

Project 8: Evaluate SETA Governance

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FINAL REPORT

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EXECUTIVE SUMMARY

Overview and terms of reference

This evaluation is part of a broader Research Programme on Monitoring and Evaluation that has been commissioned by the Banking Sector Education and Training Authority (BANKSETA) and is being undertaken by Rhodes University. The evaluation investigates the implementation of SETA governance, identifying successes and challenges in implementation and making recommendations for improvement.

In carrying out the research, a sequential mixed-methods approach with interrelated elements was used, including:

- Literature review and document analysis of relevant policies and legislation.
- Literature review and document analysis of 3 pre-selected SETAs
- Key informant interviews with a small number of selected key role-players in the PSET system
- Online questionnaire/survey of all SETA Accounting Authority members. A total of 47 responses to the questionnaire were received.

The high-level research questions were as follows:

- What policy and legislation are relevant to SETA governance?
- How should good governance of SETAs be measured?
- How should SETA governance be operationalised?
- What are the key successes and challenges faced by SETAs in the contemporary context?
- What are the key recommendations for improvement?

The research results are structured accordingly, and are briefly summarised below.

Policy and legislation

A wide array of policy and legislation relevant to SETA governance was identified. However, the main pieces identified that all AA members should have adequate working knowledge of are:

- The Skills Development Act
- Skills Development Levies Act
- Public Finance Management Act
- National Treasury Regulations

This was viewed as non-negotiable for anyone accepting a governance role in a SETA.

In light of the envisaged review of the Skills Development Act (SDA), international practices in relation to national skills development were examined and their implications considered for SETA governance.

This consisted of three focus areas, namely:

- International benchmarking on national skills development. This analysis focused on the location and (de)centralisation of National Skills Development
- Value chain perspective of national skills development
- An investigation of the composition of SETA-like structures internationally, focusing on Australia, United Kingdom, Brazil and New Zealand.

Key findings from existing research about policy and legislation on SETA governance highlight the following:

- The arrangements are too complex, thereby making governance even more demanding.
- Inefficiencies exist and the financial performance of many SETAs is not at a satisfactory level.

In the light of these concerns, the following topics were investigated:

- Exploring arrangements for inclusive governance and the complexities that they introduce. Overall, respondents to the survey indicated that in spite of these potential complexities, the governance role was manageable.
- An analysis of the financial performance of SETAs. Improvements in the financial performance of SETAs in recent years have been noted, but it was concluded that the biggest SETAs are not able to spend their money or have variable outcomes in spending their money.
- An analysis of the audit outcomes of SETAs for the year 2018/19 was conducted, examining Audit Opinions, Annual Financial Statements, Annual Performance Reports, Compliance with Legislation, Internal Controls, and Investigations.

Regulatory requirements and the associated structures in each SETA

In the South African context, the King Reports on Corporate Governance have served as the primary standard against which to map recommended governance practices or requirements. The current benchmark is the King IV Report on Corporate Governance™ for South Africa 2016 ("King IV™")¹ issued by the Institute of Directors in South Africa (IoDSA). The Governance Charter for SETAs serves as a regulatory framework. However, it was observed that the current charter is outdated, in that it refers to King III™, and not the latest King IV. Nevertheless, this charter was analysed to see whether it was aligned to the legislative requirements of the Acts that pertain to the SETAs. Overall, survey respondents are of the view that whichever AA they were members of, its functions were performed and it fulfilled its obligation. Respondents were of the view that the AA performs duties following the relevant legislation, regulations and common law; and fulfilled their obligations in terms of their particular SETA's constitution. When it came to implementing the sector skills plan, liaising with the NSA, and appointing staff necessary for performance, respondents were less confident that this had been achieved. Two main areas of concern were related to liaison with the NSA and the Department of Higher Education and Training: Science and Innovation and the appointment of employees.

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A desktop review and Interviews were conducted in researching 3 SETAs. Some of the key findings were that:

- The adoption of a code of conduct and then training members in its implications is critical to the creation of an ethical culture.
- Evidence of meeting fatigue, combined with vacancies not being filled placed pressure on AA members and Executives
- Governance documents (e.g. constitution or charter) not being signed by incoming members early in tenure
- A lack of alignment between Legislation, Regulations and internal governance documents
- Annual reports provide information related to performance, programs and partnerships, but are not integrated in nature and therefore do not project full corporate citizenship to all its stakeholders.
- The current arrangement whereby labour and employers nominate the majority of board members undermines the creation of an appropriate balance of knowledge, skills, experience, diversity and independence.
- There tends to be an underinvestment in information technology in support of governance activities.
- An Audit and Risk committee working alongside an internal audit function was critical for building a strong compliance assurance framework.

Several questions in the survey asked respondents how they understood their SETA was living up to the King IV Report™. While most respondents were of the view that the AA had embraced the principle of “apply and explain”, there were mixed views on the degree to which integrated thinking had permeated the AA. An analysis of the annual reports suggests a low level of integrated thinking and reporting. With respect to the six capitals identified by King IV, respondents indicated that good progress had been made concerning financial, Intellectual, human and social capital, with slightly more modest progress made in terms of manufactured and natural capital. Given that SETAs are designated as being ‘Authorities’, it does raise the question of whether SETAs are doing enough in this regard to be authorities and authoritative enough in their core mandate. Most respondents rated the level of achievement of all the outcomes corporate governance (i.e. an ethical culture, good performance, effective control, and legitimacy) as high or very high. Effective control had the lowest score but showed the highest level of improvement. However, this could reflect a preoccupation with this outcome in the light of historical problems in the governance of SETAs. It was concluded that embedding integrated thinking into AA and Executive members' minds and applying a mindful outcomes-based approach to governance as advocated by the King IV was needed.

Regarding the duties and responsibilities of the AA, respondents were of the view that the duties and responsibilities required of them were reasonable, and that they had met their obligations. A minority of respondents raised concerns about the ability to provide strategic foresight, being able to engage adequately with stakeholders, having the capacity to implement plans, and whether the SETAs were impactful, and if so, how this could be demonstrated. They noted that at a minimum, AA members were required to have a working knowledge of the Skills Development Act, Skills Development Levies Act and Public Finance Management Act. Respondents were of the view that risk management was adequate, and yet problem areas identified by external auditors were not always acted upon or consequence management applied. Some expressed the view that risk management was everyone's

responsibility, but there was not proper communication about it or sufficient understanding of what it entails.

Measurement of good governance of SETAs

A section of the questionnaire examined the governance charter. Observations were made covering:

- Characteristics of Good Corporate Governance. The characteristics as outlined in the charter are Discipline, Transparency, Independence, Accountability, Responsibility, Fairness and Social Responsibility. Independence was identified as a concern, which is further compromised by issues of constituency bias. This is flagrantly against the essence of effective corporate governance, where board members are obliged to act in the best interests of the entity regardless of how they came to be nominated or appointed to the board. Further factors that respondents believed had compromised Independence were: Members lacking the required competencies; Interference, overreach and members representing their constituency, not the SETA; Poor Chair-Board relations; Inadequate separation between governance and management; Conflicts of interest not being declared; Delays in critical appointments.
- Code of Conduct. While consequence management of breaches of the code of conduct was generally reported as being adequately dealt with, it was acknowledged that there was room for improvement. In particular, where consequence management and self-serving factionalism needed to be addressed.
- Obligations and disclosure of information. Respondents reported that in the majority of cases any conflicts of interest were declared. Adequate measures need to be put in place to address the minority of cases where it did arise.
- Risk Management and Audits. On the whole, Risk Management concerning policy and framework, risk tolerance and internal audit assurance is seen to be at an acceptable level. Typically, the internal audit function has been outsourced and conducted at an acceptable level. Similarly, overall the performance of Audit Committees, AAs and Executive Committees of SETAs in this regard was at an acceptable level. One concern was that a large portion of members of the AA was unaware of the status of the audit report. There was support for the idea of Audit and Risk being combined into a single committee. It is also recommended that some members of the AA should sit on the ARC to mitigate the effects of information asymmetry. Nevertheless, the Chairperson of the ARC and the majority of ARC members should continue to be independent of the AA. Performance in external audits was reported to show an improvement in the number of clean audit outcomes. This was attributed to good leadership, competent members, and improved financial systems and outcomes. Respondents were also of the view that there was a high level of compliance with legislation.

Operationalisation of SETA governance

In operationalising the principles and practices of SETA governance, the following observations were made:



- **SETA Purpose and arrangements.** Respondents to the survey were asked to express their views on the purpose of SETAs and their arrangements. There was consensus that the SETAs were essential, but mixed opinion as to whether they were currently fulfilling a purpose. Many supported the idea that structural change was required but also held the view that the current obligations expected of them were reasonable. The types of changes that respondents believe should be made were grouped under themes of reconfiguring the SETAs, changing the focus of activity, revising group membership, developing a research focus and enhancing promotion and engagement activities.
- **Composition of AAs.** In setting up AA Committees, Section (2)(g) of the Skills Development Act No.97 of 1998 (SDA), requires that a SETA establish an Executive, Audit, Finance and Governance & Strategy Committee respectively. The survey results confirmed that these committees were in place. Across the 21 SETAs, no less than 31 different types of committees were identified. Respondents had identified a wide range of different committees. When asked to assume that the number of AA committees should be limited to 5, the most common committees identified in descending rank order were Finance, Exco, Governance & Strategy, HR and Remuneration. Most respondents did not see the need to separate audit and risk into two committees, and of concern was the absence of IT governance in many SETAs. Each SETA will need to examine its specific context to identify the most appropriate committees it needs to assist the AA in its oversight, but clearly, a combination or consolidation of committees is required.
- A total of 63% of the respondents had chaired a committee during their tenure, so experience in this regard was high. The majority of respondents had one to three other Board appointments, which is probably reasonable and hence this would not be an excessive concern.
- There were mixed views as to who should elect the chairperson of an AA. The election of the chair by the AA, subject to approval by the Minister appears to be the best middle of the road option. Regarding the balance, or number of nominees on the AA, the majority believed that changes were required. Once again, constituency bias was raised as a concern. Furthermore, respondents were concerned about a lack of diversity; that members had insufficient knowledge of both P-SET and governance; and that perhaps AAs have too many members. There was also a call for more industry specialists and educationalists to be nominated to some of the SETA boards. Succession planning is a concern for many respondents and there is support for a recommendation of a term of office of five years, with a maximum of two terms permitted. Furthermore, the idea of the formation of a nominations committee (with responsibility for recruiting and nominating AA members) received much support.
- **Induction.** More than 90% of respondents indicated that they had undergone formal induction training, but this was typically only a day, or even less, in duration. Nevertheless, the vast majority found it to be valuable and necessary for good governance understanding/skills.
- **Board Secretary.** When asked about the Board Secretary, the vast majority of respondents indicated that the Secretariat function was sourced in-house and performed well. However, there were some reservations raised about the independence of the Secretariat.
- **Meetings & Proceedings of the AA.** Meetings were reasonably well attended, although they seem to be discrepancies between the SETAs. Most respondents believe that four meetings per year would be adequate. However, on average more than nine meetings per year were being held. Overall, respondents were of the view that AGMs were run effectively. There were mixed views as to whether the AGM could be better utilised to engage with stakeholders, some even suggesting that this was not the right platform for stakeholder engagement.

- Performance management of the AA. Several concerns were raised by respondents concerning the governance of the AA. These include: board evaluations not being done annually, independent evaluations not being conducted, doubts about the independence of the chairperson, and where evaluations did take place, there was a lack of action on recommendations made. Where recommendations were acted upon, significant improvements were noted for board functioning, HRM practices and financial and operational controls. The main obstacles to following up on board recommendations seem to be related to the short period of tenure of AA members, which compromise continuity and follow-through.
- Remuneration. The majority of respondents were paid directly by the SETA, and view the amounts paid as fair. But there was a strong view that there are some AA members who are not fully deserving of the remuneration that they receive. This raises two ethical concerns related to the fiduciary duties of members to address this and the motivation of members for serving on the accounting authority.

Key successes and challenges faced by SETAs

Key successes and challenges faced by SETAs in relation to the four main areas of investigation are set out below.

Policy and legislation:

Successes
<ul style="list-style-type: none"> ● In spite of the potential complexities related to governance in the area of national skills development, the governance role was manageable.
Challenges
<ul style="list-style-type: none"> ● Role clarity in relation to inclusive governance structures, for instance between NEDLAC and NSA. For example, if a matter could be concluded at NSA, does it still require referral back to NEDLAC?* ● A review of legislation is underway, but will it be speedily expedited?* ● SETAs have variable outcomes in spending their money. Particularly the biggest SETAs are not able to spend their money.

* Issues raised in key informant interview

Regulatory requirements and the associated structures in each SETA

Successes
<ul style="list-style-type: none"> ● The success of a SETA is often associated with a particular term of its board. One stable SETA had a Board that had the requisite levels of qualifications required.* ● The whole SETA landscape cannot be grouped together. There are no doubt pockets of excellence throughout. We need to highlight these more and learn from them.* ● Overall, SETAs performed and fulfilled their legislative and constitutional obligations. ● Overall, annual reports provide information related to performance, programs and partnerships. ● Respondents were of the view that the AA performs duties following the relevant legislation, regulations and common law; and fulfilled their obligations in terms of their particular SETA's constitution.
Challenges
<ul style="list-style-type: none"> ● Implementing the sector skills plan. ● Liaising with the NSA. ● Appointing staff necessary for performance.

- Annual reports are not integrated in nature and therefore do not project full corporate citizenship to all its stakeholders.
- Having labour and employers nominate the majority of board members undermines the creation of an appropriate balance of knowledge, skills, experience, diversity and independence.
- The community constituency in NEDLAC has been advocating for a greater composition on SETA AAs. Their presence may in some respects add value, but will it really lead to a fundamental change in the way things are done? *
- The current charter is outdated, in that it refers to King II and King III, and not King IV.
- Insufficient understanding of what risk management entails.

Measurement of good governance of SETAs

Successes
<ul style="list-style-type: none"> • Effective measures for risk governance include the appointment and proper functioning of an Audit and Risk Committee; risk management vigilance as evidenced by board minutes and risk management reports; and the appointment of a chief risk officer at an executive management level. • Compliance tends to be monitored against the governance charter (hence this highlights the urgent need for updating and better application of 'apply' the principle and 'explain' the practice). • An Audit and Risk committee working alongside an internal audit function are critical for building a strong compliance assurance framework, and minutes of meetings demonstrate that audit and risk committees tend to be vigilant in their role. • Breaches of the code of conduct was generally reported as being adequately dealt with, but consequence management is still a problem.
Challenges
<ul style="list-style-type: none"> • Board members are regularly involved in strategic planning, but it tends to be operational and short-term in its orientation. • Annual reports are regularly produced but do not conform to the integrated reporting requirements of King IV. • There tends to be an underinvestment in information technology in support of governance activities. • Independence was identified as a concern.

Operationalisation of SETA governance

Successes
<ul style="list-style-type: none"> • Delegation to effectively discharge the duties of the board was achieved through the creation of Chambers and committees. • A Remuneration committee along with the Executive committee assumed responsibility for administering remuneration. • Formal induction training was found to be valuable by most survey respondents. • The Secretariat function generally performed well, but housekeeping issues were raised that need to be improved upon. • Meetings and AGMs were generally run effectively.
Challenges
<ul style="list-style-type: none"> • Unstable leadership due to vacancies in key positions arising from delays in appointments, or the suspension/removal of members arising from ethical infringements.

- The current arrangement whereby labour and employers nominate the majority of board members undermines the creation of an appropriate balance of knowledge, skills, experience, diversity and independence.
- A combination or consolidation of committees is required.
- Constituency bias was raised as a concern.
- Board evaluations not being done annually, and independent evaluations not being conducted.
- There was a strong view that there are some AA members who are not fully deserving of the remuneration that they receive.

Recommendations

Practice Recommendations:

Policy & Legislation: The Skills Development Act No. 97 of 1998 as amended.		Time frame
S10: Functions of SETA	May wish to consider introducing accountability into certain key functions where appropriate to do so. For instance, SETA is required to liaise with NSA [(s10)(g)], who has no reciprocal basis of holding SETAs to account.	S/T to initiate but as requires a legislative change, could take longer to implement
S10A: Service level agreements	Deadline for completion of this not clear, nor reciprocal obligation on the part of the D-G to sign off	S/T
S11: Composition of AA	Reduce proportion of organised employer and organised labour nominees. Make provision for nominees to better reflect s11(4)(b)(iv) i.e. blend of knowledge, skills and experience, particularly in relation to the relevant industry, learning / training and educationalists. Other than the use of 'representation' for gender, demographic, disadvantaged persons; the use of representation should be removed as it contributes to 'constituency bias' or 'representation thinking'. It is not clear how s11(4)(a) is to be applied 'represents the interest identified in the NSDS'. The study recommendation is not in favour of increasing the size of the AA membership, but in the event that the CEO and CFO [which is a recommendation] are deemed ex-officio members of the AA, then s11A(c) will have to be amended to make provision for this. If s11(c) is to be retained then it must be enforced, if the nominee constituency is organisation based. Consider amending s11(5) from Chief Executive Officer to Secretary and changing notice period of three months to six months.	S/T
S11A: Eligibility to become a member of the AA	Act only specifies basis for NOT being eligible. Consideration could be given to eligibility based on knowledge, skills and industry experience	S/T
S11C: Disclosure of conflict on interests and S13A. Conduct of Accounting Authority member or staff member	Obligations and conduct of AA member or staff member are mainly limited to declaring conflicts of interest, which are stipulated in the Act. Consider drawing from S76 of the Companies Act 71 of 2008. to better outline the Standard of Conduct recommended. For example, S76(1) gives the definition of a Director and when read in conjunction with common law, does not exclude anybody who is in a position of trust in relation to the company. S76(2) is concerned with conflict of interest, which is what the SDA mainly specifies. S76(3) specifies the duty of good faith for a proper purpose, in the best interests of the company, with skill and diligence. S76(4) pertains to the business judgement rule and is a way to protect directors in the event that there is failure/s, but the duty care still prevailed.	S/T. As the act is silent on duty of care etc, these can be immediately inserted in the governance charter
S13: Constitution of SETA.	This outlines the minimum matters that should be contained in the constitution. It is recommended that as required by s13(f)(v), the constitution should specifically outline the process of nomination and appointment of members, s13(g)(ii) should add 'and Risk' to Audit as well as specifying the inclusion of IT Governance, consideration of Human Resources and Nominations to be added to Remuneration, consideration of Social and Ethics to be added to Governance and Strategy. To all should be added Terms of Reference to be reviewed annually. Constitution should also be expanded to include CFO, Secretary, Internal Audit, Code of Ethics and Whistle-blower policy. Finally reference to AA and Executive Evaluations and Consequence Management should be included. [Note: How these are conducted are to be spelt out in the Constitution with complementary explanation in the Charter].	S/T. As the SDA is silent on these other committee foci as suggested, these can be immediately inserted in the Governance Charter.
S13(1)(h): Chairperson of the Accounting Authority	Unlike the appointment of the CEO (see below), the SDA is silent on the PROCESS of the appointment of the Chairperson. It simply states that the standard constitution must at least contain (i) appointment, (ii) term of office, (iii) functions, (iv) temporary absence or incapacity and (v) vacation of office. Given the importance of the Chairperson leading the AA, it is recommended that this be outlined in the Act so that it be accordingly specified in the constitution. The study recommends that the AA should elect the Chairperson subject to Minister's approval.	S/T. Amendment of Appointment of Chairperson can be effected by Minister without going through parliament in the same way that the term of office



		was changed on 17 November 2017 [Amendment of Regulation 14(2)].
S13B: Appointment of Chief Executive Officer	S13B(1), specifies that within six months of their appointment, submit three names to Minister. Study found that this process is overly cumbersome. AA should be given authority to appoint CEO and its timing must be aligned with better succession planning to ensure no vacuum of executive leadership or over reliance on acting appointments. The process of recruitment, selection and appointment should be dealt with by a suitable nominations committee and approved by the AA.	S/T. The other option to consider, is to treat the matter of appointment of CEO in the same way as that of the Chairperson, i.e. specify in the constitution. This makes for a more flexible process in effecting a regulation change

Regulatory Requirements and Associated Structure		Time frame
Note: Changes in the Standard Constitution may require changes in the SDA and SDLA, so these will have to be assessed accordingly. What follows are recommendations to effect changes to regulations and associated structures, which already have been covered above and hence will not be repeated here. A policy decision also needs to be made regarding the essence of what is to be specified in the relevant Acts, i.e. SDA, SDLA, PFMA, which is the 'What', more enduring and a formal articulation of the common law into legislation should that be deemed necessary. The constitution also contains 'What' in the form of regulations, but also gives recognition to the 'How'. Changes to the Standard Constitution, which are not expressly dealt with in the legislation can be more easily changed, but often overlap with the legislation, hence leading to a cumbersome process. This leaves the Charter, which has elements of self-regulation and also has the possibility to incorporate qualitative governance factors, which can lead to more effective achievement of governance outcomes. It is essential that the combination of these is aligned, coherent and fit for purpose.		
Regulation 6: Powers and Functions of the SETA	Although the Skills Development Act does not expressly refer to 'representation' in S11 in relation to nominees from the constituencies, the word representation is still widely used in SETA constitutions and Annual Reports. For example, one Constitutions states under its 8(5) Composition of Accounting Authority "(a) The Accounting Authority comprises of members representing the following constituencies and stakeholders in the Sector-(i) Organised Labour; (ii) Organised Employers, including small businesses; relevant government departments; and (iv) any interested professional body or bargaining council....". There has to be a concerted effort to remove all references to representation, and shifting the focus of nominees to understand that their duty lies with the SETA and not the constituency that nominated them.	S/T
Regulation 8: Accounting Authority	8(9): Term of office: It is recommended that this be amended to two terms of five years, thereby balancing continuity, retention of skilled AA members, but also ensuring that there is provision for new members over a reasonable period. Proper succession planning should be done to ensure the proper mix of skills and knowledge are retained. 8(10): Induction and capacity building: This is to be strictly enforced. The 'how' of induction, the contents of training and related activities can be specified in the Charter. 8(5)(c) states, "Each constituency represented on the Accounting Authority must be represented by persons who are sufficiently representative of designated groups". Once again, the definition of representation needs to be clarified, or alternatively and more correctly, changed to 'nominees' of constituencies or designated groups. 8(6)(a) states CEO must invite nominations. Recommend this is done by the Secretary. Similarly, for 8(6)(d), Secretary and not CEO to provide letters of appointment. 8(11)(d) states that if Chairperson, has not been appointed at first meeting of AA, then CEO must preside over the meeting. It is recommended that this should not be the case as it compromises the spirit of independence that should prevail. The AA should appoint a temporary Chairperson where necessary for the purposes of the first meeting or until such time a Chairperson has been formally elected.	S/T
Regulation 14: Chairperson of AA	Read in conjunction with 8(5)(a). Recommended that AA elect Chairperson subject to Minister's approval. Currently, only the Minister, may appoint the Chairperson. Note: Prior to the change to Regulation 14(2), the term of office of the Chairperson was limited to one of five years. It is now two terms of five years. [It was noted that one SETA's constitution, which was downloaded from its website, still has the term of office as per prior to the 2017 amendment to regulation 14(2). This raises the question as to how often constitutions are updated].	S/T
Regulations 9 to 14: Executive, Audit, Finance, Remuneration and Governance & Strategy.	Provision is made for establishment of Executive Committee, Audit Committee, Finance Committee, Remuneration Committee, Governance and Strategy Committee. As outlined above in Policy and Recommendation, the recommendation is not to increase the number of committees, but rather to consider the consolidation and rationalisation of the committees that have proliferated across the SETAs and consider the focus Executive (with clear Terms of Reference to ensure that it is not operationalising the AA's mandate into management's domain; Audit and Risk (with IT Governance), otherwise if ARC cannot dedicate sufficient time to IT Governance, then it should be a separate committee; Finance; Remuneration to include Human Resources and Nominations; Governance and Strategy to includes Social and Ethics.	S/T
Regulation 10	The clear recommendations of the study are that the Audit and Risk may be combined, the Chairperson of the ARC should be independent, the majority of ARC should be independent, some AA members should be members of ARC (to minimise information asymmetry AND give adequate coverage to risk issues, so that the AA itself is regularly informed). It is also a consideration that as the ARC Chair is independent, he or she could be tasked with providing feedback to the AA Chairperson on the latter's evaluation. [Normally the Chairperson evaluation feedback is given by the Lead Independent Non-Executive Director, but there is no provision for such an	S/T



	appointment in the AA, unless a Deputy Chairperson is appointed, it can be done by an independent member. This then raises the question as to who provides feedback to the ARC Chairperson on his or her evaluation, this would usually be done by the AA/governing body chair but this could be delegated to the Chair of the Remuneration, Finance and Nominations Committee.]	
Core Business	Utilise the review of international practice and the value chain concept to review the relationship of the SETAs, DHET, NSA and related bodies. Achieve unity of board purpose and strive to achieve consensus as to mandate by all policy makers and implementors. Role clarification of Executive Authority and Accounting Authorities. Structure must then follow what the value creation model is, thereby setting the basis for the transformation of the 6 capitals to outcomes that meet the urgent and pressing needs of the country. A generic 6 Capitals business model for SETA <IR> process can be articulated, thereby providing a basis for integrated thinking to take root. Focus of being the Authority of and for the Sector and addressing the essence of the core business, thereby aiming to achieve Outcome 2 of King IV, namely good performance	M/T
Integrated reporting	Application of the <IR> framework. Reporting arrangements of the SETAs should be revised to make provision for reporting all six capitals. Integrated reporting within the triple context (Environmental, Social & Corporate Governance [ESG]) can assist in balancing the needs, interests and expectations of stakeholders.	M/T
Shared Services Platform	Feasibility of a centralised shared services platform for all SETAs to enable performance monitoring and evaluation should be investigated	L/T
Duties and Responsibilities	Update the SETA Governance Charter to bring into line with King IV (currently refers to King II and King III), particularly S2: Characteristics of Good Governance [DTIARFS] to ICRAFT and S11. Other changes (for example) S3: Composition will follow from changes to SDA and Standard Constitution. Elevate fiduciary obligation, currently disclosed in Code of Conduct (specifically 8.1.2) to its own standalone section. Update Standard Compliance Checklist from Yes/No to Apply and Explain and incorporate where missing, key PFMA compliance, for example s55(1)(b). Reorder for a logical flow and align to AGSA framework of Financial Reporting, Compliance with Legislation, and Internal Control, broken down by Leadership, Financial & Performance Management (Proper record keeping, Daily and Monthly Controls, Review & Monitor Compliance) and Governance (specifically Risk Management)	S/T
Measuring Good Governance		Time frame
Independence& Objectivity	Address identified priorities of having more industry expertise; specific training in ethics; a robust nominations process, diverse AA composition and better training of AA members	M/T
Code of Conduct	As highlighted earlier, fiduciary obligation lost in this section of the SETA governance Charter. Update Code of Conduct provisions to be in line with King IV and consider a complementary Code of Ethics. Consequence management to be better articulated and processes for follow-up reviewed and improved.	M/T
Risk Management & Audits	Get to root cause of what is preventing a predominance of Clean Audits. Pay particular attention to PFMA: s44, S51(1)(b)(ii), S51(1)(e)(iii), s53(4), s55(1)(a), s55(1)(b); SCM: Note 3 of 16/17; Treasury Regulations: TR8.1, TR8.2, TR16A6.1, TR16A6.3(c), TR16A6.4, TR16A8.4, TR16A9.1, paying particular attention to S55(1)(b) of PFMA. Assurance address 1 st level lines of defence issues as highlighted by AGSA. Give greater prominence to IT governance. Address root cause of deficiencies especially in relation to Programmes 3: Learning Programmes and Projects.	S/T and M/T
King IV Report	Produce a King IV Governance Report. Best way to ensure a SETA demonstrates whether it has and how it is applying the principles and explaining the practices, to achieve the four outcomes.	S/T
Operationalising Good Governance		Time frame
Appointment of Chairperson	As the appointment requires change to the current standard constitution, this aspect was dealt with above. This focus is therefore on ensuring a proper evaluation of the Chairperson is undertaken.	S/T
Meetings and Proceedings of AA	All requisite meetings, proceedings and related activities (attendances, declaration of interests, minutes and the like), should be properly managed and form part of the self-evaluation process.	S/T
Delegation of Authority	Delegation of Authority should be expanded to cover all levels of the SETA and cascaded down to all levels of the organisation. Internal Audit should examine the effectiveness of the delegation policy and its implementation	S/T and M/T
Remuneration	Remuneration policy should be published as part of HR policies and procedures manual, to guide the whole SETA. Internal communication and training should take place to guide employees in the use of remuneration policy	M/T S/T
Good governance	Development of a board evaluation framework, benchmarking and mandatory external evaluations is undertaken. Development of governance frameworks, policies and charters that cover governance processes to be followed.	S/T, M/T and L/T
Other Matters	Terminate practice of improper reporting of qualifications by AA members and confirm qualifications of Executives to be reported in AR. Professional bodies need to be properly identified. Reporting of briefings to Portfolio Committee to be included in AR.	Immediate



Recommendations for Improving SETA effectiveness aligned to King IV Outcomes

Item Grouping	Impact on governance	Change Factor	Critical & Urgent
<ul style="list-style-type: none"> • Review labour and employer nominees • Review HR processes • Increase independence 	<p>Removes bias. Increases diversity, independence and accelerates appointments of key personnel who can get the job done (contributes towards achieving King IV Outcome 1: Ethical Culture)</p>	<p>Requires focus on the big picture and hence the importance of the 10 building blocks. Subject to political will and subordination of constituency for the greater good of the country. Unless this is resolved, SETAs unlikely to fulfil their mandates as required and hence the other factors required for effectiveness will be compromised</p>	<ul style="list-style-type: none"> • This requires a change to Skills Development Act and Standard Constitution and hence is likely to be preceded by consultation • Update to Standard Constitution and Standard Charter to eliminate all references to 'representation', where it conflicts with Code of Conduct obligation to act in best interest of • Update (and/or create) a comprehensive governance manual, which covers the A to Z of AA membership • Develop a comprehensive induction programme that is universal in its application that covers all aspects of SETA governance • The latter can be aligned to an accredited certificate programme in SETA governance, that all AA members should achieve • Develop an online reporting system that enables benchmarking of Charter performance • Develop a standardised self-evaluation questionnaire to be submitted yearly for benchmarking • Speed up nominations and appointments process. This is a systemic factor that has risk implications for all SETAs • Ensure all Executives have requisite qualifications as required in the Skills Act (note that the following to Portfolio Committee on 25th August, "The South African Qualifications Authority informed the Committee that SSETA Executives appointed did not meet the required qualifications, and the only person who meets the requirement is the Executive Manager in the Office of the CEO"².
Promote employment & unemployment	Focus on core business of SETA. AA members must therefore be authoritative in the 'business' of Sector Education and Training for Skills Development	This does not require legislative change, but clear and coherent policies that cascade across role players. It emphasises core business and the aspiration to be	<ul style="list-style-type: none"> • Achieve unity of board purpose and strive to achieve consensus as to mandate by all policy makers and implementors. Role clarification of Executive Authority and Accounting Authorities. Structure must then follow what the value creation model is, thereby setting the basis for the

² Source: Parliamentary Monitoring Group: <https://pmg.org.za/committee-meeting/30910/>



	(contributes to achieving King IV Outcome 2: Good performance)	Authorities of and for the Sector	<p>transformation of the 6 capitals to outcomes that meet the urgent and pressing needs of the country.</p> <ul style="list-style-type: none"> • A generic 6 Capitals business model for SETA <IR> process can be articulated, thereby providing a basis for integrated thinking to take root.
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Item Grouping	Impact on governance	Change Factor	Critical & Urgent
<ul style="list-style-type: none"> • Reconfigure SETAs • Streamline Value Chain • Standardise processes and use technology • Stakeholder engagement • Promote increased visibility 	<p>Creates a virtuous circle by at least aligning structural, skills and systems requirements to the value chain. Role clarity is achieved and a mechanism for responsible and responsive stakeholder engagement is achieved (contributes to achieving King IV outcome 4: Legitimacy, but also Outcome 2 and Outcome 3, Effective Control)</p>	<p>As has been stressed in the study, legitimacy comes from the application of King IV's principle 16. It is essential that the legitimate and reasonable needs, interest and expectation of stakeholders are responsibly considered and responded to.</p>	<ul style="list-style-type: none"> • The value chain must flow from policy cohesion, thereby eliminating systemic obstacles to the achievement of SETA purpose. • A generic template for Stakeholder Engagement of SETAs can be derived for both informing and reporting purposes. • Although standardising process and using technology may require investment particularly in IT (where the observation has been made this is under-resourced in the sector), there is scope to see where shared services can be achieved. • Insofar as promoting visibility is concerned, there are some good stories to tell, so they need to be told, creating positive sentiment towards SETAs. However, the image and branding will have to work hard to address the legacy perceptions. SETAs have a golden opportunity to aspire to be Public Entities that operate beyond reproach. And why not? Imagine a country where all its citizens can aspire to being gainfully employed?
<ul style="list-style-type: none"> • Increase transparency and accountability • Build research capacity • Revise monitoring and evaluation • Emphasise compliance <p>(True accountability is achieved when AA members individually and collectively understand and acknowledge their role is to act in the</p>	<p>Accountability cannot be delegated away. A culture shift is required in South Africa across all spheres of governance in whatever form as to what accountability means. Consequently, if a person takes on a governance role they must be prepared to be held accountable and abide by whatever checks and balances are in place to achieve this. Skills development is a complex goal, hence it requires a mix of skills that</p>	<p>The effort required in this is not to be underestimated, but critical if the requisite reporting is to have desired effect. Collectively if these are achieved, the combined impact factor alone in returns, is likely to be a multiple of whatever resources are put in place to achieve them.</p>	<ul style="list-style-type: none"> • Apply a governance reporting framework that makes provision for benchmarking for ongoing review and improvement • Apply the <IR> framework, reducing the focus on boilerplate, output driven reporting. • Fix the recurring compliance issues which are consistently highlighted by SETA Internal Auditors, Audit and Risk Committees and the Auditor-General of South Africa. • This should also cover reporting of ACTUAL whole qualifications for all

best interests of the SETA).	address both the micro, meso and macro inputs, transformation, output and outcomes measures for the end goal (contributes to achieving King IV outcome 3: Effective Control, but also has outcome 1 (Ethical culture) and outcome 4: Legitimacy).		AA members and Executives as well as members of Professional Bodies ³ <ul style="list-style-type: none"> • Collaborate across SETAs to build capacity and qualitative measures of monitoring and evaluation, especially for shared services that permit knowledge sharing and dissemination, better role coordination and reporting by the Executive Authority by harnessing data analytics and speedy dashboard reporting. <p>[Note whatever AR reporting outcomes flow out of this study, they will still have to align to requirements of PFMA, so this should not be overlooked in the process]</p>
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Research Recommendations

Several delimitations of the research were set out in the scoping of the research project.

Furthermore, several limitations arose in carrying out the research. Specifically:

- An in-depth investigation of only three of the 21 SETAs was conducted.
- The survey was only sent to board members of the accounting authority, and not to members of the executive of the SETAs.
- The survey questionnaire took long to complete, and a response rate of approximately 15% for the survey questionnaire limited the generalisability of the results. Furthermore, the small sample size restricted the statistical analysis that was feasible. Consequently, few subgroup analyses could be conducted, and no inferential statistics were utilised.
- Only one key informant made himself available for an interview.
- The research was conducted during the period of the Covid-19 pandemic lockdown, which may have adversely affected the gathering of data, and also meant that the validation workshop had to be conducted over a shorter period of time than initially hoped for, and in an online format.

Arising from these delimitations and limitations, the following recommendations are made:

- Further in-depth investigations of the other 18 SETAs could be conducted to understand their governance performance .
- A shorter and modified form of the survey could be prepared to solicit the views of executive members of the SETAs.

³ During the course of the Annual Report review of SETAs, it emerged that a number of AA members report having qualifications that are work in progress (e.g. currently registered for Masters) or one that is not a whole qualification (e.g. mini-MBA). It is recommended that this practice be terminated, given the reputational risk this brings. AA members should lead by example. The AA should also give the assurance in the Annual Report that all Executives have the requisite qualifications. This has been flagged in the Portfolio Committee by SAQA as reported above. Lastly, political parties are not professional bodies and should not be designated as such. Two SETAs identified a political party as a professional body in their 2018/19 Annual Report.

- While the survey data was drawn from a limited sample size, corroboration with other data sources suggests that the survey results provide a reasonable reflection of the state of governance in the SETAs as a whole. These results therefore provide a good baseline for further research. In the future, further surveys of a shorter length could be extracted from the original survey, and conducted on a more regular basis.

Based upon the more significant findings of this research, the following research recommendations are made:

- Most of the SETAs made little reference to the current version of the King code. In future, the constitutions, governance charters and policy documents of the SETAs could be analysed to ensure that they are compliant with the most current set of principles and guidelines on governance. In addition, compliance with integrated reporting requirements should be assessed.
- SETAs that are too large, become unwieldy and inefficient. The optimal composition of a SETA AA proportionate to its size and scope should be considered. A benchmarking exercise of the size of similar institutions internationally, could be of value.
- It was recognised that the SETAs would benefit from a centralised shared services platform. Further research is needed to establish the nature of the shared services and the IT support underpinning them.
- Given the importance of induction and other training, a needs analysis should be conducted to establish the level of knowledge of AA members and SETA employees.

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CHAPTER 1: INTRODUCTION

BACKGROUND

Section 195 of the Constitution of South Africa sets out the basic values and principles governing public administration, while the Constitution also makes provision for a number of institutions to carry out monitoring and evaluation functions across government. A government-wide monitoring and evaluation system was established in 2007, and requires government institutions to formally adopt a M&E strategy. In support of this system, the Department of Planning, Monitoring and Evaluation (DPME) produced the national evaluation policy framework in 2011. However, as monitoring and evaluation frameworks have developed, there has been a trend towards routine monitoring, emphasising quantitative data. This has been at the expense of learning processes and effective strategic planning⁴.

Sector Education and Training Authorities (SETAs) were established in terms of the Skills Development Act (No 97 of 1998) (as amended) with the mandate to facilitate skills development for industries, sectors and the country's economy, to improve understanding of the demand for different types of skills, as well as to encourage and support training. SETAs are accountable to the National Treasury and the Auditor-General in terms of National Treasury and other finance-related legislation, and to the Department of Higher Education and Training (DHET) in terms of the Skills Development Act (SDA). SETAs have more detailed Service Level Agreements with the DHET, which link them to the Performance Agreements of the Minister of Higher Education and Training.

Against this background, this evaluation is part of a broader Research Programme on Monitoring and Evaluation that has been commissioned by the Banking Sector Education and Training Authority (BANKSETA) and is being undertaken by Rhodes University.

The SETA Chairs Research Programme, "Monitoring and Evaluation in a SETA Environment" consists of nine distinct research projects, namely:

1. High level M&E Framework
2. Evaluating skills for enterprise development
3. Standards for SETA Performance
4. Cost Benefit Tool (World Wide Fund for Nature, South Africa)
5. Tracer Study Protocol (Neil Aggett Labour Studies Unit, Rhodes University)
6. M&E for Discretionary Grant
7. M&E for Mandatory Grant
8. Evaluate SETA Governance (Rhodes Business School, Rhodes University)
9. Capacity Development

This report of Project 8, focuses on SETA governance.

⁴ Source:

<https://www.ru.ac.za/media/rhodesuniversity/content/elrc/documents/2019/setatheoryofchangediscussionbriefs/1. Overall M E Framework 032020 print.pdf>

With the creation of the DHET in 2009, and the movement of the SETAs from the Department of Labour to the new department, various changes to SETAs were introduced, to address some of the problems that had been observed, particularly concerning SETA governance.

SETA governance has been the focus of several evaluations and interventions by the government and other interested parties.

Research undertaken by Resolve (2009)⁵ commissioned by Business Unity South Africa (BUSA) found that the “current SETA structure does not leverage stakeholder participation effectively and is too administratively complex and burdensome, requiring multiple oversight Boards and administrations in a context of scarce skills. SETA stakeholders tend to spend most of their time dealing with administrative matters such as procurement, staffing, systems and customer complaints. How stakeholders are appointed to many Boards/ Executive Committees of SETAs does not promote effective governance, i.e. appointments are based on equal representation of stakeholders and education and training background”.

Marock (2012, p.5)⁶, refers to an “overly complex mandate”. In the report of the Ministerial Task Team on SETA Performance, it is stated that, ”There is a strong and widely supported view that the mandate of SETAs is too broad and that it is therefore impossible for SETAs to carry out all of their responsibilities. This is exacerbated by the fact that their roles are often expanded with limited sense of the implications that this has on existing work”. (Government Gazette, 2013, p.11)⁷.

The recent evaluation of the National Skills Development Strategy (NSDS) III undertaken by Mzabalazo and Wits University (2018)⁸ found that for the period 2011-2016, some SETA Chief Executive Officers (CEOs) and management teams have established sound relationships and role differentiation with their Boards, with the Board focussing on governance and management teams being left to focus on operations. However, the report also concluded that these SETAs were in the minority and that many Boards get involved in operational matters, and fail to adequately focus on strategic direction and monitoring implementation (Mzabalazo and Wits University, 2018, p.74).

The Minister of Higher Education and Training has used the provisions of the Skills Development Amendment Act (Act 37 of 2008) to address concerns about the governance and management of various SETAs. A range of measures has been put in place to address particular systemic problems such as governance, planning and financial management. Smaller Boards have been established; independent audit committees are functioning in most SETAs; Auditor-General Reports are being treated seriously; training has been provided in strategic planning; guidance and support are being given to research and skills planning; and the Portfolio Committee on Higher Education and Training (PCHET) in Parliament is scrutinising SETA performance. However, in spite of all the reforms and improvements, the system is still not viewed as being effective in addressing the skills needs of the economy. Where the problems in SETAs have become so great, the Minister has been persuaded to

⁵ Resolve, 2009. Skills Development: Review and Future Institutional Options, Prepared for BUSA.

⁶ Marock, C. 2012. Developing a Framework for Understanding Seta Performance Monitoring and Evaluating their Role in Skills Planning, Steering and Enabling Supply within their Sector, LMIP Working Paper 4, Labour Market Intelligence Partnership.

⁷ Government Gazette, No. 36747, 16 August 2013, Ministerial Task Team on SETA performance, Report for the Minister of Higher Education and Training, Hon B Nsimande (MP)

⁸ Mzabalazo and REAL, 2018. NSDSIII Evaluation: Evaluation of the National Skills Development Strategy (NSDS III) 2011-2016.

disband the Boards of those SETAs and place them under Administration (Skills System Review Report, 2013, HRDC).

The Minister of Higher Education and Training has recently published the National Skills Development Plan 2030 (NSDP). The NSDP and the new SETA Landscape was ushered in on 1 April 2020. This new dispensation was envisaged to bring about changes with regards to the leadership and governance in skills development. SETAs will remain an authoritative voice of the labour market and experts in their respective sectors.

Purpose of the Evaluation

This evaluation investigated the implementation of SETA governance. Successes and challenges in implementation were identified and recommendations for improvement are proposed, which also illuminated examples of good practice.

The effectiveness and efficiency of SETA governance was, *inter alia*, evaluated using the SETA Governance Charter, against which the DHET holds SETAs accountable. The SETA Governance Charter⁹ was approved in 2016 to regulate the parameters within which the SETA's Accounting Authorities should operate and ensure the application of principles of good corporate governance. In conducting the evaluation, it was required to:

- Build on previous studies;
- Provide a basis from which future, ongoing monitoring and evaluation of SETA governance can be undertaken as part of the broader M&E Framework of SETAs;
- Identify, illuminate and expand on best practice. As stated in the NSDS III Progress Report (2013): "*It is important to note that there are different levels of capacity within the 21 SETAs in terms of governance, management, responsiveness and financial status. For this reason, it is unhelpful to make blanket generalisations about SETA capacity as so often seems to happen in public debates and in the media. We should appreciate the work done by SETAs with effective governance structures whilst supporting and building the capacity of those struggling with their governance roles*". (DHET, 2013, p.5); and
- Analyse in the broader context in which SETAs operate. This to ensure acknowledgement that skills development is a multi-layered process in a complex system, and this is the only basis on which SETA governance can be understood.

SCOPE

Research Questions

The high-level research questions were as follows:

- What policy and legislation are relevant to SETA governance?
- How should good governance of SETAs be measured?
- How should SETA governance be operationalised?
- What are the key successes and challenges faced by SETAs in the contemporary context?
- What are the key recommendations for improvement?

