



ANNUAL REPORT 2023/2024



PRESENTATION OF THE 2023/2024 W&RSETA ANNUAL
REPORT TO THE DEPARTMENT OF HIGHER EDUCATION & TRAINING

DR. NOBUHLE NKABANE



DR MIMMY GONDWE
DEPUTY MINISTER OF HIGHER
EDUCATION & TRAINING



DR NOBUHLE NKABANE
MINISTER OF HIGHER EDUCATION
& TRAINING



MR BUTI MANAMELA
DEPUTY MINISTER OF HIGHER
EDUCATION & TRAINING

The Board and Management of the W&RSETA take pleasure in presenting this Annual Report for the 2023/24 financial year, as prescribed by Section 55 of the Public Finance Management Act No 1 of 1995, Chapter 28 of Treasury Regulations and Skills Development Act No 97 of 1998. This legislation requires that a public entity submit an annual report to the Executive Authority, National Treasury and Auditor-General of South Africa for tabling to the Parliament of South Africa.

The W&RSETA entered into a Service Level Agreement with the Department of Higher Education and Training on priorities to be implemented through the Annual Performance Plan (APP) for 2023/24, which would allow the SETA to perform its statutory mandate and meet the objectives of the National Skills Development Plan (NSDP). The NSDP outcomes were translated into seven key skills priorities and translated into 33 performance targets for the year under review. We are pleased to report that we achieved 30 of 33 targets, translating to an achievement of 91%.

The W&RSETA remains focused on its mission to develop a skilled, capable, competent and professional workforce to transform the wholesale and retail sector of South Africa. We firmly believe that education and training will unlock the country's economy and transform the lives of its people. As we enter the fifth year of the NSDP, we reiterate our commitment to contributing to our government's aspirations for economic growth, employment creation and social development in South Africa. Yours in skills development.


Mr Reggie Sibiya
Chairperson


Mr Tom Mkhwanazi
Chief Executive Officer

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PART A

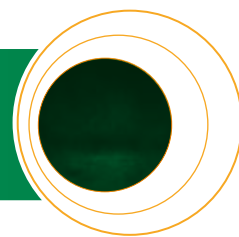
GENERAL INFORMATION

1. PUBLIC ENTITY'S **GENERAL INFORMATION**



| | |
|------------------------------------|---|
| REGISTERED NAME | Wholesale and Retail Sector Education and Training Authority (W&RSETA) |
| REGISTRATION NUMBER | 27/W&RSETA/1/04/11 |
| PHYSICAL ADDRESS | 1303 Heuwel Avenue Riverside Office Park Corner Lenchen South and Heuwel Avenue, Centurion Pretoria Republic of South Africa 0167 |
| POSTAL ADDRESS | Private Bag X106 Centurion 0046 |
| TELEPHONE NUMBER/S | 012 622 9500 |
| WEBSITE ADDRESS | www.wrseta.org.za |
| EXTERNAL AUDITORS | Auditor-General South Africa (AGSA) 4 Davenry Street, Lynnwood Bridge Office Park Lynnwood Manor, Pretoria, South Africa |
| BANKERS | Absa: PO Box 7725, Johannesburg |
| | Rand Merchant Bank: PO Box 786273, Sandton |
| | Nedbank: PO Box 1007, Johannesburg |
| | Standard Bank: PO Box 61344, Marshalltown |
| W&RSETA BOARD SECRETARY | Advocate Lorraine Mtsweni |

2. ACRONYMS AND ABBREVIATIONS



| | |
|--------------------|---|
| 4IR | Fourth Industrial Revolution |
| AFS | Annual Financial Statements |
| AGSA | Auditor-General South Africa |
| APP | Annual Performance Plan |
| ARPL | Artisan Recognition of Prior Learning |
| ATR | Annual Training Report |
| B-BBEE | Broad-Based Black Economic Empowerment Act, No 53 of 2003 |
| CEO | Chief Executive Officer |
| CET | Community Education and Training |
| DALRRD | Department of Rural Development and Land Reform |
| DHET | Department of Higher Education and Training |
| HEI | Higher Education Institution |
| HETI | Higher Education and Training Institution |
| HR | Human Resources |
| HRM&DS | Human Resource Management and Development Strategy |
| HTFV | Hard-To-Fill Vacancy |
| ICT | Information Communication Technology |
| IDP | Integrated Development Plan |
| IPAP | Industrial Policy Action Plan |
| NDP | National Development Plan |
| NGP | New Growth Path |
| NQF | National Qualifications Framework |
| NSDP | National Skills Development Plan |
| NYDA | National Youth Development Agency |
| OHS | Occupational Health and Safety |
| PFMA | Public Finance Management Act of South Africa |
| QCTO | Quality Council for Trades and Occupations |
| RPL | Recognition of Prior Learning |
| SA GRAP | South African Standards of Generally Recognised Accounting Practice |
| SAICA | South African Institute of Chartered Accountants |
| SARS | South African Revenue Service |
| SCM | Supply Chain Management |
| SDA | Skills Development Act |
| SDF | Skills Development Facilitator |
| SDL | Skills Development Levy |
| SETA | Sector Education and Training Authority |
| SIC | Standard Industrial Classification |
| SLA | Service Level Agreement |
| SLO | Sector Liaison Officer |
| SMME | Small, Medium and Micro Enterprise |
| SSP | Sector Skills Plan |
| TVET | Technical and Vocational Education and Training |
| W&R | Wholesale and Retail |
| W&RSETA | Wholesale and Retail Sector Education and Training Authority |
| WPPSET | White Paper for Post-School Education and Training |
| WSP | Workplace Skills Plan |



3. FOREWORD BY THE **CHAIRPERSON**

MR REGGIE SIBIYA

As South Africa commemorates 30 years of freedom, the Wholesale Retail Sector Education and Training Authority (W&RSETA) has remained steadfast in its pursuit of excellence and dedication to its mandate. The period under review has been marked by new realities that tested organisational leadership. These include climatic changes, economic and social tensions, inequality and rapid technological advancements. Among these advancements, the disruptions brought about by emerging technologies such as artificial intelligence (AI) and the internet of things (IoT) have been particularly transformative. AI has revolutionised customer experience through personalised shopping, optimised inventory management, dynamic pricing, fraud detection and workforce automation. Concurrently, IoT has enhanced smart shelf management, supply chain transparency, in-store experiences and energy efficiency. This rapid integration underscores the necessity for the W&RSETA to anticipate and adapt to future skills requirements. In the midst of all these developments, the W&RSETA achieved remarkable outcomes for the 2023/24 financial year.

HIGH-LEVEL OVERVIEW OF THE STRATEGY AND PERFORMANCE OF THE PUBLIC ENTITY IN ITS RESPECTIVE SECTOR

Entering the fourth year of our five-year Strategic Plan (2020/21-2024/25), the W&RSETA re-engineered its strategies to better align with the Sector Skills Plan (SSP) for the 2020-2025 period. Our oversight function as the Board ensured effective and ethical governance. We are pleased to report that the W&RSETA achieved 91% of its annual performance targets. This accomplishment, along with the recognition of W&RSETA with the Small Business Development Department Minister's Award for Innovative Solutions supporting Small, Medium and Micro Enterprises (SMMEs) underscores our

commitment to skills development and transformation. Furthermore, the SETA received an unqualified Audit Opinion from the Auditor-General of South Africa (AGSA), affirming the organisation's integrity and accountability.

STRATEGIC OVERVIEW

The completion of our Information, Communications and Technology (ICT) system during the 2023/24 financial year marked a significant milestone, reducing manual interventions with stakeholders by nearly 90% and enhancing internal customer satisfaction. As outlined in the 2020-2025 Strategic Plan Mid-term Progress Report, we have fully achieved 11 of the 20 set targets and are on track to meet the remaining nine by the end of the 2024/25 financial period.

Our strategic focus remains steadfast in fostering a robust, inclusive and sustainable economy through seven key priority areas:

- Priority Skills Plan (PSP) and Stakeholder Engagement
- Development of SMMEs, Cooperatives and Informal Traders
- Addressing Youth Unemployment
- Balancing Skills Demand and Supply
- Integration of the Circular Economy (Green Initiatives)
- Sector Transformation, including Training and Employment of People with Disabilities (PWD)
- Economic Recovery and Reconstruction Plan (ERRP)

STRATEGIC RELATIONSHIPS

Collaboration with key stakeholders is paramount to our success in skills development. The Wholesale and Retail Skills Development Summit 2023 provided a platform to highlight the sector's



We are also very proud of the W&RSETA's transformation initiative where 45 Black candidates were given an opportunity to be trained and supported to achieve full accreditation as Training Service Providers. The candidates will graduate in the 2024/25 financial year, after a three-year process. Acquiring accreditation will go a long way in ensuring that the accredited institutions participate meaningfully within the sector.



achievements in implementing the National Skills Development Plan (NSDP) and identifying the skills required for the evolving workplace. Additionally, our engagement in the W&RSETA/Zetech Informal Traders Exchange Programme in Nairobi reinforced our commitment to SMME development in local communities.

Our stakeholder engagements, including visits to beneficiaries of the Historically Disadvantaged Individuals Skills Development Practitioners Accreditation Project, allowed us to understand the challenges within the W&RSETA's operating environment and explore opportunities for implementing skills development initiatives.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG-TERM PERIOD

Looking ahead, the W&RSETA emphasises sound administration and governance as essential to efficient operation. We continue to address strategic challenges, build demand-side and supply-side capacities, bridge supply-demand mismatches, and deliver the necessary skills to meet the needs of the wholesale and retail (W&R) sector. Our strategic areas also encompass the organisational environment, external economic conditions, and the overarching SSP.

Provincial research will play a pivotal role in enabling targeted programmes, addressing critical skills implications identified from 2020 to 2023. This research will guide our efforts in regulatory compliance, risk management, digital literacy, data analysis, sustainable practices, and customer relationship management.

We continue focusing on high-impact projects with the planned launch of the Skills Centres at Sekhukhune TVET and the Free State CET colleges in the first quarter of the 2024/25 financial year. The Board approved other similar projects in line with the government's ERRP.

We are also very proud of the W&RSETA's transformation initiative, where 45 black candidates were given an opportunity to be trained and supported to achieve full accreditation as Training Service Providers. The candidates will graduate in the 2024/25 financial year, after a three-year process. Acquiring accreditation will go a long way in ensuring that the accredited institutions participate meaningfully within the sector.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend my gratitude to the Executive Management under the astute leadership of our Chief Executive Officer (CEO), Mr. Tom Mkhwanazi, and the entire W&RSETA workforce for their unwavering dedication and commitment. We also appreciate the support and oversight provided by Hon. Prof. Blade Nzimande while he was the Minister of Higher Education, Science, and Innovation. My gratitude also goes to the staff and management of the Department of Higher Education for their unwavering support and guidance.

Our stakeholders' support is crucial to our ongoing activities, and we value your contributions as we continue to address your needs and fulfil our mission to upskill the wholesale and retail industry.

Mr Reggie Sibiya

Chairperson



4. CHIEF EXECUTIVE OFFICER'S **OVERVIEW**

MR TOM MKHWANAZI

On 20 March 2024, the W&RSETA marked 24 years of service as the industry leader and skills development authority in the Wholesale and Retail (W&R) sector. The years since inception are marked by trailblazing programmes that have impacted millions of people and thousands of businesses. We reflect on this milestone with humility and appreciation for the collective gains the W&RSETA and all our strategic partners achieved. The SETA continues on an upward cycle, an ascent evidenced by the year-on-year improvement in our performance results. For the 2023/24 financial period, the W&RSETA achieved 30 of the set 33 targets, which equates to a historic performance rate of 91%. The W&RSETA team remained committed to impacting the sector through dedication and targeted execution, demonstrating the organisation's strong state.

I am pleased to report on an unqualified audit opinion from the Auditor-General of South Africa (AGSA) and the results achieved in the year under review.

PERFORMANCE AND PROJECT HIGHLIGHTS

The inaugural Wholesale and Retail Skills Development Summit held on 25 October 2023 was a great success, featuring over 26 speakers. These included senior officials from various organisations such as the Department of Higher Education and Training (DHET), the National Skills Authority, the Department of Small Business Development, the Department of Women, Youth, and People with Disabilities, and the Small Enterprise Development Agency. Also included on the speakers' list were wholesale and retail companies, organised businesses and labour organisations, educational institutions such as colleges, universities, and universities of technology, and the Namibia Training Authority, as well as beneficiaries of the W&RSETA programmes.

The Skills Summit provided the W&RSETA and its stakeholders with an opportunity to assess the W&R sector's contribution to the South African skills development agenda and to reflect on the sector's achievements in addressing the objectives set in the National Skills Development Plan (NSDP) 2030. The evolving skills needs, challenges within the sector, future opportunities, and innovative programmes developed to address skills gaps were among the key topics discussed. The W&RSETA greatly appreciates the outcomes of the summit and the enthusiasm of stakeholders to engage and participate in the sectors' endeavours.

As an extension to the summit and a great highlight for 2023, the W&RSETA hosted the Good Practice Awards (GPA) on 26 October 2023. The event was to honour and celebrate excellence by stakeholder organisations, training providers, institutions of learning, women leaders and beneficiaries in implementing skills development in the sector. The awards recognised organisations and individuals that demonstrate extraordinary commitment to skills development, particularly skills development planning, reporting and going beyond compliance with legislation.

In March 2024, the W&RSETA marked a great milestone with the launch of its fourth Wholesale and Retail Leadership Chair (WRLC) at the Central University of Technology (CUT) in the Free State. The unveiling of the CUT Retail Chair represented a significant step forward in enhancing quality standards and fostering innovation within the sector. The WRLC is dedicated to advancing research innovation within the W&R sector.

The R146 million Sekhukhune skills development centre, housed within the Sekhukhune TVET College in Groblersdal, Limpopo, was completed during the review period and is due to launch in May 2024. This Skills Centre is the W&RSETA's contribution to developing artisans in South Africa, supporting the government's National Development Plan (NDP) to produce 30 000 artisans annually by 2030.



W&RSETA's capacity-building and youth unemployment training initiatives remain vital components. Various strategies were used to achieve this, such as working with the Cape Peninsula University of Technology's (CPUT) Western Cape Wholesale and Retail Leadership Chair to invite unemployed youths to enter the wholesale and retail sector as employees or entrepreneurs for a six-month training and capacity-building programme that would prepare them for employment in the sector.



During the financial year in review, the W&RSETA concluded its Informal Traders Exchange Programme. A total of 112 of the registered 117 entrepreneurs completed the rigorous eight-month business development programme which included training and an immersive experience in Nairobi's dynamic informal trade sector. The participants also completed a six-month mentorship phase aimed at fostering technological innovation in collaboration with Zetech University of Kenya and Wits University.

The W&RSETA appointed five institutions to deliver the Retail Management Development Programme (RMDP) during the 2023/24 financial year. With a target of 340 delegates, the RMDP aims to equip supervisors, team leaders, and middle managers with the skills to improve business operations, productivity, and profitability. 182 learners completed the RMDP during the reporting period. An additional 60 senior managers and executives were enrolled in our esteemed International Leadership Development Programme (ILDP) with the University of Cape Town's Graduate School of Business. With 63 learners having completed the ILDP in 2023/24, the programme continues to champion the development of high-potential leaders as part of its contribution to transformation.

The W&RSETA co-hosted an industry conversation on skills development with the Black Business Council, facilitating discussions on cross-sectoral collaboration and enhancing the impact of SETA programmes. Additionally, the Consumer Goods Council of South Africa (CGCSA) summit provided valuable thought leadership, non-competitive networking opportunities, and high-quality content. It aimed to support both established market leaders and new entrants, fostering connections between the SMME community and more prominent players in the consumer goods sector. The Fuel Retailers Association (FRA) gathered for the fifth FRA conference, where the W&RSETA addressed delegates on various programmes that are crucial for the fuel retail industry. This exemplifies the W&RSETA's

commitment to supporting the sector by organising conferences that address key issues affecting the sector.

STAKEHOLDER ENGAGEMENTS DURING THE FINANCIAL YEAR UNDER REVIEW

Stakeholder engagement is a top priority driven by the W&RSETA CEO, leading strategic discussions with the SETA's stakeholders. These engagements recognise the critical role of partnerships in meeting industry demands for skilled workers and improving job opportunities within the sector. The CEO's stakeholder engagement programme facilitates strategic dialogues with stakeholders from W&R employers, institutions, training providers, and government agencies focused on skills development within the sector. The objective is to generate innovative solutions to skills challenges, share best practices, and showcase the impact of various programmes. Nine CEO stakeholder engagements were convened, and 21 meetings were held with senior executives from the sector.

Throughout these interactions, stakeholders expressed appreciation for the partnership with the W&RSETA in fostering youth employment and enhancing skills within the wholesale and retail workforce.

GENERAL FINANCIAL REVIEW

The W&RSETA's primary source of revenue is from skills development levies paid by employers within the sector. The SETA, through the continuous analyses of research reports and stakeholder engagements, articulates clear commitments in the Annual Performance Plan (APP) in pursuit of priorities set in the Sector Skills Plan (SSP) 2020/21-2024/25 and Strategic Plan (SP) 2020/21-2024/25. During the 2023/24 financial period, the SETA received revenue of R1 581 018 000 in levies, a 11.4% increase from the



The W&RSETA appointed five institutions to deliver the Retail Management Development Programme during the 2023/24 financial year. With a target of 340 delegates, the RMDP aims to equip supervisors, team leaders, and middle managers with the skills to improve business operations, productivity, and profitability. 182 learners completed the RMDP during the reporting period.



prior year. In addition, the W&RSETA also received interest income on investments of R198 880 000 and R251 000 as other income, totalling to R1 780 149 000 in revenue. The W&RSETA disbursed R263 530 000 towards mandatory grants, which translates to 72% of the budget of R367 259 000. This is a 21.6% increase compared to the 2022/23 financial year (R 216 734 000). A total of R1 508 187 000 was paid in discretionary grants, which translates to 93% of the budget of R1 626 046 and an increase of R360 433 000 from the previous financial period.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

During the 2023/24 financial year, in a bid to address the misalignment between the W&RSETA's financial year and the academic calendars affecting learner applications, the SETA revised its approach by partnering with contracted institutions to identify eligible candidates from their databases. This resulted in the SETA achieving positive results for targets not achieved in previous years. There are, however, three targets not achieved, and these relate to the number of employed persons awarded bursaries for studies in retail-related qualifications, the number of unemployed learners completing learning programmes addressing the Wholesale and Retail sector Hard-To-Fill Vacancies (HTFVs) and the number of employed learners registered on learning programmes addressing Wholesale and Retail sector HTFVs. The W&RSETA identified technical glitches on the Information Technology (IT) systems as the main challenge in the correct recording of the completion rate for unemployed learners. The SETA is adjusting these metrics for accurate learner programme completion reporting, backed by quality assurance controls that will reconcile the correctness of data.

NEW OR PROPOSED KEY ACTIVITIES

The W&RSETA's involvement in engagements and discussions on skills challenges and opportunities remains active. Scheduled for 23-24 April 2024, the Ministry of Higher Education, Science, and Innovation will host the SETA Skills Summit. This event will also mark the launch of the SETA Integrated High Impact Programmes, emphasising the enhancement, promotion, and showcasing of integrated SETA initiatives within the skills development community.

The W&RSETA is at the forefront of addressing skills challenges and leveraging emerging opportunities within the sector. As we forge ahead with our strategic initiatives, we are thrilled to unveil several pivotal activities.

The 2024 Research Conference, set for October 29-30, 2024, will embrace the theme "Embracing Digital Disruption and the Future of Work: Charting a Course for Success in the Wholesale and Retail sector." This event is designed to spotlight the nexus of innovation and industry evolution. The conference aims to enhance, promote, and showcase the SETA's integrated initiatives and bring together thought leaders, industry experts, and key stakeholders to confront sector challenges and propel sustainable growth.

Furthermore, the CEO conversations are not just dialogues but catalysts for transformative change. They align sector-wide initiatives with the organisation's vision and the National Development Plan (NDP). These dialogues are crucial for fostering innovation and collaboration, providing a strategic platform for the CEO to clarify objectives, drive alignment, and galvanise collective efforts towards sector goals.

Our commitment to strategic foresight is unwavering, as demonstrated by the comprehensive review of our Strategic Plan for 2025-2030. This review is pivotal in ensuring that our objectives and initiatives align with the evolving goals of the NSDP. By aligning with national priorities, supporting economic growth, and enhancing workforce readiness, the review will position SETA to contribute effectively to the NSDP's vision and bolster the sector's ongoing success and sustainability. You can be reassured that our planning is thorough and strategic.

These initiatives underscore our dedication to ensuring that our strategies are responsive to current developments and aligned with national priorities for sustained impact and growth.

REQUESTS FOR ROLLOVER OF FUNDS

The W&RSETA applied to the National Treasury to retain the surplus of R2.5 billion for the 2022/23 financial year in terms of Section 53(3) of the Public Finance Management Act (PFMA) and National Treasury Instruction Note 12 of 2020/21. National Treasury approval was granted in the letter dated 17 October 2023. The application for the rollover for the 2023/24 financial year reserves is due on 15 August 2024.

SUPPLY CHAIN MANAGEMENT (SCM)

During the reporting period, the W&RSETA strengthened its compliance and governance structures related to SCM. All newly appointed members of the bid committees were capacitated on the latest National Treasury Bid Committees' training. The W&RSETA did not award or conclude any unsolicited bid proposals in the 2023/24 financial year.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

ICT played a crucial role in the success of the W&RSETA by delivering both strategic and operational value. Strengthened ICT governance increased accountability, facilitated stakeholder engagements, and improved access to services. Furthermore, ICT enhanced business operations by ensuring seamless departmental connectivity and securing critical information.

During the 2023/24 financial year, ICT achieved several key milestones. These include guaranteeing access to business services from anywhere and at any time and automating the commitment register, which resulted in the utilisation of the commitment register report derived from the D365 system used for audit purposes in the 2023/24 financial year. These advancements improved the system's flexibility, efficiency, and effectiveness. Additionally, ICT successfully conducted disaster recovery tests, ensuring service availability during disruptions. Overall, ICT has significantly improved internal customer satisfaction by automating processes, reducing manual workloads, and maintaining data security against cyber threats.

AUDIT REPORT MATTERS

The W&RSETA received an unqualified audit opinion from the AGSA for the financial year under review. The SETA is working towards obtaining a clean audit.

ECONOMIC VIABILITY

The financial statements have been prepared based on 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 the settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business. The current ratio of 7.0, as articulated in the Annual Financial Statement (AFS), demonstrates that the W&RSETA is in a sound financial position and maintains sufficient short-term assets to cover its current liabilities, reflecting its ability to effectively meet any immediate financial obligations over the next 12 months. The Wholesale and Retail sector predominantly provides essential goods and services, and thus the W&RSETA continues to anticipate increased levy income collection moving forward.

OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

Our attention is drawn towards targets not achieved during the review period, particularly in areas where we continuously experience challenges, such as bursary programmes for both unemployed and employed learners, as well as those completing studies or work integration learning programmes. The W&RSETA remains committed to skill development across all levels, from elementary to executive, ensuring our sector is prepared for the future workplace. We continue to provide intentional support, particularly to informal and small-to-medium-sized enterprises, to foster entrepreneurship, ensure their success, and work towards reducing unemployment in South Africa.

The W&RSETA experienced a strain on the 10.5% admin budget during the 2023/24 financial year. In the third quarter of the financial period, an application to exceed the 10.5% admin budget was made. DHET granted approval thereon with the condition that the organisation implement proactive measures to avoid future requests. The SETA's Management implemented cost containment measures during the review period and introduced additional controls, such as budget blocks on the financial system, to monitor the spending on the administration budget and avoid exceeding the approved allocation.

ACKNOWLEDGEMENT

I extend sincere appreciation to the Director-General, Dr. Nkosinathi Sishi, and his team at the DHET for their support to the SETA in fulfilling the NSDP mandate.

The management and staff are deeply grateful to our Board for their astute stewardship and guidance, which positions the SETA for success. A special thank you to my management team and the entire W&RSETA staff for their unwavering dedication to realising the organisational mission and vision. Your collective efforts are driving positive change and growth, exemplifying excellence in all aspects of our work.

My appreciation extends to our stakeholder companies and strategic partners for their essential contributions towards realising South Africa's vision of a prosperous economy that benefits all citizens.

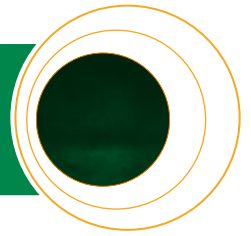
We look forward to enhancing our impactful presence within the Wholesale and Retail sector with renewed enthusiasm. Together, we are shaping a future where skills development and empowerment thrive, making a meaningful impact in our communities.



Mr. Tom Mkhwanazi

Chief Executive Officer

5. STATEMENT OF RESPONSIBILITY



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General South Africa.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA), and Skills Development Act, 1998 (SDA).

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2024.

Yours faithfully

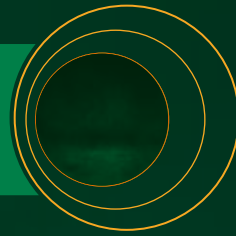
Mr Reggie Sibiya

Chairperson

Mr. Tom Mkhwanazi

Chief Executive Officer

6. STRATEGIC OVERVIEW



VISION

To be the country's
leader in skills
development

MISSION

To develop a skilled, capable,
competent and professional
workforce to transform the
wholesale and retail sector.

VALUES

ACCOUNTABILITY

- We take responsibility for decisions, actions, and results at both organisation and employee levels
- We take ownership of our endeavours
- We are committed to a client-centric work ethic

AGILITY

- We are responsive to the ever-changing needs and trends of industry
- We are demand-driven
- We maintain an innovative work ethic within the prescripts of the regulatory environment
- We work with foresight
- We strive to be proactive through leadership

INTEGRITY AND TRUSTWORTHINESS

We believe in:

- Keeping our word
- Behaving in an ethical manner
- Consistency
- Compliance

MUTUAL RESPECT

We believe in:

- Appreciation of others
- Active listening
- Kicking the ball, not the player
- Acknowledgement
- Acceptance
- Embracing diversity

QUALITY SERVICES

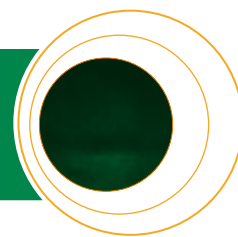
We are committed to:

- Professionalism
- Being orientated towards service fulfilment
- Exceeding expectations
- Meticulousness
- Adhering to standards
- Consistency
- Living the Batho Pele Principles

IMPACT OF THE W&RSETA

A well-skilled workforce contributing towards a transformed, agile and thriving wholesale and retail sector.

7. LEGISLATIVE AND OTHER MANDATES



The Wholesale and Retail SETA (W&RSETA) is a Schedule 3A public entity and derives its mandate from the Skills Development Act No. 97 of 1998 (as amended). The SETA is responsible for supporting skills development in the wholesale and retail sector in South Africa, through the disbursement of grants to facilitate the implementation of learning programmes and monitoring of education and training (as outlined in the Act, its accompanying regulations and the National Skills Development Plan).

