activity/Objective (continued)

3.1 Programme Output Indicators and Annual Targets for MTEF 2022/23

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|---|--|--|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector | National enrolment and resource ratios for the high, intermediate, and elementary skills level | 3.1 Percentage of DG budget allocated at developing high level skills | 19% | 20% | 15% | (5%) | Target Not Achieved This target was not achieved as a result of majority of the compliant applications received during the DG process. |
| | | 3.2 Percentage of DG budget allocated at developing intermediate level skills | 69% | 40% | 73% | 33% | Target Exceeded The CETA planned to allocate 40% of the DG budget to intermediate skills and as a result of higher number of applications directed towards this level, of which the CETA responded accordingly. |
| | | 3.3 Percentage of DG budget allocated at developing elementary level skills | 12% | 40% | 12% | (28%) | Target Not Achieved This target was not achieved as a result of majority of the compliant applications received during the DG process. |
| | Learners placed in employment (internships, TVET placement, HET placement, Apprenticeship, Learnerships completed) | 3.4 Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment | – | 1 226 | – | (1 226) | Target Not Achieved The platform used by the CETA to track learners employed through CETA Programmes did not yield positive results. A more improved approach will be considered for the financial year 2023/24. |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|---|--|---|------------------------------------|------------------------------------|-----------------------------------|---|---|
| Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector | Increased number of learnerships entered | 3.5 Number of unemployed learners per year entering in learnerships (DG and ERRP) | 414 (funded) | 3 000 (funded) | 3 002 (funded) | 2 | Target Exceeded This is due to increased efforts to support stakeholders to comply with requirements that contribute to the timely implementation of DG projects. |
| | Increased number of learnerships entered | | 53 (unfunded) | 433 (unfunded) | 536 (unfunded) | 103 | Target Exceeded This is due to increased efforts by the CETA and entities complying with the CETA requirements. |
| | | 3.6 Number of employed learners per year entering in learnerships | 31 (funded) | 221 (funded) | 127 (funded) | (94) | Target Not Achieved Although the CETA awarded DG projects to interested applicants, not all awarded projects were implemented. |
| | | | 80 (unfunded) | 65 (unfunded) | 92 (unfunded) | 27 | Target Exceeded This is due to increased efforts by the CETA and entities complying with the CETA requirements. |
| | Increased number of learnerships completed | 3.7 Number of unemployed learners per year completing learnerships | 1 672 (funded) | 2 000 (funded) | 798 (funded) | (1 202) | Target Not Achieved This was due to low number of learners entering learnerships in the prior years resulting in a lower number of learners completing in the 2022/23 financial year. |
| | | | 566 (unfunded) | 217 (unfunded) | 1 349 (unfunded) | 1 132 | Target Exceeded This is due to increased efforts of strengthening external moderation processes. |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|---|--|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector | | 3.8. Number of employed learners per year completing learnerships | – | 105 (funded) | 41 (funded) | (64) | Target Not Achieved This is due to low intake of employed learners on learnerships in the previous financial year. The CETA will strengthen the monitoring aspect to support planning and consider rebasing. |
| | Increased number of learnerships completed | | 96 (unfunded) | 31 (unfunded) | 261 (unfunded) | 230 | Target Exceeded This is due to increased efforts of strengthening external moderation processes. |
| | Increased number of skills programmes entered | 3.9. Number of unemployed learners per year entering skills programmes (DG and ERRP) | 5 359 (funded) | 3 500 (funded) | 3 170 (funded) | (330) | Target Not Achieved Not all awarded DG projects were implemented as there is a dependency on SDPs. |
| | | | 121 (unfunded) | 309 (unfunded) | 677 (unfunded) | 368 | Target Exceeded This is due to increased efforts by the CETA and entities complying with the CETA requirements. |
| | | 3.10. Number of employed learners per year entering skills programmes (DG and ERRP) | 34 (funded) | 500 (funded) | – | (500) | Target Not Achieved This is due to no DG allocation made in the financial year for employed skills programmes as the CETA including subsequent efforts thereafter. |
| | Increased number of skills programmes entered | | – | 226 unfunded | 33 (unfunded) | (193) | Target Not Achieved This is due to low uptake of skills programmes for employees as employers are implementing unit standard-based programmes. |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|---|---|--|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector | Increased number of skills programmes completed | 3.11 Number of unemployed learners per year completing skills programmes | 157 (funded) | 2 000 (funded) | 4 024 (funded) | 2 024 | Target Exceeded Increased efforts were made to ensure the issuing of certificates for ERRP projects entered in the previous financial years. |
| | | | 715 (unfunded) | 154 (unfunded) | 2 558 (unfunded) | 2 404 | Target Exceeded This is due to increased efforts of strengthening external moderation processes. |
| | Increased number of skills programmes completed | 3.12 Number of employed learners per year completing skills programmes | | 300 (funded) | – | (300) | Target Not Achieved This is due to low intake of employed learners in the previous financial year. The CETA will strengthen the monitoring aspect to support planning and consider rebasing. |
| | | | 3 (unfunded) | 78 (unfunded) | 607 (unfunded) | 529 | Target Exceeded This is due to increased efforts of strengthening external moderation processes. |
| | Increased number of artisans entered | 3.13 Number of unemployed learners per year entering artisan programmes | 1 788 (funded) | 2 200 (funded) | 2 232 (funded) | 32 | Target Exceeded This is due to increased efforts to support stakeholders to comply with requirements that contribute to the timely implementation of DG projects. |
| | | | 23 (unfunded) | 632 (unfunded) | 718 (unfunded) | 86 | Target Exceeded This is due to high levels of interest by the industry to implement artisan programmes and improved internal focus. |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|--|---|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector | Increased number of artisans completed | 3.15 Number of unemployed learners per year completing artisan programmes | 2 782 (funded) | 1 500 (funded) | 1 723 (funded) | 223 | Target Exceeded This is due to strengthened project management and timely issuing of serial numbers. |
| | | | – | 317 (unfunded) | 2 472 (unfunded) | 2 155 | Target Exceeded This is due to strengthened project management and timely issuing of serial numbers. |
| | Increased number of bursaries entered | 3.17 Number of unemployed bursaries learners enrolled (new enrolments) | 112 (funded) | 150 (funded) | 150 (funded) | – | Target Achieved |
| | | 3.18 Number of unemployed bursaries learners enrolled (continuation) | 223 (funded) | 300 (funded) | 148 (funded) | (152) | Target Not Achieved This is due to a low number of new enrolments from the previous financial year. More efforts to be placed support of students entered. |
| | Increased number of bursaries entered | 3.19 Number of employed bursaries learners enrolled (new enrolments) | 15 (funded) | 113 (funded) | 114 (funded) | 1 | Target Exceeded This is due to increased efforts in the financial year to ensure award of bursaries. |
| | | 3.20 Number of employed bursaries learners enrolled (continuation) | – | 40 (funded) | 44 (funded) | 4 | Target Exceeded This is due to increased efforts made during the financial year to ensure the timely processing of bursaries. |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|---|---|--|------------------------------------|------------------------------------|-----------------------------------|---|---|
| Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector | Increased number of bursaries completed | 3.21 Number of unemployed bursary learners per year (completed) | 216 (funded) | 166 (funded) | 77 (funded) | (89) | Target Not Achieved This is due to a low number of students that progressed to the next level. CETA is to consider means of support for bursary students. |
| | | 3.22 Number of employed bursary learners per year (completed) | - | 81 (funded) | 17 (funded) | (64) | Target Not Achieved This is due to a low number of students that did not complete. CETA is to consider means of support for bursary students. |
| | Increased number of internships entered | 3.23 Number of unemployed learners per year entering internships | 112 (funded) | 352 (funded) | 356 (funded) | 4 | Target Exceeded This is due to increased efforts made during the year to ensure the timely implementation of DG projects. |
| | Increased number of internships completed | 3.24 Number of unemployed learners per year completing internships | 1 (funded) | 124 (funded) | 125 (funded) | 1 | Target Exceeded This is due to increased efforts made by the CETA to ensure reporting of completed learners for completed projects. |
| | Increased number of University Student Placement entered per year | 3.25 Number of University Student Placement entered per year | 65 (funded) | 119 (funded) | 144 (funded) | 25 | Target Exceeded This is due to increased efforts made during the year to ensure the timely implementation of DG projects. |
| | Increased number of University Student Placement completed per year | 3.26. Number of University Student Placement completed per year | 4 (funded) | 62 (funded) | 64 (funded) | 2 | Target Exceeded This is due to increased efforts made by the CETA to ensure reporting of completed learners for completed projects. |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|---|--|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Support skills development of new entrants or unemployed people into the construction sector and Enhance the skills of the existing workforce of the construction sector | Increased number of TVET Student Placement entered per year | 3.27 Number of TVET Student Placement entered per year | 226 (funded) | 600 (funded) | 616 (funded) | 16 | Target Exceeded This is due to increased efforts made during the year to ensure the timely implementation of DG projects. |
| | Increased number of TVET Student Placement completed per year | 3.28 Number of TVET Student Placement completed per year | 34 (funded) | 68 (funded) | 69 (funded) | 1 | Target Exceeded This is due to increased efforts made by the CETA to ensure reporting of completed learners for completed projects. |
| | Increased number of Candidacy programmes entered per year | 3.29 Number of learners entering Candidacy programmes per year | 128 (funded) | 237 (funded) | 253 (funded) | 16 | Target Exceeded This is due to increased efforts made during the year to ensure the timely implementation of DG projects. |
| | Increased number of Candidacy programmes completed per year | 3.30 Number of learners completing Candidacy programmes per year | – | 60 (funded) | 8 (funded) | (52) | Target Not Achieved This is due to unsatisfactory pass rate of candidates to achieve professional registration with their respective councils. |
| Support national imperatives in relation to skills development with emphasis on the construction sector | Supported skills development centres in construction sector | 3.31 Number of skills development centres in the construction sector supported | 7 | 5 | 7 | 2 | Target Exceeded This is due to increased efforts to ensure the continued support to CETA constructed skills development centres. |



Performance Information by Programme/Activity/Objective (continued)

3.2 Programme Output Indicators and Annual Targets for MTEF 2022/23

Sub-programme: Partnerships – University, TVET and CET

Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for skills development in the construction sector.

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|--|---|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions and | SETA/University partnerships funded by the CETA through Discretionary Grants for construction sector programmes | 3.32 Number of SETA/ University partnerships funded by the CETA through the Discretionary Grants for Construction sector programmes | – | 10 | 11 | 1 | Target Exceeded This is due to increased efforts made by the CETA to facilitate new partnerships with Universities. |
| Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector | SETA/TVET College partnerships supported and signed Memorandum of Understanding (MOUs) with CETA to deliver and implement skills development programmes in construction sector | 3.33 Number of SETA/ TVET College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector | 13 | 20 | 21 | 1 | Target Exceeded This is due to increased efforts made by the CETA to facilitate new partnerships with TVET Colleges. |
| | CET partnerships established | 3.34 Number of CETA/ Community College partnerships supported and signed MOUs with CETA to deliver and implement skills development programmes in the construction sector | 9 | 9 | 9 | – | Target Achieved |



Performance Information by Programme/Activity/Objective (continued)

Programme Output Indicators and Annual Targets for MTEF 2022/23

Sub-programme: Development and growth of public college system

Purpose/ Strategic Objective: Support the growth of the public college system.

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|-------------------------|---|------------------------------------|------------------------------------|-----------------------------------|---|---|
| Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector | Supported TVET Colleges | 3.35 Number of SETA Offices established and maintained in TVET Colleges. | 3 | 2 | 2 | – | Target Achieved |
| | | 3.36 Number of TVET Lecturers exposed to the industry. | 270 | 10 | 11 | 1 | Target Exceeded This is due to huge interest demonstrated by lecturers to participate in construction site visit and there were no material financial implications to add one extra. |
| | | 3.37 Number of TVET colleges lecturers awarded bursaries. | 5 | 5 | 5 | – | Target Achieved |
| | | 3.38 Number of TVET colleges infrastructure development support (equipment/workshops/connectivity/ICT). | 9 | 9 | 9 | – | Target Achieved |
| | | 3.39 Number of Managers (TVET) receiving training on curriculum related studies. | – | 20 | 21 | 1 | Target Exceeded This is due to increased level of interest expressed by the TVET colleges to capacitate their lecturers. |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|------------------------|--|------------------------------------|------------------------------------|-----------------------------------|---|-----------------------|
| Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector | Supported CET Colleges | 3.40 Number of CET colleges lecturers awarded bursaries. | 9 | 10 | 10 | – | Target Achieved |
| | | 3.41 Number of CET colleges infrastructure development support (equipment/workshops/connectivity/ICT). | 4 | 4 | 4 | – | Target Achieved |
| | | 3.42 Number of CET Managers receiving training on curriculum related studies. | – | 9 | 9 | – | Target Achieved |



Performance Information by Programme/Activity/Objective (continued)

Programme Performance Indicators and Annual Targets for MTEF 2022/23

Sub-programme: Development and Support of SMMEs, Co-ops, NGOs, CBOs and NPOs

Purpose: A Vibrant Civil Society Engagement in skills development within the Construction Sector

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|--|---|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector | Co-operatives supported with training interventions and or funded | 3.43 Number of co-operatives funded for skills that enhance enterprise growth and development. | 1 | 9 | 9 | – | Target Achieved |
| | SMMEs in the construction sector supported through funding and/or accreditation | 3.44 Number of small businesses funded for skills that enhance growth and development. | 7 | 15 | 27 | 12 | Target Exceeded This is due to increase in compliant applications by small businesses for Discretionary Grants and stakeholder awareness. |
| | People trained on entrepreneurship supported to start their businesses | 3.45 Number of people trained on entrepreneurship supported to start their businesses. | – | 20 | 20 | – | Target Achieved |
| | Capacity building workshops held in skills development for Trade Union support | 3.46 Number of capacity building workshops in skills development for Trade Union support. | 2 | 2 | 2 | – | Target Achieved |
| | NGOs supported with skills development interventions programmes within the construction sector | 3.47 Number of CBOs/ NGOs/ NPOs funded for skills that enhance the development and sustainability of their organisation activities. | 31 | 13 | 14 | 1 | Target Exceeded This is due to the CETA implementing an intervention aimed at improving capacity of skills for NGOs. |



Performance Information by Programme/Activity/Objective (continued)

Programme Output Indicators and Annual Targets for MTEF 2022/23

Sub-programme: Partnerships

Purpose/Strategic Objective: Strengthened Collaboration and Partnerships for skills development in the construction sector.

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|---|---|------------------------------------|------------------------------------|-----------------------------------|---|---|
| Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions | Partnerships with public institutions to improve service delivery through skills development | 3.48 Number of partnerships entered with public institutions to improve service delivery through skills development | 19 | 14 | 14 | – | Target Achieved |
| | Partnerships with private institutions to improve service delivery through skills development | 3.49 Number of partnerships with private institutions improve service delivery through skills development | 29 | 7 | 22 | 15 | Target Exceeded This is as a result of funding allocated to interested private entities that are levy paying, through Discretionary Grants to increase employer participation in skills development. |
| | Public sector projects in rural areas | 3.50 Number of Rural Development Projects initiated | 22 | 10 | 23 | 13 | Target Exceeded This is due to increased allocation of DG awarded projects in rural areas. |
| | Workshop with each of the six councils within the built environment sector | 3.51 One workshop with each of the six councils within the built environment sector is conducted | - | 6 | 6 | – | Target Achieved |
| Enhance the skills of the existing workforce of the construction sector | Assessed RPLed learners | 3.52 Number of Learners RPLed (assessed) through Recognition of Prior Learning | 129 | 1 518 | 1 530 | 12 | Target Exceeded This is due to increased efforts of processing requests for certification of completed RPLed learners. |



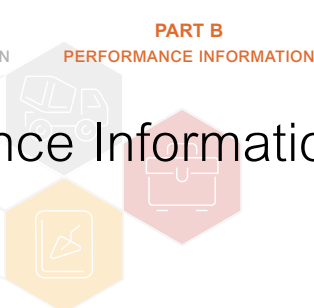
Performance Information by Programme/Activity/Objective (continued)

Programme Output Indicators and Annual Targets for MTEF 2022/23

Sub-programme: Career and Vocational Guidance

Purpose/Strategic Objective: Increased knowledge and interest in the construction careers.

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|---|--|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector | Career development exhibitions held in urban areas on occupations in high demand. | 3.53 Number of career development events in urban areas on occupations in high demand. | 22 | 15 | 17 | 2 | Target Exceeded This is due to the CETAs active participation at career development events in urban areas. |
| | Career development exhibitions held in rural areas on occupations in high demand. | 3.54 Number of career development events in rural areas on occupations in high demand. | 12 | 20 | 25 | 5 | Target Exceeded This is due to the CETAs active participation at career development events in rural areas. |
| | Trained career development practitioners. | 3.55 Number of career development practitioners trained. | 10 | 10 | 11 | 1 | Target Exceeded This is due to the CETAs efforts to ensure skills transfer to career development practitioners to promote construction qualifications. |
| | Updated career guidance booklets for the construction sector. | 3.56 Number of career guidance booklets updated for the construction sector. | 1 | 1 | 1 | – | Target Achieved |



Performance Information by Programme/Activity/Objective (continued)

PROGRAMME 4: QUALITY ASSURANCE

This programme consists of the following sub-programmes:

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

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

| Programme 4: | Quality Assurance |
|---------------------------|--|
| Purpose: | Implementation of quality assurance that will enhance and ensure quality provision of training |
| Sub-programme 4.1: | NQF Provider Accreditation |
| Purpose: | Accredited skills training in the construction sector |
| Sub-programme 4.2: | Qualifications review and development |
| Purpose: | Qualifications development |
| Sub-programme 4.3: | Monitoring and Evaluation |
| Purpose: | Increased and improved monitoring and evaluation of CETA programmes |

Programme Output Indicators and Annual Targets for MTEF 2022/23

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|--|--|---|------------------------------------|------------------------------------|-----------------------------------|---|---|
| Support skills development of new entrants or unemployed people into the construction sector | Newly accredited training providers for learnerships and short skills programmes | 4.1 Newly accredited training providers for learnerships and short skills programmes. | 60 | 60 | 102 | 42 | Target Exceeded This is due to a review of internal processes by CETA to ensure accreditation of more applicants. |
| and | | | | | | | |
| Enhance the skills of the existing workforce of the construction sector | | | | | | | |



Performance Information by Programme/Activity/Objective (continued)

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/22 | Planned Actual Performance 2022/23 | Actual* Achievement (YTD) 2022/23 | Deviation from planned target to Actual Achievement for 2022/23 | Reasons for variances |
|---|---|---|------------------------------------|------------------------------------|-----------------------------------|---|--|
| Support skills development of new entrants or unemployed people into the construction sector | Maintained database of CETA accredited training providers | 4.2 Maintain an up-to-date and accurate database of CETA accredited training providers. | 1 | 1 | 1 | – | Target Achieved |
| and | | | | | | | |
| Enhance the skills of the existing workforce of the construction sector | Maintained database of QCTO registered construction qualifications | 4.3 Maintain a database of QCTO registered construction qualifications. | 1 | 1 | 1 | – | Target Achieved |
| Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector. | Register with new Occupational qualifications and curriculum | 4.4 Design, develop and register new Occupational qualifications and curriculum | 6 | 4 | 5 | 1 | Target Exceeded This is due to the CETAs interest in ensuring alignment to QCTO requirements through the development of new qualifications. |
| | Approved DQP projects | 4.5 Signed SLA with QCTO for the CETA to be the DQP. | 1 | 1 | 1 | – | Target Achieved |
| | Approved DQP projects | 4.6 Number of DQP Projects approved. | 7 | 6 | 6 | – | Target Achieved |
| | A learnerships register maintained with DHET | 4.7 Number of registered learnerships maintained with DHET. | 1 | 1 | 1 | – | Target Achieved |
| Support national imperatives in relation to skills development, with emphasis on the Construction Sector | CETA programmes effectively monitored | 4.8 External Moderation Visits Schedule for CETA programmes is compiled and approved. | 4 | 4 | 39 | 35 | Target Achieved |
| | Quarterly site visit audits for all accredited training providers to verify if they are still compliant | 4.9 One audit site visit per quarter for all accredited providers. | 4 | 4 | 4 | – | Target Achieved |



CETA Revenue Collection

CETA Revenue Collection Analysis

Despite the obvious challenges facing the construction industry in South Africa, revenue collection for the CETA showed a slight improvement from the preceding two financial years. The local construction sector is slowly rebuilding following a steep drop in building activities which took its toll on companies operating in the construction space. CETA is still on the stage of recovery and has relatively improved in terms of collecting revenue in the 2022/23 financial year as compared to the 2021/22 financial year. The improvement in collection is mainly due to the newly registered levy payers and those already in the system, paying in their levies on time.