⁹ Source: <http://www.dhet.gov.za/Outcome/DHET%202016%20SETA%20Governance%20Charter.pdf>

Limitations of Research

The following limitations of the research have been identified:

- Findings of the qualitative component of the study cannot be generalised to other SETAs.
- The qualitative component of this research is mainly focusing on more functional SETAs. As such, some of the challenges being experienced in less functional SETAs may be overlooked.
- The views expressed in the survey that are collated from the respondents per SETA may not be representative of their SETA.
- The weighting given to majority views, may crowd out minority opinions that are in fact more valid. It is essential therefore that all responses are studied so that these minority (and possibly less popular views are not unreasonable discounted).
- Attribution bias may exist, especially where respondents are required express a view that has an ethical dilemma or raises an issue pertaining to performance.

STRUCTURE

This report is structured as follows:

- Chapter 1 introduces the study.
- Chapter 2 describes the methodology that was applied.
- Chapter 3 presents the main results of the research, integrating the findings from various data collection techniques in order to address the high-level research questions.
- Chapter 4 summarises the key challenges and successes that were identified in relation to the governance of SETAs.
- Chapter 5 summarises the findings of the study in relation to the research questions, and sets out the main recommendations emanating from this research.

In order to keep the report as concise as possible, Appendices have been included, which set out further details of the research.

CHAPTER 2: METHODOLOGY APPLIED

CHAPTER OVERVIEW

The methodology followed in this research is briefly described according to:

- The theory of change that was adopted;
- The research design and procedure that was employed; and
- The reporting and feedback procedure that was followed.

Furthermore, the sample of respondents who completed the survey is described.

THE THEORY OF CHANGE

Yuthas et al. (2004)¹⁰ has developed frameworks for the public accounting profession to address the ethical problems encountered in that profession, while Brennan and Kirwan (2015)¹¹ have developed a model that is relevant for audit committees. Combining these frameworks produces a suitable theory of change for SETA governance. Yuthas et al. (2004) note that ethical problems have traditionally been viewed as an individual phenomenon, which is addressed through “an agency model of ethics”, focusing on the learning of the individual. They argue that behaviour should rather be viewed as a social phenomenon and not an individual one. Furthermore, they argue that the accounting profession should incorporate elements of both agency and structure in addressing ethical issues, as advocated by Giddens’ structuration theory. From this perspective, agency is the ability of a professional to be a “reflexive, knowledgeable person to exercise discretion in choosing to act” (Yuthas et al. 2004; p. 230-231). Giddens (in Yuthas et al. 2004, p. 231) then views social structures as “the rules and resources implicated in action by agents.”

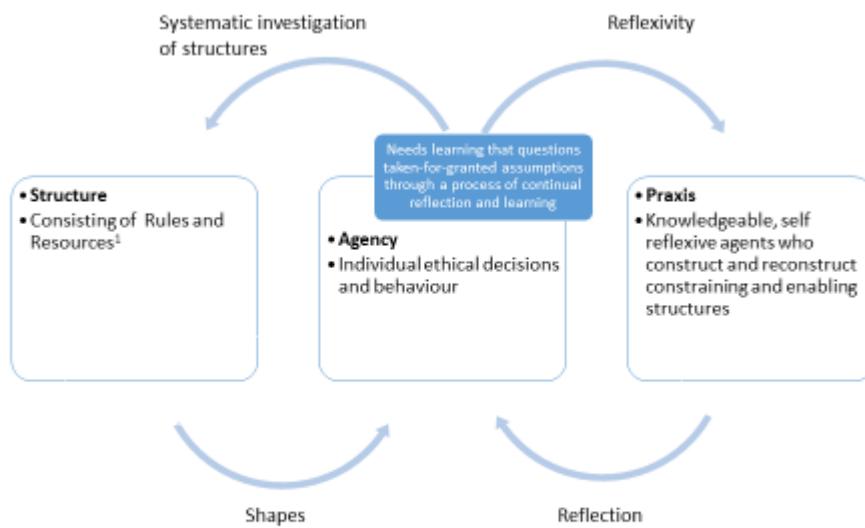
Yuthas et al. (2004) further argue that the framework integrating agency and structure components also need to adopt a new learning perspective. They recommend the adoption of Argyris’ “double-loop learning”, which is closely aligned to Bateson’s concepts of levels of learning, and deuterolearning in particular. They state “At this level, the learner develops strategies for maximizing level 1 learning, by focusing on the processes of extracting rules and forming generalizations. The learner begins to recognize the importance of the context within which the learning takes place, and contrasts the current context to other alternatives.” (Yuthas et al. 2004; p. 238).

Using practice theory, Brennan and Kirwan (2015) compare what audit committees do, to what they should actually be doing, noting the collective influence of various levels (i.e. societal, organisational,

¹⁰ Yuthas, K., Dillard, J.F. and Rogers, R.K., 2004. Beyond Agency and Structure: Triple-Loop Learning. *Journal of Business Ethics*, 51(2), pp.229–243.

¹¹ Brennan, N.M. and Kirwan, C.E., 2015. Audit committees: practices, practitioners and praxis of governance. *Accounting, Auditing & Accountability Journal*, 28(4), pp. 466-493.

committee, and individual) on actual praxis (i.e. the interaction of practitioners with their practice). Combining these two approaches, the following model depicting the theory of change was developed.



¹ Rules of what is acceptable and appropriate as contained in laws, codes, policies and procedures and reinforced by sanctions and rewards [Legitimation]; Rules that give an understanding to self and attach meaning to the environment [Signification]; Domination and allocation of material and non-material resources

Figure 1: Theory of change model

The stakeholder validation workshop convened at the end of the research procedure on the 20th November 2020, was designed in a way to promote this type of learning. Rather than restricting it to merely information-sharing, the session required participants to interrogate existing policy, procedures and practices, and identify what could be done at a structural level to enhance corporate governance of SETAs.

THE RESEARCH DESIGN AND PROCEDURE

A sequential mixed-methods approach with interrelated elements was used, including literature reviews and document analyses of:

- All relevant policies and legislation, and identify their implications for SETA governance
- Past evaluations, Annual Reports of SETAs, SETA Review Panel Reports
- Literature review and document analysis of 3 pre-selected SETAs incorporating:
 - The SETA Governance Charter¹²

¹² Source: <http://www.dhet.gov.za/Outcome/DHET%202016%20SETA%20Governance%20Charter.pdf>

- The Standard Constitution of SETAs¹³¹⁴
- The Board Charter
- Board minutes for the last two years
- Integrated Report/Governance report
- Delegation of authority framework policy

The table below illustrates how the different sources of data were used to address the research questions of the study.

Table 1: Research questions and data sources

	Research question				
	Policy and legislation	Measuring good governance	Operationalisation of SETA governance	Key successes and challenges	Recommendations for improvement
Data source					
Key informant interview	X	X	X	X	X
Policies and legislation	X			X	
Past evaluations, Annual Reports of SETAs, SETA Review Panel Reports		X	X	X	
Literature review		X	X	X	X
Analysis of 3 pre-selected SETAs		X	X	X	X
Group interviews with three SETAs		X	X	X	X
Online questionnaire		X	X	X	X

Attention was given to potential alignments, misalignments and conflicting directives in the policy and legislation, some of which may have been identified in earlier studies.

¹³ Source: <https://archive.opengazettes.org.za/archive/ZA/2012/government-gazette-ZA-vol-563-no-35336-dated-2012-05-11.pdf>

¹⁴ Source:
[https://www.dhet.gov.za/Gazette/2017%20Nov%2029%20Amendment%20to%20Regulation\(14\)%20of%20the%20Seta%20Standard%20Constitution.pdf](https://www.dhet.gov.za/Gazette/2017%20Nov%2029%20Amendment%20to%20Regulation(14)%20of%20the%20Seta%20Standard%20Constitution.pdf)

In order to elicit the first-hand views of key players, the following was then undertaken:

- A Key informant interview with the Executive Officer: National Skills Authority (NSA).
- Focus group interviews with a sample of Accounting Authority members and key executives of three SETAs.
- Online questionnaire/survey of all former SETA Accounting Authority members who served over the period 2017/18, 2018/19 and 2019/20.

DATA ANALYSIS AND TRIANGULATION

The study employed both quantitative and qualitative analysis techniques.

- Interview data was analysed thematically.
- Policies and legislation were analysed through a process of comparative analysis or benchmarking.
- Past evaluations, Annual Reports of SETAs, SETA Review Panel Reports were content analysed and often summarised in a tabular form. Financial data contained in reports was also summarised in the form of tables, and appropriate financial analyses applied, including the use of basic statistical analysis, such as mean, standard deviations and coefficient of variation to assess trends and risk measures.
- Literature searches were conducted to identify relevant scholarly work, which was then critically reviewed.
- The analysis of the three pre-selected SETAs made use of a process developed by the IoDSA for this specific purpose.
- In the case of the survey, given the constraints of the sample size, statistical analyses were limited to descriptive statistics, including the use of means, standard deviations and frequency distributions. Some limited cross-tabulated analysis was also undertaken, where the data lent itself to such analysis. Open ended questions were analysed thematically.

The sequential mixed methods design facilitated the triangulation of data. Specifically, an initial key informant interview provided an orientation to the design of the questionnaire, which was also informed by the outcome of the analysis of the three pre-selected SETAs. The results of the three cases and the survey questionnaire, in turn informed some of the documentation analysis. What is more, presenting the results to the steering committee provided impetus to further investigations, such as benchmarking the composition of Boards internationally.

Triangulation also occurred with the data collected at specific stages of the research. For example, the analysis of the three pre-selected SETAs combined documentation analysis with interview data. Also, the quantitative responses in the survey, guided the thematic analysis of the open ended, qualitative responses.

RESEARCH ETHICS

A research ethics application was submitted to the Rhodes University Ethical Standards Committee, Human Ethics subcommittee, and permission was granted to conduct the research (reference number 2019-1089-2123).

Gatekeeper permission (institution consent) was obtained from SETA 1 (18/2/2020), SETA 2 (4/3/2020) and SETA 3 (19/2/2020).

Research participants provided informed consent confirming voluntary participation in the research.

No individuals are identified in the study, except for the key informant interview. For the 3 SETA analysis, they are assigned a number. For the open-ended responses from the survey/questionnaire, where specific entities or circumstances are named, these are redacted. In the instance where specific SETAs or circumstances are named, then this information was sourced from the public domain.

REPORTING AND FEEDBACK

The deliverables for the SETA project include this summary report of the process followed, with key findings and recommendations. Regular presentations have also been made to the steering committee that had oversight of this project.

A national stakeholder workshop was virtually convened via Zoom on 20 November 2020, where findings were shared and deutero-learning applied with stakeholders, to promote reflexive learning. At this workshop, the main findings derived from the literature review, document analysis, focus group interviews, national survey were presented, along with the key recommendations made.

It is hoped that ongoing governance evaluations that extend to current AA members, as well as Executives of the SETAs will enable the baseline information and recommendations, which have emanated from this study to be built upon.

DESCRIPTION OF THE SURVEY SAMPLE

An evaluation of governance practice was conducted via a questionnaire using Google forms, which was distributed to all known former Accounting Authority and Independent committee members who served the respective SETAs over the periods 2017/18, 2018/19, and 2019/20. This was a comprehensive survey, comprising the following sections:

- Your Background
- SETA Involvement
- SETA Dynamics
- Sector Education and Training Governance Charter: which in turn comprised sub-sections based on the Charter, namely Characteristics of Good Corporate Governance, Role of AA in implementing the Charter, Composition of the AA, Duties and Responsibilities of the AA,

Meetings and proceedings, Governance, Code of Conduct, Obligations and Disclosure of Information, Risk Management, SETA Audits and Board Secretary.

- King IV Report on Corporate Governance™ for South Africa
- Unique Governance Characteristics

The questionnaire can be found in Appendix A to this document. A total of 47 usable responses were received, hence providing an average of 2.2 responses per SETA. Given that each SETA's AA membership comprises 14 or 15 members, the response rate of approximately 15% is disappointing. Nevertheless, sufficient responses were received to undertake a meaningful and relevant evaluation of the SETAs as a collective. As indicated earlier, this does provide a rich baseline for ongoing evaluations, which can be used as a reliable basis for benchmarking.

Background information on the respondents was gathered. Some of this information is summarised in the table below. Furthermore, information was obtained about their professional experience and membership.

Table 2: Gender, Age, Equity, Qualifications and IoDSA membership

Gender	Female 21 45%	Male 26 55%						
Compare to AR review ¹	49%	51%						
Title	Dr 1 2%	Miss 1 2%	Mrs 10 21%	Ms 10 21%	Mr 25 53%			
Age	41-45 10 21%	46-50 10 21%	51-55 5 11%	56-60 9 19%	61-65 9 19%	66-70 4 9%		
Equity	A 29 62%	C 2 4%	I 5 11%	W 10 21%	Other 1 2%			
Qualifications	Gr12 1 2%	NQF5 0 0%	NQF6 4 9%	NQF7 8 17%	NQF8 13 28%	NQF9 20 43%	NQF10 1 2%	
Compare to AR review ¹	12%	9%	11%	15%	21%	24%	8%	
Member of IoDSA	Yes 31 66%	Cert Director 5 16% of Yes	Chart Director 1 3% of Yes					

¹ An analysis was undertaken of a random sample of Annual Reports for the 2019/20 period.

Compared to the Annual Report review, which shows an almost even split of female and male members, slightly more males than females responded to the survey. As shown in the table above, the vast majority of respondents held a postgraduate degree, with 43% having a Master's degree. The proportion of survey respondents is significantly higher than the Annual Report review comparison.

The researchers certainly had hoped for a more even response rate that was closely aligned to the latter.

Two-thirds of respondents were a member of the Institute of Directors in South Africa. However, more than 80% were neither a Chartered nor a Certified Director, highlighting the importance of formal induction and ongoing training and development (i.e. continuous professional development for governance up skilling).

Membership of a Professional Body

Table 3: Professional Membership

Professional Body/Assoc	No	Professional Status	No
AEASA: Agricultural Economics Association of South Africa	1	-	0
CIMA: Chartered Institute of Management Accountants	1	FCMA, CGMA	1
HPSCA: Health Professions Council of South Africa	1	Industrial Psychologist	1
IEASA: Institute of Estate Agents of South Africa	1	CPRE	1
IIASA: Institute of Internal Auditors South Africa	1	Certified Internal Auditor	1
IRMSA: Institute of Risk Management SA	2	CRM Prac	1
ISACA: Information Systems Audit & Control Association	1	CISA, CISM, CGEIT	1
LPC: Legal Professions Council	1	Attorney of High Court	1
PRISA: Public Relations Institute South Africa	1	APR	1
SAAPAM: SA Association of Public Administration and Management	1	-	0
SABPP: South African Board for Personnel Practice	3	Master HR Practitioner	2
SACE: South African Council for Educators	3	Registered Educator	1
SACSSP: SA Council for Social Service Professions	1	Social Worker	1
SAICA: South African Institute of Chartered Accountants	3	CA(SA)	3
SAIOSH: South African Institute of Occupational Safety and Health	1	-	0
SANC: SA Nursing Council	2	Professional Nurse Practitioner	1
SAPAA: South African Professional Auctioneers Association	1	-	0
Total: 17 Professional Bodies Identified	23 ¹		15 ²

¹Totals 25, but two respondents show dual membership, hence 25 - 2 = 23

²Totals 16, but one respondent has dual professional status, hence $16 - 1 = 15$

In total, 31/47 respondents identified as being a member of a professional body (including IoDSA), but on closer examination, it was deemed that only 23 were so, 15 of whom had indicated their professional designation as shown in the table below. Some respondents had identified industry associations or other bodies that do not meet the criteria of a recognised professional body and hence these were excluded.

Experience and Knowledge

From the table below, it can be seen when asked what the main experience or knowledge background was that they brought to the SETA, the most prevalent responses were:

- Governance (70%): Rank = 1
- Human Resource Management (55%): Rank = 2
- Strategy (53%): Rank = 3
- General Management (51%): Rank = 4
- Operations Management (47%): Rank = 5
- Training and Development (45%): Rank = 6

Table 4: Main Experience or Knowledge Background

Knowledge/Experience	Number	%	Rank	Band
Auditing (external): [Other]*	1	2	23	<20%
Brand growth: [Other]	1	2	23	<20%
Community based organisations management	11	23	14	20%-29%
Compliance	22	47	5	40%-50%
Education	14	30	11	30%-39%
Financial management	16	34	8	30%-39%
General management	24	51	4	50%+
Governance	33	70	1	50%+
Human resource management	26	55	2	50%+
ICT/IT/Cyber security: [Other]	2	4	22	<20%
Industry specialist	17	36	8	30%-39%
International relations: [Other]	1	2	23	<20%
Labour relations	19	40	7	40%-50%
Legal	3	6	21	<20%
Monitoring & Evaluation	14	30	12	30%-39%



Knowledge/Experience	Number	%	Rank	Band
NGO Sector management	4	9	20	<20%
Occupational health & safety: [Other]	1	2	23	<20%
Organisation development: [Other]	1	2	23	<20%
Project management	16	34	10	30%-39%
Public relations	5	11	19	<20%
Public sector management	10	21	14	20%-29%
Quality assurance	8	17	16	<20%
Research	6	13	18	<20%
Risk management	13	28	12	20%-29%
Skills planning	7	15	17	<20%
SMME development: [Other]	1	2	23	<20%
Social services: [Other]	1	2	23	<20%
Strategy	25	53	3	50%+
Training & development	21	45	6	40%-50%

* Other were added by respondents. Assuming that they had been included by the researchers, there may have been more responses, in which case these knowledge/experience factors are understated.

SETA Involvement

This section reports on the nature of the involvement of respondents in SETA board activities. This includes the SETA that they are associated with, the nature of their involvement, as well as their experience on committees.

Table 5: SETA Association

No	SETA Associated With	Total
4	AGRISETA, CHIETA, ETDP, FOODBEV, SERVICES	20
3	FASSET, LGSETA, MERSETA	9
2	EWSETA, FP&M, HWSETA, PSETA, SASSETA, TETA, W&R	14
1	BANK, CATH, INSETA, MICTSETA	4
0	CETA, MQA	0
		47

Most responses were received from four former AA members who served on AGRISSETA, CHIETA, ETDP SETA and SERVICES SETA, with regrettably no responses from CETA or MQA.

The same analysis is presented in the next table, but this time showing by individual SETA.

Table 6: Association with individual SETAS

SETA Associated With	Total	%	SETA Associated With	Total	%
AGRISSETA	4	8.5%	INSETA	1	2%
BANKSETA	1	2%	LGSETA	3	6%
CATHSSETA	1	2%	MERSETA	3	6%
CETA	0	0%	MICTSETA	1	2%
CHIETA	4	8.5%	MQA	0	0%
ETDPSETA	4	8.5%	PSETA	2	4%
EWSETA	2	4%	SASSETA	2	4%
FASSET	3	6%	Services SETA	4	8.5%
FOODBEV	4	8.5%	TETA	2	4%
FP&MSETA	2	4%	W&R SETA	2	4%
HWSETA	2	4%	Total	47	100%

Capacity Served, Term, Governance Experience, Induction and Nominated by

Referring to Table 7 below, it can be seen that the majority of respondents were AA members. The low response from former Chairpersons is noticeable. The average time served was 4.56 years. The longest time served was nearly 20 years, which appears unusual, but the start date of 2000 was stated in an open-ended response, so this is assumed to be correct.

The governance experience was deemed to be reasonably high, but some respondents had less experience, which was useful in that their views could also be taken into consideration.

Experience at Chairing was less than the overall governance experience.

The majority had served in another governance capacity, with most (60%), having been involved in between 1-3 boards.

Table 7: Capacity Served

Capacity Served	No	%	
- Chairperson of AA	3	6%	
- AA member	33	70%	
- Independent member of Audit (& Risk) committee	5	11%	
- Independent member of a board committee	5	11%	
- Independent member of a chamber	1	2%	
Total	47	100	
Term of office on SETA AA (years)	Ave 4.56	σ 3.70	
Governance experience at time of 1st appointment to this SETA, 1 = Very Inexperienced 7 = Very Experienced	Ave 5.15	σ 1.72	
Years of experience prior to this SETA appointment	None 8 17%	<2 4 9% 2-4 6 13% 5-9 13 28% 10-15 8 17% 15+ 8 17%	15+ 8 17%
Experience in Chairing a board or a committee prior to this SETA, 1 = No Experience 7 = Vast Experience	Ave 4.80	σ 1.92	
No of other bodies served in a governance capacity prior to this SETA	None 4 9%	1-3 28 60% 4-6 11 23% 7-10 2 4% 10+ 2 4%	10+ 2 4%

Table 8: Nomination

Nominated / appointed by	Community 2 4%	Employers 19 40%	Government 2 4%	Labour 12 26%	Minister 2 4%	Prof Body 5 11%	Other 5 11%
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The highest proportion of respondents were Employer nominees (40%). Although 3 respondents had indicated being a Chairperson, only 2 had indicated that they were a Ministerial appointment. Some that ticked "Other", had applied, rather than being nominated.

CHAPTER 3: RESULTS

INTRODUCTION

The results are presented in this chapter according to the main research questions, and are categorised as follows:

- Policy and legislation
- Shifts envisaged for SETA governance
- Key findings from existing research
- Regulatory requirements and the associated structures in each SETA
- Measuring good governance
- Operationalisation of SETA governance
- Key successes and challenges

Based on these results, the recommendations for improvement are set out in the next chapter

POLICY AND LEGISLATION

In terms of policy and legislation, the following questions were posed:

- How is SETA governance prescribed in current policy and legislation?
- In light of the envisaged review of the Skills Development Act (SDA), what shifts are envisaged for SETA governance?
- What are the key findings from existing research (including Ministerial Committees) about policy and legislation on SETA governance, especially in terms of gaps /weaknesses /inconsistencies/ ambiguities/incoherence?
- Map the regulatory requirements and the associated structures in each SETA (e.g. Board, Accounting Committee, Accounting Officer, etc.) as well as broader guidelines (like King Codes) in the wider system of governance, against what happens in practice.

Current policy and legislation

A wide array of policy and legislation relevant to SETA governance was noted. SETA governance is clearly under the rubric of several pieces of legislation and policies, some of which give direct guidance to how SETAs as public entities should be governed. Sources include, and are not limited to, the following:

- The SETA Governance Charter (2016)
- The Skills Development Act (No 97 of 1998)
- The Skills Development Amendment Act (No 37 of 2008)
- The Skills Development Levies Act (No 9 of 1999)

- The Public Finance Management Act (Act No 1 of 1999)
- The Green Paper for Post-School Education and Training (2012)
- The White Paper for Post-School Education and Training (2013)
- The Draft National Plan for Post-School Education and Training (2019)
- The National Skills Development Plan (2019)
- The proposed new landscape for SETAs (2018)
- The Ministerial Task Team Report on SETA performance (2015)
- Approach to SETA governance and associated challenges, envisaged in the NSDS
- National Skills Development Strategy III evaluation (Mzabalazo and Wits, 2018)
- The 2019 SETA Review Panel Reports
- Sector Skills Plans
- Strategic Plans of SETAs
- Annual Performance Plans of SETAs
- SETA Audit Reports

In the survey, insofar as key legislation is concerned, the main pieces identified that all AA members should have adequate working knowledge of are the Skills Development Act, Skills Development Levies Act and Public Finance Management Act. This is non-negotiable if you are to accept a governance role in a SETA.

SHIFTS ENVISAGED FOR SETA GOVERNANCE

In light of the envisaged review of the Skills Development Act (SDA) and related policy and legislation changes, international practices in relation to national skills development were examined and their implications considered for SETA governance. This consisted of three focus areas, namely:

- Conducting international benchmarking on national skills development. This analysis focused on the location and (de)centralisation of National Skills Development.
- Developing a value chain perspective of national skills development.
- An investigation of the composition of SETA-like structures internationally, focusing on Australia, United Kingdom, Brazil and New Zealand.

These focus areas were guided by the key informant interview and feedback from the steering committee. The key informant interview had identified critical stakeholders and the challenges that prevail. The main factor identified was balancing the needs of stakeholders, especially between those who are supply driven versus those who were demand driven. It is a complex matter, reconciling the country's high unemployment rate, misalignment of skills requirements and achieving cohesion amongst all the role players. The objective itself is straightforward, in "find a way for learners to access the workplace and for those in the workplace to access training opportunities". However, this has to be orchestrated and whilst the mandates of various institutions are specified, tensions do exist. For example:

- Requirements of industry for current and tailor-made training, versus those who like to see

all training accredited

- Consolidation of training entities to achieve scale and cost saving but centralisation in itself leads to inefficiencies and dysfunctionality
- Balancing the theoretical learning requirements with the work-based components, where employers see this as a transaction as opposed to real skills development
- Whether learners in the work-place engaged in learning opportunities and skills development are employees or not
- Coordinating role of the NSA and what executive authority it has, especially when it comes to collating critical information which can better inform reporting for improved monitoring and evaluation at all levels of skills development.

International benchmarking on national skills development

An international benchmarking exercise was undertaken, based on documentation readily available on the Internet and journal articles scholarly databases. The purpose of this benchmarking activity was to analyse international practices regarding the structural arrangements at a national level, for national skills development. Internationally, structural arrangements for national skills development incorporate national, regional/provincial and local spheres or levels of government. This has been compared to a house with several floors.¹⁵ These arrangements show a wide variety of structural arrangements. This investigation limited itself to arrangements at a national level, investigating the lead government department/ministry responsible for national skills development, and the degree to which the structure was decentralised or centralised.

In total, eight types of structural arrangements were identified. Six of these were derived from one study (UNESCO, 2018)¹⁶, with a further two arrangements noted elsewhere in the literature (e.g. Ashton & Lauder, 2003¹⁷; OECD, 2011¹⁸; 2020¹⁹). These eight types of structural arrangements are summarised in the table below. Types 1, 2 and 7 reflect the national skills development initiatives being led by a specific government department. Education and Labour are typically responsible for national skills development. However, some countries have aligned their national skills development to their policies on international trade and industrial development and therefore housed national skills development within the Ministry of Trade and industry. The creation of a separate government entity (Type 3, 4 and 5) takes several forms, with either a fully-fledged government ministry being created for this purpose or a government agency or coordinating council. Decentralised arrangements (Type 6 and 7) typically involve the disaggregation of various national skills development responsibilities

¹⁵ Spanhove, J. and Verhoest, K., 2007. Corporate governance vs. government governance: translation or adaptation?. In EIASM workshop on corporate governance, Date: 2007/11/15-2007/11/16, Location: Brussels.

¹⁶ Todd, R. and Dunbar, M., 2018. Taking a whole of government approach to skills development. UNESCO Publishing.

¹⁷ Ashton, D., Brown, P. and Lauder, H., 2003. International best practice on workforce development. Cardiff, ELWa.

¹⁸ OECD (2011), Estonia: Towards a Single Government Approach, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264104860-en>.

¹⁹ Di Maio, G., Seitzl, L. and Unterweger, D.F., 2020. Strengthening the Governance of Skills Systems: Lessons from Six OECD Countries.

across many ministries. However, a more recent development is a whole-government approach, where all government Departments share collective responsibility for national skills development.

Table 9: Location and (de)centralisation of National Skills Development

Led by a government department	Separate government entity	Decentralised
Type 1: Ministry of education (MoE) or equivalent body <i>SA, Russia, Turkey, Australia, Germany</i>	Type 3: Dedicated TVET ministry <i>India, Burkina Faso</i>	Type 6: disaggregated across line ministries. No permanent centralized coordination mechanism <i>Republic of Korea, Canada, Sweden</i>
Type 2: Ministry of labour (MoL) or equivalent body <i>Malawi, Tunisia</i>	Type 4: TVET focused government agency or non-departmental public body <i>Jamaica, Philippines</i>	Type 8: A whole of government approach <i>Estonia</i>
Type 7: overseen by Ministry for Trade and Industry <i>Singapore, South Korea, Taiwan</i>	Type 5: Coordinating council or similar body placed higher than the relevant departments <i>France, Bangladesh</i>	

Source: Authors' construction

It is worth noting that none of these structural arrangements has been found to be superior to any of the others in facilitating national skills development.

Furthermore, structural arrangements within countries are fluid, with new arrangements being put in place from time to time. The study by UNESCO (2018), emphasised that the national structural arrangements themselves were not as important as “10 Building Blocks”, and having critical features in place for successful inter-ministerial coordination. They note that improved inter-ministerial coordination has varying levels of impact on these building blocks. The 10 Building Blocks are set out in the table below.

Table 10: The impact of inter-ministerial coordination on 10 building blocks for national skills development

Highly impacted by coordination	Medium impact of coordination	Little impact of coordination
Leadership and clarity of purpose across policy domains	Well-functioning partnerships and networks promoting access and equity with partners adequately representing their constituents' interests	High-performing, quality training institutions
Labour market relevance and demand driven provision	Public esteem, strong graduation and employment rates	
Standardized quality assurance mechanisms and portability of qualification	Culture of policy learning and continuous improvement	
Stable and sustained financing		
Well-functioning institutions, incentives and accountability mechanisms		
Availability of accurate data and information including labour market information [LMI]		

Source: Adapted from UNESCO (2018, p. 34-35)²⁰

Features for successful inter-ministerial coordination include:

- Responsibility underpinned by authority
- Clarity of role and purpose
- Nature and momentum of consultation and coordination mechanisms

²⁰ Source: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_647362.pdf

- Culture of governance
- Competition/influence over funding
- Integrated HRD system with joined-up pathways

A Value Chain Perspective of National Skills Development

The second approach in investigating the structure of SETAS adopted a value chain perspective. Once again, the international practice was analysed to develop a generic value chain for national skills development. It has been noted that internationally, institutions that are responsible for national skills development, inevitably have a complex mandate, given the wide range of stakeholders and clients that they need to interact with (Oliver, 2010)²¹; and this situation applies to South Africa SETAs as well (Marock, 2012)²².

Table 11: Categories and Themes for making SETAs more effective

STRUCTURE AND PROCESSES	BOARD MEMBERSHIP	RESEARCH	PROMOTION & ENGAGEMENT	FOCUS OF ACTIVITY
Reconfigure SETAs	Revise HR processes	Build research capacity	Stakeholder engagement	Promote employment and self-employment
Streamline value chain	Increase Independence	Revise M&E	Promote increased visibility	Emphasize compliance
Standardise processes and Use Technology	Increase transparency and accountability			
Abolish and replace with a tax incentive scheme	Review role of labour representatives			
Faster decision making				

²¹ Oliver, D., 2010. Complexity in vocational education and training governance. Research in Comparative and International Education, 5(3), pp.261-273.

²² Marock, C., 2012. Developing a framework for understanding SETA performance: Monitoring and evaluating their role in skills planning, steering and enabling supply within their sector, LMIP Working Paper 4, Labour Market Intelligence Partnership

Furthermore, from the survey conducted for this research, it was generally recognised that while SETAs were viewed as essential and fulfilling a useful purpose, the current structural arrangements needed to change and that internal problem needed to be resolved. In explaining what critical changes were needed to make SETAs more effective, respondents addressed five main topics, as set out in the table above.

First conceptualised by Porter with manufacturing organisations in mind, the value chain is a depiction of the set of activities that an organization carries out to create value for its customers. The value chain consists of primary activities and secondly all support activities. Based on a literature review of the activities associated with national skills development, the following value chain was developed.

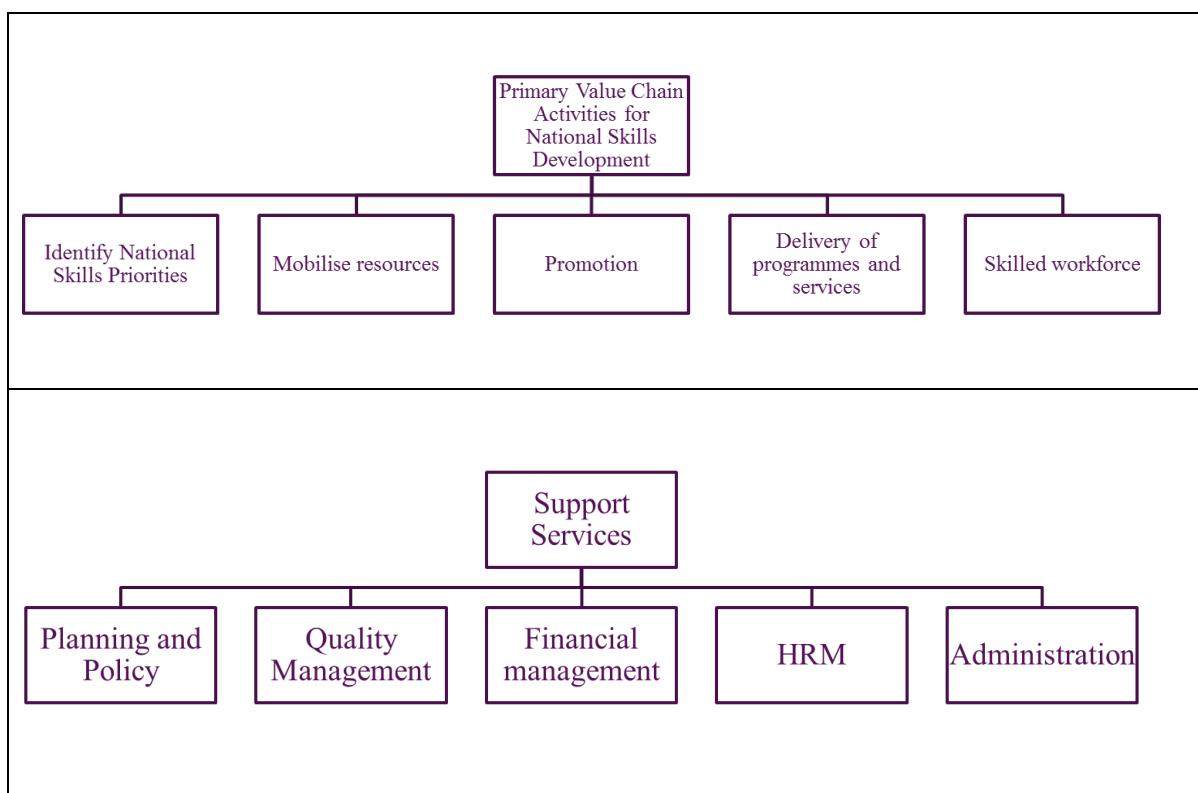


Figure 2: A value chain for national skills development

As illustrated in the figures below, expanding these activities provides a more detailed value chain. These can be further analysed to enhance the alignment and reinforcement of activities as well as to review the entities responsible for the various activities to streamline the value chain of a SETA.

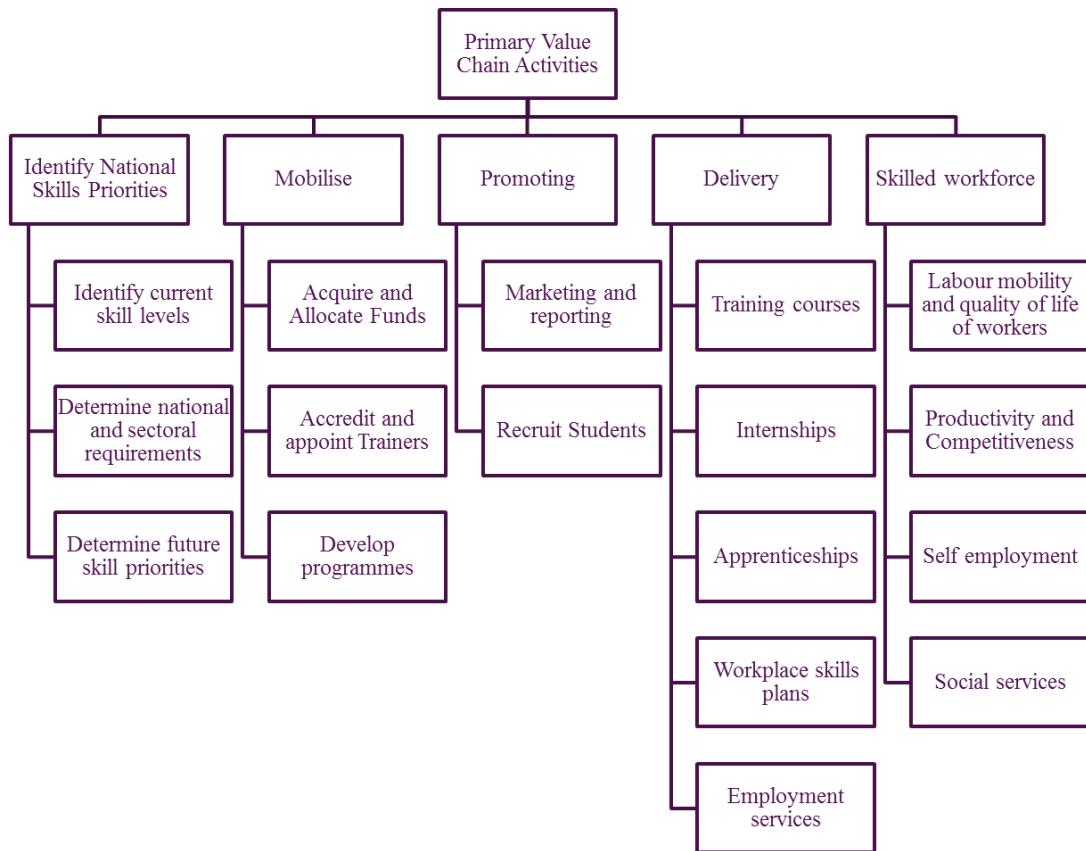


Figure 3: Details of the Primary Value Chain Activities

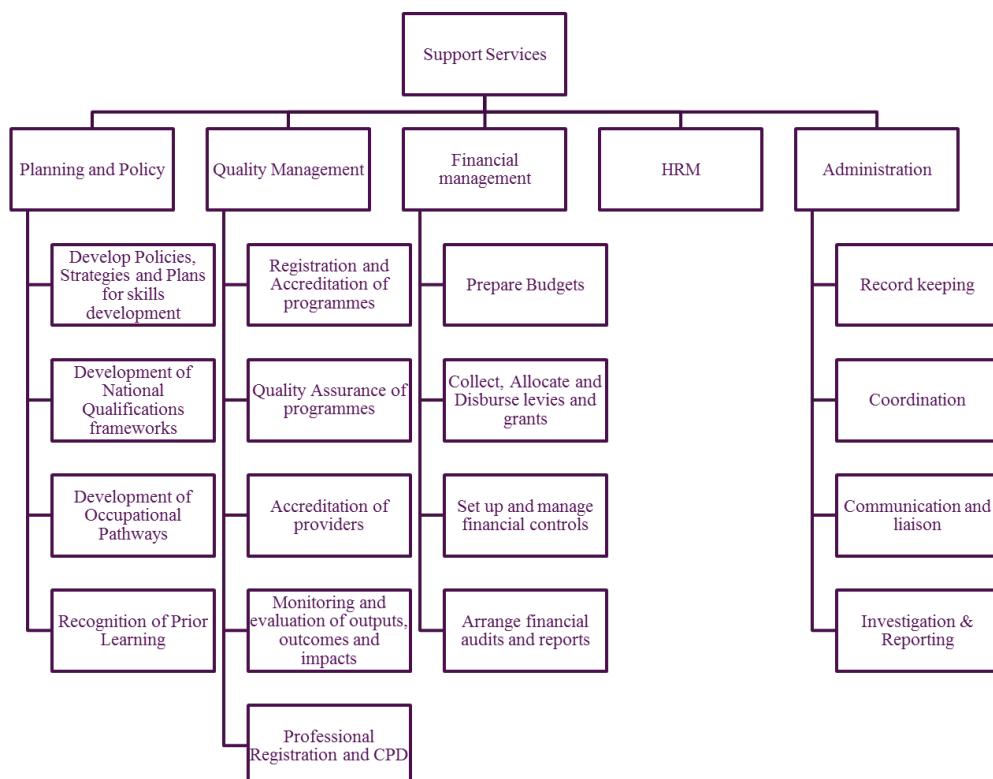


Figure 4: Details of the Primary Value Chain Activities

The composition of SETA-like structures internationally

Prior research by the Human Resource Development Council for South Africa (2013)²³ developed a typology of skills regimes globally, identifying the following main types:

- The market model (for example, the UK)
- The collectivist model (for example, the Netherlands)
- The development state model (for example, Singapore)
- The state-dependent market model (as has evolved in Latin America, for example, Brazil)

According to this typology, South Africa would be categorised as state-dependent market model.

Sector-specific arrangements tend to be focused on employer requirements for skill development. In an earlier analysis of sectoral models of employer engagement, Raddon and Sung (2006)²⁴ identified six approaches:

- Employer-involved (two variants). This occurred either through the voluntary or the statutory engagement of employers. Voluntary engagement of employers in sectoral skills debates, primarily via Consultation [e.g. United Kingdom, Australia, Canada and New Zealand] or the Statutory engagement of employers in financing sectoral skills delivery and voluntary consultation [e.g. South Africa, Quebec, Canada].
- Employer-modelled. Best practice models of skills development are used to shape training practices within the sector [e.g. Singapore].
- Employer-owned. An employer-funded sectoral approach, which links with sectoral skills strategies and needs, as identified by employer associations and representative groups [e.g. Hong Kong].
- Employer-driven (2 variants). Either a Public system or Private partnerships. A public Vocational Education and Training (VET) system is determined by the demands of employers [e.g. Netherlands], while private partnerships bring employers together in order to identify and invest in training [e.g. USA].

The structures in the following countries were investigated in more depth, and are summarised in the table below:

- Australia
- United Kingdom
- Brazil
- New Zealand

²³ Kraak, A., Jewison, R., Pillay, P., Chidi, M., Bhagwan, N., Nomvete, S. and Engelbrecht, B., 2013. Review of the current skills development system and recommendations towards the best model for delivering skills in the country. Skills System Review Technical Task of the Human Resource Development Council of South Africa, 24.

²⁴ Raddon, A. and Sung, J., 2006. The role of employers in sectoral skills development: international approaches. University of Leicester Centre for Labour Market Studies.



Table 12: The composition of SETA-like structures internationally

	Australia	United Kingdom	Brazil	New Zealand
Entity	Skills Australia National Skills Commissioner	Education and Skills Funding Agency [ESFA]	PRONATEC programme SENAI	Te Pūkenga—New Zealand Institute of Skills and Technology
Objectives and function	<p>Provide for expert and independent advice in relation to Australia's workforce skills needs and workforce development needs.</p> <p>Providing advice to the Minister on matters relating to: current, emerging and future workforce development and skills needs.</p>	<p>The Education and Skills Funding Agency (ESFA) is an executive agency of the government of the United Kingdom, sponsored by the Department for Education.¹</p> <p>The ESFA brings together the former responsibilities of the Education Funding Agency (EFA) and Skills Funding Agency (SFA) to create a single agency accountable for funding education and skills for children, young people and adults.²</p> <p>The ESFA management board is responsible for:</p> <ul style="list-style-type: none"> • setting the ESFA's vision and objectives • overseeing the effectiveness of ESFA's delivery, management controls and processes • demonstrating high standards of corporate governance • ensuring controls are in place to manage risk through the ESFA audit and risk committee.² 	<p>The PRONATEC programme is a technical and vocational education training (TVET) system, which has a flagship federal education and training program (PRONATEC) and a training arm (Sistema-S)</p> <p>Private sector management of the training levy managed by a private sector non-profit organization, SENAI.</p> <p>SENAI determines the training programs to be offered and the number of students to be admitted strictly based on industry demand.</p>	<p>functions:</p> <p>(a) to provide or arrange, and support, a variety of education and training, including vocational, foundation, and degree-level or higher education and training;</p> <p>(b) to conduct research, with a focus on applied and technological research;</p> <p>(c) to be responsive to and to meet the needs of the regions of New Zealand and their learners, industries, employers, and communities by utilising Te Pūkenga—New Zealand Institute of Skills and Technology's national network of tertiary education programmes and activities;</p> <p>(d) to improve the consistency of vocational education and training by using skill standards and working in collaboration with workforce development councils;</p> <p>(e) to improve outcomes in the tertiary education system as a whole, including (without limitation) by making connections with schools and other organisations involved in tertiary education and by promoting and supporting life-long learning;</p> <p>(f) to improve outcomes for Māori learners and Māori communities in collaboration with Māori and iwi partners, hapū, and interested persons or bodies;</p> <p>(g) to carry out any other</p>



	Australia	United Kingdom	Brazil	New Zealand
				functions consistent with its role as a tertiary education institution.
Composition	<p>Members (including the Chair) are appointed on a part-time basis by the Minister, who must ensure that the members have, between them, experience in:</p> <ul style="list-style-type: none"> (a) academia; and (b) the provision of education or training; and (c) economics; and (d) industry; and (e) the representation of employees. <p><i>National Skills Commissioner to provide advice to the Minister and the Secretary on Australia's workforce skills needs, efficient prices for VET courses, the public and private return on government investment in VET, VET in regional, rural and remote Australia and other matters relating to the VET system. The Minister may establish one or more advisory committees to give advice in relation to the Commissioner's functions. A person may only be appointed as a member of an advisory committee if the Minister is satisfied that the person has appropriate qualifications, knowledge or experience.</i></p>	<p>Members of the ESFA management board include:²⁵</p> <ul style="list-style-type: none"> • Irene Lucas CBE - chair • Hunada Nouss • Stuart McMinnies • Martin Spencer • the ESFA Chief Executive and Accounting Officer <p>Also in attendance are:</p> <ul style="list-style-type: none"> • ESFA directors.² 	<p>PRONATEC is mostly under the responsibility of the Ministry of Education (MEC), with the collaboration of several ministries and other governing bodies</p>	<p>Council must have at least 8, but not more than 12, members, as follows:</p> <ul style="list-style-type: none"> (a) 1 member who is a member of, and elected by, its staff committee; and (b) 1 member who is a member of, and elected by, its students' committee; and (c) 1 member who is a member of, and elected by, its Māori advisory committee; and (d) the rest of the members must be appointed by the Minister.
Source	<p>Skills Australia Act 2008; Skills Australia Amendment Act 2012; National Skills Commissioner Act 2020</p>	<p>Legislation not identified. See URLs below</p>	<p>Legislation not identified. Costin (2015)³</p>	<p>Education and Training Act 2020</p>

¹ https://en.wikipedia.org/w/index.php?title=Education_and_Skills_Funding_Agency&oldid=909154129

² <https://www.gov.uk/government/organisations/education-and-skills-funding-agency/about/our-governance>

³ Costin (2015) Insights from Brazil for skills development in rapidly transforming African countries - CLAUDIA SEPTEMBER 14, 2015. <https://blogs.worldbank.org/education/insights-brazil-skills-development-rapidly-transforming-african-countries>

²⁵ Irene Lucas - public sector background; Hunada Nouss - private, public sectors and not-for-profit background; Stuart McMinnies - business services background; Martin Spencer - background in economics, technology consulting, and business transformation and leadership.