The W&RSETA is governed by the following legislative frameworks:

- Skills Development Act, 1998
- Skills Development Levies Act, 1999
- National Qualifications Framework Act, No. 67 of 2008
- Workplace Based Learning Programmes Regulations
- SETA Grant Regulations, 3 December 2012, Vol. 570, 35940

- Public Finance Management Act, No. 29 of 1999, read together with the National Treasury Regulations
- B-BBEE Act, No. 53 of 2003

The following national strategies and policies guide the W&RSETA's strategy and operations:

- National Skills Accord
- Industrial Policy Action Plan (IPAP) 2018/19 – 2020/21
- New Growth Path (NGP)
- National Development Plan 2030 (NDP)
- National Skills Development Plan (NSDP)
- White Paper for Post-School Education and Training (WPPSET)

8. SCOPE OF COVERAGE



8.1. WHOLESALE AND RETAIL SECTOR ENVIRONMENT

The W&R sector is divided into two main subsectors: the Wholesale and Retail. Wholesale trade deals with the bulk buying of goods from various manufacturers and the breaking down of these bulk purchases into smaller quantities, which are then sold to retailers.

Retail trade deals with the buying of goods from the wholesaler and the selling thereof to the consumer. The actual activities that fall within the scope of the wholesale and retail sector are demarcated according to Standard Industrial Classification (SIC) code, as shown in the table below.

| SIC CODE | TRADE CATEGORY |
|--------------|--|
| WHOLESALE | |
| 45000 | Wholesale and retail trade and repair of motor vehicles and motorcycles |
| 45100 | Sale of motor vehicles |
| 45101 | Wholesale of motor vehicles |
| 45102 | Retail of new motor vehicles |
| 45103 | Retail sale of used motor vehicles |
| 45200 | Maintenance and repair of motor vehicles |
| 45300 | Sale of motor vehicle parts and accessories |
| 45400 | Sale, maintenance and repair of motorcycles and related parts and accessories |
| 45500 | Retail of automotive fuel in specialised stores |
| 46000 | Wholesale trade, except of motor vehicles and motorcycles |
| 46100 | Wholesale on a fee or contract basis |
| 46200 | Wholesale of agricultural raw materials and live animals |
| 46300 | Wholesale of food, beverages, and tobacco |
| 46301 | Wholesale trade in foodstuffs |
| 46302 | Wholesale trade in beverages |
| 46303 | Wholesale in tobacco products |
| 46400 | Wholesale of household goods |
| 46410 | Wholesale of textiles, clothing, and footwear |
| 46490 | Wholesale of other household goods |
| 46491 | Wholesale trade in household furniture, requisites, and appliances |
| 46492 | Wholesale trade in books and stationery |
| 46493 | Wholesale trade in pharmaceuticals, toiletries, and medical equipment |
| 46499 | Other wholesale trade in other household goods n.e.c. |
| 46500 | Wholesale of machinery, equipment, and supplies |
| 46510 | Wholesale of computers, computer peripheral equipment and software |
| 46520 | Wholesale of electronic and telecommunications equipment and parts |
| 46530 | Wholesale of agricultural machinery, equipment, and supplies |
| 46590 | Wholesale of other machinery and equipment |
| 46600 | Other specialised wholesale |
| 46610 | Wholesale of solid, liquid, and gaseous fuels and related products |
| 46620 | Wholesale of metals and metal ores |
| 46621 | Wholesale of gold |
| 46629 | Other wholesale of metals and metal ores |
| 46630 | Wholesale of construction materials, hardware, plumbing and heating equipment and supplies |
| 46690 | Wholesale of waste and scrap and other products n.e.c. |
| 46691 | Sale of used parts and accessories, including scrapyards |
| 46692 | Wholesale trade in diamonds, pearls, and other precious and semi-precious stones |
| 46699 | Other wholesale of waste and scrap and other products n.e.c. |
| 46900 | Non-specialised wholesale trade |

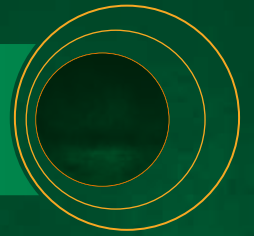
| SIC CODE | TRADE CATEGORY |
|--------------|--|
| RETAIL | |
| 47000 | Retail trade, except of motor vehicles and motorcycles |
| 47100 | Retail sale in non-specialised stores |
| 47110 | Retail sale in non-specialised stores with food, beverages or tobacco predominating |
| 47190 | Other retail sale in non-specialised stores |
| 47200 | Retail sale of food, beverages, and tobacco in specialised stores |
| 47210 | Retail sale of food in specialised stores |
| 47211 | Retail trade in fresh fruit and vegetables |
| 47212 | Retail in meat and meat products |
| 47213 | Retail trade in bakery products |
| 47219 | Other retail sale in specialised stores |
| 47220 | Retail sale of beverages in specialised stores |
| 47230 | Retail sale of tobacco products in specialised stores |
| 47300 | Retail sale of information and communications equipment in specialised stores |
| 47310 | Retail sale of computers, peripheral units, software, and telecommunications |
| 47320 | Retail sale of audio and video equipment in specialised stores |
| 47400 | Retail sale of other household equipment in specialised stores |
| 47410 | Retail sale of textiles in specialised stores |
| 47420 | Retail sale of hardware, paints, and glass in specialised stores |
| 47430 | Retail sale of carpets, rugs, wall, and floor coverings in specialised stores |
| 47490 | Retail sale of electrical household appliances, furniture, lighting equipment and other household articles in specialised stores |
| 47500 | Retail sale of cultural and recreation goods in specialised stores |
| 47510 | Retail sale of books, newspapers, and stationery in specialised stores |
| 47520 | Retail sale of music and video recordings in specialised stores |
| 47530 | Retail sale of sporting equipment in specialised stores |
| 47540 | Retail sale of games and toys in specialised stores |
| 47600 | Retail sale of other goods in specialised stores |
| 47610 | Retail sale of clothing, footwear, and leather articles in specialised stores |
| 47620 | Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialised stores |
| 47630 | Other retail sale of new goods in specialised stores |
| 47631 | Specialised retail sale of jewellery |
| 47632 | Specialised retail sale of watches and clocks |
| 47639 | Other retail sale of new goods in specialised stores n.e.c. |
| 47640 | Retail sale of second-hand goods |
| 47700 | Retail sale via stalls and markets |
| 47710 | Retail sale via stalls and markets of food, beverages, and tobacco products |
| 47720 | Retail sale via stalls and markets of textiles, clothing, and footwear |
| 47790 | Retail sale via stalls and markets of other goods |
| 47800 | Retail trade not in stores, stalls, or markets |
| 47810 | Retail sale via mail order houses or via internet |
| 47890 | Other retail sale not in stores, stalls, or markets |

8.2. KEY STAKEHOLDERS

The key stakeholders that contribute to the SETA's achievement of its outcomes in the sector are grouped into groups of organised employers, the W&RSETA board, training providers, organised labour, government, community, and others as shown below.

| ORGANISED EMPLOYERS | ROLES AND RESPONSIBILITIES | NSDP OUTCOME ALIGNMENT |
|---|---|--|
| Retailers Association (RA) Consumer Goods Council of South Africa (CGCSA) National Clothing Retail Federation (NCRF) Black Business Council (BBC) Enterprise Mentorship of South Africa (EMOSA) Business Unity South Africa (BUSA) Fuel Retailers Association (FRA) South African Petroleum Retailers Association Retail Motor Industry Organisation Wholesale and retail enterprises (small, medium, and large) | Represented equally on the committees of the W&RSETA BOARD Represent and articulate employer (small, medium, and large) interests. Contribute to education and training, negotiations, marketing, finance, human resources and legal. | Engaging workplaces to enable them to provide increasingly relevant data on the skills of their existing workforce as well as projected skills needs through relevant templates; Engaging stakeholders (including but not limited to employers, labour, and government) to ascertain their perceptions of future trends in their sectors and the implications of these for the demand and supply interventions planning. Continuously exploring the implications of the findings from the workplace data and stakeholder engagement with respect to sector trends and national policy priorities; and Effective and meaningful stakeholder engagement to support ownership and participation among stakeholders including social partners, employers, labour, training providers, prospective learners, and the public. |

9. ORGANISATIONAL STRUCTURE



EXECUTIVE & SENIOR MANAGEMENT



10. EXECUTIVE **MANAGEMENT**



T MKHWANAZI
CHIEF EXECUTIVE OFFICER



M NGOBENI
CHIEF AUDIT EXECUTIVE



S SHOBA
CHIEF OPERATIONS OFFICER



D MACHARD
STRATEGIC PLANNING,
PERFORMANCE & EVALUATION
EXECUTIVE



S NGCOBO
CHIEF CORPORATE SERVICES
EXECUTIVE



L NHLAPO
CHIEF FINANCIAL OFFICER



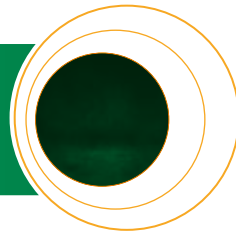
B MASEKWAMENG
INFORMATION & COMMUNICATION
TECHNOLOGY EXECUTIVE



PART B

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: **PREDETERMINED OBJECTIVES**



The AGSA currently performs the necessary audit procedures on the performance information to provide a reasonable assurance opinion on the selected programmes in the management report and all material findings reported therein will be included under the heading Report on the audit of the annual performance report in the auditor's report.

Refer to page 68 of the Report of the Auditor's Report, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE



2.1 SERVICE DELIVERY ENVIRONMENT

The performance of the Wholesale and Retail Sector Education and Training Authority (W&RSETA) sub-sectors in the year 2023/24 exhibited significant upward trends in business activity, including the following key observations:

1. The Wholesale and Retail sector's impact on the service delivery environment of the W&RSETA has been significant amidst economic challenges, frequent load shedding, consumer demand shifts, and high unemployment rates. These factors have put pressure on the sector to innovate, adapt operations, and train a workforce capable of meeting dynamic consumer needs in a constrained economic environment. The W&RSETA observed varied performance across different segments, with areas dealing with essential goods and supplies showing resilience due to steady consumer demand and efficient logistical operations. However, sectors closely linked to discretionary spending faced challenges due to economic fluctuations and consumer confidence levels.
2. The Motor Trade sector's performance is influenced by several factors, such as the availability of new vehicle models, changes in consumer preferences towards electric and hybrid vehicles, and the overall economic climate impacting the sector. Supply chain disruptions and global semiconductor shortages are also affecting production and sales volumes within this industry.
3. Despite the economic conditions, the W&RSETA's focus on skills development and training remained crucial. Efforts to upskill and re-skill workers in areas such as digitalisation, customer service, and supply chain management continued to support the industry's adaptation to changing market dynamics.
4. Government initiatives and support, initiatives aimed at stimulating economic recovery and supporting businesses, such as grants, incentives, and training subsidies, play a significant role in shaping the W&RSETA's activities and outcomes during the year.

The W&RSETA witnessed steady improvement over the year as a result of enhanced operational efficiencies and strategic adjustments. Efforts to enhance bursaries for employed learners yielded positive results, while tailored support mechanisms contributed to exceeding expectations for SMMEs and Informal Traders within the sector. The W&RSETA's strategic focus and operational capabilities played a pivotal role in their success. This includes bursaries for unemployed learners, which had previously encountered setbacks due to insufficient learner progression in previous years and saw successful fulfilment. This accomplishment was facilitated by the implementation of new measures that supported increased learner completion rates. Similarly, the bursary completions achieved during the current year underscored the impact of sustained engagements with partner institutions, leading to improved outcomes.

Overall, while facing challenges posed by economic uncertainties and sector-specific dynamics, the SETA continued its efforts to enhance skills development and support business resilience across wholesale trade and the motor trade sub-sectors in the year 2023/24.

MACRO ENVIRONMENT

The W&RSETA remains a crucial role player in the economic and socio-economic development, as the Wholesale and Retail sector employs around 21% of the total workforce of South Africa. It is on this premise that an analysis of the macro-environment in which the SETA operated during 2023/24 is crucial.

Referencing the 2022/23 financial period as the base year, the following variances in economic indicators are worth taking note of, for the 2023/24 financial period;

- The 2023/24 real gross domestic product (GDP) grew by 1.9% compared to 2.15% projected in the previous financial period. The unemployment rate reached its peak of 32.38% during the period under review; about 70% of this constitutes the youth.
- In terms of inflation, there has been a sustained price increase during the period under review, from a rate of 5.9% in April 2023 to a rate of 6.8% in March 2024. The high food inflation, particularly in quarters one and two, and rising interest rates, which reached a 14-year high in quarter two, had a direct impact on the overall spending power throughout the economy. Inseparable from the study of inflation are the consumer price index and the production price index. The upward trend may be attributed to change drivers such as an increase in transportation costs due to changes in the price of fuel, particularly diesel, high levels of crime, which increase security costs, and power cuts, which were still prevalent in quarter four, forcing businesses to invest in the installation of other sources of energy or close-shop during load-shedding periods, thus losing trading hours. These and other factors increase business operating costs, which are then passed on, thus increasing consumer prices.

2.2 ORGANISATIONAL ENVIRONMENT

The W&RSETA operates ten regional offices, with one located in each of South Africa's nine provinces, except Gauteng, where two offices are situated.

The impact of digitalisation on various sectors, including retail, necessitates ongoing adaptation of technological strategies. The W&RSETA achieved significant milestones, such as seamless stakeholder access through automation, strengthened ICT governance, and reduced manual interactions. The Human Resource Management and Development Strategy (HRM&DS) saw approximately 90% implementation of planned programs, including decentralisation and shaping organisational culture through new Human Resource (HR) policies.

OVERVIEW OF THE W&RSETA OPERATIONS SYSTEM

A. THE GOVERNANCE STRUCTURE

The W&RSETA has an independent Board appointed by the Minister to lead, oversee, and monitor the affairs of the SETA. In exercising its powers and functions, the Board is supported by its committees and an independent audit committee. The Executive Committee, chaired by the Chief Executive Officer (CEO) and comprising of five department heads, is responsible for the daily operations of the organisation.

B. THE OPERATIONAL STRUCTURE

The organisational structure of the W&RSETA has five core departments that drive our mandate in line with the four programmes. These departments are operations, finance, corporate services; strategic planning, performance and evaluation; and information and communication technology (ICT). As at the end of the 2023/24 financial year, the W&RSETA had a staff complement of 239 employees.

Decentralisation of operations – the implementation of the decentralised operational model was concluded with the placement of staff that were remaining in the pool. From the people and operation's perspective, the model came with broader delegation of powers and responsibilities, and consequently addressed the red tapes of centralising operations. Merits to the decentralised model noted during the review period include an improved turnaround time on the implementation and feedback on grant contracts and services now being rendered by the provincial offices from start to end. All the W&RSETA offices which are operational in the nine provinces have been empowered through the decentralisation model to deal with all SETA product offerings covering learnerships, bursaries, SME support and skills programmes.

The W&RSETA was reasonably resourced during the reporting period, with the occupancy rate against the structure sitting at 79%, although the attrition rate increased from 4% to 6% when compared to the prior year.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the reporting period, there were no national policy developments or legislative changes that could have impacted the operations of the W&RSETA. The SETA reviews its policies, documented in its quality management database, periodically or as necessary due to legislative or operational changes. Furthermore, these policies undergo governance procedures: they are circulated to the Management Committee, evaluated, and recommended by the relevant Board Committee to the Accounting Authority for final approval.

2.4 INSTITUTIONAL IMPACTS

The W&RSETA established seven key skills priorities for the 2023/24 financial year. These priorities were identified through the SETA's research as part of the development of the SSP and aimed to address the primary factors driving change within the sector. The seven key skills priorities are:

- Priority skills plan (PSP);
- SMME, informal traders and cooperative development;
- Youth unemployment;
- Hard-to-fill vacancies and skills gaps;
- Stakeholder engagement;
- Training and employment of people with disabilities (PWD); and
- Sector transformation.

C. THE BUSINESS OPERATIONS FUNCTION

| | |
|--|--|
| Programme 1: Administration | An efficiently run organisation that effectively responds to skills demand and supply in the wholesale and retail sectors. |
| Programme 2: Skills Planning and Research | Skills development interventions informed by comprehensive research. |
| Programme 3: Learning Programmes and Projects | Wholesale and retail workforce equipped with relevant skills required by the sector. |
| Programme 4: Quality Assurance | A curriculum that is relevant to the sector is developed and updated. |

Below are the interventions and programmes designed to tackle the key skills priorities. Also included is information regarding the learners who participated in or benefited from these programmes:

PRIORITY 1: PRIORITY SKILLS PLAN

The Priority Skills Plan (PSP) outlines crucial objectives for skills development within the sector. These objectives typically focus on addressing critical skills shortages, improving workforce competencies, and enhancing career pathways. The PSP aims to prevent skills from impeding economic growth and job creation. To achieve this, the SETA will identify key skills and occupations crucial for supporting the labour market in the short term. Industry consultations will identify and prioritise skills necessary for economic growth and job creation in the digital economy.

The W&RSETA's SSPs provides comprehensive information on strategic priorities, objectives, and a roadmap on the progress made towards skills development, aligning with national priorities and industry needs.

The W&RSETA is prioritising agility and transformation within the W&R sector through the Fourth Industrial Revolution (4IR) Strategy developed in the previous financial year. In response to 4IR and changing technologies, the SETA has been actively working on interventions to equip the workforce with digital and ICT skills. These efforts aim to address the growing demand for technology-related competencies across various job roles.

PRIORITY 2: SMME, INFORMAL TRADERS AND COOPERATIVES

During the 2023/24 financial period:

- 397 emerging entrepreneurs and small businesses participated in the W&RSETA Entrepreneurship Development Programme to foster the growth and sustainability of their enterprises;
- 3 573 registered SMMEs operating within the W&R sector enrolled in skills development programmes;
- 3 453 informal traders took part in capacitation workshops organised by the W&RSETA; and
- 124 cooperatives and community-based entities engaged in skills development initiatives to enhance their ability to participate in the mainstream economy.

PRIORITY 3: YOUTH UNEMPLOYMENT

During the year under review, the W&RSETA funded 14 266 unemployed individuals through its discretionary grant programme to participate in learnerships, occupational qualifications, skills programmes. A further 2 628 participated in occupationally directed programmes at TVET colleges and higher education institutions. Of these, 16 894 unemployed learners; 98.75% were unemployed youth.

The W&RSETA has collaborated with the Chinese Culture and International Education Exchange Centre - TVET Graduate Exchange Programme. The project presented a good opportunity for 99 unemployed youth to access to both local and international markets.

PRIORITY 4: HARD-TO-FILL VACANCIES (HTFV)

The HTFV (occupational shortages) identified in chapter three of the SSP are prioritised by the W&RSETA as key occupations. The SETA focuses on training that meets sector needs, aiming to narrow the gap between skill supply and demand. These vacancies stem from factors such as high turnover, limited experience, inadequate qualifications, and equity considerations.

In response, 22 283 learners were enrolled in SETA-funded qualifications aimed at addressing HTFVs. This initiative forms a crucial part of the SSP's strategy to align with and support sector requirements effectively.

PRIORITY 5: STAKEHOLDER ENGAGEMENTS

The W&RSETA maintained its commitment by prioritising stakeholder input through the CEO engagement programme as one of its top priorities. The year-long programme involved stakeholder visits, meetings, and focused sessions that engaged a diverse range of stakeholders from the W&R sector and other SETA partners. The CEO's programme complements regular stakeholder engagements facilitated by provincial offices through provincial forums and advisory committees. In the 2023/24 period, 34 provincial stakeholder forums were held across all the regions.

Below is a synopsis of some of the diverse stakeholder engagements carried out by the W&RSETA during the financial year under review, in pursuit of enhancing skills development and fostering meaningful partnerships across South Africa.

GAUTENG

- In an effort to mitigate the impact of loadshedding in TVET colleges, the W&RSETA allocated R78 million towards alternative energy solutions. This culminated into a visit to the WestCol TVET College for an event that took place in November 2023, to handover the completed solar project across three campuses. The SETA also spent an additional R40,5 million to support Community Education and Training (CET) colleges.
- The W&RSETA also visited one of the New African Petroleum (NPA) Holdings sites, a Shell filling station in Protean Glen Soweto. NPA acknowledged the merits of participating in W&RSETA programmes and how this in turn is benefiting surrounding communities. NPA also took into their employment all learners that completed the W&RSETA programmes involved, showcasing their commitment to impactful community contributions.

FREE STATE

During a two-day visit to the province, the W&RSETA engaged with Konika Minolta and Alpha Farm in Bloemfontein. The two companies highlighted their roles in enhancing youth employability through the W&RSETA initiatives. Learners shared remarkable success stories and expressed appreciation for the learnerships and skills programmes provided.

KWA-ZULU NATAL

- The W&RSETA hosted a Retail SMME Masterclass at the Durban Business Fair 2023, which saw attendance by over 200 entrepreneurs. Dr. Patel from Regent Business School led discussions focused on fostering entrepreneurship within the retail sector.

MPUMALANGA

- At Alzu in Middelburg, the W&RSETA visit included discussions that explored expanding the youth employment programmes through learnerships. Alzu employs approximately 80% of the learners employed post-completion, an engagement that underscored its commitment to community development through skills enhancement.
- In Mbombela, the SETA held discussions with Laduma Hardware. The discussion focused on a workforce development strategy that aligns regional expansion plans across Mpumalanga and Limpopo.
- The SETA's visit to Collrea Communications, one of the W&RSETA's accredited skills development providers, gave insight on the projects implemented in partnership with the SETA on informal trade.

NORTH WEST

- A visit by the W&RSETA to Foro Spar in Rustenburg highlighted the growth of thriving family-owned businesses now contributing significantly to local employment.
- At the North West University, the W&RSETA held strategic discussions with the Vice Chancellor, Prof Linda du Plessis, and the management team, exploring collaboration opportunities on W&RSETA programmes to enhance student throughput, management development, and SMME support.

NORTHERN CAPE

- In Kimberley, the W&RSETA held engagements with educational institutions aimed at addressing skills gaps and unemployment through innovative local projects.
- The SETA also held meetings in Upington with employers and training partners focused on their contributions to skills development within the province.

EASTERN CAPE

- The W&RSETA acknowledged Jumbo Clothing Eastern Cape for being the biggest employer of TVET college students, a figure that exceeds 300 young people. The SETA also took the opportunity to celebrate the youth in their achievements which include advancing into management roles.
- The Eastern Cape CET College, Mdantsane was also visited by the W&RSETA. Positive feedback was received from the organisation, on the establishment of ICT laboratories now fully functional and facilitating training sessions across three of five centres.

As recommended in the SSP, regular stakeholder satisfaction surveys are conducted. In the 2023/24 financial year, following the initial assessment in the previous year, the W&RSETA conducted a national service quality assessment. The participation rate increased by 46.7% compared to the previous year, indicating stakeholders' willingness to provide feedback on the W&RSETA's service quality.

PRIORITY 6: TRAINING AND EMPLOYMENT OF PEOPLE WITH DISABILITIES

Persons with disabilities have been identified as a priority group. During the 2023/24 period, 1 162 individuals with disabilities were granted access to occupationally directed programmes in wholesale and retail. The SETA endorsed various projects with the aim of empowering youths with disabilities by enabling them to pursue various NQF level qualifications aligned with their interests. These qualifications will equip learners with self-sustaining skills, enhancing their ability to establish businesses in the retail sector.

PRIORITY 7: SECTOR TRANSFORMATION

Sector transformation in the W&R sector remains a pressing challenge, prompting proactive measures to address these issues. As of the reporting period ending 31 March 2024, W&RSETA continues to uphold its commitment to sector transformation, prioritising initiatives aimed at fostering inclusivity and expanding opportunities for People with Disabilities (PVDs). These efforts are crucial in promoting a more equitable landscape within the sector.

Key initiatives include programmes such as the Retail Management Development Programme (RMDP) and the International Leadership Development Programme (ILDLP). During the 2023/24 period, 47 learners enrolled in the ILDP and 63 learners completed the ILDP programme, while 298 learners participated in the RMDP and 182 completed their RMDP programme. Additionally, 24 learners were enrolled in master's programmes, demonstrating the sector's commitment to professionalisation and skills enhancement.

Moreover, W&RSETA reported that 636 employed learners were enrolled at an NQF level 7 and 8 during the same period, with 371 of them being women, accounting for 58.33% of the total. Out of these women, 340 were from historically disadvantaged backgrounds, including Black, Coloured, and Indian individuals. These figures underscore the W&RSETA's efforts to promote gender equity and empower under-represented groups within the sector, contributing to broader transformation goals.

2.5 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The W&RSETA has outlined eight strategic outcomes in its 2020/21 – 2024/25 Strategic Plan for implementation and achievement over the five-year period. These outcomes are designed to achieve the impact that the W&RSETA is in pursuit of. At sector level, the W&RSETA has embraced a comprehensive impact statement: “A well-skilled workforce contributing to a transformed, agile, and flourishing Wholesale and Retail sector.”