As shown on the table below, there was a slight increase in collection from revenue sources in the 2022/23 financial year when compared to the approved budget. The reasons for this are as follows:

Levies

An increase of R49m in levy collection between estimate and actual compared to the prior year is attributed to the increase in new levy payers and the levy payers making their contribution timeously.

Interest on investments

An increase in investment variance of R30 million in interest earned on investments is due to favourable balance in the CPD bank account and an increased revenue on levies which subsequently led to less withdrawals from the CPD account. The South African Reserve Bank approved consecutive interest rates hikes in the latter period of 2022 and the first quarter of 2023, which means favourable bank balance potentially earned more interest.

Fines, interest, and penalties

The under collection of R11 million is due to levy payers actively making their contribution on a timely basis and this resulted in the projected amount for 2022/23 financial year to decrease.

Other income

The entity has not budget to receive the monies and this resulted in the increase of other income.

| Revenue source | 2022/23 | | | 2021/22 | | |
|-------------------------------|-------------------|-----------------|-------------------------------------|-------------------|-----------------|-------------------------------------|
| | Estimate R'000 | Actual R'000 | Over/(Under) Collection R'000 | Estimate R'000 | Actual R'000 | Over/(Under) Collection R'000 |
| Levies | 565 673 | 614 754 | 49 081 | 570 259 | 571 684 | 1 425 |
| Interest on investments | 32 080 | 62 750 | 30 670 | 40 100 | 44 964 | 4 864 |
| Interest, fines and penalties | 28 781 | 17 332 | (11 449) | – | 14 160 | 14 160 |
| Other revenue | – | 1 572 | 1 572 | – | 1 532 | 1 532 |
| Total | 626 534 | 696 408 | 69 874 | 610 359 | 632 340 | 21 981 |





Capital Investment

CETA had two (02) ongoing capital projects for the 2022/23 financial year which are listed in the table opposite.

The project to partition the leased head office building started in February 2022 and there were delays which affected the planned completion of the project. On the 31 March 2023, which was the anticipated completion date for the project, the project was not completed which resulted in subsequent suspension of the project pending contractual issues.

CETA is engaged in a capital project for the onboarding of learner biometric system. The project commenced in September 2021, and is still ongoing.

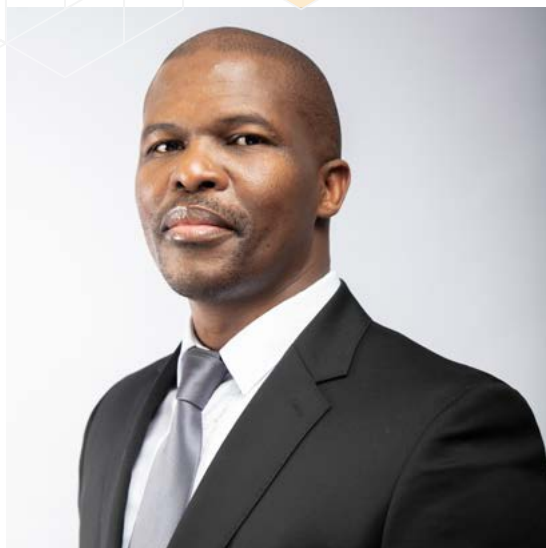
There were no disposals or assets written off during the financial year. Further assessment will be performed in the near future on the condition of assets to identify defects that warrants write-off or disposals.

| | 2022/23 | | | 2021/22 | | |
|---|-----------------|--------------------------------|--------------------------------------|-----------------|--------------------------------|--------------------------------------|
| | Budget R'000 | Actual expenditure R'000 | Over/(Under) expenditure R'000 | Budget R'000 | Actual expenditure R'000 | Over/(Under) expenditure R'000 |
| Infrastructure projects | | | | | | |
| CETA's Biometric Learner | 49 460 | (4 580) | 44 880 | 50 000 | (540) | 49 460 |
| Head Office Partitioning – Ground Floor | 5 182 | (3 491) | 1 691 | – | – | – |
| Total | 58 231 | (9 879) | 48 352 | 59 468 | (6 419) | 53 049 |





ETQA and Projects Overview



Phumzile Yeko

Executive Manager: ETQA and Projects

“ During the reporting period, 2 950 prospective artisans were entered and 4 195 qualified as artisans. ”

CETA's core business is made up of ETQA and Projects, which are divided into two Programmes in the Annual Performance Plan (APP). Programme 3 is Learning Programmes and Projects, and Programme 4 is Quality Assurance.

The purpose of the programmes is to address skills priorities within the construction sector. This programme contributes to the following outcomes:

- Support skills development of new entrants or unemployed people into the construction sector enhance the skills of the existing workforce of the construction sector;
- Support national imperatives in relation to skills development with emphasis on the construction sector;
- Strengthen and expand strategic partnerships to maximise sustainability and impact of skills development interventions; and
- Respond to changing sectoral needs and priorities including contributing to transformation through skills development in the construction sector.

CETA is a client-centric organisation and, as such, the focus is largely given to the allocation and successful implementation of projects. CETA uses project management principles to positively contribute towards the learning and development of personnel within the construction sector in South Africa. All funds allocated towards learning initiatives are tracked using project management methodologies.

Learning Programmes: Administration and Implementation

The focus of this Department is on the following:

- Development of the DG funding policies and procedures;
- Administer the DG awards process;
- Contracting for the DG awards and commencement of projects;
- Development of policies and procedures for implementation of skills development initiatives, including the determination of budget for skills development initiatives;

- Management of the Learner management system and support to Skills Development Providers; and
- Provide capacity building to stakeholders on DG processes and Learner Management System.

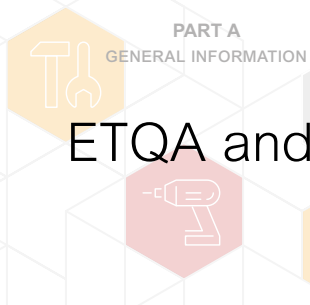
Provincial Operations

The Provincial Offices are currently headed by senior managers. CETA maintains an office in all provinces, however, for ease of co-ordination Northern Cape/Free State; Mpumalanga/Limpopo; Gauteng/North-West are classified as regions. KwaZulu-Natal, Western Cape, and Eastern Cape remain as provinces.

The Provincial Offices play an important role in the:

- Representation of the CETA in provinces as the first point of contact;
- Project implementation;
- Stakeholder management and support;
- Information dissemination with relevant stakeholders;
- Capacity building on CETA's processes for stakeholders;
- Conducting site verifications;
- Site visits;
- Workplace Approvals;
- Inductions;
- Project Monitoring; and
- External Moderations.

Through the provinces and Regions, the CETA ensures the successful implementation of projects together with the relevant stakeholder. This seeks to achieve the CETA's strategic priorities and those of special projects of national interest.



ETQA and Projects Overview (continued)

Management Discretionary Grants Awards for 2022/23

The discretionary funding window fosters strong partnerships between private employers, public education institutions (TVET colleges and universities), government departments, SMMEs, NGOs to promote Work Integrated Learning.

The CETA allocated DG funding for 6 311 learners in various learning pathways at an amount of R426 million during the year under review. Eighty-two percent of the grant awards were made to small-sized entities; 10% to medium-sized entities, and 8% to large-sized entities. Of all the awards 37% was made to women-owned entities. Over 104 of the entities accounted for 5 403 learners, who commenced training by 31 March 2023.

Artisan Development

During the reporting period, 2 950 prospective artisans were entered and 4 195 qualified as artisans. The following is the summary of artisans who qualified in the last five financial years:

| Description | 2018/9 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
|-----------------|--------------|------------|--------------|--------------|--------------|---------------|
| Funded | 1 029 | 75 | 1 745 | 2 782 | 1 723 | 7 354 |
| Industry funded | 82 | 179 | 292 | – | 2 472 | 3 025 |
| Total | 1 111 | 254 | 2 037 | 2 782 | 4 195 | 10 379 |

Graduate programs: Work Integrated Learning,
Internship, Candidacy:

1 369

Learners entered

266

Learners
completed

Summary on Performance

The service delivery targets of the CETA are shown in the Projects and ETQA

78%

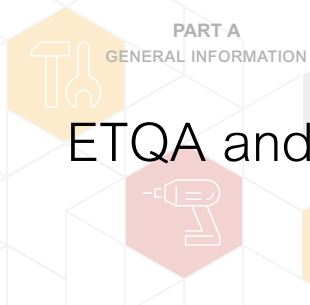
of target indicators
were achieved for
Programme 3

12 077

learners entered
pathways

15 760

earners completed
learning pathways



ETQA and Projects Overview (continued)

Education Training and Quality Assurance (ETQA)

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 ETQA functions for construction NQF qualifications. Non- NQF construction skills development providers are accredited by the QCTO. The primary function of the CETA quality assurance is to ensure that skills development interventions are implemented in terms of the national standards, through implementation of the following:

- Strengthen quality assurance through review, research, and development of appropriate and relevant quality assurance policies, in particular working with the QCTO to develop processes in line with their requirements; and
- Identify and facilitate the development of qualifications and unit standards to address skills needs in the Construction sector and submit those to the QCTO and the SAQA for registration on the Occupational Qualification Sub-Framework.

The ETQA department plays a crucial role in the CETA in ensuring quality education through the accreditation, monitoring and auditing of the Skills Development Providers (SDPs). The department also ensures the registration of Facilitators, Assessors and Moderators; it develops Occupational Qualifications; administers, implements, and certifies learning programme initiatives.

The ETQA divisional structure is made up of the following Units:

Qualification Development

The Qualifications Development Unit is responsible for:

- The development of new Occupational qualifications;
- The re-alignment of qualifications; and
- Facilitation of development part qualifications and registration of Learnerships.

Phasing out of Historical Qualifications

The CETA has 55 historical qualifications, of which 53 expired on 30 June 2023. In line with the QCTO guidelines, the following transactional arrangements were implemented to ensure that there are no disruptions in skills development interventions while there is a move to implement Occupational qualifications:

- Historical qualifications will continue to be implemented until 30 June 2024. All Skills development interventions implemented must be completed by 30 June 2027.

Occupational Qualifications Development

Over the years, CETA developed 38 Occupational qualifications as listed below:

| No. | Q/ID | Qualification Title | NQF Level | Credits |
|-----|--------|---|-----------|---------|
| 1 | 99575 | Occupational Certificate: Draughts person (Piping Draught Person) | LEVEL 5 | 234 |
| 2 | 112827 | Occupational Certificate: Asphalt Tester | LEVEL 4 | 136 |
| 3 | 112284 | Occupational Certificate: Assistant Painter | LEVEL 3 | 154 |
| 4 | 117230 | Occupational Certificate: Bamboo Floor Finisher | LEVEL 3 | 141 |
| 5 | 117015 | Occupational Certificate: Bitumen Spray Equipment Operator | LEVEL 2 | 45 |
| 6 | 112826 | Occupational Certificate: Bituminous Binders Tester | LEVEL 4 | 163 |
| 7 | 117231 | Occupational Certificate: Carpet Floor Finisher | LEVEL 3 | 151 |
| 8 | 112805 | Occupational Certificate: Carpet Floor Finisher | LEVEL 4 | 342 |
| 9 | 112808 | Occupational Certificate: Civil Engineering Aggregates Tester | LEVEL 4 | 148 |
| 10 | 112833 | Occupational Certificate: Concrete Tester | LEVEL 4 | 141 |
| 11 | 117005 | Occupational Certificate: Construction Plant Operator | LEVEL 2 | 138 |
| 12 | 117007 | Occupational Certificate: Continuous Bucket Trencher Operator | LEVEL 2 | 43 |
| 13 | 117006 | Occupational Certificate: Diesel Bowser Operator | LEVEL 2 | 46 |
| 14 | 117025 | Occupational Certificate: Dozer Operator | LEVEL 2 | 43 |
| 15 | 117008 | Occupational Certificate: Face Shovel Operator | LEVEL 2 | 43 |
| 16 | 110670 | Occupational Certificate: Geotechnical Practitioner | LEVEL 7 | 344 |
| 17 | 117028 | Occupational Certificate: Hot Mix Asphalt Paving Machine Operator | LEVEL 2 | 46 |

ETQA and Projects Overview (continued)

| No. | Q/ID | Qualification Title | NQF Level | Credits |
|-----|--------|--|-----------|---------|
| 18 | 109560 | Occupational Certificate: Insulation Installer | LEVEL 2 | 161 |
| 19 | 117328 | Occupational Certificate: Laminate Floor Finisher | LEVEL 3 | 141 |
| 20 | 117332 | Occupational Certificate: Linoleum Floor Finisher | LEVEL 3 | 141 |
| 21 | 117335 | Occupational Certificate: Linoleum Floor Finisher | LEVEL 4 | 540 |
| 22 | 117016 | Occupational Certificate: Paving Screed Operator | LEVEL 2 | 43 |
| 23 | 117285 | Occupational Certificate: Raised Access Floor Finisher | LEVEL 3 | 147 |
| 24 | 117305 | Occupational Certificate: Real Wood Floor Finisher | LEVEL 3 | 153 |
| 25 | 117306 | Occupational Certificate: Resin Floor Finisher | LEVEL 3 | 153 |
| 26 | 101864 | Occupational Certificate: Routine Road Maintenance Manager | LEVEL 5 | 120 |
| 27 | 117331 | Occupational Certificate: Rubber Floor Finisher | LEVEL 3 | 146 |
| 28 | 117265 | Occupational Certificate: Seamless Floor Finisher | LEVEL 3 | 151 |
| 29 | 117027 | Occupational Certificate: Service Truck Operator | LEVEL 2 | 43 |
| 30 | 117009 | Occupational Certificate: Side-boom Operator | LEVEL 2 | 43 |
| 31 | 112828 | Occupational Certificate: Soils, Gravels and Crushed Stone Base Materials Tester | LEVEL 4 | 139 |
| 32 | 117011 | Occupational Certificate: Surface Grader Operator | LEVEL 2 | 51 |
| 33 | 117019 | Occupational Certificate: Surface Roller Operator | LEVEL 2 | 43 |
| 34 | 117026 | Occupational Certificate: Surface Tracked Dozer | LEVEL 2 | 43 |
| 35 | 117014 | Occupational Certificate: Tractor Operator | LEVEL 2 | 43 |
| 36 | 117236 | Occupational Certificate: Vinyl Floor Finisher | LEVEL 3 | 165 |
| 37 | 117010 | Occupational Certificate: Water Cart Operator | LEVEL 2 | 46 |
| 38 | 117229 | Occupational Certificate: Wet Pour Rubber Floor Finisher | LEVEL 3 | 147 |



ETQA and Projects Overview (continued)





PART C

GOVERNANCE

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Governance

Introduction

The CETA is a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended and Treasury Regulations; and governed by the Standard CETA Constitution.

Corporate governance embodies processes and systems by which CETA is directed, controlled, and held to account, and Parliament, the Executive, and the AA of the CETA are responsible for its corporate governance.

The role of the board is as follows:

The following roles and functions of the AA are outlined in the CETA Constitution. The AA must:

- i. Govern and manage the CETA following the PFMA, the Act and any other applicable legislation;
- ii. Ensure that the SETA achieves the objectives in clause 5 of its Constitution and performs the functions in clause 6 of its Constitution;
- iii. Provide effective leadership and ensure that the CETA implements the goals of the NSDS and the Performance Agreement with the Minister;
- iv. Provide a strategic direction for the CETA;
- v. Liaise with stakeholders;
- vi. Ensure that the CETA complies with the relevant statutory requirements and the requirements of this Constitution;
- vii. Manage institutional risk;
- viii. Monitor and report on the performance of the CETA; and
- ix. Ensure that its members and the members of the committees established by it, comply with the Code of Conduct.

Composition of the Board

In line with section 11(1) and (2) of the Skills Development Act 97 of 1998, the AA should comprise 14 independent members and a Chairperson, which ensures independence and objectivity in decision-making. The 14 members referred to have full voting rights and:

- Six persons nominated by organised labour;
- Six persons nominated by organised employers including small business or government departments that are employers; and
- Two persons nominated by -
 - Government departments that have an interest in the sector, but the departments are not an employer.
 - Any interested professional body.

A new AA became functional on 1 September 2022 to 31 March 2025. There are currently four vacancies in the AA which are in the process of being filled.

During the period, two Board members tendered their resignation as follows:

- Ms Vangile Nene: 22 February 2023; and
- Mr Jan Oosthuizen: 19 October 2022.





Governance (continued)

| Names | Designation (in terms of the Name Public Entity Board structure) | Date appointed | Date resigned | Board Directorships (List the entities) | Other Committees or Task Teams (e.g: Audit committee/ Ministerial task team) | No of Meetings attended |
|--------------------------|--|----------------|---------------|---|--|-------------------------|
| Thabo Masombuka | Independent | 05 Aug 2022 | | Board Member at Chieta SETA, Association of B-BBEE Partners (ABP), Construction Management Foundation (CMF) | BEXCO | 12 |
| Phillip Manzaba Vilakazi | Organised Labour | 01 Jul 2022 | | Mine Worker's Investment Trust (MIT) Board | BEXCO, GSICT | 12 |
| Danny Masimene | Organised Employer | 01 Jul 2022 | | Board Member at Construction Industry Development Board | BEXCO, GSICT and FHREC | 16 |
| Rahab Mohetoa | Organised Labour | 01 Jul 2022 | | | GSICT | 9 |
| Sunday Mlangeni | Organised Labour | 01 Jul 2022 | | BCIMA medical aid board, CIRBF board and BCCEI board | ARC | 11 |
| Sibongile Maseko | Organised Labour | 01 Jul 2022 | | | FHREC | 11 |
| Josias Mpe | Organised Labour | 01 Jul 2022 | | Board Member – Building Construction Industry Medical Aid (BCIMA) | BEXCO | 12 |
| Roy Mnisi | Organised Employer | 01 Jul 2022 | | Engineering Council South Africa (ECSA), Joint Building Construction Committee (JBCC), National Home Builders Registration Council (NHBR) | FHREC and BEXCO | 14 |
| Jan Oosthuizen | Organised Employer | 01 Jul 2022 | 19 Oct 2022 | | | |
| Vangile Nene | Government Department representative | 01 Jul 2022 | 22 Feb 2023 | | | |

There are no alternate members for the CETA AA

Board Charter

The Board has operated and fully complied with its terms of reference. The ToRs are up to date and aligned with the provisions of King IV, the PFMA, Treasury Regulations, Skills Development Act and other public entities' governance frameworks.

Committees of the Accounting Authority

Item 8 of the CETA Constitution provides that: The AA has powers and responsibility to establish sub-committees to enable it to discharge its responsibilities effectively and efficiently. The AA established the following committees:

- Executive Committee;
- Audit and Risk Committee;
- Finance, Human Resources, Remuneration and Ethics Committee; and
- Governance, Strategy, and ICT Committee.