KEY FINDINGS FROM EXISTING RESEARCH

Key findings from existing research about policy and legislation on SETA governance highlight the following:

- The arrangements are too complex, thereby making governance even more demanding.
- Inefficiencies exist and the financial performance of many SETAs is not at a satisfactory level
- There is no doubt that SETAs have an image problem, that self-perpetuates the perception that they do not do as required. This matter was raised once again as recently as 25 August 2020, by the Higher Education, Science and Technology Portfolio Committee where it was reported that “Members were not pleased with the performance of the SETAs. Some suggested that they be dismantled”²⁶.

In addition to the above, this aspect of the study was guided by the key informant interview, which considered the impact of these factors on SETA governance itself. A number of the issues highlighted in the interview are not atypical when it comes to inclusive governance, which seeks to involve a wider range of stakeholders in decision making and corporate governance processes.²⁷

The main issues highlighted were:

- The structure of SETAs provides for the nomination of members by particular sectors (e.g. unions, employers). This has the advantage of allowing stakeholders to help to identify the skills requirements of the sector and providing the necessary information, but has other disadvantages.
- The Act does not set out minimum requirements for the appointment of members to a SETA authority. Hence it is recommended a nomination process followed by a proper selection procedure to ensure nominees meet the requirements and are knowledgeable of the sector and able to articulate its needs. At best, nominees should be senior members of nominee constituencies who have real authority.
- Many training organisations register themselves as employers and also have a presence on the SETA boards. This gives rise to a conflict of interest.
- Employers also send skills development managers or facilitators as both nominees, and they do not have the requisite level of authority that would be expected. Hence it is not always just labour (as is so often stated) that is the only weak link in governance issues.
- Some board members have their own agendas and drag them into meetings under the name of the constituency, once again giving rise to a conflict of interest. “So, our biggest problem with governance starts with composition, and the composition of accounting authorities, in the sense that we really need to tighten the selection process, the appointment process.”
- It is important that boards are not weak otherwise there is the possibility of CEOs manipulating them, or of boards selecting a weak CEO that they can dominate.
- Concerns raised about the monitoring of the NSF, which has the largest levy allocation, since it receives 20% of the levy. “... all governance problems could be emanating from the

²⁶ Source: Parliamentary Monitoring Group: <https://pmg.org.za/committee-meeting/30910/>

²⁷ Crucke, S. and Knockaert, M., 2016. When stakeholder representation leads to faultlines. A study of board service performance in social enterprises. Journal of Management Studies, 53(5), pp.768-793.

structural makeup. From the policy makeup of the boards, and once that is handled properly, the rest could obviously follow.”

- The NSA initiated an arrangement of meeting one-on-one with each of the SETA boards. This provided better insight into the functioning of the SETA and also gave SETA authority members insight into the role of the NSA. At these engagements criminal activities were also identified. Consequently, monitoring engagements became investigative engagements. However, the NSA has limited capacity which is exacerbated by a number of vacancies, meaning that it cannot give the required attention to all 21 of the SETAs.

From the one-on-one engagements with SETAs, (by the NSA) the following key issues emerged:

Performance against NSDF III²⁸ strategy

- Skills development policies [legislation, regulation and other guidelines]. What are the opportunities and challenges that are unique to their particular sector?
- Systems problems. Systematic issues broadly, including IT.
- Governance matters. Fiduciary duties, engagement with executives, conflicts of interest, coherence, and relationship with the secretary and the like.

Areas for improvement

- Board composition. Begins with a review of the legislation itself. What must be done to strengthen the makeup and objectivity of the SETA boards?
- Independence. How do we balance the independence, or the authority of the SETA vis-à-vis the minister, as well as the NSA? Need a clear, coherent flow of powers, roles and authority. There has been some serious abuse of public funds with SETAs taking the NSA and/or Minister to court. Members do not apply their minds to matters that would be deemed as a conflict of interest. The section of the Skills Development Act whereby SETAs can be placed under administration is weak. Hence the view was expressed that “Our problems do not necessarily lie in the governance charter.”

In the light of these concerns, the following topics are discussed below:

- Exploring arrangements for inclusive governance, which is the foundation upon which governance should be measured (hence a leading indicator as to the desired outcome)
- Analysing the financial performance of SETAs, which is seen as an outcome (lagged indicator) of SETA governance performance.

Accounting authority arrangements for inclusive governance

Given the nature of skills development, a wide array of stakeholders is involved, and legislation promotes inclusive governance arrangements. Survey respondents identified a wide range of stakeholders of their SETA. Some of the more commonly identified stakeholders were:

²⁸ Source: DHET, 2015. National Skills Development Strategy III, <https://www.nationalskillsauthority.org.za/wp-content/uploads/2015/11/NSDSIII.pdf>

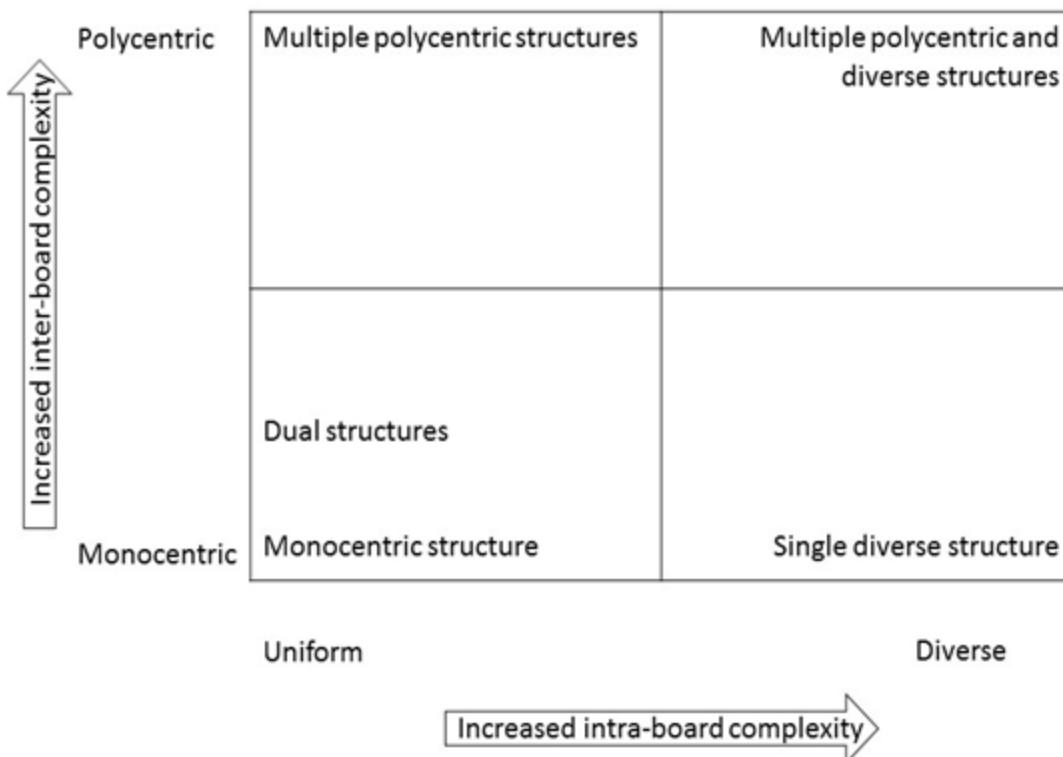
- Business/Private sector
 - Communities or community organizations
 - Labour Organizations
 - Department of Higher Education and Training
 - Education Institutions at various levels
 - Employees
 - Employer Bodies
 - Government/Government departments and institutions
 - Industry Bodies/Partners
 - Learners
 - Professional Associations and Bodies
 - Training Providers

A total of 83 stakeholders/stakeholder groupings were identified and are listed alphabetically in Appendix B. These could form the basis of a generic, Needs, Interests and Expectations (NIE) Analysis (as per King IV) that could be drawn up to better guide SETAs in their stakeholder engagement and management processes. The most prevalent stakeholders are also shown in the word cloud below. The main conclusion to be drawn from this is that SETAs have many stakeholders and hence there has to be better and more effective stakeholder management especially if Principle 16 (Legitimacy) of the King IV code is to be realised. This raises the question of inclusive governance.



Figure 5: Stakeholder word cloud

As reflected in the figure below, the inclusivity of stakeholders in governance can be developed through (1) creating multiple structural arrangements, or (2) designating the composition of membership within these structures so that they are more diverse. However, increasing inclusivity in either of these ways, increases the complexity of governance, too.



Source: Pearse, Skae and Rahim (2020)²⁹

Figure 6: Board arrangements and complexity

According to Pearse, Skae and Rahim (2020), these board complexities are characterised by the following features: (1) the additional roles and tasks to be fulfilled by various structures and individuals; (2) balancing trust and control within complex arrangement to ensure accountability; (3) dealing with the dynamics of power; (4) a need for more conflict resolution within and across structures; and (5) increased transaction costs of coordination, particularly concerning decision-making.

Respondents to the survey reported a moderate level of board membership diversity (an average of 5,4 out of 7) and a modest level of polycentricity (an average of 4,65 out of 7), as reflected in the number of different structures and common agenda items. This would suggest

²⁹ Pearse, N., Skae, O. and Rahim, S. 2020. Structure and Membership of Boards for Inclusive Stakeholder Governance. Presented at the 16th European Conference on Management, Leadership and Governance (ECMLG). A Virtual Conference Supported by EM-Normandie Business School, Oxford, UK, 26-27th October 2020. Pages 204 – 211 of 327. E-Book ISBN: 978-1-912764-77-8. DOI: 10.34190/ELG.20.009.

that role and task complexity is higher than would be the case in simpler governance arrangements. However, the level of conflict between structures was relatively low (an average of 1,79) compared to the level of conflict within structures, which was reported at a modest level (an average of 3,49). On the other hand, the transaction costs between structures (an average of 3,30) were higher than those within the structures (an average of 1,85). These results, therefore, suggest that Chairs of committees may be spending more time than they should be in coordinating their committee's decisions and activities with other structures. However, the average number of committees chaired does seem to be manageable, as reflected in the Figure below.

Number of Committees you chaired:

46 responses

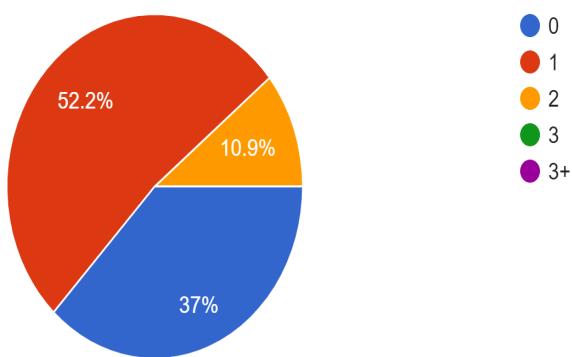


Figure 7: Number of committees chaired

When asked to report on some of the indicators of low levels of accountability (i.e. accountabilities not clearly specified, planned actions not being done, and the carry-over of agenda items), respondents indicated that they disagreed that these things happened often (an average of 2,48 out of 7), suggesting satisfactory levels of accountability. Another important indicator of accountability is trust. Levels of trust (an average of 5,31 out of 7) were reported as higher than levels of mistrust (an average of 3,31 out of 7) between members of the accounting authority, suggesting that overall there were trusting relations.

Results for power concentration (an average of 2,87 out of 7) versus power distribution (an average of 5,55) suggest that power is shared between the Chair and the other members of the committees, and that the Chair/CEO typically do not dominate SETA accounting authorities. Furthermore, levels of cooperation (an average of 5,35) were rated higher than those of competition between members (an average of 2,54). When asked about CEO performance appraisals, most respondents were aware of a performance evaluation having

been conducted, but that 15% were unsure. When asked if evaluation recommendations were acted upon, just over 50% confirmed that this was the case (See Figure below).

Those who indicated that recommendations were acted upon, identified the most significant improvements made were about Human Resource Management (Staffing, Training, and Consequence Management, including the dismissal of poor performing CEOs), financial and operational improvements, and improved board functioning.

Financial performance of SETAs

Over the five-year period under review, the combined financial performance of the 21 SETAs is as follows:

Table 13: Financial performance of all 21 SETAs over 5 years

R000s	2018/19	% of Rev	2017/18	% of Rev	2016/17	% of Rev	2015/16	% of Rev	2014/15	% of Rev
Revenue	16 550 057		15 213 213		15 402 003		14 076 888		12 310 705	
fm XT ¹	1 365 581	8.25%	1 278 308	8.40%	1 149 776	7.47%	838 737	5.96%	779 202	6.33%
fm NXT ²	15 184 476	91.75%	14 076 356	92.53%	14 252 586	92.54%	13 238 149	94.04%	11 533 496	93.69%
Expenditure	14 911 796	90.10%	13 906 218	91.41%	13 961 186	90.65%	11 464 263	81.44%	10 817 223	87.87%
ERC ³	988 935	5.98%	1 1014 511	6.67%	877 924	5.70%	777 896	5.53%	662 491	5.38%
S/(D) ⁴	1 637 813	9.90%	1 306 985	8.59%	1 474 697	9.57%	2 608 475	18.53%	1 467 994	11.92%

¹from Exchange Transactions

²from Non-Exchange Transactions

³Employee Related Costs

⁴Surplus/(Deficit)

In comparing the growth of revenue (R16.55bn / R12.31bn)

Calculating the growth (g) of the respective line items from 2014/15 to 2018/19, the average or mean (μ), the standard deviation i.e. variation around the mean (σ) and the coefficient of variation i.e. measure of risk for every R1 earned or spent (CV), reveals the following:

Table 14: Variance and risk analysis

R000s	g	μ	% of Rev	σ	CV
Revenue	34.44%	14 710 573		1 602 759	0.109
from Exchange Transactions	75.25%	1 082 321	7.28%	261 922	0.242
From Non-Exchange Transactions	31.66%	13 657 013	92.91%	1 373 724	0.101
Expenditure	37.85%	13 012 137	88.29%	1 769 346	0.136
Employee Related Costs	49.28%	864 351	5.85%	147 033	0.170
Surplus/(deficit)	14.02%	1 699 193	11.70%	521 594	0.307

The above shows that both expenditure and employee related costs have outstripped revenue growth, which is evidenced also in the CV being higher for both Expenditure (0.136

vs 0.109) and ERC (0.170 vs 0.109). This indicates that expenditure management has been more variable than revenue management, which is a concern. Although it is to be expected that the growth in the surplus (14.02%) would be less than Revenue growth (34.44%), given the rate of growth being more on the Expenditure side, the most concerning statistic is the CV for the Surplus (0.307) being significantly higher than all the other CVs. This is indicative of significant variation in surpluses generated between SETAs, meaning that there are some SETAs who have run deficits and others who are not spending the money. This warrants further analysis. The mean, standard deviation and CV analysis for each individual SETA is shown in the next table. Whilst it is important to not view each statistic in isolation from the whole picture, there are nevertheless some useful observations to be made:

- The SETAs, with the highest average Revenue in descending order are SSETA (R1,675bn), MERSETA (R1,551bn) and W&RSETA (R1,104bn) respectively.
- Lowest average Revenue in ascending order is PSETA (R103m), CATHSSETA (R345m) and FOODBEVSETA (R371m).
- Highest average Expenditure is SSETA (1.701bn), MSA (R1,124bn) and MERSETA (R1,084bn).
- Lowest average Expenditure is PSETA (R79m), CATHSSETA (R327m) and FOODBEVSETA (R336m).
- Largest average Surpluses are MERSETA (R467m), W&RSETA (R335m) and CETA (R197m).
- Largest average Deficits are SSETA (R28m), MSA (R27m) and EWSETA (R14m).

Table 15: Statistical analysis of SETA financial performance over 5 years

Mean / Average 5 Years	AGRISETA	BANKSETA	CATHSSETA	CETA	CHIETA	ETDP	EWSETA	FASSET	FOODBEV	FP&M	HWSETA
Total Revenue (R000s)	394 914	768 153	344 617	769 430	514 744	841 190	662 061	516 422	371 098	378 724	578 002
→Exchange Transactions	23 405	44 737	17 734	111 937	21 865	56 622	22 469	29 718	34 672	38 087	51 095
→Non exchange Transtns	371 509	723 415	326 883	657 494	492 880	784 568	639 591	486 704	336 426	340 637	526 697
Total Expenditure	(348 903)	(695 128)	(300 126)	(572 621)	(521 724)	(681 215)	(677 912)	(419 495)	(296 418)	(390 717)	(510 697)
Employee Related Costs	(15 268)	(36 970)	(23 117)	(35 027)	(34 308)	(77 437)	(34 284)	(18 897)	(13 848)	(21 248)	(62 062)
Surplus/Deficit	45 204	73 025	44 446	196 809	(6 980)	159 976	(13 803)	96 927	74 680	(12 029)	67 305
Std Deviation & CV											
Total Revenue (R000s) σ	54 576	78 942	44 698	109 455	43 511	173 365	487 750	72 049	46 461	16 432	91 241
→Exchange Transactions	7 359	4 056	7 926	39 763	1 324	25 339	4 541	15 826	9 541	4 390	10 330
→Non exchange Transtns	47 464	76 490	37 332	115 019	44 224	150 207	487 015	57 383	37 454	13 589	82 616
Total Expenditure	58 055	113 642	59 124	184 304	49 332	135 598	465 691	86 850	40 166	42 533	73 914
Employee Related Costs	3 089	8 963	1 961	8 851	3 753	12 614	5 466	4128	3 706	1 269	12 800
Surplus/Deficit	36 790	80 491	30 395	151 067	15 312	120 405	57 893	93 681	11 150	46 651	122 460
Total Revenue (CV)	0.138	0.103	0.130	0.142	0.085	0.206	0.737	0.140	0.125	0.043	0.158
→Exchange Transactions	0.314	0.091	0.447	0.355	0.061	0.448	0.202	0.533	0.275	0.115	0.202
→Non exchange Transtns	0.128	0.106	0.114	0.175	0.090	0.191	0.761	0.118	0.111	0.040	0.157
Total Expenditure	(0.166)	(0.163)	(0.197)	(0.322)	(0.095)	(0.199)	(0.687)	(0.207)	(0.136)	(0.109)	(0.145)
Employee Related Costs	(0.202)	(0.242)	(0.085)	(0.253)	(0.109)	(0.163)	(0.159)	(0.218)	(0.268)	(0.060)	(0.206)
Surplus/Deficit	0.814	1.102	0.684	0.768	(2.194)	0.753	(4.201)	0.967	0.149	(3.878)	1.819
Mean / Average 5 Years	INSETA	LGSETA	merSETA	MICTSETA	MQA	PSETA	SASSETA	SSETA	TETA	W&RSETA	TOTAL
Total Revenue (R000s)	470 921	608 584	1 551 102	800 509	1 101 634	103 419	388 932	1 674 973	766 724	1 104 420	14 710 573
→Exchange Transactions	25 567	41 462	173 211	26 371	50 473	3 620	17 604	122 625	72 947	96 099	1 082 321
→Non exchange Transtns	445 354	567 122	1 377 891	776 139	1 051 161	99 799	371 726	1 578 639	693 777	1 008 394	13 657 013
Total Expenditure	(426 541)	(541 541)	(1 084 202)	(800 563)	(1 124 200)	(79 241)	(364 200)	(1 700 784)	(706 899)	(769 012)	(13 012 137)
Employee Related Costs	(21 384)	(50 199)	(116 946)	(34 209)	(70 749)	(28 721)	(42 424)	(51 339)	(52 557)	(60 897)	(864 351)
Surplus/Deficit	44 380	67 043	466 900	(54)	(27 497)	30 485	25 165	(28 019)	59 825	335 406	1 699 193
Std Deviation & CV											
Total Revenue (R000s) σ	51 530	79 568	153 682	82 611	70 876	23 131	59 097	93 263	88 025	160 350	1 602 759
→Exchange Transactions	5 056	9 338	81 877	2 867	5 591	3 394	10 752	40 808	9 844	41 728	261 922
→Non exchange Transtns	47 353	70 347	74 501	82 512	71 821	20 481	49 601	125 427	79 288	120 920	1 373 724
Total Expenditure	28 689	62 720	142 226	103 990	171 265	29 477	85 704	874 481	43 304	139 908	1 769 346
Employee Related Costs	4 017	21 348	8 979	4 652	7 741	6 094	10 354	21 106	5 306	12 659	147 033
Surplus/Deficit	70 888	131 103	74 136	88 837	206 097	20 206	115 823	793 638	50 933	198 410	521 594
Total Revenue (CV)	0.109	0.131	0.099	0.103	0.064	0.224	0.152	0.056	0.115	0.145	0.109
→Exchange Transactions	0.198	0.225	0.473	0.109	0.111	0.937	0.611	0.333	0.135	0.434	0.242
→Non exchange Transtns	0.106	0.124	0.054	0.106	0.068	0.205	0.133	0.079	0.114	0.120	0.101
Total Expenditure	(0.067)	(0.116)	(0.131)	(0.130)	(0.152)	(0.372)	(0.235)	(0.514)	(0.061)	(0.182)	(0.136)
Employee Related Costs	(0.188)	(0.425)	(0.077)	(0.136)	(0.109)	(0.212)	(0.244)	(0.411)	(0.101)	(0.208)	(0.170)
Surplus/Deficit	1.597	1.956	0.159	(1639.068)	(7.495)	0.663	4.603	(28.325)	0.851	0.592	0.307

When comparing the CVs against that of the benchmark CVs, i.e. for all SETAs combined, only MERSETA has all 3 CVs below that of the Benchmark CVs. The ones that come closest and hence most stable (Table 16) in relation to their financial management are:

Table 16: Most stable SETAs from a Financial Management Perspective

	Revenue	Expenditure	Surplus/(Deficit)
Benchmark	0.109	0.136	0.307
CHIETA	0.085	0.095	(2.194)
FOODBEV	0.125	0.136	0.149
FP&MSETA	0.043	0.109	(3.878)
INSETA	0.109	0.067	1.597
MERSETA	0.099	0.130	0.159
MICTSETA	0.103	0.130	(1639.068)

Table 17: Most volatile SETAs from a Financial Management Perspective

	Revenue	Expenditure	Surplus/(Deficit)
Benchmark	0.109	0.136	0.307
MQA	0.064	0.152	(7.495)
SSETA	0.056	0.514	(28.325)

Where the CV for Surplus/(Deficit) is negative, then the SETA has run an average negative deficit over the five years. Where there is a high CV for Surplus (e.g. INSETA), it would have incurred a deficit at some point in the five years.

The above two tables, need to be analysed in conjunction with the next table (Table 18), showing the actual revenue earning by each SETA for each of the five years under review, with expenditure, employee related costs and surplus/(deficit) shown as a percentage of revenue.

In the case of INSETA, a deficit equal to 12.09% of Revenue was incurred in 2014/15, but since then, INSETA has run a surplus. The CV for MICTSETA, is also due to a once-off deficit in 2016/17 (18.98%), but given that for most of the time MICTSETA runs a surplus less than 10% of revenue, this has amplified the CV. In the case of CHIETA, the negative CV for Surplus/(Deficit) is due to the consistent running of very slight deficits.

Table 18: Yearly revenue in R000s, expenditure, employee related costs and surplus/(deficit)

	2018/19	2017/18	2016/17	2015/16	2014/15	2018/19	2017/18	2016/17	2015/16	2014/15
AGRISETA					BANKSETA					
Revenue (R000s)	465 113	433 584	375 831	373 426	326 614	882 993	809 436	735 494	732 364	680 476
Expenditure	94.75%	82.99%	89.14%	76.17%	99.38%	83.01%	103.62%	98.29%	88.67%	78.12%
ERC	4.12%	4.00%	4.08%	3.38%	3.63%	5.10%	5.50%	5.36%	4.33%	3.54%
Surplus/(Deficit)	5.25%	17.01%	10.86%	23.83%	(0.62%)	16.99%	(3.62%)	1.71%	11.33%	(21.88%)
CATHSSETA					CETA					
Revenue (R000s)	392 900	379 582	349 705	316 426	284 474	799 801	740 685	729 878	936 531	640 257
Expenditure	97.29%	90.03%	73.09%	86.75%	86.67%	108.42%	68.03%	61.49%	67.36%	64.41%
ERC	6.26%	6.44%	6.49%	6.28%	8.44%	5.79%	5.08%	3.30%	3.02%	6.07%
Surplus/(Deficit)	2.72%	9.98%	26.89%	13.23%	13.28%	(8.42%)	31.97%	38.51%	32.64%	35.59%
CHIETA					ETDP					
Revenue (R000s)	577 959	531 059	514 313	484 735	465 656	1 030 637	926 723	884 563	792 603	571 425
Expenditure	100.70%	100.91%	105.04%	103.17%	96.72%	81.24%	79.67%	83.49%	61.96%	105.13%
ERC	6.85%	6.64%	6.42%	7.11%	6.28%	8.98%	9.38%	8.55%	8.98%	10.65%
Surplus/(Deficit)	(0.70%)	(0.91%)	(5.04%)	(3.17%)	3.28%	18.76%	20.33%	16.51%	38.04%	(5.13%)
EWSETA					FASSET					
Revenue (R000s)	652 800	319 776	1 477 004	607 636	253 087	603 093	572 278	511 269	466 037	429 432
Expenditure	115.06%	110.90%	96.54%	102.28%	93.43%	92.85%	56.26%	76.44%	88.83%	95.65%
ERC	6.24%	12.07%	2.30%	5.01%	10.91%	4.19%	3.17%	3.86%	3.71%	3.27%
Surplus/(Deficit)	(15.06%)	(10.90%)	3.46%	(2.28%)	10.62%	7.15%	43.74%	23.56%	11.17%	4.35%
FOODBEV					FP&MSETA					
Revenue (R000s)	430 924	383 923	387 467	344 762	308 413	400 510	391 412	367 594	371 954	362 148
Expenditure	82.95%	78.04%	77.63%	79.83%	80.74%	92.61%	109.94%	100.82%	91.82%	121.56%
ERC	3.17%	2.96%	2.42%	5.43%	5.23%	5.52%	5.85%	5.75%	5.46%	5.47%
Surplus/(Deficit)	17.05%	21.96%	22.37%	20.17%	19.26%	7.39%	(9.94%)	(0.83%)	8.16%	(21.58%)
HWSETA					INSETA					
Revenue (R000s)	699 475	625 858	571 987	534 301	458 387	540 739	491 589	469 729	452 075	400 473
Expenditure	82.13%	73.92%	82.72%	82.06%	131.93%	75.73%	81.07%	98.98%	90.89%	112.09%
ERC	11.21%	11.34%	10.60%	10.05%	10.18%	4.26%	5.25%	5.05%	3.95%	4.11%
Surplus/(Deficit)	17.87%	26.08%	17.28%	17.94%	(31.93%)	24.27%	18.93%	1.02%	9.11%	(12.09%)
LGSETA					merSETA					
Revenue (R000s)	716 818	652 771	601 803	558 192	513 337	1 761 372	1 651 783	1 511 420	1 445 088	1 385 848
Expenditure	69.02%	74.64%	98.93%	90.98%	121.27%	69.87%	69.48%	75.87%	71.46%	62.28%
ERC	9.82%	11.03%	8.50%	5.66%	5.04%	7.16%	7.37%	7.56%	7.31%	?
Surplus/(Deficit)	30.98%	25.36%	1.07%	9.02%	(21.27%)	30.13%	30.52%	24.13%	28.54%	37.72%
MICT					MQA					
Revenue (R000s)	907 020	856 322	790 256	748 672	700 276	1 209 234	1 120 134	1 089 432	1 072 419	1 016 951
Expenditure	90.41%	98.68%	118.98%	95.78%	97.17%	73.12%	118.37%	111.02%	109.44%	101.06%
ERC	4.25%	4.26%	4.69%	4.22%	3.90%	?	6.97%	6.91%	6.45%	5.96%
Surplus/(Deficit)	9.59%	1.32%	(18.98%)	4.22%	2.83%	26.84%	(18.37%)	(11.04%)	(9.46%)	(3.40%)
PSETA					SASSETA					
Revenue (R000s)	125 857	116 614	70 479	115 747	88 399	461 535	427 105	387 290	359 694	309 034
Expenditure	98.66%	64.30%	124.31%	55.14%	51.60%	88.87%	80.59%	67.61%	89.05%	156.77%
ERC	29.12%	26.09%	43.32%	22.16%	23.02%	12.57%	11.03%	10.13%	9.96%	10.33%
Surplus/(Deficit)	1.34%	35.70%	(24.31%)	42.50%	48.40%	11.13%	19.41%	32.39%	10.95%	(56.07%)
SSETA					TETA					
Revenue (R000s)	1 745 123	1 698 359	1 776 243	1 584 443	1 570 699	838 698	869 897	740 223	733 743	651 059
Expenditure	140.77%	148.60%	109.11%	64.50%	35.88%	90.35%	85.52%	94.94%	91.03%	101.70%
ERC	3.13%	3.99%	2.45%	1.21%	4.55%	6.71%	6.71%	7.13%	6.11%	7.76%
Surplus/(Deficit)	(40.77%)	(48.60%)	(9.12%)	35.43%	63.49%	9.65%	14.48%	5.06%	8.97%	(1.70%)
W&RSETA					GRAND TOTAL					
Revenue (R000s)	1 307 456	1 214 323	1 060 023	1 046 040	894 260	16 550 057	15 213 213	15 402 003	14 076 888	12 310 705
Expenditure	66.37%	68.13%	57.70%	59.94%	101.90%	90.10%	91.41%	90.65%	81.44%	87.87%
ERC	5.95%	5.65%	5.23%	5.53%	5.02%	5.98%	6.67%	5.70%	5.53%	5.38%
Surplus/(Deficit)	33.63%	31.87%	42.30%	40.06%	(1.90%)	9.90%	8.59%	9.57%	18.53%	11.92%

In relation to volatility (Table 17), the analysis shows that both MQA and SERVICES SETA have a stable Revenue pattern, less so with Expenditure, but the Surplus/(Deficit) situation is most pronounced. However, there is a strong contrasting position. The situation in MQA has improved over the 5-year period, in the case of SSETA, it has worsened. In this regard, SERVICES SETA, stands out amongst all SETAs in relation to its overall financial management. Both MQA and SSETA are highlighted in red, in the above table (Table 18).

The above table (Table 18) also draws attention to MERSETA and W&SETA, highlighted in blue. Both of these SETAs, consistently run the largest surpluses, both in rand and percentage terms. Although CETA runs similar surpluses in percentage terms, the rand value is significantly less and CETA also incurred a deficit in 2018/19. The above analysis is telling, as there is a common denominator for these four SETAs (i.e. MERSETA, MQA, SSETA and W&RSETA), namely they are the biggest.

It raises the question as to whether they are too big and hence they are beyond a critical point in size where they can either spend according what is required to fulfil their mandate to the fullest extent, and/or that they are able efficiently and effectively manage their finances, given the demands placed upon them? This will be returned to later in this section.

Employee related Costs (ERC) are highlighted in purple and yellow (Table 18). The highest percentages are PSETA (significantly higher than all other SETAs, perhaps a function of its size), followed by SASSETA and HWSETA, both averaging above 10%. The detailed analysis of the ERC is shown in the next table (Table 19). As expected, the latter 3 SETAs, all average above the % Revenue benchmark, but also have a CV higher than the benchmark, implying greater fluctuation than the benchmark. Cost containment for them is a challenge. LGSETA has the highest CV of all SETAs, but has still managed to maintain average ERC below 10%.

Table 19: Employee related cost (ERC) analysis, % of Revenue and coefficient of variation

AGRISETA		BANKSETA		CATHSSETA		CETA	
5-year Average	5 year CV						
3.84%	0.202	4.77%	0.242	6.78%	0.085	4.65%	0.253
CHIETA		ETDPSETA		EWSETA		FASSET	
5-year Average	5 year CV						
6.66%	0.109	9.31%	0.163	7.31%	0.159	3.64%	0.218
FOODBEV		FP&MSETA		HWSETA		INSETA	
5-year Average	5 year CV						
3.84%	0.268	5.61%	0.060	10.67%	0.206	4.53%	0.188
LGSETA		MERSETA		MICTSETA		MQA	
5-year Average	5 year CV						
8.01%	0.425	7.35%	0.077	4.27%	0.136	6.57%	0.109
PSETA		SASSETA		SSETA		TETA	
5-year Average	5 year CV						
28.74%	0.212	10.80%	0.244	3.07%	0.411	6.88%	0.101
W&RSETA		BENCHMARK					
5-year Average	5 year CV	5-year Average	5 year CV				
5.47%	0.208	5.85%	0.170				

All other SETAs average below 10%. It is noticeable that a number of SETAs whose CV is above the benchmark, average below the % of revenue benchmark, highlighted in yellow, namely AGRISSETA, BANKSETA, CETA, FASSET, FOODBEV, INSETA, SSETA and W&RSETA, implying variable cost containment, but also the possibility of significant staff fluctuations, which is a concern.

The most noticeable of these by far is SERVICES SETA, which has the second highest CV of 0.411, but the lowest average % of revenue at 3.07%. The question has to be asked if this is dangerously low and whether it is feasible to run a SETA of that size with such a low ERC%? From the yearly revenue table above, it can be seen that SERVICESSETA reached a low of 1.21% in 2015/16, which was the year immediately prior to the burgeoning deficit.

The benchmark for surplus as a percentage of revenue is around 11.70% (5-year average), with the lowest being 8.59% in 2017/18 and the highest being 18.53% in 2015/16. This is highlighted in orange in the yearly revenue table (Table 18).

The most stable SETAs, in achieving surpluses, as measured by their CV are shown descending order, with their associated average Assets/Liability ratio in the next table (Table 20):

Table 20: Most stable surpluses with average Assets/Liability ratio

	CV for Surplus	5-year Average Surplus	5-year Average A/L Ratio	Ranking
Benchmark	0.307	11.70%	8.11	n/a
FOODBEV	0.149	20.16%	23.15	1
MERSETA	0.159	30.21%	16.11	2
W&RSETA	0.592	29.19%	10.16	6
CATHSSETA	0.684	13.28%	6.23	13
ETDPSETA	0.753	17.70%	7.84	9
CETA	0.768	26.05%	12.40	3
AGRISSETA	0.814	11.39%	3.96	17
TETA	0.851	7.29%	12.00	4
FASSET	0.967	16.56%	6.16	14

It would be incorrect to generalise about a significant relationship between consistent surpluses and a high A/L ratio, but the above shows there to be a relationship nevertheless as of the 9 SETAs shown above, five are in top six for higher A/L ratio ranking. (TETA is the exception showing a high A/L ratio, but lowest average surplus).

This too confirms that the money is not being spent at the level that it should be, especially for those who average significantly above the benchmark surplus 11.70%, specifically MERSETA and W&RSETA. The average Assets/Liability ratios for all SETAs are shown in the next table (Table 21).

Table 21: Average 5-year Asset/Liability ratios

Assets / Liabilities Ratio	2018/19	2017/18	2016/17	2015/16	2014/15	Mean	Rank	Std Dev	CV
Averages	9.05	9.91	7.86	8.53	5.18	8.11		3.49	0.42
AGRISETA	4.12	4.84	4.30	4.45	2.12	3.96	17	1.0636	0.27
BANKSETA	10.21	9.72	7.04	10.14	4.23	8.27	8	2.6087	0.32
CATHSSETA	7.88	8.88	6.43	3.85	4.12	6.23	13	2.2306	0.36
CETA	11.02	13.13	13.71	12.84	11.32	12.40	3	1.1730	0.09
CHIETA	3.20	6.16	0.61	4.36	5.42	3.95	18	2.1778	0.55
ETDPSETA	9.25	10.50	6.47	8.85	4.11	7.84	9	2.5444	0.32
EWSETA	1.40	1.69	1.45	3.94	4.94	2.69	20	1.6463	0.61
FASSET	6.34	7.81	4.36	6.36	5.93	6.16	14	1.2344	0.20
FOODBEV	19.13	36.27	20.82	30.94	8.59	23.15	1	10.7979	0.47
FP&MSETA	5.79	6.81	10.29	11.67	4.48	7.81	10	3.0496	0.39
HWSETA	1.00	12.22	17.49	14.58	3.49	9.75	7	7.1594	0.73
INSETA	12.12	7.93	6.26	6.12	4.94	7.47	11	2.8051	0.38
LGSETA	5.67	6.43	4.46	3.86	6.15	5.31	15	1.1088	0.21
merSETA	13.57	20.35	20.26	14.15	12.20	16.11	2	3.9000	0.24
MICTSETA	35.27	3.38	3.29	5.80	3.82	10.31	5	13.9889	1.36
MQA	1.98	1.13	0.98	1.92	2.44	1.69	20	0.6162	0.36
PSETA	8.18	8.02	6.43	6.28	5.09	6.80	12	1.2956	0.19
SASSETA	4.82	5.83	6.69	3.18	2.43	4.59	16	1.7785	0.39
SSETA	1.63	2.55	4.03	5.36	4.20	3.55	19	1.4688	0.41
TETA	17.48	20.73	7.83	8.94	5.04	12.00	4	6.7364	0.56
W&RSETA	9.98	13.72	11.90	11.51	3.67	10.16	6	3.8618	0.38

If we consider the 4 SETAs that rank in the top 11 for their average A/L ratio, but were not shown in the prior table (stable surpluses), and their respective CVs for Revenue, Expenditure and Surplus/(Deficit), this shows the following:

Table 22: Possible financial performance ‘model’ SETAs

	5-year Average A/L Ratio	Ranking	Revenue CV	Expenditure CV	Surplus/(Deficit) CV	5-year Average Surplus
Benchmark	8.11	n/a	0.109	0.136	0.307	11.70%
MICTSETA	10.31	5	0.103	0.130	(1639.068)	(5.1%)
HWSETA	9.75	7	0.158	0.145	(1.819)	9.44%
BANKSETA	8.27	8	0.103	0.163	1.102	(0.91%)
FP&MSETA	7.81	10	0.043	0.109	(3.878)	(3.20%)
INSETA	7.47	11	0.109	0.067	1.5979	8.24%

There is also a common finding in all the above, namely that in the case of BANKSETA, HWSETA and INSETA, they only showed a deficit in 2014/15, followed by surpluses thereafter (BANKSETA had a slight deficit in 2017/18), albeit they all have a tendency to show ‘surplus creep’.

MICTSETA shows one year of deficit (92016/17). FPMSETA’s largest deficit was in 2014/15, and although showing a slight deficit in 2016/17 (0.83%), with a 9.94% deficit the following year, FP&MSETA does not show the same magnitude of surplus creep as other SETAs do. It is proposed that these five SETAs, with AGRISETA, CHIETA (low A/L ratios) and TETA (low average surplus %), show the most possibility to derive the optimal financial performance

measures that all SETAs should strive for in relation to Revenue, Expenditure, Surpluses and Asset/Liabilities.

Turning now to Irregular as well as Fruitless and Wasteful Expenditure, the results of these are shown in the next two tables.

Table 23: Irregular expenditure by SETA

Irregular Expenditure (R000s)	2018/19	2017/18	2016/17	2015/16	2014/15	Mean	Std Dev	CV
Grand Total	273 385	973 787	365 681	307 897	315 995	447 349	296 130	0.132
% Contribution								
AGRISETA	5 292 1.94%	431 0.04%	30 948 8.46%	0 0.00%	225 0.07%	7 379 2.10%	0.0365	1.74
BANKSETA	2 604 0.95%	1 302 0.13%	100 0.03%	126 0.04%	0 0.00%	826 0.23%	0.0041	1.76
CATHSSETA	2 574 0.94%	6 152 0.63%	43 487 11.89%	35 145 11.41%	123 942 39.22%	42 260 12.82%	0.1573	1.23
CETA	79 429 29.05%	0 0.00%	0 0.00%	0 0.00%	637 0.20%	16 013 5.85%	0.1297	2.22
CHIETA	26 019 9.52%	6 378 0.65%	0 0.00%	0 0.00%	0 0.00%	6 479 2.03%	0.0419	2.06
ETDPSETA	821 0.30%	839 0.09%	1 348 0.37%	0 0.00%	0 0.00%	602 0.15%	0.0017	1.14
EWSETA	4 150 1.52%	4 317 0.44%	2 041 0.56%	39 768 12.92%	29 693 9.40%	15 994 4.97%	0.0580	1.17
FASSET	1 981 0.72%	9 073 0.93%	6 306 1.72%	6 044 1.96%	0 0.00%	4 681 1.07%	0.0079	0.74
FOODBEV	0 0.00%	1 668 0.17%	367 0.10%	0 0.00%	11 388 3.60%	2 685 0.78%	0.0158	2.04
FP&MSETA	660 0.24%	1 248 0.13%	1 204 0.33%	818 0.27%	1 250 0.40%	1 036 0.27%	0.0010	0.37
HWSETA	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0.0000	n/a
INSETA	43 0.02%	1 839 0.19%	0 0.00%	12 0.00%	0 0.00%	379 0.04%	0.0008	1.98
LGSETA	0 0.00%	0 0.00%	0 0.00%	0 0.00%	3 829 1.21%	766 0.24%	0.0054	2.24
merSETA	29 186 10.68%	1 933 0.20%	4 838 1.32%	999 0.32%	0 0.00%	7 391 2.50%	0.0460	1.84
MICTSETA	88 081 32.22%	1 011 0.10%	0 0.00%	0 0.00%	0 0.00%	17 818 6.46%	0.1440	2.23
MQA	0 0.00%	0 0.00%	15 569 4.26%	15 976 5.19%	0 0.00%	6 309 1.89%	0.0261	1.38
PSETA	1 042 0.38%	15 179 1.56%	69 551 19.02%	113 0.04%	99 0.03%	17 197 4.21%	0.0830	1.97
SASSETA	759 0.28%	2 068 0.21%	798 0.22%	282 0.09%	126 011 39.88%	25 984 8.14%	0.1774	2.18
SSETA	17 148 6.27%	832 456 85.49%	80 169 21.92%	817 0.27%	10 405 3.29%	188 199 23.45%	0.3567	1.52
TETA	1 553 0.57%	313 0.03%	261 0.07%	0 0.00%	0 0.00%	425 0.13%	0.0024	1.82
W&RSETA	12 043 4.41%	87 580 8.99%	108 694 29.72%	207 797 67.49%	8 516 2.69%	84 926 22.66%	0.2729	1.20

Irregular expenditure has averaged just under R0.45 billion rand over the period, peaking at a high of nearly a billion rand in 2017/18, but then showing dramatic improvement in 2018/19 to the lowest level in the 5 years. The SETAs showing the greatest improvement is SASSETA and CATHSSETA (both highest in 2014/15), with SASSETA being a one off, whilst CATHSSETA took a little longer, followed by EWSETA and MQA. Uncharacteristically, CETA [this a signal

perhaps of the woes to come]³⁰, CHIETA, MERSETA and MICTSETA, which historically have had very low levels, had high levels in 2018/19. AGRISSETA and PSETA, show once-off heightened levels in 2016/17. The two SETAs that stand out are SSETA and W&RSETA, both of whom have been fairly consistent in irregular expenditure. W&RSETA hit a peak of R208m in 2015/16 and have improved since then. SERVICESSETA peaked at R832m in 2017/18, with significant improvement the year after.