The eight outcomes are as follows:

| OUTCOME | OUTCOME INDICATOR | BASELINE | FIVE YEAR TARGET | PROGRESS/ACHIEVED TO DATE |
|--|---|----------------------|--|---|
| Outcome 1: An efficient and effective organisation with good corporate governance. | Audit opinion by 2024/25 | Unqualified | A clean audit opinion | Unqualified audit opinion – 2023/24 |
| | % reduction of manual processes as a result of seamless and optimised business processes. | 70% manual processes | 90% reduction of manual processes | In the 2023/24 financial year, a total of 56 manual processes had been automated, 119% achievement. Below is the breakdown per financial year: <ul style="list-style-type: none"> In 2020/21 – 10 processes were automated (21%) In 2021/22 – 46 manual processes were automated (98%) |
| Outcome 2: An integrated career guidance programme. | A comprehensive career guidance and career development strategy developed. | New Target | A career guidance and career development strategy which is developed and implemented to guide the W&RSETA career guidance interventions over the period 2020/21 – 2024/25. | Career Guidance Strategy developed and approved in the 2020/21 period. The strategy is currently being implemented. In 2021/22: 307 career guidance interventions were implemented. During the 2022/23 financial year, the following activities were implemented: <ul style="list-style-type: none"> A total of 226 career guidance events held in urban and rural areas. 16 life orientation educators capacitated in use of the career guide. 25 people were trained on career guidance information officer qualification during the year under review. Two Career Development Practitioner Capacitation programmes were held in Western Cape and Eastern Cape with 49 people trained on Career Development Practitioner capacitation. The development of a Careers Toolkit and online careers platform commenced and completion in 2024-2025. Videography of the W&R sector. During the year under review, the following activities were implemented: <ul style="list-style-type: none"> 254 career events were implemented, which include the capacitation of 20 life orientation educators. |
| Outcome 3: Growth focused programmes for the development and support of training providers and the higher education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances. | Percentage increase in the number of HET, TVET and CET partnerships aimed at enabling their growth. | New Target | 10% increase in the number of partnerships with Training Providers, Further and Higher Education, and Training Institutions. | The target has been overachieved with 31 partnerships formed. |
| | Number of education and training institutions and training providers offering W&R occupationally directed programmes. | New Target | 20 HET, TVETs, CET sites/campuses 40 Training Providers (of which 100% are HDI Providers) | A total of 57 education and training institutions and training providers offering W&R occupationally directed programmes. A total of 43 HDI SDPs going through the process of accreditation. |
| Outcome 4: A sector responsive research agenda that supports and informs the establishment of impact geared W&R skills development programmes. | Number of research studies conducted in response to the sector needs. | 4 research reports | 20 research reports completed. | A total of 16 research studies conducted. |
| | Number of impact assessment reports published. | four | five | 10 impact tracer studies have been conducted and reports published. |
| Outcome 5: Increased access to wholesale and retail occupationally directed programmes. | Number of learners participating in occupationally directed programmes. | 6 536 | 7 000 (4% persons with disability 12.5% persons from rural areas) | 39 968 (4.2% persons with disability and 29.7% from rural areas). |

| OUTCOME | OUTCOME INDICATOR | BASELINE | FIVE YEAR TARGET | PROGRESS / ACHIEVED TO DATE |
|--|--|------------|--|---|
| Outcome 6: Growth-focused skills development and entrepreneurship development support for emerging entrepreneurs, the cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy. | Number of informal businesses that have participated in W&RSETA skills development initiatives registered with relevant business or enterprise registration bodies. | New Target | 1 000 Informal Businesses registered with relevant registration bodies | No informal businesses have been registered with the relevant bodies. It should however be noted that 11 286 informal businesses have participated in the W&RSETA skills. The process is underway to determine how many have registered with relevant business or enterprise registration body development initiatives. |
| | Number of small and medium enterprises that have participated in W&RSETA supplier development programmes registered with central supplier database (CSD). | New Target | 500 | None of the small and medium enterprises that have participated in the W&RSETA supplier development programmes are registered with the CSD. |
| | Number of Cooperatives participating in skills development initiatives. | New Target | 100 | 195 Cooperatives have participated in skills development initiatives It should be noted that the SETA further enabled 281 community based entities to participate in skills development initiatives. |
| | Number of transformation projects implemented in collaboration with industry partners. | New Target | three | Five transformation projects were implemented in collaboration with industry partners. |
| Outcome 7: Capacitated trade unions within the W&R sector. | Number of interventions conducted to capacitate Trade Union members. | N/A | 15 interventions | 40 Trade Union Interventions conducted to capacitate Trade Union members. |
| | Percentage Increase in trade union member participation in Trade Union Capacitation Programmes. | 800 | 20% | 588% increase in trade union member participation in Trade Union Capacitation programmes. |
| Outcome 8: An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs. | Number of workers registered in programmes addressing Hard to Fill Vacancies as identified in the SSP. | New Target | 10 000 | Target is overachieved with 37 437 workers registered in programmes addressing HTFVs as identified in the SSP. |
| | Percentage reduction of imbalance between skills supply and demand for priority skills in the W&R sector. | New Target | 10% | The target will be assessed at the end of 2024/25 financial year. |
| | Number of employed and unemployed persons obtain qualifications in programmes that address W&R sector current and emerging skills needs for increased sector responsiveness to 4IR and related technological advances. | New Target | 2000 | 110 learners have obtained qualifications in programmes that address W&R sector current and emerging skills needs for increased sector responsiveness to 4IR and related technological advances. |
| | Number of young people supported with ICT skills to access digitisation job and entrepreneurship opportunities in the sector. | 874 | 1500 | 1 975 young people supported with ICT skills to access digitisation job and entrepreneurship opportunities in the sector. |
| | Number of learners exiting W&RSETA programmes. | 21 252 | 39 470 | 32 003 have completed W&RSETA programmes. |
| | Number of previously unemployed persons who have completed W&RSETA programmes are employed or start their own businesses. | 9 064 | 12 000 | 3 404 previously unemployed persons who have completed W&RSETA programmes who are now employed or have started their own businesses. |

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION



3.1 PROGRAMME 1: **ADMINISTRATION**

PURPOSE OF PROGRAMME 1

The purpose of this Programme is to provide effective and efficient support functions within the organisation. The Programme is responsible for creating an enabling environment for the W&RSETA to deliver on its outputs and goals.

The success of this Programme over the next five years will be measured in terms of its ability to establish organisational capacity and capability that will enable a culture of high-performance productivity, which will enable the delivery of the SETA's mandate. This will be attained through the deployment of robust business processes and systems, embedding effective corporate governance, strengthening oversight and compliance, as well as monitoring and evaluation capabilities for measuring the impact of skills interventions in the sector.

PERFORMANCE RESULTS OF PROGRAMME 1

Programme 1 achieved a performance result of 100%, with two performance targets set for the 2023/24 financial year being achieved.

Table: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 1

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2021/2022 | AUDITED ACTUAL PERFORMANCE 2022/2023 | PLANNED ANNUAL TARGET 2023/2024 | ACTUAL ACHIEVEMENT 2023/2024 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024 | REASONS FOR DEVIATIONS |
|---|---|---|---|---|--|------------------------------------|---|--|
| Outcome 1: An efficient and effective organisation with good corporate governance. | Output 12: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery. | [1.1] Audit opinion annually. | Qualified | Unqualified | Unqualified | Unqualified | - | Target Achieved. |
| | Output 3: Identify, prioritise and form partnerships to address priority occupations. | [1.2] Number of stakeholder sessions conducted annually to advocate for participation in skills development programmes. | 10 | 16 | 16 | 20 | +4 | The W&RSETA accepted invitations that were presented by stakeholders to profile the organisation in addition to planned activities. The SETA considered the opportunities presented through the requests and invitations to partner with stakeholders to target and reach out to areas that have been challenging to host outreach programmes such as the Northern Cape province, rural communities in KwaZulu-Natal and the franchise market. |

3.2. PROGRAMME 2: **SKILLS PLANNING AND RESEARCH**

PURPOSE OF PROGRAMME 2

The purpose of this Programme is to provide key inputs for advancing skills development in the sector. Functions falling within the ambit of this Programme include skills planning, monitoring, evaluation, reporting and research programmes.

The Programme implements its mandate through robust planning, improving the quality and quantity of research outputs, as well as strengthening the integrity of monitoring, evaluation and reporting on performance information. Outputs achieved through the implementation of Programme 2 interventions enable the achievement of Outcome 2 of the W&RSETA strategic outcomes, which is “A sector responsive Research Agenda that supports and informs the establishment of impact-gear W&R skills development programmes”.

PERFORMANCE RESULTS OF PROGRAMME 2

Programme 2 achieved a 100% performance result, with all four (4) of the targets set for the 2023/24 financial year being achieved.

Table : Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 2

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2021/2022 | AUDITED ACTUAL PERFORMANCE 2022/2023 | PLANNED ANNUAL TARGET 2023/2024 | ACTUAL ACHIEVEMENT 2023/2024 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024 | REASONS FOR DEVIATIONS |
|--|--|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|--|
| Outcome 4: A sector responsive research agenda that supports and informs the establishment of impact-gear W&R skills development programmes. | Output 1: Research and develop a Sector Skills Plan (SSP) in response to the sector skills demand and supply. | [2.1] Number of Board approved planning documents submitted to DHET within prescribed time frames annually. | 1 | 1 | 2 | 2 | 0 | Target achieved. |
| | Output 3: Identify, prioritise, and form partnerships to address priority occupations. | [2.2] Number of Memorandums of Understanding with strategic partners addressing sector needs, annually. | 3 | 3 | 2 | 5 | +3 | This was to allow for participation as part of the Research Leadership Chairs Learning Session and response to entrepreneurship development. |
| | Output 1: Research and develop a Sector Skills Plan (SSP) in response to the sector skills demand and supply. | [2.3] Number of sector research reports completed annually | 2 | 2 | 4 | 5 | +1 | This was a result of approval for Research Agenda Implementation through the Leadership Chairs to allow for responsiveness to sector demand and improved planning. |
| | Output 6: Facilitate access and provide support for interventions towards occupationally directed learning programmes. | [2.4] Number of sector directed tracer/ impact study reports completed annually | 4 | 4 | 2 | 2 | 0 | Target achieved. |

3.3. PROGRAMME 3: **LEARNING PROGRAMMES AND PROJECTS**

PURPOSE OF PROGRAMME 3

The purpose of this Programme is to contribute to addressing the HTFVs identified in the SSP and reducing HTFVs in the wholesale and retail sectors through the provision of quality learning programmes. Sub programmes under this Programme include career guidance and the implementation of learnerships, apprenticeships, skills Programmes, internships, workplace-based learning programmes (learnerships), and bursaries for students at TVET colleges and higher education institutions.

Outcomes to be achieved through interventions implemented under programme 3 include:

- Outcome 2: An integrated career guidance programme;
- Outcome 5: Increased access to wholesale and retail occupationally directed programmes;
- Outcome 6: Growth-focused skills development and entrepreneurship development support for emerging entrepreneurs, the cooperative sector, and small, medium, and informal business enterprises to enhance their participation in the mainstream economy;
- Outcome 7: Capacitated Trade Unions within the W&R sector; and
- Outcome 8: An appropriately skilled, agile, and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs.

PERFORMANCE RESULTS OF PROGRAMME 3

An 86.36% performance result was attained in Programme 3, with 19 out of the 22 performance targets set for the 2023/24 financial year being achieved.

Table: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 3

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2021/2022 | AUDITED ACTUAL PERFORMANCE 2022/2023 | PLANNED ANNUAL TARGET 2023/2024 | ACTUAL ACHIEVEMENT 2023/2024 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024 | REASONS FOR DEVIATIONS |
|---|---|--|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|--|
| Outcome 8: An appropriately skilled, agile, and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs. | Output 1: Research and develop a Sector Skills Plan (SSP) in reply to the sector skills demand and supply. | [3.1a] Percentage of WSP's and ATRs approved for Small per annum. | 90,25% | 93,80% | 70% | 91,00% | +21% | Target was overachieved due to the support provided to W&R Companies on this programme. This included capacitation sessions as well as the allocation of Sector Liaison Officers (SLOs) as Skills Development Facilitators (SDFs) to Small Companies. |
| | | [3.1b] Percentage of WSP's and ATRs approved for Medium Companies per annum. | 86,41% | 88,25% | 70% | 85,00% | +15% | Target was overachieved due to the support provided to W&R Companies on this programme. This included capacitation sessions as well as the allocation of Sector Liaison Officers (SLOs) as Skills Development Facilitators (SDFs) to Medium Companies. |
| | | [3.1c] Percentage of WSP's and ATRs approved for Large Companies per annum. | 90,68% | 90,43% | 70% | 90,00% | +20% | Target was overachieved due to the support provided to W&R Companies on this programme. This included capacitation sessions as well as the allocation of Sector Liaison Officers (SLOs) as Skills Development Facilitators (SDFs) to Large Companies. |
| | Output 13: A skilled, competent, and professional workforce in the wholesale and retail sector through the provision of bursaries to W&RSETA employed and unemployed beneficiaries. | [3.2] Number of unemployed persons awarded bursaries for studies in retail-related qualifications annually | 2 129 | 2 303 | 3500 | 3535 | +35 | The SETA met and exceeded its target on unemployed bursaries to enable funding for W&RSETA continuing bursars who had passed their studies and were continuing to their next year of study. |

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2021/2022 | AUDITED ACTUAL PERFORMANCE 2022/2023 | PLANNED ANNUAL TARGET 2023/2024 | ACTUAL ACHIEVEMENT 2023/2024 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024 | REASONS FOR DEVIATIONS |
|---|---|--|---|--------------------------------------|---------------------------------|------------------------------|---|---|
| Outcome 8: An appropriately skilled, agile, and responsive workforce and skills pool able to meet the W&R sector's current and emerging skills needs. (continued) | Output 13: A skilled, competent, and professional workforce in the wholesale and retail sector through the provision of bursaries to W&RSETA employed and unemployed beneficiaries. (continued) | [3.3] Number of employed persons awarded bursaries for studies in retail-related qualifications annually | Masters/PDH:15 RMDP: 283 ILDP: 90 Employed (NQF5-8): 533 | 1090 | 1895 | 1513 | -382 | This target was not achieved due to a number of allocated bursars not continuing with their studies. |
| | | [3.4] Number of bursars completing their studies annually. | 106 | 340 | 500 | 553 | +53 | Constant engagements with funded institutions enabled improvement on this target. This resulted in the timeous submission of student results, enabling the SETA to report completions timeously. |
| Outcome 5: Increased access to wholesale and retail occupationally directed programmes. | Output 4: Facilitate innovative workplace-based learning opportunities within the sector | [3.5] Number of unemployed learners registered on learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually. | 8 350 (l/ships) 1 958 (skills programmes) | 11 852 | 12 000 | 13 144 | +1 144 | The internal Project Evaluation Committee (IPEC) had approved increased allocations under this target as a buffer to enable achievement. |
| | | [3.6] Number of unemployed learners completing learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually. | 1 845 (l/ships) 1 720 (skills programmes) | 5 196 | 5 000 | 3794 | -1 206 | This target was not achieved due to delays with the administrative processes that enable certification. These include credit uploads, external moderation, submission of certification requests, and reporting on certification, as the online printing of certificates functionality has not yet been enabled on the system. |
| | Output 5: Facilitate and create opportunities for skills development for the employed. | [3.7] Number of learners enrolled in the Artisan and Technician programme annually. | 323 | 598 | 500 | 717 | +217 | This target was overachieved due to the high number of Artisan Recognition of Prior Learning (ARPL) learners registered, which increased the number of registrations. |
| | | [3.8] Number of artisans/technicians completing annually. | - | 415 | 300 | 534 | +234 | The target was overachieved due to the high number of Artisan Recognition of Prior Learning (ARPL) learners that were found competent during Trade Test testing and other artisan learners that were registered in the previous financial years. |
| | Output 4: Facilitate innovative workplace-based learning opportunities within the sector. | [3.9] Number of learners from TVET colleges and HETs are placed in Work Integrated Learning programmes annually. | HET&TVET Workplace-based learning: 1211 Graduate Internships: 1227 | 2 782 | 2400 | 2 628 | +228 | Performance on this target included the Chinese Exchange Workplacement Project. 99 learners participated in this Chinese Exchange project, enabling the SETA to broaden its workplace exposure for TVET college graduates. |
| | | [3.10] Number of learners from TVET colleges and HETs completed their Work Integrated Learning Programmes, annually | Graduate Internships: 352 | 470 | 850 | 1 119 | +269 | Constant engagements with employers enabled improvement on this target. This resulted in the timeous submission of completion letters, enabling the SETA to record completions timeously. |
| | | [3.11] Number of employed learners registered on learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually. | Employed l/ships: 6131 Skills programmes:4268 | 10 447 | 9800 | 9139 | -661 | This target was not achieved due to the low uptake on 18.1 NQF 4-5 learnerships. |

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2021/2022 | AUDITED ACTUAL PERFORMANCE 2022/2023 | PLANNED ANNUAL TARGET 2023/2024 | ACTUAL ACHIEVEMENT 2023/2024 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024 | REASONS FOR DEVIATIONS |
|--|---|--|--|--------------------------------------|---------------------------------|------------------------------|---|---|
| Outcome 5: Increased access to wholesale and retail occupationally directed programmes. | Output 5: Facilitate and create opportunities for skills development for the employed. | [3.12] Number of employed learners completing learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually. | 928 l/ships 1050 skills programmes. | 3 926 | 4 850 | 5089 | +239 | The SETA met and exceeded its target on this indicator through targeted improvement actions on certification processes. These include capacitation of providers on the credit upload and external moderation processes. |
| Outcome 8: An appropriately skilled, agile, and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs. | Output 6: Facilitate access and provide support for interventions towards occupationally directed learning programmes. | [3.13] Number of small and micro businesses supported annually | 2 508 | 4 321 | 3 000 | 3 573 | +573 | The SETA's Strategic Partnership with Small Enterprise Development Agency (SEDA) enabled the SETA to increase its reach to more participants under this programme. |
| Outcome 6: Growth-focused skills development and entrepreneurship development support for emerging entrepreneurs, cooperative sector, and small, medium, and informal business enterprises to enhance their participation in the mainstream economy. | Output 9: Provide skills development support to SMMEs, Cooperatives and Informal traders participate in the mainstream economy. | [3.14] A number of Informal Traders supported. | 2 401 | 3 006 | 3 000 | 3 453 | +453 | The SETA's Strategic Partnerships with Consumer Goods Council of South Africa (CGCSA) enabled the participation of more beneficiaries on this programme. |
| | | [3.15] A number of Cooperatives and Community-based entities supported. | 31 | 20 | 120 | 124 | +4 | Internal Project Evaluation Committee (IPEC) had approved increased allocations under this target as a buffer to enable achievement. |
| | | | - | 177 | | | | |
| | | [3.16] Number of persons enrolled in entrepreneurship development programmes annually. | 177 | 257 | 300 | 397 | +97 | The SETA's Strategic Partnerships with National Youth Development Agency (NYDA) enabled the SETA to fund more participants under this programme. |
| Outcome 7: Capacitated Trade Unions within the W&R sector. | Output 10: Facilitate and create the potential for collaborations in support of worker-initiated Programmes at retail workplaces. | [3.17] Number of Trade Union beneficiaries who participated in Trade Union Capacitation Programmes annually | 1 010 | 1 629 | 1 382 | 1 770 | +388 | Due to high demand in the sector, more trade union members needed capacitation, and subsequently, the Trade Union capacitation programme was overachieved. |
| Outcome 2: An integrated career guidance programme. | Output 11: Develop and support an integrated career guidance and development strategy. | [3.18] Number of career guidance interventions per annum. | 307 | 244 | 211 | 254 | +43 | This target was overachieved in order to address the high demand for SETA collaboration in Career Guidance initiatives across the country. |
| Outcome 5: Increased access to wholesale and retail occupationally directed programmes. | Output 8: Assist CET colleges to increase capacity to offer retail and related Programmes. | [3.19] Number of learners assisted to access opportunities in the W&R sector High level = 50% | 795 | 523 | 500 | 560 | +60 | Implementation of this programme included partnering with the Department of Rural Development and Land Reform (DALRRD) on the National Rural Youth Service Corps (NAYRSEC) project. The partnership enabled overachievement of this target. |
| | Output 4: Facilitate innovative workplace-based learning opportunities within the sector. | [3.20] Number of unemployed learners enrolled for Candidacy Programmes. | 27 | 58 | 50 | 58 | +8 | Implementation of this programme included partnering with the South African Institute of Chartered Accountants (SAICA). The partnership enabled overachievement of this target. |

3.4. PROGRAMME 4: **QUALITY ASSURANCE**

PURPOSE OF PROGRAMME 4

The purpose of this Programme is to execute the QCTO-delegated quality assurance functions with regards to the accreditation of training providers, registration of assessors, facilitators, and moderators, evaluation of assessments, and facilitation of moderation, including certification of learners as proof of successful completion of the 'historical' unit standard-based qualification, until 2024.

PERFORMANCE RESULTS OF PROGRAMME 4

Programme 4 achieved a 100% performance result, with all five (5) of the targets set for the 2023/24 financial year realised (achieved).

Table: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement for Programme 4

| OUTCOME | OUTPUT | OUTPUT INDICATOR | AUDITED ACTUAL PERFORMANCE 2021/2022 | AUDITED ACTUAL PERFORMANCE 2022/2023 | PLANNED ANNUAL TARGET 2023/2024 | ACTUAL ACHIEVEMENT 2023/2024 | DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024 | REASONS FOR DEVIATIONS |
|--|--|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|---|
| Outcome 3: Growth-focused programmes for the development and support of Training Providers and the Higher Education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances. | Output 7: Assist public colleges to increase capacity to offer Retail and related learning programmes. | [4.1] Number of signed partnership agreements with HET Institutions, annually. | 2 | 2 | 2 | 2 | 0 | Target achieved. |
| | | [4.2] Number of Public TVET Centres of Specialisation supported annually. | 6 | 5 | 4 | 4 | 0 | Target achieved. |
| | | [4.3] Number of signed partnership agreements with TVET's annually. | 9 | 20 | 16 | 16 | 0 | Target achieved. |
| | | [4.4] Number of TVET colleges where the SETA has or maintains a presence, annually. | 33 | 35 | 32 | 36 | +4 | The SETA increased its reach of TVET colleges participating in its programmes in 23/24. TVET colleges were supported through interventions that include Career Guidance, Bursaries, Infrastructure development, 4IR programmes and others. |
| | | [4.5] Number of partnerships formed with CETs to improve the delivery of retail and related programmes, annually. | 3 | 3 | 3 | 7 | +4 | The SETA increased its reach of CET colleges participating in its programmes in 23/24. CET colleges were supported through interventions that include Lecturer Development, Skills Programmes, Infrastructure development, 4IR programmes and others. |

LINKING PERFORMANCE WITH BUDGETS

In assessing the achievement of the outputs in comparison to the planned targets, the public entity must consider the linkages and their relation to the resources available to it, in particular the financial resources. Therefore, the following financial information should be presented: The financial information must agree with the information in the annual financial statements.

| PROGRAMME/ACTIVITY/OBJECTIVE | 2023/2024 | | | 2022/2023 | | |
|------------------------------|-----------------|--------------------------------|--------------------------------------|-----------------|--------------------------------|--------------------------------------|
| | BUDGET R'000 | ACTUAL EXPENDITURE R'000 | (OVER)/UNDER EXPENDITURE R'000 | BUDGET R'000 | ACTUAL EXPENDITURE R'000 | (OVER)/UNDER EXPENDITURE R'000 |
| Programme 1 | 202 810 | 203 647 | (837) | 181 022 | 186 002 | (4 980) |
| Programme 2 | 385 262 | 277 831 | 107 431 | 295 176 | 239 874 | 55 302 |
| Programme 3 | 1 626 755 | 1 564 428 | 62 327 | 1 468 614 | 1 196 253 | 272 361 |
| Programme 4 | 60 271 | 4 864 | 55 407 | 56 859 | 7 759 | 49 100 |
| Total | 2 275 098 | 2 050 770 | 224 328 | 2 001 671 | 1 629 888 | 371 783 |

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Three targets were not achieved during the 2023/24 implementation period, and include:

- [3.3] Number of employed persons awarded bursaries for studies in retail-related qualifications annually.
- [3.6] Number of unemployed learners completing learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually.
- [3.11] Number of employed learners registered on learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually.

The SETA has thus adopted the following strategies to address areas of underperformance:

1. Increase the number of funding windows for employed bursaries and include accredited training providers to also apply for employed learning programmes. This will enable the SETA to increase its reach of the Wholesale & Retail sector employed learners throughout the SETA's annual implementation period and ensure improved performance on its bursary and learning programme targets.
2. Promote and support e-learning as a tool through the continued implementation of the W&RSETA e-Learning Policy adopted in 2020. This will enable workers to access learning programmes at any given time.
3. To enhance collaborations with other SETAs for cross-sectoral programmes by exploring effective and efficient ways of reporting completions.

4. REVENUE COLLECTION

| SOURCE OF REVENUE | 2023/2024 | | | 2022/2023 | | |
|--|-------------------|-------------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------------------------|
| | ESTIMATE R'000 | ACTUAL AMOUNT COLLECTED R'000 | (OVER)/UNDER COLLECTION R'000 | ESTIMATE R'000 | ACTUAL AMOUNT COLLECTED R'000 | (OVER)/UNDER COLLECTION R'000 |
| Revenue from exchange transactions | 194 000 | 199 131 | (5 131) | 142 125 | 168 549 | (26 424) |
| Revenue from non-exchange transactions | 1 494 179 | 1 581 018 | (86 839) | 1 409 604 | 1 419 489 | (9 885) |
| Total | 1 688 179 | 1 780 149 | (91 970) | 1 551 729 | 1 588 038 | (36 309) |

Revenue from exchange transactions relates to interest earned on investment by the W&RSETA as well as 20% Mandatory Grants received from ETDPSSETA. The actual interest income for the period that ended 31 March 2024 is 103% of the budgeted amount. The W&RSETA has reported a higher return on total interest received for the 2023/24 financial period, this is due mix of investments undertaken by the entity as per the Investment policy to maximum

returns on cash reserves . Management always strives to get good rate of returns for the funds invested.

Levy grants received for the 2023/24 are 6% above the expected average rate of the budgeted income for the period. This shows stability in levy contribution from the employers. More WSP were approved in the current financial year than what was anticipated.

5. CAPITAL INVESTMENT

The W&RSETA have a total book value capital investment of R18 812 000 at the end of 2023/24 financial period. The current year capital investment was due to the new movable and immovable assets acquired amounting to R15 073 000. The new assets are included in the balance for Property, Plant and Equipment as presented in note 3 of the annual financial statements. During the period, the W&RSETA has disposed of assets with total book value of R137 000. These assets were disposed through donation to

the identified public organisations as outlined in the prescripts of paragraph 16A of the Treasury Regulations.

The W&RSETA's asset register remains up to date and it is maintained monthly. Verification of the assets in the register is conducted bi-annually in accordance with the W&RSETA assets management policy. Assets contained in the register are still in good condition and in use by the W&RSETA.

6. PERFORMANCE HIGHLIGHTS

I. ENHANCING GLOBAL COMPETENCIES: TVET GRADUATE EXCHANGE PROGRAMME

The Chinese Culture and International Education Exchange Centre's TVET Graduate Exchange Programme is empowering South African TVET graduates with international exposure and skills development in online business/e-commerce, focusing on Wholesale and Retail sectors.

Aligned with Outcome 5, the programme increases access to occupationally directed programmes by providing 100 TVET graduates with immersive international experiences. It aims to enhance entrepreneurial and technical competencies crucial for success in global markets.

As of the 2023/24 Annual Performance Report, 99 beneficiaries have successfully enrolled in the programme. This achievement highlights the project's commitment to offering unemployed youth valuable opportunities for professional growth and global exposure in high-demand sectors.

The programme's total budget amounts to R19 021 000.00, supporting travel, accommodation, training, and administrative costs essential for a comprehensive exchange experience over nearly two years.

Running from June 2023 to April 2025, the programme ensures in-depth skills development and cultural immersion. This extended duration facilitates structured learning and the practical application of knowledge in real-world settings.

Highlights/Successes: Participants have gained exposure to advanced online business/e-commerce practices, enhancing their competitiveness globally. This initiative not only fosters personal development but also contributes to economic transformation through a skilled workforce.

Challenges and Solutions: Logistical coordination for international travel and cultural adaptation challenges have been mitigated through meticulous planning and ongoing support. Effective communication and stakeholder engagement have ensured smooth operations and participant satisfaction.

Future Outlook: The programme aims to expand participation and strengthen international partnerships. Continuous evaluation and refinement will maintain its relevance and impact, empowering more TVET graduates to excel in the evolving digital economy.

Conclusion: The TVET Graduate Exchange Programme exemplifies a transformative approach to youth development and global collaboration. By equipping participants with cutting-edge skills and global perspectives, it significantly advances South Africa's role in the digital economy.

PROJECT DETAILS

| | |
|---------------|--|
| PROJECT NAME | Chinese Culture and International Education Exchange Centre - TVET Graduate Exchange Programme |
| DURATION | 27 June 2023 – 30 April 2025 |
| BENEFICIARIES | 99 learners |
| BUDGET | R19 021 000.00 |





II. NARYSEC RURAL DEVELOPMENT PROGRAMME EMPOWERS YOUTH ENTREPRENEURS

The NARYSEC Rural Development Programme is empowering 801 youth and 27 disabled youth across South Africa. This initiative aims to equip participants with essential enterprise development skills within the Wholesale and Retail sectors, fostering entrepreneurship and economic empowerment.