Governance (continued)

Meet the Board



Thabo Masombuka
Board Chairperson



Sunday Mlangeni
Board Member



Rehab Mohetoa
Board Member



Sandra Maseko
Board Member



Roy Mnisi
Board Member



Danny Masimene
Board Member



Josias Mpe
Board Member



Phillip Vilakazi
Board Member



Governance (continued)

Board Executive Committee (BEXCO)

| Name | Constituency | Role |
|--------------------|--------------|-------------|
| Mr Thabo Masombuka | Independent | Chairperson |
| Mr Josias Mpe | Labour | Member |
| Mr Philip Vilakazi | Labour | Member |
| Mr Roy Mnisi | Employer | Member |
| Mr Danny Masimene | Employer | Member |

Functions of the Executive Committee

- Subject to the directions of the AA, the Executive Committee must oversee the management of the CETA.
- Without limiting its functions contemplated in paragraph (a), the Executive Committee must:
 - Supervise the proper management of all financial matters;
 - Coordinate and supervise the implementation of the AA's policies;
 - Monitor national policy issues and developments and must make recommendations regarding the adoption of policies by the AA;
 - Coordinate the functioning of committees, chambers and structures of the SETA and must monitor their activities, to ensure that they act within the terms of any powers delegated to them by the AA;
 - Oversee staff employment issues;
 - Determine budgets and business plans;
 - Monitor the relations and interactions of the CETA with other SETAs and other agencies on matters related to skills development; and
 - Perform any other function, delegated to it by the AA.

Finance, Human Resources, Remuneration and Ethics Committee (FHREC)

| Name | Constituency | Role |
|-------------------|--------------|-------------|
| Mr Roy Mnisi | Employer | Chairperson |
| Ms Sandra Maseko | Labour | Member |
| Mr Danny Masimene | Employer | Member |

Finance, Human Resources, Remuneration and Ethics Committee

- The FHREC must perform all functions delegated to it by the AA to ensure that the CETA meets the requirements of the Act, the SDLA, PFMA and the Treasury Regulations that relate to finance and the remuneration of the Chief Executive Officer, members, committee members and staff.
- The FHREC must evaluate and must make recommendations to the AA in respect of:
 - The budget, cash flow and financial statements of the CETA;
 - The financial policies of the CETA;
 - Actions to implement the recommendations of the Auditor-General's report and the internal and external audit reports of the CETA;
 - The execution of the legally mandated financial functions of the CETA; and
 - The financial implications of policies, decisions and changes to the budget and business plan of the CETA.

- The FHREC must advise the AA on ethics and ethical compliance by the CETA at least on quarterly basis.
- The FHREC must advise the AA on any matter relating to remuneration to enable the AA to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its members and staff to attract, motivate and retain talented people.
- The FHREC must evaluate and must make recommendations to the AA in respect of the following issues relating to the remuneration of both the staff and the Chief Executive Officer of the CETA:
 - Developing guidelines for and reviewing the compensation and performance of staff members of the organisation;
 - Reviewing and approving corporate goals that are relevant to the compensation of the Chief Executive Officer;
 - Determining the Chief Executive Officer's compensation following applicable rules and regulations;
 - Evaluating the Chief Executive Officer's performance against the goals and objectives contemplated in this paragraph;
 - Reviewing and reassessing the adequacy of the remuneration policy annually and recommending changes, if any, to the AA for approval;
 - Ensuring that the members and committee members' remuneration is following the requirements of the PFMA and the Treasury Regulations that relate to finance and the remuneration of those members; and
 - The FHREC must present the Audit and Risk Committee with quarterly and Annual Financial Statements.

Governance (continued)

Remuneration of board members

| Name | Remuneration | Other allowance | Other re-imbursements | Total |
|-----------------------------|--------------|-----------------|-----------------------|------------|
| Mr Thabo Masombuka | 231 049 | 196 678,44 | 4 470,14 | 432 197,58 |
| Mr Phillip Manzaba Vilakazi | 153 030 | 21 585,00 | – | 174 615 |
| Mr Danny Masimene | 231 510 | 115 119,73 | 17 424,68 | 364 054,41 |
| Ms Rahab Mohekoa | 162 696 | 4 317 | – | 167 013 |
| Mr Sunday Mlangeni | 91 818 | 12 951 | 11 369,76 | 116 138,76 |
| Ms Sibongile Maseko | 162 484 | 32 432,76 | 10 207,08 | 205 123,84 |
| Mr Josias Mpe | 157 734 | 12 951 | 4 750,9 | 175 435,9 |
| Mr Roy Mnisi | 143 622 | 89 967,49 | 1 061,72 | 234 651,21 |
| Ms Vangile Nene | – | – | – | – |
| Ms Jan Oosthuizen | – | – | – | – |

Governance, Strategy, Information and Communication Technology (GSICT)

| Name | Constituency | Role |
|--------------------|--------------|-------------|
| Mr Philip Vilakazi | Labour | Chairperson |
| Mr Danny Masimene | Employer | Member |
| Ms Rahab Mohekoa | Labour | Member |

Functions of the Governance, Strategy and ICT Committee

The Governance, Strategy and ICT Committee must:

- Ensure development of policies, principles, criteria, and guidelines that are necessary for the governance and strategic function for the SETA;
- Promote good governance;
- Ensure that ICT is afforded attention at strategic level and ICT investment enhances the CETA performance and delivery capabilities;
- Develop the CETA strategic planning documents and present such to the main Committee;
- Report to the AA on such matters as it deems necessary; and
- Develop the skills development strategy for the sector.

Audit and Risk Committee (ARC)

| Name | Constituency | Role |
|----------------------|--------------|-------------|
| Ms Zelda Tshabalala | Independent | Chairperson |
| Mr Sunday Mlangeni | Labour | Member |
| Mr Molehe Wesi | Independent | Member |
| Ms Boitumelo Mokgoko | Independent | Member |

Functions of the Audit and Risk Committee

- The ARC must perform the functions of an Audit Committee in terms of the PFMA.
- The ARC must monitor and reinforce the effectiveness of both the internal control system and the Internal Audit function.
- The ARC must review and make recommendations in respect of:
 - The functioning and overall efficiency and effectiveness of the internal control system;
 - The functioning of the Internal Audit Department;
 - The risk areas of the CETA's operations, which are to be covered by the scope of internal and external audits;
 - The adequacy, reliability and accuracy of the financial information provided to the AA;
 - The scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors;
 - The cooperation and co-ordination between the internal and external audit functions, and their cooperation and co-ordination on the management of the CETA;
 - Any accounting or auditing concerns identified through internal and external audits and by the Auditor-General;
 - The adequacy and effectiveness of the risk management processes followed and the development, maintenance, and enhancement of fraud prevention plans;

Governance (continued)

- i. The effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigation and follow-up action (including disciplinary action) of any instance of non-compliance; and
- j. The CETA's compliance with relevant legal and regulatory requirements and its Code of Conduct and the action taken to address any violations.
- iv. The ARC must review the Annual Financial statements and establish whether the statements have been prepared following the PFMA and related Treasury Regulations, including the applicable accounting framework.
- v. The ARC must review and confirm the Internal Audit Department's Charter and the Internal Audit Plan and must review and confirm the resources required to implement such a plan.
- vi. The ARC must develop a direct, strong and candid relationship with the external auditors and its communication with the external auditors must facilitate independence from the management of the CETA and encourage the external auditors to speak freely, regularly and confidentially with the ARC.
- vii. The ARC must make a recommendation to the AA regarding the appointment and removal of the internal auditors.
- viii. The ARC must recommend such measures as may be necessary to ensure the reliability, integrity and objectivity of the CETA.

Portfolio committee for HESI

The Portfolio Committee exercises oversight over the service delivery performance of public entity and, as such, reviews the non-financial information contained in the annual reports of public entity and is concerned with service delivery and enhancing economic growth.

The CETA had no physical engagements with the Portfolio Committee during the 2021/22 financial year. However, we met with the committee on 28 September 2022 and again on 02 November 2022 to respond to follow up queries.

Executive Authority

The Executive Authority of the CETA is the Minister of Higher Education, Science and Innovation, who is responsible for appointing members of the AA and approvals of the sector skills plan (SSP), strategic plan (SP) and APP for the SETA, as well as any warranted deviations from the approved budget.

During the 2022/23 financial year, the CETA complied with timely submissions of the SSP, SP, APP, Service Level Agreement, Annual Report, and Quarterly Reports to the relevant authorities. No non-compliance matters were raised by the authorities for the attention of the CETA.

The following additional reports were submitted by the CETA to the Executive Authority:

- Administrators Close Out reports; and
- Administration investigation reports:
 - Board Nominations Report
 - Progress on implementation of forensic report recommendations
 - Request to retain 2021/22 surplus Grant Regulation threshold.

The Accounting Authority

The CETA was placed under Administration as per government notice no. 656 published in the government gazette no. 42991 of 3 February 2020. This appointment was extended for a period of 12 months from 3 February 2021 to 2 February 2022.

Finance Management Act, 1999 read with the relevant regulations.

Subsequent to the lapsing of the administration, in the absence of the AA, the honourable Minister of on Higher Education, Science and Innovation has evoked section 49 of the PFMA and appointed the current CETA CEO as an AA while in the process of appointing the CETA AA.

Risk Management

The Accounting Authority is committed in ensuring the CETA has and maintains effective, efficient, and transparent systems of risk management and internal controls in accordance with the provisions of section 51(1)(a)(i) of the PFMA and section 27.2.1 of the Treasury Regulations (TRs).

The risk management policy and strategy were updated and aligned with to National Treasury Risk Management Guidelines, King IV Reporting on Corporate Governance, and other International Standards such as COSO Framework and ISO 31000 and outlines, amongst others, the risk management methodology and approach, the risk appetite and tolerance, risk management process and risk responsibilities.

The CETA has adopted a policy statement that acknowledges that *"The realisation of the strategic plan depends on the CETA being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders"* thus have put appropriate risk assessment processes in place and ensures continuous monitoring of the progress on the implementation of identified mitigations.

The CETA shall ensure further improvement to the risk management function through:

- On going training and awareness to employees of risk management functions and responsibilities;
- Improved communication and sharing of risk information;
- Timely conducting of risk assessment aligned to strategic planning and the budgeting process; and
- Procurement of risk management tools to facilitate efficient monitoring of key risk indicators and advanced reporting.

Internal Control Unit

The internal controls unit is embedded within the Compliance and Risk function at the CETA. The CETA follows a risk-based approach in ensuring the effective identification, development, and

monitoring of preventative and detective internal controls. Through a comprehensive risk assessment process, management identifies key risk exposures, existing internal controls and further develops additional controls necessary to mitigate the risks identified.

The Internal Audit function assists the CETA with an independent evaluation of control effectiveness and provides recommendations for addressing deficiencies identified. The results from these processes are communicated and monitored by the Audit and Risk Committee on a quarterly basis.

Internal Audit and Audit Committee

The ARC is a Sub-Committee of the CETA Accounting Authority established in terms of the Standard SETA Constitution and the CETA Constitution. The primary purpose of the ARC is to assist the Accounting Authority in fulfilling the oversight responsibility required in terms of the PFMA, Treasury Regulations and Corporate Governance best practices by serving as an independent and objective party to monitor and strengthen the objectivity and credibility of the CETA financial reporting processes and internal control systems.

The CETA Internal Auditing services are outsourced to provide independent assurance that is guided by a philosophy of adding value to improve the operations of the CETA. It assists CETA in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management, and internal control.

In line with the approved risk-based Internal Audit Plan for the 2022/23 financial year, the following Internal Audit work was undertaken and adequately reviewed by the Audit and Risk Committee during the year under review:

- Application Control Review-Biometric and Stipend System;
- Annual Internal Control written assessment;
- Audit of Performance Information;
- Supply Chain Management;
- Discretionary Grants review;
- Follow up of prior Year Internal and External Audit Findings;

- Review of Annual Financial statements before submission to AGSA; and
- Annual review of performance Information.

Fraud and Anti-Corruption

The Accounting Authority recognises that fraud represents a significant potential risk to CETA's assets, service delivery efficiency and reputation. The CETA does not tolerate fraudulent or corrupt activities, whether internal or external to the Institution, and has committed to vigorously pursue and prosecute any parties, by all legal means available, which engage in such practices or attempt to do so.

The approved fraud prevention policy and plan refers to several anti-fraud programmes implemented by the organisation such as:

- Recruitment policy that includes pre-employment screening;
- Implementation of a code of conduct including declaration of interests; and
- The approved whistle-blowing policy that provides a platform for anonymous, investigation processes and protected reporting of suspected fraudulent activities.

The CETA utilises the services of Advance Call as an anonymous fraud reporting platform to allow stakeholders to report any actual and/or suspected fraud and corruptions activities. None of the incident reports received through the hotline for the year under reviews were fraud related but there were several cases reported internally through the risk management department that are still under investigation.

Minimising Conflict of Interest

The CETA has an approved conflict of interest policy that is aligned to the Public Service Regulations. The policy outlines applicability, responsibilities, and guidelines on managing interests that may conflict with those of the CETA.

All CETA governance structure committee members and employees are required to declare conflict of interest on appointment and thereafter on annual basis. Furthermore, declaration of conflict of

interest is a standing agenda item for the CETA governance structure committee and all bid committee meetings with the members required to complete a declaration of interests form to register their financial and other interests for every meeting.

In the event of disclosure of interest, action is taken to eliminate the conflict or otherwise safeguard the interest of CETA and any finding of conflict of interest will be subject to CETA disciplinary procedures.

Code of Conduct

The primary purpose of the CETA code of conduct aims to promote a culture of ethics, honesty and professionalism within the organisation and among its employees and stakeholders. New employees are inducted and provided with a copy of the policy to ensure compliance.

Any violation of any part of the code of conduct may be cause for appropriate disciplinary action in terms of the Disciplinary Policy and procedures.

Health Safety and Environmental Issues

The CETA has embarked on a process to comply with the OHS legislation: *Occupational Health and Safety Act No. 85 of 1993 and the Occupational Health and Safety Amendment Act No. 18 of 1993 employers are required to appoint an OHS Committee which will ensure safety in the workplace.

- Thirteen OHS committee members were nominated with official appointment letters to be issued, as at the time of reporting;
- The nominations represent the CETA Head Office, the Union, and all nine Provincial Nodes Offices;
- Training of OHS committee members was underway at the time of reporting. Training includes equipping representatives with an overview of the OHS Act, their duties, responsibilities, and understanding of the OHS representative's role within the organisation; and
- The nominees will receive recommendations from an OHS Audit, which it will implement.

Board Secretary

The Board Secretary ensures that the contents of agendas and meetings are agreed with the Chairperson. In addition, the Board Secretary must ensure that:

- Agendas and documents are distributed timeously to the AA or committee members and attendees;
- All necessary steps are to be taken to ensure that meetings are held as scheduled;
- The AA adheres to the meeting procedures as reflected in the CETA Constitution;
- All AA decisions and resolutions are properly recorded to track and monitor their implementation and follow through as resolved in the meeting;
- the AA functions effectively. This entails providing the entire AA with detailed guidance as to the nature and extent of their duties and responsibilities and, more importantly, how such duties and responsibilities should be properly discharged in the best interests of CETA;
- New members are properly inducted;
- Assist in developing mechanisms for providing continuous education and training for all members in order to improve and maintain the effectiveness of the entire AA; and
- Provide a central source of guidance and advice to the AA on matters of business ethics and good governance.

Social Responsibility

As part of Social responsibility, CETA celebrated Mandela Day on the 18 July 2022 by volunteering time and resources to assist the New Jerusalem Childrens Home, the home is based in President Park Midrand.

New Jerusalem Children's Home is Christ Consciousness Faith-based non-profit organisation presently accommodating

87 children from 0 to 18 years of age. Their aim is to become one of the best children's homes in Africa in the provision of holistic and integrated quality care to orphaned, abandoned, abused, traumatised, vulnerable and HIV positive children. They provide residential care, social work services, Montessori Early Childhood Development and variety of events for the holistic development of the children in our care.

The CETA employees and interns volunteered their time by collecting nonperishable food stuffs which were collected from CETA employees and donated to the Centre.

The Marketing Team distributed branded corporate gifts in a form of t-shirts, caps and pencil cases with stationery to all the children.

The CETA CEO approved a R10 000 sponsorship through the sponsorship Committee after the home made a request for assistance as they had newly built classrooms that they needed to paint.

The day was full of fun activities and prizes for the children to win, lunch was served with the CETA truck providing music and entertainment which was highly appreciate.

The CETA sees this as a strategic relationship and not a once off event and this was the second year that the CETA has collaborated with the centre.

The experience from both employee and the Interns was fulfilling seeing the glowing face of the children interacting with our staff. The Centre was very grateful to the CETA employees and the donation made. The collaboration was not only about donating money but also to bring a human touch to the experience as it highlighted the plight of orphans to our employees.

B-BBEE Compliance Performance Information

Monitoring, Evaluation and Transformation Unit

It is exhilarating to note that CETA for the first time has complied with reporting requirements in terms of the B-BBEE Act and Regulations as there were no non-compliance issues identified by the auditors in the 2022/23 financial period. The CETA has started a process of appointing a verification agency to assist with compliance reports as required by section 12(2) of B-BBEE Regulation for the next B-BBEE audit. The Organisation remains resolute and steadfast to turn the key objectives of the broad-based black economic employment act of 2003 into a reality.

The AA has reviewed and approved the transformation policy which stipulates the transformation targets and minimum threshold required to be met in every economic transaction that CETA incurs in the construction sector and within organisation. The departments have already started implementing the approved policy and the monthly reports are being monitored to ensure that the transformation imperatives are met as envisaged in the approved policy.

The highlights of activities that gave effect to section 2 of B-BBEE Act of 2003 are as follows:

- Nine Co-operatives and 15 CBOs/ NGO/NPO have been funded to attend capacity building programme through the Digital Business Toolbox Incubation APP and skills development to help these entities to become self-reliant through mentorship to reduce the dependence on donor funding;
- Twenty learners from five provinces have been funded to attended entrepreneurship training programme with the objective of getting these learners into the mainstream of the economy and be able to self-sustained; and
- Twenty-three projects were initiated in rural areas as part of the national agenda to provide the training opportunities in the hinterland of country.



Governance (continued)

CETA performance continue to improve every year since the administration. In the year under review CETA achieved 82% performance.

The areas that were noted with concern and require improvements are as follows:

- Lack of maintenance of proper filing and effective record management so easily retrieving of the information during the audit;
- Lack of implementation of the action plan within agreed timelines; and
- There is no approved implementation plan to monitor and implement the agreed areas of collaboration with CETA partners.

Despite the above concerns noted above there has been huge improvement in the functioning of the organisation as the outcome of APP performance 2022/23 has demonstrated. The CETA will continue to rise to reach its pinnacle.

Summary of achievements

- Disbursed skills development grants of R544.1 million;
- Awarded staff bursaries to the value of R891 257;
- Awarded learners (unemployed) bursaries of R16.9 million;
- Awarded Discretionary Grants R425.5 million.



Governance (continued)

B-BBEE Compliance Performance Information

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

| Criteria | Response Yes / No | Discussion (include a discussion on your response and indicate what measures have been taken to comply) |
|--|----------------------|--|
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | Yes | CETA has allocated funds in 2022/23 financial period for the following groups: <ul style="list-style-type: none"> • Nine Co-operatives and 15 CBOs/NGO/NPO have been funded to attend capacity building programme through the Digital Business Toolbox Incubation APP and skills development to help these entities to become self-reliant through mentorship to reduce the dependence on donor funding. • 20 learners from five provinces have been funded to attended entrepreneurship training programme with the objective of getting these learners into the mainstream of the economy and be able to self-sustained. • 23 projects were initiated in rural areas as part of the national agenda to provide the training opportunities in the hinterland of country. |
| Developing and implementing a preferential procurement policy? | Yes | All the competitive bids and request for quotations issued have a condition for specific goals and preference points. |
| Determining qualification criteria for the sale of state-owned enterprises? | N/a | Applicable Departments. |
| Developing criteria for entering into partnerships with the private sector? | Yes | The CETA target private entities regardless of their size that are in the construction sector and are role players in addressing scarce and critical skills that fall within the mandate of construction seta. |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment? | No | These criteria are developed, an approved criteria will be included in the next financial period. |



Audit and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk 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 all its responsibilities as contained therein.