Table 24: Fruitless and wasteful expenditure by SETA

Fruitless & Wasteful Expenditure (R000s)	2018/19	2017/18	2016/17	2015/16	2014/15	Mean	Std Dev	CV
Grand Total	313	44 951	22 950	1 941	26 993	19 430	18 656	0.192
% Contribution								
AGRISSETA	0 0.00%	96 0.21%	0 0.00%	136 7.01%	2 0.01%	47 1.45%	0.0311	2.15
BANKSETA	40 12.78%	120 0.27%	5 0.02%	6 0.31%	4 0.01%	35 2.68%	0.0565	2.11
CATHSSETA	3 0.96%	100 0.22%	0 0.00%	89 4.59%	419 1.55%	122 1.46%	0.0185	1.26
CETA	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0.0000	n/a
CHIETA	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0.0000	n/a
ETDPSETA	21 6.71%	25 0.06%	577 2.51%	58 2.99%	0 0.00%	136 2.45%	0.0275	1.12
EWSETA	6 1.92%	2 0.00%	33 0.14%	127 6.54%	165 0.61%	67 1.84%	0.0273	1.48
FASSET	133 42.49%	8 035 17.88%	22 000 95.86%	0 0.00%	0 0.00%	6 034 31.25%	0.4010	1.28
FOODBEV	0 0.00%	0 0.00%	14 0.06%	38 1.96%	3 0.01%	11 0.41%	0.0087	2.14
FP&MSETA	0 0.00%	0 0.00%	0 0.00%	39 2.01%	0 0.00%	8 0.40%	0.0090	2.24
HWSETA	6 1.92%	56 0.12%	99 0.43%	152 7.83%	156 0.58%	94 2.18%	0.0323	1.49
INSETA	2 0.64%	2 0.00%	0 0.00%	1 0.05%	0 0.00%	1 0.14%	0.0028	2.02
LGSETA	0 0.00%	35 892 79.85%	0 0.00%	162 8.35%	61 0.23%	7 223 17.68%	0.3493	1.98
merSETA	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0.0000	n/a
MICTSETA	11 3.51%	25 0.06%	0 0.00%	249 12.83%	0 0.00%	57 3.28%	0.0555	1.69
MQA	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0.0000	n/a
PSETA	2 0.64%	233 0.52%	95 0.41%	18 0.93%	336 1.24%	137 0.75%	0.0034	0.45
SASSETA	44 14.06%	53 0.12%	107 0.47%	596 30.71%	25 616 94.90%	5 283 28.05%	0.3941	1.41
SSETA	0 0.00%	19 0.04%	0 0.00%	0 0.00%	144 0.53%	33 0.12%	0.0023	2.04
TETA	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0.0000	n/a
W&RSETA	45 14.38%	293 0.65%	20 0.09%	270 13.91%	87 0.32%	143 5.87%	0.0756	1.29

Fruitless and wasteful expenditure has averaged about R20million per annum, peaking at a high of R45million in 2017/18 and improving dramatically to a low of R313 000 in 2018/19.

³⁰ Source: [https://www.ceta.org.za/media/press-news/ceta-placed-under-administration#:~:text=%E2%80%9CDear%20Valued%20Stakeholder%2C,Training%20\(CETA\)%20under%20Administration](https://www.ceta.org.za/media/press-news/ceta-placed-under-administration#:~:text=%E2%80%9CDear%20Valued%20Stakeholder%2C,Training%20(CETA)%20under%20Administration).

The two main contributors in 2017/18 were LGSETA (79.85%) and FASSET (17.88%), with the former having the highest average of all SETAs at just over R7m per annum, followed by FASSET at R6m. The other noticeable SETA is SASSETA, which contributed to this almost in its entirety (94.90%) in 2014/15, but since then has controlled this very well.

In concluding the financial performance analysis, it is useful to try to integrate the key observations made earlier, with the Audit Outcomes as the next table shows.

Table 25: Audit outcomes and financial performance analysis

AUDIT OUTCOMES	18/19	17/18	16/17	15/16	14/15	Rev CV	Exp CV	Surp/Def CV	Total Irregular Expenditure (5 years)	Total Fruitless & Wasteful Expenditure	
AGRISETA	U	U	U	U	U	0.138	0.166	0.814	36 896	1.65%	
BANKSETA	U	C	C	C	C	0.103	0.163	1.102	4132	0.18%	
CATHSSETA	U	U	U	C	U	0.130	0.197	0.684	211 300	9.45%	
CETA	C	C	C	C	U	0.142	0.322	0.768	80 066	3.58%	
CHIETA	U	C	C	C	C	0.085	0.095	(2.194)	32 397	1.45%	
ETDPSETA	U	C	C	U	C	0.206	0.199	0.753	3 008	0.13%	
EWSETA	U	U	U	U	U	0.737	0.687	(4.201)	79 969	3.58%	
FASSET	U	U	U	C	C	0.140	0.207	0.967	23 404	1.05%	
FOODBEV	C	C	U	U	U	0.125	0.136	0.149	13 423	0.60%	
FP&MSETA	C	U	C	C	U	0.043	0.109	(3.878)	5 180	0.23%	
HWSETA	U	U	C	C	C	0.158	0.145	1.819	0	0.00%	
INSETA	C	C	C	C	U	0.109	0.067	1.597	1 894	0.08%	
LGSETA	U	U	U	U	U	0.131	0.116	1.956	3 829	0.17%	
merSETA	U	U	U	U	U	0.099	0.131	0.159	36 956	1.65%	
MICTSETA	U	U	U	U	U	0.103	0.130	(1639.068)	89 092	3.98%	
MQA	U	U	C	C	C	0.064	0.152	(7.495)	31 545	1.41%	
PSETA	C	U	U	Q	U	0.224	0.372	0.663	85 984	3.84%	
SASSETA	C	U	U	Q	Q	0.152	0.235	4.603	129 918	5.81%	
SSETA	Q	U	U	U	U	0.056	0.514	(28.325)	940 995	42.07%	
TETA	U	C	U	C	C	0.115	0.061	(0.851)	2 127	0.10%	
W&RSETA	Q	U	U	U	U	0.145	0.182	0.592	424 630	18.98%	
Clean Audit (A)	6	7	8	10	7	The CV for all SETAs combined is: Revenue = 0.109, Expenditure = 0.136 and Surplus / Deficit = 0.307					
Financially Unqualified	13	14	13	9	13	The Rand values (R000s) are total amount for the 5 years. All those whose Expenditure > 5% of Total of SETAs combined, are highlighted.					
Qualified (Q)	2	-	-	2	1						
Total	21	21	21	21	21						
						2 236 745	100%	97 148	100%		

As was stated at the outset of this section on financial performance of SETAs, it is important that the statistics not be viewed in isolation from the overall picture. There are some findings from the above table, which may have some merit in being considered as a universal truth, namely that high levels of irregular expenditure, result in Qualified audits as confirmed by SASSETA, SSETA and W&RSETA. The only exception is CATHSSETA, but as was noted earlier, this SETA showed most improvement in this regard.

The biggest SETAs are not able to spend their money (MERSETA and W&RSETA) or have variable outcomes in spending their money (SSETA and MQA). MQA may be the exception, but time will tell as to whether it will be able to maintain a positive trend or not. After achieving three Clean audit outcomes in the first three years of the review, MQA obtained an Unqualified audit in the last two. Despite MERSETA having the most stable financial performance it never obtained a Clean audit outcome in the five years. MQA being the

smallest of the four, is possibly at the limit of optimal size for a SETA, which raises the question as to whether the other three are not too big?

In the earlier analysis pertaining to a possible financial performance model for SETAs, the following SETAs were mentioned, namely AGRISSETA, BANKSETA, CHIETA, FP&MSETA, HWSETA, INSETA, MICTSETA and TETA.

In relation to Clean Audit outcomes six of the eight SETAs show a strong record, namely BANKSETA (4/5), CHIETA (4/5), FP&MSETA (3/5), HWSETA (3/5), INSETA (4/5) and TETA (3/5).

Of the other SETAs who have a good record of Clean Audit outcome, that leaves CETA (4/5), ETDPSETA (3/5) and FOODBEV (2/5), which were identified in the grouping that showed most stable surpluses. The reason for not including them in the financial performance model grouping, was due to their high average % of revenue surpluses, namely CETA (26.05%), ETDP SETA (17.70%) and FOODBEVSETA (20.16%).

We now turn to a more detailed analysis of the Audit Outcome of each of the 21 SETAs for the financial year 2018/19.

Audit Outcome Analysis of SETAs for Year 2018/19

The Auditor-General of South Africa (AGSA) audits all 21 SETAs and compiles a report to Parliament in respect of each SETA. This entails an audit of the financial statements (as well as the notes, including significant accounting), which comprises the financial position (the financial year-end being 31 March each year), financial performance, changes in net assets, the cash-flow statement and the comparison of budget with actual information. These are assessed in accordance with the Standards of Generally Recognised Accounting Practices (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act no. 97 of 1998) (SDA).

The PFMA outlines which entities are bound by it and these are outlined in Chapter 12 of the Act, namely Schedule 1: Constitutional Institutions (e.g. The Independent Electoral Commission, The Public Protector); Schedule 2: Major Public Entities (e.g. Airports Company, Denel, Eskom); Schedule 3: Other Public Entities (which includes all the SETAs, falling under Part A: National Public Entities). Swart and Swanepoel (2019)³¹ analyse the sorry state of affairs in relation to compliance with the PFMA by national, provincial departments and public entities.

³¹ Source: Swart, J.J and Swanepoel, M. 2019. A critical analysis of the compliance to the financial management requirements by South African National, Provincial Departments, International Conference on Social Sciences, 3 to 5 Sept, Vanderbijlpark, South Africa.

The AGSA's Consolidated General Report on national and provincial audit outcomes for 2018-19 (2019, p.13)³², reports that "the audit outcomes regressed since 2014-15 with only 80 auditees improving and 91 regressing. There was very limited movement from the previous year, as the 54 auditees that improved were offset by the 52 that regressed. Only 100 (26%) of the auditees managed to produce quality financial statements and performance reports and to comply with key legislation, thereby receiving a clean audit. In 2014-15, 106 auditees had clean audits". It is small comfort that the SETAs are not alone and it really accentuates the point that the AGSA's findings and opinions need to be taken seriously with no compromise. Notwithstanding the tremendous cost to the country, it needs to be made more explicit that (hopefully) soon, the impact of the amended public Audit Act which came into effect on 1st April 2019, enabling the AGSA (2019, p.30)³³ to report material irregularities and take further action, with the intention of enabling better compliance, will achieve the desired outcome.

The detailed outcome of each SETA for the Financial Year 2018/19, is shown in Table 26 below, with summaries as follows:

Audit Opinion

Clean = 6 SETAs, Unqualified = 13 SETAs, Qualified = 2 SETAs.

Audit Terminology³⁴

CLEAN AUDIT OUTCOME: The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

FINANCIALLY UNQUALIFIED AUDIT OPINION: The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.

QUALIFIED AUDIT OPINION: The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.

ADVERSE AUDIT OPINION: The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

DISCLAIMER OF AUDIT OPINION: The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

Annual Financial Statements (AFS)

All 21 SETAs, presented fairly (PF) their Annual Financial Statements, but it must be noted an Emphasis of Matter (EoM) was raised in relation to 9 SETAs, who had to restate corresponding figures as a result of errors in the financial statements.

³² Source: <https://www.agsa.co.za/Portals/0/Reports/PFMA/201819/GR/2018-19%20PFMA%20Consol%20GR.PDF>

³³ Source: <https://www.agsa.co.za/Portals/0/Reports/2018-19%20PFMA%20GR/PFMA%202018-19%20Citizen%20Report%20FINAL4%20Web.pdf?ver=2019-11-21-104607-390>

³⁴ Source: <https://www.agsa.co.za/AuditInformation/AuditTerminology.aspx>

Annual Performance Reports (APR)

Material findings were raised (MFR) in relation to 5 SETAs. 16 SETAs had no material findings raised, but it must be noted that of these 16, 7 made corrections to in the APRs. The APR covers three programmes. Material misstatements were identified as follows, some of which were corrected:

Table 26: Material misstatements

Programme	No of SETAs
2 – Skills Planning	4
3 – Learning Programmes and projects	10
4 – Quality Assurance	3

The problem of project management was also highlighted in the Briefing to the Portfolio Committee on Higher Education and Training on 15th October 2019, which stated, “The root cause for these misstatements is inadequate project monitoring that informs accurate reporting at the SETAs resulting in the incorrect reporting of financial information relating to projects”³⁵.

Compliance with Legislation

The number SETAs deemed not compliant with legislation (hence giving rise to the primary reason why a Clean Audit Opinion is not given, even though these are corrected) is as follows:

Table 27: Audit outcomes

Legislation/Regulation Detail	#	Who	
Public Finance Management Act			
s44	Assignment of powers and duties by accounting officers	2	MICTSETA, TETA
S51(1)(b)(ii)	General responsibilities of accounting authorities. —(1) An accounting authority for a public entity— (b) must take effective and appropriate steps to—(ii) prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity;	6	AGRISETA, CATHSSETA, EWSETA, MERSETA, TETA W&RSETA
S51(1)(e)(iii)	General responsibilities of accounting authorities. —(1) An accounting authority for a public entity—(e) must take effective and appropriate disciplinary steps against any employee of the public entity who (iii) makes or permits an irregular expenditure or a fruitless and wasteful expenditure;	1	W&RSETA
s53(4)	Annual budgets by non-business public entities. — (4) The accounting authority for such a public entity is responsible for ensuring that expenditure of that public entity is in accordance with the approved budget.	4	CHIETA, EWSETA, MICTSETA, SSETA
s55(1)(a)	Annual report and financial statements. —(1) The accounting authority for a public entity—(a) must keep full and proper records of the financial affairs of the public entity;	5	HWSETA, LGSETA, MERSETA, SSETA, TETA
s55(1)(b)	Annual report and financial statements. —(1) The accounting authority for a public entity—(b) prepare financial statements for each financial year in accordance with generally accepted accounting practice, unless the Accounting Standards Board	15	AGRISETA, BANKSETA, CATHSSETA, CHIETA, ETDPSETA, EWSETA, FASSET, HWSETA,

³⁵ Source: AGSA (2019, p.4) Briefing Note https://pmg.org.za/files/191015AGSA_briefing_document.docx

Legislation/Regulation Detail		#	Who
approves the application of generally recognised accounting practice for that public entity;			LGSETA, MERSETA, MICTSETA, MQA, SSETA, TETA, W&RSETA
Supply Chain Management			
Note 3 of 16/17 ³⁶	Preventing and combatting abuse in the supply chain management system	1	MICTSETA
Treasury Regulations³⁷			
TR8.1	Responsibility of Accounting Officer: Contracts extended/modified without approval	2	MICTSETA, TETA
TR8.2	Approval of Expenditure: Contracts extended/modified without approval	2	MICTSETA, TETA
TR16A6.1	Procured without quotations/competitive bids	2	MICTSETA, W&RSETA
TR16A6.3(c)	Invitations for bidding not advertised for required minimum period	1	BANKSETA
TR16A6.4	If impractical to invite competitive bids, reasons must be recorded and approved by AO/AA	1	MICTSETA
TR16A8.4	Private or business interests of officials, close family friends, partners must disclose conflict of interest and withdraw	1	BANKSETA
TR16A9.1(d)	Reject bids if tax obligations outstanding or arrangements with SARS not made	1	BANKSETA

Internal Controls

A total of 15 SETAs are listed as having Internal Control Deficiencies.

A comparison of the AGSA's summary report as presented to Parliament of the 21 SETAs plus other Public Entities (CHE, NIHS, NSF, NSFAS, QCTO & SAQA) that fall under the Department of Higher Education and Training Portfolio, show the combined change in Internal Control issues 2018/19 to 2019/20:

Table 28: Status of Internal Control

		2019/20 (21 SETAs plus 4 other Public Entities) ³⁸			2018/19 (21 SETAs plus 6 other Public Entities) ³⁹		
		Good	Of Concern	Intervention Required	Good	Of Concern	Intervention Required
Leadership	Effective Leadership	88%	0%	12%	85%	0%	15%
Financial & Performance Management	Proper record keeping	64%	32%	4%	56%	32%	12%
	Daily & Monthly Controls	52%	44%	4%	33%	63%	4%
	Review & monitor compliance	32%	64%	4%	41%	48%	11%
Governance	Risk Mgt	96%	0%	4%	41%	48%	11%

³⁶ Source: National Treasury <http://www.foodbev.co.za/wp-content/uploads/2016/07/SCM-Instruction-No-3-of-2016-2017-Prevention-and-combating-abuse-in-SCM.pdf>

³⁷ Source: National Treasury http://www.treasury.gov.za/legislation/pfma/regulations/gazette_27388.pdf

³⁸ Source: AGSA Briefing to Portfolio Committee (4 November 2020, p.25) https://static.pmg.org.za/201104AGSA_DHET.pdf

³⁹ Source: AGSA Briefing to Portfolio Committee (15 October 2019, p.18) <https://static.pmg.org.za/191015AGSA.pdf>

Leadership issues remain at high levels of ‘Good’, with significant improvement shown in Governance (Risk Management). Slight improvements are noted in Proper Record Keeping and Daily & Monthly Controls (although not at a level that gives comfort across the sector), with a deterioration in Review & monitor compliance.

For the period 2019/20, the AGSA reported (quoted directly from presentation) as follows, outlining areas where improvements are required:

- The main concern remains around the inadequate daily, monthly monitoring of controls. Reconciliations and schedules that support financial and performance reporting are not maintained and reviewed, the majority of the material adjustments were because of errors identified in these schedules, which do not support the financial statements.
- Record keeping processes need to be improved; some of the entities do not have a proper record management system that will ensure the complete and accurate collection, collation, verification of performance information that will enable reliable reporting.
- The SETAs do not always ensure that the requirements of the SDA are adhered when conducting their daily functions. Compliance requirements where the executive authority approvals are required is not always adhered to and in some instances, these approvals are requested after the expenditure is incurred. The budgeting process of the SETAs should be robust enough to ensure that all anticipated expenditure is included in the request for the next year’s budget to avoid the over expenditure.
- Some of the appointments were not in line with the requirements of the Public Service Act, and others not in line with the requirements of the Skills Development Act.

Investigations

A total of 5 SETAs in the period 2018/19, are highlighted as having investigations undertaken, namely:

Table 29: SETA Investigations

SETA	Investigation
AGRISETA	An ongoing investigation by the Special Investigating Unit on various allegations, including financial misconduct and contravention of supply chain management and grant regulations, was initiated during the 2017-18 financial year.
LGSETA	The entity is currently undergoing a forensic investigation relating to the discretionary grant disbursements that took place in the 2016/17 financial year. Currently, legal and civil claims have been instituted by the entity. The expanded scope for the forensic investigation and the extent of the irregularities were not finalised as at the date of this report.
MERSETA	The accounting authority of the public entity commissioned a detailed forensic investigation into the extent and liability of identified irregularities, and the extent of prejudice suffered by the public entity. The detailed investigation and a determination of the extent of the irregularities had not yet been finalised at the date of this report.
SSETA	The Minister for the Department of Higher Education directed the accounting authority of the public entity to institute an investigation into allegations of supply chain irregularities. At the date of this report, the investigators had not yet finalised the report.
W&RSETA	An independent firm conducted a consideration and analysis engagement of various investigations previously concluded at the public entity at the request of the accounting authority. The engagement was concluded in May 2018, providing recommendations on disciplinary actions to be taken. The accounting authority is currently seeking advice from National Treasury on some of the recommendations provided.

The detailed analysis of all 21 SETAs as pertains to the Audit Outcome for the period 2018/19 is shown in the next table.

Table 30: Detailed Audit outcomes

SETA	AO ¹	AFS ²		ANNUAL PERF REPORTS (APRs) ³			COMPLIANCE WITH LEGISLATION ⁴					ICD ⁵ & INVESTIGATIONS ⁶
		Status/EoM	Status	Findings	CM	Status	AFS: PFMA	MMs	EM	Items: EM & P&CM	Items: Internal Control Deficiencies	
AGRISETA	U	PF	R	MFR	NSE (Prog3) MM (Prog2,3 &4)	Some	MFR	s55(1)(b)	Accounts Rec, Commitments, Payables from Exchange Transactions, Segment Reporting [Corrected]	R5.292m	EM: As required by s51(1)(b)(ii) of PFMA	<ul style="list-style-type: none"> Oversight & review controls not detecting errors Not holding staff accountable for prior year ICDs Legal compliance Consequence Management Procurement policies
											SIU: Misconduct, SCM, Grants	
BANKSETA	U	PF		MFR	IAET (Prog3) MM (Prog3)	Y&N	MFR	s55(1)(b)	Commitments [Corrected]	R2.604m	EM: Tender processes P&CM: Some quotations & contracts awarded to suppliers whose tax matters undeclared to SARS contrary to TR16A9.1(d) Invitations for bidding not advertised for required minimum period contrary to TR16A6.3(c) Insufficient audit evidence obtained that persons in service of PE, close family members, partners or associates had disclosed interest in contracts awarded as per TR 16A8.4	<ul style="list-style-type: none"> Deficiencies in management's review over AFS and APR Key control activities to monitor FS and ensure reliable reporting of PR not always adequate Review of FS not adequate to identify and correct noncompliance with GRAP statements Compliance with applicable legislation not consistently reviewed and monitored resulting in irregular expenditure due to contravention of SCM legislation
CATTHSETA	U	PF	R	NMFR	None	n/a	MFR	s55(1)(b)	Bonus Provision [Corrected]	R365K	EM: As required by s51(1)(b)(ii) of PFMA. Procurement processes not adequately followed	<ul style="list-style-type: none"> Material adjustments made to AFS due to inadequate reviews performed at required assurance levels (hence noncompliance with s55(1)) Processing and reconciling controls not adequate, hence records and schedules presented for audit not always accurate and complete Deficiencies with regard to compliance monitoring controls
CETA	C	PF	R	NMFR	None	n/a	NMFR		-			None

¹ Audit Opinion: C=Clean, U=Unqualified, Q=Qualified

² Annual Financial Statements: Under 'Status', PF = Present Fairly; EoM = Emphasis of Matter, where 'R' means restatement of corresponding figures due to errors

³ Annual Performance Reports: Under 'Status', NMFR = No Material Findings raised, MFR = Material Findings Raised. Under 'Findings', IAET = Unable to obtain sufficient appropriate audit evidence for the subsequent adjustment processed on achievement of indicator, IAET = Unable to obtain sufficient appropriate audit evidence for reported achievement of target, MM = Material Misstatements, NSE= Reported achievement did not agree with supporting evidence provided for indicators listed, PM = Did not have adequate performance management system to maintain records that enable credible and reliable reporting indicators.

Prog=Programme 2: Skills Planning, Programme 3: Learning Programmes & Projects, 4 = Quality Assurance

⁴ Legislation: PFMA = Public Finance management Act, EM = Expenditure Management, CM = Supply Chain management, P&CM = Procurement & Contract Management, TR = Treasury Regulations

⁵ Internal Control Deficiencies

⁶ Investigations: SIU = Special Investigations Unit

SETA	AO	AFS		ANNUAL PERF REPORTS (APRs)			COMPLIANCE WITH LEGISLATION					ICD & INVESTIGATIONS
		Status/EoM		Status	Findings	CM	Status	AFS: PFMA	MMs	EM	Items: EM & P&CM	
CHIETA	U	PF		NMFR	None	n/a	MFR	s55(1)(b)	Irregular Exp [Corrected]		Exp > Approved budget contrary to s53(4) of PFMA	<ul style="list-style-type: none"> Did not adequately review budgeting process to obtain approval for overspending
ETDPSETA	U	PF	R	MFR	NSE (Prog3), IAEI(Prog3)	?	MFR	s55(1)(b)	Changes in net assets, Disclosure items, Liabilities [Corrected]			<ul style="list-style-type: none"> Inadequate year-end processes and procedures to ensure FS free from misstatements FS not adequately reviewed resulting in MMs Processing &reconciling controls not adequate
		Materially underspent budget by R323m										
EWSETA	U	PF		NMFR	None	n/a	MFR	s55(1)(b)	Budget to actual, Commitments, Financial instruments, Related parties [Corrected]	R88.659m	EM: As required by s51(1)(b)(ii) of PFMA. Majority of IR result of expenditure incurred in excess of approved budget Exp > Approved budget contrary to s53(4) of PFMA	<ul style="list-style-type: none"> Inadequate oversight over financial and compliance related controls (previously reported audit findings not resolved) Inadequate reviews being performed resulting in material adjustments to FS
FASSET	U	PF	R	NMFR	MM (Prog2 &3)	Y	MFR	s55(1)(b)	Accounts Payable Accounts Rec, Commitments [Corrected]			<ul style="list-style-type: none"> Oversight & review controls not detecting errors Adequate reviewing and monitoring controls of FS not implemented before auditing Significant deficiencies noted in IT general control environment
FOODBEV	C	PF		NMFR	MM (Prog4)	Y	NMFR		None			None
FP&M	C	PF	R	NMFR	None	n/a	NMFR		None			None
HWSETA	U	PF		NMFR	MM (Prog3)	Y	MFR	s55(1)(a) & (b)	Commitments [Corrected]			<ul style="list-style-type: none"> Leadership: Oversight & review controls not detecting errors Financial & performance management: Review controls over preparation of accurate financial and performance reports not always effective
INSETA	C	PF		NMFR	None	n/a	NMFR		None			None
LGSETA	U	PF		MFR	NSE (Prog3), PM (Prog3)	?	MFR	s55(1)(a) & (b)	Commitments, Contingencies, Discretionary Grants, Provisions [Corrected]			<ul style="list-style-type: none"> Action plans not adequately monitored resulted in repeat finding Proper recordkeeping not always maintained resulting in MMs
												Forensic Investigation: Discretionary grants 2016/17

SETA	AO	AFS		ANNUAL PERF REPORTS (APRs)			COMPLIANCE WITH LEGISLATION					ICD & INVESTIGATIONS
		Status/EoM		Status	Findings	CM	Status	AFS: PFMA	MMs	EM	Items: EM & P&CM	
MERSETA	U	PF		NMFR	MM (Prog3)	Y	MFR	s55(1)(a) & (b)	Payables from Exchange Trans, Provision [Corrected]	R29.186m	EM: As required by s51(1)(b)(ii) of PFMA SCM regulations not adhered to	<ul style="list-style-type: none"> Action plans not adequately monitored, previously reported ICDs not addressed Effective monitoring & review controls to prevent non-compliance with SCM regulations not implemented Effective review & assessment of compliance with standards of GRAP not implemented (liabilities & provisions) Daily processing and reconciliation not performed to ensure APR supported by valid and accurate information <p>AA commissioned detailed forensic investigation into extent and liability of identified irregularities and extent of prejudice suffered by PE</p>
MICSETA	U	PF		NMFR	MM (Prog3)	Y	MFR	s55(1)(b)	Skills Dev Levy [Corrected]	R89.092m	EM: SCM Note 3 of 16/17, exceeded 15% threshold Exp > Approved budget contrary to s53(4) of PFMA P&CM: procured above R500K without competitive bids, deviations approved by AO even though bids practical & contrary to TR16A6.1 & 16A6.4 Some contracts extended/modified without approval contrary to s44 of PFMA and TR8.1 & 8.2	<ul style="list-style-type: none"> Oversight responsibility regarding financial reporting and related internal controls inadequate Previously reported audit findings not sufficiently resolved (repeat findings) Deficiencies in compliance monitoring controls
MQA	U	PF	R	NMFR	None	n/a	MFR	s55(1)(b)	Cash Flow Statement, Financial Instruments [Corrected]			<ul style="list-style-type: none"> Daily & monthly processing and recons of transactions Creditors recons, payments & follow-ups Review of FS for GRAP Numerous control weaknesses
PSETA	C	PF		NMFR	None	n/a	NMFR		None			None
SASSETA	C	PF		NMFR	MM (Prog 2 &4)	Y	NMFR		None			None

SETA	AO	AFS		ANNUAL PERF REPORTS (APRs)			COMPLIANCE WITH LEGISLATION					ICD & INVESTIGATIONS	
		Status/EoM	Status	Findings	CM	Status	AFS: PFMA	MMs	EM	Items: EM & P&CM			
SSETA	Q ¹	PF	R	NMFR	None	n/a	s55(1)(a) & (b)	Submitted Financial Statements, [Not adequately corrected] Supporting Records [Not provided]	R17,148m	EM: Exp > Approved budget contrary to s53(4) of PFMA	<ul style="list-style-type: none"> • Senior mgt did not adequately review FS against supporting schedules for commitments • Proper record keeping not implemented • Inadequate review and monitoring of compliance with applicable laws, regulations as a result of MMs and non-compliance <p>Minister directed AA to institute investigation into SCM irregularities</p>		
TETA	U	PF		NMFR	MM (Prog3)	Y		s55(1)(b)	R1,553m	EM: As required by s51(1)(b)(ii) of PFMA P&CM: Some contracts extended/ modified without approval contrary to s44 of PFMA and TR8.1 & 8.2	<ul style="list-style-type: none"> • FS & PR contained MMs, due to inadequate review • Inadequate controls to detect & prevent non-compliance specifically s51(1)(b)(ii) and 55(1)(a) of PFMA 		
W&RSETA	Q ²	PF	R	MFR	MM (Prog2 &3)	Some	MFR	s55(1)(b) MMs not corrected resulted in qualified opinions	R12,043m under EoM & R6,531 under legislation	EM: As required by s51(1)(b)(ii) of PFMA SCM requirements not adhered to & failure to adhere to SETA grant regulations PCM: procured below R500K without quotations as required by TR16A6.1 Consequence Mgt: Disciplinary steps not taken against officials who incurred and/or permitted irregular expenditure as required by s51(1)(e)(iii) of PFMA	<ul style="list-style-type: none"> • Inadequate oversight over APR report • Inadequate review of FS and APR • Processes and procedures to confirm accuracy and validity of APR not adequate • FS & PR contained MMs, due to inadequate review • Inadequate review and monitoring of compliance with applicable laws, regulations for SCM • Compliance with Seta grant regulations not adequately monitored <p>Independent firm concluded consideration and analysis engagement of various investigations in May 2018, providing disciplinary recommendations. Seeking advice from National Treasury</p>		

Basis for qualified opinion:

¹ AGSA reports: Unable to obtain sufficient appropriate audit evidence for commitments as the PE did not have adequate systems to record commitments. Unable to confirm commitments by alternative means. Consequently, unable to determine whether any adjustments were necessary to commitments stated at R3 972 849 000. (Source: Services SETA Annual Report 2018/19, p.67)

² AGSA reports: The entity restated the prior year accounts for commitments, however, the restated amount as disclosed was overstated by R41 943 484 due to the inclusion of expired contracts that did not meet the definition of commitments at 31 March 2018. (Source: W&RSETA 2018/19 Annual Report, p.64)

REGULATORY REQUIREMENTS AND THE ASSOCIATED STRUCTURES IN EACH SETA

In this section, the regulatory requirements for SETA governance and the associated structures in each SETA are reviewed. This draws from the review of the three SETAs, along with sections of the survey covering the King IV Code and the duties and responsibilities of the AA.

It should be noted that in the South African context, the King Codes of Corporate Governance have served as the primary standard against which to map the regulatory requirements. The current benchmark is the King IV Code. Secondly, the Governance Charter for SETAs serves as a regulatory framework. However, it was observed that the current charter is outdated, in that it refers to King II & III, and not the King IV Code. Nevertheless, this charter was analysed to see whether it was aligned to the legislative requirements of the Acts that pertain to the SETAs. See Appendix E.

Table 31: Views on the AA's performance during respondent's term of office

AA's Performance During Your Term of Office	1	2	3	4	5	6	7
Performed its function in terms of relevant Acts, Regulations and Common Law (Ave =6.17, σ =0.87)							6.17 0.87
Fulfilled its obligations as specified in the SETA constitution (Ave =6.26, σ =0.97)							6.26 0.97
Implemented the sector skills plan (Ave =5.96, σ =1.10)						5.96 1.10	
Liaised effectively with National Skills Authority (Ave =5.38, σ =1.39)						5.38 1.39	
Appointed employees necessary for performance (Ave =5.17, σ =1.56)						5.17 1.56	

From the above, it can be seen that the respondents are of the view that whichever AA they were members of, its functions were performed and it fulfilled its obligation. Concerning the other three performance areas, we see a declining average (Ave), and an increased standard deviation (σ), with the two main areas of concern being the effective liaison with NSA and the appointment of employees.

In the remainder of this section a summary of an in-depth review of three SETAS is presented, followed by the survey results, which solicited the views of respondents as to how their SETA was living up to the King IV Code. This is followed by results from the survey on the duties and responsibilities of the AA.

Desktop Review and Interviews of three SETAs

Three of the 21 SETAS were the subject of an in-depth investigation of their governance practices. This investigation was informed by the King IV Report on Corporate Governance, and its Principles in particular. Based on a comparison of the reports on these three SETAs, a consolidated summary of the findings and recommendations is presented below. This is followed by a more detailed comparative analysis of the three SETAs aligned to the Standard Constitution.

Table 32: Desktop review and interviews of 3 SETAs aligned to King IV

Principle ⁴⁰	Findings	Recommendations
Principle 1: The governing body should lead ethically and effectively.	<p>The appointment of experienced leadership contributed to ethical and effective governance. The appointment of the chairman by the Minister was inefficient and undermined the independence of the board.</p> <p>Unstable leadership adversely impacted the functioning of the board and was associated with a loss of institutional memory</p>	<p>Revise the legislation and constitution of SETAs to permit the board to appoint its own Chairman.</p> <p>Promote leadership continuity by not linking CEO tenure to that of the board.</p>
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<p>The adoption of a code of conduct and training members in its implications is critical to the creation of an ethical culture.</p> <p>A delegation of authority policy that is signed by members and disseminated throughout the organisation promotes an ethical culture.</p> <p>It is not uncommon for ethical infringements to occur leading to the suspension or removal of members from their positions/appointments.</p>	<p>The establishment of a social ethics committee is vital to maintaining discipline.</p> <p>The code of conduct/ethics should be included in the induction training of all SETA staff and board members.</p> <p>A code of ethics should be reviewed regularly, followed by systematic training of all staff of the SETA in ethics.</p>
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	<p>The reduction of fruitless expenditure and underspending is critical to the demonstration of responsible citizenship.</p> <p>Annual reports are not integrated in nature and therefore do not project full corporate citizenship to all its stakeholders.</p> <p>Tender processes are seen to be cumbersome and discourage public training institutions from participating.</p>	<p>More transparency and accountability given to findings, follow up on AGSA findings, briefings to Portfolio Committee included in Integrated Report on an 'apply and explain' basis where applicable.</p>
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	<p>Board members typically participate in annual strategic reviews, which are delegated to management to implement.</p> <p>SETA boards have not demonstrated an integrated approach to business.</p> <p>Planning tends to be short-term, administrative and operationally orientated.</p>	<p>Incorporate a strategy tracker as a standard agenda item at board meetings.</p> <p>Boards should hold a full-day midyear review of the strategy.</p>
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	<p>Annual reports tend to provide information related to performance, programs and partnerships. However, in terms of the King IV requirements, the annual reports of SETAs should take the form of an integrated report but do not. Consequently, stakeholders did not receive the medium to long-term view of the entity.</p> <p>Governance charters set out various reporting compliance requirements concerning the DHET, National Treasury and Auditor-General, however, some SETAs are not complying with these requirements.</p>	<p>Reporting arrangements of the SETAs should be revised to make provision for reporting of all six capitals.</p> <p>A governance report should be compiled explaining how King IV principles have been applied, practices explained and the governance outcomes achieved</p> <p>The feasibility of a centralised shared services platform for all SETAs to enable performance monitoring and evaluation should be investigated.</p>
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	<p>Two basic conditions (<i>inter alia</i>) need to be met for boards to exercise their primary roles and responsibilities, namely: holding regular attendance of meetings, and the rapid filling of vacancies in the organisational structure so that responsibilities can be effectively delegated. In</p>	<p>AA members seen to be leading by example, especially when seen to acting in the best interests of the SETA</p>

⁴⁰ Source: King IV Report on Corporate Governance for South Africa 2016, Institute of Directors in South Africa (IodSA), <https://www.iodsa.co.za/page/DownloadKingIVapp>

Principle⁴⁰	Findings	Recommendations
	some cases, and at times, the holding of meetings and the filling of vacancies was problematic.	
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	<p>The current arrangement whereby labour and employers nominate the majority of board members undermines the creation of an appropriate balance of knowledge, skills, experience, diversity and independence. Furthermore, the power of appointing vests with the Minister of DHET.</p> <p>The process of the Minister appointing the CEO is inefficient and disempowered the board to manage the incumbent. Furthermore, the CEO is not classified as an accounting officer in the PFMA. Consequently, the CEO is not a member of the board, further undermining the board's ability to manage the performance of executives.</p>	<p>The board appointment process should be reviewed.</p> <p>The SETA management should be excluded from the nomination process (which is current practice) and should rather appoint a nominations committee to undertake the task.</p> <p>Continuing professional development should be instituted, beginning with a compulsory in-depth induction process.</p> <p>Performance evaluations should be conducted on an annual basis, alternating between an internal self-evaluation one year and an independent external evaluation the next.</p> <p>The SETA constitution should be reviewed to allow the CEO & CFO to be a member of the board, thereby raising financial accountability to the board level.</p>
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	Delegation to effectively discharge the duties of the board was achieved through the creation of Chambers and committees. Typically, five committees seem to be an appropriate and manageable number.	<p>All committees should be subjected to an annual performance evaluation.</p> <p>The terms of reference of committees should be reviewed annually to ensure that they remain fit for purpose.</p> <p>Induction training should include committee mandates and related responsibilities of members.</p>
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	Generally, evaluations are not being done regularly enough.	Regular evaluations of the board, its committees and its members should be done, preferably on an annual basis.
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	<p>The PFMA clause 56, Skills Development Act, and National Treasury regulations provide a framework for delegation to management.</p> <p>No evidence was found of arrangements for the full dissemination of delegation throughout the SETA. The fact that the CEO is appointed by the Minister and not a member of the board adversely affects the delegation of authority.</p> <p>A delegation of authority policy and matrix assists with the operational and financial delegation, but tends not to be cascaded to lower levels of the organisation.</p>	<p>The schedule of delegated activity should be expanded to cover all levels of the SETA, and cascaded down to the lowest levels of the organisation.</p> <p>Internal audits should examine the effectiveness of the delegation policy and its implementation, and offer training in the areas where there are transgressions.</p> <p>The audit and risk committee should oversee the implementation of the policy and report to the board on this matter.</p>
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Effective measures for risk governance include the appointment and proper functioning of an Audit and Risk Committee; risk management vigilance as evidenced by board minutes and risk management reports; the appointment of a chief risk officer at an executive management level.	<p>Adopt a staggered appointment process of members to the board to ensure continuity.</p> <p>A risk register dashboard should be compiled and reviewed at each meeting of the board.</p> <p>Risk management should be incorporated into the performance targets of the CEO and CFO.</p>

Principle⁴⁰	Findings	Recommendations
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	There tends to be an underinvestment in information technology in support of governance activities.	The appointment of an ICT governance committee should be considered in those SETAs which did not yet have such a committee.
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Compliance tends to be monitored against the governance charter. The SETAs do not do enough to project themselves as good corporate citizens to external stakeholders.	A detailed report on compliance which is sent to the DHET, National Treasury and the Auditor-General seems to be cumbersome and should be streamlined.
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	A Remuneration Committee along with the Executive committee was responsible for administering remuneration. Remuneration policies were either not available, or not widely distributed amongst members of the organisation.	The board should publish the remuneration policy as part of the HR policies and procedures manual, to guide the whole SETA. Internal communication and training should take place to guide employees and managers in the use of remuneration policy.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	An Audit and Risk committee working alongside an internal audit function was critical for building a strong compliance assurance framework. Minutes of meetings demonstrate that audit and risk committees tend to be vigilant in their role.	Internal audit reports should receive board attention.
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Stakeholder inclusiveness is enshrined in the skills development act, where labour, employers, relevant professional bodies, community, sector bargaining councils and related government departments are identified as stakeholders and incorporated into governance structures. Both activities tend to focus on these primary stakeholders, sometimes at the neglect of other stakeholders.	Integrated reporting within the triple context of the six capitals can assist in the balancing of the interests, expectations and needs of the stakeholders.
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	Not applicable to SETAs	

Table 33: Comparative analysis of three SETAs aligned to Standard Constitution

<p>As stated in the Standard Constitution Regulations, SETAs are required, <i>inter alia</i>, in their Sector to: a. facilitate, coordinate and monitor the NSDS; b. identify skills shortages; c. support development of skills of employees; d. support the improvement of quality of life and labour market prospects of employees; e. strengthen the institutional capacity of the SETA in addition to which there are 13 other objectives (f to r). A SETA must perform its functions in accordance with SDA, SDLA, the PFMA, any other relevant legislation, the Standard Constitution and the SETA Governance Charter. There are 12 functions, ranging from a. develop a Sector Skills Plan to l. performing any other functions it may be required to do. It does this by concluding a Service Level Agreement (SLA) for every financial year with Director-General and an annual Strategic Plan. It is governed by an Accounting Authority, which has 9 duties, 5 powers and it may delegate some of its functions. Its size is limited to 15 persons, comprising 14 members and a chairperson appointed by the Minister after consultation with the National Skills Authority. The AA comprises six persons nominated by each of organised labour and employers respectively and two nominated from any of relevant government departments, professional body, bargaining council and/or organisation of community.</p>			
Standard Constitution	SETA 1	SETA 2	SETA 3
<p>A SETA must perform its functions in accordance with SDA, SDLA, the PFMA, any other relevant legislation, the Standard Constitution and the SETA Governance Charter.</p> <ul style="list-style-type: none"> ■ SETA 1 structured the constitution on the contents page to be clearer and identify with itself ■ The SETA Board from April 2018 to March 2020 signed the Constitution on 2 May 2019, less than a year before the end of the Board's term of office ■ Differentiation of the name Charter should be made from Constitution to avoid confusion. The SETA titled its document "Board Charter" while the DHET name is "Governance Charter". ■ The charter should be signed at the start of the new board with induction instead of a month before end of its tenure <p>Some clauses overlap with those in the SETA Governance Charter e.g. code of conduct, board membership, term of office, board committees, role and responsibilities of the board and Chair appointment</p> <ul style="list-style-type: none"> ■ SETA 2 compiled own Code of Conduct in 2017 with additions to the DHET version including ethics, whistle-blower, rules of natural justice and relations sector players. This is positive as per King IV but clarity must be given if the DHET version is used or not to avoid confusion and selective application to suit circumstances ■ The SETA Board from April 2018 to March 2020 signed the Constitution on 3 May 2019, less than a year before the end of the Board's term of office. ■ The SETA submitted its short, unsigned version of the charter with inadequate content. This must be deleted to avoid confusion and the DHET version be adopted formally by the Board then cascaded to the management levels together with the Governance standard for compliance monitoring. ■ Differentiation of the name Charter should be made from Constitution to avoid confusion. The SETA titled its document "Accounting Authority Charter" while the DHET name is "SETA Governance Charter". The standard template designed by DHET should be applied to avoid confusion. The SETA charter was incomplete with no index and signature. Deviations from Ministerial templates require approval ■ The SETA Code of conduct and ethics is a separate document from the charter and constitution. It has additional topics – ethics/whistle-blowers/rules of natural justice and remedial action different from DHET template which is positive. Guidance must be given to the users on which document is applied in the SETA to avoid arbitrary usage of different documents. Deviations from Ministerial templates require approval ■ Unsigned charter and no supporting policy means the SETA has no commitment and no ruling charter, which is a governance deficiency. The DHET prototype has space for SETA role players to sign for ownership of the content ■ The DHET Governance charter content is based on King II and III, which needs update. It was signed in February 2020, a month before the end of the Board's term of office <ul style="list-style-type: none"> ■ SETA 3 signed its own version termed, "Governance Framework" on 30 July 2018. ■ The SETA Board approved its Constitution on 9 May 2019, less than a year before the end of the Board's term of office. There is no evidence that Board members were inducted to understand the content of the Constitution ■ The SETA Governance Charter differs markedly from the DHET template, with adapted content and structure. It does not link with the Governance standard. The DHET version is more comprehensive risk management, disclosure of interests, SETA audits and code of conduct. It only needs to update its introduction from King III to IV practice. Using the Seta version does not link directly with governance report standard template which may confuse users. Deviation from Ministerial templates requires approval and there is no evidence of DHET's approval. ■ Differentiation of the name Charter should be made from Constitution to avoid confusion. The SETA titled its document "Governance Framework" while the DHET name is "SETA Governance Charter". 			