Aligned with Outcome 5, the programme increases access to occupationally directed programmes, targeting youth who have completed the NARYSEC training. It aims to support them in establishing sustainable businesses through specialised training and mentorship.

As reported in the 2023/24 Annual Performance Report, 801 beneficiaries have been enrolled, falling short of the initial target of 827. This achievement underscores the programme's commitment to providing meaningful opportunities for unemployed youth to embark on entrepreneurial ventures.

Supported by a budget of R19 021 000.00, the programme funds comprehensive training, mentorship, business development support, and operational costs. These investments are crucial for sustaining participant businesses over the project duration.

Running from February 2024 to March 2025, the programme spans over a year to facilitate rigorous skills development and business incubation. Structured learning experiences enable participants to transition into independent business operations within the Wholesale and Retail sectors.

Highlights/Successes: The programme has significantly empowered unemployed youth, inclusive of youth with disabilities, through skill development and entrepreneurial training. Tailored

support and mentorship have created an enabling environment for business growth and economic empowerment, as evident in impactful success stories.

Challenges and Solutions: Implementation challenges, such as logistical constraints and varying participant readiness, have been addressed through adaptive strategies and enhanced stakeholder engagement. Personalised support ensures sustained participant engagement and progress.

Future Outlook: The programme aims to expand outreach and strengthen partnerships, guided by continuous monitoring and evaluation. Refinements will ensure alignment with economic priorities, maximise impact and foster inclusive growth across communities.

Conclusion: The NARYSEC Rural Development Programme exemplifies proactive youth empowerment and rural development. By equipping participants with essential skills in the Wholesale and Retail sectors, the programme contributes significantly to socio-economic transformation and inclusive growth.

PROJECT DETAILS

| | |
|---------------|-------------------------------------|
| PROJECT NAME | NARYSEC Rural Development Programme |
| DURATION | 02 February 2024 – 31 March 2025 |
| BENEFICIARIES | 801 learners (827 targeted) |
| BUDGET | R19 021 000.00 |

III. PROGRESS IN THE SMALL BUSINESS DEVELOPMENT PROJECT

The Small & Micro Enterprise Development Project is making impressive strides in bolstering economic opportunities for small businesses across South Africa. Launched in March 2023 and set to conclude in January 2025, this initiative aims to support 4 000 beneficiaries, including SMEs operating Spaza Shops and General Dealers in diverse locations such as rural areas, townships, informal settlements, and urban centres.

As of the end of the 2023/24 financial year, the project has already reached 1 701 beneficiaries, surpassing initial expectations and showcasing its commitment to empowering local entrepreneurs. With a dedicated budget of R39.9 million split evenly over two phases, the project has allocated substantial resources to ensure comprehensive training and business support.

However, the journey hasn't been without challenges. Adapting to local economic environments and logistical hurdles in remote areas has required nimble management strategies. Despite these obstacles, the project remains steadfast in its mission to enhance

entrepreneurial skills and foster sustainable business growth.

Looking ahead to the next fiscal year, the W&RSETA plans to build on the success of this project, focusing on scalability and sustainability, to benefit even more SMEs. By creating a supportive ecosystem, the project aims to contribute significantly to economic growth and community development nationwide.

The Small & Micro Enterprise Development Project stands as a testament to the transformative power of targeted interventions in bolstering local businesses. With continued dedication and strategic resource allocation, it continues to pave the way for lasting socio-economic impact in the communities it serves.

PROJECT DETAILS

| | |
|---------------|--|
| PROJECT NAME | Small & Micro Enterprise Development Project |
| DURATION | March 2023 - January 2025 |
| BENEFICIARIES | 4000 SMEs (Spaza Shops, General Dealers) |
| BUDGET | R39 900 000.00 |

IV. NYDA PROJECT EMPOWERS YOUTH ENTREPRENEURS IN WHOLESALE AND RETAIL SECTORS

The National Youth Development Agency (NYDA) Project has achieved significant milestones in empowering young entrepreneurs in South Africa. Launched on 04 July 2023 and concluding on 30 January 2025, the project aims to equip 300 youth engaged in informal enterprises with essential skills for sustainable business growth.

Aligned with Outcome 6, the project focuses on enhancing skills development and entrepreneurship support for emerging entrepreneurs in the Wholesale and Retail sectors. Through structured coaching and mentorship programmes, participants are prepared to tackle challenges and seize opportunities in these industries.

By the end of the reporting period, the NYDA Project had successfully trained all 300 targeted beneficiaries. This accomplishment underscores the project's commitment to nurturing young talent and promoting economic inclusivity among South Africa's youth.

With a total budget of R13 630 000.00, which comprises of the costs of training modules, mentorship initiatives, and operational costs over its six-month implementation period. Effective budget management ensures maximum impact and tangible outcomes for participants.

Operating from July 2023 to January 2025, the project's structured

timeline facilitates intensive engagement with participants. This duration allows for comprehensive skill acquisition, empowering youth to enhance their entrepreneurial ventures effectively.

Challenges and Solution: Throughout implementation, the project has addressed logistical complexities and adapted training methodologies to meet diverse learning needs. Personalised coaching and continuous feedback mechanisms have enhanced participant engagement and retention.

Future Outlook: Looking ahead, the W&RSETA remains committed to sustaining the impact of the project by fostering entrepreneurship and equipping youth with practical skills. Collaboration with stakeholders and adoption of best practices will be pivotal in achieving long-term success and scalability.

Conclusion: The NYDA Project serves as a catalyst for young entrepreneurs in the Wholesale and Retail sectors, empowering individuals and driving socio-economic development within local communities.

PROJECT DETAILS

| | |
|---------------|--|
| PROJECT NAME | NYDA Project |
| DURATION | 04 July 2023 – 30 January 2025 |
| BENEFICIARIES | 300 youth involved in informal enterprises |
| BUDGET | R13 630 000.00 |

V. EMPOWERING RURAL YOUTH IN 4IR SKILLS: DG 2023/24 TVET COLLEGE PARTNERSHIP PROGRAMME

The DG 2023/24 TVET College Partnership Unemployed 4IR Learning Programme, based in KwaZulu-Natal, is making significant strides in equipping youth with Fourth Industrial Revolution (4IR) skills and fostering entrepreneurship within the technology sector.

Aligned with Outcomes 3 and 6, the programme aims to enhance the responsiveness of training providers to technological advances and support skills development for emerging entrepreneurs. It targets 249 learners from rural areas like Manguzi, Nongoma, Babanango, Nquthu, and Ulundi, focusing on fostering technological proficiency and entrepreneurial spirit.

As reported in the 2023/24 Annual Performance Report, the programme successfully enrolled 249 beneficiaries. This achievement highlights its effectiveness in stimulating interest among rural youth towards careers in 4IR and fostering community-driven technological solutions.

A budget of R4 500 000.00 supports training delivery, infrastructure enhancements, and stipend disbursements. Efficient financial management ensures resources are optimally used to achieve programme objectives within the scheduled timeframe.

Running from November 2023 to March 2025, the programme facilitates comprehensive learning and skill development. Tailored educational approaches and proactive support address the diverse needs of learners from socio-economically disadvantaged backgrounds.

Challenges and Solutions: Challenges such as Wi-Fi connectivity and delayed stipend payments were mitigated through infrastructure upgrades and streamlined processes. These efforts sustain participant engagement and morale.

Success Stories: Noteworthy successes include students initiating business ventures and applying advanced technologies to improve personal and professional outcomes. These stories underscore the programme's impact on innovative thinking and local development.

Future Outlook: Looking forward, the programme aims to expand outreach and deepen its impact. Continued collaboration, infrastructure investment, and ongoing support for participant ventures will ensure sustained socio-economic benefits.

Conclusion: The DG 2023/24 TVET College Partnership Unemployed 4IR Learning Programme exemplifies proactive youth empowerment in rural KwaZulu-Natal. By nurturing 4IR skills and entrepreneurial spirit, the programme drives economic transformation and community development.

PROJECT DETAILS

| | |
|---------------|---|
| PROJECT NAME | DG 23/24 TVET College Partnership Unemployed 4IR Learning Programme |
| DURATION | November 2023 – March 2025 |
| PROVINCE | KwaZulu-Natal (Manguzi, Nongoma, Babanango, Nquthu, Ulundi) |
| BENEFICIARIES | 249 learners |
| BUDGET | R4 500 000.00 |



Mr R Sibiya - Chairperson



Ms L Madela



Mr D Makuwa



Ms M Bango



Ms T Ntshangase



Mr M Silimandlela



Ms N Bogopa



Mr T Mthembu



Ms Z Tyikwe



Mr R Rayners



Mr Z Sokabo



Mr L Ramatlhodi



Mr S Busane



Ms S Rasebitse

BOARD MEMBERS

PART C GOVERNANCE

1. INTRODUCTION

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

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

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education, Science, and Innovation exercises oversight over all SETA governance processes, including budgetary processes and the delivery of mandates. The committee has the prerogative to invite entities to present the financial and non-financial information contained in its annual report.

The W&RSETA, as part of the other SETAs, was invited to appear before the committee in 2023/24 to discuss the legacy report. The Portfolio Committee compiled a 'Legacy Report', which in essence provides a high-level overview of its work during the sixth Parliament; key observations of the sector, which include successes and challenges; and key recommendations for the seventh Parliament to consider as it continues with the responsibilities of exercising oversight and passing legislation related to the post-school education and training (PSET) landscape.

3. EXECUTIVE AUTHORITY

The Minister of Higher Education, Science, and Innovation is the Executive Authority. The Department of Higher Education and Training (DHET) monitors the W&RSETA's performance through quarterly reports. The W&RSETA must review and submit reports for the Minister's consideration and approval in line with the Public Finance Management Act and Regulations, the PFMA Skills Development Act, and other legislative frameworks. The following reports were submitted and approved:

- Five-year Strategic Plan 2021 to 2026;
- Annual Performance Plan and Budget 2023/24;
- Sector Skills Plan 2023/24;
- Materiality Framework 2023/24;
- Annual Report 2022/23; and
- Quarterly performance reports for 2023/24.

4. THE ACCOUNTING AUTHORITY/BOARD

4.1 INTRODUCTION

The Accounting Authority is the W&RSETA's highest decision-making structure. It provides leadership and upholds the principles of good corporate governance. The Board is ultimately accountable for monitoring performance against the predetermined targets set out in the Annual Performance Plan and service level agreement that are entered into with DHET. The Board provides strategic direction supported by a sound policy framework. Furthermore, it establishes an environment in which adequate risk management and internal control measures exist and are actively administered.

4.2 BOARD CHARTER

The Board Charter is a cornerstone of W&RSETA's governance system. It defines the governance parameters within which the Board exists and sets out the respective roles, functions, and responsibilities discharged by the Board and members collectively and management in setting the direction and control of the organisation.

The Board Charter is aligned with the W&RSETA Constitution, which sets out the composition of the Board to ensure that there is a quorum at all meetings. It also outlines the powers of the Board and delegates powers to the Board Committees.

The Board Charter also assisted in improving Board processes relating to the management of meetings, reporting procedures, meeting agenda, minutes and resolutions, and remuneration of the Board members. The Board Charter is treated as a living document closely aligned with the strategic direction. It is imperative to note that there were no issues of non-compliance with the Board Charter that were reported during this period.

4.3 THE ROLE OF THE ACCOUNTING AUTHORITY

The role and functions of the Board are described in the Constitution and will include, but are not limited to, the following:

- retain full and effective control over the W&RSETA and monitor management's implementation of the strategic plans and financial objectives as defined by the Board;
- ensure that the W&RSETA achieves the objectives contemplated in item 5 of the Constitution and performs the functions contemplated in item 6 of the Constitution;
- define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority to management;
- ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures comprising a balance of skills, experience, diversity, independence, and knowledge exist to ensure the smooth, efficient, and prudent stewardship of the W&RSETA;

- provide effective leadership and ensure that the W&RSETA implements the goals of the NSDS and the Service Level Agreement with the Minister;
- regularly review and evaluate the risks to the business of the W&RSETA, including technology and information risks, protect and enhance the existence of comprehensive, appropriate internal controls to mitigate against such risks, as well as an effective risk-based internal audit;
- ensure that the W&RSETA complies with all relevant statutory requirements and the requirements of the Constitution, audit, and accounting principles, the W&RSETA's codes of ethics and conduct, and such other principles as may be established by the Board from time to time; and
- identify and monitor non-financial aspects relevant to the business of the W&RSETA and ensure that the W&RSETA acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs.

4.4 GOVERNANCE FRAMEWORK

A governance framework sets the parameters within which the Board and its committees exercise their fiduciary responsibilities. The framework distinguishes among the strategic, operational, and administrative roles of the Board, management, and secretariat while promoting the interests of all stakeholders.

4.5 COMPOSITION OF THE BOARD

Fourteen (14) members were appointed by the Minister to the W&RSETA Board, through Cabinet approval, for a five-year term that started in April 2020. These members are non-executive and were nominated by constituent employers, labour, and community organisations. At the helm is the Board Chairperson. The CEO is an executive and an ex-officio member.

BOARD MEMBERS ARE LISTED BELOW:

| NAME | DESIGNATION | DATE APPOINTED | TERM END | QUALIFICATIONS | AREA OF EXPERTISE | BOARD DIRECTORSHIPS | OTHER COMMITTEES OR TASK TEAMS | NO. OF MEETINGS ATTENDED |
|------------------------|-------------------|----------------|------------|--|---|---|---|--------------------------|
| Reggie Sibiya | Board Chairperson | April 2020 | April 2025 | <ul style="list-style-type: none"> Bachelor's Degree in Science (Botany and Genetics); Bachelor's Degree in Science Honours (Genetics) | <ul style="list-style-type: none"> Fuel Retailing; Fast-moving consumer goods sales and marketing; and Business Management Regulatory Compliance Bargaining Council. | <ul style="list-style-type: none"> Fuel Retailers Association – Director; Motor Industry Bargaining Council – Board member; Motor Industry Fund Administrators – trustee/director; and Motor Industry Retirement Funds – Trustee/Director | <ul style="list-style-type: none"> Executive Committee Chairperson | 10 |
| Sibusiso Busane | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Bachelor's Degree in Business Administration | <ul style="list-style-type: none"> Entrepreneurship Project Management. | <ul style="list-style-type: none"> Ntolwane Trading Enterprise – Director | <ul style="list-style-type: none"> Executive Committee Member Remuneration Committee Member Projects Committee Member | 9 |
| Thandeka Ntshangase | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Bachelor's Degree in Economics and SCM Postgraduate Degree in Project Management | <ul style="list-style-type: none"> Financial management Project management Governance | <ul style="list-style-type: none"> Ezemvelo Wildlife; Agri-Business Development Agency | <ul style="list-style-type: none"> Finance Committee member Governance and Strategy Committee Member | 10 |
| Mzimaseki Silimandlela | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Worker Education Programme Recognition of Prior Learning Cross-examination Labour Arbitration Practical Labour Law | <ul style="list-style-type: none"> Training and development Worker representation (Council for Conciliation) Mediation and arbitration - labour court and bargaining council) | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Finance Committee Member | 9 |
| David Makuwa | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Bachelor's Degree of Administration (in progress) | <ul style="list-style-type: none"> Trade union leadership. | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Projects Committee Chairperson Executive Committee member Remuneration Committee Member | 10 |
| Themba Mthembu | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Labour Dispute Practice Trade Union Practice | <ul style="list-style-type: none"> Labour dispute resolution Bargaining council | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Audit Committee Member Projects Committee Member | 10 |
| Ross Rayners | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Human Resources Management Certificate in Labour Law | <ul style="list-style-type: none"> Researcher: Government tenders and procurement Covid-19 Temporary Employer/Employee Relief Scheme | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Remuneration Committee Member Governance and Strategy Committee Member | 9 |
| Lucas Ramatlhodi | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Collective Bargaining and Negotiation Skills National Negotiator Course | <ul style="list-style-type: none"> Policy development Administration Coordination | <ul style="list-style-type: none"> International Union Federation Trade Group board: Hotel, restaurant, catering and tourism sector UNI Global Union – gaming sector Trustee: First normally constituted board of trustees of the South African Commercial Catering and Allied Workers Union National Provident Fund/ Curatorship. | <ul style="list-style-type: none"> Governance and Strategy Committee Chairperson | 10 |
| Lerato Mokhtli | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Bachelor of Commerce Degree in Accounting Higher Certificate in Economic Development | <ul style="list-style-type: none"> Accounting Financial Management Trade Union Leadership | <ul style="list-style-type: none"> Dicomark – Director | <ul style="list-style-type: none"> Executive Committee Member Financial Committee Member | 9 |
| Margaret Bango | Board Member | April 2020 | April 2025 | <ul style="list-style-type: none"> Diploma in General Nursing Diploma in Midwifery Diploma in Psychiatric Nursing Louis Millennium Management Wealth Management | <ul style="list-style-type: none"> Community Worker and Developer Women Empowerment and Business Leadership Regional Business Leadership | <ul style="list-style-type: none"> Women in Logistics and Transport SA – Founder and Chairperson National African Federated Chamber of Commerce and Industry: Women Chamber – National Secretary-General | <ul style="list-style-type: none"> Executive Committee Member Governance and Strategy Member Financial Committee Member | 10 |

| NAME | DESIGNATION | DATE APPOINTED | TERM END | QUALIFICATIONS | AREA OF EXPERTISE | BOARD DIRECTORSHIPS | OTHER COMMITTEES OR TASK TEAMS | NO. OF MEETINGS ATTENDED |
|--------------------|--------------|----------------|------------|---|--|--|---|--------------------------|
| Sebe Rasebitse | Board member | April 2020 | April 2025 | <ul style="list-style-type: none"> Master of Business Administration (in progress) Programme for Women in Executive Positions Senior Leadership Management Programme | <ul style="list-style-type: none"> Human resources management Talent development | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Projects Committee Member Remuneration Committee Member | 9 |
| Nankululeko Bogopa | Board member | April 2020 | April 2025 | <ul style="list-style-type: none"> National Diploma in Architecture | <ul style="list-style-type: none"> Stakeholder management Real estate management Strategy development and implementation Procurement Personnel management | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Financial Committee Chairperson Audit Committee Member | 8 |
| Zinhle Tyikwe | Board member | April 2020 | April 2025 | <ul style="list-style-type: none"> Master of Business Administration; Bachelor of Commerce (Honours) Degree in Industry Psychology and Organisational Development | <ul style="list-style-type: none"> Human resources Organisational development; Strategy development, governance and compliance | <ul style="list-style-type: none"> Board seat: 1. Steve Biko Academic Hospital (Non-Executive Director) 2. GS1 SA t/a CGCSA Board (Director) | <ul style="list-style-type: none"> Remuneration Committee Chairperson Executive Committee member Governance and Strategy Committee member | 10 |
| Zibele Sokabo | Board member | April 2020 | April 2025 | <ul style="list-style-type: none"> Management Diploma | <ul style="list-style-type: none"> Fuel industry | <ul style="list-style-type: none"> Motor Industry Retirement Fund board – (alternate); Copartes Pension Fund | <ul style="list-style-type: none"> Project Committee member | 10 |

4.6. MEETINGS OF THE BOARD

The Board convened ten quarterly meetings to consider and approve Sector Skills Plan, Strategic Plan, and Annual Performance Plan statutory compliance reports. It held its annual strategic planning session to review the Five-year Strategic Plan and develop the Annual Performance Plan as part of its fiduciary responsibility. This session was followed by a Board strategic risk management workshop, which resulted in the Board-approved Strategic Risk Register. The Board convened the annual general meeting in Midrand, at which the 2022/23 Annual Report, including the Annual Performance Report and Annual Financial Statements, was tabled and adopted.

Special Board meetings were convened in accordance with the standard constitution to consider crucial and urgent matters.

4.7. COMMITTEES OF THE BOARD

The Board established six committees whose members were selected for their knowledge and skills. Executive Committee members were nominated by the Board and their appointment was confirmed by the Minister. The Audit Committee is an independent committee of the Board established in accordance with Section 77 of the PFMA. It comprises four independent members and two non-executive Board members.

COMMITTEES OF THE BOARD:

| COMMITTEE | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS |
|----------------------|----------------------|----------------|----------------------------------|
| Audit Committee | Six meetings | Six members | Kgoale Vincent Maja: Chairperson |
| | | | Mosibudi Margaret Phiri |
| | | | Dr Len Konar |
| | | | Adv Thato Goodness Moeeng |
| | | | Nonkululeko Bogopa |
| | | | Themba Mthembu |
| Executive Committee* | Six meetings | Six members | Reggie Sibiya: Board Chairperson |
| | | | Sibusiso Busane |
| | | | David Makuwa |
| | | | Lerato Madela |
| | | | Margaret Bango |
| | | | Zinhle Tyikwe |

COMMITTEES OF THE BOARD



EXECUTIVE COMMITTEE



GOVERNANCE AND STRATEGY COMMITTEE



PROJECTS COMMITTEE



REMUNERATION COMMITTEE



FINANCE COMMITTEE

| COMMITTEE | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS |
|-----------------------------------|----------------------|----------------|---------------------------------|
| Projects Committee | Four meetings | Five members | David Makuwa: Chairperson |
| | | | Sibusiso Busane |
| | | | Sebe Rasebitse |
| | | | Zibele Sokabo |
| | | | Themba Mthembu |
| Finance Committee | Five meetings | Six members | Nonkululeko Bogopa: Chairperson |
| | | | Margaret Bango |
| | | | Thandeka Ntshangase |
| | | | Mzimaseki Silimandlela |
| | | | Lerato Madela |
| | | | Dumisani Dlamini |
| Governance and Strategy Committee | Five meetings | Five members | Lucas Ramatlhodi: Chairperson |
| | | | Zinhle Tyikwe |
| | | | Margaret Bango |
| | | | Ross Rayners |
| | | | Thandeka Ntshangase |
| Remuneration Committee | Five meetings | Five members | Zinhle Tyikwe: Chairperson |
| | | | Sebe Rasebitse |
| | | | Ross Rayners |
| | | | David Makuwa |
| | | | Sibusiso Busane |

* Exco meetings are convened bimonthly

* Board has co-opted an independent non-executive member to the Finance Committee Dr Dumisani Dlamini

4.8. COMMITTEES

| COMMITTEE | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS |
|-----------------------------------|----------------------------------|----------------|-----------------|
| Executive Committee | Reggie Sibiya – Chairperson | Six (6) | Six (6) |
| | David Makuwa | Six (6) | Six (6) |
| | Sibusiso Busane | Six (6) | Six (6) |
| | Margaret Bango | Six (6) | Six (6) |
| | Zinhle Tyikwe | Six (6) | Six (6) |
| | Lerato Madela | Six (6) | Six (6) |
| Finance Committee | Nonkululeko Bogopa – Chairperson | Five (5) | Five (5) |
| | Margaret Bango | Five (5) | Five (5) |
| | Lerato Madela | Five (5) | Five (5) |
| | Thandeka Ntshangase | Five (5) | Five (5) |
| | Mzimaseki Silimandlela | Five (5) | Five (5) |
| | Dumisani Dlamini | Five (5) | One (1) |
| Governance and Strategy Committee | Lucas Ramatlhodi - Chairperson | Five (5) | Five (5) |
| | Ross Rayners | Five (5) | Five (5) |
| | Margaret Bango | Five (5) | Five (5) |
| | Zinhle Tyikwe | Five (5) | Five (3) |
| | Thandeka Ntshangase | Five (5) | Five (2) |
| | | | |

| COMMITTEE | NO. OF MEETINGS HELD | NO. OF MEMBERS | NAME OF MEMBERS |
|------------------------|-----------------------------|----------------|-----------------|
| Remuneration Committee | Zinhle Tyikwe – Chairperson | Five (5) | Five (5) |
| | David Makuwa | Five (5) | Five (5) |
| | Sibusiso Busane | Five (5) | Five (4) |
| | Ross Rayners | Five (5) | Five (5) |
| | Sebe Rasebitse | Five (5) | Five (5) |
| Projects Committee | David Makuwa - Chairperson | Four (4) | Four (4) |
| | Sibusiso Busane | Four (4) | Four (4) |
| | Themba Mthembu | Four (4) | Four (4) |
| | Zibele Sokabo | Four (4) | Four (4) |
| | Sebe Rasebitse | Four (4) | Four (4) |
| Audit Committee | Kgoale Maja - Chairperson | Six (6) | Six (6) |
| | Dr Len Konar | Six (6) | Six (6) |
| | Adv. Thato Goodness Moeeng | Six (6) | Six (6) |
| | Margaret Phiri | Six (6) | Six (6) |
| | Themba Mthembu | Six (6) | Five (5) |
| | Nonkululeko Bogopa | Six (6) | Six (6) |

4.9. REMUNERATION OF BOARD MEMBERS

| NAME | REMUNERATION R'000 | OTHER ALLOWANCE R'000 | OTHER REIMBURSEMENTS R'000 | TOTAL R'000 |
|---|-----------------------|--------------------------|-------------------------------|----------------|
| Mr R Sibiya – Chairperson | 346 | 5 | - | 351 |
| Ms Z Tyikwe | 283 | 5 | - | 288 |
| Mr KD Makuwa | 309 | 5 | - | 314 |
| Ms M Bango | 313 | - | - | 313 |
| Mr S Busane | 330 | 2 | - | 332 |
| Mr T Mthembu | 246 | - | - | 246 |
| Ms T Ntshangase | 182 | - | - | 182 |
| Mr M Silimandlela | 196 | - | - | 196 |
| Ms L Mokhitli | 242 | - | - | 242 |
| Mr L Ramatlhodi | 187 | 5 | - | 192 |
| Ms R Rayners | 261 | - | - | 261 |
| Ms N Bogopa | 290 | 5 | - | 295 |
| Mr Z Sokabo | 215 | - | - | 215 |
| Mr S Rasebitse | 220 | - | - | 220 |
| Mr KV Maja - Audit Committee Chairperson | 142 | 2 | - | 144 |
| Ms M Phiri - Audit Committee Member | 67 | - | - | 67 |
| Dr L Konar - Audit Committee Member | 49 | - | - | 49 |
| Adv T Moeng - Audit Committee Member | 67 | - | - | 67 |
| Mr Dumisani Dlamini * | 9 | - | - | 9 |
| Mr Michael Lawrence * | 7 | - | - | 7 |
| 3 961 | | 29 | - | 3 990 |

* Mr Dumisani Dlamini was co-opted as the non-executive member of the Finance Committee of the board from 01 February 2024.

* Mr Michael Lawrence was reinstated for payment of outstanding allowances due him.

5. RISK MANAGEMENT

The W&RSETA's risk management is founded on a Risk Management Policy and Strategy aligned with the PFMA. The Board identifies strategic risks and determines annually the risk appetite and tolerance levels against the Five-year Strategic Plan. The Audit Committee advises and reports to the Board on risk management matters. Management, through the CEO's leadership and the expertise of the Senior Manager: Enterprise Risk Management, develops strategies to mitigate threats that might prevent the SETA from achieving its strategic objectives. Accordingly, management continuously analyses and implements mitigation measures.

6. INTERNAL CONTROL UNIT

The Board has overall responsibility for establishing and maintaining the W&RSETA's internal controls and reviewing their effectiveness. The W&RSETA's Internal Control Business Unit continued with the facilitation and implementation of internal control activities to improve the control environment. The unit has been at the forefront of the coordination of audits, especially during the audit by the Auditor-General of South Africa (AGSA), during which it assisted management in responding efficiently to information requests and audit queries and in implementing audit recommendations and action plans.