The Effectiveness of Internal Control

The Audit and Risk Committee obtains assurances from management, internal audit and the external auditors on the effectiveness of governance, risk management and internal controls in the areas of financial management, performance management, compliance management and information communication and technology (ICT). Management has made some progress in addressing the internal control deficiencies that have been reported on in the prior years by internal audit and the external audit. Some weaknesses in the system of internal controls remained for the period and were raised with management and the accounting authority.

Internal Audit

The entity's internal audit function is outsourced and was operational for the entire period under review. The independence of the internal audit was monitored throughout the period. Internal audit follows a risk based approach, which incorporates management's risk assessment. The internal audit plans and reports issued for the period under review were all reviewed by the audit and risk committee. Although the internal audit plan was approved late and

some reports presented late to the ARC, the ARC is satisfied that some level of assurance was provided by the internal audit function and that it as endeavoured to address the risks pertinent to the organisation.

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the entity revealed certain weaknesses, which were then raised with management and the accounting authority.

The following internal audit work was undertaken during the year under review:

- Supply Chain Management
- Financial Discipline Review
- Risk Management Review
- Quarterly Audit Performance Information (Q1–Q2)
- Follow up of prior Year Internal and External Audit Findings
- Information Technology General Controls Review
- Review of Annual Performance Report
- Review of Draft Annual Financial statements before submission to external auditors.

The following were areas of concern:

- Conclusion of Internal Audit work against the approved Internal Audit Plan. There were several internal delays that affected the conclusion of the approved Internal Audit Plan.
- Management's commitment to addressing audit findings of both internal and external audit.
- Document management to ensure that information is readily available and theirs is adequate audit trail.

Risk Management

The audit and risk committee is responsible for oversight of risk management. The accounting authority has adopted a risk management framework, risk management policy and fraud prevention policy for CETA. The risk management processes are reviewed by internal audit. The audit and risk committee has noted some areas of improvement relating to the maturity of risk management and made recommendations to management to enhance the risk function.

In-year Management and Monthly/Quarterly Report

The entity has submitted monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

The following review were performed by ARC during the financial year under review:

- Review and discussion of the audited / unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Chief Executive Officer;
- Review of the Auditor-General's management report and management's response thereto;
- Review of any changes in accounting policies and practices;
- review of the entity's compliance with legal and regulatory provisions;
- Review of the information on predetermined objectives to be included in the annual report;
- Review of any significant adjustments resulting from the audit; and
- The quality and timeliness of the financial information availed to the audit and risk committee for oversight purposes during the year such as interim financial statements.



Audit and Risk Committee Report (continued)

Auditor-General's Report

The Audit and Risk Committee has met with the Auditor-General South Africa to discuss their audit report, to ensure that there are no unresolved issues. We have also reviewed the management responses to the audit issues raised in the AGSA management report and continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- an accurate and reliable commitment register.

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

Appreciation

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

Ms Zelda Tshabalala

*Chairperson of the Audit Committee
CETA*

| Name | Qualifications | Internal or external | Date appointed | No. of meetings attended |
|----------------------|---|----------------------|----------------|--------------------------|
| Ms Zelda Tshabalala | BComm Post Grad Dip in Business Administration (PDBA) Master of Business Administration (MBA) Certified Controls Self Assessor (CCSA) Certificate in Corporate Governance Certificate in Financial Management for Municipal Executives | External | 16 Jan 2023 | 3 |
| Ms Boitumelo Mokgoko | BAcc Honours (CTA) | External | 16 Jan 2023 | 3 |
| Mr Molehe Wesi | Masters in IT (ICT Management) | External | 16 Jan 2023 | 3 |



Zelda Tshabalala
ARC Chairperson



Boitumelo Mokgoko
ARC Member



Molehe Wesi
ARC Member



PART D

HUMAN RESOURCES MANAGEMENT



Human Resources Management

The CETA Human Resources Department (HRM) plays a crucial role in overseeing human resources management issues and providing administrative support functions for employee management within the CETA.

With the goal of being a strategic partner to the CETA, the Human Resources Management Department offers Human Resources programmes designed to attract, develop, retain, and engage a skilled and diverse workforce. These efforts position the CETA as an employer of choice in the industry.

The Human Resources Management Department holds responsibility for several key functions, including:

- **Workforce Planning:** This involves managing recruitment, selection, and talent management processes to ensure a capable and qualified workforce.
- **Employee Wellness:** The department focuses on promoting employee well-being and creating a healthy work environment.
- **Learning and Development:** The Human Resources Department facilitates training and development programmes to enhance employee skills and knowledge.
- **Employee Relations Management:** This function involves managing and fostering positive relationships between the organisation and its employees.
- **HR Service Delivery:** The department handles HR administration and benefits administration to ensure efficient and effective service delivery to employees.
- **Performance Management:** The HR Department establishes systems and processes to evaluate and improve employee performance.
- **Reward and Recognition Management:** This function entails developing and implementing programmes to acknowledge and reward employee contributions.

Currently, the CETA operates its main Head Office in Midrand, Gauteng. Additionally, the organisation maintains a national presence through Provincial and satellite offices located in all nine provinces.

Improving Organisational Capability

Performance management, in line with the approved policy, is being implemented in the organisation. Performance agreements are drafted in line with what the organisation needs to achieve in terms of its APP as well as the organisational scorecard. Where performance gaps are identified, we are personal development plans to assist employees to improve their performance.

CETA will be partnering with one of the reputable business schools on a leadership development programme for its employees. This programme will be customised for the CETA, taking the needs of the organisation into account. We have also seen an increase in the number of employees who are registering with professional bodies, which bodes well for the organisation, as there is an increased amount of acceptable ethical standards.

An improvement in organisational culture, anchored on CETA values remains a focus area.

Human Resources Oversight Statistics

Personnel Cost by programme/activity/objective

| Programme/activity/objective | Total expenditure for the entity (R'000) | Personnel expenditure (R'000) | Personnel expenditure as a % of total | Number of employees | Average personnel cost per employee (R'000) |
|----------------------------------|--|-------------------------------|---------------------------------------|---------------------|---|
| Administration | 141 843 | 54 596 | 46 | 51 | 1 071 |
| Research, Planning and Reporting | 75 570 | 2 370 | 2 | 3 | 790 |
| Learning Programmes and Projects | 450 133 | 43 142 | 36 | 43 | 1 003 |
| Quality Assurance | 18 443,21 | 18 443 | 16 | 15 | 1 230 |
| Total | 685 988 | 118 551 | 100 | 112 | 4 093 |



Human Resources Management (continued)

Personnel cost by salary band

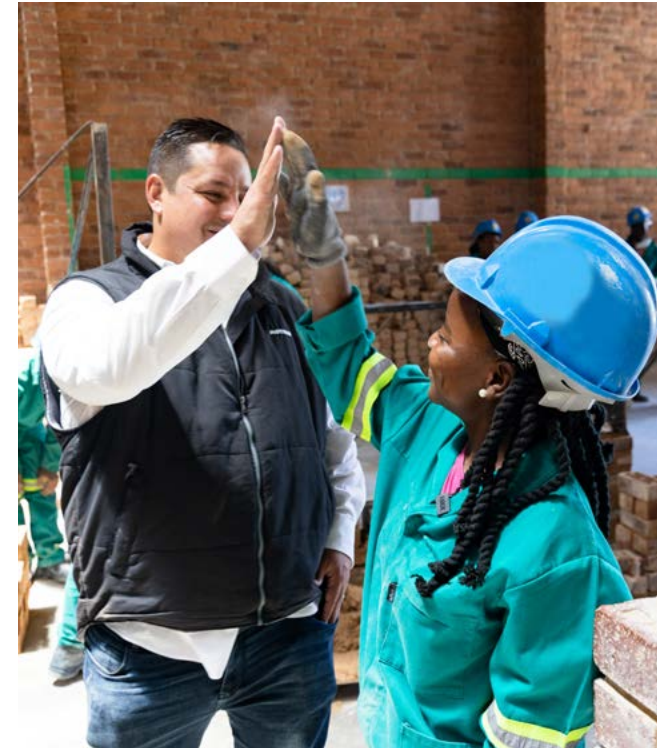
| Level | Personnel expenditure (R'000) | Personnel expenditure as a % of total | Number of employees | Average personnel cost per employee (R'000) |
|---|-------------------------------|---------------------------------------|---------------------|---|
| Top Management (executives) | 7 735 | 7 | 4 | 1 934 |
| Senior Management (all senior managers) | 6 299 | 5 | 4 | 1 575 |
| Professional Qualified (managers, specialists, one Executive assistant) | 35 061 | 30 | 26 | 1 348 |
| Skilled (officers, two Executive assistants) | 44 080 | 37 | 41 | 1 075 |
| Semi-skilled (administrators, data capturers) | 22 381 | 19 | 31 | 722 |
| Unskilled (general workers) | 2 994 | 3 | 6 | 499 |
| Total | 118 551 | 100 | 112 | 1 058 |

Performance Rewards

No performance bonuses were paid during the review period.

Training Costs

| Programme/activity/objective. | Personnel expenditure (R'000) | Training expenditure (R'000) | Personnel expenditure as a % of total | Number of employees trained | Average training cost per employee (R'000) |
|-------------------------------|-------------------------------|------------------------------|---------------------------------------|-----------------------------|--|
| Training and bursaries | 118 551 | 635 | 0.54 | 112 | 6 |





Human Resources Management (continued)

Employment and vacancies

| Programme /Activity/ Objective | 2022/23 Approved posts | 2022/23 Number of employees | 2022/23 Vacancies | % of vacancies |
|-----------------------------------|------------------------------|-----------------------------------|----------------------|-------------------|
| Top Management | 4 | 4 | – | – |
| Senior Management | 12 | 5 | 7 | 58.3% |
| Professional Qualified | 34 | 24 | 10 | 29.4% |
| Skilled | 57 | 42 | 15 | 26.3% |
| Semi-skilled | 58 | 31 | 27 | 46.5% |
| Unskilled | 17 | 6 | 11 | 64.7% |
| Total | 182 | 112 | 70 | |

The CETA organogram was revised, and the number of posts increased exponentially, however, only priority positions were attended to due to budgetary and administrative constraints.

Employment changes

| Salary band | Employment at beginning of period | Appointments | Terminations | Employment at end of the period |
|------------------------|---|--------------|--------------|---------------------------------------|
| Top Management | 4 | – | 1 | 3 |
| Senior Management | 5 | – | 1 | 4 |
| Professional Qualified | 24 | – | 3 | 21 |
| Skilled | 42 | – | 1 | 41 |
| Semi-skilled | 31 | – | 1 | 30 |
| Unskilled | 6 | – | – | 6 |
| Total | 112 | – | 7 | 105 |

Reasons for staff leaving

| Reason | Number |
|--------------------|----------|
| Death | – |
| Resignation | 4 |
| Dismissal | 2 |
| Retirement | 1 |
| Ill Health | – |
| Expiry of Contract | – |
| Other | – |
| Total | 7 |

Labour Relations: Misconduct and Disciplinary Action

| Disabled Staff | Male | | Female | |
|------------------------|----------|----------|----------|----------|
| | Current | Target | Current | Target |
| Top Management | – | – | – | – |
| Senior Management | – | – | – | – |
| Professional Qualified | – | 1 | – | 1 |
| Skilled | – | 1 | – | 1 |
| Semi-skilled | – | 2 | – | 2 |
| Unskilled | 1 | 1 | 2 | 2 |
| Total | 1 | 5 | 2 | 6 |

| Nature of disciplinary action | Number |
|-------------------------------|--------|
| Verbal Warning | – |
| Written Warning | 1 |
| Final Written warning | 2 |
| Dismissal | 2 |



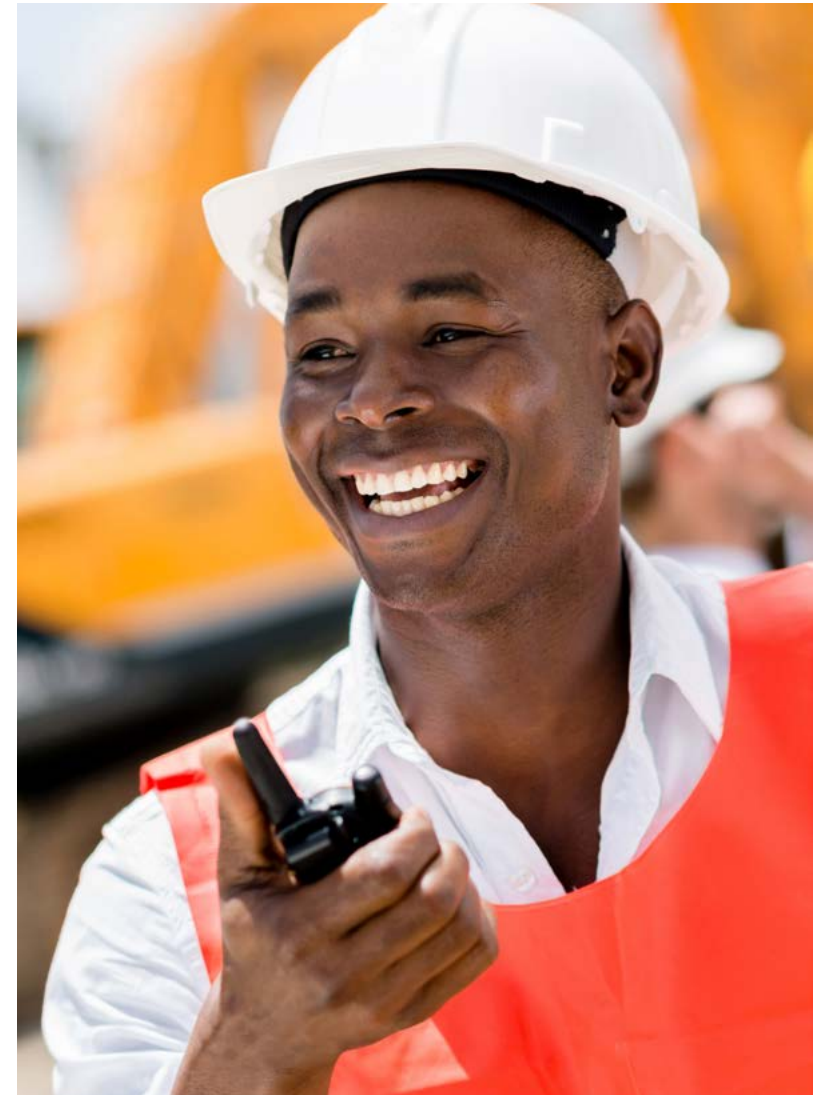
Human Resources Management (continued)

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 October 2023.

| Levels | MALE | | | | | | | |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 3 | 3 | – | – | – | – | – | – |
| Senior Management | 3 | 3 | – | 1 | – | – | – | 1 |
| Professional Qualified | 8 | 9 | – | – | – | 2 | – | – |
| Skilled | 19 | 21 | 1 | 2 | – | – | – | 1 |
| Semi-skilled | 4 | 5 | 1 | 3 | – | – | – | – |
| Unskilled | 2 | 2 | – | – | – | – | – | – |
| Total | 36 | 43 | 2 | 6 | – | 2 | – | 2 |

| Levels | FEMALE | | | | | | | |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 1 | – | – | – | – | – | – | – |
| Senior Management | 5 | 2 | – | 1 | – | 1 | – | – |
| Professional Qualified | 14 | 13 | 1 | 1 | 1 | – | – | 1 |
| Skilled | 19 | 20 | 1 | 2 | 1 | 2 | 1 | 2 |
| Semi-skilled | 25 | 25 | 1 | 1 | – | – | – | – |
| Unskilled | 4 | – | – | – | – | – | – | – |
| Total | 68 | 60 | 3 | 5 | 2 | 3 | 1 | 3 |





PART E

PFMA COMPLIANCE



PFMA Compliance

Irregular expenditure

(a) Reconciliation of irregular expenditure

| Description | 2022/23 R'000 | 2021/22 R'000 |
|---|------------------|------------------|
| Opening balance | 758 281 | 695 279 |
| Add: Irregular expenditure confirmed | 79 870 | 68 333 |
| Less: Irregular expenditure condoned | — | — |
| Less: Irregular expenditure not condoned and removed | — | (5 331) |
| Less: Irregular expenditure recoverable | — | — |
| Less: Irregular expenditure not recovered and written-off | — | — |
| Closing balance | 838 151 | 758 281 |

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

A correction of error was made on the irregular expenditure opening balance due to items that were disclosed in the prior year which were not irregular.

Reconciling notes to the annual financial statement disclosure

| Description | 2022/23 R'000 | 2021/22 R'000 |
|---|------------------|------------------|
| Irregular expenditure that was under assessment in 2021/22 | — | — |
| Irregular expenditure that relates to 2021/22 and identified in 2022/23 | — | — |
| Irregular expenditure for the current year | 79 870 | 68 333 |
| Total | 79 870 | 68 333 |



PFMA Compliance (continued)

(b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

| Description | 2022/23 R'000 | 2021/22 R'000 |
|---|------------------|------------------|
| Irregular expenditure under assessment | 6 864 | – |
| Irregular expenditure under determination | – | – |
| Irregular expenditure under investigation | 74 842 | 107 443 |
| Total | 81 706 | 107 443 |

One incident of possible irregular expenditure, identified by the Auditor General was under assessment during 2021/22 financial year. There was no expenditure on the contract in the prior year, however CETA have since incurred R6 788 000 in 2022/23 financial year. The above incidents of irregular expenditure relating to prior year, 2021/22 are currently under investigation.

The following incidents of irregular expenditure are under assessment in the current year:

- Companies that are no longer in business and the matters have have been escalated to National Treasury.

(c) Details of current and previous year irregular expenditure condoned

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--------------------------------|------------------|------------------|
| Irregular expenditure condoned | – | – |
| Total | – | – |

(d) Details of current and previous year irregular removed – (not condoned)

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Irregular expenditure NOT condoned and removed | – | 5 330 |
| Total | – | 5 330 |

(e) Details of current and previous year irregular expenditure recovered

| Description | 2022/23 R'000 | 2021/22 R'000 |
|---------------------------------|------------------|------------------|
| Irregular expenditure recovered | - | - |
| Total | - | - |

The CETA is still in a process of investigations of irregular expenditures disclosed and when concluded the recommendations are going to guide a way forward.

(f) Details of current and previous irregular expenditure written-off (irrecoverable)

| Description | 2022/23 R'000 | 2021/22 R'000 |
|-----------------------------------|------------------|------------------|
| Irregular expenditure written-off | - | - |
| Total | - | - |

The CETA is still in a process of investigations of irregular expenditures disclosed and when concluded the recommendations are going to guide a way forward.

(g) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

| Description | 2022/23 R'000 | 2021/22 R'000 |
|---|------------------|------------------|
| Employee who produced fake qualifications | - | 5 562 |
| Total | - | 5 562 |

Irregular appointment was due to fake qualifications, employee resigned and fined R2 000.00 at the court of law. However, CCMA case is yet to be finalised.



PFMA Compliance (continued)

Fruitless and wasteful expenditure

(a) Reconciliation of fruitless and wasteful expenditure

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Opening balance | 25 980 | 5 878 |
| Add: Fruitless and wasteful expenditure confirmed | 647 | 21 121 |
| Less: Fruitless and wasteful expenditure written-off | (272) | (1 019) |
| Less: Fruitless and wasteful expenditure condoned and removed | — | — |
| Less: Fruitless and wasteful expenditure recoverable | — | — |
| Less: Fruitless and wasteful expenditure not recovered and written-off | — | — |
| Closing balance | 26 355 | 25 980 |

The SARS interest and penalties amounting to R600 000 (2021/22: R1 019 000) were due to late submission and payments of the EMP201 returns. Investigations were conducted to determine the root cause and responsible persons. After all the investigations were done the Accounting Authority resolved to write-off the fruitless and wasteful expenditure amounting to R272 000.