The re-launch of the new SETA landscape on 1 April 2020 should be used by DHET to review and update the constitution which is ten years old and some clauses need alignment with King IV governance practices. Consideration needs to be given where there is an overlap as to which Charter shall prevail. It is recommended that the DHET standard governance charter be reviewed and updated given it was done in 2016. If SETAs are required to incorporate this standard charter (without alterations) the standard should be reviewed and updated annually. Standard Constitution and Governance Charter should be brought into line with King IV practices. When that is formally adopted by the SETA Board then it would be cascaded to all management levels together with the Governance standard for compliance monitoring

<p>There are 12 functions, a. develop a Sector Skills Plan b. implement it c. promote occupation-based learning programmes d. perform and function delegated to it by the QCTO e. support & form partnership f. collect & disburse levies g. liaise with the National Skills authority h. liaise with provincial offices of the Department i. formulate policies & procedures j. appoint employees k. promote the national standard l. perform any other functions</p>			<p>The role of the National Skills Authority is unclear and may cause conflicting demands on SETA boards and management. SETA signs annual service level agreement with DHET and submits its strategic plan to National Treasury. Such dual reporting can confuse and stretch both the board and management. Consider requesting consolidation of reporting to single point</p>
<ul style="list-style-type: none"> ■ This is an aggregate of several governance standards based on the PFMA, SDA and National Treasury Regulations, to form a framework of compliance reports submitted quarterly and annually to DHET. It was introduced to all SETAs in April 2016 with 75% as the minimum score for good governance standard ■ Components of the governance standard report for quarterly reporting include: addressing audit findings, minutes/resolutions of board meetings, board attendance register, audit committee minutes and signed audit committee register. ■ The matrix reporting of the governance standard report to the DHET, National Treasury, Auditor-General SA and sometimes to National Skills Authority may create a gap in submission or ultimate responsibility of who ensures review findings are implemented fully 			
<p>The AA may delegate any of its functions to the Exco, CEO, other committee or chamber although this does not divest the AA of the function delegated, which it may at any time review, amend or set aside. It does prevent the AA's performance and may be revoked by AA at any time.</p>	<ul style="list-style-type: none"> ■ The current policy was implemented in January 2019 and it is referred to in many board minutes in reference to acting positions and approvals for procurement, remuneration and projects. ■ No evidence was seen of its application in functional operations. ■ Some board members feel that interpretation of the policy differs among users, causing errors. SETA 1 advised that it has been refined to reduce ambiguity. ■ A qualified audit was given in 2018/19 for irregular expenditure which indicates that the policy application is not as good as it should be in checks and balances at various levels of the SETA 	<ul style="list-style-type: none"> ■ The current policy was signed by the SETA Board chairman in July 2017 together with a detailed authority matrix but no evidence was seen of its application in functional operations. It is part of the governance standard report to support the risk management framework ■ Two Quality Assurance management staff were suspended for disciplinary purposes in this period which indicates that the policy application may not be as good as it should be in checks and balances at various levels of the SETA. 	<ul style="list-style-type: none"> ■ The current policy was signed by the SETA Board chairman in July 2019 together with a detailed authority matrix but no evidence was seen of its application in functional operations. ■ The fact that CFO and COO resigned in the same period may indicate weakness in the delegation of authority policy, leadership and organisational culture causing frustration to executives.
<p>The delegation of authority as provided for in s56 of PFMA and Item 8(3) of the Standard Constitution Regulations must be more clearly articulated. Guidance can be provided in the SETA Governance Charter and more effective and efficient way of reporting can be derived.</p>		<p>SETAs are required to do detailed multi-reporting (some quarterly and some annually) to three government authorities – DHET, National Treasury and Auditor-General SA. This can be too cumbersome and discourage compliance by SETAs</p>	
<p>At least 3 months before expiry of term of office of members of AA, CEO must invite nominations for members for forthcoming office. CEO must provide formal letter of appointment to appointees, who if choose to do so must accept and declare in writing they do and will be bound by Code of Conduct.</p>			<ul style="list-style-type: none"> ■ The Code of conduct is incorporated into the Constitution but there is no evidence that Board members and management signed it.
<p>Better oversight of this must be achieved. Role of Secretary in this process to be made more explicit. Item 8(6)(a) of Standard Constitution, should be amended for Secretary to invite nominations. Secretary and not CEO [amend Item 8(6)(d)] should be tasked with introducing new AA members to roles and responsibilities. Induction and training to cover these fundamental requirements of on-boarding to AA.</p>			

Term of office of a AA members is five years and is eligible for re-appointment provided re-appointed members may not exceed 1/3 of AA in any one term	The appointment of board members are often unduly delayed		
AA members who are competent to serve, should be permitted to serve two terms of five years each.			
The AA must ensure that appointed members and alternates attend an induction session within one month of taking office and a training session within three months of taking office.	Board induction was done in first month to familiarise members with their roles and responsibilities in line with the constitution.		
The new Board should sign the Constitution at its first meeting after appointment to ensure full knowledge of the SETA's primary guiding rules.			
The AA may on reasonable grounds, recommend to the Minister the suspension of a member	Process of removal where there are grounds to do so are often unduly delayed		
SETA constitution should be changed to delegate these functions to the board			
The AA is required to establish an Executive Committee, Audit Committee (which is independent), Finance Committee, Remuneration Committee and Governance & Strategy Committee	<p>The Board Executive Committee may turn the Board into being operational and remove other Board members from close contact with the organisation. Its functions overlap with those of other committees.</p> <ul style="list-style-type: none"> ■ Due to the Board being four members short, two committees were merged, overloading the members and reducing the desired focus on issues by individual committees ■ The SETA merged the Executive Committee with the Governance and Strategy Committee as well as Finance and Remuneration Committees. Board committees include: Executive, Governance and Strategy Committee, Finance and Remuneration Committee and Audit & Risk Committee. ■ Responsibility overlaps appear between Executive/Governance-Strategy committee, Audit and Finance-Remuneration committees ■ Selection of committee members was transparent and analytical to match skills with committee mandates but shortage of members limited the possibility of even distribution of skills ■ Committee members were appointed at the first board meeting through a transparent and analytical process except Governance and Strategy which was only formed at the fourth meeting due to lack of employer members. Audit and Risk Committee had majority Independent (non-board) members including the Chair. ■ In line with King IV governance principles the Audit Committee had majority independent members including the Chair. 		
Terms of reference for Committee should be reviewed and updated annually. All committees should be subject to annual self-evaluation and mandatory external evaluation, every three years.			

Only the Minister may appoint the Chairperson	<p>Ministerial appointment of the Board Chair makes them “not” independent. King IV provides for election of the chair by the board, not shareholders, from amongst its non-executive directors. Consideration should be given to the SETA board shortlisting three candidates and recommending for Ministerial approval of the chairman. This requires changing the constitution [2]</p>	<p>Ministerial appointment of the Board Chair makes them “not” independent. King IV provides for election of the chair by the board, not shareholders, from amongst its non-executive directors. Consideration should be given to the SETA board shortlisting three candidates and recommending for Ministerial approval of the chairman. This requires changing the constitution [2]</p>	<p>Ministerial appointment of the Board Chair makes them “not” independent. King IV provides for election of the chair by the board, not shareholders, from amongst its non-executive directors. Consideration should be given to the SETA board shortlisting three candidates and recommending for Ministerial approval of the chairman. This requires changing the constitution [2]</p> <ul style="list-style-type: none"> ■ The Board had no chairman from April 2018 until July because the DHET Minister had not appointed one. This severely impacts the effectiveness of the Board and SETA 3. King IV best practice says board members should elect the chairman from among its independent non-executive members, at their first meeting ■ Board chairman was only appointed in July 2018 by the Minister and only in September was the Executive committee appointed – six months of board effectiveness lost.
<p>AA should elect the Chairperson, subject to the approval of the Minister. In the event that the Chairperson is not yet appointed at time of first meeting of AA, the CEO should not preside at the first meeting, AA members should elect an acting Chairperson at the start [amend Item 8(11)(d) of Standard Constitution].</p>			
<p>The AA must meet at least once every three months. All meetings are quorate if it consists of at least 50% of total members, plus one and at least 50% of labour and employer nominees are present. The chairperson must ensure that minutes are taken, are forwarded to members within two weeks of the meeting, are tabled at the next meeting for approval, are retained in the record system and properly signed.</p>	<ul style="list-style-type: none"> ■ Eight board meetings were held in 2018 including one by the outgoing board, of which two were special meetings. ■ Meeting attendance ranged between 60% and 72% mainly due to employers who did not take-up their full quota of positions. This caused postponement of crucial decisions due to lack of quorum at some meetings ■ Minutes of 2018 reflect a war room approach that the new Board had to adopt to overcome perceived organisational lethargy due to no substantive CEO for a full year then. ■ Discussions in meetings show that the board remained at strategic level with vigilant management oversight causing strained relations with previous CEO. Robust discussions occurred especially between Audit and Risk committee and the board about control systems and risk response ■ Minutes of meetings were duly recorded with Board decisions in bold print and consistent follow-up on matters arising. However, critical board decisions such as the appointment of the CEO, were sometimes deferred to the next meeting. Consequently, an Acting CEO reigned from April 2016 to April 2018 ■ Minutes of 26 September 2018 indicate the next meeting to be on 7 November 2018 but the minutes were not submitted for review in this assessment. ■ Five board meetings were held in 2019 following normal procedure, indicating that stability had set into the SETA. The Board Chair is reflected in the minutes as “Ministerial appointee” – this may taint the position as aligned to the shareholder. Consideration should be given to change this. ■ Minutes of 6 February 2019 indicate a special board meeting held on 16 January but the minutes were not submitted for review in this assessment – secretarial efficiency required. 	<ul style="list-style-type: none"> ■ Four Board meetings were held in 2018 including one by the previous Board. The outgoing Board acted responsibly by extending the CEO’s contract for further three months to induct the new Board; compiled annual board calendar to guide new Board and left the Audit Committee as standing committee. ■ Meeting attendance ranged between 73% and 95% indicating the level of professional commitment of members ■ Minutes of meetings were duly recorded with Board decisions clearly articulated and consistent follow-up on matters arising. Five committees and two chambers were appointed at the first meeting of the new Board ■ Four board meetings were held in 2019, following normal procedure, with required declarations and registers indicating continuing stability and effectiveness of the Board. Smooth transition between two boards was enabled by the fact that the chairman remained the same. This proves the value of board rotation and succession as advocated in governance best practice ■ All board minutes recorded meetings as running from 10h00 to 16h00 but actual closing time would be earlier than that. Closer attention by the secretariat is called for. ■ For the board meeting held on 30 January 2019, Dr XXXXX attended the meeting but was not reflected in the register. ■ Board meeting scheduled for May 2019 was not held and the Secretariat could not give the reason. 	<ul style="list-style-type: none"> ■ Nine board meetings were held in 2018 including two special ones. Such frequency of meetings signals emergency status of the business and exhausts members. ■ Meeting attendance ranged between 80% and 100% indicating the level of commitment of members. ■ Minutes of meetings were duly recorded with board decisions clearly articulated and consistent follow-up on matters arising. ■ Six board meetings were held in 2019 including two special ones. Meeting procedure, with required declarations and registers were followed indicating improving stability and effectiveness of the Board. ■ Board needs to define reasons that justify calling an ad-hoc meeting to avoid too many board meetings in a year. Minutes of 30 October 2019 meeting were not submitted to this assessment, indicating possible board secretarial inefficiency ■ Annual performance for the SETA was 37% in 2017/18 which shows gross management deficiencies and weak board supervision. In 2019 the Auditor-General observed weaknesses of poor disclosure of information, weak controls, vacant senior posts and no tracking of audit action plan

	<ul style="list-style-type: none"> ■ Minutes of the meeting held on 23/5/2019 were only approved/signed on 15 January 2020. No reason was furnished, leading to the conclusion of secretarial inefficiency and lack of supervision by the Board. ■ Ethical behaviour prevailed in all meetings, such as declaration of interests, attendance register, agenda approval and follow-up on minutes actions. Chair was firm and fair with strong focus on the agenda. <p>To be noted: SETA 1 clause 8.1 says meeting quorum is 50+1 % including Chair but SETA charter is silent on Chair. The SETA position is in line with good governance so it should influence change in the standard SETA charter</p> <ul style="list-style-type: none"> ■ Clause 8.2 mentions Round robin meetings which is not in the SETA template. It is good governance to be included in the standard SETA charter ■ Clause 11 introduces Board evaluation, which is not in the SETA standard template. The SETA should influence this change in the standard SETA Governance charter 	<p>This could reflect weakness in adhering to the board calendar of which secretariat is in charge</p> <ul style="list-style-type: none"> ■ Good performance was restricted by lack of regional management capacity and inadequate operational systems. This may demonstrate the need for close link between the SETA core purpose, strategy and business model are interlinked. The CEO reported they are being addressed. Speedy solution is urged. 	
On the whole, the meeting procedures appear to be of a reasonable standard. However, there are certainly areas of improvement and suggestions are made to in this regard as well as specific matters that need updating (e.g. round-robin meetings). The necessity to have a strong secretarial function is also highlighted. The right number of meeting should be conducted and the purpose of each meeting clearly identified.			
The AA must within six months of taking office, after following a transparent process, recommend to the Minister the names of three suitable qualified candidates for appointment of CEO. The CEO may be retained for a further six months in the event that the SETA is re-established	<p>The appointment of the CEO was delayed and the SETA had no CEO for 2 years;</p> <p>The flow of board minutes reveals the weakness of the current CEO appointment process with powers vested in the Minister. It took SETA 1 18 months to fill the vacancy. This was due to the split responsibility where the Board recruits and presents shortlisted three candidates to Minister for review and final appointment.</p>	<p>The appointment of CEO delayed and SETA had acting CEO for a year</p> <p>The flow of board minutes reveals the SETA's struggle to retain executives with four COOs resigning in three years. There was also an Acting CEO for over a year due to DHET's non-responsiveness and red tape</p>	<p>The appointment of CEO delayed and SETA had acting CEO for a year</p> <p>The flow of board minutes reveals the SETA's struggle to retain executives with three vacancies including CFO and COO, when the Board took over. There was an Acting CEO for over a year due to DHET's non-responsiveness and red tape.</p>
The process should vest with the Board to give it full authority over the CEO. Tenure of office of the board and CEO is the same (5 years) which creates a vacuum of institutional memory at the end of term when all Board members stand down. Separation of governance and executive roles should be exercised. For instance, the SETA constitution should be amended			
Within five months of the end of the year and after adoption by the AA, must submit to the Minister the Annual Report on its activities, its financial statements with Auditor General's report and they must be a fair presentation of the SETA's state of affairs, its business, its financial results, its performance against predetermined objectives and its financial position.	<ul style="list-style-type: none"> ■ The report reveals Auditor General's concerns being: supply chain management non-compliance, performance misstatements, irregular expenditure and committee misstatements leading to a Qualified opinion. This points to weak controls and operational inefficiencies which require a competent executive team working in unison with a strong board. ■ However, the report contains some good governance basis by clearly stating the five strategic focus areas and stakeholder engagement satisfaction level of 4.2 out of 5 ■ SETA 1 is encouraged to consider ways to ensure the Annual Report reaches all deserving stakeholders such as learnership seekers who may not easily access it on website. Also consider a simpler version for ease of understanding by such target audience 	<ul style="list-style-type: none"> ■ Supply chain management weaknesses and none integrated management information system with operations procedures caused late programme implementation ■ The SETA is encouraged to consider ways to ensure the Annual Report reaches all deserving stakeholders such as learnership seekers who may not easily access it on website. Also consider a simpler version for ease of understanding by such target audience ■ Board gender balance is not in place with 9 men and 5 women. However, level of skills is high due to the constituencies its members come from. 	<ul style="list-style-type: none"> ■ Supply chain management weaknesses and R12m irregular expenditure caused the SETA to get a qualified audit opinion from the Auditor General. ■ The SETA is encouraged to consider ways to ensure the Annual Report reaches all deserving stakeholders such as learnership seekers who may not easily access it on website. Also consider a simpler version for ease of understanding by such target audience ■ Board gender balance is lacking with 8 men and 3 women including the chairman. Four vacancies existed which caused shortage of members to staff the committees.

- Annual report 2018-19 does not meet the threshold of being an integrated report. It adequately covers the conventional report content of financial, human and operational aspects but falls short on showing the organisation's impact on the triple context of the economy, society and environment.
- The Annual Report should depart from the siloed format of public reporting to include disclosures that should be included in an Integrated Report for inclusive stakeholder reporting.
- IIRC/King IV says the organisation's reporting should reflect the interconnectedness of the six capitals and indicate how its activities affect and are affected by them. These are financial, manufactured, intellectual, human, social/relationship and natural capital. The Annual Report does not demonstrate the interconnection.
- It should display the integrated thinking advocated by King IV of strategy, planning and implementation leading to Integrated Reporting formulated on the six capitals per the International Integrated Reporting Framework.
- A "golden thread" of clear line of direction, decision-making, target setting, implementation, measurement of results and re- evaluation of the strategy should be visible in the policies, processes, structure and oversight in the organisation leading to coherent reporting and holistic integration of the business.

<p>SETAs are required to develop Strategic Plans (SPs), Annual Performance Plans (APPs) and Sector Skills Plans (SPPs). Notwithstanding reporting of performance of these in the Annual Report, SETAs are then required to submit Quarterly Monitoring Reports (QMRs) [thereby ensuring ongoing accountability to the annual Service Level Agreement (SLA) containing targets with the Director-General] to register progress against the set targets. The Seta Performance Management (SPM) plays a critical and central role in managing and evaluating the performance of SETAs against the SLA targets in terms of the required standards. It is on this basis that the SPM provides this framework to serve as a reference and a guiding document to standardise the process of SETA QMR validation. In addition, the SETA governance charter requires the Sector Education and Training Authority (SETA) Governance Standard pertaining to PFMA/Regulations/SDA with a Yes/No response and supporting comment be submitted to the Executive Authority.</p>	<ul style="list-style-type: none"> ■ In a rating done by DHET in 2017 the SETA scored 100% and 85% in 2018 ■ SETA 1 only submitted the governance standard report for Quarter 2 of 2017 for this assessment. There is no evidence of the report being received by DHET, National Treasury and Auditor-General SA and thus no known review findings. 13 out 56 responses do not have explanations although ticked as done. This fails the King IV governance disclosure and reporting of "apply and explain". ■ The SETA APP (annual performance plan) seems to overshadow medium to long-term planning. This was aggravated by a lengthy period without a CEO or plagued by underperformance. Chair's report cites operational and cultural challenges necessitating major organisational turnaround. ■ Assurance of compliance needs improvement. Acting CEO signed the report and there is no evidence that Audit and Risk committee gave assurance of its correctness to the board 	<ul style="list-style-type: none"> ■ In a rating done by DHET in 2017/18 the SETA scored 100% with an unqualified audit outcome. ■ In a survey by DHET in 2017 the SETA was among 14 SETAs which submitted full compliance documentary evidence. It also got unqualified audit results ■ The SETA APP (annual performance plan) underachievement seems to have overshadowed the 5-year strategic plan objectives causing regression from Unqualified-Clean to Unqualified audit from 2017 to 2018 ■ Components of the governance standard report for quarterly reporting include: addressing audit findings, minutes/resolutions of board meetings, board attendance register, audit committee minutes and signed audit committee register. ■ The Governance Charter standard report for quarter 4/2019 was completed but not signed which may mean it was not submitted. 	<ul style="list-style-type: none"> ■ In a rating done by DHET for the 2017/18 year, the SETA scored 85% and got a qualified opinion from Auditor-General ■ In a survey by DHET in 2017 SETA 3 was among 14 SETAs which submitted full compliance documentary evidence and rated 85%. It got a qualified audit due to financial control deficiencies owing to high CEO and CFO turnover ■ The SETA APP (annual performance plan) underachievement (37%) seems to have overshadowed the 5-year strategic plan objectives. Components of the governance standard report for quarterly reporting are: addressing audit findings, minutes/resolutions of board meetings, board attendance register, Audit committee minutes and signed Audit committee register. The SETA did not submit sample of completed reports to this governance assessment. Assurance of compliance needs improvement. ■ 2019-20 risk register was submitted but no Risk Management framework was received ■ There is no evidence of submission of the quarterly governance charter standard report in 2019-20.
<ul style="list-style-type: none"> ■ All 56 reporting standards are based on PFMA, SDA and National Treasury regulations with no social and environment elements as required by the triple context governance thinking ■ The reporting is not sufficient to show stakeholders the full governance landscape of the SETA linking its core purpose, risks and opportunities, strategy and sustainable development as all inseparable elements of the value creation process 			

Survey - Understanding how SETAs were living up to the King IV Code

Several questions in the survey asked respondents how they understood their SETA was living up to the King Code. These questions examined:

- The principles and practices of “apply and explain”
- Integrated thinking
- Transformation of the six capitals i.e. Financial, Human, Intellectual, Manufactured, Natural, Social and Relationship (refer diagram below)
- Achievement of outcomes

Table 34: Embracing principles and practices

In relation to King IV Code (1=Not at all 7=Completely)	1	2	3	4	5	6	7
The Extent to which AA has fully embraced the principles and practices on an ‘apply and explain’ basis, where proportionality considerations make it possible to do so (Ave =5.68, σ =1.35)						5.38 1.35	

Most respondents were of the view that the AA had embraced the principles and practices of “apply and explain”. Views on the extent to which integrated thinking had permeated the AA, were very mixed. However, an analysis of the annual reports refers to the low level of integrated thinking and reporting and there was little evidence of application of the International <IR> Framework as shown in the figure below:

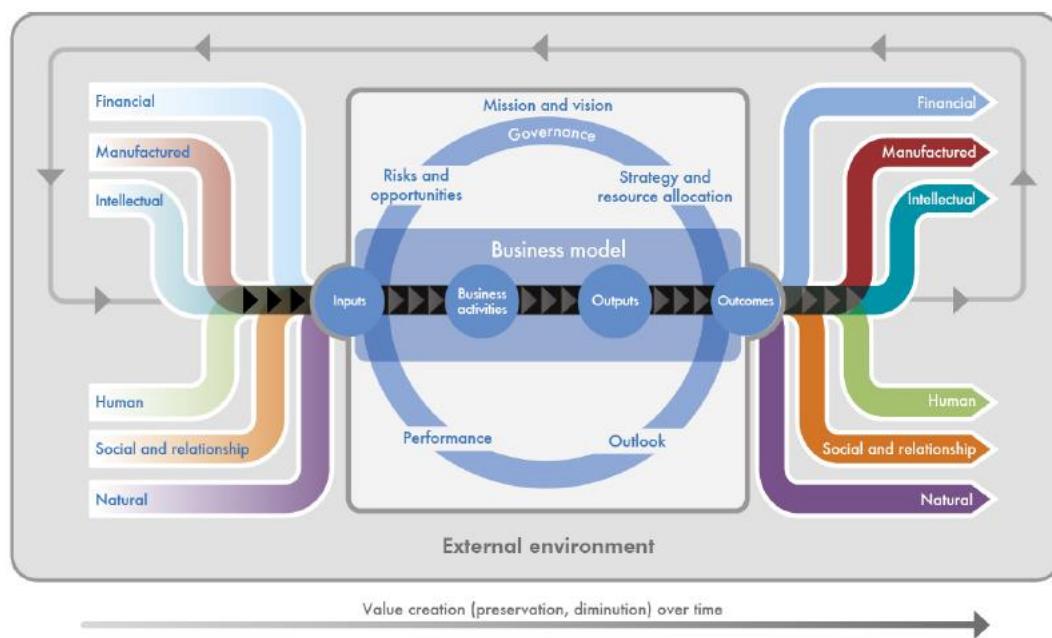


Figure 8: International <IR> Framework⁴¹

⁴¹ Source: The International Integrated Reporting Council <https://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>

Table 35: Integrated thinking

Extent to which integrated thinking has permeated the AA	Not at all 1 2%	Early days, but happening 11 23%	Relatively advanced 16 34%	Far advanced 10 21%	Very advanced & well embedded 9 19%
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Table 36: Transformation of six capitals

King IV emphasises the creation of value through the transformation of six capitals. Progress made by SETA (1=No progress 7=Much progress)	1	2	3	4	5	6	7
Financial Capital (Ave =5.64, σ =1.33)						5.64 1.33	
Intellectual Capital (Ave =5.20, σ =1.38)						5.20 1.38	
Human Capital (Ave =5.07, σ =1.40)						5.07 1.40	
Manufactured Capital (Ave =4.00, σ =1.72)					4.00 1.72		
Natural Capital (Ave =4.23, σ =1.49)					4.23 1.49		
Social Capital (Ave =5.00, σ =1.38)						5.00 1.38	

With respect to the six capitals as set out in the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework and recommended by King IV, respondents indicated that good progress had been made concerning financial, intellectual, human and social capital, with slightly more modest progress made in terms of manufactured and natural capital. Given that SETAs are designated as being 'Authorities', it does raise the question of whether SETAs are doing enough in this regard to be authorities and authoritative enough in their core mandate. More attention needs to be given to this particular capital, especially in light of it having a high standard deviation.

Table 37: Achievement of outcomes

Achievement of SETA on King IV outcomes	Very Low	Low	Average	High	Very High	Weighted Average
Ethical culture	0 0%	2 4%	13 28%	21 45%	11 23%	3.87
Good Performance	1 2%	0 0%	10 21%	22 47%	14 30%	4.02
Effective Control	0 0%	2 4%	8 17%	32 68%	5 11%	3.85
Legitimacy	0 0%	0 0%	12 26%	24 51%	11 23%	3.98

The King IV Report on Corporate Governance identifies four main outcomes of good governance, namely, an ethical culture, good performance, effective control, and legitimacy. Most respondents rated the level of achievement of all of these outcomes as high or very high. As reflected in the table below, most respondents indicated that

improvements and even significant improvements were made in all four of these areas. However, there is still room for further improvements to be made.

Table 38: Changes in outcomes

Changes to these outcomes	Progressively Worse	Worse	Stayed the same	Improved	Significant improvement	Weighted Average
Ethical culture	0 0%	2 4%	10 21%	19 40%	16 34%	4.04
Good Performance	0 0%	1 2%	5 11%	27 57%	14 30%	4.02
Effective Control	0 0%	1 2%	6 13%	23 49%	17 36%	4.19
Legitimacy	0 0%	0 0%	10 21%	22 47%	15 32%	4.11

What is most interesting to note from the above analysis though, is that in relation to the achievement of outcomes, effective control had the lowest score (3.87/5), but it showed the highest score in relation to improvement. As a generalised statement, perhaps it talks to the focus being inherently on control by the AA, due to problems that have been encountered in the governance of SETAs, but the question also needs to be asked then as to whether it is affecting the other outcomes, especially in relation to good performance? The answer lies in embedding integrated thinking into AA and Executive members' minds and applying a mindful outcomes-based approach to governance as advocated by the King IV Report.

Survey - Duties and responsibilities of the AA

A number of the duties and responsibilities of the AA were explored in the survey. First respondents were asked about the extent to which they believed the following duties and responsibilities were achieved.

Table 39: Achievement of duties and responsibilities

Extent to which these duties and responsibilities were achieved (1=Not at all 7=Very much so)	1	2	3	4	5	6	7
Governed in terms of applicable legislation (Ave =6.43, σ =0.77)							6.43 0.77
Provided effective leadership in ensuring goals of the NSDS and Performance Agreement with Minister has been implemented (Ave =6.21, σ =0.83)							6.21 0.83
Provided strategic direction to the SETA (Ave =6.21, σ =0.91)							6.21 0.91
Liaised with stakeholders (Ave =5.30, σ =1.38)						5.30 1.38	
Ensured compliance with statutory, regulatory and SETA constitution (Ave =6.26, σ =1.01)							6.26 1.01
Governed institutional risk adequately (Ave =5.94, σ =1.09)						5.94 1.09	
Monitored performance of the SETA (Ave =5.96, σ =1.10)						5.96 1.10	

From the above, it can be seen that respondents were clear that they had, by and large, met their duties and responsibilities as required. Consistent with the view expressed that the obligations placed SETAs are reasonable, it is not unexpected therefore that governing in terms of applicable legislation had a very high score of 6.43/7, with the lowest standard deviation of 0.77. Providing effective leadership, strategic direction and ensuring compliance all scored above 6, with only the latter having a standard deviation greater than 1. Governing risk and monitoring performance was very close to 6/7, so there is probably not much that can be said about these specifically, in the mind of the respondents, other than it could be better. The most noticeable duty and responsibility then in terms of achievement is the liaison with stakeholders. It is still relatively high at 5.30/7, but it certainly warrants attention having obtained the lowest score.

Extent to which these duties & responsibilities are considered comprehensive and all encompassing	Yes 34 72%	Mostly 13 28%	No 0 0%
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Although the majority (72%) believe these responsibilities and duties are comprehensive and all-encompassing, there were a minority of respondents who raised the issue as to whether these were the right questions to be asked. It raises the issue as to the core business of SETA, the capacity to implement and the impact that they have in terms of their mandate as these views express below:

Strategic Foresight and Stakeholder Engagement:

- Boards to be given space to set the strategic direction of the SETA
- Stakeholder engagement with captains of industry needs to be enhanced
- Management of strategies to disburse discretionary funds effectively
- Management of programme and special projects' strategies

Capacity to implement

- Most of the items listed above were fulfilled by management and not the board, as the newly appointed board found a well-run organisation in the first instance and merely capitalised off this sound governance position!
- Throughput needs to be incorporated into the focus areas. The impact of Irregular Expenditure identified by AG results in limited industry innovations being incorporated into the training programmes
- Compliance is key
- Management of funds and reserves
- Management of IT configurations and operations strategies

Numbers Game and Impact:

- SETAs are ineffectual. It is a by far a numbers game in achieving plans/goals. No long-lasting result is achieved.
- The debate should not focus on whether the duties and responsibilities are comprehensive or not. It should focus all energies on finding an alternative route to training
- The correct capacity at SETA management contributes positively, if it's just numbers then the strategic imperatives are missed
- Impact of the SETA on employment
- Impact assessment of training is critical

Table 40: Risk considerations

Considering risk aspect alone (1=Not at all 7=Completely)	1	2	3	4	5	6	7
Belief that the AA has proper oversight of enterprise management framework (Ave =5.02, σ =1.45)						5.02 1.45	

Table 41: Main risks

If not at the standard, what are main reasons (1=No problem at all 7=Very problematic)	1	2	3	4	5	6	7
No separate Risk Committee (Ave =2.82, σ =1.45)			2.82 1.45				
No AA members are members of the Audit & Risk (Ave =2.50, σ =2.16)			2.50 2.16				
Internal audit is outsourced, whereas it should have its own internal audit capability (Ave =2.63, σ =2.21)			2.63 2.21				
AA doesn't fully understand that Management are the first line of defence (Ave =2.51, σ =2.08)			2.51 2.08				
Problem areas identified by the External Auditors are not acted upon (Ave =2.97, σ =2.25)			2.97 2.25				
There is inadequate consequence management (Ave =3.72, σ =2.37)				3.72 2.37			

From the above analysis, it can be seen that respondents are leaning towards risk management being adequate (5.02/7), but, interestingly, it is a relatively significantly lower score than any of the duties and responsibilities highlighted earlier. Although not having a separate risk committee, or no AA members being members of ARC, or Internal Audit being outsourced (or not) in and by themselves may have no material bearing on the effectiveness of the Risk Management process, it is concerning that the AA not fully understanding that management is the first line of defence, problem areas identified by external auditors not being acted upon and there being inadequate consequence management are telling findings (although the relatively high standard deviations confirm that these views are not shared unanimously). The inadequate consequence management is the red flag though, especially as it averages above the mid-point. To put it bluntly, it can be interpreted as saying, 'we are identifying issues, but they are not being acted upon'. The open-ended responses to identifying other reasons should be properly interrogated as they provide some important points that all AA members should take cognisance of:

Understanding Risk Management

- The lack of understanding of risk management by AA is a problem
- AA depends to a great extent on the ARC or RMC for recommendations, as they often do not have appropriate RM skillset and knowledge
- The mindset is one of compliance, not of commitment. In other words, internal and external audit exercises are taken seriously, but as tick-box exercises. There is no commitment to clean and ethical governance as part of the DNA of the organisation

Everybody's responsibility and proper communication

- Risk management is complex and requires specific expertise as well as awareness across the entire organisation. It should be communicated as every manager's responsibility
- Better communication of standards of behaviour and performance and timeous correction of deviations
- AA bypassing PFMA procurement

- Each institution should have its internal audit mechanics to avoid risks at an early stage

Table 42: Assurance Provided: View of AGSA⁴²

		Provides Assurance	Provides some assurance	Provides limited/no assurance	Not established
First level	Senior Management	33%	63%	4%	n/a
	Accounting officer/authority	52%	48%	0%	n/a
	Executive authority	78%	22%	0%	n/a
Second level	Internal audit unit	81%	19%	0%	n/a
	Audit Committee	93%	7%	0%	n/a

From the above, it is concerning to note that the AGSA views the second level combined assurance being significantly higher than the first. Certainly, much greater attention needs to be paid to this, **especially** by Senior Management.

MEASURING GOOD GOVERNANCE

A section of the questionnaire examined the governance charter. This section of the report presents the results related to the governance charter, covering:

- Characteristics of Good Corporate Governance
- Code of Conduct
- Obligations and disclosure of information
- Risk Management & Audits

Characteristics of Good Corporate Governance

The characteristics as outlined in the charter are Discipline, Transparency, Independence, Accountability, Responsibility, Fairness and Social Responsibility (DTIARFS). Drawing on the expected characteristics as required in the charter, the 47 aggregated responses clearly show DTIARFS is believed to be a high level, with Accountability and Responsibility ranked first (5.91/7) and Social Responsibility ranked lowest (5.19/7). The highest standard deviation recorded was for Independence, which would be consistent as a concern that is flagged elsewhere in the study.

Good governance practice promotes the idea that members of a Board work in the best interest of the organisation that they govern. Even though they have a responsibility towards stakeholders and thereby secure the legitimacy of the organisation, the emphasis on service activities that address stakeholder interests should always be secondary to the core business of the organisation. When asked if they focused more on the core business of the SETA or the interests of stakeholders, the responses were quite mixed, leaning more strongly towards prioritising the interests of stakeholders (56% of responses), with a further portion taking a neutral position (16%).

Only 28% of respondents recognised that the core business of the SETA was more important than serving the interests of stakeholders. Further to this, most respondents agreed that they were involved in the accounting authority to represent their constituency (an average of 4,51 out of 7).

This was reinforced with responses to the statement “Board members who were nominated from a particular stakeholder group, were there to represent their constituency”, where the average level of agreement with the

⁴² Source: AGSA Briefing to Portfolio Committee (15 October 2019, p.19) <https://static.pmg.org.za/191015AGSA.pdf>

statement was 4.51 on a 7-point scale. This too is contrary to good governance practice and compromises independence.

Table 43: Cross-tabulated charter characteristics

What extent did AA exhibit D=Discipline, T=Transparency, I=Independence, A=Accountability, R=Responsibility, F=Fairness, SR=Social Responsibility, where 1=Very Poor 7 = Very Good. Averages shown below														
Nom/App	D	Rank	T	Rank	I	Rank	A	Rank	R	Rank	F	Rank	SR	Rank
Community	6.00	3	5.50	4	6.00	2	5.50	5	6.50	1	6.00	1	5.50	2
Employers	5.68	4	5.42	5	5.42	3	5.95	4	5.84	5	5.68	5	5.05	5
Government	6.50	1	6.50	1	6.50	1	6.50	1	6.50	1	6.00	1	4.50	6
Labour	6.08	2	5.92	2	5.42	3	6.50	1	6.42	3	5.92	4	5.75	1
Minister	5.00	7	4.50	7	3.00	7	6.00	3	6.00	4	6.00	1	5.50	2
Other	5.20	6	4.80	6	4.00	6	4.80	7	5.20	6	4.20	7	4.20	7
Prof Body	5.40	5	5.80	3	5.20	5	5.40	6	5.20	6	5.20	6	5.40	4
Average	5.72	3	5.53	5	5.21	6	5.91	1	5.91	1	5.57	4	5.19	7
σ	1.14		1.28		1.50		1.12		1.10		1.21		1.35	

The cross-tabulated analysis shows Government nominees ranking 1 for all except Social Responsibility and Minister appointees showing the lowest average on D, T and I, but interestingly the highest on F.

Labour shows a higher average for all except for Independence, where the same average (5.42/7) applied (both Rank 3=). 6/7 standard deviations are all below 1.35, which suggests a fairly consistent aggregate, but as noted above Independence has the highest, showing the least consensus.

Given issues of constituency bias (compromising independence) as specifically highlighted in the next sub-section, as well as concerns raised about remuneration motive (highlighted later in this report in Table 72), the researchers are of the view that these characteristics have been self-assessed at a higher score than is the case and hence AA members should reflect on whether there is an attribution, or socially desirable response bias that is present when measures such as these - which essentially address the ethical mind-set of the board - are being assessed.

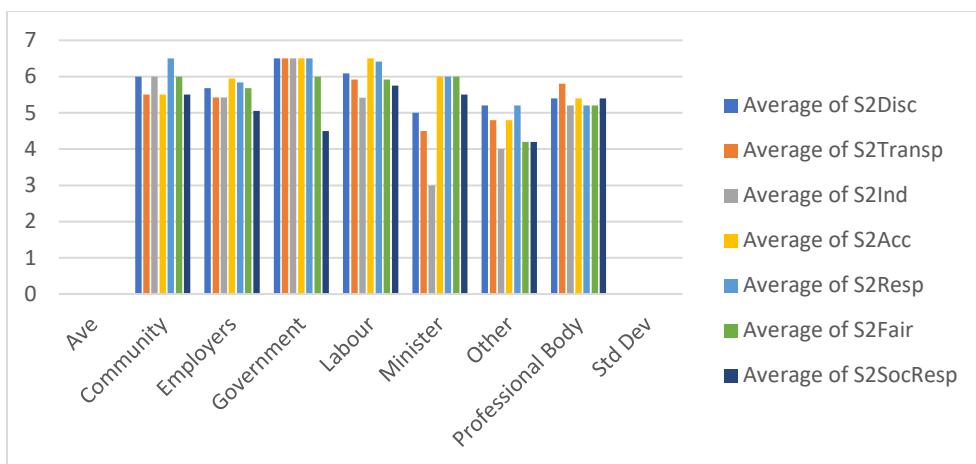


Figure 9: Graph of charter characteristics

Independence and potential conflicts of interest

Respondents were asked if independence was at the level that it should be, and if not, why they believed this was the case.

Extent to which AA members displayed independence				
Everyone	Majority	Most	Minority	None
11 23%	19 40%	12 26%	5 11%	0 0%

It is concerning that only 23% stated “Everyone” displayed independence. “Majority” at 40% is still less than half the respondents. Combining Most (26%) and Minority (11%) is a significant proportion, totalling 37% of the respondents.

To establish the reasons why independence was not at the requisite level, a range of predetermined answers were provided, with the results shown in the table below.

The three that stand out are, firstly, constituency bias (4.93/7), which compromises independence and is flagrantly against the essence of effective corporate governance, where board members are obliged to act in the best interests of the entity regardless of how they came to be nominated or appointed to the board.

The second most prevalent issue was board members not being adequately trained (4.02/7) and thirdly, insufficient board evaluations are undertaken (3.61/7). Although it is tending towards the mid-point (3.5/7), a standard deviation of 2.00 suggests that there is a widespread of opinion on this.

Although the average of most of the responses are below the midpoint and hence are in the green or blue zone, where the standard deviation is 1.95 or more, these are also highlighted, as it does confirm that there were some respondents (albeit in the minority) who had an opinion that these were compromising independence issues.

Table 44: Reasons why independence is not at the level required

Reasons why independence not at level required	1	2	3	4	5	6	7
Nominated members believe they were there to represent their constituency (Ave = 4.93, σ = 1.97)					4.93 1.97		
Board lacked sufficient diversity (Ave = 2.76, σ = 1.75)			2.76 1.75				
Board members not adequately trained (Ave = 4.02, σ = 1.96)				4.02 1.96			
Insufficient board evaluations were undertaken (Ave = 3.61, σ = 2.00)				3.61 2.00			
High turnover of members (Ave = 2.43, σ = 1.65)			2.43 1.65				
Chairperson not leading the board effectively (Ave = 2.80, σ = 2.25)			2.80 2.25				
Inadequate separation between Board and Management (Ave = 2.52, σ = 1.61)			2.52 1.61				
Political interference in the AA (Ave = 2.93, σ = 1.98)			2.93 1.98				
Interference from third parties, but not political (Ave = 2.44, σ = 1.75)			2.44 1.75				
Some AA members feeling intimidated by other members			2.56				

Reasons why independence not at level required	1	2	3	4	5	6	7
(Ave = 2.56, σ =1.66)			1.66				
A dominant chairperson of the board (Ave = 2.55, σ =1.82)			2.55 1.82				
A dominant CEO (Ave = 2.50, σ =1.57)			2.50 1.57				
An adversarial relationship between chairperson and CEO (Ave = 2.90, σ =1.95)			2.90 1.95				
Conflict between board and independent committee members (Ave = 1.68, σ =1.04)		1.68 1.04					
Prolonged executive management vacancies (Ave = 3.63, σ =2.35)				3.63 2.35			
Prolonged AA members vacancies (Ave = 2.63, σ =1.73)			2.63 1.73				

Further factors that respondents believed had compromised Independence were:

- Members lacking the required competencies
- Interference, overreach and members representing their constituency, not the SETA
- Poor Chair-Board relations
- An inadequate separation between governance and management
- Conflicts of interest not being declared
- Delays in appointments

The full responses are shown in Appendix B.

Code of Conduct

Upholding a code of conduct is evident in compliance and how incidents of non-compliance are handled.

Table 45: Compliance and consequence management

To what extent did AA members collectively (1=Very poorly, 7=Beyond reproach)	1	2	3	4	5	6	7
Comply with the letter and spirit of the Codes (Ave =6.04, σ =1.08)						6.04 1.08	
Perform in the best interest of the SETA (Ave =6.11, σ =1.05)						6.11 1.05	
Exhibit ethical behaviour (Ave =6.02, σ =1.09)						6.02 1.09	
In relation to Consequence management policies & procedures for breaches of the Code (1=Strongly disagree, 7=Strongly agree)							
These are adequate (Ave =5.17, σ =1.76)						5.17 1.76	
Where there are breaches, these are adequately dealt with (Ave =4.98, σ =1.97)					4.98 1.97		

From the above it can be seen that consequence management, on the whole, is deemed to be reasonable (5.17 / 7), but it must be noted that where there are breaches, the view that they are adequately dealt with obtained a lower

score (4.98/7), suggesting that there could be an improvement in this regard. The standard deviation is also tending to 2, showing that there is a variable response to this measure. When asked about specific inadequacies, two themes emerged namely, poor consequence management and self-serving factionalism. The latter is quite concerning and highlights the need to revisit the code of conduct and fiduciary responsibilities that all AA members should strictly adhere to.

Poor consequence management

- Consequence management is not applied fairly and consistently.
- Policies around consequent management still need to be re-emphasised and enforced
- Consequence management should not be a function of audit findings
- There is not a performance culture in the [Redacted]Seta. Tomorrow is another day and no or inadequate consequences in terms of remuneration and/or incentives
- Issues are brought up at meetings but very few are reported on unless AA members ask specifically about them
- Be clear on the committee to deal with allegations and *prima facie* breaches of the code

Self- serving factionalism

- The board suffered from group think. These members who controlled the board drove a specified agenda primarily to appease their needs
- Too many unholy alliances. People trying to unnecessarily protect others
- CEO was unfairly targeted and SETA money used to pay for endless legal reviews that found nothing while keeping CEO suspended and tarnishing reputation. As there was no wrongdoing, no case could be brought. Disgusting behaviours of a cohort of the Board
- Two or three Board members openly created a division on the Board but this was never dealt with as they enjoyed the protection of the CEO. It was a toxic environment that was never addressed by the Chair - instead of removing these members, they were re-appointed and independent thinkers were removed from the Board. Despite letters to the DG of DHET and the then [Redacted]Minister, this was never addressed.
- It's like some AA members were slightly manipulated by other Executive managers as some AA members were not consistent in decision making
- There were instances of staff and Board members, particularly from organised Labour, socialising and developing close relationships, which presented challenges to independence and arm's length conduct for ethical standards.
- Situations of Board members applying for positions, whilst serving on the Board.