The Audit Action Plan was developed and approved to address the root causes and control deficiencies that were identified by the AGSA and management. The implementation was monitored quarterly to track the status of the findings. The organisation has managed to resolve 91% of the raised findings. The unit has been instrumental in monitoring compliance and supporting managers through the assessment of internal control deficiencies and has recommended improvements where controls were found to be lacking or inappropriate.

Progress was made on implementing preventative and detective controls, as continuous improvement is of importance to sustain actions taken by management.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit is an integral part of the W&RSETA's governance system. It provides an independent, objective, and advisory function mandated by the internal audit charter approved by the Audit Committee. The charter defines the role, organisational status, authority, responsibilities, and scope of internal audit activity. The unit assists the W&RSETA to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance.

The key objectives of the internal audit function include:

- Reviewing the adequacy and effectiveness of internal controls, risk management, and governance processes;
- Safeguarding the W&RSETA's assets;
- Providing reasonable assurance of the integrity and reliability of financial and non-financial information; and
- Reviewing compliance with laws, regulations, policies, and procedures.

The Audit Committee approves internal audit plans and reviews work quarterly. A risk-based internal audit plan was approved by the Audit Committee for implementation in 2023/24. The table below shows the results of completed audits for the review and previous years:

| IMPLEMENTATION OF THE INTERNAL AUDIT PLAN | 2023/24 | 2022/23 |
|---|---------|---------|
| Planned audits finalised and reports issued | 24 | 26 |
| Ad-hoc audits finalised and reports issued | 1 | 7 |
| Number of internal audit reports issued | 25 | 33 |

AUDIT COMMITTEE MEMBERS

| NAME | DESIGNATION | DATE APPOINTED | DATE TERM ENDED/ RESIGNED | QUALIFICATIONS | AREA OF EXPERTISE | BOARD DIRECTORSHIPS | OTHER COMMITTEES OR TASK TEAMS | NO. OF AUDIT COMMITTEE MEETINGS ATTENDED OUT OF 6 |
|------------------------|-----------------------------|----------------|---------------------------|---|---|--|--------------------------------|---|
| Mr Kgoale Vincent Maja | Audit Committee Chairperson | 1 May 2020 | 31 March 2025 | <ul style="list-style-type: none"> • Masters of Business Leadership (MBL) • B. Compt Honours • BCom (Accounting) • Certified Internal Auditor(CIA) • IIA Accredited Quality Assurance Assessor. • Registered Assessor and Moderator for FASSET, MICT SETA, SASSETA, ETDP SETA and SERVICES SETA, IIASA MEMBER | Experience in Internal Auditing and External Auditing, IT governance and Corporate Governance, Risk Management, Forensics, Compliance | <ul style="list-style-type: none"> • Northern Cape Provincial Government: • Dept of Sports, Arts and Culture • Dept of Agriculture • Dept of Cooperative Governance • Human Settlements and Traditional Affairs | None | 6 |

| NAME | DESIGNATION | DATE APPOINTED | DATE TERM ENDED/ RESIGNED | QUALIFICATIONS | AREA OF EXPERTISE | BOARD DIRECTORSHIPS | OTHER COMMITTEES OR TASK TEAMS | NO. OF AUDIT COMMITTEE MEETINGS ATTENDED OUT OF 6 |
|----------------------------|------------------------|----------------|---------------------------|--|---|---|--------------------------------|---|
| Ms Mosibudi Margaret Phiri | Audit Committee Member | 1 May 2020 | 31 March 2025 | <ul style="list-style-type: none"> B. Com Accounting B. Compt Honours CA (SA) | Experience in Internal Auditing and External Auditing, IT governance and Corporate Governance, Risk Management, Forensics, Compliance | <ul style="list-style-type: none"> Department of Government Communication and information System - Chairperson of Risk and Audit Committee CRL Rights Commission - Member of the Audit Committee and ICT Committee Department of Public Works - Member of the Audit Committee Central Johannesburg College - Member of the Audit Committee Council member of University of Limpopo | None | 6 |
| Dr. Len Konar | Audit Committee Member | 1 May 2020 | 31 March 2025 | <ul style="list-style-type: none"> CA(SA), MAS (Illinois, USA) and D.Com (SA) BCom CRMA (IIA, USA) Cert in Tax Law (SA) | Experience in Internal Auditing and External Auditing, IT governance and Corporate Governance, Strategic planning, Compliance, Risk Management, Forensics, Compliance | <ul style="list-style-type: none"> SABC Medical Fund- Chair of Audit Committee and Member of Investment Committee SABC Retirement Fund- Member of Investment Committee and Chair of the Audit Comm Outsourced Risk and Compliance Services (Pty) Ltd-Shareholder National Research Foundation – Board Member and Chair of audit & Risk Committee Human Sciences Research Council – Council Member and Chair of Audit & Risk Committee AIDC- Board member and Group audit & Risk Committee member The Presidency – Chair of the Risk Management Committee Eastern cape Department of Health – Chair of the Risk Management Committee | None | 6 |
| Adv. Thato Goodness Moeeng | Audit Committee Member | 1 May 2020 | 31 March 2025 | <ul style="list-style-type: none"> Master of Business Leadership LLB Degree Past Graduate Executive Development Programme Advanced Management Development Programme B. Iuris Degree (Cum Laude) | Proven experience legal knowledge, Civil and labour Litigation, Audit and Risk management, Investigation, Compliance, strategic planning | <ul style="list-style-type: none"> Audit & Performance Committee: Ephraim Mogale Local Municipality. Council Chairperson: PACOPS Risk Committee member: National Department of Agriculture, Land Reform & Rural Development Chairperson of Audit & Risk Committee: ELRC. Deputy Chairperson: Employment Equity Consultative Forum Deputy Chairperson: Departmental Bargaining Chamber Deputy Chairperson of Council: FETC Treasurer: Social Committee, Public Protector Deputy Chairperson: Fit for Life Aerobic Club | None | 6 |

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Board oversees the development and review of policies according to legislation. Although it delegated the monitoring of the compliance universe to its committees, it held management accountable for implementing programmes and managing financial affairs in line with approved policies. Management submits on a quarterly basis reports confirming the W&RSETA's compliance to the applicable prescripts, namely the Skills Development Act, Levies, PFMA, and National Treasury Regulations, while ensuring adherence to human resources management and information technology and communication regulations.

9. FRAUD AND CORRUPTION

The W&RSETA has adopted a zero tolerance to fraud and corruption and implemented a fraud prevention policy that prevents, detects, investigates, and resolves fraud. An independent reporting fraud hotline is operational, and which employees, customers, suppliers, and other stakeholders may raise suspicions of corrupt activities or concerns about conduct that transgress SETA values. All hotline cases are investigated and reported to the Audit Committee on a quarterly basis, which oversees corrective actions.

10. MINIMISING CONFLICT OF INTEREST

W&RSETA SCM systems are aligned and continue to adhere to progressive good governance principles for the sourcing of goods and services required. SCM officials are expected to carry themselves and tasks assigned in accordance with the code of public service and Batho Pele principles.

All relevant legislative framework governing public sector procurement and other codes of good conduct as guided by National Treasury directives. SCM employees and appointed various committee members continue to strengthen and advance compliance and governance through registering their declarations of interest register yearly and for every official adjudication sitting as required.

The above declarations are further extended to invited SCM advisors for respective sittings they could be invited in.

11. CODE OF CONDUCT

The W&RSETA complies with the Code of Conduct, as prescribed in the W&RSETA Constitution. Thus, members of the Accounting Authority execute the mandate and their duties and their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Code, as contained in the Constitution.

The Accounting Authority protects and promotes the reputation of the SETA and promotes goodwill towards the Code of Conduct; performs their duties conscientiously and in the best interest of the SETA; and conducts themselves ethically and in accordance with the principles of good governance. It is worth noting that Compliance with the Code by all employees is mandatory.

The staff of the SETA adheres to the code of conduct and has approved the Code of Ethics and Conduct Policy, which applies to all W&RSETA employees regardless of whether they are on a permanent, fixed-term, or contractual basis.

The W&RSETA recognises its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

During the 2023/24 financial year, the W&RSETA addressed various security and Occupational Health and Safety (OHS) issues.

All W&RSETA provincial offices, including Head Office (the work places), were fitted with an access control system that offers the latest technology (face recognition) in Access Control, with Time, and Attendance monitoring. This is to enhance existing security measures at the different work places.

In addition, quarterly Health and Safety Committee meetings were convened at the various workplaces to address Occupational Health and Safety (OHS) matters and to ensure compliance with the provisions of the OHS Act (Act 85 of 1993). During the year, the Department of Employment and Labour (DoEL) Inspector visited the North West provincial office for an OHS inspection. There were no findings that were reported, with the DoEL being satisfied with the level of OHS compliance.

Furthermore, the W&RSETA also provided training for the 16(2) appointees, 8(2) appointees, OHS Representatives, First Aiders, Firefighters, and Emergency Evacuation Marshalls.

Legislation posters were procured for all work places. The posters will assist in providing employees with awareness of the contents of the various legislation. The posters are a summarised version of the OHS Act, Labour Relations Act, Employment Equity Act, and the Basic Conditions of Employment Act.

No OHS incidents that required submission for Compensation for Occupational Injury and Diseases (COID) were reported.

13. THE W&RSETA BOARD SECRETARY

The Secretary of the Accounting Authority is responsible for, *inter alia*, providing guidance and advice to the Board and its committees, primarily on procedural and compliance issues, including compliance with statutory regulations and King IV.

The Secretary works closely with the Chairperson and the CEO to ensure the proper and effective functioning of the Board and the integrity of the governance processes. She is closely involved in preparing the schedule of Board and committee meetings for the year and, with chairpersons and key executives, prepares the agendas for these meetings. She ensures that information is dispatched timeously to all directors to enable them to prepare adequately for these meetings and that the minutes of these meetings are recorded and distributed as soon as possible thereafter to aid directors in implementing the decisions.

In addition to her statutory duties, the Secretary provides the Board as a whole and the members individually with detailed guidance on how their responsibilities should be properly discharged in the best interests of the W&RSETA. She ensures that Board procedures prescribed in the Act, the PFMA, the W&RSETA Constitution, and the Board Charter are followed and reviewed regularly.

14. SOCIAL RESPONSIBILITY

The W&RSETA constantly endeavours to support the needy communities in all respects. In line with the SETA Asset Disposal Policy, the following three schools benefited from the disposal of second-hand laptops during the years 2023-24. Please see the table below:

| NO. | NAME OF SCHOOL | LOCATION | ITEMS DONATED |
|-----|-----------------------------------|----------------------|---------------|
| 1. | Memezelo Secondary School | Soshanguve (Tshwane) | 45 Laptops |
| 2. | Kgahlanso Primary School | Tembisa (Ekurhuleni) | 37 Laptops |
| 3. | Olievenhoutbosch Secondary School | Olieven (Tshwane) | 42 Laptops |

The schools above will also benefit from the current disposal of second-hand furniture, which includes, among others, chairs, desks, filing cabinets, etc. Therefore, in the spirit of social responsibility and/or philanthropy, the SETA and its staff will continue to support the local needy communities in and around the organisational establishments.



15. AUDIT COMMITTEE REPORT

MR KGOALE MAJA, CHAIRPERSON: AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2024.

BACKGROUND

The Audit Committee is a statutory committee of the W&RSETA Board in respect of its statutory duties and also a sub-committee of the Board in respect of all other duties assigned to it by the Board. It consists of six (6) members, four (4) of whom are independent non-executive members and two (2) member representatives from the Board.

The purpose of the Audit Committee is to assist the W&RSETA Board in fulfilling its oversight responsibilities for the financial reporting process, ensuring that adequate systems and internal controls are in place, ensuring that the audit process and the W&RSETA's process for monitoring compliance with the laws, regulation and the code, assessing the going-concern status, and reviewing the Annual Financial Statements.

The Audit Committee also assists the W&RSETA in fulfilling its responsibility of risk management, fraud prevention, compliance with laws, codes and regulations, and business continuity by ensuring that management identifies significant risks associated with the environment within which the W&RSETA operates and develops a framework for managing these risks.

AUDIT COMMITTEE RESPONSIBILITY

We have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 51(1)(a)(ii) of the Public Finance Management Act, Act No.1 of 1999 and National Treasury Regulation 27.1. We further report that we have conducted our affairs and discharged our responsibilities in accordance with the approved Charter.

INTERNAL AUDIT

We are satisfied that the Internal Audit function is operating effectively and that it has addressed the risk pertinent to the entity in its audits. The Internal audit completed their 2023/24 annual plan as approved by the Audit Committee.

We have met with Internal Audit during the year to ensure that the function is executed effectively and objectively (from management).

We are satisfied with the content and quality of quarterly reports prepared and issued by the Internal auditors of the entity during the year under review.

REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

During the period under review, the following activities were undertaken, and demonstrate the commitment of the Audit Committee to achieve its mandate:

- Updated the Audit Committee Charter and Workplan;
- Considered and approved the Internal Audit Charter and Strategy.
- Considered and approved the Internal Audit Plans and monitored implementation thereof through the quarterly reports and made recommendations as appropriate.
- Reviewed the effectiveness of the Internal Audit function through the assessment of quarterly reports submitted to the committee; ensured that the internal auditors are independent and objective and have ensured that the unit is adequately resourced to discharge its duties.
- Considered strategic and operational risk registers as part of the risk management process.

- Considered performance and financial reports and made recommendations as appropriate.
- Considered ICT governance issues and alignment to applicable legislation.
- Monitored compliance with policies and applicable legislation.
- Conducted separate confidential and in-committee meetings with management, internal, and external audit.
- Reviewed external audit plans, fees, independence reports and management's follow-up on matters requiring attention.

EFFECTIVENESS OF INTERNAL CONTROLS

The control system provides reasonable, but not absolute, assurance that the entity's assets are safeguarded, that transactions are authorised and recorded properly, and that material errors and irregularities are either prevented, detected, or corrected on time. These controls are monitored throughout the organisation by management and employees, with the necessary delegation of authority and segregation of duties.

Based on the reports provided by the internal audit function and the Auditor-General of South Africa (AGSA), the members of the Audit Committee observed some weaknesses in the organisation's existing system of internal controls and noted that the effectiveness of the system of internal controls needs further improvement. Areas impacting the control environment were noted as follows:

- Weaknesses in the monitoring and verification processes (project management);
- Weaknesses in the accruals process; and
- Weaknesses on the automated commitment register. The Committee will be satisfied once the organisation reaches a stage where the commitments register risk is minimised. The Audit Committee will continue to review the commitments made by management in resolving Internal Audit and AGSA findings in the ensuing year.

The Audit Committee is satisfied that the internal audit provided assurance on governance, risk management and control processes as per the approved risk-based internal audit plan. The Internal Audit Unit completed 100% of the planned audits for the financial year 2023/24.

The completed reviews covered the following areas:

- Performance information
- Draft Annual Financial Statements
- Draft Annual Performance Report
- Management Account
- Commitments Register

- Supply Chain Management
- DG Implementation
- Mandatory Grants
- Bursaries Review
- Performance Management Review
- Monitoring and Evaluations' Processes
- Draft Annual Performance Plan
- Quality Assessment and Qualification Development
- Employee Benefits
- IT General Controls
- IT Security
- Follow-up of internal and AGSA findings.

EVALUATIONS OF FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

We have:

- Reviewed and discussed with the AGSA the audited financial statements to be included in the Annual Report;
- Reviewed the accounting policies and practices as reported in the Annual Financial Statements and confirmed that these were appropriate.
- Reviewed compliance of the annual financial statements with the accounting standards and legal requirements.
- Reviewed the annual performance report.
- Reviewed the Auditor-General's management report and management's responses thereto.
- Reviewed and discussed the Auditor-General's opinion.
- Reviewed and confirmed the independence of the external auditors with respect to non-audit services.

AUDITOR-GENERAL OF SOUTH AFRICA

We met with Auditor-General of South Africa to ensure that there are no unresolved issues.



Mr K Maja

Chairperson: Audit Committee

31 July 2024



16. 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 | QUALIFICATIONS |
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | No | The criteria is not applicable for the W&RSETA. |
| Developing and implementing a preferential procurement policy? | Yes | The approved SCM policy has considered the provisions of the Preferential Procurement Policy Framework Act. |
| Determining qualification criteria for the sale of state-owned enterprises? | No | The criteria is not applicable for the W&RSETA. |
| Developing criteria for entering into partnerships with the private sector? | Yes | A policy has been developed to establish an accountable, fair and transparent framework for the approval and management of programmes, projects, special projects and partnerships funded through discretionary grants. |



PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Human Resources Management is a distinctive approach to employment management that seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural, and personal techniques.

To add to the above definition, the theorists simplify it by saying that “it is basically a method of developing the potentialities of employees so that they feel maximum satisfaction of their work and give their best efforts to the organisation.”

Therefore, as part of implementing the strategy, HR has in the year 2023/24 rolled out the plan with specific focus on the following:

- Facilitating workshops on HR Policies, including performance management;

- Managing the wellness project, including but not limited to wellness day and raising awareness regarding the service;
- Implementing the skills audit report recommendations;
- Coordination of phase two Internship programme;
- Testing other HR Systems (Modules) in an endeavour to increase efficiency; and
- Employee Satisfaction Survey.

The year 2024/25 will focus on the phase two skills audit recommendations, employee satisfaction survey recommendations, wellness and approval of additional HR Modules onto the new system.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

The table below depicts the number of staff during the review period and that there were 277 employees. The table also shows the number of staff per programme and the biggest is programme three.

PERSONNEL COST BY PROGRAMME/ ACTIVITY/ OBJECTIVE

| PROGRAMME/ACTIVITY/OBJECTIVE | PERSONNEL EXPENDITURE R | PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE % | NUMBER OF EMPLOYEES # | AVERAGE PERSONNEL COST PER EMPLOYEE R |
|--|----------------------------|--|--------------------------|---|
| Programme 1-CEO, Risk, CCSE, IT, Fin, IC, IA & SCM | 59 835 323,77 | 36% | 80 | 747 941,55 |
| Programme 2-SSP&R | 1 550 444,89 | 1% | 1 | 1 550 444,89 |
| Programme 3-Operations | 94 668 281,27 | 56% | 183 | 517 313,01 |
| Programme 4-SPPE | 11 516 376,34 | 7% | 13 | 885 875,10 |
| Total | 167 570 426,27 | 100% | 277 | 604 947,39 |

PERSONNEL COST BY SALARY BAND

| | PERSONNEL EXPENDITURE R | PERSONNEL EXPENDITURE AS A % OF TOTAL PERSONNEL COST % | NUMBER OF EMPLOYEES # | AVERAGE PERSONNEL COST PER EMPLOYEE R |
|------------------------|----------------------------|---|--------------------------|---|
| Top Management | 15 279 426,27 | 9% | 7 | R2 182 775,18 |
| Senior Management | 16 020 082,47 | 10% | 10 | R1 602 008,25 |
| Professional Qualified | 50 878 091,92 | 30% | 54 | R942 186,89 |
| Skilled | 69 351 620,17 | 41% | 136 | R509 938,38 |
| Semi-Skilled | 12 772 257,55 | 8% | 55 | R232 222,86 |
| Unskilled | 3 268 947,89 | 2% | 15 | R217 929,86 |
| Total | 167 570 426,27 | 100% | 277 | R604 947,39 |

PERFORMANCE REWARDS

| | PERFORMANCE REWARD R | PERSONNEL EXPENDITURE R | % OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COSTS % |
|------------------------|-------------------------|----------------------------|---|
| Top Management | 934 887,14 | 15 279 426,27 | 0,56 |
| Senior Management | 1 330 678,53 | 16 020 082,47 | 0,79 |
| Professional Qualified | 1 087 355,46 | 50 878 091,92 | 0,65 |
| Skilled | 3 440 698,11 | 69 351 620,17 | 2,05 |
| Semi-Skilled | 600 086,45 | 12 772 257,55 | 0,36 |
| Unskilled | 138 983,27 | 3 268 947,89 | 0,08 |
| Total | 7 532 688,96 | 167 570 426,27 | 4,50 |

TRAINING COSTS

| OCCUPATIONAL LEVELS | PERSONNEL EXPENDITURE R | TRAINING EXPENDITURE R | TRAINING EXPENDITURE AS A % OF TOTAL PERSONNEL COST % | NUMBER OF EMPLOYEES # | AVERAGE TRAINING COST PER EMPLOYEE R |
|---------------------|-------------------------|------------------------|---|-----------------------|--------------------------------------|
| Head Office | 72 902 145,00 | 1 332 754,57 | 1,83 | 95,00 | 14 029,00 |
| Regions | 94 668 281,27 | 1 961 974,91 | 2,07 | 193,00 | 10 165,67 |
| Total | 167 570 426,27 | 3 294 729,48 | 3,90 | 288,00 | 24 194,67 |

EMPLOYMENT AND VACANCIES

| SALARY BAND | 2022/2023 NO. OF EMPLOYEES | 2023/2024 APPROVED POSTS | 2023/2024 NO. OF EMPLOYEES | 2023/2024 VACANCIES | % OF VACANCIES |
|------------------------|----------------------------|--------------------------|----------------------------|---------------------|----------------|
| Top Management | 7 | 7 | 7 | 0 | 0 |
| Senior Management | 11 | 12 | 8 | 4 | 33,33 |
| Professional qualified | 39 | 45 | 38 | 7 | 15,55 |
| Skilled | 133 | 169 | 123 | 46 | 27,21 |
| Semi-skilled | 54 | 55 | 48 | 7 | 12,723 |
| Unskilled | 14 | 15 | 15 | 0 | 0 |
| Total | 258 | 303 | 239 | 64 | 21,12 |

The table above shows that as at end of the financial year, there were 239 employees out of the 303 approved positions. There were 64 vacancies, mainly composed of unfunded positions and a few funded positions owing to termination in the period under review. The unfunded positions are being filled in a phased manner over the medium period and based on the available budget.

EMPLOYMENT CHANGES

The table below shows the number of staff that exited the system as well as those that were recruited during the period under review. Compared to the previous financial year, there has been a slight increase in terminations, but the situation is normalised in the last quarter of the financial year.

| SALARY BAND | EMPLOYMENT AT BEGINNING OF PERIOD | APPOINTMENTS | TERMINATIONS | EMPLOYMENT AT END OF THE PERIOD |
|------------------------|-----------------------------------|--------------|--------------|---------------------------------|
| Top Management | 7 | 0 | 0 | 7 |
| Senior Management | 11 | 3 | 6 | 8 |
| Professional qualified | 39 | 7 | 8 | 38 |
| Skilled | 133 | 7 | 17 | 123 |
| Semi-skilled | 54 | 0 | 6 | 48 |
| Unskilled | 14 | 1 | 0 | 15 |
| Total | 258 | 18 | 37 | 239 |

REASONS FOR STAFF LEAVING

| REASON | NUMBER | % OF TOTAL NUMBER OF STAFF LEAVING |
|--------------------|--------|------------------------------------|
| Death | 3 | 8,10 |
| Resignation | 29 | 78,37 |
| Dismissal | 3 | 8,10 |
| Retirement | 2 | 5,40 |
| Ill health | 0 | 0 |
| Expiry of contract | 0 | 0 |
| Other | 0 | 0 |
| Total | 37 | 100 |

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

| REASON | NUMBER |
|-----------------------|--------|
| Verbal Warning | 0 |
| Written Warning | 0 |
| Final Written warning | 0 |
| Dismissal | 3 |
| Total | 3 |

As shown in the above table, the majority of staff left the organisation through resignations. The reasons for the resignations range from employees getting better offers to others resigning due to consequence management.

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The SETA has an approved EE Plan and the male and female split is 32 and 68%. The Department of Employment and Labour in the approval of the plan has agreed with the SETA that preference will be given to males who are under-represented.

| LEVEL | MALE | | | | | | | |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET |
| Top Management | 4 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 12 | 5 | 1 | 1 | 1 | 0 | 0 | 0 |
| Professional qualified | 13 | 11 | 0 | 2 | 1 | 1 | 0 | 0 |
| Skilled | 32 | 44 | 0 | 5 | 1 | 3 | 1 | 4 |
| Semi-skilled | 7 | 53 | 0 | 5 | 0 | 2 | 0 | 1 |
| Unskilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 68 | 119 | 1 | 13 | 3 | 6 | 1 | 5 |

| LEVEL | FEMALE | | | | | | | |
|------------------------|---------|--------|----------|--------|---------|--------|---------|--------|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET | CURRENT | TARGET |
| Top Management | 2 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| Senior Management | 6 | 3 | 0 | 1 | 0 | 0 | 1 | 1 |
| Professional qualified | 12 | 6 | 0 | 2 | 0 | 0 | 0 | 1 |
| Skilled | 82 | 44 | 3 | 5 | 2 | 3 | 1 | 4 |
| Semi-skilled | 40 | 56 | 1 | 10 | 0 | 3 | 0 | 2 |
| Unskilled | 14 | 10 | 1 | 3 | 0 | 1 | 0 | 1 |
| TOTAL | 156 | 121 | 5 | 21 | 2 | 7 | 3 | 10 |

The two tables combined provide a short version in terms of EE Status and as at 31 March 2024 there were 239 fulltime staff and 8 Fixed term employees. Thus, for the period the total number of staff was 247 making up the total staff complement of 77 (31.17%) males and 170 (68.82 %) females. The gender spread continue to hover between 30% males and 70% females. Despite the SETA trying to prioritise the employment of males as its numeric goals on the other hand it is males that are leaving (proportionately) the employ of SETA. The movements in table (below) show which area or band is attracting more movements.

| LEVEL | DISABLED STAFF | | | |
|------------------------|----------------|--------|----------|--------|
| | AFRICAN | | COLOURED | |
| | CURRENT | TARGET | CURRENT | TARGET |
| Top Management | - | - | - | - |
| Senior Management | - | - | - | - |
| Professional qualified | - | - | - | - |
| Skilled | - | - | - | - |
| Semi-skilled | - | 1 | 1 | 1 |
| Unskilled | - | - | - | - |
| TOTAL | - | 1 | 1 | 1 |



PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|---|--------------------|--------------------|
| Opening balance | 88 858 | 116 338 |
| Adjustment to opening balance | 0 | 6 380 |
| Opening balance as restated | 0 | 5 807 |
| Add: Irregular expenditure confirmed | 3 073 | 18 483 |
| Less: Irregular expenditure condoned | 0 | (58 150) |
| Less: Irregular expenditure not condoned and removed | 0 | 0 |
| Less: Irregular expenditure recoverable | 0 | 0 |
| Less: Irregular expenditure not recoverable and written off | 0 | 0 |
| Closing balance | 91 931 | 88 858 |

A condonation of prior year irregular expenditure of R23,2 million was obtained from the Accounting Authority after year-end but prior to the finalisation of the annual report.