Reconciling notes to the annual financial statement disclosure

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Fruitless and wasteful expenditure that was under assessment in 2021/22 | — | — |
| Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23 | — | 4 353 |
| Fruitless and wasteful expenditure for the current year | 647 | 21 121 |
| Total | 647 | 25 474 |



PFMA Compliance (continued)

(b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Fruitless and wasteful expenditure under assessment | 328 | – |
| Fruitless and wasteful expenditure under determination | – | – |
| Fruitless and wasteful expenditure under investigation | – | 15 749 |
| Total | 328 | 15 749 |

The Auditor General issued a finding that the duplicate charge by SARS of interest and penalties of R328 000 that were incurred in the prior year, 2021/22, should be disclosed in the current year as fruitless and wasteful expenditure. Management is of the belief that this incident does not constitute fruitless and wasteful expenditure and should not be disclosed as such. Management therefore disputes this finding and resolved to perform further assessment in terms of the PFMA Compliance and Reporting Framework Instruction No 4 of 2022/23.

(c) Details of current and previous year fruitless and wasteful expenditure written-off

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Fruitless and wasteful expenditure written-off | 272 | 1 019 |
| Total | 272 | 1 019 |

The Accounting Authority wrote off the fruitless and wasteful expenditure of R272 000 (2021/22: R1 019 000) relating to SARS Interest and Penalties charged for late payments and submissions.

d) Details of current and previous year irregular removed – (not written-off)

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Fruitless and wasteful expenditure NOT written-off and removed | – | – |
| Total | – | – |

The CETA is in the process of launching investigations for fruitless and wasteful expenditure.



PFMA Compliance (continued)

(e) Details of current and previous year fruitless and wasteful expenditure recovered

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Fruitless and wasteful expenditure recovered | — | — |
| Total | — | — |

The CETA is still in a process of investigations of fruitless and wasteful expenditures disclosed and when concluded the recommendations are going to guide a way forward.

(f) Details of current and previous fruitless and wasteful expenditure written-off (irrecoverable)

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--|------------------|------------------|
| Fruitless and wasteful expenditure written-off | 272 | 1 019 |
| Total | 272 | 1 019 |

The investigation performed concluded that the fruitless and wasteful expenditure incurred and written-off is irrecoverable.

(g) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

| Description | 2022/23 R'000 | 2021/22 R'000 |
|--------------|------------------|------------------|
| | — | — |
| Total | — | — |



PART F

ANNUAL FINANCIAL INFORMATION

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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 is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the CETA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

The Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the CETA and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the CETA sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CETA and all employees are required to maintain the highest ethical standards in ensuring the CETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the CETA is on identifying, assessing, managing and monitoring all known forms of risk across the CETA. While operating risk cannot be fully eliminated,

the CETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is 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 or deficit.

The Accounting Authority has reviewed the CETA's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the CETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Auditors General of South Africa is responsible for independently auditing and reporting on the CETA's annual financial statements.

The annual financial statements set out on pages 90 to 134, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2023 and were signed on behalf of the Accounting Authority by:

Mr Thabo Masombuka
Accounting Authority Chairperson
CETA



Chief Financial Officer's Overview



Ms Honey Shangase
Chief Financial Officer

“ Finance is not merely about making money. It's about achieving our deep goals and protecting the fruits of our labor. It's about stewardship and, therefore, about achieving the good society. ”

Robert J. Shiller

Total revenue

R697m

grows

10%

Surplus

R10.6m

improves

R259m

Revenue

The South African economy took almost two years to recover from the worst of the COVID-19 pandemic. Electricity supply shortages have constrained South Africa's growth for several years. The severe electricity shortfall has disrupted economic activity and increased operating costs for businesses significantly. Although the initial economic effects of the pandemic were felt at different times in different industries, the impact of electricity has also slowed down our economic recovery. Even though there have been challenges faced by the country, we are delighted to report that our mandate in contributing to the government's strategic growth plans on skills development was not negatively impacted. CETA has experienced a favorable total revenue increase of 10%. The Levy income increased by R46 million in 2022/23 from R571 million in 2021/22. The significant increase in total revenue is mainly due to the R17 million increase in interest received from investment which showed 28% growth in 2022/23 compared to the prior year.

Surplus

We have reported a surplus of R10.6 million for the first time since the 2017/18 financial year. The surplus is mainly due to significant cost containment measures implemented post-administration. Even though we are still exceeding the 10.5% administration cost threshold, operating costs continue to be managed conservatively in line with our efficiency objective. The operating costs decreased by 17% from R92 million to R76 million. We are pleased that the surplus is projected to improve year-on-year but accept that there is room for further improvement in employee cost in the next financial year. One of the areas of focus going forward will be improving efficiencies in our operations by introducing innovative ICT systems as part of our digitisation project.

Chief Financial Officer's Overview (continued)

Total reserves

R970.3m

improves

R10.6m

Cash balance

R1bn

Commitments

R1.4bn

Reserves and liquidity

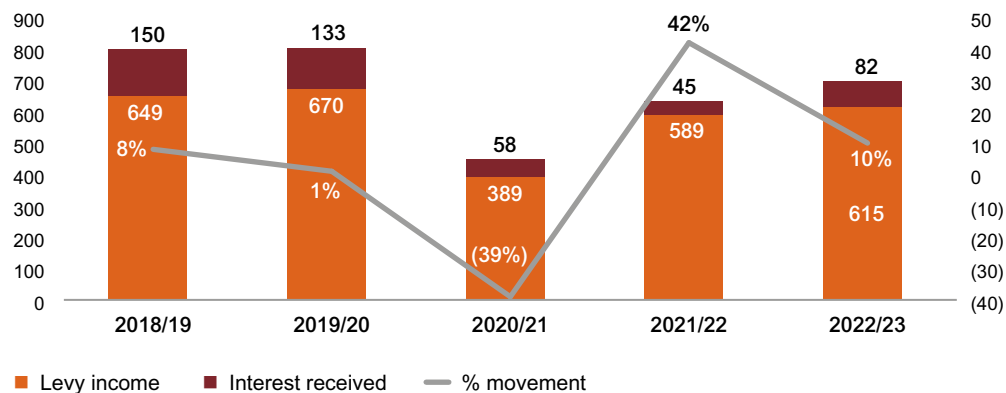
The CETA has agreed to performance targets as part of its Service Level Agreement with DHET which aims at reaching the targets set in terms of the National Skills Development Strategy IV. The national skills development strategy requires funding of a variety of projects or incentives which span over multiple years and as such it is necessary to allocate funding in the current year which will only be contracted and/or committed and spent over a long period of time. CETA has a bank balance of R1 billion during the year ending 31 March 2023 and has requested approval to retain the existing reserve to fund our discretionary grant commitment of R1.4 billion. This request is mainly due to the following reasons:

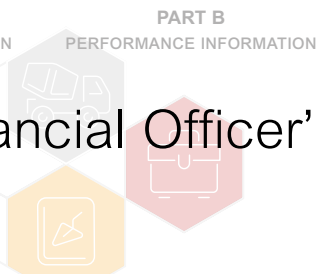
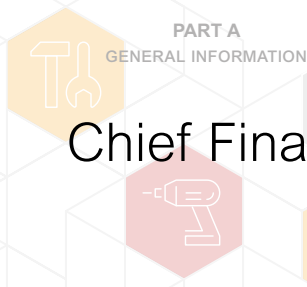
- i. It is not possible to determine the exact amount of available funding due to significant uncertainty and the timing of future levy receipts.
- ii. It is not possible to determine exact employer participation learnership uptake etc. in the various projects/initiatives, although every effort is made to plan and research appropriately.
- iii. Some of the unspent funds are due to a backlog in payments, and this could be caused by the late submission of project claims by the entities.

Progress towards achieving of Institutional impacts and outcomes

Despite near-term challenges in certain construction sectors, the medium to long-term growth story in South Africa remains intact. The construction industry in South Africa is expected to grow steadily over the year. The construction industry plays a critical role in creating an enabling business environment. It is also a vital sector for the country's economy, responsible for creating jobs, stimulating investment, and improving infrastructure. A well-functioning construction sector having adequate skilled labour is essential for attracting investment, supporting small and medium-sized enterprises, and promoting innovation. It is for that reason that CETA has continued to show improvement over the past years as indicated below.

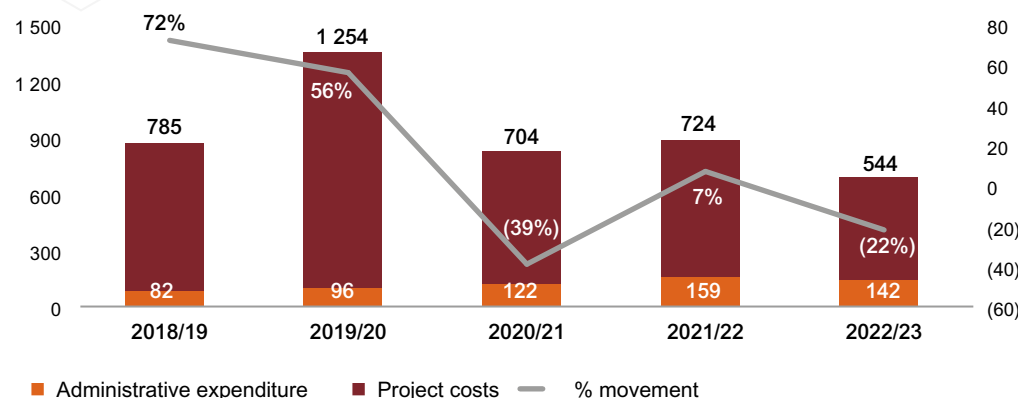
Total revenue over five years (Rm)



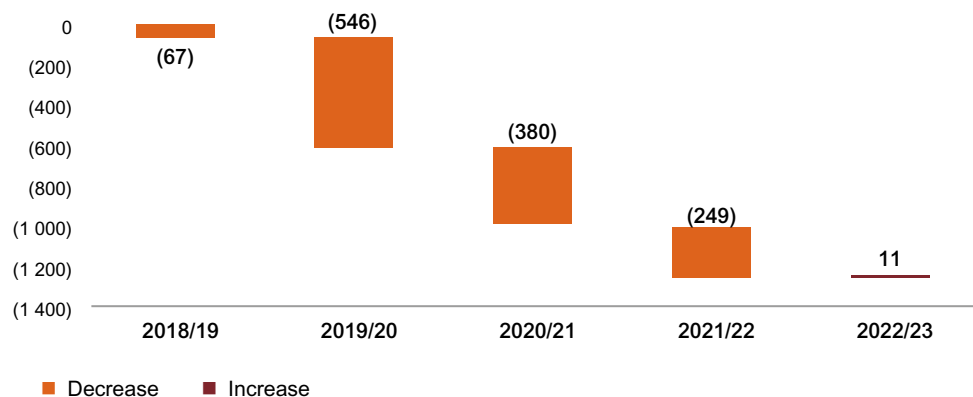


Chief Financial Officer's Overview (continued)

Total expenditure over five years (Rm)



(Surplus)/deficit over five years (Rm)



Audit outcome

The auditor's opinion, except for the issues of the discretionary grants (DG) commitment register indicated that the financial statements present fairly, in all material respects, the financial position of the CETA as of 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA). Meaning CETA ended up with a "Qualified Audit Opinion".

In the past, the CETA received a qualified audit opinion whereby the Auditor General had not detailed audited the DG commitments schedule. For 2022/23, the situation moved positively a bit due to the efforts from employees and management towards providing information on time. However, a qualified audit opinion was expressed by the auditors on the same matter for various reasons cited in the Auditor General's final report.

It must be noted that subsequent to the submission of the 2021/22 Annual Financial Statements (AFS) and audit conclusion, CETA has made significant progress in the completion of reviewing and cleaning the DG Commitments register. During the 2022/23 audit, it was noted that there were still other projects in the commitment register that should have been removed and some of the project balances had to be adjusted to accurately reflect the existing obligation. The main challenge regarding the DG Commitment disclosure is that we could not provide AGSA with sufficient information to conclude and express an opinion on some of the assertions.

Management is working tirelessly on several actions required to turnaround the CETA's 2023/24 audit outcomes. We are developing an Audit Turnaround Strategy which will guarantee that we maintain the proper record-keeping system to ensure that complete, relevant, and accurate information that supports what is disclosed on the financial statements is accurate, accessible, and available within the agreed time frames.

Ms Honey Shangase
Chief Financial Officer
CETA



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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Construction Education and Training Authority set out on pages 90 to 134, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effect of the matter 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 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for qualified opinion

Commitments

3. I was unable to obtain sufficient appropriate audit evidence that commitments for the current and previous year had been properly accounted for, due to the status of the accounting records and a limitation identified on the adjustment made by the entity to correct the prior year's qualification. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments, stated at R1 491 million (2022: R2 079 million) in note 23 to the financial statements.

Context for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2023.

Other matter

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

Irregular expenditure

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4 (a) and (c) of the PFMA, which came into effect on

3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 25 and 26 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Construction Education and Training Authority. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Retention of surplus not approved by National Treasury in terms of PFMA section 53

11. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R941 595 000, for the financial year 2021–22, disclosed 29. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

Responsibilities of the accounting authority for the financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.



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

13. 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.

Responsibilities of the Auditor-General for the audit of the Financial Statements

14. 1My 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.
15. 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

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

| Programme | Page numbers | Purpose |
|--|--------------|--|
| Programme 2: Research, Planning and Reporting | 25 | To ensure a credible mechanism for skills planning and reporting in the construction sector. |
| Programme 3: Learning Programmes and Projects | 28 | To address skills priorities within the construction sector |
| Programme 4: Quality Assurance | 42 | Implementation of quality assurance that will enhance and ensure quality provision of training |

18. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

21. The material findings on the performance information of the selected programmes are as follows:



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

Programme 3: Learning Programmes and Projects

Various indicators

22. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

| Indicator | Target | Reported achievement |
|--|--------|----------------------|
| Indicator 3.18. Number of unemployed bursaries learners enrolled (continuation) | 300 | 148 |
| Indicator 3.20. Number of employed bursaries learners enrolled (continuation) | 40 | 44 |
| Indicator 3.24. Number of unemployed learners per year completing internships | 124 | 125 |
| Indicator 3.26. University placements completed | 62 | 64 |
| Indicator 3.27. TVET Student Placement entered | 600 | 616 |
| Indicator 3.28. Number of TVET Student Placement completed per year | 68 | 71 |
| Indicator 3.29. Number of learners entering Candidacy programmes per year (Funded) | 237 | 253 |

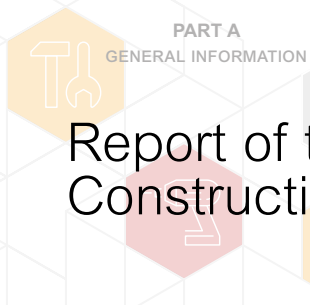
23. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined method of collection to be used when measuring the actual achievement for the indicators listed below. This was due to insufficient measurement definitions or processes. I was unable to test whether the indicator was well defined by alternative means.

| Indicator | Target | Reported achievement |
|---|--------|----------------------|
| Indicator 3.1. Percentage of discretionary grant budget allocated at developing high level skills | 20% | 15% |
| Indicator 3.2. Percentage of discretionary grant budget allocated at developing intermediate level skills | 40% | 73% |
| Indicator 3.3. Percentage of discretionary grant budget allocated at developing elementary level skills | 40% | 12% |

Other matters

24. I draw attention to the matters below.

Achievement of planned targets



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

25. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements. This information should be considered in the context of the material findings on the reported performance information.
26. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

| Key service delivery indicators not achieved | Planned target | Reported achievement |
|--|----------------|----------------------|
| Programme 3 <i>Targets achieved: 82 %</i> <i>Budget spent: 61%</i> | | |
| 3.4 Number of learners who completed workplace-based learning programmes absorbed into employment or self employment | 1 226 | 0 |
| 3.6 Number of employed learners per year entering in learnerships | 221 | 127 |
| 3.7 Number of unemployed learners per year completing learnerships | 2 000 | 798 |
| 3.8 Number of employed learners per year completing learnerships | 105 | 41 |
| 3.9 Number of unemployed learners per year entering skills programmes (DG and ERRP) | 3 500 | 3 171 |
| 3.10 Number of employed learners per year entering skills programmes (DG and ERRP funded) | 500 | 0 |
| 3.10 Number of employed learners per year entering skills programmes (DG and ERRP unfunded) | 226 | 33 |
| 3.12 Number of employed learners per year completing skills programmes | 300 | 0 |
| 3.18 Number of unemployed bursaries learners enrolled (continuation) | 300 | 148 |
| 3.21 Number of unemployed bursary learners per year (completed) | 166 | 77 |
| 3.22 Number of employed bursary learners per year (completed) | 81 | 17 |
| 3.30 Number of learners completing Candidacy programmes per year | 60 | 31 |

Reasons for the underachievement of targets are included in the annual performance report on pages 29 to 41.

Material misstatements

27. 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. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:



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

Annual financial statements

32. 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.
33. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, but the supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

34. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R79 million as disclosed in note 25 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain legislation and overspending on the 7,5% threshold of the total discretionary grants expenditure relating to administration expenditure.
35. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R672 000,00 as disclosed in note 26 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by penalties and interest incurred on late payments to the South African Revenue Service

Consequence management

36. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had

incurred irregular expenditure as required by section 51(1)(e) (iii) of the PFMA. This was because some investigations into irregular expenditure were not performed by 31 March 2023.

Other information in the annual report

37. The accounting authority is responsible for the other information included in the annual report, The other information referred to 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 on in this auditor's report.
38. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
39. My responsibility is to read this other information and, in doing so, consider whether it 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.
40. 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

41. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
43. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.
44. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
45. Management did not review and monitor compliance with applicable laws and regulations.
46. The accounting authority did not implement adequate oversight over financial and performance information, compliance with legislation and related internal controls, as misstatements were identified on the financial statement and the annual performance report.



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

Material irregularities

47. In accordance with the PAA and the material irregularity regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities in progress

48. I identified a material irregularity during the audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting authority was not yet due. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Payments made in excess of the agreed service level agreement

49. The entity entered into an agreement with a service provider to assist the public entity in analysing data for adequate decision-making and to undertake conflict of interest verifications.
50. The entity made payments on the invoices in excess of the agreed upon rates per hour and had made double payments of VAT.
51. I initially notified the accounting authority of the material irregularity on 28 June 2022 and invited the accounting officer to make a written submission on the actions taken and that will be taken to address the matter.

52. The accounting authority has not taken adequate action in response to being notified of the material irregularity. I recommend that the accounting authority take the following actions to address the material irregularity, which should be implemented by 10 September 2023:

- Appropriate action should be taken to investigate the non-compliance with section 57(b) of the PFMA, in order to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses in terms of the applicable instruction note(s) issued by the National Treasury in dealing with fruitless and wasteful expenditure.
- Effective and appropriate disciplinary steps should be initiated without undue delay, against any official(s) that the investigation found to be responsible, as required by section 51(1)(e) of the PFMA.