Other

- Always room for improvement

Obligations and disclosure of information

AA member obligations in relation to the disclosure of information were examined when conflicts of interest arose, and how the individual members involved responded.

Table 46: Conflict of interest

When conflicts of interest arose, to what extent did individual members who were conflicted actually declare and recuse	All were declared	Most with no pattern from those who did not	Most with consistent pattern from those who did not	Aware of significant conflict not declared
	36 78%	9 20%	0 0%	1 2%

Register of declarations kept and updated	All the time 41 89%	Most of the time 3 7%	Now and again 0 0%	Rarely 1 2%	Not at all 1 2%
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Insofar as conflict of interest is concerned, the majority view is that these are largely reported. It is clear that some conflicts did arise, which are not reported and hence adequate measures need to be put in place to address these minority cases when they arise.

This is not insurmountable, but needs to be made explicit, especially when concerns are raised about consequence management being consistently applied.

Risk Management

Risk management arrangements investigated in the survey in relation to policies, procedures, structures and audits.

Table 47: Risk management requirements

In relation to risk management, to what extent did (1=Not at all 7=Completely)	1	2	3	4	5	6	7
The Risk Management Policy and Framework be fit for purpose (Ave =6.13, σ =1.08)							6.13 1.08
Executive management fully understand their obligation as the first line of defence (Ave=5.72, σ =1.54)						5.72 1.54	
The AA apply its mind to the necessary approvals pertaining to risk tolerance (Ave =6.04, σ =1.12)							6.04 1.12
Internal Audit provide independent assurance on the risk management process (Ave =6.02, σ =1.24)							6.02 1.24
AA understand the Executive's role as the first line of defence (Ave =5.98, σ =1.19)						5.98 1.19	
The Executive have full resources to act as first line of defence (Ave =5.46, σ =1.73)						5.46 1.73	

On the whole, the Risk Management in relation to policy and framework, risk tolerance and internal audit assurance is seen to be an acceptable level. Although not significantly lower, the lines of defence is an area that needs improvement in understanding and providing adequate resources. This was also highlighted earlier.

Table 48: SETA Audits in-house or outsourced

In period under reviews, Internal Audit was	Always outsourced 29 63%	Always in-house 7 15%	Was outsourced, now in-house 5 11%	Was in-house, now outsourced 1 2%	Not sure 4 9%
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From the above, it can be seen that the respondents confirm that that the most prevalent model is that the Internal Audit function is outsourced.

Table 49: Internal audits

In relation to internal audit (IA), (1=Not at all 7=Completely)	1	2	3	4	5	6	7	Don't Know
IA consistently meets the requirement of "independent, objective assurance and consulting activity to add value and improve operations" (Ave =6.05, σ =1.30)							6.05 1.30	N=8
IA reported independently to the Audit Committee (Ave =6.47, σ =0.95)							6.47 0.95	N=9
The rolling three-year strategic internal audit plan is effective (Ave =6.32, σ =1.14)							6.32 1.14	N=9
The Audit & Risk Committee/s takes seriously the findings and recommendations of IA (Ave =6.63, σ =0.79)							6.63 0.79	N=9
The Executive takes seriously the findings and recommendations of Internal Audit (Ave =6.23, σ =1.39)							6.23 1.39	N=8
The AA takes seriously the findings and recommendations of IA (Ave =6.54, σ =0.78)							6.54 0.78	N=11

Insofar as fulfilling their responsibilities are concerned, the respondents by and large confirm that Internal Audit function and concomitant obligations on part of Audit Committee, AA and Executive is at an acceptable level.

However, notice should be taken where the standard deviation is greater than one and consider proper steps to address this consistently across all SETAs. For instance, the AA takes the findings of IA more seriously than the Executive. Given that management is the first line of defence, this is a slight concern and was flagged earlier in Table 42 (AGSA's views on assurance).

What is also concerning to note is the number of respondents who indicated they did not know. Whilst these respondents are not likely to have been members of the ARC, it does diminish their responsibility to be attuned to the work of Internal Audit and the ARC.

Table 50: Audit and risk

Notwithstanding the situation at the SETA you are associated with, your opinion on	Do Not Support	Ambivalent	Support
It is acceptable that Audit & Risk combined into one committee	10 21%	3 6%	34 72%
All Audit Committee members should be independent	25 53%	8 17%	14 30%
There should be some AA members who are also members of the Audit Committee	6 13%	2 4%	39 83%
The Audit Committee Chair should also be a member of the AA	32 68%	3 6%	12 26%

The question of combining Audit and Risk into one committee was asked more than once in the survey and it must be said that the majority of respondents have been consistent in their response that there is no need to have separate committees.

Insofar as Audit Committee members being independent and some AA members sitting on the Audit Committee there is a slight contradiction in the finding in that 30% of the respondents support all AC members being

independent, whereas 83% support some AA members being on the Audit Committee. This means that some who support independence also support AA members being on the ARC. It is suggested that the latter is a significant finding and should be considered. The reason why some AA members should sit on the ARC is that it reduces information asymmetry, which can arise if all ARC members are independent.

Insofar as the ARC Chair being a member of the AA is concerned, the majority view does not support this, presumably due to independence being more important than any information asymmetry that may arise. So, in short, the clear recommendation from this survey is that:

- ARC may be combined if Audit and Risk can be dealt with satisfactorily by one committee
- There should be some AA members who are members of the ARC
- The Chairperson of the ARC and the majority of ARC members should continue to be independent

Table 51: External audit outcomes as reported by respondents

External Audit Outcome	Disclaimer	Adverse	Qualified	Financially Unqualified	Clean	Not sure
2018/19	0 0%	0 0%	8 18%	14 31%	19 42%	4 9%
2017/18	0 0%	0 0%	5 12%	15 36%	18 43%	4 10%
2016/17	0 0%	0 0%	8 21%	13 34%	6 16%	11 29%

The above table shows the recollection that the respondents had concerning external audit outcomes. It is not unexpected that the proportion of not sure increases the further back in time one goes. It is also significant to note that the largest proportion of respondents show themselves as having experienced clean audit outcomes in 2018/19 and 2017/18, and this is also the area that shows the highest improvement over the three years, hence influencing their response to the next question, with 70% indicating that the situation had improved.

In your view has the situation	Improved 33 70%	Stayed the same 12 26%	Been variable 2 4%	Worsened 0 0%

Table 52: External audit considerations

Over time you served on AA, consider the following in relation to external audit	1	2	3	4	5	6	7
The outcome of External Audit report on Pre-determined Objectives was (1=significant deterioration 7 = significant improvement) (Ave =5.70, σ =0.94)						5.70 0.94	
In your view the Auditor-General SA (AGSA) is adequately resourced to undertake the audit of Pre-determined Objectives (1=totally under-resourced 7=fully-resourced) (Ave =5.56, σ =1.39)						5.56 1.39	
The outcome of External Audit report on Compliance with Legislation was (1=significant deterioration 7 = significant improvement) (Ave =6.08, σ =0.89)						6.08 0.89	

Concerning the external audit outcomes improving or not, 70% of the respondents expressed the view that the situation had improved. The reasons for this are summarised in the figure below, with the reasons shown in Appendix B.

The most prevalent reason given for improving was the CEO (in one case an Acting CEO), with the following adjective used, competent (x2), erudite, conscientious, great leadership, good leadership.

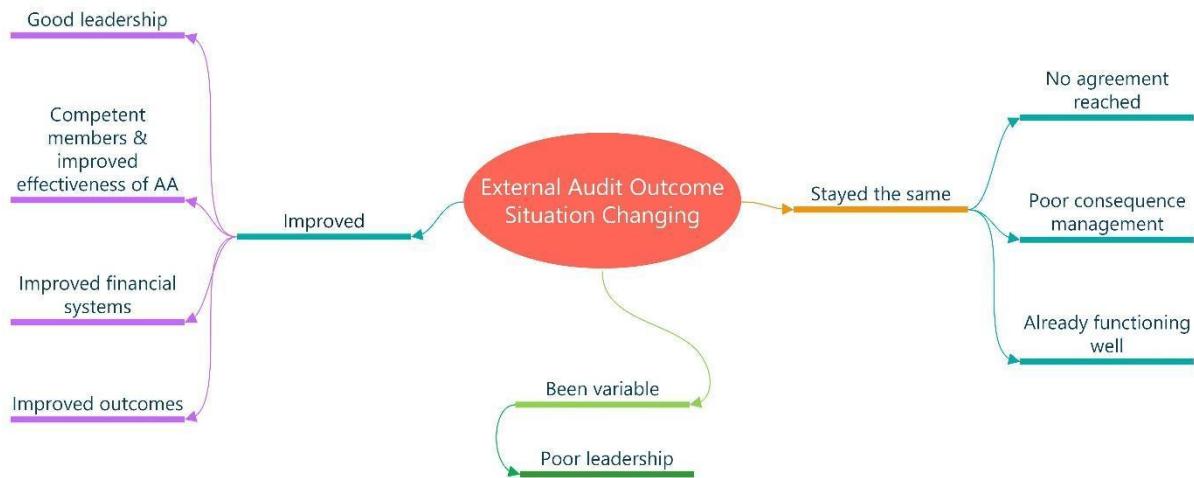


Figure 10: Reasons for external audit changing

What is interesting though to the researchers is that the 70% improvement does not quite correlate with the overall analysis undertaken of audit outcomes over 5 years as the graph below shows. Clean audits are at the lowest level over the 5 years, financially unqualified shows a slight upward trend from the lowest year (2015/16) and after a period of no qualified outcomes, there were two in 2018/19.

Table 53: Audit outcome trends

AUDIT OUTCOMES	2018/19	2017/18	2016/17	2015/16	2014/15
Clean Audit	6	7	8	10	7
Financially Unqualified	13	14	13	9	13
Qualified	2	-	-	2	1
Total	21	21	21	21	21

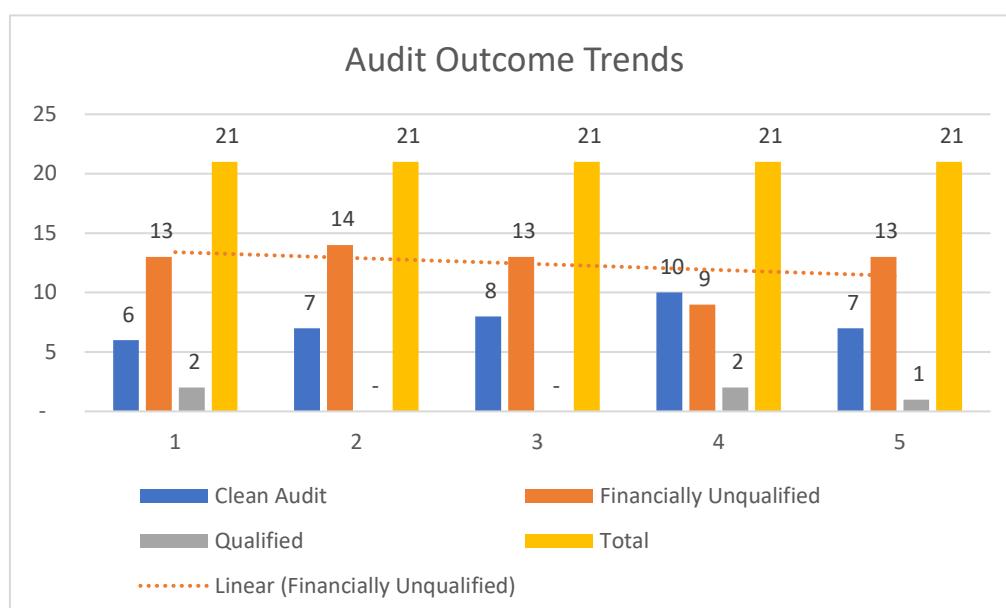


Table 54: Graph of audit outcome trends

The most important observation from this is to acknowledge that the views expressed by the respondents to this survey regarding how the improvements can be achieved are realistic and attainable and hence there is justification for sharing these views with all SETAs.

Concerning views expressed on Audit of Pre-determined Objectives, just over one-quarter of the respondents (10/36) indicated they were unsure as to the outcome. Of those that responded, most indicated that there had been an improvement, with the following reasons being put forward:

Reasons for improvement

- Corrective measures were implemented by executive
- Effort and commitment from management
- Constant Audit of Pre-determined Objectives target growth from low 60 to 92%+ over the last 3 years
- There was a singular focus on this
- The board made it a point that everything is in place and at the right time
- Improved governance processes
- Improvements across all APP targets, improved time to Grants disbursements and Treasury approvals for Reserves retentions
- Usually, there was a significant discussion with the external auditor, and they also attended all the Audit Committee meetings so the interactions were appropriately steered as well issues of misunderstanding and misconception were cleared up early on.
- The Accounting Authority was the first to have a division looking at Research, Information M&E (RIME) headed by an EM that enhanced M&E and performance information. Performance information, however, did not affect the Audit findings, in the period of my term. They were expressed, but did not influence the outcome of the financial audit opinion.
- The interlink between the Audit and Risk committee with AG's office assisted a lot
- There was an improvement in the planning and execution of tasks relating to the SETA mandate.

Reasons for sub-optimal performance

- The audit outcomes for the pre-determined objectives remained constant for the 2017/18 and 2018/19 financial years. This was mainly due to the instability at the executive positions at that time
- There used to be some under expenditure which was indicated to the Executives. An under expenditure was not a good sign in terms of meeting the objectives of the SETA
- The planning initially did not consider implementation and the consequence was that projects were always late - contract management was also poor
- Recurring performance information issues or repeat findings

Role of AGSA

- The AG understanding of the SETA objectives was limited and thus audits of Predetermined objectives were not value adding

Following on from the latter, although most respondents took the view that the AGSA was adequately resourced (5.56/7), some respondents did express some strong views in relation to the aspect of the external audit. Reasons put forward were:

- Too many very young and inexperienced auditors are sent to audit. Their main objective is to find something wrong and that was confirmed by the head auditor at an AA meeting. Also, there is no continuity - every year a different set of young auditors arrive - most time they don't even know what they are looking for?
- Additional resources to do more work on performance information.

- Resources are there but their understanding and limited tailoring of their audit procedures to align to the SETA strategy. Internal audit was great at their work, but AG did not rely on their reviews. AG should place more reliance on internal audit reviews in this space.
- Consistency on application of audit criteria
- AG often uses the same brush for all audits. Their staff often do not understand the nature of the business or its processes and are often arrogant. AG should stop letting their staff believe they know everything.
- The AGSA should consider incorporating the increase in the use of performance auditors and or procedures, specifically linking expenditure and performance outcomes of SETAs, in the audits without substantial fee increases
- AGSA not to apply a blanket approach to SETAs
- It is crucial that performance forms an integral part of audit opinions as they would clearly drive excellence, accountability and more especially efficiency.

With respect to Compliance with Legislation, this had a high average (6.08/7), with a standard deviation of less than one (0.89). One respondent did note though that there is an unintended consequence:

- Total disregard of internal policies and total focus on legislation resulting in lack of delivery at times as management was feared acting on innovations due to AG interference or judgement

Some highlighted benefits of compliance being strictly adhered to, especially when the SETA has been placed under administration:

- The SETA had a compliance list that was updated quarterly and submitted to the ARC and the AA
- Compliance was one of the first things the Administrator corrected. By the time the board was appointed, Compliance was sorted!
- Performance on objectives was reported at each meeting of ExCo and the AA
- The Executive Management team understood their responsibilities in terms of their legislative mandate
- Coming out of administration to clean audit
- Quarterly reporting to DHET and National Treasury were complied with timeously

Others highlighted the fact that it can take time to correct, but with the right ethical mindset and governance procedures, problem areas can be overcome:

- Measures were instituted to improve, but a 2-year service period was too short to see instituted measures realised.
- When I first joined the AA in [redacted], it was in an absolute mess. The SETA had no strategy, there were acts of unethical conduct by previous CEOs, Governance was in a shamble, and the entity received qualified audits. By the end of my appointment term in March [redacted], the entity had a high level of compliance. I am unable to express the situation after my end of term, but I trust that with an extremely competent and stable Senior Executive team, the situation should still be good.

Considering Audit and Risk, should they be, combined into one committee or separated	Combined 33 72%	Separated 13 28%
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Based on the above, the majority of respondents do not see the need to separate Audit and Risk into two committees. This is consistent with the findings shown earlier. As indicated, this is not in breach of governance practice, as long the committee can devote its time to the risk aspect.

In concluding this analysis of External Audit, it is useful to reflect on the AGSA's two briefing reports to Parliament over the periods 2019/20⁴³ and 2018/19⁴⁴. These are summarised and compared below:

Table 55: Summary of the AGSA briefing reports

Audit Outcomes: 2019/20: We are encouraged by auditees that obtained unqualified audit opinions with no findings. Financial statement preparation remains a concern as material adjustments are effected to the AFS submitted for audit. CETA and SSETA received qualified audit opinions on payables, revenue, expenditure and commitments. The entities did not have adequate processes to enable accurate financial reporting, and in some instances could not provide information to support the financial information reported. 2018/19: We commend the FOODBEV SETA, INSETA, CETA for retaining the clean audit status. Services SETA and W&R SETA were qualified on commitments due to not having adequate systems in place to process records related to projects. Financial statement preparation remains a concern as material adjustments were effected to AFS submitted for audit at 15 auditees.
Credible Reporting: Annual Financial Statements: 2019/20: 52% achieved unqualified opinions only because they corrected all misstatements identified during the audit. Top five qualification areas: Payables and accruals (CETA and SSETA); Commitments (CETA & Services); Revenue (CETA & Services); Expenditure (CETA & Services); Capital and reserves (Services). 2018/19: 52% achieved unqualified opinions only because they corrected all misstatements identified during the audit. Top qualification areas: Commitments (Services SETA, W&RSETA)
Performance: 2019/20: 24% had no material findings only because they corrected all misstatements identified during the audit. Reliable reporting of achievements 84% (FY19/20) and 70% (FY18/19). Usefulness of performance indicators and targets 100% (FY19/20) and 96% (FY18/19). 2018/19: 29% had no material findings only because they corrected all misstatements identified during the audit. Reliable reporting of achievements 70% (FY18/19) and 71% (FY17/18). Usefulness of performance indicators and targets 96% (FY18/19) and 100% (FY17/18).
Disregard for Compliance with Legislation Top non-compliance areas 2019/20: Quality of financial statements (AgriSETA, CATHSSETA, CETA, ETDPSETA, EWSETA, HWSETA, INSETA, LGSETA, MICT, MQA, ServicesSETA & W&R SETA). Expenditure management (AgriSETA, BankSETA, CATHSSETA, CETA, EWSETA, FoodBev MERSETA, MICTSETA & ServicesSETA). Management of procurement and contracts (CHIETA, CATHSSETA, FASSET&HWSETA). 2018/19: Quality of financial statements (AgriSETA, BankSETA, CATHSSETA, Mqa, NSF, ServicesSETA, TETA, EtdpSETA, EwSETA, FASSET, HWSETA, LGSETA, MerSETA, MICT & W&R SETA); Prevention of irregular and fruitless and wasteful expenditure (AgriSETA, CathsSETA, DHET, EwSETA, MersSETA, MictSETA, ServicesSETA, Teta, W&RSETA). Management of procurement and contracts (BankSETA, MictSETA, Teta, W&RSETA);
Supply Chain Management: 2019/20: Improvement in SCM compliance (72% with no findings) Most common finding on supply chain management • Uncompetitive and unfair procurement processes at six of auditees. 2018/19: Supply chain management Improvement in SCM compliance (59% with no findings). Top findings on supply chain management: Uncompetitive and unfair procurement processes at 9 of the auditees; Inadequate contract management at 4 of the auditees; Not able to audit procurement of R11 million due to incomplete information.
Expenditure: Fruitless & Wasteful Expenditure: 2019/20: The majority of the disclosed fruitless and wasteful expenditure for the current year was caused by intangible assets written off that were procured but not used (CATHSSETA) and Unutilised office space (W&R SETA). 2018/18: Amounts not significant. Irregular: 2019/20: The majority was caused by expenditure not in line with approved budget. The deviations approved without justifiable reasons. The award of bid not in accordance with regulations. 2018/19: Overspending of the budget without approval from the executive authority, specifically with regard to expenditure on discretionary grants. R1.1billion of the R1.2bn irregular expenditure was incurred by 4 entities (CETA, EWSETA, MICT and Services SETA) due to the overspending of the budget. Deviations approved without justifiable reasons. Award of bid not in

⁴³ Source: AGSA Briefing to Portfolio Committee (4 November 2020) https://static.pmg.org.za/201104AGSA_DHET.pdf

⁴⁴ Source: AGSA Briefing to Portfolio Committee (15 October 2019) <https://static.pmg.org.za/191015AGSA.pdf>

accordance with approved specification. [Note although CETA is mentioned in the briefing report, this magnitude of Irregular Expenditure is not shown in the CETA's 2018/19 Annual Report, which was given a Clean Audit opinion.]

Financial health:

Overall the in the portfolio, there are no concerns around financial viability, except for the entities indicated below, which have indicators that are concerning.

Receivables management • Collection of debt inability to collect monies owed and the resultant impairment of receivables due to amount owed being irrecoverable. (CETA)

Asset and liability management • Deficit for the year this may also correlate to an over spending of the auditee's operating expenditure budget. Measures must be implemented to address this situation to ensure sustainable service delivery and financial viability. (PSETA, FP&M, ETDP and CETA)

OPERATIONALISATION OF SETA GOVERNANCE

In examining the operationalisation of SETA governance, the following topics are addressed:

- Views on the purpose of SETA and their functional/structural arrangements
- The composition of the AAs
- Experiences related to induction
- The Board Secretary
- Meetings & Proceedings of the AA
- Performance management of the AA
- Remuneration for AA obligations

Views on SETA purpose and arrangements

This is an extremely important issue as the researchers wanted to establish what the view of former AA members was concerning five key questions, according to a scale of 1 to 7, where 1 = Strongly disagree and 7 = Strongly agree):

- Are they essential?
- Does the current structure need to change?
- Are there internal problems that need to be resolved?
- Are the obligations placed upon them reasonable?
- Are SETAs fulfilling a useful purpose (or not)?

The ratings of these items on a seven-point Likert scale has been analysed according to the stakeholder that had nominated/appointed the respondent.

Table 56: View on SETAs by nomination/appointment

Nominated / Appointed by	Essential Ave ¹	Rank ²	Structure change Ave ¹	Rank ²	Internal Problems Ave ¹	Rank ²	Obligations Reasonable Ave ¹	Rank ²	Not useful purpose Ave ¹	Rank ³
Community	6.50	2	4.00	5	3.50	6	4.00	6	2.00	6
Employers	4.84	6	4.42	3	5.00	4	5.53	1	2.68	5
Government	6.00	4	7.00	1	6.50	1	4.50	5	5.50	2
Labour	6.25	3	3.25	7	5.33	3	5.17	4	2.75	4
Minister	3.50	7	6.50	2	6.00	2	3.50	7	6.50	1
Other	5.60	5	4.20	4	4.80	5	5.20	2	3.20	3
Professional Body	6.60	1	3.40	6	3.20	7	5.20	2	1.20	7
Average	5.65		4.26		5.02		5.17		2.91	

σ	1.58		2.14		1.89		1.63		1.86	
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¹The higher the average, the more it tends to 'Strongly Agree'

²The lower the rank, the higher the average for the nominee/appointee grouping relative to another

³The lower the rank, the more the respondent grouping agreed that SETAs do NOT fulfil a useful purpose

The above analysis raises several issues and probably more than there is space to discuss here, so the main findings are highlighted:

- Essential and Fulfilling a Purpose: These two questions are separate but also related. It is significant to note that there is a high level of agreement that SETAs are essential (5.65 /7). Assuming that there is this high level of agreement, it is to be expected that there would be greater aggregate disagreeing that SETAs do NOT fulfil a useful purpose or not (2.91/7). This is confirmed. However, whilst most of the respondents would agree that they are essential, there is a slightly greater proportion who question whether they are fulfilling a useful purpose. The standard deviation (1.86) for the latter, is higher than the former (1.58). These voices of dissent, although in the minority should be heeded. It is interesting to note that the subgroup of respondents with the greatest anomaly in scores is the Minister Appointed (meaning Chairpersons), showed the lowest average (3.50 / 7) [ranking 7 and hence disagreeing that they are essential] for essential and highest for purpose (6.50 / 7) [ranking 1 and hence agreeing that they are not fulfilling a useful purpose]. Given the low response rate of Chairpersons, this cannot be interpreted to be a broad-based view, but it could be indicative of frustrations that Chairpersons of AAs have in fulfilling their responsibility, given that the Minister Appointed respondents ranked 2nd on the need for Structure Change, 2nd for Internal Problems and 7th for Obligations placed on SETAs being reasonable. This contrasts quite strongly with Professional Body nominees.
- Change the current structure: The most notable finding is that the current structure needs to change, with the average being 4.26/7 and it having the highest standard deviation of 2.14. The high standard deviation confirms the highest divergence of views in this regard.
- Resolve internal problems: This had the second-lowest average and hence seen to be less of an issue than the structure.
- Reasonable obligations: For the researchers, this was the most surprising result as they were expecting to have a higher level of disagreement than was the case. This is contrary to other studies, which have highlighted the complexity faced by SETAs, such as the BUSA study referred to on referred to in the Background section to this document.

A cross-tabulated view of the groupings is shown in the figure below and the most useful to reflect on is the difference between Organised Labour and Employers (Table 57), given that they are the most important stakeholders under the nominee proportion on SETA Boards.

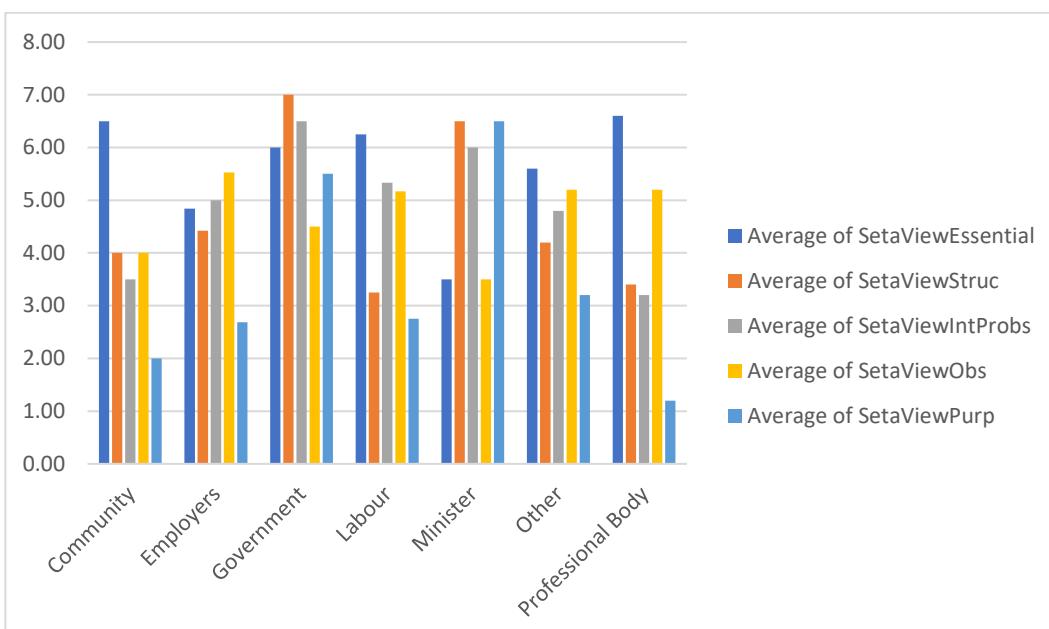


Figure 11: Graph of view of SETAs by nomination/appointment

Table 57: Views of employers versus labour

Nominated / Appointed by	Essential Ave ¹	Rank ²	Structure change Ave	Rank	Internal Problems Ave	Rank	Obligations Reasonable Ave	Rank	Not useful purpose Ave	Rank
Employers	4.84	6	4.42	3	5.00	4	5.53	1	2.68	5
Labour	6.25	3	3.25	7	5.33	3	5.17	4	2.75	4

Labour regard SETAs as being more essential than Employers and have the strongest view on there being less need for structural change (average = 3.25, Rank = 7). However, Labour and Employers are closely aligned to internal problems and the purpose of SETAs. Employers had the highest average (5.53, Rank= 1) that the obligations are reasonable and although Labour ranked 4th and average of 5.17 is not that far below Employers.

From the above, it can be surmised that Labour will be most resistant to structural change, even though it was identified as overall, the issue that is the most important to address. Perhaps if Labour and Employers can see that they are close on the other issues, these structural issues, internal problems and meeting the obligations can be addressed and/or resolved for the betterment of all stakeholders.

Critical changes needed to make SETAs more effective

A total of 43 responses were received to the question posed as to what was needed to make SETAs more effective. There is no doubt that not everybody will agree with all the suggestions made, but the responses are rich enough to form the basis of informed recommendations that should be considered. The suggestions have been grouped into a summary diagram, with the full responses shown in Appendix B.

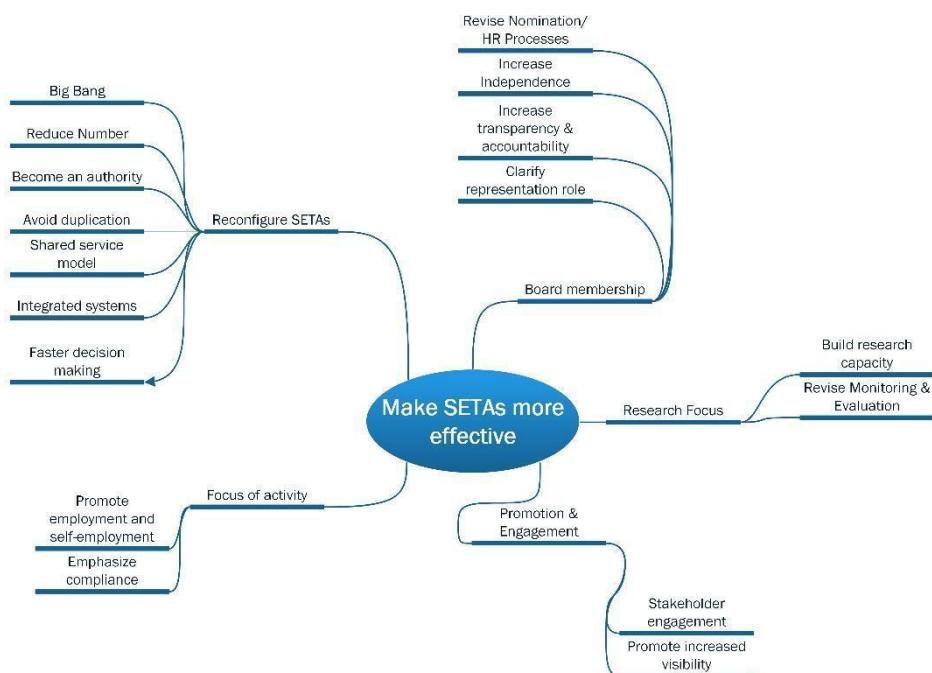


Figure 12: Making SETAs more effective

The composition of the Accounting Authorities

Several aspects related to the composition of the Accounting Authority were investigated, including AA Committees, Committees Chaired and Concurrent (Interlocking) Appointments, Appointment of the chairperson, the Balance (number) of Nominees on AA, Tenure, Terms of Office and Succession Planning, and Committee arrangements.

AA Committees

The table below is a summary of all committees that had been identified in all Annual Reports of each of the 21 SETAs for the period 2019/20, with some added in (where Total is shown as -, e.g. Appeals Committee) from the survey data. Section (2)(g) of the Skills Development Act No.97 of 1998 (SDA), requires that a SETA establish an Executive, Audit, Finance and Governance & Strategy Committee respectively.

Table 58: SETA Committees Named in Annual Reports

Various SETA Committees Named in ARs	Total	%	Various SETA Committees (cont)	Total	%
Appeals Committee	-	0%	Grants Committee	1	5%
Audit Committee	4	19%	Grants & Quality Assurance Committee	1	5%
Audit and Risk Committee	17	81%	Human Resources Committee	2	10%
Communications Committee	-	0%	Human Resources & Remuneration Committee	5	24%
Core Business Committee	1	5%	ICT Governance Committee	3	14%
Corporate Services	-	0%	ICT Steering Committee	-	0%
ETQA Committee	1	5%	Learning Programmes Committee	2	10%
Executive Committee	18	86%	Projects Committee	2	10%
Finance Committee	12	57%	Quality Assurance Committee	2	10%
Finance & Grants Committee	1	5%	Quality Assurance & Compliance Committee	1	5%
Finance, Human Resources & Remuneration Committee	6	13%	Remuneration Committee	5	24%
Finance & Operations Committee	-	0%	Remuneration & Stakeholder Committee	1	5%
Finance, Projects & IT Governance	-	0%	Risk Management	7	33%
Finance & Remuneration Committee	6	29%	Skills Planning Committee	2	10%
Finance, Remuneration & Tender Committee	1	5%	Skills Research & Planning Committee	1	5%
Governance, Risk & Strategy Committee	1	50%	Transformation Committee	1	5%
Governance & Strategy Committee	14	67%			

As is to be expected, the bulk of the committees identified, by and large, align with the requirements of the SDA, but across the 21 SETAs, no less than 31 different types of committees were identified. From the above analysis, it can be seen that all of the SETAs are complying with the legal requirement of having an Audit Committee, with the majority (17/21) opting to combine this with Risk.

This is not in breach of good governance practice, as long as the AA is satisfied that the Audit and Risk Committee can devote the necessary time to both Audit and Risk matters. There were 3 SETAs that do not have an Executive Committee and 6 do not have a Governance & Strategy Committee (Risk is included in one committee).

All SETAs have some form of Finance Committee, but it is interesting with other committee roles to see the number of permutations in this regard, with four patterns (highlighted) more prevalent, namely Finance, Human Resources, Remuneration and Risk.

For example, some SETAs combine HR with Remuneration, and others Finance with Remuneration. What is concerning is the paucity of a focus on IT, which has been flagged by the King Committee⁴⁵ and the King IV Report as area of governance priority.

There is no Social and Ethics focus (note that the Companies Act, refers to two committees, namely Audit and Social and Ethics); nor Nominations, although the researchers do acknowledge that these mandates could be covered in other committees (e.g. Social and Ethics in Governance & Strategy).

The table below shows the number of survey respondents who served on particular committees during their tenure. The analysis shows that there was a good response rate in relation to the main SETA committees, particularly Governance & Strategy and Governance, Risk & Strategy Committee (20% + 24% = 44%), Executive Committee (37% of respondents), Audit and Audit & Risk Committee (9% + 22% = 31%).

Table 59: Committees that respondents served on

Committee/s Served on	From ¹ Above	Total ²	%	Committee/s Served on	From Above	Total	%
Appeals Committee	-	1	2%	Grants Committee	1	0	0%
Audit Committee	4	4	9%	Grants & Quality Assurance Committee	1	1	2%
Audit and Risk Committee	17	10	22%	Human Resources Committee	2	2	4%
Communications Committee	-	1	2%	Human Resources & Remuneration Committee	5	10	22%
Core Business Committee	1	0	0%	ICT Governance Committee	3	1	2%
Corporate Services	-	2	4%	ICT Steering Committee	-	1	2%
ETQA Committee	1	2	4%	Learning Programmes Committee	2	0	0%
Executive Committee	18	17	37%	Projects Committee	2	1	2%
Finance Committee	12	4	9%	Quality Assurance Committee	2	0	0%
Finance & Grants Committee	1	1	2%	Quality Assurance & Compliance Committee	1	0	0%
Finance, Human Resources & Remuneration Committee	6	6	13%	Remuneration Committee	5	4	9%
Finance & Operations Committee	-	0	0%	Remuneration & Stakeholder Committee	1	1	2%
Finance, Projects & IT Governance	-	2	4%	Risk Management	7	2	4%
Finance & Remuneration Committee	6	2	4%	Skills Planning Committee	2	1	2%
Finance, Remuneration & Tender Committee	1	1	2%	Skills Research & Planning Committee	1	2	4%
Governance, Risk & Strategy Committee	1	9 ³	20%	Transformation Committee	1	2	4%
Governance & Strategy Committee	14	11	24%	Chamber Committees	-	5	11%

¹ This column is from table above and is number of SETAs who indicate they have this AA committee

² Number of respondents who indicated they served on this committee

³ This number seems high, given that only 1 SETA was identified as having this committee. It could very well be that, the respondents meant to tick the other option, namely Governance & Strategy

⁴⁵ The King Committee is a committee established by and managed by the Institute of Directors in South Africa.

Committees Chaired and Concurrent (Interlocking) Appointments

A total of 63% of the respondents had chaired a committee during their tenure, so experience in this regard was high. A critical governance issue is the extent to which other board appointments prevail, raising the issue of whether the AA member can dedicate requisite time to meeting their obligations to the SETA.

The majority (66%) are within 1 to 3 other appointments, which is probably reasonable and hence this would not be an excessive concern. One respondent indicated more than six other board appointments, which may be deemed to be excessive, but in this case, is very much in the minority.

Table 60: Number of committees chaired

No of committees chaired	0	1	2	3	3+
	17 37%	24 52%	5 11%	0 0%	0 0%
How many other concurrent governance appointments held	0	1-3	4-6	6+	
	13 28%	31 66%	2 4%	1 2%	

Appointment of the chairperson

Table 61: Appointment of chairperson

Your view on appointment of chairperson	Yes	No
Minister should continue to appoint	22	24
AA members should elect subject to approval by Minister	18	28
AA members should elect the chairperson	12	35

From the above, it is clear to see that it would be very difficult to achieve consensus on the issue of how the chairperson of the AA should be appointed. While respondents could answer more than one of three options with a "Yes", most respondents did indicate 1 "Yes" and 2 "Nos", assuming that it was an either/or choice. However, there are a few respondents who ticked more than one "Yes", indicating that they were open-minded to more than one option.

It is interesting to note though, that in each case, the 'No' choice exceeds the 'Yes' choice. The highest 'Yes' option (22) is to remain with the status quo. One respondent indicated 'No' for all three options, expressing the view that it should be an independent process. According to King IV™, the Board should elect the chairperson.

The fact that there are so many 'No' choices is a cause for concern, indicating that notwithstanding that the status quo has the highest 'Yes' selection, it is still seen to be not a preferred option for a significant number of respondents (24).

This response of AA members in this study has not resolved this issue in recommending a distinct choice, but it has highlighted that the appointing of a chairperson is problematic and hence should be revisited. The number of open-ended responses to this question is a testament to that.

The views are summarised in the figure below. They provide a basis for exploring the advantages and disadvantages of each. Perhaps the election of the chair by the AA, subject to approval by the Minister is the best middle of the road option.

Responses to the question “If you have answered YES to any of the above, justify, otherwise if NO what alternatives are proposed?” are summarised in the figure below, with the full responses shown in Appendix B.

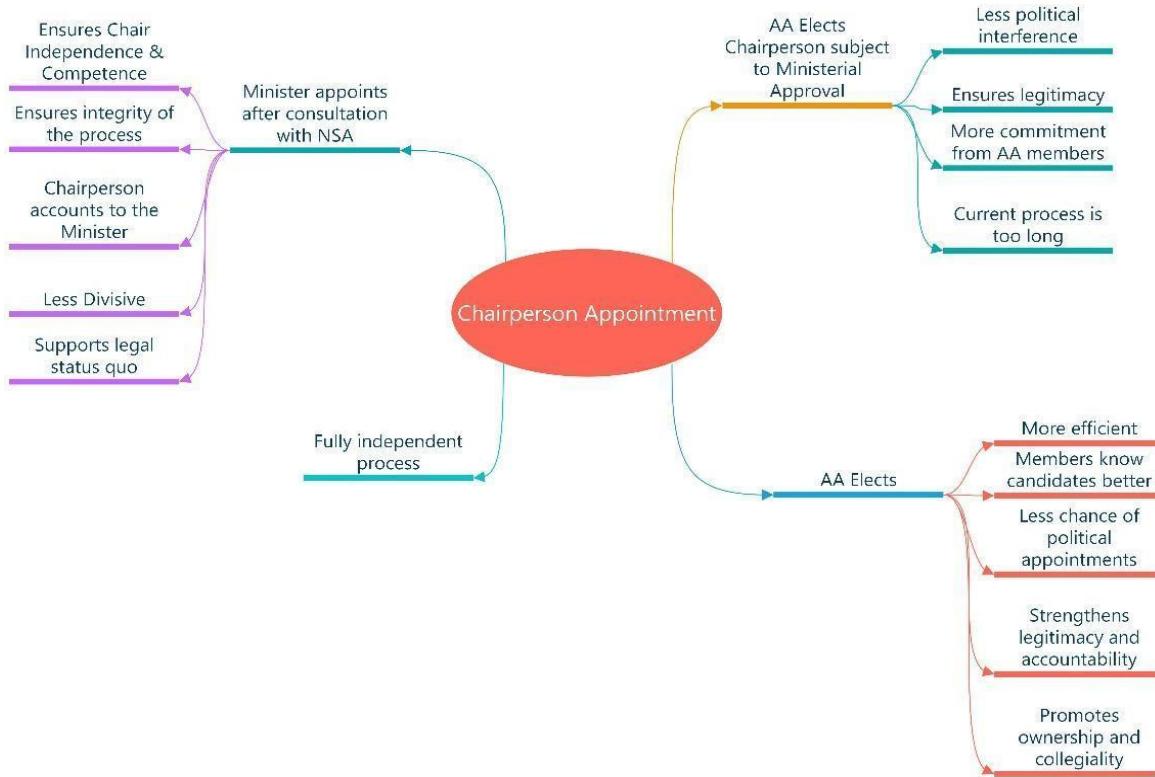


Figure 13: Appointment of the Chair

Balance (number) of Nominees on AA

In response to the question regarding the breakdown of nominees on the AA, the responses were as follows:

Your view on current composition of AA (i.e. six nominees from each of organised labour and employers and two from govt dept/professional body/bargaining council/ Community			
Currently works well and should be maintained	16	34%	
Works reasonably well, but some changes need to be made	21	45%	
The balance of composition is problematic and requires significant change	10	21%	
Total	47	100%	

One third believe that the status quo should remain, but it can't be ignored that two-thirds suggest that changes need to be made.

Once again, the one issue that stands out is constituency bias, which confirms that it is of such significance that it must be addressed. Although the balance of the issues is demarcated as green (in this case below the midpoint), it is noticeable that all standard deviations except for having too few numbers is equal to or greater than two.

This means that there were respondents who believe that there is a lack of diversity, insufficient knowledge of both P-SET and governance and that perhaps AAs have too many members.

Table 62: Impact on functioning

Extent to which these issues impact adversely on functioning of AA (1= No Adverse Impact 7=Extremely Adverse Impact)	1	2	3	4	5	6	7
The current composition of the AA lacks diversity (Ave =3.35, $\sigma =2.23$)			3.35 2.23				
Insufficient knowledge of the Post-School Education & Training System (Ave =3.96, $\sigma =2.00$)			3.96 2.00				
The current composition promotes constituencies safeguarding interests (Ave =4.40, $\sigma =2.06$)				4.40 2.06			
Insufficient knowledge of governance imperatives (Ave =3.57, $\sigma =2.16$)			3.57 2.16				
The current composition means that the AA has too many members and should be reduced (Ave =2.85, $\sigma =2.28$)		2.85 2.28					
The current composition means that the AA has too few members and should be increased (Ave =2.72, $\sigma =1.94$)	2.72 1.94						

The open-ended responses to the request to explain or expand respondents' views on any or all of the above are summarised in the figure below and all responses are shown in Appendix B.