RECONCILING NOTES

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|---|--------------------|--------------------|
| Irregular expenditure that was under assessment | 0 | 0 |
| Irregular expenditure that relates to the prior year and identified in the current year | 0 | 6 380 |
| Irregular expenditure for the current year | 3 073 | 24 290 |
| Total | 3 073 | 30 670 |

B) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION AND INVESTIGATION)

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|---|--------------------|--------------------|
| Irregular expenditure under assessment | 46 770 | 18 483 |
| Irregular expenditure under determination | 0 | 0 |
| Irregular expenditure under investigation | 0 | 0 |
| Total | 46 770 | 18 483 |

C) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE CONDONED

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--------------------------------|--------------------|--------------------|
| Irregular expenditure condoned | 0 | 58 150 |
| Total | 0 | 58 150 |

D) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--|--------------------|--------------------|
| Irregular expenditure NOT condoned and removed | - | - |
| Total | - | - |

E) DETAILS OF IRREGULAR EXPENDITURE RECOVERABLE

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|-----------------------------------|--------------------|--------------------|
| Irregular expenditure recoverable | - | - |
| Total | - | - |

F) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN-OFF (IRRECOVERABLE)

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|-----------------------------------|--------------------|--------------------|
| Irregular expenditure written off | - | - |
| Total | - | - |

ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

G) DETAILS OF NON-COMPLIANCE CASES WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS NOT RESPONSIBLE FOR THE NON-COMPLIANCE)

| DESCRIPTION |
|-------------|
| - |

H) DETAILS OF IRREGULAR EXPENDITURE WHERE AN INSTITUTION IS INVOLVED IN AN INTER-INSTITUTIONAL ARRANGEMENT (WHERE SUCH INSTITUTION IS RESPONSIBLE FOR THE NON-COMPLIANCE)

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|-------------|--------------------|--------------------|
| | - | - |
| Total | - | - |

I) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

| DESCRIPTION |
|-------------|
| - |

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--|--------------------|--------------------|
| Opening balance | 44 | 1 868 |
| Adjustment to opening balance | 0 | 0 |
| Opening balance as restated | 0 | 0 |
| Add: Fruitless and wasteful expenditure confirmed | 347 | 0 |
| Less: Fruitless and wasteful expenditure recoverable | 0 | 0 |
| Less: Fruitless and wasteful expenditure not recoverable and written off | 0 | (1 824) |
| Closing balance | 391 | 44 |

Fruitless and Wasteful expenditure of R14,000 from the prior year was condoned by the Accounting Authority after year-end but prior to the finalisation of the annual report.

RECONCILING NOTES

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--|--------------------|--------------------|
| Fruitless and wasteful expenditure that was under assessment | 0 | 0 |
| Fruitless and wasteful expenditure that relates to the prior year and identified in the current year | 0 | 0 |
| Fruitless and wasteful expenditure for the current year | 0 | 0 |
| Total | 0 | 0 |

B) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION AND INVESTIGATION)

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--|--------------------|--------------------|
| Fruitless and wasteful expenditure under assessment | 0 | 0 |
| Fruitless and wasteful expenditure under determination | 0 | 0 |
| Fruitless and wasteful expenditure under investigation | 0 | 0 |
| Total | 0 | 0 |

C) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--|--------------------|--------------------|
| Fruitless and wasteful expenditure recoverable | 0 | 0 |
| Total | 0 | 0 |

D) DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE NOT RECOVERABLE AND WRITTEN OFF

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--|--------------------|--------------------|
| Fruitless and wasteful expenditure written off | 0 | 0 |
| Total | 0 | 0 |

E) DETAILS OF DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

| DISCIPLINARY STEPS TAKEN |
|--------------------------|
| - |

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))

A) DETAILS OF MATERIAL LOSSES THROUGH CRIMINAL CONDUCT

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|---------------------------------------|--------------------|--------------------|
| Theft | - | - |
| Other material losses | - | - |
| Less: Recoverable | - | - |
| Less: Not recoverable and written off | - | - |
| Total | - | - |

B) DETAILS OF OTHER MATERIAL LOSSES

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|-------------|--------------------|--------------------|
| | - | - |
| | - | - |

C) OTHER MATERIAL LOSSES RECOVERABLE

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|-------------|--------------------|--------------------|
| | - | - |
| Total | - | - |

D) OTHER MATERIAL LOSSES NOT RECOVERABLE AND WRITTEN OFF

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|-------------|--------------------|--------------------|
| | - | - |
| | - | - |

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

| DESCRIPTION | 2023/2024 R'000 | 2022/2023 R'000 |
|--|--------------------|--------------------|
| Valid invoices received | 1 507 489 | 9 926 |
| Invoices paid within 30 days or agreed period | 1 017 245 | 6 409 |
| Invoices paid after 30 days or agreed period | 241 530 | 2 574 |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | 248 710 | 943 |
| Invoices older than 30 days or agreed period (unpaid and in dispute) | - | - |

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

| PROJECT DESCRIPTION | NAME OF SUPPLIER | TYPE OF PROCUREMENT BY OTHER MEANS | CONTRACT NUMBER | VALUE OF CONTRACT R'000 |
|------------------------------|-----------------------------------|---------------------------------------|-----------------|----------------------------|
| SMME Go digital Expo | SME CEOs Group | Deviation | QC000000478 | R 85 000.00 |
| Participation to SMME events | Busisiwe Communication | Deviation | QC000000418 | R 25 000.00 |
| Training | Three65 Professional Training | Deviation | QC000000602 | R 14 999.00 |
| Licence renewal | Adapt IT | Deviation | QC000000649 | R 107 650.70 |
| Teammate licence | Wolters Kluwer Tax and Accounting | Deviation | QC000000756 | R 35 009.59 |
| Total | | | | R 267 659.29 |

3.2. CONTRACT VARIATIONS AND EXPANSIONS

| PROJECT DESCRIPTION | NAME OF SUPPLIER | CONTRACT MODIFICATION TYPE | CONTRACT NUMBER | ORIGINAL CONTRACT VALUE R'000 | VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S R'000 | VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R'000 |
|---------------------|---------------------|-------------------------------|-----------------|-------------------------------------|---|--|
| Consultant | Kopax Consulting cc | Variation | MAN/2022/00307 | R 620 000.00 | N/A | R 930 002.00 |
| Executive Coaching | Purple Growth | Variation | MAN/2021/00245 | R 889 583.00 | N/A | R 129 375.00 |
| Total | | | | R 620 000.00 | | R 1 059 377.00 |



PART F **FINANCIAL INFORMATION**

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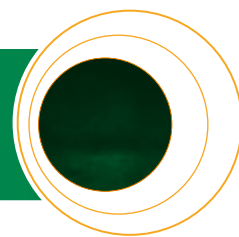
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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL



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 W&RSETA 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 annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the W&RSETA and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority 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 W&RSETA and all employees are required to maintain the highest ethical standards in ensuring the W&RSETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the W&RSETA is on identifying, assessing, managing and monitoring all known forms of risk across the W&RSETA. While operating risk cannot be fully eliminated, the W&RSETA 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 W&RSETA's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, it is satisfied that the W&RSETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The W&RSETA is wholly dependent on the skills levies for continued funding of operations. The annual financial statements are prepared on the basis that the W&RSETA is a going concern and that the W&RSETA has neither the intention nor the need to liquidate or curtail materially the scale of the W&RSETA.

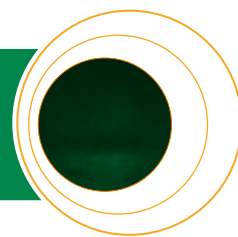
Although the Accounting Authority is primarily responsible for the financial affairs of the W&RSETA, it supported by the W&RSETA's external auditors.

The external auditors are responsible for obtaining 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 an opinion, and reporting on the W&RSETA's annual financial statements. The annual financial statements have been examined by the W&RSETA's external auditors and their report is presented on page 68.

The annual financial statements set out from page 74 to 115, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2024 and were signed on its behalf by:

Mr R Sibiya

Accounting Authority Chairperson



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Wholesale and Retail the Sector Education and Training Authority (W&RSETA) set out on pages 74 to 115, which comprise the statement of financial position as at 31 March 2024, 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, the financial statements present fairly, in all material respects, the financial position of the W&RSETA as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

BASIS FOR OPINION

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

EMPHASIS OF MATTER

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

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2024.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. 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.
9. 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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 71, forms part of our auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. 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 the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures 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: Skills Planning and Research | 29 | To provide key inputs in advancing skills development in the sector. |
| Programme 3: Learning Programmes and Projects | 30-32 | To contribute to addressing the HTFVs identified in the SSP and reducing HTFVs in the wholesale and retail sector through the provisioning of quality learning programmes. |
| Programme 4: Quality Assurance | 33 | To execute the QCTO delegated quality assurance functions with regards to the accreditation of training providers, registration of assessors, facilitators, and moderators, evaluation of assessments and facilitation of moderation. |

14. 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.
15. 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
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected programmes.

OTHER MATTER

18. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.
20. The table that follow provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on page 28 to 34.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

Targets achieved: 91%

Budget spent: 93%

| KEY [SERVICE DELIVERY] INDICATOR NOT ACHIEVED | PLANNED TARGET | REPORTED ACHIEVEMENT |
|--|----------------|----------------------|
| Target 11 [3.3] Number of employed persons awarded bursaries for studies in retail-related qualifications annually | 1 895 | 1 513 |
| Target 14 [3.6] Number of unemployed learners completing learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually | 5 000 | 3 794 |
| Target 19 [3.11] Number of employed learners registered on learning programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually | 9 800 | 9 139 |

REPORT ON COMPLIANCE WITH LEGISLATION

21. 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.
22. 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.

23. 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.
24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

25. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.
26. Material misstatements of receivables from exchange transactions, cash and cash equivalents, prior period error, payable from non-exchange transactions, statement of cash flows, related party transactions and commitments identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

27. 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.
28. 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.
29. 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.
30. 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

31. 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.
32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. Management did not ensure that the financial statements submitted for auditing were free of material misstatements. As a result, material misstatements were identified during the audit.
34. Management did not adequately monitor controls with regard to compliance areas this resulted in non-compliance not being detected.

Auditor - General

Pretoria

31 July 2024



ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit; and
- 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; and
- 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 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.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

| LEGISLATION | SECTIONS OR REGULATIONS |
|--|--|
| Public Finance Management Act 1 of 1999 | Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); |
| Treasury Regulations, 2005 | Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3 |
| Construction Industry Development Board Act 38 of 2000 | Section 18(1) |
| Construction Industry Development Board Regulations, 2004 | Regulation 17; 25(7A) |
| Second amendment National Treasury Instruction No. 5 of 202/21 | Paragraph 1 |
| Erratum National Treasury Instruction No. 5 of 202/21 | Paragraph 2 |
| National Treasury instruction No 5 of 2020/21 | Paragraph 4.8; 4.9; 5.3 |
| National Instruction No. 1 of 2021/22 | Paragraph 4.1 |
| National Instruction No. 4 of 2015/16 | Paragraph 3.4 |
| National Treasury SCM Instruction No. 4A of 2016/17 | Paragraph 6 |
| National Treasury SCM Instruction No. 03 of 2021/22 | Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6 |
| National Treasury SCM Instruction No. 11 of 2020/21 | Paragraph 3.4(a); 3.4(b); 3.9 |
| National Treasury SCM Instruction No. 2 of 2021/22 | Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1 |
| Practice Note 11 of 2008/9 | Paragraph 2.1; 3.1 (b) |
| Practice Note 5 of 2009/10 | Paragraph 3.3 |

| LEGISLATION | SECTIONS OR REGULATIONS |
|---|---|
| Practice Note 7 of 2009/10 | Paragraph 4.1.2 |
| Preferential Procurement Policy Framework Act 5 of 2000 | Section 1; 2.1 (a); 2.1 (f) |
| Preferential Procurement Regulations, 2022 | Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4 |
| Preferential Procurement Regulations, 2017 | Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2 |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |
| Grant 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 2024

| | Note(s) | 2024 R'000 | 2023 Restated* R'000 |
|--|---------|------------------|----------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Inventories | 8 | 453 | 322 |
| Receivables from exchange transactions | 9 | 97 970 | 93 891 |
| Receivables from non-exchange transactions | 10 | 3 967 | 5 395 |
| Cash and cash equivalents | 11 | 2 482 918 | 2 682 049 |
| | | 2 585 308 | 2 781 657 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | 18 812 | 11 397 |
| Intangible assets | 4 | 1 159 | 5 059 |
| | | 19 971 | 16 456 |
| Total Assets | | 2 605 279 | 2 798 113 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Finance lease obligation | 13 | 1 030 | 885 |
| Operating lease liability | 5 | 3 231 | 3 833 |
| Payables from exchange transactions | 6 | 20 485 | 25 496 |
| Payable from non-exchange transactions | 7 | 289 283 | 201 100 |
| Unspent conditional grants and receipts | 14 | 5 214 | 5 214 |
| Provisions | 15 | 49 668 | 53 560 |
| Bank overdraft | 11 | 300 | 1 061 |
| | | 369 211 | 291 149 |
| NON-CURRENT LIABILITIES | | | |
| Finance lease obligation | 13 | 1 359 | 1 634 |
| Total Liabilities | | 370 570 | 292 783 |
| Net Assets | | 2 234 709 | 2 505 330 |
| RESERVES | | | |
| Administration reserve | | 19 971 | 16 456 |
| Discretionary grant reserve | | 2 214 738 | 2 488 874 |
| Total Net Assets | | 2 234 709 | 2 505 330 |

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024

| | Note(s) | 2024 R'000 | 2023 Restated* R'000 |
|---|---------|--------------------|----------------------------|
| REVENUE | | | |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | |
| Other income | | 251 | 1 183 |
| Interest received - investment | 18 | 198 880 | 167 366 |
| Total revenue from exchange transactions | | 199 131 | 168 549 |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | |
| TRANSFER REVENUE | | | |
| Levies | 20 | 1 581 018 | 1 419 489 |
| Total revenue | 16 | 1 780 149 | 1 588 038 |
| EXPENDITURE | | | |
| Employee related costs | 21 | (167 570) | (164 055) |
| Depreciation and amortisation | 22 | (11 422) | (9 305) |
| Employer grants paid | 19 | (1 771 717) | (1 366 046) |
| Loss on disposal of assets | | (137) | (289) |
| General Expenses | 23 | (99 924) | (90 067) |
| Total expenditure | | (2 050 770) | (1 629 762) |
| Deficit for the year - Refer to Note 12 | | (270 621) | (41 724) |

STATEMENT OF CHANGES IN NET ASSETS



FOR THE YEAR ENDED 31 MARCH 2024

| | EMPLOYER GRANT RESERVE R'000 | ADMINISTRATION RESERVE R'000 | DISCRETIONARY GRANT RESERVE R'000 | TOTAL RESERVES R'000 | ACCUMULATED SURPLUS/ DEFICIT R'000 | TOTAL NET ASSETS R'000 |
|--|---------------------------------------|------------------------------------|---|----------------------------|---|------------------------------|
| Balance at 01 April 2022 as restated * | - | 16 392 | 2 527 307 | 2 543 699 | - | 2 543 699 |
| Changes in net assets | | | | | | |
| Allocation of accumulated surplus | 118 496 | 306 | (160 652) | (41 850) | 41 850 | - |
| Excess reserves transferred to discretionary reserves | (118 496) | (242) | 118 738 | - | - | - |
| Net income (losses) recognised directly in net assets | - | 64 | (41 914) | (41 850) | 41 850 | - |
| Surplus for the year | - | - | - | - | (41 850) | (41 850) |
| Total recognised income and expenses for the year | - | 64 | (41 914) | (41 850) | - | (41 850) |
| Total changes | - | 64 | (41 914) | (41 850) | - | (41 850) |
| Opening balance as previously reported | - | 16 456 | 2 485 393 | 2 501 849 | - | 2 501 849 |
| Adjustments | | | | | | |
| Correction of errors 29 | 18 084 | (285) | (14 318) | 3 481 | (3 481) | - |
| Transfer to discretionary reserves | (18 084) | 285 | 17 799 | - | 3 481 | 3 481 |
| Restated * Balance at 01 April 2023 as restated * | - | 16 456 | 2 488 874 | 2 505 330 | - | 2 505 330 |
| Changes in net assets | | | | | | |
| Allocation of accumulated surplus | 126 169 | 994 | (397 784) | (270 621) | 270 621 | - |
| Excess reserves transferred to discretionary reserves | (126 169) | 2 521 | 123 648 | - | - | - |
| Net income (losses) recognised directly in net assets | - | 3 515 | (274 136) | (270 621) | 270 621 | - |
| Surplus for the year | - | - | - | - | (270 621) | (270 621) |
| Total recognised income and expenses for the year | - | 3 515 | (274 136) | (270 621) | - | (270 621) |
| Total changes | - | 3 515 | (274 136) | (270 621) | - | (270 621) |
| Balance at 31 March 2024 | - | 19 971 | 2 214 738 | 2 234 709 | - | 2 234 709 |

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

| | Note(s) | 2024 R'000 | 2023 Restated* R'000 |
|---|---------|--------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| RECEIPTS | | | |
| Levies | | 1 559 175 | 1 405 879 |
| Penalties and interest | | 21 843 | 13 610 |
| Other income | | 251 | 1 183 |
| Interest income | | 194 499 | 98 475 |
| | | 1 775 768 | 1 519 147 |
| PAYMENTS | | | |
| Mandatory grants | | (251 585) | (322 146) |
| Discretionary grants | | (1 430 850) | (1 059 381) |
| Compensation to employees | | (170 575) | (166 086) |
| Suppliers and others | | (105 924) | (90 596) |
| | | (1 958 934) | (1 638 209) |
| Net cash flows from operating activities | 24 | (183 166) | (119 062) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant, and equipment | 3 | (15 073) | (9 188) |
| Proceeds from sale of property, plant, and equipment | 3 | - | (6) |
| Purchase of other intangible assets | 4 | - | (472) |
| Proceeds from sale of other intangible assets | 4 | - | 7 |
| Net cash flows from investing activities | | (15 073) | (9 659) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance lease | | (131) | 2 519 |
| Net increase/(decrease) in cash and cash equivalents | | (198 370) | (126 202) |
| Cash and cash equivalents at the beginning of the year | | 2 680 988 | 2 807 190 |
| Cash and cash equivalents at the end of the year | 11 | 2 482 618 | 2 680 988 |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2024



| | APPROVED BUDGET R'000 | ADJUSTMENTS R'000 | FINAL BUDGET R'000 | ACTUAL AMOUNTS ON COMPARABLE BASIS R'000 | DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R'000 |
|--|-----------------------------|----------------------|-----------------------|---|--|
| STATEMENT OF FINANCIAL PERFORMANCE | | | | | |
| REVENUE | | | | | |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | | | |
| Other income | - | - | - | 251 | 251 |
| Interest received - investment | 161 667 | 32 333 | 194 000 | 198 880 | 4 880 |
| Total revenue from exchange transactions | 161 667 | 32 333 | 194 000 | 199 131 | 5 131 |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | | | |
| Administration SDL income | 192 810 | - | 192 810 | 204 641 | 11 831 |
| Discretionary SDL income | 908 966 | - | 908 966 | 964 835 | 55 869 |
| Mandatory SDL income | 367 259 | - | 367 259 | 389 699 | 22 440 |
| Interest and penalties | 25 144 | - | 25 144 | 21 843 | (3 301) |
| Total revenue from non- exchange transactions | 1 494 179 | - | 1 494 179 | 1 581 018 | 86 839 |
| Total revenue | 1 655 846 | 32 333 | 1 688 179 | 1 780 149 | 91 970 |
| EXPENDITURE | | | | | |
| Depreciation and amortisation | (12 004) | - | (12 004) | (11 422) | 582 |
| Employer grants | (294 751) | (72 508) | (367 259) | (263 530) | 103 729 |
| Employee cost administration | (97 474) | - | (97 474) | (92 164) | 5 310 |
| Discretionary grant | (1 351 363) | (225 789) | (1 577 152) | (1 473 128) | 104 024 |
| Employee cost project | (78 983) | - | (78 983) | (75 406) | 3 577 |
| General Expenses | (74 746) | (18 586) | (93 332) | (99 924) | (6 592) |
| Other Project related expenses | (30 587) | (18 307) | (48 894) | (35 059) | 13 835 |
| Total expenditure | (1 939 908) | (335 190) | (2 275 098) | (2 050 633) | 224 465 |
| Operating deficit | (284 062) | (302 857) | (586 919) | (270 484) | 316 435 |
| Loss on disposal of assets | - | - | - | (137) | (137) |
| Deficit before taxation | (284 062) | (302 857) | (586 919) | (270 621) | 316 298 |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | (284 062) | (302 857) | (586 919) | (270 621) | 316 298 |
| RECONCILIATION | | | | | |

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.

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 are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the W&RSETA.

1.2 GOING CONCERN ASSUMPTION

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

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

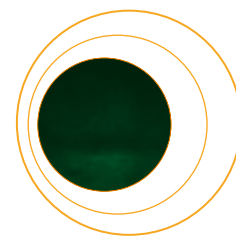
In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

IMPAIRMENT OF ASSETS

Management makes estimates and judgements with regards to the impairment of non-cash generating assets. Management considers the subsequent measurement criteria and indicators of potential impairment as indicated in the GRAP statements. If an indication exists, then management determines the recoverable amount.

ESTIMATION OF USEFUL LIVES AND RESIDUAL VALUE

Management considers the impact of technology, and the condition of the asset. The estimation of residual values of assets is based on management's judgement whether the asset will be sold or will be used to the end of their useful lives and in what condition the assets will be at the time. Management is of the opinion that all other assets of the W&RSETA that will not be disposed of, have a useful life that is equal to the economic life of the assets. Management, therefore, considers the residual value to not be materially significant.



PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

EFFECTIVE INTEREST RATE

The W&RSETA used the prime interest rate to discount future cash flows. 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.

ACCOUNTING BY PRINCIPALS AND AGENTS

The entity makes assessments on whether it is the principal or agent in principal-agent relationships. Additional information is disclosed in the Notes.

IMPAIRMENT OF STATUTORY RECEIVABLES

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

In estimating the future cash flows, the W&RSETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the W&RSETA discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

1.4 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 W&RSETA; and
- the cost of the item can be measured reliably. Property, plant, and equipment is initially measured at cost.

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

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

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

| ITEM | DEPRECIATION METHOD | AVERAGE USEFUL LIFE |
|-------------------------------------|---------------------|---------------------|
| Furniture and fixtures | Straight-line | 10 - 15 years |
| Office equipment | Straight-line | 5 - 7 years |
| IT equipment | Straight-line | 3 - 5 years |
| Computer software | Straight-line | 3 years |
| Leasehold improvements | Straight-line | Over the lease term |
| Project Assets - Office equipment | Straight-line | 5 - 7 years |
| Project Assets - Computer equipment | Straight-line | 3 - 5 years |
| Office equipment - Finance lease | Straight-line | Over the lease term |

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 W&RSETA. 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 W&RSETA assesses at each reporting date whether there is any indication that the W&RSETA 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 W&RSETA revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

The W&RSETA discloses expenditure to repair and maintain property, plant and equipment under general expenditure in the notes to the financial statements (see note 23).

1.5 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the W&RSETA or from other rights and obligations.

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.

An intangible asset is recognised when:

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

The W&RSETA 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. An intangible asset arising from development (or from the development phase of an internal project) 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; and
- the expenditure attributable to the asset during its development can be measured reliably;

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, internally generated | Straight-line | 3 years or subject to licence period |
| Computer software, other | Straight-line | 3 years or subject to licence period |

The W&RSETA discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.6 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.

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

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

A financial asset is:

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

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

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

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

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

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 unutilised 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.

FINANCIAL ASSETS

All financial assets of the entity are categorised as financial assets at amortised costs. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised cost. These financial assets are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

- Receivables from non-exchange transactions are statutory receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset;
- These receivables are accounted for at cost and measured at their transaction amount, plus any other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Mandatory grants receivables are regarded as statutory receivables. W&RSETA is compelled by legislation to pay registered employers in the sector that comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are then paid based on previous quarter levies received, however from time to time there are reversals processed by SARS resulting in mandatory grants paid by W&RSETA becoming receivable/recoverable. Receivables are recovered through future payments;
- The W&RSETA does not charge interest on mandatory receivables because the collecting agent (SARS) charges interest on late payments of levies; and
- The W&RSETA assesses at each reporting date whether there is any indication that receivables from non-exchange transactions may be impaired.

IMPAIRMENT OF FINANCIAL ASSETS

- Financial assets are assessed for indicators of impairment at each reporting date.
- Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, an impairment loss is recognised when the following occurs:
- recovery of the receivable would be uneconomical;
- recovery of the receivable would cause undue hardship to the debtor or his/her dependant; and
- it would be to the advantage of the W&RSETA to effect a settlement of the claim or to waive the claim.
- ***In addition, the following criteria is used to provide for impairment of outstanding receivables:***
- receivables not recovered from institutions or service providers that have been liquidated and the claims against the assets finalised;

- receivables not recovered from deceased employees, where their estates have been finalised, and recovery of the debts from the heirs is not possible;
- receivables owed by debtors that cannot be traced;
- receivables where no source documentation is available to substantiate or prove the claims, provided that the CEO must have satisfied him/herself that all reasonable steps have been taken to locate the source documents;
- receivables where the debtors have emigrated without paying the debts, leaving no assets available for attachment, and the debtors' whereabouts are unknown;
- receivables owed by persons or institutions where the probability of recovery is remote and it is not in the W&RSETA's interest to pursue such debts; and
- The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

FINANCIAL LIABILITIES

- 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.
- All financial liabilities of the entity are classified as financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

TRADE AND PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables are initially recognised at fair value plus transactions costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method. Trade payables are recognised including VAT included.

PAYABLES FROM NON-EXCHANGE TRANSACTIONS

- Payables from non-exchange transactions are statutory payables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.
- The W&RSETA is compelled by legislation to pay registered employers in the sector that comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are then paid based on previous quarter levies received.

FINANCIAL LIABILITIES AT FVTPL (FAIR VALUE THROUGH PROFIT AND LOSS)

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated FVTPL.

All financial liabilities of the W&RSETA were classified as other financial liabilities.

OTHER FINANCIAL LIABILITIES

- Other financial liabilities are initially measured at fair value, net of transaction costs.
- Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis
- Any liabilities that result from a transaction which 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 are accounted for in accordance with the Standard of GRAP on Revenue from Non-Exchange Transactions.

- 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.

1.7 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.

RECOGNITION

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

INITIAL MEASUREMENT

The entity initially measures statutory receivables at their transaction amount.

SUBSEQUENT MEASUREMENT

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

IMPAIRMENT LOSSES

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

1.8 TAX

CURRENT TAX ASSETS AND LIABILITIES

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

1.9 LEASES

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

FINANCE LEASES - LESSEE

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the W&RSETA's borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

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

OPERATING LEASES - LESSEE

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

1.10 INVENTORIES

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

Items of consumables on hand are derecognised as soon as they are utilised, put into use or consumed according to the original intent for which they were procured.

1.11 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.12 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.

POST-EMPLOYMENT BENEFITS

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.13 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

No provision has been made for retirement benefits as the W&RSETA does not provide for retirement benefits for its employees.

- the amount determined using the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 COMMITMENTS

Commitments are disclosed where W&RSETA, in the normal course of operations, entered into contractual agreements with entities relating to grants or where there is a contractual letter of award. Commitments are measured at the amount the entity would pay to settle future obligations as per the contractual relationship with the beneficiaries. Commitments are included in the disclosure note to the financial statements.

Commitments are derecognised when either the grant programmes are terminated through a signed termination agreement, or when the contractual obligation is fully paid.