Auditor General

Pretoria
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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 public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Annexure to the Auditor's Report continued

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|----------------------|--|
| Treasury regulations | Treasury reg 16A6.1 Treasury reg 16A3.2 (fairness) Treasury reg 16A3.2(a) and (b) Treasury reg R16A6.3 (a), (b) (c) & (e) Treasury reg 16A6.4 Treasury reg 16A6.5 Treasury reg 16A6.6 Treasury reg. 16A.7.1 Treasury reg. 16A.7.3 Treasury reg. 16A.7.6 Treasury reg. 16A.7.7 Treasury reg 16A8.3 Treasury reg.16A8.4 Treasury reg 16A9.1(b)(ii), (d), (e) Treasury reg 16A9.1(d), (e) & (f) Treasury reg 16A9.2(a)(ii) Treasury reg. 8.2.1 Treasury reg. 8.2.2 Treasury reg. 29.1.1(a) & (c) Treasury reg. 29.3.1 Treasury reg. 30.1.1 Treasury reg. 30.1.3(a), (b) & (d) Treasury reg. 30.1.3(b) Treasury reg. 30.1.3(d) Treasury reg. 30.2.1 Treasury reg. 31.1.2(c) Treasury reg. 31.2.1 Treasury reg. 31.3.3 Treasury reg. 33.1.1 Treasury reg. 33.1.3 |

| Legislation | Sections or regulations |
|--|--|
| PFMA instruction note no.3 of 2021/22 | Par.4.1 Par.4.2(b) Par. 4.3 Par. 4.4 and Par. 4.4(c), (d) |
| PFMA SCM instruction note 03 of 2021/22 | Definition par 4.1. par. 4.2 (b) par. 4.3 and 4.4 par. 4.4 (c) par. 4.4.(d) par. 7.2 |
| SCM Instruction Note 02 of 2021/22 | Par.3.2.1 Par.3.2.4 Par. 3.3.1 par 4.1 |
| SCM Instruction Note 3 of 2016 | Note 3 |
| SCM Instruction 3 of 2016 | Note 6 |
| National Treasury Instruction 01 of 2021/2022 | Par. 4.1 |
| Treasury Instruction note 11 of 2020/21 | Par. 3.1 Par 3.4 (b) Par. 3.9 |
| National Treasury Instruction No. 5 of 2020/21 | Par. 1 Par. 2 Par. 4.8 Par. 4.9 Par. 5.3 |
| National Treasury Instruction 07 of 2017/18 | Par. 4.3 |



Annexure to the Auditor's Report continued

| Legislation | Sections or regulations |
|---|---|
| National Treasury Instruction 4A of 2016/17 | par 6 |
| National Treasury Instruction note 4 of 2015/16 | Par. 3.4 |
| Practice Note 7 of 2009/10 | Par 4.1.2 |
| Practice Note 5 of 2009/10 | Par.3.3 |
| PFMA | PFMA 35(4) PFMA 38(1)(b) PFMA 44 PFMA 45(b) PFMA 51(1)(b)(ii) PFMA 51(1)(e)(iii) PFMA 52(b) PFMA 54(2)(c), (d) PFMA 57(b) PFMA 55(1)(a), (b) PFMA 55(1)(c)(i) |
| PPPFA | definition "acceptable tender" section 2(1)(a) and (b) Par. 2(1)(f) |
| Preferential Procurement Regulations 2011 | Reg. 9(1), 9(5) |
| Preferential Procurement Regulations 2017 | Reg. 4(1), 4(2) Reg. 5(1), 5(3), 5(6), 5(7) Reg. 6(8), Reg. 7(8) Reg. 8(2), 8(5) Reg. 9(1) Reg. 10(1) Reg. 11(1) |
| Preferential Procurement reg 2022 | Reg. 4(4) |
| CIBD Act | Section 18(1) |

| Legislation | Sections or regulations |
|---------------------------|--|
| CIBD regulations | Reg. 17 Reg. 25(7A) |
| SBD | SBD 6.2 issued in 2015/16 |
| SITA Act | Section 7(3) |
| Public Service regulation | Reg. 18(1), (2) |
| PRECCA | Section 34(1) |
| Grants regulations | GNR.990 2(1) GNR.990 3(3) & (4) GNR.990 4(3), (8) GNR.990 6(9)(iii) |



Statement of Financial Position

As at 31 March 2023

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



Statement of Financial Performance

For the year ended 31 March 2023

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



Statement of Changes in Net Assets

For the year ended 31 March 2023

| | Administration reserves R'000 | Employer grant reserves R'000 | Discretionary grant reserve R'000 | Total net reserves R'000 |
|---|-------------------------------------|-------------------------------------|---|--------------------------------|
| Opening balance as previously reported | 21,588 | 1,199 | 1,192,736 | 1,215,523 |
| Prior year adjustments | – | – | (3,598) | (3,598) |
| Balance at 01 April 2021 – restated* | 21,588 | 1,199 | 1,189,138 | 1,211,925 |
| Net surplus/(deficit) for the period | (77,718) | 69,642 | (206,880) | (214,956) |
| Transfer reserves | 75,863 | (69,900) | (5,963) | – |
| Total changes | (1,855) | (258) | (212,843) | (214,956) |
| Opening balance as previously reported | 19,733 | 941 | 976,295 | 996,969 |
| Prior year adjustment – Refer to note 33 | (3,533) | – | (33,620) | (37,153) |
| Balance at 01 April 2022 – restated* | 16,200 | 941 | 942,675 | 959,816 |
| Changes in net assets | | | | |
| Net surplus/(deficit) for the period | (56,346) | 75,463 | (8,542) | 10,575 |
| Transfer reserves | 66,380 | (75,327) | 8,947 | – |
| Total changes | 10,034 | 136 | 405 | 10,575 |
| Balance at 31 March 2023 | 26,234 | 1,077 | 943,080 | 970,391 |



Cash Flow Statement

For the year ended 31 March 2023

| | Note(s) | 2023 R'000 | 2022 R'000 |
|---|---------|------------------|------------------|
| Cash flow from operating activities | | | |
| Receipts | | | |
| Levies | | 619,499 | 569,664 |
| Interest received | | 62,750 | 44,964 |
| Fines, penalties and forfeits | | 17,332 | 14,160 |
| Other Income | | – | 5 |
| | | 699,581 | 628,793 |
| Payments | | | |
| Employee costs | | (125,836) | (130,215) |
| Suppliers | | (610,625) | (743,190) |
| | | (736,461) | (873,405) |
| Net cash flow from operating activities | 22 | (36,880) | (244,612) |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | 17 | (15,233) | (3,605) |
| Proceeds from sale of property, plant and equipment | 17 | 1 | – |
| Purchase of other intangible assets | 18 | (203) | – |
| Net cash flow from investing activities | | (15,435) | (3,605) |
| Net increase/(decrease) in cash and cash equivalents | | (52,315) | (248,217) |
| Cash and cash equivalents at the beginning of the year | | 1,116,104 | 1,364,321 |
| Cash and cash equivalents at the end of the year | 13 | 1,063,789 | 1,116,104 |



Statement of Comparison of Budget and Actual Amounts

For the year ended 31 March 2023

Budget is prepared 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 | 1 | 32.1 |
| Interest received – investment | 32,080 | – | 32,080 | 62,750 | 30,670 | 32.2 |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Levies | 565,600 | 73 | 565,673 | 614,754 | 49,081 | 32.3 |
| Fines, penalties and forfeits | 28,781 | – | 28,781 | 17,332 | (11,449) | 32.9 |
| In-kind contributions – facilities | – | – | – | 1,571 | 1,571 | 32.4 |
| Release from reserves | 368,789 | – | 368,789 | – | (368,789) | 32.8 |
| UIF project income | – | – | – | 155 | 155 | |
| Total revenue from non-exchange transactions | 963,170 | 73 | 963,243 | 633,812 | (329,431) | |
| Total revenue | 995,250 | 73 | 995,323 | 696,563 | (298,760) | |
| Expenditure | | | | | | |
| Employee related costs | (61,725) | – | (61,725) | (59,795) | 1,930 | |
| Depreciation and amortisation | – | – | – | (5,402) | (5,402) | 32.5 |
| Administration expenses | (88,941) | (73) | (89,014) | (76,645) | 12,369 | 32.6 |
| Discretionary Grant expenses | (767,914) | – | (767,914) | (468,576) | 299,338 | 32.7 |
| Employer grant expenses | (76,670) | – | (76,670) | (75,570) | 1,100 | |
| Total expenditure | (995,250) | (73) | (995,323) | (685,988) | 309,335 | |
| Surplus/(deficit) | – | – | – | 10,575 | 10,575 | |



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 accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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, unless specified otherwise. They are presented in South African Rand.

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.

These accounting policies where applicable are consistent with the previous financial year.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, 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 the CETA will continue to operate as a going concern for at least the next 12 months.

1.3 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation of 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. 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 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, 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 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.

1.13 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, judgements 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.

1.14 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 an expense in the period in which they are incurred.

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.

1.15 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.16 Critical accounting judgements and key sources of estimation

In the application of CETA's accounting policies management is required to make judgements, 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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the Provisions note 21.

Useful lives of Property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Allowance for doubtful debts

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

1.17 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.

Accounting Policies (continued)

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.

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.

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. Any remaining inspection costs from the previous inspection are derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---|
| Plant and machinery | Straight-line | 2 – 22 years |
| Furniture and fixtures | Straight-line | 3 – 24 years |
| Motor vehicles | Straight-line | 4 – 10 years |
| Office equipment | Straight-line | 3 – 23 years |
| IT equipment | Straight-line | 2 – 20 years |
| Leasehold improvements | Straight-line | Shorter of lease period plus renewals or the useful lives |
| Cell phones | Straight-line | 2 years |

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

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

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Accounting Policies (continued)

1.18 Intangible assets

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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 as follows:

| Item | Depreciation method | Average useful life |
|--------------------------|---------------------|---------------------|
| Computer software, other | Straight-line | 3 – 14 years |

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

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

1.19 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 17 and 18 for the carrying values of property, plant and equipment and intangible assets.

1.20 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.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.21 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 of 1962)

VAT 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 1 April 2005.

1.22 Consumables

Consumables are initially measured at cost except where consumables are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently consumables are measured at the lower of cost and net realisable value.

- Consumables are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.



Accounting Policies (continued)

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of consumables comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the consumables to their present location and condition.

The cost of consumables of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of consumables is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all consumables having a similar nature and use to the entity.

1.23 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the

undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.24 Employer grant and Discretionary Grant

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.

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

1.25 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.

1.26 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.27 Commitments

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

Administration commitments

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to acquisition of property, plant and equipment and intangible assets.

Accounting Policies (continued)

Discretionary Grants Commitments

Commitments mean that contractual obligation exist at the end of the financial year that will oblige CETA to make a payment or payment is 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 Grant. All valid offers to contract issued by a CETA prior to the financial year-end, that have not yet been contracted as at the end of the financial year, are disclosed as commitments of the CETA at the specific financial year-end. Offers of contracts, that have been issued before the financial year-end, but have not yet been contracted before the financial year-end, will be included in the commitment's disclosure note, but disclosed separate from contractual commitments.

1.28 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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.

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.

The following are included in the revenue from exchange transactions:

- Other income
- Interest income

1.29 Revenue from non-exchange transactions

Revenue comprises 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.

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 fulfilment 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.

The following are included in the revenue from non - exchange transactions:

- Levies
- Fines, penalties and forfeits
- In kind contributions - facilities

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.30 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.31 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.32 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.



Accounting Policies (continued)

1.33 Irregular expenditure

Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- the PFMA as amended; and
- 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. Expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position. The expenditure is classified in accordance with the nature of the expense. Irregular expenditure that relates to multi-year contracts is also recorded in the year in which expenditure was incurred.

Irregular expenditure incurred and confirmed 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. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis. 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.

Irregular expenditure for the previous financial year (comparative amounts) is recognised in the period in which they occurred as follows:

- Irregular expenditure incurred and confirmed in the previous financial year.
- Irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year.

- Irregular expenditure payments relating to multi-year contracts that was not condoned or removed.
- Irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

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.

1.34 Segment information

A segment is an activity of an entity:

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

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

1.35 Research and development expenditure

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

An asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.

- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

1.36 Budget information

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

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 22 to 31 March 23.

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.

1.37 Related parties

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. Transactions with related parties are supposed to occur under terms and conditions that are no less favourable than those available under similar arm's length dealings.

Accounting Policies (continued)

At the end of the year, the list of all Seta's is obtained and confirmation of balances is requested from all the SETAs. A declaration of interest by employees is obtained by HR. The comparison between the related party register and the declarations obtained is performed to determine whether there are any declarations that have been omitted from the related party register and discrepancies followed up when identified. Once the comparison has been done, the related parties identified are compared to their general ledger and payments made to the entities which the parties are affiliated with to identify all the transactions that have been entered into with the parties.

The nature of the related party, the name of the related party and the transaction amount with the related party discloses in the notes.

1.38 In-Kind Contribution

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.

1.39 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.

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 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.

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

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 counterparty 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.

1.40 Prior year error

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

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

1.41 Leases

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 are 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 recognized as an expense in the period in which termination occurs.

1.42 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

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).

Accounting Policies (continued)

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.

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

1.43 Comparative figures

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

1.44 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 accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements disclosure.

This relates to fruitless and wasteful expenditure incurred in the current financial year, with a one previous financial year comparative analysis.

Fruitless and wasteful expenditure for previous financial year is recognised in the period in which they occurred as follows:

- Fruitless and wasteful expenditure incurred and confirmed in the previous financial year.
- Fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- Fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year.

1.45 Events after the reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Allocation of unappropriated Surplus

- Discretionary Grant 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.

1.46 Leave accrual

The employees of CETA are entitled to 21 working days per annum as leave gratuity, i.e. 1.75 days accrued per month. The leave days are recognized as accrued to employees. The leave accrual is based on the total number of leave days accumulated and due to each employee at year-end multiplied by each employee's respective daily rate of cost to company. Employees that have been with the entity for more than 5 years are entitled to 2.88 days per month.



Notes to the Annual Financial Statements

For the year ended 31 March 2023

2. New standards and interpretations

2.1 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 1 April 2023 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|--|--|
| • GRAP 25 (as revised 2021): Employee Benefits | 1 April 2023 | Impact is currently being assessed |
| • Guideline: Guideline on the Application of Materiality to Financial Statements | 1 April 2023 | Impact is currently being assessed |
| • GRAP 104 (amended): Financial Instruments | 1 April 2025 | Unable to reliably estimate the impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality | 1 April 2023 | Impact is currently being assessed |
| • GRAP 1 (amended): Presentation of Financial Statements | 1 April 2023 | Impact is currently being assessed |

3. Allocation of unappropriated surplus

| | Administration grant reserves | Employer grant reserves | Discretionary grants reserves | 2023 Total per Statement of Financial Performance | 2022 Total per Statement of Financial Performance |
|---|-------------------------------------|-------------------------------|-------------------------------------|---|---|
| Revenue | | | | | |
| Admin levy income (10.5%) | 85,497 | – | – | 85,497 | 79,124 |
| Grant levy income (69.5%) | – | 151,033 | 378,224 | 529,257 | 492,560 |
| Skills development levy: penalties and interest | – | – | 17,332 | 17,332 | 14,160 |
| Interest received | – | – | 62,750 | 62,750 | 44,964 |
| In-kind contributions – facilities | – | – | 1,571 | 1,571 | 1,438 |
| Other income | – | – | 156 | 156 | 94 |
| UIF Project Income | – | – | – | – | 1,744 |
| Total | 85,497 1 | 151,033 | 460,033 | 696,563 | 634,084 |
| Expenses | | | | | |
| Administration expenses | (141,842) | – | – | (141,842) | (159,011) |
| Employer grant expenses | – | (75,570) | – | (75,570) | (71,897) |
| Discretionary Grant expenses | – | – | (468,576) | (468,576) | (651,799) |
| Surplus (Deficit) | (56,345) | 75,463 | (8,543) | 10,575 | (248,623) |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|--|----------------|----------------|
| 4. Levies | | |
| Levy Income: Administration | | |
| Levies received from SARS | 80,607 | 74,152 |
| Government levies received | 5,512 | 4,707 |
| Levies provision | (623) | 265 |
| | 85,496 | 79,124 |
| Levy Income: Employer Grants | | |
| Levies received from SARS | 152,219 | 141,034 |
| Levies provision | (1,186) | 505 |
| | 151,033 | 141,539 |
| Levy income: Discretionary Grants | | |
| levies received from SARS | 381,161 | 349,771 |
| Levies provision | (2,936) | 1,250 |
| | 378,225 | 351,021 |
| TOTAL | 614,754 | 571,684 |
| 5. Fines, penalties and forfeits | | |
| Skills Development Levy: Interest | 7,605 | 5,431 |
| Skills Development Levy: Penalties | 9,727 | 8,729 |
| | 17,332 | 14,160 |
| 6. Other income | | |
| Forex gain | – | 89 |
| Insurance | – | 5 |
| Profit on disposal of assets | 1 | – |
| | 1 | 94 |
| UIF project income | 155 | 1,744 |

Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|--|---------------|---------------|
| 7. Interest received | | |
| Interest received | | |
| Standard Bank | 3,327 | 1,145 |
| Corporation of Public Deposits (CPD) – SARB | 59,423 | 43,819 |
| | 62,750 | 44,964 |
| 8. Administration expenses – Employee related costs | | |
| Basic | 30,808 | 29,862 |
| Ex-Gratia | - | 3,030 |
| Medical aid – company contributions | 5,208 | 4,878 |
| UIF | 266 | 230 |
| Workmens' compensation | 200 | - |
| Union | 39 | 36 |
| Other employee related costs | 1,355 | 701 |
| Bond Subsidy | 1,226 | 839 |
| PAYE | 15,112 | 17,338 |
| Pension | 5,182 | 5,599 |
| Temporary staff | - | 383 |
| Leave pay | 399 | (1,188) |
| | 59,795 | 61,708 |

Employee related costs

Defined Contribution Plan

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

CETA offers fringe benefits for its employees namely the mobility allowances, education allowances, medical aid and the employer pension contribution.

Other

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



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|---|---------------|---------------|
| 9. Administration expenses --Depreciation and amortisation | | |
| Property, plant and equipment | 5,325 | 4,053 |
| Intangible assets | 77 | 1,023 |
| | 5,402 | 5,076 |
| 10. Administration expenses – Operating expenses | | |
| Admin and general expense | 21,657 | 7,401 |
| Auditors remuneration – Refer to note 11 | 5,894 | 6,644 |
| Bank charges | 560 | 390 |
| Cleaning | 718 | 237 |
| Legal costs | 11,399 | 19,943 |
| Consumables | 213 | 110 |
| Sponsorship | 802 | 251 |
| Entertainment | 172 | 134 |
| Interest paid | 235 | 422 |
| Relocation cost | – | 113 |
| Insurance | 771 | 606 |
| Conferences and seminars | – | 188 |
| Motor vehicle expenses | 769 | 455 |
| Storage | 932 | – |
| Licenses | 4,180 | 5,636 |
| Printing and stationery | 587 | 1,209 |
| Finance support | 159 | (385) |
| Repairs and maintenance | 2,011 | 1,582 |
| Audit and Risk Committee fees | 477 | 135 |
| Security | 1,086 | 1,823 |
| Subscriptions and membership fees | 49 | 27 |
| Telephone and fax | 229 | 1 |
| Other operational expenses | 66 | 4,662 |
| Water, electricity and rates | 1,918 | 1,827 |
| In-kind contribution – facilities | 1,571 | 1,438 |
| Board expenses* | 2,869 | – |
| Catering | 25 | 29 |
| Consulting and outsourcing | 5,530 | 27,461 |
| Travel, subsistence and accommodation | 2,255 | 1,432 |
| QCTO | 3,660 | 2,891 |
| COVID-19 expenses | 1 | 194 |
| Rental expenses | 5,850 | 5,371 |
| | 76,645 | 92,227 |

*Included in the Board expenses are Board Meeting fees, Travel expenses, Catering, Committee and Conferences.