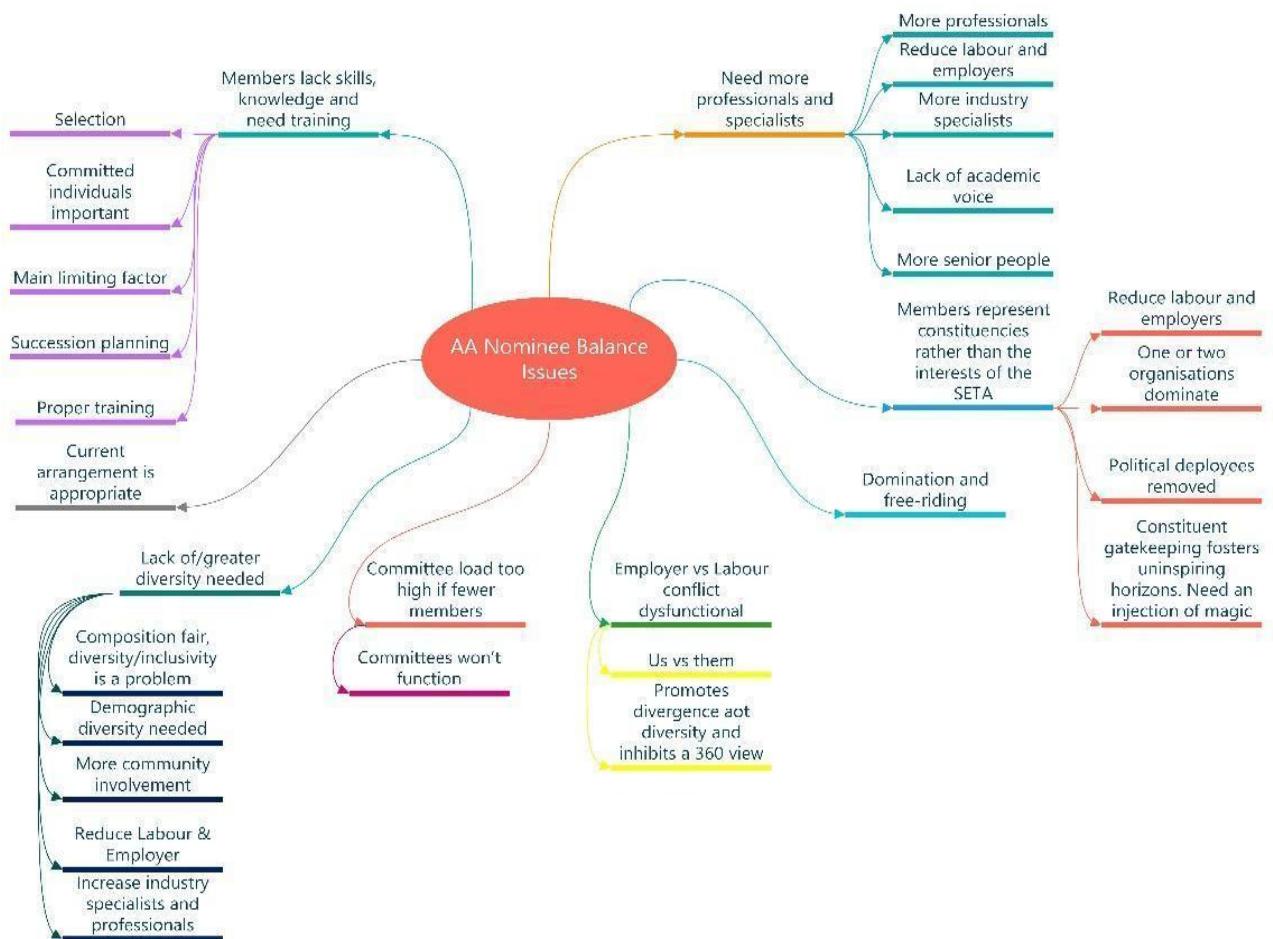


Figure 14: Nominee balance issues

Table 63: Suggestion related to a change in composition

Suggestion as to where there should be a change in composition (1 = Lesser, 3 = More)	Ave	σ	Ave Rank	Frequencies Analysis					
				Lesser	Same	More	N/A	Rank Lesser	Rank More
Organised Labour	1.70	0.69	11	38%	40%	11%	11%	1	
Organised Employers	2.03	0.74	9	22%	40%	24%	13%		
Educationalists	2.61	0.63	1	5%	17%	45%	33%		2
Industry Experts	2.61	0.70	1	7%	19%	60%	14%		1
Governance Specialists	2.38	0.71	3	10%	31%	40%	19%		6
Function Specialists	2.36	0.77	4	12%	35%	44%	9%		3
Professional Bodies	2.29	0.70	10	16%	30%	41%	14%		6
Communities	1.79	0.49	12	33%	44%	14%	9%	3	
Bargaining Councils	1.35	0.78	7	48%	26%	0%	26%		
Relevant Govt Depts	1.81	0.78	7	34%	32%	18%	16%	2	
Training & Dev	2.32	0.78	5	16%	25%	43%	16%		5
Learning Institutions	2.32	0.81	5	18%	22%	44%	16%		3

The main observation from the above is that there is a clear call for a greater proportion of industry specialists on the AA.

Educationalists are also highlighted, although the frequency analysis showed that this constituency had the highest proportion of "N/A" responses.

Given that the majority view is that the existing size of AAs should remain the same, (although the view that they should be smaller slightly exceeds the call to make them larger), it is difficult to see where the changes can practically be made without reducing the number of Organised Labour and Employer nominees.

The latter raises the important question as to whether the dominance of organised labour and employers (with the concerns raised about the predominance of 'constituency bias', or 'representation thinking') can still be justified.

Perhaps the time has come for a powerful argument to be made for reducing the composition of employers and labour and increasing the proportion of industry, educationalists, training and learning, as shown above. This would have the added benefit of increasing diversity and promoting independence.

Tenure, Terms of Office and Succession Planning

Table 64: Tenure, Terms of Office and Succession Planning

Recommended tenure of AA members	3 years 4 9%	5 years 33 72%	7 years 2 4%	9 years 3 7%	No limit (if independent & add value) 4 9%
Terms of office allowed	One 2 4%	Two 33 72%	Three 5 11%	Three+ 6 13%	
Is there adequate succession planning?	Yes 11 23%	No 36 77%			
Support the establishment of a Nominations Committee?	Yes 38 81%	No 9 19%			

The clear recommendation from above is that the term of office should be five years, with a maximum of two terms allowed. The view that 77% holds that there is inadequate succession planning is a concern. Insofar as the establishment of a Nominations Committee is concerned, this was supported by 81% of the respondents. For succession planning, the respondents noted many factors which need to be considered, which are summarised in the figure below and are shown in full in Appendix B. It is interesting to note that one respondent was of the view that this was not the role of the SETA. The view of the researchers is that this is very much within the remit of the AA and cannot be delegated away.

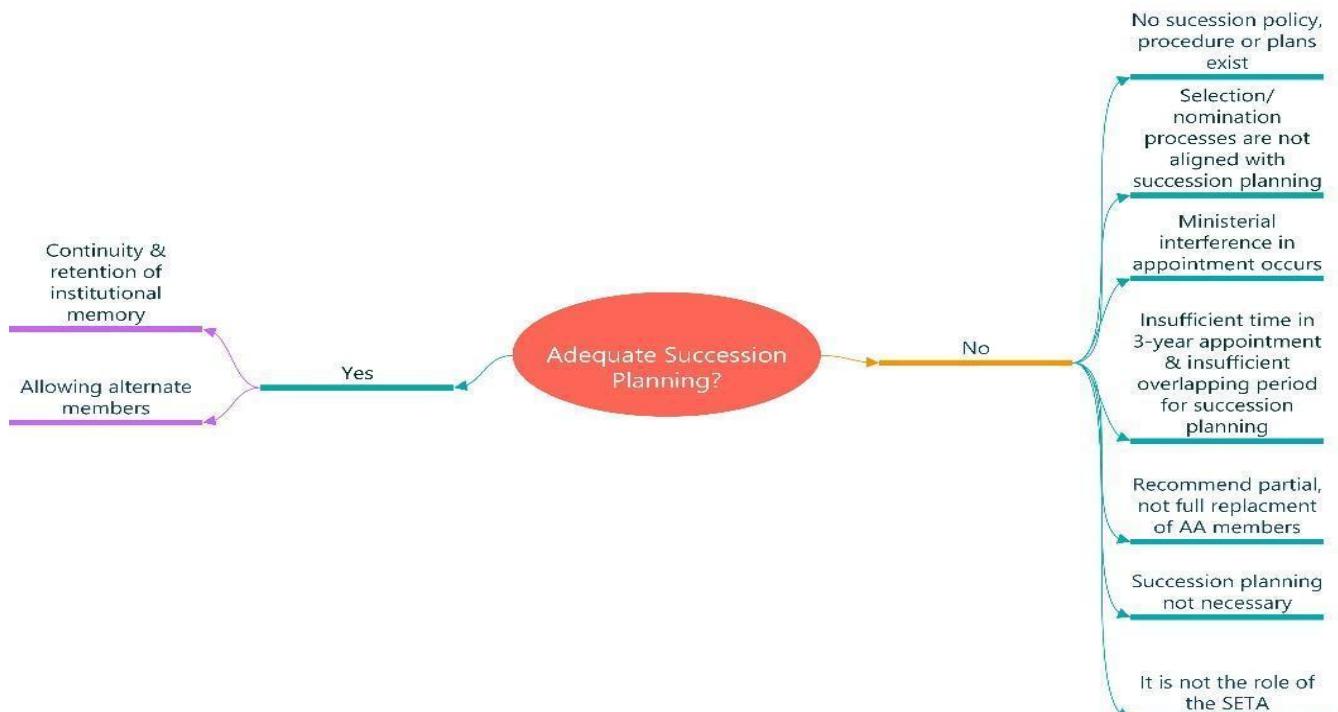


Figure 15: Adequacy of succession planning

Committee arrangements

Respondents were asked about the number and structure of committees.

About the question regarding the limiting of the committees to five, the most highly ranked in descending order was Finance, Exco, Governance & Strategy, HR and Remuneration.

What is quite noticeable was that although there was majority support as shown earlier in this report for a Nominations Committee, it is ranked 2nd lowest above Operations. IT Governance does not make the top 5, although as highlighted earlier, it enjoys a significant prominence in the King IV™ Report.

It was not unexpected that respondents would struggle to definitively identify five committees and hence the question was asked as to logical groupings.

There is no consensus across the respondents regarding this, but some useful suggestions are made and which could be considered for a practice note.

Table 65: Choice of committees

Assuming other AA committees limited to five, what is considered most important (1=Least essential 7=Most essential)	1	2	3	4	5	6	7
Executive (Ave =5.89, σ =2.03) : Rank = 2						5.89 2.03	
Finance related (Ave =6.31, σ =1.47): Rank =1						6.31 1.47	
Governance and strategy (Ave =5.88, σ =1.88): Rank =3						5.88 1.88	
HR (Ave =5.70, σ =2.00): Rank = 4						5.70 2.00	
IT Governance (Ave =5.52, σ =1.94): Rank = 6						5.52 1.94	
Learning, skills & training (Ave =5.13, σ =2.14): Rank = 8						5.13 2.14	
Nominations (Ave =3.50, σ =2.33): Rank = 11				3.50 2.33			
Operations (Ave =3.38, σ =2.25): rank = 12				3.38 2.25			
Projects (Ave =4.68, σ =2.32): Rank = 9					4.68 2.32		
Remuneration (Ave =5.58, σ =1.81): Rank = 5						5.58 1.81	
Social & ethics (Ave =5.45, σ =1.92): Rank = 7						5.45 1.92	
Transformation (Ave =4.40, σ =2.28): Rank = 10					4.40 2.28		

Some suggestions made for groupings are, for example, combining Exco, Governance & Strategy, Social & Ethics and Transformation; Audit and Risk; Finance, IT & Projects; HR, Remuneration and Nominations. Nevertheless, it must be stressed that there is no clear pattern. In the final analysis, it might just be that possible focus areas of

committees be identified, with the SETA having the flexibility to determine what is most appropriate in their context. However, there was also a view expressed that some committees are too operational in focus and these should be left to Executive to drive, with the AA having oversight at the Board level.

Experiences related to induction

Two-thirds of respondents were a member of the Institute of Directors South Africa. However, more than 80% were neither a Chartered nor a Certified Director, highlighting the importance of induction training. When first joining the SETA, more than 90% indicated that they had undergone formal induction training, but this was typically only a day, or even less, in duration. There is no doubt that for the majority it was deemed to be a very valuable experience.

Table 66: Induction experience

Undergo formal induction?	Yes 43 91%	No 4 9%			
If yes, what duration?	<= 1/2 day 4 9%	1 day 13 30%	2 days 19 44%	2 days + 7 16%	
If yes, how valuable was it, 1 = Not at all 7 = Extremely			Ave 5.37	σ 1.43	

Those who experienced the induction training as valuable explained that it gave:

- Insight into SETA context
- Insight into the workings, structure, policies and strategy of the Seta
- Understanding of their Roles and Responsibilities
- Introduced them to other members

They also indicated that it was well presented, addressed their needs, and was supported by good leaders who were in place. On the other hand, those who thought it was not valuable, observed that it was poorly presented or that governance was weak. Neutral responses to the induction were explained by repetitive content, respondents noting that they were already experienced, or with uncertainty about living up to the expectations that had been set.

From the 3 SETA review it was also highlighted that there were breaches in relation to documentation being signed in time when the term of new AA members commences. It is important therefore that the Company/Board Secretary ensure that these requirements are adhered to.

All responses, categorised into relevant themes can be found in Appendix B.

The Board Secretary

The functioning of the board secretary was examined in the survey by asking the following question.

In period under review, Secretary/Secretariat function was	Always outsourced	Always in-house	Was outsourced, now in-house	Was in-house, now outsourced	Not sure
	6 13%	35 74%	3 6%	3 6%	0 0%

Nearly 75% of respondents indicated that the Secretariat function was always sourced in-house. Furthermore, The Secretariat performed well in circulating agendas in both pacts, reminding members of the obligations, taking accurate minutes, and keeping members up to date concerning legislation and other government requirements. However, in terms of acting independently as required, the average score of 5.36 is lower than desired and is coupled with a high standard deviation suggesting that there are instances where the Secretariat is not operating as independently as they should.

Table 67: Secretary Performance

The Secretary / Secretariat is consistently excellent in (1=Not at all 7=Absolutely)	1	2	3	4	5	6	7
Circulating agendas, board packs (Ave =5.49, σ =1.77)						5.49 1.77	
Reminding AA and Committee members of their obligations (Ave =5.60, σ =1.72)						5.60 1.72	
Taking minutes that are correct (Ave =5.79, σ =1.43)						5.79 1.43	
Keeping up to date with legislation, governance requirements and the like (Ave =5.66, σ =1.67)						5.66 1.67	
Acting independently as required (Ave =5.36, σ =1.94)						5.36 1.94	

Meetings & Proceedings of the AA

In the survey, members were asked to comment on the meetings and proceedings of their AA.

This section of the questionnaire pertains to Section 6 of the Charter. From the above, it can be seen that the requirement of 4 meetings a year was deemed reasonable by 79% of the respondents.

Insofar as getting Board material and related matters out on time, there could be room for improvement as generally, one would expect an exemplary score, albeit that the standard deviation is relatively high.

It is concerning that only 17% of respondents rated fellow AA members as very good, which once again raises issues of commitment on the part of all AA members.

Table 68: Views on meetings

Charter requires meeting at least once a quarter. Is this requirement	Too few 10 21%	Right amount 37 79%	Too much 0 0%
Efficiency in delivering board packs, preparing agendas, recording minutes & the like, where 1 = Very poor 7 = Very good	Ave 4.79	σ 2.11	
Rating fellow AA members in meeting/s preparation, reading board pack and asking questions	All very good 8 17%	Majority very good 16 35%	Some very good and others not 17 37%
Rating own commitment, 1 = Very poor 7 = Very good	Ave 6.47	σ 0.58	

Insofar as rating own commitment is concerned, it was suggested when preparing the questionnaire that this question not be asked as it would in all likelihood get a high score, which it did at 6.47/7 with a low standard deviation of 0.58.

The researchers were nevertheless of the view that it should be included for the following reasons:

- Part of proper performance evaluation is to do a fair and intellectually honest self-assessment
- It would set a benchmark of the overall commitment of former AA members who took the time to complete a long and comprehensive survey as opposed to those (the majority) who did not complete it
- It raises an interesting ethical dilemma for AA members who rate themselves higher than other AA members as to how they address the performance of lower-performing colleagues

Notwithstanding Charter requiring minimum of 4 meetings pa, in the case of your SETA, do you consider actual number of meetings held to be	Too few 11 23%	Right amount 30 64%	Too much 6 13%
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The above suggests that even though the AA that they were members of had more than four meetings per annum, which would be the minimum, the majority are of the view that these are the right amount.

An analysis of all 2018/19 annual reports showed that of the 16 SETAs surveyed (refer Appendix F), the average number of meetings was 9.56 per annum, with the most being 17 and the least being 4. The high average meeting count must be questioned, as it indicative of potential problems, like motive for having so many meetings, unresolved issues, inadequate reporting, hence requiring follow up, inherent productivity and meeting objectives being achieved.

Average attendance was 79.62%, with the highest being 96% and the lowest being 52%, although it must be stressed that the following could be understated due to how it was reported (i.e. are vacancies or appointments made during the tenure of the AA, included or excluded for attendance purposes?).

The comparative suggests that the actual number of meetings is higher than four, which raises the question as to why the response is comfortable with four meetings a year, even though the AA the respondent is a member has more than four meetings per annum.

Table 69: AGM attendance

SETA required to hold an AGM. Over period reviewed how many AGMs held	Nil 0 0%	One 5 11%	Two 8 17%	Three 33 72%
AGMs attended	Nil 4 9%	One 4 9%	Two 19 41%	Three 19 41%

Table 70: AGM effectiveness

Effectiveness of AGM in	Yes	No	Don't know
Providing sufficient notice for relevant stakeholders to attend	43 91%	2 4%	2 4%
Having an agenda that is fit for purpose	42 89%	2 4%	3 6%
Being well attended	37 79%	5 11%	5 11%
Presenting all financial information	42 89%	2 4%	3 6%
Tabling the annual report	45 96%	0 0%	2 4%
Providing sufficient feedback to stakeholders on matters raised at AGM	36 77%	4 9%	7 15%
Do you believe that the AGM could be better used as a platform for stakeholder engagement	30 65%	16 35%	

Overall, respondents were of the view that AGMs were run effectively.

There were mixed views on the role of the AGM as a platform for stakeholder engagement. Over 60% believed it could be better utilised as a platform for stakeholder engagement, particularly since it offered a rare opportunity for stakeholder engagement. However, better planning was needed, and it was important to get the right stakeholders to attend.

Furthermore, the content of the AGM would have to change and efforts would need to be made to improve dialogue. Those who stated that the AGM could not be better utilised as a platform for stakeholder engagement were of the view that the AGM was not the place for more stakeholder engagement; that stakeholder engagement was already adequate; or that there are other priorities for the AGM and other platforms existed for stakeholder engagement. The summarised responses are shown in the figure below, with verbatim views shown in Appendix B.

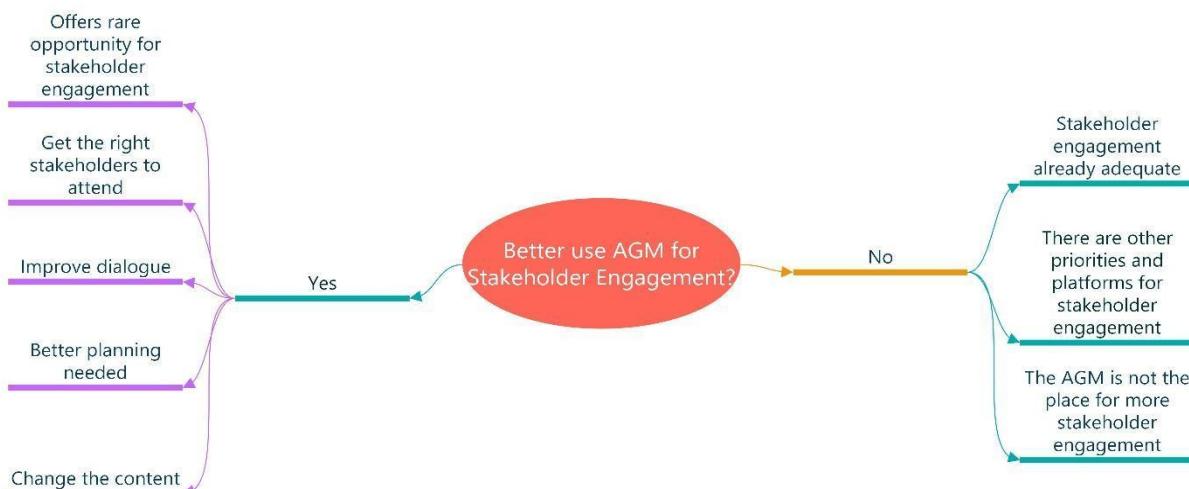


Figure 16: How to improve AGMs

Table 71: Governance and performance

SETA required to annually review its effectiveness. Over period of review, Board evaluation undertaken	Never 4 9%	Once 15 32%	Twice 13 28%	Thrice 9 19%	Not sure 6 13%
Evaluation undertaken via an independent party	Yes 24 52%	No 9 20%	Not sure 13 28%		
Did evaluations cover all committees and respective chairs	Yes 27 59%	Some 5 11%	None 5 11%	Not sure 9 20%	
Was independent chairperson ever subjected to performance evaluation	Yes 12 26%	No 11 23%	Not sure 24 51%		
Was CEO ever subjected to independent evaluation	Yes 38 83%	No 1 2%	Not sure 7 15%		
If evaluations undertaken, were recommendations acted upon	Yes 25 54%	No 4 9%	Not sure 15 33%	None undertaken 2 4%	

The above analysis does raise some alarm bells. Only 19% of the respondents stated that Board evaluation was done annually (whether independently or a self-evaluation). The predominance of 'not sure' is quite high, especially concerning the independent chairperson (51%) and whether the recommendations were acted upon (33%). The one evaluation which does stand out is the CEO (83%), but this alone does not suffice.

When asked who had conducted the independent evaluation, those who responded indicated:

Can't recall	IoDSA	One of 4 firms (Named)	External Consultant (Named)	Not done	Self-assessment	Done Internally
7	5	2	2	3	2	3

When asked about the evaluation being done in-house, the following responses were recorded:

Company Secretary	Undertaken by outsourced Internal Auditors	Top Management	Self-assessment
5	2	1	3

When asked about whether the evaluation was adequate or not, of the 36 who responded, 21 answered in the affirmative, but there were 12 who expressed the view that it was not, with the balance not offering an opinion (i.e. not sure or don't know).

Adequate

Those who stated it was adequate, stated the following advantages:

- Provided the opportunity for AA to reflect on its performance
- Gave insight into our effectiveness
- We responded to the gaps identified
- There were good points and we acted on them
- It highlighted our strengths and weaknesses and led to customised training by a recognized university
- It was very comprehensive and covered both the AA and the Executives
- It provided recommendations and an action list, which was monitored by the AA
- Evaluation of the ARC to be done yearly based on the International Institute of Internal Auditors guidelines

Inadequate

Those who stated it was inadequate, noted the following:

- It was unprofessional
- Should also include a peer review
- AA members were not committed to complete the evaluation form. The company secretary had to send our numerous reminders
- There was no formal feedback and/or proper attention to problematic areas highlighted
- Purpose not clear
- Can't be referee and player at the same time
- Usually very cursory and low level, probably aimed at 'ticking-the-box'
- Necessary robustness, rigour and independence were missing – not able to prove it, but always felt the findings were influenced by the CEO
- 360 evaluations may have proved more effective

Suggestions on how to make the process more effective:

- An independent review should be mandatory every two years
- There must be set times for each board to conduct its reviews and report to the DHET on an annual basis.
- A remedial/development action plan must be compiled after each board performance review. Separate review of committee performance should be undertaken at the same intervals

The most significant improvements noted based upon recommendations made from board evaluations are shown in the figure below and listed in Appendix B.

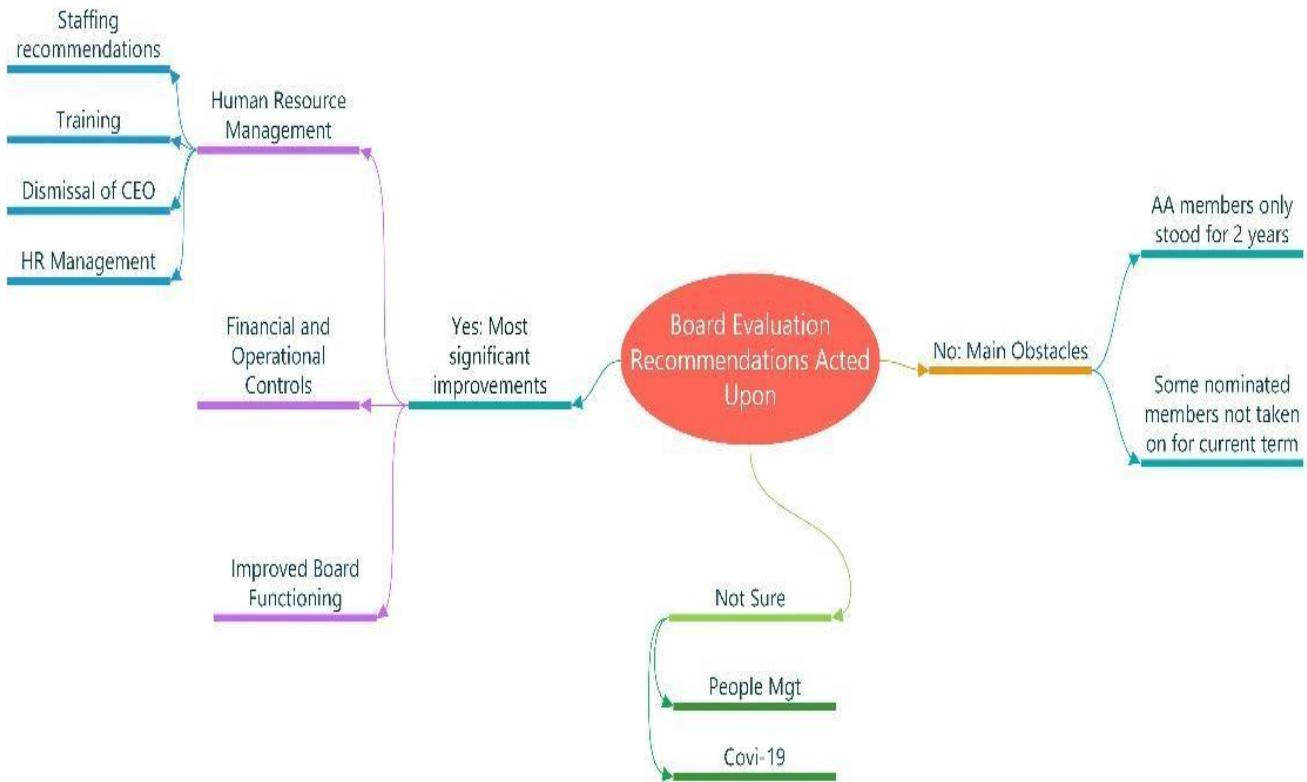


Figure 17: Action on Board recommendations

In summary, it must be said that board evaluations are shown to be useful. However, it would appear that there is inconsistency in how they are undertaken and there is case to be made for a far more rigorous and comprehensive approach to it, that ensures that there is independent evaluation at least once in a three-year cycle.

Remuneration for AA obligations

The majority of respondents (74%) were paid directly by the SETA, with only 13% having their employer being paid instead. The main reason given for those who are not paid was that they were public servants.

One noted that the SETA did not remunerate AA members, another indicated that they had to take leave to attend AA obligations and in one case, the nominator was paid, who in turn then paid the AA member.

Table 72: Opinions on remuneration

Remuneration by SETA	Directly by SETA 34 74%	Employer Paid 6 13%	No Remuneration 4 9%	Other 2 4%
Deserve remuneration	Every single member 19 40%	A majority 23 49%	A minority 5 11%	
If not remunerated, feeling in relation to those who are	No problem as remunerated by employer 3 7%	No problem as I am self-employed 1 2%	It is unfair that others remunerated 4 9%	Would be fair if all AA members equally committed 11 25%
If remunerated, which is relevant	Some members care more about remuneration than doing the work 22 49%	It is unfair that others are not remunerated 6 13%	AA members who are directly remunerated, more committed than those who are not 14 31%	Not applicable to me 9 20%
Stipulated remuneration is fair, 1 = Extremely Unfair 7 = Extremely Fair		Ave 5.26		σ 1.61

When asked about whether they felt about other AA members being deserving of what was paid, it is concerning that there is a view that there are some AA members who are not fully deserving, with 49% indicating that this applied to the majority of members and 11% a minority. It does suggest that there is to some extent a free-rider situation, which is not acceptable even if it is to a small extent.

Even more concerning is the extent to which a view is expressed by half (49%) of the respondents that some members care more about the remuneration than the work. This raises two ethical questions, which SETAs need to consider, since if this view is as pervasive as is suggested, it runs contrary to what good governance stands for, and raises two primary concerns:

- For those AA members who care less about the money and are committed to acting in the best interest of the SETA, how are they to deal with those whose motive is not as it should be and going further, by NOT dealing with it, are they not living up to their fiduciary responsibility to address it?
- For those AA members who are motivated by the money first, why is this so and how is it that they are nominated / appointed to be on the AA in the first place? Finally, notwithstanding the views that some AA members might have about the motive or commitment of other AA members, the overall view is that the stipulated remuneration paid is more than fair (5.26 / 7).

KEY SUCCESSES AND CHALLENGES

Key successes and challenges faced by SETAs (where they were specifically identified) in relation to the four main areas of investigation that were presented above, are set out in this section:

Table 73: Successes and challenges in relation to policy and legislation

Successes
<ul style="list-style-type: none"> In spite of the potential complexities related to governance in the area of national skills development, the governance role was manageable.
Challenges
<ul style="list-style-type: none"> Role clarity in relation to inclusive governance structures, for instance between NEDLAC and NSA. For example, if a matter could be concluded at NSA, does it still require referral back to NEDLAC?* A review of legislation is underway, but will it be speedily expedited?* SETAs have variable outcomes in spending their money. Particularly the biggest SETAs are not able to spend their money

* Issues raised in key informant interview

Table 74: Successes and challenges in regulatory requirements and associated structures

Successes
<ul style="list-style-type: none"> The success of a SETA is often associated with a particular term of its board. One stable SETA had a Board that had the requisite levels of qualifications required* The whole SETA landscape cannot be grouped together. There are no doubt pockets of excellence throughout. We need to highlight these more and learn from them* Overall, SETAs performed and fulfilled their legislative and constitutional obligations Overall, annual reports provide information related to performance, programs and partnerships Respondents were of the view that the AA performs duties following the relevant legislation, regulations and common law; and fulfilled their obligations in terms of their particular SETA's constitution
Challenges
<ul style="list-style-type: none"> Implementing the sector skills plan Liaising with the NSA Appointing staff necessary for performance Annual reports are not integrated in nature and therefore do not project full corporate citizenship to all its stakeholders Having labour and employers nominate the majority of board members undermines the creation of an appropriate balance of knowledge, skills, experience, diversity and independence. The community constituency in NEDLAC has been advocating for a greater composition on SETA AAs. Their presence may in some respects add value, but will it really lead to a fundamental change in the way things are done? * The current charter is outdated, in that it refers to King II and King III, and not the King IV™ Code Insufficient understanding of what risk management entails

Table 75: Successes and challenges in relation to measurement of good governance

Successes
<ul style="list-style-type: none"> Effective measures for risk governance include the appointment and proper functioning of an Audit and Risk Committee; risk management vigilance as evidenced by board minutes and risk management reports; and the appointment of a chief risk officer at an executive management level. Compliance tends to be monitored against the governance charter (hence this highlights the urgent need for updating and better application of 'apply' the principle and 'explain' the practice). An Audit and Risk committee working alongside an internal audit function are critical for building a strong compliance assurance framework, and minutes of meetings demonstrate that audit and risk committees tend to be vigilant in their role. Breaches of the code of conduct was generally reported as being adequately dealt with, but consequence management is still a problem

Challenges
• Board members are regularly involved in strategic planning, but it tends to be operational and short-term in its orientation.
• Annual reports are regularly produced but do not conform to the integrated reporting requirements of King IV.
• There tends to be an underinvestment in information technology in support of governance activities.
• Independence was identified as a concern

Table 76: Successes and challenges in relation to operationalisation of SETA governance

Successes
<ul style="list-style-type: none"> • Delegation to effectively discharge the duties of the board was achieved through the creation of Chambers and committees. • A Remuneration committee along with the Executive committee assumed responsibility for administering remuneration. • Formal induction training was found to be valuable by most survey respondents • The Secretariat function generally performed well, but housekeeping issues were raised that need to be improved upon • Meetings and AGMs were generally run effectively
Challenges
<ul style="list-style-type: none"> • Unstable leadership due to vacancies in key positions arising from delays in appointments, or the suspension/removal of members arising from ethical infringements. • The current arrangement whereby labour and employers nominate the majority of board members undermines the creation of an appropriate balance of knowledge, skills, experience, diversity and independence. • A combination or consolidation of committees is required • Constituency bias was raised as a concern • Board evaluations not being done annually, and independent evaluations not being conducted • There was a strong view that there are some AA members who are not fully deserving of the remuneration that they receive

CHAPTER 4: SUMMARY OF RESULTS AND RECOMMENDATIONS

The results of this investigation were presented in the previous chapter, according to the main research questions, and were categorised as follows:

- Policy and legislation
- Measuring good governance
- Operationalisation of seta governance
- Key successes and challenges

The table below provides a summary of the results of the investigation in addressing the more detailed set of questions informing this study. Thereafter, the chapter ends off with a summary of the main recommendations of the research.

SUMMARY OF THE RESULTS

Table 77: Summary of Research questions and results

POLICY AND LEGISLATION	
Issue	Response
1 How is SETA governance prescribed in current policy and legislation? <ul style="list-style-type: none">More specifically, what are the implications of the NSDP and the SETA Landscape for SETA governance?	The purpose of SETAs, their objectives, functions and powers, how they are comprised and governed are determined by the Skills Development Act, Skills Development Levies Act, the Standard Constitution and SETA Governance Charter. There is evidence that the King IV Report on Corporate Governance, is increasingly being incorporated, but there is some way to go. It is essential therefore to review and update the constitution which is ten years old and some clauses need alignment with King IV governance practices. Consideration needs to be given where there is an overlap as to which Charter shall prevail. It is recommended that the DHET standard governance charter be reviewed and updated given it was done in 2016. If SETAs are required to incorporate this standard charter (without alterations) the standard should be reviewed and updated annually. Standard Constitution and Governance Charter should be brought into line with King IV practices. When that is formally adopted by the SETA Board then it would be cascaded to all management levels together with the Governance standard for compliance monitoring.
2 In light of the envisaged review of the Skills Development Act (SDA), what shifts are envisaged for SETA governance?	The main issue encountered was what is termed 'constituency bias' or 'representation thinking'. Given the prescribed composition of the AA being 14 members (6 organised labour, 6 organised employer and 2 from govt depts / professional body/ community), with the Independent Chairperson being appointed by the Minister, there is evidence that nominee members believe they are there to 'represent' their constituency. This is contrary to the principles of good governance and is the major finding of this study. All steps should be taken to address this.
3 What are the key findings from existing research (including Ministerial Committees) about policy and legislation on SETA governance, especially in terms of gaps /weaknesses /inconsistencies/ ambiguities/incoherence?	Some research we came across suggested that the complexity of SETA governance was greater than what many of our respondents expressed. There is a widespread view that SETAs are essential, with a lesser, though still strong view that they fulfil a useful purpose. Addressing some structural issues could make a profound difference.
4 Map the regulatory requirements and the associated structures in each SETA (e.g. Board, Accounting Committee, Accounting Officer, etc.) as well as	These are well spelt out in the SDA and the Standard Constitution, i.e. Composition of AA, its committees, appointment of Chairperson and CEO; however, these are outdated and need an update. In addition, the process

broader guidelines (like King Codes) in the wider system of governance, against what happens in practice	of appointments, evaluations, consequence management, role of Secretary and hence requires updating.
5 How is the governance of SETAs understood by SETAs and other key role-players?	
<ul style="list-style-type: none"> To what extent do Board members understand their role as per policy and legislation? 	By and large these are well understood, however there are also clear issues that need robust interventions to address, particularly in relation to AA members fiduciary obligation to act in the best interests of the SETA.
<ul style="list-style-type: none"> How do <u>SETA Board members</u> understand their roles and responsibilities, especially in relation to procurement and disbursement of funds? 	By and large well understood as evidenced by the Audit Outcomes
<ul style="list-style-type: none"> How do <u>SETA CEOs</u> understand the roles and responsibilities of SETA Boards, especially in relation to procurement and disbursement of funds? 	By and large well understood, however, it must be noted that that Audit Outcomes do show recurring issues in some SETAs that need to be addressed and these are eminently achievable.
<ul style="list-style-type: none"> How do other role-players understand the roles and responsibilities of SETA Boards? 	By and large well understood. But given that there isn't absolute consensus on the role and mandate of SETAs, this has an influence on the expectations placed upon SETAs to achieve these. There has to be a recognition that there are some factors beyond the control of SETAs and hence a comprehensive 'building blocks' approach as recommended in this study is applied.
<ul style="list-style-type: none"> How do SETAs and other key role-players understand the relationship between governance and management? How can this possibly affect operationalisation? 	This was not seen to be a major factor, and the separation is on the whole well understood. However, concerns are raised especially in relation to delays in the appointments of key staff. Functioning of some committees, where there may be overlap and the role of the Executive Committee
<ul style="list-style-type: none"> How do SETAs and other key role-players understand the roles and responsibilities of the SETA Boards, versus that of the Minister of Higher Education and Training, the NSA, Parliament and DHET? 	These are well understood, nevertheless there are instances where role clarity could be better established and there was a view that there could be better liaison with National Skills Authority.
<ul style="list-style-type: none"> How do SETAs and other role-players understand how and where accountability and reporting should occur? SETAs should account to whom, for what and when, and how? 	Generally, well understood, but the multiple and frequency of reporting was seen to be complicated and cumbersome.
<ul style="list-style-type: none"> How do role-players understand corrupt and fraudulent practices? 	These are well understood; the difficulty lies in consequence management.
MEASURING GOOD GOVERNANCE	
6 How should/can good governance be measured and evaluated?	
<ul style="list-style-type: none"> What are the principles of good governance as identified in the international and national literature (King Codes)? 	Although there was evidence of King IV principles, practices and outcomes taking root, the conclusion of this study was that it was not as far advanced as the respondents made it out to be. There needs to be a concerted effort on the part of all who are entrusted with governance of SETAs to achieve better understanding of mindful outcomes (i.e. ethical culture, good performance effective control and legitimacy)
<ul style="list-style-type: none"> What are the success factors of good governance (in general)? 	The primary foundation of governance is ensure a mindset of intellectual honesty in acting in the best interests of the entity (this is well enshrined in statutes, the common law, self-regulatory and professional codes). Across the entire SETA landscape, the main finding of this study was that separating constituency interests from fiduciary responsibility needs to be explicitly addressed. Stakeholderisation, compromises the achievement of the four outcomes (ethical culture, good performance, effective control and legitimacy), giving rise to a conflict of interest, focusing overtly on particular stakeholder interests at the expense of the core purpose,

	undermining achievement of targets that meet the sector needs and creating a perception (rightly or wrongly) that the legitimate and reasonable needs, interests and expectations of stakeholders are not being responsibly addressed. This can be better achieved by more fundamental integrated thinking as pertains to the transforming of the 6 capitals [financial, human, intellectual, manufactured, natural, and social] through a value creation process that achieves outputs and subsequent outcomes with impact through explicit and implicit permeation of ICRAFT.
<ul style="list-style-type: none"> • What are the key focus areas on SETA Governance, as per SETA Governance Charter? Are there any gaps, inconsistencies or other weaknesses? 	There are some components of the Charter that are timeless and should be retained e.g. acting in the best interests of the SETA. The main problem in the current form is reference to King II and King III, so this requires updating. More explicit statement son fiduciary responsibility required, with complementary ‘how to’ guidance, in relation to the required outcomes, value creation process, induction, training, committee functioning, evaluations, reporting and role of secretary. The study also recommends changes to existing legislation and standard constitution in relation to composition and appointment of Chairperson and CEO, so this may impact on sequencing of changes.
<ul style="list-style-type: none"> • What external and internal factors seem to impact most heavily on SETA governance? 	Appointment processes of AA members, executives, budgeting and project management capabilities
<ul style="list-style-type: none"> • What indicators are commonly used to measure and evaluate governance (refer to international and national literature)? 	There is no one best model or structural arrangement that is seen to be superior to any other. But a good start seems to be good inter-ministerial coordination, key features of which include, responsibility underpinned by authority, clarity of role and purpose, nature and momentum of consultation and coordination mechanisms, culture or governance, sustained financing and an integrated HRD system.
<ul style="list-style-type: none"> • What indicators did previous studies use to analyse SETA governance? 	The requirements of Annual Reporting, the QMR and the SETA Governance Charter encourage a tick box, quantitative and boilerplate type approach.
<ul style="list-style-type: none"> • What indicators should this study use to evaluate SETA governance? 	There is scope to embrace complementary qualitative indicators, more integrated measures and derive a benchmark approach that uses a more user friendly, technology driven data-analytics approach to evaluating SETA governance. Critical in this process will be developing the capacity of the SETA’s secretariat roles and responsibilities.
OPERATIONALISATION OF SETA GOVERNANCE	
7 To what extent have SETAs complied with the policies and legislation impacting on SETA Governance, including the SETA Governance Charter?	
FUNCTIONALITY OF BOARDS	
<ul style="list-style-type: none"> • Do all SETAs currently have Boards that are formally established? 	Yes, but status of CETA unclear at time of this report ⁴⁶ . [Note: no responses received from any former CETA AA members to the survey/questionnaire]
<ul style="list-style-type: none"> • Are SETA Boards comprised of people who have the right skills and qualifications? (in this instance it may be useful to examine a sample of CVs, as well as to obtain stakeholder perceptions of such) 	The view is that the current composition is not diverse enough as it is dominated by organised labour and employers. There is a need for more industry specialisation and educationalists. Insofar as specific skills are concerned, this is deemed to be adequate, but there is a practice that prevails where a significant number of AA members indicate under qualifications currently registered for (as opposed to stating what qualification obtained). There are also some who indicate qualifications that are not whole qualifications, nor is the conferring institution recognised (e.g. a mini-MBA). This basis of informing of qualifications raises reputation risk issues and should be prohibited. There is also scope for Continuing Professional Development in the requirements of being a Board Member. Insofar as Senior Management qualifications are concerned, this was raised in Portfolio Committee on Higher Education, Science & Technology on 26 May 2020, “Mr W Letsie (ANC) said: He believed the Services Seta was either not telling the truth right

⁴⁶ Source: City Press: <https://www.news24.com/citypress/news/judge-sets-aside-nzimandes-call-to-place-ceta-under-administration-20200229>

	now or in December last year when it sent the responses to the Committee. The Chief Financial Officer was second to the CEO in those set of responses. He said the minimum requirement as per the Skills Audit was a Masters or its equivalent. In this presentation this was modified. The Committee is getting two different answers on the same question. All of the senior managers did not meet the academic minimum requirements. If the requirements were met with experience it must be duly noted. The National Skills Authority (NSA) Report was released in September 2018. Mr Letsie said he perused the recommendations, and the Report made the point, all those senior managers did not meet the academic minimum requirements as per the initial advert” ⁴⁷ .
• Are SETA Boards representative in terms of race and gender and different sectors, as required by policy and legislation	On the whole yes, but there are some cases identified where women representation in particular was low
• How many vacancies are there currently on SETA Boards? And in general, what has been the vacancy rate on Boards?	It was difficult to determine a precise number, but it is an issue and very often is driven by delays from the confirmation processes required in terms of the existing legislation.
• How long does it take for a position in the Board to be filled if someone resigns?	Some indicated it takes far too long, to the extent that it suggests that it is a systemic issue
• What is the level of absenteeism at SETA Board meetings? What does this mean for the effective governance of SETAs?	Absenteeism is quite low and is not flagged as major issue, although there was one SETA that indicated that a particular nominee from a government department never attended. Also, vacancies have an impact on attendance.
• What issues generally dominate the agendas of SETA Boards, and what does that tell us about the role and effectiveness of SETA Boards (refer to a sample of Agenda's and Minutes of Board meetings)?	From the desktop review, the sense is that the issues that need to be covered are there, from strategy, to operational reporting to governance. Most adverse issues raised stemmed more from housekeeping than anything else.
• To what extent do SETA Boards fulfil their obligations?	The majority view is that SETA Boards fulfil their obligations and this is also confirmed by the AGSA.
• Do SETA Boards provide effective leadership to SETAs? (Refer to minutes of Board meetings as well as role-player and stakeholder perceptions)	The majority view is that this is the case.
• Do SETA Boards provide effective oversight over SETA management? (Refer to Board meetings as well as role-player and stakeholder perceptions)?	The majority view is that this is the case, but it is not uniformly consistent. It can change within a SETA, either positively or negatively.
• How can the effectiveness of SETA Boards be improved upon?	The main issues identified from the research project are, achieving consistency of application across legislation, constitution and charters; clarity on SETA purpose and reporting relationships with EA and other required polycentric governance bodies; composition of AA to be more diverse; better induction and training; speedy resolution to finalisation of appointments; better succession planning; more effective evaluations of board and committee performance; enhancement of project management; budgeting and control performance; effective board administration based on formal annual work plan, application of mindful outcomes approach that embeds strategic thinking into the 6 capitals for integrated reporting.
• How do SETA Boards navigate the different interests of labour and business?	This is a challenge, although trust levels were seen to be high and the study conclusion takes the view that there is potentially more that would unite labour and business than divide them.
• How many SETAs are currently under Ministerial administration?	CETA. “The CETA was placed under administration from the 3rd of February 2020. The Minister issued a letter to the Board instructing it not