Commitments are disclosed where the W&RSETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment. Commitments are accounted for as contingent liabilities in terms of GRAP 19.

Contractual commitments on discretionary grants are balances on contracts for work to be delivered on discretionary grants contracts-in-progress at the reporting date. The contracts are entered into with service providers and stakeholders for the delivery of education, training and skills development initiatives.

1.15 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the W&RSETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

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

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied: The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.

The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

The amount of revenue can be measured reliably.

It is probable that the economic benefits or service potential associated with the transaction will flow to the entity. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

- a. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied;
- b. The amount of revenue can be measured reliably; and
- c. It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

The stage of completion of the transaction at the reporting date can be measured reliably.

1.16 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. Where the resources transferred to W&RSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET) and contributions from other organs of government where W&RSETA qualifies as the line function SETA.

A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when, and only when:

- a. it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and
- b. a reliable estimate can be made of the amount of the obligation

LEVY INCOME

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), (No. 97 of 1998 as amended) and the Skills Development Levies Act (SOLA), (No. 9 of 1999 as amended). Skills development levy transfers are recognised on an accrual basis when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the DHET either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act (SOLA) Act no 9 of 1999 as amended. This policy is effective from 1st of April 2007.

In terms of the Skills Development Levies Act (Act No. 9 of 1999) as amended, section 3(1) and 3(4), registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with Section 4(b) of the Skills Development Levies Act as amended, with effect from 1 August 2005.

80% of skills development levies are paid over to W&RSETA (net of the 20% contribution to the National Skills Fund). Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. 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.

INTEREST AND PENALTIES

Interest and penalties on SDL are recognised at the earlier of the time the DHET makes the allocation or payment of the funds in the bank account of the W&RSETA.

GOVERNMENT GRANTS AND OTHER DONOR INCOME

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as revenue as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.17 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised as defined in section 1 of the PFMA.

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

1.18 IRREGULAR EXPENDITURE

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury note No. 5 of 2022/2023 which was issued in terms of sections 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA requires the following (effective 03 January 2023):

Irregular expenditure previously disclosed (historical cases) in the annual financial statements and not addressed must remain in the irregular expenditure register and the annual report.

Irregular expenditure disclosed in the annual financial statements in the previous financial year must be disclosed as a comparative amount in the annual financial statements. Irregular expenditure that is incurred in the current year will be disclosed in the annual financial statements.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be 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 such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and be updated accordingly in the irregular expenditure register.

The National Treasury therefore advises the entity as follows:

The current framework prohibits the removal of the irregular expenditure from the notes to the financial statements if cases are pending the final outcome whether from internal/external investigators and/or SAPS this relates to fraudulent, corrupt or criminal cases;

The entity must ensure that follow-ups are made with SAPS to ascertain any losses that may be incurred and if losses are confirmed, update their receivable and recover the amounts of losses determined;

Update the irregular expenditure register to indicate the progress of the case; and Retain all the relevant supporting documents pertaining to this case.

Notwithstanding the contents above, historical cases of irregular expenditure must be recorded in the registers and a narrative to this effect is provided in Part E of the annual report dealing with the PFMA Compliance Reporting. Such cases will not be reflected in the notes to the annual financial statements. The note has been amended¹ to only reflect cases of irregular expenditure that:

- were under assessment in the previous financial year;
- cases that were not identified in the previous financial year; and
- irregular expenditure incurred in the current year that will be the financial year 2023/2024.

1.19 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Section 55(2)(b) of the PFMA require the accounting authority to ensure that the annual report and annual financial statements of the entity includes – (i) any material losses through criminal conduct and any irregular and fruitless and wasteful expenditure that occurred during the financial year, (ii) any criminal or disciplinary steps taken because of such losses or irregular or fruitless and wasteful expenditure, and (iii) any losses recovered or written off, (iv) any financial assistance received from the state and commitments made by the state on its behalf; and (v) any other matters that may be prescribed.

1.20 BUDGET INFORMATION

W&RSETA 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 W&RSETA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

1.21 RELATED PARTIES

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

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

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

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

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

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

1.22 EVENTS AFTER 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 W&RSETA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The W&RSETA will disclose the nature of the event and an estimate of its financial effect or a statement that such an 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.

1.23 COMPARATIVE FIGURES

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS



2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

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

| STANDARD/ INTERPRETATION: | EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER | EXPECTED IMPACT: |
|--|--|--|
| Guideline: Guideline on Accounting for Landfill Sites | 01 April 2023 | No material impact in the current financial period. |
| GRAP 25 (as revised): Employee Benefits | 01 April 2023 | Likelihood of material impact is still to be determined. |
| iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | 01 April 2023 | Likelihood of material impact is still to be determined. |
| Guideline: Guideline on the Application of Materiality to Financial Statements | 01 April 2023 | In application. |
| GRAP 104 (as revised): Financial Instruments | 01 April 2025 | Unlikely there will be a material impact. |
| iGRAP 21: The Effect of Past Decisions on Materiality | 01 April 2023 | In application. |
| GRAP 2020: Improvements to the standards of GRAP 2020 | 01 April 2023 | In application.. |
| GRAP 1 (amended): Presentation of Financial Statements | 01 April 2023 | In application. |

3. PROPERTY, PLANT AND EQUIPMENT

| | 2024 | | | 2023 | | |
|------------------------------------|---------------------------|--|-------------------------|---------------------------|--|-------------------------|
| | COST / VALUATION R'000 | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000 | CARRYING VALUE R'000 | COST / VALUATION R'000 | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000 | CARRYING VALUE R'000 |
| Furniture and fixtures | 7 307 | (2 038) | 5 269 | 4 823 | (1 658) | 3 165 |
| Office equipment | 1 303 | (917) | 386 | 1 048 | (783) | 265 |
| Computer equipment | 15 787 | (7 132) | 8 655 | 10 108 | (6 829) | 3 279 |
| Project assets: Office equipment | 19 | (19) | - | 19 | (19) | - |
| Project Assets: Computer equipment | 141 | (112) | 29 | 1 186 | (1 107) | 79 |
| Leased Asset | 3 109 | (1 108) | 2 001 | 2 519 | (98) | 2 421 |
| Leasehold improvements | 5 695 | (3 223) | 2 472 | 4 114 | (1 926) | 2 188 |
| Total | 33 361 | (14 549) | 18 812 | 23 817 | (12 420) | 11 397 |

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

| | OPENING BALANCE R'000 | ADDITIONS R'000 | DISPOSALS R'000 | DEPRECIATION R'000 | TOTAL R'000 |
|------------------------------------|-----------------------------|--------------------|--------------------|-----------------------|----------------|
| Furniture and fixtures | 3 165 | 2 738 | (31) | (603) | 5 269 |
| Office equipment | 265 | 268 | - | (147) | 386 |
| Computer equipment | 3 279 | 9 895 | (104) | (4 415) | 8 655 |
| Project Assets: Computer equipment | 79 | - | (2) | (48) | 29 |
| Leased Assets | 2 421 | 590 | - | (1 010) | 2 001 |
| Leasehold improvements | 2 188 | 1 582 | - | (1 298) | 2 472 |
| | 11 397 | 15 073 | (137) | (7 521) | 18 812 |

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023

| | | | | | |
|------------------------------------|--------------|--------------|--------------|----------------|---------------|
| Furniture and fixtures | 996 | 2 642 | (127) | (346) | 3 165 |
| Office equipment | 366 | 76 | (13) | (164) | 265 |
| Computer equipment | 1 139 | 3 173 | (111) | (922) | 3 279 |
| Project assets: Office equipment | 2 | - | - | (2) | - |
| Project Assets: Computer equipment | 488 | - | (32) | (377) | 79 |
| Leased Assets | - | 2 519 | - | (98) | 2 421 |
| Leasehold improvements | 2 670 | 778 | - | (1 260) | 2 188 |
| | 5 661 | 9 188 | (283) | (3 169) | 11 397 |

4. INTANGIBLE ASSETS

| | 2024 | | | 2023 | | |
|---|---------------------------|--|-------------------------|---------------------------|--|-------------------------|
| | COST / VALUATION R'000 | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000 | CARRYING VALUE R'000 | COST / VALUATION R'000 | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000 | CARRYING VALUE R'000 |
| Computer software, internally generated | 19 750 | (18 591) | 1 159 | 19 750 | (14 828) | 4 922 |
| Computer software, other | 2 799 | (2 799) | - | 3 271 | (3 134) | 137 |
| Total | 22 549 | (21 390) | 1 159 | 23 021 | (17 962) | 5 059 |

4. INTANGIBLE ASSETS (CONTINUED)

| RECONCILIATION OF INTANGIBLE ASSETS - 2024 | OPENING BALANCE R'000 | ADDITIONS R'000 | DISPOSALS R'000 | TRANSFERS R'000 | AMORTISATION R'000 | TOTAL R'000 |
|--|-----------------------------|--------------------|--------------------|--------------------|-----------------------|----------------|
| Computer software, internally generated | 4 922 | - | - | - | (3 763) | 1 159 |
| Computer software, other | 137 | - | - | - | (137) | - |
| | 5 059 | - | - | - | (3 900) | 1 159 |

| RECONCILIATION OF INTANGIBLE ASSETS - 2023 | OPENING BALANCE R'000 | ADDITIONS R'000 | DISPOSALS R'000 | TRANSFERS R'000 | AMORTISATION R'000 | TOTAL R'000 |
|--|-----------------------------|--------------------|--------------------|--------------------|-----------------------|----------------|
| Computer software, internally generated | 9 990 | - | - | (130) | (4 938) | 4 922 |
| Computer software, other | 741 | 472 | (7) | 130 | (1 199) | 137 |
| | 10 731 | 472 | (7) | - | (6 137) | 5 059 |

| 5. OPERATING LEASE ASSET (LIABILITY) | 2024 R'000 | 2023 R'000 |
|--------------------------------------|---------------|---------------|
| Current liabilities | 3 231 | (3 833) |

The operating lease liability relates to the straightlining of the W&RSETA's lease commitments over the contracted lease period. Minimum lease payments are disclosed in note 26.

6. PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|------------------------|---------------|---------------|
| Leave accrual | 7 925 | 7 195 |
| Other accrued expenses | 12 560 | 18 301 |
| | 20 485 | 25 496 |

7. PAYABLE FROM NON-EXCHANGE TRANSACTIONS

| | | |
|--|----------------|----------------|
| Mandatory grant: Employer SARS reversals | 9 825 | 4 949 |
| Intersecta payables | 232 | 1 315 |
| Mandatory grant: Levy payables | 40 321 | 33 315 |
| Discretionary grant: Trade payables | 238 905 | 161 521 |
| | 289 283 | 201 100 |

Mandatory Grant: Levy Payable of R40.3 million (2023: R33.3 million) consists of amount mandatory grants due and payable to stakeholders.

The Employee SARS reversals of R9.82 million (2023: R4.94 million) represents SARS retrospective amendments of information on levies collected.

The amount in the payables for the Discretionary grant is for the invoices received at 31 March 2024 for the work done, however payment was not done. Payables also include contracts where deliverables were met prior to 31 March 2024 but no invoice was received.

8. INVENTORIES

| | | |
|-------------------|-----|-----|
| Consumable stores | 453 | 322 |
|-------------------|-----|-----|

| | 2024 R'000 | 2023 R'000 |
|--|---------------|---------------|
| 9. RECEIVABLES FROM EXCHANGE TRANSACTIONS | | |
| Staff debtors | 11 | 8 |
| Rental deposits | 6 130 | 6 882 |
| Interest receivables | 78 798 | 74 415 |
| Prepaid expenses | 13 031 | 12 586 |
| | 97 970 | 93 891 |

| | | |
|---|--------------|--------------|
| 10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS | | |
| Unutilised bursaries | 2 814 | 2 769 |
| Employer receivables | 1 153 | 2 626 |
| | 3 967 | 5 395 |

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS PAST DUE BUT NOT IMPAIRED

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2024, R 3.9 million - (2023: R 5.3 million); were past due but not impaired. Based on the assessment of the receivables the entities were still active and there was a reasonable assurance that the receivables could still be recovered.

The ageing of amounts past due but not impaired is as follows:

| | | |
|-------------------|-------|-------|
| 3 months past due | 3 967 | 5 395 |
|-------------------|-------|-------|

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS IMPAIRED

As of 31 March 2024, other receivables from non-exchange transactions of R 3.9 million - (2023: R 5.3 million -) were impaired and provided for.

The ageing of these loans is as follows:

| | | |
|---------------|-------|-------|
| Over 6 months | 4 249 | 4 249 |
|---------------|-------|-------|

EMPLOYER RECEIVABLES

| | | |
|------------------------------|--------------|--------------|
| Employer receivables | 5 411 | 6 875 |
| Provision for doubtful debts | (4 249) | (4 249) |
| | 1 162 | 2 626 |

| | OPENING BALANCE R'000 | REVERSED DURING THE YEAR R'000 | ADDITIONS R'000 | OTHER ADJUSTMENTS R'000 | TOTAL R'000 |
|------------------------------|-----------------------------|--------------------------------------|--------------------|-------------------------------|----------------|
| 2024 | | | | | |
| Employer receivables | 6 875 | (2 173) | 700 | - | 5 402 |
| Provision for doubtful debts | (4 249) | - | - | - | (4 249) |
| | 2 626 | (2 173) | 700 | - | 1 153 |

| | | | | | |
|------------------------------|--------------|--------------|----------------|----------|--------------|
| 2023 | | | | | |
| Employer receivables | 11 317 | (6 616) | 2 174 | - | 6 875 |
| Provision for doubtful debts | (6 379) | 6 379 | (4 249) | - | (4 249) |
| | 4 938 | (237) | (2 075) | - | 2 626 |

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The W&RSETA refunds amounts to employers in the form of grants, based on the information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount the W&RSETA is permitted to have granted to employers. A receivable relating to the over-payment to the employer in earlier periods is raised at the amount of such over-payment, net of bad debts and provision for doubtful amounts. Employer receivables recognised in the current year was R3.9 million (2023: R5.3 million).

| | 2024 R'000 | 2023 R'000 |
|---------------------------------------|------------------|------------------|
| 11. CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 11 | 3 |
| Bank balances | 195 789 | 132 496 |
| Short-term deposits | 2 287 118 | 2 549 550 |
| Bank overdraft | (300) | (1 061) |
| | 2 482 618 | 2 680 988 |
| Current assets | 2 482 918 | 2 682 049 |
| Current liabilities | (300) | (1 061) |
| | 2 482 618 | 2 680 988 |

12. ACCUMULATED SURPLUS

| | TOTAL PER STATEMENT OF FINANCIAL PERFORMANCE 2023 R'000 | TOTAL PER STATEMENT OF FINANCIAL PERFORMANCE 2024 R'000 | ADMINISTRATION GRANT RESERVE R'000 | EMPLOYER GRANT RESERVE R'000 | DISCRETIONARY GRANT RESERVE R'000 |
|---|--|--|--|------------------------------------|---|
| ALLOCATION OF NET SURPLUS (DEFICIT) FOR THE CURRENT YEAR TO RESERVES - 31 MARCH 2024 | | | | | |
| Levy Transfer Administration | 184 522 | 204 641 | 204 641 | - | - |
| Levy Transfer Employer Grants | 1 221 357 | 1 354 534 | - | 389 699 | 964 835 |
| Skills Development Levy Penalties and Interest from non exchange transactions | 13 610 | 21 843 | - | - | 21 843 |
| Interest income | 167 366 | 198 880 | - | - | 198 880 |
| Other income | 1 183 | 251 | - | - | 251 |
| Employer grants and project expenses | (1 443 475) | (1 847 123) | - | (263 530) | (1 583 593) |
| Administration expenses | (186 287) | (203 647) | (203 647) | - | - |
| | (41 724) | (270 621) | 994 | 126 169 | (397 784) |

THE SURPLUS ON THE ADMINISTRATION RESERVE

The surplus on the administration reserve is as a result of the application made by Management to exceed the 10.5% Admin allocation during the 2023/24 financial period. The application was approved.

In terms of Section 53(3) of the PFMA and National Treasury Instruction No. 12 of 2020/21 to retain the cash surplus, W&RSETA applied to National Treasury indicating that such funds will be utilised to cover the budgeted for deficit that relates to previously committed contracts. The approval was obtained from National Treasury.

THE DEFICIT FOR THE PERIOD

W&RSETA budgeted for a deficit in order to utilised the retained surpluses from the prior year to cover the expenditure in excess of income received. The excess expenditure relates to contracts that have been committed in prior years but their milestone deliverables were met in the current year, hence the expenditure.

| 13. FINANCE LEASE OBLIGATION | 2024 R'000 | 2023 R'000 |
|------------------------------|---------------|---------------|
|------------------------------|---------------|---------------|

MINIMUM LEASE PAYMENTS DUE

| | | |
|--|--------------|--------------|
| - within one year | 1 143 | 1 151 |
| - in second to fifth year inclusive | 1 227 | 1 808 |
| Present value of minimum lease payments | 2 370 | 2 959 |

PRESENT VALUE OF MINIMUM LEASE PAYMENTS DUE

| | | |
|-------------------------------------|--------------|--------------|
| - within one year | 1 030 | 885 |
| - in second to fifth year inclusive | 1 359 | 1 634 |
| | 2 389 | 2 519 |
| Non-current liabilities | 1 359 | 1 634 |
| Current liabilities | 1 030 | 885 |
| | 2 389 | 2 519 |

The W&RSETA has in the 2022-23 financial period entered into a contract to rent office equipment for a period of 3 years. The lease contract is classified as a finance lease as per the requirements of GRAP. The interest rate is determined at 10,75% per annum and the rental of R82 183,55 is payable per month.

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of:

UNSPENT CONDITIONAL GRANTS AND RECEIPTS

| | | |
|------------------|-------|-------|
| Unspent grants 1 | 5 214 | 5 214 |
|------------------|-------|-------|

MOVEMENT DURING THE YEAR

| | | |
|--------------------------------------|-------|-------|
| Balance at the beginning of the year | 5 214 | 5 214 |
|--------------------------------------|-------|-------|

The conditional grant balance relates to funds that were received from the Department of Small Business Development and have been ring fenced for Informal Traders Upliftment project. The remaining amount of R5.2 million continues to be accounted for as a liability until the agreed contractual conditions have been met.

15. PROVISIONS

| | OPENING BALANCE R'000 | ADDITIONS R'000 | UTILISED DURING THE YEAR R'000 | REVERSED DURING THE YEAR R'000 | TOTAL R'000 |
|--|-----------------------------|--------------------|--------------------------------------|--------------------------------------|----------------|
| RECONCILIATION OF PROVISIONS - 2024 | | | | | |
| Amounts payable to Small Companies | 40 752 | - | - | (328) | 40 424 |
| Provision for workmen's compensation | 250 | 420 | - | (250) | 420 |
| Bonus provision | 12 558 | 8 824 | (7 564) | (4 994) | 8 824 |
| | 53 560 | 9 244 | (7 564) | (5 572) | 49 668 |

RECONCILIATION OF PROVISIONS - 2023

| | | | | | |
|--------------------------------------|---------------|---------------|----------------|-----------------|---------------|
| Amounts payable to Small Companies | 40 740 | 6 575 | - | (6 563) | 40 752 |
| Provision for workmen's compensation | 190 | 250 | (190) | - | 250 |
| Bonus provision | 14 407 | 12 558 | (8 509) | (5 898) | 12 558 |
| | 55 337 | 19 383 | (8 699) | (12 461) | 53 560 |

Amounts Payable to Small Companies relates to income received from companies whose gross salary cost was less than R500 000. In terms of the Skills Development Circular No: 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after expiry date of five years as stipulated in terms of section 190(4) of the Tax administration Act. These amounts have been transferred to discretionary reserves in line with the aforementioned circular. At 31 March 2024 the amount claimable is R40.4 million (2023: R40.8 million).

BONUS PROVISION

The bonus provision is a constructive obligation to pay employees a performance based bonus related to their services for the year. The bonus payments are expected to be paid four (4) months after finalisation year end reporting, provided that the agreed upon performance are achieved, and the entity can afford the bonus payout and the Accounting Authority has approved.

| 16. REVENUE | 2024 R'000 | 2023 R'000 |
|--------------------------------|------------------|------------------|
| Other income | 251 | 1 183 |
| Interest received - investment | 198 880 | 167 366 |
| Levies | 1 581 018 | 1 419 489 |
| | 1 780 149 | 1 588 038 |

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

| | | |
|--------------------------------|----------------|----------------|
| Other income | 251 | 1 183 |
| Interest received - investment | 198 880 | 167 366 |
| | 199 131 | 168 549 |

THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:

| | | |
|-------------------------|-----------|-----------|
| TRANSFER REVENUE | | |
| Levies | 1 581 018 | 1 419 489 |

| | 2024 R'000 | 2023 R'000 |
|--------------------------|---------------|---------------|
| 17. OTHER REVENUE | | |
| Other income | 251 | 1 183 |

| | | |
|-------------------------------|---------|---------|
| 18. INVESTMENT REVENUE | | |
| Interest revenue | 198 880 | 167 366 |

| | | |
|---------------------------------|--|--|
| 19. EMPLOYER GRANTS PAID | | |
|---------------------------------|--|--|

| | | |
|-------------------------------|------------------|------------------|
| OTHER SUBSIDIES | | |
| Mandatory grants | 263 530 | 216 743 |
| Discretionary grants- Project | 1 473 128 | 1 117 238 |
| Discretionary grants- Admin | 35 059 | 30 516 |
| | 1 771 717 | 1 364 497 |

| | | |
|-----------------------------------|------------------|------------------|
| 20. LEVIES | | |
| Administration SDL income | 204 641 | 184 438 |
| Discretionary SDL income | 964 835 | 869 776 |
| Mandatory SDL income | 389 699 | 351 665 |
| Interest and penalties SDL income | 21 843 | 13 610 |
| | 1 581 018 | 1 419 489 |

| | | |
|-------------------------------------|----------------|----------------|
| 21. EMPLOYEE RELATED COSTS | | |
| Basic | 145 386 | 141 449 |
| Bonus | 3 829 | 6 660 |
| Medical aid - company contributions | 5 671 | 4 797 |
| Unemployment Insurance Fund (UIF) | 555 | 563 |
| Workmen's Compensation Fund (WCA) | 581 | 250 |
| Skills Development Fund (SDL) | 1 513 | 1 518 |
| Leave pay provision charge/reversal | 730 | (185) |
| Group life insurance | 2 527 | 2 201 |
| Provident fund | 6 778 | 6 802 |
| | 167 570 | 164 055 |

| | | |
|---------------------------------|----------------|----------------|
| EMPLOYEE COST ALLOCATION | | |
| Employee cost - Administration | 92 164 | 86 626 |
| Employee cost - Project costs | 75 406 | 77 429 |
| | 167 570 | 164 055 |

| | | |
|--|---------------|--------------|
| 22. DEPRECIATION AND AMORTISATION | | |
| Property, plant, and equipment | 7 521 | 3 169 |
| Intangible assets | 3 901 | 6 136 |
| | 11 422 | 9 305 |

| 23. GENERAL EXPENSES | 2024 R'000 | 2023 R'000 |
|---|---------------|---------------|
| Advertising | 2 290 | 3 947 |
| Auditors remuneration | 5 236 | 4 761 |
| Bank charges | 501 | 401 |
| Cleaning | 390 | 271 |
| Consulting and professional fees | 16 337 | 6 203 |
| Consumables | 178 | 6 |
| Entertainment | 398 | 463 |
| Gifts | - | 67 |
| Insurance | 1 919 | 1 352 |
| Conferences and seminars | 206 | 305 |
| IT expenses | 17 249 | 13 138 |
| Operating lease rentals | 19 515 | 21 435 |
| Interest paid | 525 | 46 |
| Recruitment fees | 796 | 1 112 |
| Postage and courier | 360 | 946 |
| Printing and stationery | 920 | 1 988 |
| Repairs and maintenance | 1 250 | 345 |
| Security | 2 006 | 1 698 |
| Subscriptions and membership fees | 159 | 232 |
| Telephone and fax | 1 272 | 1 261 |
| Training | 3 295 | 2 664 |
| Travel | 5 387 | 4 508 |
| Minor Assets | 445 | 1 100 |
| Water and electricity | 3 662 | 3 333 |
| Remuneration to members of accounting authority | 3 990 | 3 760 |
| Internal audit | 963 | 6 |
| Licenses | - | 1 |
| QCTO funding | 9 693 | 8 239 |
| Relocation costs | - | 75 |
| Offsite storage | 563 | 685 |
| HR expenses | 419 | 339 |
| Provision/reversal for bad debts -SARS debtors | - | 5 380 |
| | 99 924 | 90 067 |

| | 2024 R'000 | 2023 R'000 |
|--|------------------|------------------|
| 24. CASH USED IN OPERATIONS | | |
| (Deficit) surplus | (270 621) | (41 724) |
| Adjustments for: | | |
| Depreciation and amortisation | 11 422 | 9 305 |
| loss sale of assets | 137 | 289 |
| Movements in operating liability | (602) | 2 050 |
| Movements in provisions | (3 892) | (1 777) |
| Provision for doubtful debts | - | 5 380 |
| Finance leases charges | - | 46 |
| Changes in working capital: | | |
| Inventories | (131) | 78 |
| Receivables from exchange transactions | (4 079) | (77 234) |
| Other receivables from non-exchange transactions | 1 428 | 654 |
| Payables from exchange transactions | (5 011) | 292 |
| Payables from non-exchange | 88 183 | (16 421) |
| | (183 166) | (119 062) |

25. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

FINANCIAL ASSETS: 2024

| | AT AMORTISED COST R'000 | TOTAL R'000 |
|--|-------------------------------|------------------|
| Trade and other receivables from exchange transactions | 97 970 | 97 970 |
| Other receivables from non-exchange transactions | 3 967 | 3 967 |
| Cash and cash equivalents | 2 482 918 | 2 482 918 |
| | 2 584 855 | 2 584 855 |

FINANCIAL LIABILITIES: 2024

| | | |
|---|----------------|----------------|
| Finance lease obligation | 2 389 | 2 389 |
| Operating lease liability | 3 231 | 3 231 |
| Trade and other payables from exchange transactions | 20 485 | 20 485 |
| Payables from non-exchange | 289 283 | 289 283 |
| Bank overdraft | 300 | 300 |
| | 315 688 | 315 688 |

FINANCIAL ASSETS: 2023

| | | |
|--|------------------|------------------|
| Trade and other receivables from exchange transactions | 93 891 | 93 891 |
| Other receivables from non-exchange transactions | 5 395 | 5 395 |
| Cash and cash equivalents | 2 682 049 | 2 682 049 |
| | 2 781 335 | 2 781 335 |

FINANCIAL LIABILITIES: 2023

| | | |
|---|----------------|----------------|
| Finance lease obligation | 2 519 | 2 519 |
| Operating lease liability | 3 833 | 3 833 |
| Trade and other payables from exchange transactions | 25 496 | 25 496 |
| payables from non-exchange | 201 100 | 201 100 |
| Bank overdraft | 1 061 | 1 061 |
| | 234 009 | 234 009 |

26. COMMITMENTS

2024
R'000

2023
R'000

TOTAL COMMITMENTS

TOTAL COMMITMENTS

| | | |
|---------------------------------|------------------|------------------|
| Approved and contracted | 2 332 559 | 2 241 359 |
| Approved and not contracted for | 208 011 | 484 646 |
| | 2 540 570 | 2 726 005 |

There was a reinstatement of prior period commitments due to misstatements in the previous year register, corrected as per note 29 (Error 2).