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|--|----------------|---------------|
| 11. Auditors' remuneration | | |
| External audit fees | 4,220 | 4,827 |
| Internal audit fees | 1,674 | 1,817 |
| | 5,894 | 6,644 |
| 12. Employer grant project expenses | | |
| Mandatory grant | | |
| Expensed | 75,570 | 71,897 |
| Discretionary Grant | | |
| Core expenditure | 342,194 | 544,346 |
| Admin expenditure – 12.1 | 61,240 | 41,284 |
| Employee related costs – 12.2 | 65,142 | 66,169 |
| | 468,576 | 651,799 |
| 12.1 Administration costs | | |
| Travel, subsistence and accommodation | 3,408 | 1,449 |
| Evaluation of DG projects | 12,846 | 15,484 |
| Consulting and outsourcing | 12,610 | 79 |
| Legal costs | 11,470 | 14,183 |
| Management information systems | 3,347 | 4,306 |
| Other projects administration expenses | 13,326 | 755 |
| Communication, PR and marketing | 4,233 | 5,028 |
| | 61,240 | 41,284 |
| 12.2 Employee related costs | | |
| Basic salary | 34,514 | 34,471 |
| PAYE | 16,211 | 16,134 |
| Pension contribution | 6,264 | 6,861 |
| Medical aid contribution | 6,336 | 7,908 |
| UIF | 324 | 298 |
| Union | 46 | 54 |
| Bonds | 1,037 | 1,248 |
| Leave pay | 410 | (805) |
| | 65,142 | 66,169 |

Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|---|------------------|------------------|
| 13. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 4 | 5 |
| Bank balance – Standard Bank | 129,066 | 40,803 |
| Bank balance – Corporation of Public Deposits | 934,719 | 1,075,296 |
| | 1,063,789 | 1,116,104 |

The Treasury Regulation 31.2 requires the CETA to hold its 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 PFMA, the short term deposits are invested in line with the CETA investment policy. The weighted average interest rate on short term bank deposits is 7.4% (prior year 3.44%).

The entity had the following bank accounts

| Account number/description | Bank statement balances | | | Cash book balances | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 31 March 2023 R'000 | 31 March 2022 R'000 | 31 March 2021 R'000 | 31 March 2023 R'000 | 31 March 2022 R'000 | 31 March 2021 R'000 |
| Operations Current Account – 202519554 | 109,041 | 20,585 | 99,233 | 109,041 | 20,585 | 99,233 |
| Projects fund Current Account – 201127369 | 16,611 | 5,582 | 10,763 | 16,611 | 5,582 | 10,763 |
| Levy Grant Current Account – 202487180 | 2,748 | 13,883 | 1,309 | 2,748 | 13,883 | 1,309 |
| UIF Projects Account – 330794817 | 586 | 665 | 1,467 | 586 | 665 | 1,467 |
| Petty Cash Head Office – 201127504 | 5 | – | 6 | 5 | – | 6 |
| Petty Cash Gauteng – 202458032 | 10 | 10 | 12 | 10 | 10 | 12 |
| Petty Cash Limpopo – 411432354 | 8 | 12 | 19 | 8 | 12 | 19 |
| Petty Cash Mpumalanga – 61109436 | 8 | 10 | 5 | 8 | 10 | 5 |
| Petty Cash North West – 332211975 | 10 | 10 | 2 | 10 | 10 | 2 |
| Petty Cash Free State – 202457508 | 9 | 10 | 13 | 9 | 10 | 13 |
| Petty Cash KwaZulu-Natal – 202458431 | 3 | 10 | 1 | 3 | 10 | 1 |
| Petty Cash Eastern Cape – 202457532 | 10 | 10 | 12 | 10 | 10 | 12 |
| Petty Cash Western Cape – 202457702 | 10 | 10 | 1 | 10 | 10 | 1 |
| Petty Cash Northern Cape – 332211967 | 8 | 7 | – | 8 | 7 | – |
| CPD Investments – 95241167 | 934,719 | 1,075,296 | 1,251,477 | 934,719 | 1,075,296 | 1,251,477 |
| Petty Cash Control – Head Office | 3 | 4 | 1 | 3 | 4 | 1 |
| Total | 1,063,789 | 1,116,104 | 1,364,321 | 1,063,789 | 1,116,104 | 1,364,321 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|---|---------------|---------------|
| 14. Receivables from exchange transactions | | |
| Prepayments | 788 | – |
| Staff debtors | 652 | 616 |
| Sundry debtors | 2,156 | 2,080 |
| | 3,596 | 2,696 |
| 15. Receivables from non-exchange transactions | | |
| SARS employer receivable | 806 | 920 |
| Accounts Receivable | 12,438 | 12,283 |
| Project debtors | 6,626 | 6,041 |
| | 19,870 | 19,244 |
| SARS Employer receivable is based on movements in receivables resulting from SARS adjustments, in line with the CETA policy and section 190(1)(b) of the Tax Administration Act. The fair value of receivables at year-end approximates fair values that are receivable within the next 12 months, hence a decision was made not to impair or provide for any doubtful debts at year-end. | | |
| UIF receivable | | |
| Accounts receivable | 9,909 | 9,754 |
| UIF Receivable CETA is contracted with UIF for the funding of Short skills programmes. The total project costs were R89 million, and be funded as follows: | | |
| UIF (80%) | 71,200 | 71,200 |
| CETA (20%) | 17,800 | 17,800 |
| | 89,000 | 89,000 |

Receivable was raised due to the non-receipt of funds from UIF.

The CETA is concluding the negotiations with UIF with regards to the amounts incurred and due for recovery UIF Receivable.



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|--|---------------|---------------|
| 16. Consumables | | |
| Consumable stores | 755 | 2,021 |
| Consumables recognised | | |
| Opening balance | 2,021 | 5,730 |
| Acquired during the year | 537 | 982 |
| Usage during the year | (1,803) | (4,691) |
| Closing balance | 755 | 2,021 |
| Consumables recognised as an expense during the year | 1,803 | 4,691 |
| Consumables are carried out using the FIFO method. Unit price are determined based on the FIFO Method. | | |
| Consumables pledged as security | | |
| CETA consumables has not been pledged as security and it is not restricted. | | |
| Consumables reconciliation | | |
| Stationery, cutlery and refreshments | 333 | 301 |
| Promotional items | 320 | 1,576 |
| Cleaning materials | 102 | 144 |
| | 755 | 2,021 |

17. Property, plant and equipment

| | 2023 Accumulated depreciation and impairment | | | 2022 Accumulated depreciation and impairment | | |
|---|---|---------------------------|-------------------|---|---------------------------|-------------------|
| | Cost/ Valuation | accumulated impairment | Carrying value | Cost/ Valuation | accumulated impairment | Carrying value |
| Cellphones | 592 | (170) | 422 | 144 | (3) | 141 |
| Work-in-progress – Leasehold Improvements | 3,490 | – | 3,490 | – | – | – |
| Plant and machinery | 416 | (371) | 45 | 416 | (337) | 79 |
| Furniture and fixtures | 2,660 | (2,236) | 424 | 2,660 | (2,007) | 653 |
| Motor vehicles | 19,836 | (10,138) | 9,698 | 10,053 | (7,419) | 2,634 |
| Office equipment | 3,456 | (3,014) | 442 | 3,466 | (2,645) | 821 |
| IT equipment | 12,712 | (8,874) | 3,838 | 11,189 | (7,066) | 4,123 |
| Total | 43,162 | (24,803) | 18,359 | 27,928 | (19,477) | 8,451 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

17. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2023

| | Opening balance | Additions | Depreciation | Total |
|--|-----------------|-----------|--------------|--------|
| Cellphones | 141 | 448 | (167) | 422 |
| Work in progress – Leasehold Improvements* | – | 3,490 | – | 3,490 |
| Plant and machinery | 79 | – | (33) | 45 |
| Furniture and fixtures | 653 | – | (229) | 424 |
| Motor vehicles | 2,634 | 9,783 | (2,719) | 9,698 |
| Office equipment | 821 | 7 | (386) | 442 |
| IT equipment | 4,123 | 1,505 | (1,791) | 3,838 |
| | 8,451 | 15,233 | (5,325) | 18,359 |

*The carrying value of leasehold improvements includes a project that is a taking significantly longer period of time to conclude than expected due to delays in implementation.

Reconciliation of property, plant and equipment – 2022

| | Opening balance | Additions | Disposals and write-off | Depreciation | Total |
|------------------------|-----------------|-----------|-------------------------|--------------|-------|
| Cellphones | 7 | 145 | (8) | (3) | 141 |
| Plant and machinery | 159 | – | (2) | (78) | 79 |
| Furniture and fixtures | 973 | – | (28) | (292) | 653 |
| Motor vehicles | 4,015 | – | – | (1,381) | 2,634 |
| Office equipment | 1,205 | 180 | (48) | (516) | 821 |
| IT equipment | 2,742 | 3,280 | (116) | (1,783) | 4,123 |
| | 9,101 | 3,605 | (202) | (4,053) | 8,451 |

CETA contracted with service provider to do partitioning / dry wall partitioning for the ground floor offices. The project was still in progress as at 31 March 2023.

Pledged as security and useful life review

There are no restricted assets at CETA and none of CETA assets are pledged as security. CETA has conducted the annual reassessment of useful lives and residual values on PPE Assets.

| | 2023 R'000 | 2022 R'000 |
|--|---------------|---------------|
| Other information | | |
| Repairs and maintenance to property, plant and equipment | | |
| IT equipment | 358 | – |
| Repairs and maintenance | 158 | 30 |
| Office equipment | – | 2 |
| | 516 | 32 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

18. Intangible assets

| | 2023 | | | 2022 | | |
|---|--------------------|---|-------------------|--------------------|---|-------------------|
| | Cost/ Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost/ Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 203 | (77) | 126 | – | – | – |
| Work in progress — Internally generated | 7,749 | – | 7,749 | 7,749 | – | 7,749 |
| Total | 7,952 | (77) | 7,875 | 7,749 | – | 7,749 |

Reconciliation of intangible assets – 2023

| | Opening balance | Additions | Amortisation | Total |
|---|--------------------|-----------|--------------|-------|
| Computer software | – | 203 | (77) | 126 |
| Work in progress — Internally generated | 7,749 | – | – | 7,749 |
| Total | 7,749 | 203 | (77) | 7,875 |

Reconciliation of intangible assets – 2022

| | Opening balance | Disposals | Amortisation | Total |
|---|--------------------|-----------|--------------|-------|
| Computer software | 4 738 | (3,715) | (1,023) | – |
| Work in progress — Internally generated | 7,749 | – | – | 7,749 |
| Total | 12 487 | (3,715) | (1,023) | 7,749 |

Pledged as security

There are no CETA intangible assets pledged as security and they are not restricted.

| | 2023 R'000 | 2022 R'000 |
|--|---------------|---------------|
|--|---------------|---------------|

19. Payables from exchange transactions

| | | |
|----------------------------------|--------|--------|
| Trade payables | 7,858 | 9,684 |
| Accrued expense – Administration | 5,151 | 5,924 |
| Other creditors | 645 | 838 |
| Leave accrual | 3,824 | 2,961 |
| | 17,478 | 19,407 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

20. Payables from non-exchange transactions

| | 2023 R'000 | 2022 R'000 |
|-------------------------------------|---------------|---------------|
| SARS Payable | 1,715 | 1,628 |
| Mandatory grant payables | 34,311 | 33,042 |
| Trade payables – projects | 19,430 | 25,234 |
| National Skills Fund Lay-off scheme | 37 | 37 |
| Accrued expenses – projects | 37,978 | 88,928 |
| | 93,471 | 148,869 |

21. Provisions

Reconciliation of provisions – 2023

| | Opening balance | Additions | Reversed during the year | Total |
|---------------------------------|--------------------|-----------|--------------------------------|--------|
| Mandatory grant provision | 15 | – | (15) | – |
| Employer refund provision | 12,925 | 17,670 | (12,925) | 17,670 |
| Discretionary Grant – Provision | 15,233 | – | – | 15,233 |
| | 28,173 | 17,670 | (12,940) | 32,903 |

Reconciliation of provisions – 2022

| | Opening Balance | Additions | Reversed during the year | Total |
|---------------------------------|--------------------|-----------|--------------------------------|--------|
| Mandatory grant provision | 15 | – | – | 15 |
| Employer refund provision | 14,945 | 12,925 | (14,945) | 12,925 |
| Discretionary Grant – Provision | 15,233 | – | – | 15,233 |
| | 30,193 | 12,925 | (14,945) | 28,173 |

The provision for employer refund R17 670 000 – 2023 (R12 925 000 - 2022) relates to levies incorrectly contributed by exempt employers. The provision will be treated in terms of Section 190 (1)(b) in that a person is entitled to a refund by SARS of the amount erroneously paid in respect of a self assessment in excess of the amount payable in terms of the assessment.

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 Act.

In terms of section 4 (7) of the SETA Grant Regulation, all unclaimed mandatory grants should be transferred to Discretionary Funds because the employer cannot claim it back after expiry date.



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|---|---------------|---------------|
| 21. Provisions (continued) | | |
| Employer refund | | |
| Opening balance | 12,925 | 14,945 |
| Changes in provision | 4,745 | (2,020) |
| | 17,670 | 12,925 |
| 22. Cash used in operations | | |
| Surplus (deficit) | 10,575 | (248,623) |
| Adjustments for: | | |
| Depreciation and amortisation | 5,402 | 5,076 |
| Profit or loss on disposal of assets | (1) | 3,917 |
| Provisions – SARS payable | (15) | – |
| Provisions – Levies | 4,745 | (2,020) |
| Provision trade payable projects | – | 15,233 |
| In-kind contribution facilities revenue | (1,571) | (1,438) |
| In-kind contribution facilities – Administration expenses | 1,571 | 1,438 |
| Changes in working capital: | | |
| Consumables | 1,266 | 3,709 |
| Receivables from exchange transactions | (900) | (62) |
| Other receivables from non-exchange transactions | (626) | (1,440) |
| Payables from exchange transactions | (1,928) | (3,628) |
| Payables from non-exchange transactions | (55,398) | (16,774) |
| | (36,880) | (244,612) |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

23. Commitments

23.1 Discretionary Grants Commitment

| Programme | Opening balance 1 April 2022 | *Prior period Error Adjustment | Restated opening balance | New Approvals 2022/23 | Current year adjustment | Sweeps and Cancellations | Payments made | Closing balance |
|---|------------------------------------|--------------------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|------------------|--------------------|
| Academic Infrastructure and lecture | 25,680 | (25,680) | – | – | – | – | – | – |
| Apprenticeships | 944,506 | (285,152) | 659,354 | 240,328 | 30,034 | (8,144) | (180,355) | 741,217 |
| Bursaries | 186,020 | (112,105) | 73,915 | 21,700 | (240) | (3,000) | (17,237) | 75,138 |
| Candidacy | 231,743 | (102,248) | 129,495 | 54,900 | 4,820 | – | (40,057) | 149,158 |
| CETA Academy | 125,383 | (125,383) | – | – | – | – | – | – |
| Cooperative Empowerment Training | 1,400 | (1,400) | – | – | – | – | – | – |
| Development of Academic Programme | 694 | (694) | – | – | – | – | – | – |
| DQP Status | 700 | (700) | – | – | – | – | – | – |
| Engineering Articulation Research and Partners | 3,354 | (3,354) | – | – | – | – | – | – |
| Equity Development Post | 7 | (7) | – | – | – | – | – | – |
| Establishment and Development of Cooperatives | 884 | (884) | – | – | – | – | – | – |
| Establishment of a Construction Laboratory and Workshop | 8,920 | (8,920) | – | – | – | – | – | – |
| Establishment or Enhancement of Construction Department in Public FET Colleges | 1,000 | (1,000) | – | – | – | – | – | – |
| Future Leaders | 252 | (252) | – | – | – | – | – | – |
| Innovation | 2,459 | (2,459) | – | – | – | – | – | – |
| Internship | 30,915 | (21,174) | 9,741 | 48,660 | – | – | (7,088) | 51,313 |
| Joint Project (IPMT) | 4,292 | (4,293) | (1) | – | – | – | – | (1) |
| Learnership | 184,394 | (94,962) | 89,432 | 195,100 | – | 165 | (50,534) | 234,163 |
| Mentorship DG Projects | 126 | (126) | – | – | – | – | – | – |
| New Leaders Development | 130 | (130) | – | – | – | – | – | – |
| Occupational Health and Safety | 206 | (206) | – | – | – | – | – | – |
| Placement of learners | 38,664 | (14,182) | 24,482 | 40,575 | – | – | (14,314) | 50,743 |
| Post-School Sector Collaboration | 1,870 | (1,870) | – | – | – | – | – | – |
| Project Management and Administration | 6,369 | (6,369) | – | – | – | – | – | – |
| Recognition of Prior Learning | 15,173 | (6,216) | 8,957 | – | – | (630) | (2,646) | 5,681 |
| Rural Community Development Projects | 9,214 | (9,214) | – | – | – | – | – | – |
| Sector Skills Plan | 3,538 | (3,538) | – | – | – | – | – | – |
| Short Skills Programmes | 72,197 | (35,051) | 37,146 | 71,400 | – | 11 | (23,218) | 85,339 |
| Skills Development Centre | 70,270 | (65,718) | 4,552 | – | – | – | – | 4,552 |
| Special Projects | 71,486 | (2,265) | 69,221 | – | – | – | – | 69,221 |
| Trade Testing | 6,843 | (613) | 6,230 | 12,425 | – | (2,677) | (960) | 15,018 |
| Training of FET College Staff in assessment and moderation | 100 | (100) | – | – | – | – | – | – |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

23. Commitments (continued)

23.1 Discretionary Grants Commitment (continued)

| Programme | Opening balance 1 April 2022 | *Prior period Error Adjustment | Restated opening balance | New Approvals 2022/23 | Current year adjustment | Sweeps and Cancellations | Payments made | Closing balance |
|--|---------------------------------|--------------------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|------------------|--------------------|
| Work Readines Campaign | 1,770 | (1,770) | – | – | – | – | – | – |
| Workplace Intergrated Learning | 16,081 | (16,081) | – | – | – | – | – | – |
| Operational Kit Cooperative | 250 | (250) | – | – | – | – | – | – |
| Short Skills Programme-UIF CETA | 8,347 | – | 8,347 | – | – | – | (39) | 8,308 |
| School Renovation | 3,000 | (3,000) | – | – | – | – | – | – |
| Development and Growth of public college systems | 1,680 | – | 1,680 | – | – | – | (239) | 1,441 |
| | 2,079,917 | (957,366) | 1,122,551 | 685,088 | 34,614 | (14,275) | (336,687) | 1,491,291 |

| | 2023 | 2022 |
|----------------------------|-----------|-----------|
| Commitment schedule | | |
| Contracted Projects | 982,289 | 461,929 |
| Not Contracted | 509,011 | 660,632 |
| | 1,491,300 | 1,122,561 |

Written agreements made between the CETA and third parties will result in a contractual obligation and will be classified as projects contracted for. Where SLAs are not signed the projects classified as not contracted.

The above Discretionary Grant Commitments arise from contractual commitments between CETA and the Training Providers or Employers for the Skills Development programme they are allocated.

*Prior period error adjustment – refer to note 34 which deals with the prior error disclosure note.

23.2 Operating leases – as lessee (expense)

| | | |
|-------------------------------------|--------|--------|
| Minimum lease payments due | | |
| – within one year | 6,747 | 5,852 |
| – in second to fifth year inclusive | 16,356 | 20,613 |
| | 23,103 | 26,465 |

23.3 Administration commitments

| | | |
|--|--------|--------|
| Appointment of a at least 5GB CIDB registered contractor for the construction skills development centre in the KZN-Ingwavuma | 1,781 | 3,589 |
| Customisation management of the existing CETA's Biometric Learner Attendance System and periodic disbursement | 45,421 | 44,880 |
| Head Office Partitioning - Ground Floor | 1,691 | – |
| | 48,893 | 48,469 |

Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

24. Related parties

Relationships

| | |
|--|--|
| Ultimate controlling entity | Department of Higher Education and Training |
| Shareholder with significant influence and joint control | National Skills Fund National Student Financial Aid Scheme Department of science and Innovation Other 20 SETAs and QCTO TVET Colleges Universities and other Colleges Human Science Research Council National Research Foundation South African National Space Agency Technology Innovation Agency Council for Scientific and Industrial Research South African Qualifications Authority Council of Higher Educational and Training National Institute for Humanities and Social Sciences |
| Accounting Authority | Mr Thabo Masombuka – Chairperson Mr Danny Masimene – AA Member Mr Phillip Vilakazi – AA Member Mr Josias Mpe – AA Member Mr Roy Mnisi – AA Member Ms Mohetoa Rahab – AA Member Mr Sunday Mlangeni – AA Member Ms Sibongile Maseko – AA Member |
| Members of key management | Mr M Shezi – Chief Executive Officer Mr S Mkhize – Chief Financial Officer Mr T Lefutswe – Acting Chief Financial Officer Ms M Thobela – Executive Manager: Strategic Support Mr P Yeko – Executive Manager: ETQA and Projects |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|--|----------------|------------------|
| 24. Related parties (continued) | | |
| Related party transactions | | |
| In-kind contribution – Rental of office | | |
| Mpumalanga – Disaster Management Centre | 113 | 106 |
| KZN – Services SETA | 114 | 107 |
| North West – Mahikeng Taletso TVET College | 123 | 115 |
| North West – Klerksdorp | 20 | – |
| Free State – Motheo College Aliwal North | 824 | 776 |
| Northern Cape – Department of Public Works | 183 | 173 |
| Eastern Cape – Midlands College | – | 98 |
| Eastern Cape – SSETA | 151 | – |
| KZN – eThekweni TVET College Springfield | – | 22 |
| Gauteng – Tshwane South TVET College | 43 | 41 |
| Total | 1,571 | 1,438 |
| Amounts received/paid/commitment | | |
| DHET | 903 | 579,117 |
| QCTO | 3,660 | 2,891 |
| TVET Colleges | 205,474 | 281,315 |
| CET/Public Colleges | 1,054 | – |
| Private Colleges | 16,343 | 42,432 |
| Universities | 6,841 | 112,523 |
| MQA SETA | – | 14 |
| HWSETA | – | 70 |
| TETA | – | 6 |
| MICT | 11 | – |
| Total | 234,275 | 1,018,368 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

24. Related parties (continued) Remuneration of key management Remuneration of Board Members

| 2023 | Board meetings and activities R'000 | Travel, subsistence and other allowances R'000 | Total R'000 |
|---|---|---|----------------|
| Names | | | |
| Mr T Masombuka – Chairperson (20/08/2022) | 231 | 201 | 432 |
| Mr D Masimene – AA Member (01/07/2022) | 232 | 132 | 364 |
| Mr P Vilakazi – AA Member (01/07/2022) | 153 | 21 | 174 |
| Mr J Mpe – AA Member (01/07/2022) | 157 | 18 | 175 |
| Mr R Mnisi – AA Member (01/07/2022) | 143 | 91 | 234 |
| Ms R Mohetoa – AA Member (01/07/2022) | 163 | 4 | 167 |
| Mr S Mlangeni – AA Member (01/07/2022) | 92 | 24 | 116 |
| Ms S Maseko – AA Member (01/07/2022) | 162 | 43 | 205 |
| | 1,333 | 534 | 1,867 |

| 2022 | Fees for services as a member of management | Total |
|---|---|-------|
| Names | | |
| Mr M Shezi – Advisor (up to 31/08/2021) | 715 | 715 |
| Mr S Wasa – Administrator (up to 02/02/2022) | 1,856 | 1,856 |
| Mr P Tsotetsi – Advisor Finance (up to 31/10/2021) | 999 | 999 |
| Ms GN Sejake – Advisor Projects (up to 31/10/2021) | 888 | 888 |
| Mr ZS Mnisi – Advisor ICT (up to 02/02/2022) | 1,267 | 1,267 |
| Mr MVM Mashigo – Advisor Monitoring and Graduation (up to 02/02/2022) | 1,267 | 1,267 |
| Mr MM Morrison – Advisor Operations and Strategy (up to 31/10/2021) | 888 | 888 |
| | 7,880 | 7,880 |

The CETA was placed under Administration as per Government Notice number 656, as published in the Government Gazette no. 42991 of 3 February 2020 for 12 months; and this appointment was extended for a further period that ended on 2 February 2022, as per Government Gazette No. 44129 of 1 February 2021.



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

24. Related parties (continued)

Management class: Executive Management

| 2023 | Fees for services as a member of key management | Total |
|--|--|--------------|
| Names | | |
| Mr M Shezi – Chief Executive Officer (from 1 September 2021) | 1,716 | 1,716 |
| Mr T Lefutswe – Acting Chief Financial Officer (from 13 September 2022 to 31 March 2023) | 980 | 980 |
| Mr S Mkhize – Chief Financial Officer (up to 11 November 2022) | 1,353 | 1,353 |
| Ms M Thobela – Executive Manager: Strategic Support | 1,811 | 1,811 |
| Mr P Yeko-Executive Manager: ETQA and Projects | 2,075 | 2,075 |
| | 7,935 | 7,935 |
| 2022 | Fees for services as a member of key management | Total |
| Names | | |
| Ms. V Ndlovu – Chief Financial Officer (up to 18 October 2021) | 1,434 | 1,434 |
| Mr. S Shezi – Chief Executive Officer (up to 30 August 2021) | 1,001 | 1,001 |
| Mr. S Mkhize – Chief Financial Officer | 457 | 457 |
| Ms. M Thobela – Executive Manager: Strategic Support | 421 | 421 |
| Mr. P Yeko-Executive Manager: ETQA and Projects | 158 | 158 |
| | 3,471 | 3,471 |

Executive management do not receive any fringe benefits.

Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

24. Related parties (continued)

Audit and Risk Committee

| 2023 | Audit and Risk Committee | Total |
|---|--------------------------|-------|
| Names | | |
| Mr J Maboja – Chairperson of ARC (up to 08/2022) | 61 | 61 |
| Mr CS Mofet-Mubu – Member of the ARC (up to 08/2022) | 35 | 35 |
| Mr D Madiba – Member of the ARC (up to 08/2022) | 40 | 40 |
| Mr N Mosuwe – Member of the ARC (up to 08/2022) | 26 | 26 |
| Ms ZN Tshabalala – Chairperson of ARC (from 12/01/2023* | 132 | 132 |
| Mr M Wesi – Member of the ARC (from 12/01/2023)* | 104 | 104 |
| Ms BT Mokgoko – Member of the ARC (from 12/01/2023) | 79 | 79 |
| Mr SM Mlangeni | 82 | 82 |
| | 559 | 559 |
| * Included in the Audit and Risk Committee note are other meetings ARC members were invited to or seconded. | | |
| 2022 | Audit and Risk Committee | Total |
| Name | | |
| Ms J Maboja – Chairperson | 56 | 56 |
| Mr CS Mofet-Mubu – ARC Member (up to 08/2022) | 27 | 27 |
| Mr D Madiba – ARC Member (up to 08/2022) | 27 | 27 |
| Mr N Mosuwe – ARC Member (up to 08/2022) | 5 | 5 |
| | 115 | 115 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

| | 2023 R'000 | 2022 R'000 |
|---|---------------|---------------|
| 25. Irregular expenditure | | |
| Irregular expenditure incurred in the current year | 68,789 | 52,197 |
| Irregular expenditure payments relating to multi-year contracts that was not condoned or removed | 11,082 | 16,136 |
| Total | 79,871 | 68,333 |
| 26. Fruitless and wasteful expenditure | | |
| Fruitless and wasteful expenditure incurred in the current year | 647 | 16,768 |
| Fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year. | – | 4,353 |
| Total | 647 | 21,121 |

27. 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 six 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. Public entities listed in Schedule 3A and 3C must annually obtain approval of the National Treasury to accumulate surplus.

Categories of financial instruments

| March 2023 | Amount | Effective Interest rate % | Total |
|---------------------------|-----------|------------------------------|-----------|
| Cash and cash equivalents | 1,063,789 | 7 | 1,063,789 |
| March 2022 | | | |
| | Amount | Effective Interest rate % | Total |
| Cash and cash equivalents | 1,116,104 | 4 | 1,116,104 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

27. Financial instruments disclosure (continued)

| 2023 | | | |
|---|---------------|-------------------|-----------|
| Financial assets | At fair value | At amortised cost | Total |
| Receivables from exchange transactions | – | 2,808 | 2,808 |
| Receivables from non-exchange transactions | – | 19,870 | 19,870 |
| Cash and cash equivalents | 1,063,789 | – | 1,063,789 |
| | 1,063,789 | 22,678 | 1,086,467 |
| Financial liabilities | | | |
| | | At cost | Total |
| Payables from exchange transactions | | 17,478 | 17,478 |
| Payable from non-exchange transactions | | 93,471 | 93,471 |
| | | 110,949 | 110,949 |
| 2022 | | | |
| Financial assets | At fair value | At amortised cost | Total |
| Trade and other receivables from exchange transactions | – | 2,696 | 2,696 |
| Receivables from non-exchange transactions | – | 19,244 | 19,244 |
| Cash and cash equivalents | 1,116,104 | – | 1,116,104 |
| | 1,116,104 | 21,940 | 1,138,044 |
| Financial liabilities | | | |
| | | At cost | Total |
| Trade and other payables from exchange transactions | | 19,407 | 19,407 |
| Trade and other payables from non-exchange transactions | | 148,869 | 148,869 |
| | | 168,276 | 168,276 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

28. Risk management

Financial risk management

Liquidity risk

CETA's exposure to liquidity risk is amongst other things, through a high number of Discretionary Grant commitments to entities made at year-end. CETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs forecasted cash flow and its cash management policy. Adequate reserves and liquid resources are also maintained. The table below provides an analysis of CETA's liabilities into their maturity groupings as per the statement of financial position.

| | Carrying Amount | Contractual Cash Flow | Six months or less |
|---|-----------------|-----------------------|--------------------|
| 2023 | | | |
| Payables from non-exchange transactions | 93,471 | 93,471 | 93,471 |
| Payables from exchange transactions | 17,478 | 17,478 | 17,478 |
| | 110,949 | 110,949 | 110,949 |
| 2022 | | | |
| Payables from non-exchange transactions | 148,869 | 148,869 | 148,869 |
| Payables from exchange transactions | 20,178 | 20,178 | 20,178 |
| | 169,047 | 169,047 | 169,047 |

Credit risk

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 presented net of allowances for doubtful debts. The entity is still in the process of recovering all debt due, therefore no assets will be impaired pending investigation and board approval.

| | 2022/23 | Impairment | 2021/22 | Impairment |
|--|------------------|------------|-----------|------------|
| The ageing of other receivable from exchange transactions | | | | |
| Not past due 0–30 days | 829 | – | 310 | – |
| Past due 30–90 days | – | – | 128 | – |
| Past due 90–120 days | 2,767 | – | 2,258 | – |
| | 3,596 | – | 2,696 | – |
| The ageing of cash and cash equivalent | | | | |
| Not past due | 1,063,789 | – | 1,116,104 | – |
| The ageing of other receivable from non exchange transactions | | | | |
| Not past due 0–30 days | 56 | – | 2,380 | – |
| Past due 30–90 days | 170 | – | – | – |
| Past due 90–120 days | 19,244 | – | 16,864 | – |
| | 19,870 | – | 19,244 | – |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

28. Risk management (continued)

Market risk

CETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the financial period.

Fair values

CETAs financial instruments consist of mainly of cash and cash equivalent, accounts and other receivable and payables.

No financial instruments were carried at an amount in excess of their fair value. Fair value could be reliably measured for all financial instruments, with the exception of cash and cash equivalents which are carried at amortised costs.

Accounts receivable

The carrying amount of the accounts receivable is 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.

29. Contingencies

29.1 Retention of surplus funds

Retention of surpluses by constitutional institutions and public entities listed in Schedules 3A and 3C to the Public Finance Management Act (PFMA), 1999. Public entities listed in Schedules 3A and 3C to the PFMA may not accumulate surpluses that were realised in the previous financial year without obtaining prior written approval of the relevant Treasury.

The CETA submitted an application for the retention of accumulated funds as at 31 March 2022 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.

SETAs are required to disclose the uncommitted surplus. The possible liability is calculated as follows:

| | 2023 R'000 | 2022 R'000 |
|--|----------------|----------------|
| Possible liability – Retention of surplus | | |
| Cash and cash equivalents | 1,063,789 | 1,116,104 |
| Plus: Receivable | 23,466 | 21,940 |
| Less: Current liabilities | (143,852) | (196,449) |
| | 943,403 | 941,595 |

The new calculation for the retention of surplus shows that CETA has an available surplus of R943 061 000. However, the Discretionary Grant commitment register has a balance of R1,5 billion worth of committed projects. This indicates that the surplus amount is backed by the Discretionary Grants commitments.

29.2 Contingent liabilities

CETA is a defendant on a matter for alleged unpaid invoice

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In addition to the above, the following cases the CETA could not determine the costs associated to them:

- Order filed to compel CETA to provide a response on a matter.

CETA is defending a case against former employees claiming unfair dismissal and the prospect of the CCMA matters is considered remote.

- Application by the service provider to review and set aside a tender issued.
- CCMA matter brought by employee against CETA



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

29. Contingencies (continued)

29.2 Retention of surplus funds (continued)

BUSA case and surplus funds

In October 2019, Business Unity South Africa (BUSA) won a court case against DHET where the department's decision to decrease the Mandatory Grant levies and grants percentage from 50% to 20% in terms of section 4(4) of the SETA Grant Regulations 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. The Minister has not yet communicated the decision in regard to the mandatory grant percentage. There has been no changes with regards to the mandatory grants levy portion of 20%, therefore CETA cannot reasonably estimate the timing and financial outcome of the event.

30. 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.

31. Events after the reporting date

CETA appointed a service provider in February 2022, to do partitioning. As at 31 March 2023, the total claims on the project or expenditure incurred amounted to R3 490 000. The partitioning project was scheduled for completion on 11 August 2022 and management took a decision to cancel this contract on 24 May 2023 due to poor performance by the contracted supplier and delays on completion.

The above-mentioned project has since been halted and there is an indication that the carrying value of Work-in-Progress capitalised may be different from the recoverable amount determinable in terms of GRAP 21 Impairment of non-cash generating assets, however at the time of reporting it was impractical to determine the value of the recoverable amount or possible impairment.

32. Budget differences

Material differences between budget and actual amounts

32.1 Other Income – Overall, favourable variance of 100%, not budgeted for.

32.2 Interest received – The increase is due to the increasing prime lending rates.

32.3 Levies – Increase in the number of employers registering with the CETA, favourable variance of 6.3%

32.4 In-kind contribution facilities – Budget is on cash basis, the in-kind contributions are non- cash contributions, therefore not budgeted for.

32.5 Depreciation – Budget is on cash basis, therefore depreciation is not budgeted for.

32.6 Administration expense – There has been a reduction in the consultation costs and legal fees. CETA placed reliance on consultants during the administration period and the term of administration ended in February 2022, hence a reduction in consultant fees.

32.7 Discretionary expense – Projects allocated in the current year are yet to submit claims.

32.8 Release from reserves – The reserves have not been transferred to income.



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

32.9 The surplus of R 11 449 000 against budget is due to additional penalties and interest received and SARS overpayment write back as income. The budget is based on an estimate of penalties and interest to be received as CETA cannot anticipate with certainty the levy payers that will incur interest and penalties due to late payment of the skills development levies to SARS.

33. Prior period errors

| | Notes | Audited balance | Prior year adjustment | Restated |
|---|---------------|---------------------|-----------------------|-----------------|
| Discretionary Grants expenditure | 33.1 | 618,558 | 33,241 | 651,799 |
| Administration expenses | 33.2 and 33.4 | 90,060 | 2,167 | 92,227 |
| Depreciation | 33.5 | 5,073 | 3 | 5,076 |
| Receivable from exchange | 33.8 | 2,709 | (13) | 2,696 |
| Administration reserves | 33.7 | (19,733) | 3,533 | (16,200) |
| Payable from exchange, | 3.2 | (20,274) | 867 | (19,407) |
| Discretionary Grant reserve | 33.7 | (980,530) | 37,855 | (942,675) |
| Payable from non-exchange | 33.1 | (122,864) | (26,005) | (148,869) |
| UIF project income | 33.6 | - | 1,744 | 1,744 |
| Provisions | 33.10 | 12,940 | 15,233 | 28,173 |
| Property, plant and equipment | 33.5 | 8,315 | 136 | 8,451 |
| Intangible asset | 33.5 | 11,418 | (3,669) | 7,749 |
| Receivables from non-exchange | 33.8 | 16,715 | 2,529 | 19,244 |
| Suppliers – Cash flow statement amount | | (745,669) | 145 | (745,524) |
| Purchase of PPE- Cash flow statement amount | | 3,460 | - | 3,460 |
| | | (1,119,822) | 67,766 | (1,052,056) |
| Commitments | | | | |
| DG commitment | 33.3 | 2,079,917 | (957,366) | 1,122,551 |
| | | Previously Reported | Restatement | Restated Figure |
| Irregular expenditure | | | | |
| Restatement of balances | 33.11 | 76,020 | (7,687) | 68,333 |
| Fruitless expenditure | | | | |
| Restatement of balances | 33.11 | 16,768 | 4,353 | 21,121 |
| | | Audited balance | Prior year adjustment | Restated |
| Commitments | | | | |
| Administration commitments | 33.9 | 74,588 | (15,661) | 58,927 |



Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2023

33. Prior period errors (continued)

33.1 In 2021/22, there are transactions were not accrued for. This resulted in an understatement of DG expenditure and accruals (Payables) in the prior year. In correcting this prior period error, the amount has been appropriately accrued for.

33.2 In 2021/22, a transaction was not accrued for. This resulted in an understatement of administration expenditure and accruals in the prior year, and an overstatement of core administration expenditure in the current year. In correcting this prior period error, the amount has been appropriately accrued for.

33.3 The transactions were not accounted for during the period in which the approval was granted and therefore results in an understatement of DG commitments in the prior year. Sweeps and cancellations are as a result of projects that did not meet CETA offer letter conditions to implement the projects within a certain time frame. This amount previously included aged/historic contracts which had no expenditure movements for the past five years.

The prolonged inactivity/conditions not being met confirmed that there was no obligation as at reporting date, however remained in the commitments balance. In addressing the legacy issues, CETA has corrected this by excluding these legacy projects as the commitments no longer existed as at the reporting dates concerned.

33.4 In the prior year, transactions relating to suppliers were incorrectly accounted for. This resulted in an understatement of Admin reserves, admin expenses and admin payables in the prior year. In correcting this prior period error, the amount has been appropriately accounted for.

33.5 Property, plant and equipment, intangible assets and depreciation/amortisation were restated as a result of assets that were previously approved for write-off/disposal were not removed from the assets register in the prior year resulting in the misstatement of assets and the depreciation thereof. Property plant and equipment were also restated as a result of assets held by the institute that were not included in the audited asset register. The amounts have been restated to correct these misstatements.

33.6 UIF Projects income was incorrectly accounted for in the reserves during the 2022 financial year. The amount has been restated to ensure that the income is correctly accounted for in the statement of financial performance.

33.7 Administration reserve and Discretionary Grant reserve were restated as a result of the misstatements on accruals, expenditure, payables and UIF Project income that were corrected for during the restatement of the prior period amounts.

33.8 Receivables from non-exchange transactions and Receivables from exchange transactions were restated as a result of errors on legal fees recoveries and misstatement on other debtors.

33.9 The administration commitments in the financial year 2021/22, was disclosed in full including capital commitments, there is no GRAP standard requirements for disclosure of all contracts as commitment in the financial statements, except active contractual commitments falling within the ambit of GRAP 17 and 31. The prior period error has been rectified in the current financial year. The contractual agreement for the customisation of the learner biometric system was not disclosed in the prior year.

33.10 Upon reassessment of the payables, it was discovered that they don't meet the criteria to be disclosed as payables. The CETA uses a reimburse model for DG claims which requires supporting evidence. These claims did not meet the requirements.

During the audit of the year 2019/20, we were requested to reclassify provisions to payables, however upon reassessment of the payables it was concluded that they don't meet the definition of payable.

33.11 Irregular Expenditure opening balance has been restated due to the following:

- Reclassification of a contract that is fruitless and wasteful.
- Amounts of Irregular expenditure capture at contract value instead of expenditure incurred.
- Items assessed not to be Irregular Expenditure.



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