OPERATING LEASES - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS DUE

| | | |
|-------------------------------------|---------------|---------------|
| - within one year | 19 010 | 19 010 |
| - in second to fifth year inclusive | 9 791 | 28 801 |
| | 28 801 | 47 811 |

Operating lease payments represent rentals payable by the W&RSETA for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

27. CONTINGENCIES

27.1 BUSINESS UNITY SOUTH AFRICA (BUSA) VS DEPARTMENT OF HIGHER EDUCATION AND TRAINING

In terms of the 2005 Grant Regulations regarding monies received by a SETA, an employer was entitled to claim a Mandatory Grant equal to 50% of the total Skills Development Levies paid provided that the employer complied with the eligibility criteria.

However, the 2005 Grant Regulations were repealed by the 2012 Grant Regulations, and it is the 2012 Grant Regulations and how it was promulgated that formed the subject matter of the review application before the Labour Court. The revision reduced the value of the Mandatory Grant from 50% to 20%.

BUSA has been contesting the changes to the Grant regulations at the Labour Court and the relief sought was for the Court to review and set aside Regulation 4(4) as well as the Minister's decision to re-promulgate it.

Following various court judgements on the matter, in October 2019 the Labour Appeal Court Judgment was handed down in favour of BUSA with the effect that Regulation 4(4) was set aside.

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 DHET continues to show the mandatory levies portion at 20% in the levy download information. The W&RSETA also continues to pay and accrue mandatory grants at 20% in line with the levy download percentage. In the absence of a revised percentage, mandatory grant expenditure and the mandatory grant liability were calculated using a mandatory grant percentage of 20%.

The W&RSETA, therefore, discloses a contingent liability for mandatory grants payable to qualifying levy payers. The timing and amount of this contingent liability is uncertain, and no reasonable estimate can be made at this point.

As at the reporting date, the draft amendments to the Grant Regulations had already been issued for public comment, but had not yet been finalised.

27.2 MATTERS UNDER INVESTIGATION AND LITIGATION

27.2.1 The W&RSETA has a CCMA matter that is not yet finalised. This matter is continuing from the previous financial year. The nature of the matter relates to an employee's breach of the code of conduct, gross dishonesty and dereliction of duty. This was as a result of the irregularities identified in a tender process. The tender was subsequently cancelled. The internal processes including the appeal, which confirmed the sanction of dismissal of the employee were completed. The employee referred the decision to the CCMA for arbitration in December 2021. This matter is yet to be finalised.

27. CONTINGENCIES (CONTINUED)

27.3 MATTERS UNDER INVESTIGATION AND LITIGATION

- 27.2.2 The W&RSETA has matters before the labour court which are pending, and all relate to former fixed-term contract employees who claimed unfair dismissal when their respective contracts of employment lapsed and other matters on employees claiming compensation for unfair suspension.
- 27.2.3 The W&RSETA has a labour court matter that is not yet finalised. This matter is continuing from the previous financial year. The nature of the matter relates to an employee's breach of the code of conduct, gross dishonesty and absconding from work which lead to the dismissal. The internal processes including the appeal, which confirmed the sanction of dismissal of the employee were completed. The employee referred the decision to the CCMA for arbitration in August 2023. And W&RSETA is reviewing the CCMA decision at the labour court.

27.3 TRAINING IN PROGRESS

In terms of the W&RSETA's discretionary grant policy, all training in progress by service providers and stakeholders must be verified by the W&RSETA officials before payment is effected. Currently, at Interim, there exists an unquantifiable contingent liability for training in progress. The amount is contingent based on the value of the training conducted which will be acceptable after the verification process.

27.4 THE W&RSETA IS FURTHER INVOLVED IN THE MATTERS BELOW WITH THE SERVICE PROVIDERS:

- 27.4.1 Private college is aiming to recover a sum from W&RSETA flowing from the non-fulfilment of a particular contractual term. The matter will be heard in the North Gauteng High Court. The principal amount of this case is R58 million.
- 27.4.2 A Business school aims to recover a sum of money from W&RSETA flowing from the non-fulfilment of contractual terms and conditions. The matter will be heard in the North Gauteng High Court. The principal amount of this case is R9,6 million.
- 27.4.3 A Service Provider is being litigated against W&RSETA to recover a principal amount of R865 000, exclusive of the legal cost, flowing from the non-fulfilment of a particular contractual term. The matter was heard from the North Gauteng High Court.
- 27.4.4 An employer is litigating against W&RSETA for to recover an amount flowing from the non-fulfilment of a particular contractual term. The matter will be heard in the Durban Labour High Court. The principal amount on this case is R48,7 million.

A reasonable estimate cannot be made at this point for the matters above.

27.5 RETENTION OF SURPLUS

In terms of section 53 (3) of the PFMA, public entities listed in schedule 3A and 3C of the PFMA may not budget for a deficit and may not accumulate surpluses unless the prior written approval of National Treasury has been obtained.

The surpluses as at 31 March 2024 were as follows:

| | 2024 R'000 | 2023 R'000 |
|---|------------------|------------------|
| SURPLUS FUNDS OR DEFICIT IN TERMS OF NT CIRCULAR | | |
| Cash and cash equivalents | 2 482 918 | 2 682 049 |
| Plus: Receivables | 101 937 | 99 286 |
| Less: Current Liabilities | (369 211) | (294 630) |
| Total | 2 215 644 | 2 486 705 |

CONTINGENT ASSETS

- 27.7 W&RSETA is involved in a litigation process at the North Gauteng High Court to recover a principal amount of R1,8 million from an individual who received a sum of money fraudulently.
- 27.8 W&RSETA is involved in a litigious process where a Service Provider who has been paid in full has submitted an incomplete ICT system and ancillary deliverables. The referred litigious process aims to recover the R865 000 for the incomplete deliverables. The respective litigious matter will be heard in the North Gauteng High Court.
- 27.9 W&RSETA is also involved in an Arbitration process wherein the W&RSETA aims to recover a principal amount of R378 000 from a Training provider who has embezzled funds due to destitute beneficiaries. As of the reporting date the respective arbitration is still underway.

A reasonable estimates for recovery cannot be made as at end of the period.

28. RELATED PARTIES

RELATIONSHIPS

| | |
|------------------------------------|---|
| Accounting Authority member | Refer to note below for detailed disclosure concerning emoluments of members of the Accounting Authority |
| Controlling entity | Department of Higher Education and Training (DHET) |
| Controlled entities | Other Sector Education and Training Authorities (SETAs) Quality Council for Trades and Occupations (QCTO) Technical and Vocational Education and Training (TVET) National Students Financial Aid Scheme (NSFAS) National Skills Fund Higher Education and Training Institutions (HET) |

MEMBERS OF THE ACCOUNTING AUTHORITY

| | |
|--|---------------------------|
| Fuel Retailers Association (FRA) | Mr Reggie Sibiya |
| Fuel Retailers Association (FRA) | Mr Zibela Sokabo |
| Consumer Goods Council of South Africa (CGCSA) | Ms Zinhle Tyikwe |
| Federal Council of Retail and Allied Workers (FEDCRAW) | Mr Themba Mithembu |
| Federal Council of Retail and Allied Workers (FEDCRAW) | Mr Mzimaseki Silimandlela |
| National Union of Metal Workers (NUMSA) | Ms Lerato Mokhitli |
| National Union of Metal Workers (NUMSA) | Mr David Makuwa |
| The National African Federated of Chamber of Commerce and Industry (NAFCOC) | Ms Margaret Bango |
| South African Congress of Trade Unions (SACTWU) | Mr Ross Rayners |
| South African Commercial, Catering and Allied Workers Union(SACCAWU) | Mr Lucas Ramatlhodi |

The W&RSETA is exempt from disclosure of related party transactions provided that the services are received/delivered within normal supplier/client relationships, on terms and conditions that is no more nor less favourable than those that would have reasonably be expected to be adopted if dealing with that entity/person in the same circumstances. W&RSETA has, in the normal course of its operations, entered into discretionary grants transactions with entities under common control. Where there were transactions and balances arising due to the movement of funds between entities under common control of DHET, these amounts are disclosed below:

RELATED PARTY BALANCES

PAYABLES FROM NON-EXCHANGE TRANSACTIONS

| | 2024 R'000 | 2023 R'000 |
|--------------|---------------|---------------|
| CETA | 79 | 79 |
| MQA | 127 | 127 |
| MERSETA | 8 | 838 |
| AgriSETA | - | 271 |
| MICTSETA | 18 | - |
| Total | 232 | 1 315 |

RECEIVABLES FROM EXCHANGE TRANSACTIONS - PREPAID EXPENSES

| | | |
|--------------|---------------|--------------|
| QCTO | 10 596 | 9 693 |
| Total | 10 596 | 9 693 |

28. RELATED PARTIES (CONTINUED)

| STAKEHOLDER | 2024 | | 2023 | |
|-----------------|----------------------|----------------------|----------------------|----------------------|
| | EXPENDITURE R'000 | COMMITMENTS R'000 | EXPENDITURE R'000 | COMMITMENTS R'000 |
| FEDCRAW | 2 759 | - | 500 | 3 209 |
| SACTWU | 2 890 | - | 475 | 1 469 |
| NUMSA | 1 920 | 658 | 2 039 | 361 |
| ECCAWUSA | 2 111 | - | 110 | 3 429 |
| FRA | 13 185 | 13 178 | 1 384 | 29 244 |
| CGCSA | 16 368 | 16 890 | 4 367 | 11 599 |
| QCTO | 9 693 | - | 8 239 | - |
| TVET Colleges | 195 319 | 194 429 | 142 699 | 153 301 |
| NSFAS | - | - | 1 483 | - |
| HETI | 170 781 | 205 322 | 96 079 | 219 060 |
| CETC | 96 972 | 49 542 | 77 358 | 56 340 |
| SACCW | 1 000 | - | - | - |
| Subtotal | 512 998 | 480 019 | 334 733 | 478 012 |
| | 512 998 | 480 019 | 334 733 | 478 012 |

RELATED PARTY TRANSACTIONS

KEY MANAGEMENT INFORMATION

| CLASS | DESCRIPTION | NUMBER |
|------------------------------|--------------------------|--------|
| Accounting Authority members | Accounting Authority | 14 |
| Audit Committee members | External audit committee | 6 |
| Executive management | Senior management | 7 |

28. RELATED PARTIES (CONTINUED)

REMUNERATION OF MANAGEMENT

MANAGEMENT CLASS: BOARD MEMBERS: 2024

| | BOARD FEES R'000 | ALLOWANCES R'000 | TOTAL R'000 |
|---|---------------------|---------------------|----------------|
| Mr R Sibiyi | 346 | 5 | 351 |
| Ms Z Tyikwe | 283 | 5 | 288 |
| Mr K D Makuwa | 309 | 5 | 314 |
| Ms M Bango | 313 | - | 313 |
| Mr S Busane | 330 | 2 | 332 |
| Mr T Mthembu | 246 | - | 246 |
| Ms Nthangase | 182 | - | 182 |
| Mr M Silimandlela | 196 | - | 196 |
| Ms L Mokhitli | 242 | - | 242 |
| Mr L Ramatlhodi | 187 | 5 | 192 |
| Mr R Rayners | 261 | - | 261 |
| Ms N Bogopa | 290 | 5 | 295 |
| Mr Z Sokabo | 215 | - | 215 |
| Ms S Rasebitse | 220 | - | 220 |
| Mr K V Maja - Audit Committee - Chairperson | 142 | 2 | 144 |
| Ms M Phiri - Audit Committee member | 67 | - | 67 |
| Dr L Konar - Audit Committee member | 49 | - | 49 |
| Adv T Moeng - Audit Committee members | 67 | - | 67 |
| Mr Dumisani Dlamini * | 9 | - | 9 |
| Mr Michael Lawrence * | 7 | - | 7 |
| | 3 961 | 29 | 3 990 |

* Mr Dumisani Dlamini was co-opted as the non-executive member of the Finance Committee of the board from 01 February 2024.

* Mr Michael Lawrence was reinstated for payment of outstanding allowances due him.

MANAGEMENT CLASS: BOARD MEMBERS: 2023

| | | | |
|---|--------------|-----------|--------------|
| Mr R Sibiyi | 374 | 5 | 379 |
| Ms Z Tyikwe | 287 | 5 | 292 |
| Mr K D Makuwa | 323 | 5 | 328 |
| Ms M Bango | 268 | - | 268 |
| Mr S Busane | 347 | - | 347 |
| Mr T Mthembu | 204 | - | 204 |
| Ms Nthangase | 168 | - | 168 |
| Mr M Silimandlela | 161 | - | 161 |
| Ms L Mokhitli | 227 | - | 227 |
| Mr L Ramatlhodi | 187 | 5 | 192 |
| Mr R Rayners | 233 | - | 233 |
| Ms N Bogopa | 207 | 5 | 212 |
| Mr Z Sokabo | 167 | - | 167 |
| Ms S Rasebitse | 264 | - | 264 |
| Mr K V Maja - Audit Committee - Chairperson | 170 | - | 170 |
| Ms M Phiri - Audit Committee member | 68 | - | 68 |
| Dr L Konar - Audit Committee member | 67 | - | 67 |
| Adv T Moeng - Audit Committee members | 67 | - | 67 |
| | 3 789 | 25 | 3 814 |

28. RELATED PARTIES (CONTINUED)

| MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2024 | BASIC SALARY R'000 | BONUSES AND PERFORMANCE RELATED PAYMENTS R'000 | ALLOWANCES R'000 | CONTRIBUTIONS BY EMPLOYER R'000 | TOTAL R'000 |
|--|-----------------------|--|---------------------|---------------------------------------|----------------|
| Mr BC Mkhwanazi - Chief Executive Officer | 2 355 | 240 | 89 | 229 | 2 913 |
| Ms L Nhlapo - Chief Financial Officer | 1 871 | 152 | 39 | 171 | 2 233 |
| Dr DC Machard – Executive Strategic Planning Performance and Evaluation | 1 509 | 123 | 156 | 183 | 1 971 |
| Mr S Ngcobo - Chief Corporate Service Executive | 1 545 | 143 | 278 | 139 | 2 105 |
| Mr MB Masekwameng - Chief Information Officer | 1 785 | 90 | 21 | 140 | 2 036 |
| Mr S Shoba - Chief Operating Officer | 1 753 | 93 | 103 | 197 | 2 146 |
| Ms M Ngobeni - Chief Audit Executive | 1 576 | 94 | 36 | 169 | 1 875 |
| | 12 394 | 935 | 722 | 1 228 | 15 279 |

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT: 2023

| | | | | | |
|--|---------------|------------|------------|--------------|---------------|
| Mr BC Mkhwanazi - Chief Executive Officer | 2 232 | 229 | 93 | 195 | 2 749 |
| Ms L Nhlapo - Chief Financial Officer | 1 760 | 75 | 20 | 159 | 2 014 |
| Dr DC Machard – Executive Strategic Planning Performance and Evaluation | 1 421 | 129 | 175 | 162 | 1 887 |
| Mr S Ngcobo - Chief Corporate Service Executive | 1 437 | 137 | 269 | 131 | 1 974 |
| Mr MB Masekwameng - Chief Information Officer | 1 698 | 85 | 33 | 111 | 1 927 |
| Ms S Motloung - Chief Audit Executive* | 928 | 135 | 27 | 66 | 1 156 |
| Mr S Shoba - Acting Operating Officer** | 96 | - | 7 | 12 | 115 |
| Mr S Shoba - Chief Operating Officer*** | 1 514 | 67 | 75 | 167 | 1 823 |
| Ms M Ngobeni - Acting Chief Audit Executive**** | - | - | 37 | - | 37 |
| Ms M Ngobeni - Chief Audit Executive***** | 493 | - | 43 | 53 | 589 |
| | 11 579 | 857 | 779 | 1 056 | 14 271 |

*Resigned 30 September 2022

**Acting from the 2022

***Appointed 1 May 2022

****Acting from 06 October 2022 to 30 November 2022

*****Appointed 1 December 2022

29. PRIOR PERIOD ERRORS

2024
R'000

2023
R'000

ERROR 1

The provision for mandatory grants relating to the 2019 scheme year was not reversed in the vendor levy account at the beginning of 2020 financial year.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION

| | | |
|--|---|--------|
| Decrease in Payables from non exchange | - | 18 084 |
|--|---|--------|

STATEMENT OF FINANCIAL PERFORMANCE

| | | |
|----------------------------------|---|----------|
| Decrease in Employer Grants paid | - | (18 084) |
|----------------------------------|---|----------|

ERROR 2

The error is a result of reinstatements of the contracts concluded in the previous financial years which were not included in the commitment register.

Over and above from the reinstatements of the contracts, there was an expenditure relating to previous financial year that was not recorded in the commitment register, resulting in the overstatement of the closing balance in the commitment register.

| | AS PREVIOUSLY REPORTED R'000 | CORRECTION OF ERROR R'000 | RESTATED R'000 |
|-------------|------------------------------------|---------------------------------|-------------------|
| Commitments | 2 156 168 | 85 191 | 2 241 359 |

ERROR 3

Management identified during the current financial that there was project expenditure for the previous financial year. The correction of the error(s) results in adjustments as follows:

| | 2024 R'000 | 2023 R'000 |
|--|---------------|---------------|
| STATEMENT OF FINANCIAL POSITION | | |
| Increase in payables from non exchange | - | (17 351) |

STATEMENT OF FINANCIAL PERFORMANCE

| | | |
|-----------------------------|---|--------|
| Increase in employer grants | - | 17 351 |
|-----------------------------|---|--------|

ERROR 4

Management identified during the current financial year that there were legal and travel expenditure for the previous financial year. The correction of the error(s) results in adjustment as follows:

STATEMENT OF FINANCIAL POSITION

| | | |
|------------------------------------|---|---------|
| Increase in payables from exchange | - | (1 320) |
|------------------------------------|---|---------|

STATEMENT OF FINANCIAL PERFORMANCE

| | | |
|--|---|--------------|
| Increase in consulting and professional fees | - | 998 |
| Increase in Employer grants paid | | 322 |
| | | 1 320 |

29. PRIOR PERIOD ERRORS (CONTINUED)

2024
R'000

2023
R'000

ERROR 5

Management has previously raised a provision on audit fees, such provisions should not have been raised and as a result provisions were misstated.

The correction of misstatement were as follows:

STATEMENT OF FINANCIAL POSITION

| | | |
|--------------------------------------|-------|-------|
| Decrease in provision for audit fees | 4 068 | 4 068 |
|--------------------------------------|-------|-------|

STATEMENT OF FINANCIAL PERFORMANCE

| | | |
|--|---|---------|
| Decrease in Auditor's remuneration | - | (733) |
| Increase in discretionary reserves opening | - | (3 355) |
| | - | (4 088) |

ERROR 6

Management has adjusted the discretionary grant expenditure in the current financial year which affected the amount disclosed on the irregular expenditure as a result of the 7.5% admin on project expenditure.

| | AS PREVIOUSLY REPORTED R'000 | CORRECTION OF ERROR R'000 | TOTAL R'000 |
|---|------------------------------------|---------------------------------|----------------|
| The correction of error result in adjustments as follows: | | | |
| Irregular expenditure | 18 483 | 5 807 | 24 290 |

Presented below is the reconciliation for those items contained in the Statement of financial position and statement of financial performance that have been affected by prior-year adjustment

STATEMENT OF FINANCIAL POSITION

| | | | |
|----------------------------|-----------|---------|-----------|
| Payables from non exchange | (201 833) | 733 | (201 100) |
| Provisions on audit fees | (4 068) | 4 068 | - |
| Payables from exchange | (24 175) | (1 320) | (25 495) |
| | (230 076) | 3 481 | (226 595) |

STATEMENT OF FINANCIAL PERFORMANCE

| | | | |
|--|-----------|----------|-----------|
| Employer Grants paid (Mandatory grant) | 236 378 | (18 084) | 218 294 |
| Employer Grants paid (Discretionary grant) | 1 130 081 | 17 673 | 1 147 754 |
| General expenses- legal costs | 89 782 | 285 | 90 067 |
| Discretionary reserves | 3 355 | (3 355) | - |
| | 1 459 596 | (3 481) | 1 456 115 |

30. RISK MANAGEMENT

2024
R'000

2023
R'000

FINANCIAL RISK MANAGEMENT

The W&RSETA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

LIQUIDITY RISK

The W&RSETA's risk to liquidity is a result of the funds available to cover future commitments. The W&RSETA manages liquidity risk through an ongoing review of future commitments and credit facilities.

TRADE PAYABLES

| | | |
|---|----------------|----------------|
| Payables from exchange transaction | 20 485 | 25 496 |
| Payables from non exchange transactions | 289 283 | 201 100 |
| | 309 768 | 226 596 |

| | CURRENT 0-30 DAYS R'000 | 31-90 DAYS R'000 | 91-120 DAYS R'000 | MORE THAN 120 DAYS R'000 | TOTAL R'000 |
|---|-------------------------------|---------------------|----------------------|--------------------------------|----------------|
| 2024 | | | | | |
| Account payables from exchange transactions | 16 340 | - | - | 4 145 | 20 485 |
| Account payables from non exchange transactions | 142 975 | 78 007 | 14 681 | 53 620 | 289 283 |
| | 159 315 | 78 007 | 14 681 | 57 765 | 309 768 |

| | CURRENT 0-30 DAYS R'000 | 31-90 DAYS R'000 | 91-120 DAYS R'000 | MORE THAN 120 DAYS R'000 | TOTAL R'000 |
|---|-------------------------------|---------------------|----------------------|--------------------------------|----------------|
| 2023 | | | | | |
| Account payables from exchange transactions | 14 758 | 2 654 | 2 391 | 5 693 | 25 496 |
| Account payables from non exchange transactions | 125 581 | 28 760 | 6 716 | 40 043 | 201 100 |
| | 140 339 | 31 414 | 9 107 | 45 736 | 226 596 |

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

| | CURRENT 0-30 DAYS R'000 | 31-90 DAYS R'000 | 91-120 DAYS R'000 | MORE THAN 120 DAYS R'000 | TOTAL R'000 |
|--|-------------------------------|---------------------|----------------------|--------------------------------|----------------|
| 2024 | | | | | |
| Account receivables from exchange transactions | 17 777 | 26 258 | 12 514 | 41 421 | 97 970 |
| Account receivables from non exchange transactions | - | - | - | 3 967 | 3 967 |
| | 17 777 | 26 258 | 12 514 | 45 388 | 101 937 |

| | CURRENT 0-30 DAYS R'000 | 91-120 DAYS R'000 | MORE THAN 120 DAYS R'000 | TOTAL R'000 |
|--|-------------------------------|----------------------|--------------------------------|----------------|
| 2023 | | | | |
| Account receivables from exchange transactions | 87 000 | - | 6 891 | 93 891 |
| Account receivables from non exchange transactions | 2 173 | - | 3 222 | 5 395 |
| | 89 173 | - | 10 113 | 99 286 |

31. 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.

MANAGEMENT'S ASSESSMENT

- The factors that were considered by management for the 2023/24 financial years included the following:
 - Assets and liabilities of the SETA, whether the SETA is financially liquid and solvent; and
 - The SETA licensing period.
- The Net Assets of W&RSETA as at 31 March were R2.235 billion.
- The Current Ratios is 7.0 [Current Assets (R2.585 bn)/Current Liabilities(R369m)]. Therefore, W&RSETA in a favorable position to be able to settle its contractual obligations within 12 months.
- The Minister of Higher Education and Training has approved a Government Gazette, to extend the W&RSETA license to continue operating until 31 March 2030.

CONCLUSION

Based on the management assessment provided above, the W&RSETA can continue its operations for the foreseeable future and thus considered to be a going concern.

32. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There were no losses experienced through criminal conduct in the current or previous year.

33. IRREGULAR EXPENDITURE AND FRUITLESS WASTEFUL EXPENDITURE

| 2024 | 2023 |
|-------|-------|
| R'000 | R'000 |

In line with National Treasury Instruction no 4 of 2022/23, fruitless & wasteful expenditure and irregular expenditure recorded in current and prior year has been classified as follows:

| | | |
|------------------------|--------------|---------------|
| Irregular Expenditure | 3 073 | 23 189 |
| Fruitless and Wasteful | 334 | - |
| | 3 407 | 23 189 |

Due to the outcome of the determinations and investigations conducted by the financial misconduct committee, no criminal or disciplinary steps have taken place as a result of fruitless and wasteful expenditure that has been incurred in the current financial year.

CASES OF IRREGULAR EXPENDITURE INCURRED IN THE CURRENT YEAR

| | | |
|--|--------------|---------------|
| Discretionary grants administration expense above 7.5% threshold per regulation 6(9)(iii) of the Grant Regulations | - | 23 189 |
| Quotation were no specific goals were allocated to as per 2022 Preferential Procurement Regulations (PPR) | 3 073 | - |
| | 3 073 | 23 189 |

The detailed narrative of all historic fruitless & wasteful expenditure as well as irregular expenditure is contained in PART E of the Annual Report as part of the PFMA Compliance Report.

The irregular expenditure as well as the fruitless and wasteful expenditure that was incurred in the prior year was condoned by the Accounting Authority subsequent to year-end, but prior to issuing of the Annual Financial Statements.

Following the outcome of several forensic investigations reports that were finalised during the year, a total of R6 379 628 of irregular expenditure was uncovered. These expenditure were incurred in former years (FY2020/21 & FY2021/22). Full details of the related irregular expenditure and fruitless and wasteful expenditure is contained in PART E of the Annual Report.

| 33. IRREGULAR EXPENDITURE AND FRUITLESS WASTEFUL EXPENDITURE (CONTINUED) | 2024 R'000 | 2023 R'000 |
|--|---------------|---------------|
| FRUITLESS AND WASTEFUL EXPENDITURE | | |
| Interest on Late payment of PAYE | 334 | - |

FRUITLESS AND AND WASTEFUL EXPENDITURE

The Fruitless and Wasteful Expenditure arose as a result of a penalty imposed by SARS on the late payment of PAYE.

34. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

INTEREST RECEIVED

The actual interest income for the period that ended 31 March 2024 amounts to R199 million , which is 103% of the budget amount of R194 million. The W&RSETA has reported a higher return on total interest received for the 2023/24 financial period, this is due to the 12 months fixed investment that was made during the first quarter of 2023/24, which yield significant interest for the SETA in the current period. Furthermore, re-investment of the surplus funds made at the beginning of quarter 2 has contributed into more interest been earned in the period, together with the increase in the REPO of the period. Management always strives to get good rate of returns for the funds invested.

DISCRETIONARY GRANT EXPENDITURE

Discretionary expenditure is currently at 93% of the budget. The W&RSETA has made good projections of milestone deliverables that were met in the current financial year 2023/24.

MANDATORY GRANT EXPENDITURE

The Mandatory Grant is currently at 72% of the budget. This is because the budget for mandatory grant assumes that all levy paying companies will also participate and submit their WSP/ATR to be considered for mandatory grant payments. Based on prior year performance trends, on average about 75% of levy paying companies submit their WSP/ATR. Most of the WSP/ATR were approved during the period and payments were made as at March 2024. The approval of WSP were performed throughout the year.

NOTES

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