⁴⁷ Source: Parliamentary Monitoring Group (26 May 2020) <https://pmg.org.za/committee-meeting/30305/>

	<p>to take any decisions with financial implications. Mr Wasa was appointed as the Administrator of the CETA for a period of 12 months. The case between the Minister and the previous Board has caused a huge delay in the execution of his duties. The matter was now before the Labour Appeals Court. The Administrator engaged with the Union on the salary and pension increase disputes before the lockdown. He now engaged the forensic investigators to assess and investigate further all human resources processes related to the increase of salaries and pensions. The Administrator will begin the tender for services of forensic investigators at the inception of Alert Level Three”⁴⁸.</p>
<ul style="list-style-type: none"> How many SETAs have been under administration since their inception? 	<p>SETAs that historically have been placed under administration are: 2011: Services SETA; 2013: LGSETA; 2014: CathsSETA; SASSETA: 2015; W&RSETA, 2017. Services SETA and W&RSETA both received qualified audits in 2018/19. Services SETA remained qualified in 2019/20, but W&RSETA improved to unqualified. CathsSETA and LGSETA both obtained qualified audits in 2018/19 and 2019/20. SASSETA is to be commended for obtaining a clean audit opinion in 2018/19, but at the time of reporting by the AGSA, its 2019/20 was still outstanding. Although the situation in W&RSETA has improved markedly, the issue of the size of these SETAs is raised in the study, which suggests caution in the idea that ‘super-size’⁴⁹ SETAs should be created. The circumstances of the CETA also show that one cannot always assume that a clean audit outcome is a predictor of ongoing success as a clean audit outcome in 2018/19 fell to a qualified opinion in 2019/20.</p>
<ul style="list-style-type: none"> What have been the reasons for SETAs being under administration? 	<p>Services SETA was taken out of administration in July 2013. The reasons for being under administration are: “The main reason for that SETA being placed under administration was the costliness of its achievements. For example, one year’s learning for one learner cost more than three years of university education. The audit report for 2012/13 showed R292m could not be accounted for. A whistle blower who had sent anonymous emails was being investigated for not following the proper channels. Fictitious learners were also being investigated”⁵⁰. LGSETA: “The Auditor-General’s 100-page report indicated that virtually every transaction had something wrong whether trivial and substantial. The SETA had failed to submit Annual Financial Statements, a Performance Report or Annual Report, in contravention of the Public Finance Management Act”⁵¹. CathsSETA: Was placed under administration on 15th October 2014. “This was necessitated by the failure of the CATHSSETA in meeting its pre-determined objectives and the infighting within the board, and its inability to implement the findings of the Grant Thornton forensic investigation report on irregularities within the CATHSSETA”⁵². Qualified audit opinion from the Auditor-General in the 2013/14 financial year. W&RSETA: Was placed under administration on 3rd October 2016. Reasons are, the “SETA’s decision to pull out of the initiative to support the Rural and Township Economies Revitalisation Programme which was meant to contribute to government’s Nine-Point Plan to stimulate rural and township economies, although the programme was part of its service level agreement. Qualified audit opinion from the Auditor-General in the 2014/15 and 2015/16 financial years. Lack of unity, cohesion and cooperation required among the board members of the SETA to exercise their fiduciary duties effectively and efficiently”. SASSETA: Was placed under administration on 12th February 2015. Reasons are, “Poor governance, which resulted in mismanagement of the Discretionary Fund and serious irregularities in a number of contracts entered into, as well as non-compliance with the Skills Development Act and its prescripts. Non-compliance with the Public Finance Management</p>

⁴⁸ Source: Parliamentary Monitoring Group (26 May 2020) <https://pmg.org.za/committee-meeting/30305/>

⁴⁹ Source: Skills Portal: <https://www.skillsportal.co.za/content/nzimande-will-not-ditch-setas>

⁵⁰ Source: Parliamentary Monitoring Group (26 February 2014) <https://pmg.org.za/committee-meeting/16985/>

⁵¹ Source: Parliamentary Monitoring Group (26 February 2014) <https://pmg.org.za/committee-meeting/16985/>

⁵² Source: Parliamentary Monitoring Group (15 February 2017) <https://pmg.org.za/tabled-committee-report/2901/>

	<p>Act and other related National Treasury requirements. Consistently not meeting its predetermined objectives. Qualified audit opinion from the Auditor-General in the 2011/12 and 2012/13 financial years”⁵³.</p>
<ul style="list-style-type: none"> How many fraud and corruption (and other similar actions) including court challenges are SETAs currently facing? 	<p>“Two Sector Education and Training Authorities (SETAs), the Services SETA and the Construction SETA, appeared before the Committee to respond to allegations of corruption and mismanagement within their entities.</p> <p>The Services SETA provided explanations dealing with several issues raised by the Auditor-General (AG) arising from the audit of its 2018/19 financial performance. This included irregular expenditure amounting to R934 million, allegations of bursary overpayments to learners, high expenditure of R56 million on consultants, R20 million being spent on advertising, improper conduct by the Board chairperson, and irregularities in supply chain management.</p> <p>The former Chief Executive Officer (CEO) of the Construction SETA (CETA) responded to allegations that she had been responsible for an unauthorized 15% pension fund and salary increase for CETA staff, saying this was the first time she had had the opportunity of defending herself. She referred to eight revisions to the legal opinion on the matter, a signed letter by the board chairperson authorising the CEO’s pension adjustment being ignored, and four staff members involved receiving bonuses amounting to nearly R2 million. She said the matter was less about pensions and more about a conspiracy to access CETA millions by some cabal”⁵⁴.</p> <p>In the 2018/19 Financial Year reporting cycle, the AGSA highlights five cases [refer to Table 29]</p>
<ul style="list-style-type: none"> How many individuals who have been on SETA Boards, have been charged/ accused/ fined/ found guilty/ jailed for corruption since the inception of SETAs? Provide some background to this. 	<p>This was difficult to establish and the report of the portfolio committee on Higher Education, Science and Technology of 26 May 2020, makes for disappointing reading. For instance, the opening statement is, “Members of the Committee outlined all the common issues within the Setas, and said one sees the same issues within the Setas over the years. The Setas are corrupt and ineffective organisations. One of the things to focus on is who should be blamed for this. Over the years the same cycle repeats itself where corruption gets exposed, an Administrator gets appointed, and then it has a turnaround strategy. However, the strategy does not work because the next Board coming in is as bad as the previous Board. The Seta comes up with another turnaround strategy but nothing really gets done. It is the same cycle over and over – corruption, disruption, theft and dysfunction. This is all to the disadvantage of the learners. Nothing is ever done about the Boards and the senior personnel who oversee these Setas”⁵⁵. The CEO of the Services SETA made a presentation addressing: “A Progress Report for the Committee’s resolution to terminate private security personnel services for the CEO; progress in resolving the certification backlog; consequence management implemented against officials responsible for irregularities at the Services SETA; allegations on appointment of senior managers without the requisite qualifications; and an update on the strengthening of internal supply chain management and procurement processes to curb irregular expenditure and other irregularities”⁵⁶. Whilst portfolio members weren’t always happy with the information provided in the presentations given by the 3 SETAs present (i.e. CETA, Services SETA and W&RSETA), it highlights the difficulties that are encountered when trying to address problems caused by poor governance, but also that some attempts are being made to address the root causes. It is essential that the portfolio committee briefings are reported on., to the extent that they are included in the SETA’s annual report.</p>

⁵³ Source: Parliamentary Monitoring Group (4 April 2017) <https://pmg.org.za/committee-question/5002/>

⁵⁴ Source: Parliamentary Monitoring Group (26 November 2019) <https://pmg.org.za/committee-meeting/29430/>

⁵⁵ Source: Parliamentary Monitoring Group (26 May 2020) <https://pmg.org.za/committee-meeting/30305/>

⁵⁶ Source: Parliamentary Monitoring Group (26 May 2020) <https://pmg.org.za/committee-meeting/30305/>

GOVERNANCE VERSUS MANAGEMENT	
<ul style="list-style-type: none"> To what extent is the relationship between SETA Boards and the SETA CEO conducive for carrying out the mandate of SETAs effectively? 	By and large this is reported as being constructive, but there is not always uniformity.
<ul style="list-style-type: none"> How are tensions between governance and management navigated by SETAs? 	When the tensions escalate to the point of breakdown, the situation can be very difficult to resolve as the briefing to the portfolio committee highlights. The research has confirmed that where SETAs have competent CEOs and CFOs, and accountability is properly understood, then SETAs can fulfil their mandates.
KEY SUCCESSES AND CHALLENGES	
8 What are successes and challenges of SETA Governance? <ul style="list-style-type: none"> What have been are the overall successes of SETA governance in the system? 	Some effective methods of stakeholder engagement, better compliance and risk management of SETAs. Two SETAs have obtained clean audit opinions for two years in a row, namely FPMSETA and PSETA.
<ul style="list-style-type: none"> What are the reasons for these successes? 	Insofar as clean audit opinions are concerned, it demonstrates application of the AGSA's accountability framework, namely Plan+Do+Check+Act.
<ul style="list-style-type: none"> What are examples of good practice? 	There is no single SETA which can be highlighted as consistently standing out from the rest as a model of best practice. It will require an open and honest assessment and a total commitment to apply an integrated approach to the achievement of the core purpose, that embraces the 6 Capitals, an effective value chain approach, shared services model where appropriate and the aspiration to be what the A in 'SETA' stands for, namely Authority .
<ul style="list-style-type: none"> What are the challenges facing SETA governance? 	Consistently acting in the best interests of the SETA across the sector; sufficiently qualified people in key positions; poor budgeting; not being able to spend the money; consistently not achieving clean audit for the MAJORITY of SETAs. Insofar as the latter is concerned, there is a degree of inertia when it comes to the majority of SETAs remaining in the Unqualified with findings, mainly due to the fact that they have to correct misstatements. These are inherently fixable and it requires that SETAs address the recurring issues that the AGSA raises.
<ul style="list-style-type: none"> What are the reasons for these challenges? 	Constituency bias/Representation thinking; slow appointment of key people; poor budgeting and project management; consequence management
<ul style="list-style-type: none"> What have been the effects of poor governance on the effective delivery of the mandate of SETAs? 	Erosion of public trust, withdrawal of the licence to operate i.e. compromised legitimacy, adverse impact on morale of dedicated SETA AA members and employees; diversion of funds away from where it is required to fulfil the mandate

VALIDATION WORKSHOP

A workshop was held virtually via Zoom (due to Covid-19) on 20th November 2020, with representatives from all SETAs and the NSA and other interested role players. The objectives of this workshop were to present the results of the research, to validate some of the main findings of the research, and to provide the opportunity for deuterolearning. An anonymous online polling tool called Menti⁵⁷ was used in support of these objectives, with a total of thirteen questions posed to the participants.

Policy & Legislation

In this area, four questions were posed on Menti, namely:

- Q1: Alignment: "Do you agree that better alignment is required between SDA, SLA, SETA Governance Charter, SETA Standard Constitution & King IV and if so, how is this best achieved?" A total of 48 responses were recorded. The vast majority agreeing (n=46), with one stating "Don't know" and another stating "No".
- Q2: Perceived Effort vs Impact: "Assess the effort required and likely impact that these changes will have on SETA effectiveness." A total of 29 responses were recorded.
- Q3: Building block priorities: "UNESCO suggest 10 building blocks for better coordination. What you see as the THREE most pressing priorities?" A total of 36 responses were recorded.
- Q4: Obstacles: "What are main obstacles that inhibit the spending of the money to fulfil the mandate?" A total of 36 responses were recorded.

The results are as follows:

Achieving better alignment

Some rich responses were received, expressing an overwhelming yes, to the question and highlights the urgency with which this should proceed. The responses have been grouped into a logical order, which would flow accordingly:
a. Look for opportunities for better alignment and updating; b. train more and provide summary documentation; c. have better role clarification and communication; d. Better monitoring & evaluation; e. undertake regular reviews all underpinned by the need to ensure rigorous selection procedures, selection of competent persons and removing the bureaucracy that impedes good performance. There was not one unanimous voice, but the sentiment is well expressed, that all relevant legislation, compliance, constitution, charter, code and regulations needs to be looked at holistically. The detailed responses as per the thematic groupings are:

a. Yes, review to look for opportunities for integration, standardisation and alignment

- Yes, integrate the foundational pillars of governance contained in each. And capacity building across SETAs.
- Alignment in values and key outcomes are necessary.
- Absolutely the need alignment by getting SETAs involved in the amendments of the governance charter and constitution.
- Yes, elimination of contradicting provisions, King IV clarity, esp the public sector applicable section.
- We should be looking at all these pieces of legislature and see where misalignment are and taking it from there. Review all these and possible standardisation.
- Yes, to achieve integrated governance required for effective and efficient skills development system.
- Yes, I think technology is advanced enough to be used as a tool to align and provide clarity.
- Yes, through a proper review of both the SDA and SETA constitution using King IV as a guide.
- Yes, review of documents to remove ambiguities, guided training on how to interpret and integrate across all the docs.
- Yes, a detailed analysis should be performed to ensure alignment and changes should be implemented constantly throughout all organisations. Where areas are not considered applicable, this should be specified.

⁵⁷ <https://www.mentimeter.com/>

- Expanded standard SETA constitution.
 - Yes, we need to review this corporate governance framework, especially SDA, SDL, standard constitution, SETA governance charter with PFMA and King IV.
 - Proper alignment.
 - Yes – this can be achieved by a consolidation of the legislation, guided compliance manuals for the legislative compliance and an alignment and update of the Constitution of SETAs aligned to best practice.
- b. Yes, train more and provide summary documentation**
- Yes, more related training and ensure leaders already au fait with governance.
 - Yes, through the document outlining SETA governance requirements.
 - Also, constitution needs to be accompanied by the guidance and training as new boards come in this should be done with the management senior management.
- c. Yes, need better communication and clear roles**
- Yes. There needs to be more communication between the Department, SETAs, employer associations or prof bodies. Labour and individuals within the system.
 - Communication communication, communication.
 - Clear line between admin and oversight roles.
- d. Yes, need better M&E**
- Yes, the SLA targets must take into account prior year's qualitative and quantitative performance data outcomes.
 - Yes, with more monitoring.
 - In principle better alignment is vital. But the monitoring of said governance is where the problem is. Therefore, better M&E is where the largest gap is.
 - Yes. To maintain consistency, identify synergies and ensure standard principles are implemented across the SETAs for enhanced monitoring.
- e. Yes, need to review regularly**
- Yes, there is a constant need for review to ensure alignment between policy intent and policy implementation.
 - Yes, review of the SDA and SLA should take this into consideration.
- f. Yes, revise selection criteria/competencies**
- Rigorous process of appointing AAs with clear criteria that speaks to the roles of members is crucial.
 - Board member competencies be clarified.
- g. Other**
- Be cautious that we do not create an over bureaucratic environment.
 - Alignment is very important; however, you have to balance compliance with legislation and guidance and nice to have.
 - Yes, better clarity and avoidance of.
- h. No**
- No. King IV can serve as a guide or can be used as a benchmark, the SETA constitution Governs SETAs over and above the Acts and regulations. Review the Act and regulations instead.
 -
- i. Don't know**
- I don't know.
- j. Yes Only**
- Yes x 9.
 - Yes, I agree.

Effort and impact of changes for SETA effectiveness



Figure 18: Effort and impact of changes

This 2 x 2 matrix, assessing Impact & Performance was drawn from the survey results presented in Table 11 and Figure 12 of the report. 14 factors had been thematically identified from the survey responses. The researchers were hoping for a more even spread across the four quadrants, especially where Little effort/High impact could be identified, as these would be the real low hanging fruit options and High Effort/Low Impact as these could be given a low priority, or even eliminated. The clear message from the participants, is that by and large, whatever is done will require effort and this should not be underestimated. There are, however, two that stand out, namely Item 4 and Item 8.

Item 4, namely 'Abolish and replace with tax incentive scheme'. Whilst, the abolishing of SETAs is not an unpopular notion (as noted elsewhere in this study that view was expressed by some members of the Portfolio Committee as recently as 25th August 2020⁵⁸) the clear message from the validation workshop is that all other options will have greater impact and hence, it is argued that the participants would not support this option. It begs the question too, that even if SETAs are dismantled, what are they to be replaced with and tax incentives may not go far enough in resolving the key issues identified in the key informant interview.

The option that stands out most clearly, is Item 8, namely 'review labour and employer nominees'. As has been stressed throughout this report, 'representation bias' and 'constituency thinking' has to properly and decisively be addressed, otherwise it is unlikely that the core essence of how SETAs are governed will change materially in the future. The researchers therefore recommend that this Item 8, be acted upon as was confirmed in the study. The recommendation is that the Labour/Employer proportion be reduced and replaced by industry specialists, educationalists and training/learning specialists.

Other key observations from the Impact/Effort Matrix are:

Highest impact: Item 7: Increase transparency and accountability

Highest effort: Item 3: Standardise processes and use technology

[Interestingly, the plot of the impacts on impact and effort suggests that there is little differentiation between the two dimensions. Nevertheless, it does highlight that the pursuit of accountability/ transparency might be compromised/challenged by *inter alia* 'skeletons in the cupboard', requisite skills, systems and processes to be put in place to achieve, the need to have the ethical culture and independence; whilst Standardising processes and uses

⁵⁸ Source: Parliamentary Monitoring Group: <https://pmg.org.za/committee-meeting/30910/>

of technology require an investment of resources and implementation dynamics before the benefits will be truly felt. Hence this is seen to be of more long-term duration].

A logical grouping therefore is suggested as follows:

Table 78: Summary of Recommendations for Improving SETA effectiveness aligned to King IV Outcomes

Item Grouping	Impact on governance	Change Factor	Critical & Urgent
8: Review labour and employer nominees 5: Review HR processes 6: Increase independence (Effort/Impact has highest short-term gains)	Removes bias, increases diversity, independence and accelerates appointments of key personnel who can get the job done (achieve King IV Outcome 1: Ethical Culture)	Requires focus on the big picture and hence the importance of the 10 building blocks (posed in the next question). Subject to political will and subordination of constituency for the greater good of the country. Unless this is resolved, SETAs unlikely to fulfil their mandates as required and hence the other factors required for effectiveness will be compromised	<ul style="list-style-type: none"> This requires a change to Skills Development Act and Standard Constitution and hence is likely to be preceded by consultation Update to Standard Constitution and Standard Charter to eliminate all references to 'representation', where it conflicts with Code of Conduct obligation to act in best interest of Update (and/or create) a comprehensive governance manual, which covers the A to Z of AA membership Develop a comprehensive induction programme that is universal in its application that covers all aspects of SETA governance The latter can be aligned to an accredited certificate programme in SETA governance, that all AA members should achieve Develop an online reporting system that enables benchmarking of Charter performance Develop a standardised self-evaluation questionnaire to be submitted yearly for benchmarking Speed up nominations and appointments process. This is a systemic factor that has risk implications for all SETAs Ensure all Executives have requisite qualifications as required in the Skills Act (note that the following to Portfolio Committee on 25th August, "The South African Qualifications Authority informed the Committee that SSETA Executives appointed did not meet the required qualifications, and the only person who meets the requirement is the Executive Manager in the Office of the CEO"⁵⁹.
13: Promote employment & unemployment (Outcomes will be longer to fruition, but they will come if the desired focus is achieved)	Focus on core business of SETA. AA members must therefore be authoritative in the 'business' of Sector Education and Training for Skills Development (achieve King IV Outcome 2: Good performance)	This does not require legislative change, but clear and coherent policies that cascade across role players. It emphasises core business and the aspiration to be Authorities of and for the Sector	<ul style="list-style-type: none"> Achieve unity of board purpose and strive to achieve consensus as to mandate by all policy makers and implementors. Role clarification of Executive Authority and Accounting Authorities. Structure must then follow what the value creation model is, thereby setting the basis for the transformation of the 6 capitals to outcomes that meet the urgent and pressing needs of the country. A generic 6 Capitals business model for SETA <IR> process can be articulated, thereby providing a basis for integrated thinking to take root.

⁵⁹ Source: Parliamentary Monitoring Group: <https://pmg.org.za/committee-meeting/30910/>

Item Grouping	Impact on governance	Change Factor	Critical & Urgent
1: Reconfigure SETAs 2: Streamline Value Chain 3: Standardise processes and use technology 11: Stakeholder engagement 12: Promote increased visibility (SETAs can proceed to do this in the absence of legislative and policy change, but required change won't be achieved if not aligned.)	Creates a virtuous circle by at least aligning structural, skills and systems requirements to the value chain. Role clarity is achieved and a mechanism for responsible and responsive stakeholder engagement is achieved (achieve King IV outcome 4: Legitimacy, but also has implications for Outcome 2 and Outcome 3, Effective Control)	As has been stressed in the study, legitimacy comes from the application of King IV's principle 16. It is essential that the legitimate and reasonable needs, interest and expectation of stakeholders are responsibly considered and responded to.	<ul style="list-style-type: none"> The value chain must flow from policy cohesion, thereby eliminating systemic obstacles to the achievement of SETA purpose. A generic template for Stakeholder Engagement of SETAs can be derived for both informing and reporting purposes. Although standardising process and using technology may require investment particularly in IT (where the observation has been made this is under-resourced in the sector), there is scope to see where shared services can be achieved. Insofar as promoting visibility is concerned, there are some good stories to tell, so they need to be told, creating positive sentiment towards SETAs. However, the image and branding will have to work hard to address the legacy perceptions. SETAs have a golden opportunity to aspire to be Public Entities that operate beyond reproach. And why not? Imagine a country where all its citizens can aspire to being gainfully employed?
7. Increase transparency and accountability 9. Build research capacity 10. Revise monitoring and evaluation 14. Emphasise compliance (True accountability is achieved when AA members individually and collectively understand and acknowledge their role is to act in the best interests of the SETA).	Accountability cannot be delegated away. A culture shift is required in South Africa across all spheres of governance in whatever form as to what accountability means. Consequently, if a person takes on a governance role they must be prepared to be held accountable and abide by whatever checks and balances are in place to achieve this. Skills development is a complex goal; hence it requires a mix of skills that address both the micro, meso and macro inputs, transformation, output and outcomes measures for the end goal (achieve King IV outcome 3: Effective Control, but also has profound implications for King IV outcome 4: Legitimacy).	The effort required in this is not to be underestimated, but critical if the requisite reporting is to have desired effect. Collectively if these are achieved, the combined impact factor alone in returns, is likely to be a multiple of whatever resources are put in place to achieve them.	<ul style="list-style-type: none"> Apply a governance reporting framework that makes provision for benchmarking for ongoing review and improvement Apply the <IR> framework, reducing the focus on boilerplate, output driven reporting. Fix the recurring compliance issues which are consistently highlighted by SETA Internal Auditors, Audit and Risk Committees and the Auditor-General of South Africa. This should also cover reporting of ACTUAL whole qualifications for all AA members and Executives as well as members of Professional Bodies⁶⁰ Collaborate across SETAs to build capacity and qualitative measures of monitoring and evaluation, especially for shared services that permit knowledge sharing and dissemination, better role coordination and reporting by the Executive Authority by harnessing data analytics and speedy dashboard reporting. <p>[Note whatever AR reporting outcomes flow out of this study, they will still have to align to requirements of PFMA, so this should not be overlooked in the process]</p>

⁶⁰ During the course of the Annual Report review of SETAs, it emerged that a number of AA members report having qualifications that are work in progress (e.g. currently registered for Masters) or one that is not a whole qualification (e.g. mini-MBA). It is recommended that this practice be terminated, given the reputational risk this brings. AA members should lead by example. The AA should also give the assurance in the Annual Report that all Executives have the requisite qualifications. This has been flagged in the Portfolio Committee by SAQA as reported above. Lastly, political parties are not professional bodies and should not be designated as such. Two SETAs identified a political party as a professional body in their 2018/19 Annual Report.

UNESCO 10 building blocks



Figure 19: Priority building blocks

The third question posed in the validation workshop was aligned to Table 10 of the report. From the above, the workshop participants validated the priority of the first three building blocks as aligns to what is highly impacted by coordination. It is essential therefore that there is the necessary leadership and clarity of purpose required.

Main obstacles that inhibit the spending of the money to fulfil the mandate

The fourth question related to the financial analysis of the study, which has outlined the problem of surplus creep and the volatility associated with this. A question was raised during the workshop regarding whether this was aligned to budget or other factors, and the response was that this is a trend that confirms that SETAs are not spending the money, regardless of comparison to budget or not. Some the recommendations to address this are beyond the scope of this project as they require a policy overview, systemic analysis and an acknowledgment that the blame cannot always be laid at the door of SETAs alone. The responses below are once again themed and whilst there are factors that SETAs can control and do much better at, there are other factors that require the necessary will and pragmatism to address.

One of the main internal factors, is what the AGSA has highlighted, namely poor project management execution and it confirms the need for SETAs to ensure that project management expertise within themselves is of an excellent standard. This requires training, overview and correction of project management systems and reporting, all of which is entirely feasible to achieve.

External: Current regulatory environment restrictive

- Tight PFMA provisions and its associated National Treasury regulations.
- Over bureaucratic.
- The stringent requirements for approval of projects.
- Regulatory framework.
- Lack of agility and legislation.
- Compliance and internal control environments weaknesses.
- Strict and restrictive regulations and policy and implementation challenges.
- Red tape in silos budget allocation.

- SDA regulation limits of 7.5% and 10% PFMA a big stifler. Lack of entrepreneurial executives, political interests.
- Stringent measures to award grants. Stable leadership. Low employee participation.
- Regulations restrict what can be spent on a SETAs sometimes having limiting Grant criteria. Must be open to funding public and private institutions which meet the criteria. Also, as we head towards more technology-based learning we must review exclusions.
- Restrictive PFMA, poor partnerships, lack of economic growth in industry stifle ability to reach beyond current employers, longer SETA tenure may improve ability to enter into long-term more impactful interventions.

Internal: inadequate management, poorly skilled staff, poor planning and implementation processes

- Poor management.
- Unclear objectives.
- Insufficient planning.
- Lack of proper planning.
- Poor planning.
- Poor planning.
- Long process, lack of understanding of process, constant changing of management.
- Need to improve processes and be more efficiencies. Lack of skilled employees.
- Lack of requisite skills leading to poor planning and an effective management.
- Poor planning a late implementation of programs.

Cross Cutting: Horizontal - Lack of coordination between SETAs

- Working in silos. Disjuncture between planning and implementation. Not utilising strategic partnerships to ensure coordination and collaboration to achieve greater impact and mandate.
- Too large a levy payer population who belong with other SETAs due to the generic nature of their sector, not enough liaison amongst SETAs.
- Inefficiency of the SETA. If it has alignment of what their respective sectors need there should not be any surpluses.

Cross Cutting: Vertical - Holding onto or not spending funds

- Employers holding the funds and not implementing programs.
- Service providers (training providers) that promised delivery and skills training and disappoint on the last minute by not meeting the expected target.
- The long processes and regulations around DG expenditure awarding.
- Training providers contracted to the SETA.

Inputs: Stakeholder participation process

- Stakeholder participation, policy constraints, not understanding function, no consistent leadership.
- Disconnected relations with strategic partners.
- Stakeholder commitment to implement trading agreements linked to committed budget resulting in surplus funds.
- Lack of commitment from the SETAs and lack of will by stakeholders to participate on skills development initiative.

Outputs & Outcomes: Lack of proper Monitoring & Evaluation

- Projects are not properly monitored and training are not related to the industry. No focus on service delivery, rather to focus on unqualified audit opinion.
- The nature of the programmes, some programs are long in nature and require multi-year expenditure with set-aside commitments which at times is interpreted as surpluses.

In this section, three question were posed, namely:

- Q5: The Core business of a SETA: “Type in as many short sentences that you believe describe the core business of a SETA”. In total, 42 responses were received.
 - Q6: Using the International <IR> Framework to assist in the compilation of a value creation model for SETAs: “Do you support the use of the IIRC’s value creation (six capitals) model being adopted and adapted for use by the SETA’s?” In total, 34 responses were received.
 - Q7: Duties & Responsibilities: “In relation to duties and responsibilities, meeting obligations and undertaking stakeholder engagement, my view is...” In total, 36 responses were received.

The results were as follows:

Core business of a SETA

A word cloud was generated from all the responses below:



Figure 20: The core business of a SETA

The style of the word cloud, shows two distinct groupings, which suggest a bridge to ***facilitate and address learning, training and skills needs and demands within a sector***. The researchers haven't themed the responses, but leave it to the reader to scrutinise the views put forward by all respondents as a basis to reconfirm what the core business (purpose) is.

- Facilitation of skills development in our respective sectors. Raising the skills level of employees and workers. Ensure there is quality of education and training provision is improved. Administration of levy grants scheme in an efficient manner.
 - PSET support.
 - Improve skills and align industry needs with skills development.
 - To be responsive to the sectors they are representing and run efficient businesses.

- To fulfil the mandate given.
- Facilitate training in the SETA sector.
- Fulfilment of the National development plan aims with regards to education and skills development which will drive socio-economic growth within the country.
- Enabling skills development across all sectors.
- Addressing skills needs of the sector and by the process the economy. Effective and efficient implementation of programs based on the identified skills needs.
- Implement value-added learning opportunity for its sector and to its levy payers, influence learning strategies within its sector, advocate for increased learning within its sector.
- Skills development.
- Identify key skills priority needs in sectors and facilitate the provision and funding of relevant interventions for the unemployed and employed.
- Facilitate skills development in a systematic manner that ensures a targeted approach to implementing skills interventions to address identified needs as well as taking into consideration strategic priorities and policy priorities.
- Address the mismatch between the available skills and skills in demand within the sector.
- The core business about developing skills of employees within the sector and improving skills base in relation to jobseekers.
- Facilitate skill development for workers and the unemployed in our sectors. Ensure all strategic interventions are demand led being informed by reliable labour market information. Monitor and engage with stakeholders in terms of impact and relevance.
- Facilitate industry focused training. Curbing unemployment in industry.
- Skills development.
- To ensure the skills base of workers is enhanced. To ensure that poverty is thus alleviated due to the enhancement of skills. To enable workers to easily access training and recognition of prior learning.
- To increase skill shortages in the country for better employability. To increase qualifications that are currently relevant to the sectors. To increase entrepreneurship skills.
- SETA is responsible for overseeing skills development and training to ensure that employees are highly skilled and productive in the respective sector.
- To facilitate and find skills development in that sector.
- Sector-based skills development expert body. Facilitate skills development.
- Facilitate quality training within respective sectors based on current and future labour demand as expressed by industry.
- The core business of the SETA is to facilitate the gap between skills and employment. Ensuring and promoting employment with the skills needs.
- To address the skill shortages (in terms of skills supply and demand) of the sector the SETA represents. To conduct research that will provide strategic direction on how to disperse SETA funds. To promote learning and development in the sector.
- You will not be able to answer if you do not refer back to the reason why the SETAs were established. Therefore, there must be balance between the core business of the SETA and stakeholders needs. It is finding that balance.
- Ensuring sector skills needs are met for the SECTOR to drive productivity and economic growth (as an authority).
- Ensure effective quality orientated skills development that assist in addressing the triple challenge. Responsive and not be constituency based. Both should constantly evaluate the impact they are creating.
- SETA's core business is a National development plan aims for education and skills development which will drive inclusive socio-economic growth.
- Yes – demanded skills development but also have a focus on longer term needs and not only immediate needs. Key strategic thinking is the key.
- The coordination and facilitation of skills development within the SETA sector. To contribute and assist in addressing unemployment inequality and poverty.
- Predict future sectoral needs and drive innovative initiatives to meet those needs.

- To bridge the gap between the learner and the employer by being the sector education and training authority.
- To match the skills demand to the market demand and drive those demand into convergence to one another and proper priority, swiftly. Listen to all stakeholders about where the country is going to skill wise and respond necessary.
- Development of skills for each sector. Create opportunities for the unemployed to acquire skills that will make them employable. Facilitate the artisan development programmes. Great awareness of various career paths and scarce skills in the sector.
- Identify required skills for productivity and competitiveness and help to develop skills gaps in the sector.
- Improve and develop skills within respective sectors and identify skills development needs.
- To address a national transformation imperatives of race, gender, disability, etc, etc.
- The National development plan – by addressing unemployment, inequality and poverty.
- To establish a strong learning pathway to address emerging occupations.
- Enhancing skills within their sector.

Use of the IIRC's value creation (six capitals) model

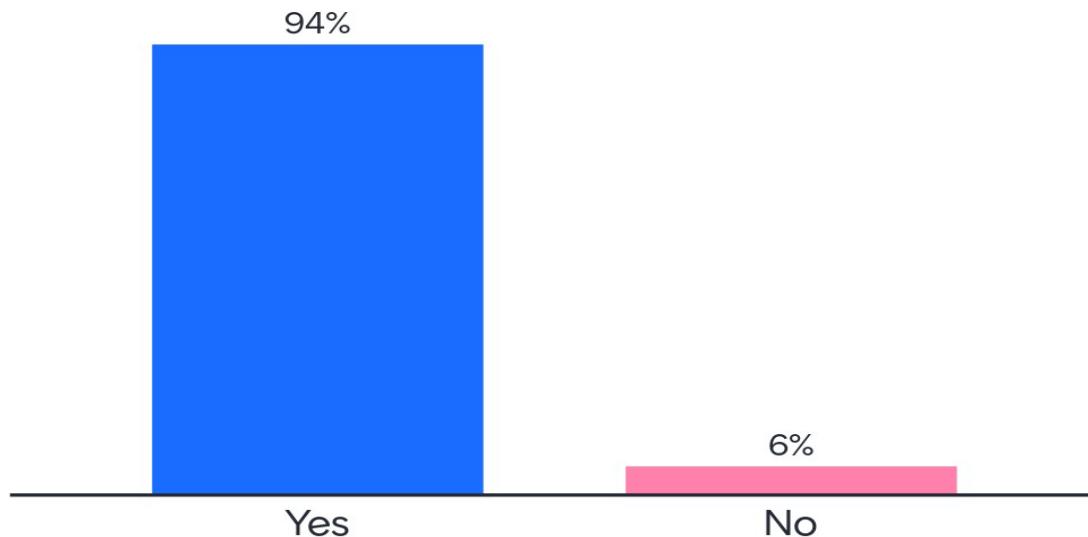


Figure 21: Do you support the use of the IIRC's value creation (six capitals) model being adopted and adapted for use by the SETAs?

In the absence of a relevant and appropriate value creation model for reporting purposes, which encourages movement away from boilerplate, tick-box quantitative type reporting, the workshop tested the appetite of the participants to use the <IR> framework. The response was overwhelmingly positive, confirming the need to proceed with the development of a generic template to assist SETAs in the reporting process.

It demonstrates a commitment to the reporting of mindful outcomes and the embedding of an integrated thinking culture within the AAs of SETAs.

Duties & Responsibilities



Figure 22: In relation to duties and responsibilities, meeting obligations and undertaking stakeholder engagement, my view is

King IV highlights the importance of responsible and responsive stakeholder engagement in Principle 16, which has the focus on legitimacy. Stakeholder engagement is critical to this and was outlined earlier in Table 78, being the summary analysis flowing from Question 2 of the validation workshop, namely “Assess the effort required and likely impact that these changes will have on SETA effectiveness” and hence aligned to Table 11 and Figure 12, which addressed stakeholder engagement. As already highlighted in Table 78, a Stakeholder Engagement model is required to be developed and this was validated here. The first sub-question above was drawn from the findings of Table 56, where it was deemed that the duties and responsibilities of AA members are indeed reasonable. This was also validated at the workshop. However, the 2nd sub-question was markedly lower and inconsistent with what was shown in Table 39, where the survey respondents would have shown a higher score. It confirms as was stated in the limitations to the study, that attribution bias could be at play, or alternatively the survey respondents were pre-disposed to complete the online survey because they are inherently more dedicated than the non-respondents. Either way, it highlights the essential foundation of corporate governance, namely intellectual honesty when it comes to assessing one’s own performance. Hence, the workshop participants felt that there is much more that needs to be done if AA members are to consistently meet their obligations. Consequently, it could be argued that this response did not validate the survey finding in this regard.

Measuring good governance

In this section, the following three questions were posed:

- Q8: Independence: “Constituency bias or representation thinking was identified as a major concern. How effective do you think these options will be in resolving this?”. A total of 35 responses were recorded.
- Q9: Code of Conduct: “In relation to the code of conduct, breaches are...” A total of 29 responses were recorded.
- Q10: Risk Management & Audits: “In relation to the ARC, the following is supported...” A total of 31 responses were recorded.

The results are as follows:

Independence



Figure 23: Options for dealing with Constituency bias or representation thinking

Given that the prior question expressed the view that there are question marks over the consistent meeting of AA member obligations, coupled with the study's key finding of constituency bias and representation thinking, the above question pertaining to independence assumes greater significance, as simply put it poses the overarching question as to how this is fixed? From the above it can be seen that the priority ranking is given the following order, namely 1. More industry expertise; 2. Specific training in ethics; 3. Robust nominations process 4. Better training of AA members; 5. Changing Composition of AA membership; 6= Better induction and better succession planning; 8. More educationalists.

Some workshop participants did express scepticism as to the extent that some of these will effect the desired change, but the above does validate that survey finding that most important is bringing industry expertise into the AA membership. Also interesting is prominence given to ethics training, especially in light of two ethical scenarios raised from the survey analysis, namely dealing with non-performing fellow AA members (consequence management) and motive of fellow members for being there, especially where constituency bias is present and proxy factors that were identified such as remuneration (refer to the findings in Table 72, opinions on remuneration).

Code of Conduct breaches

Both the 3 SETA review and the online survey as well as scrutinising of AGSA reports, confirmed that by large breaches of conduct are identified, but there is not always the necessary consequence management to deal with this.

The workshop validated this as it shows a lowering of the score of necessary steps through the full cycle of what should be done.

The tone is set therefore that if these breaches are not followed through all the way to end the culture of impunity continues to prevail and hence this needs to be addressed.

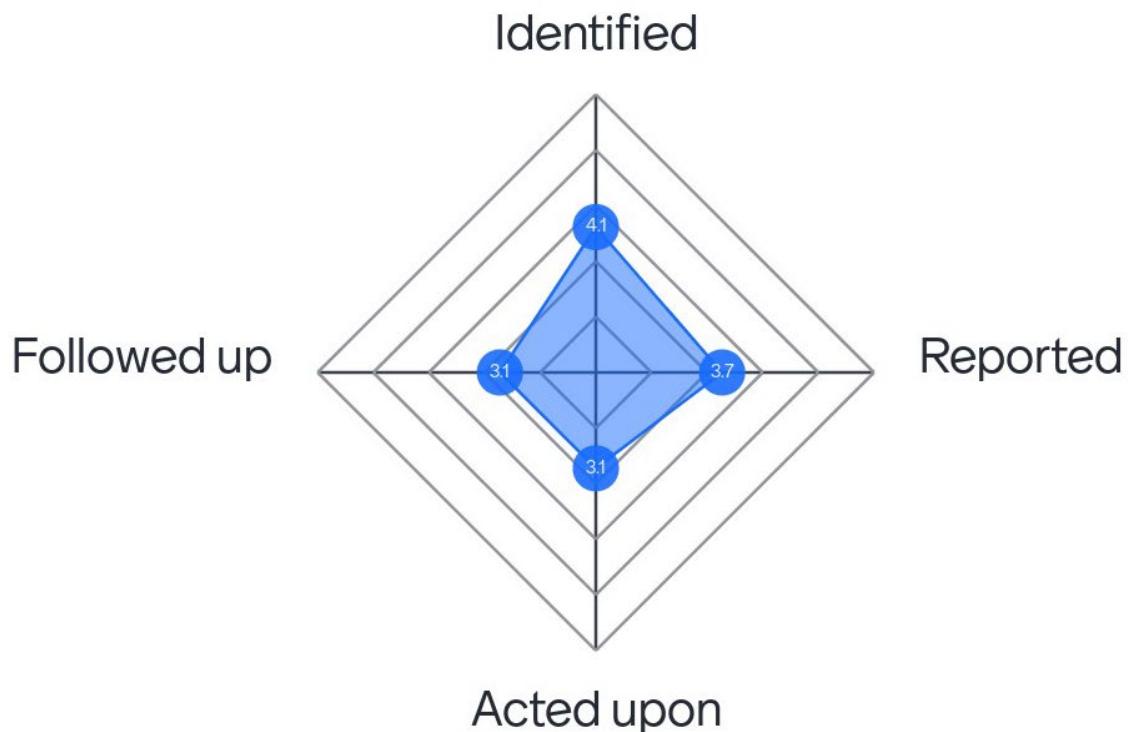


Figure 24: Dealing with breaches

Risk Management & Audits

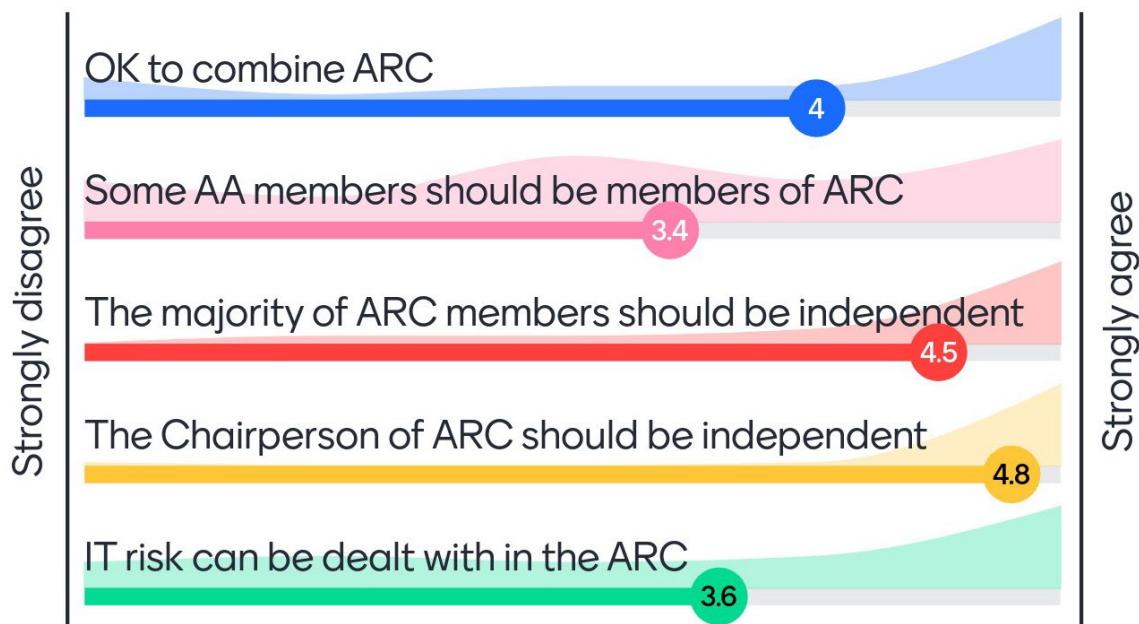


Figure 25: Audit and Risk options

This question was the focus of Table 50, which had provided clear recommendations as follows:

- ARC may be combined if Audit and Risk can be dealt with satisfactorily by one committee
- There should be some AA members who are members of the ARC
- The Chairperson of the ARC and the majority of ARC members should continue to be independent

The sub-question of IT risk was added to the above. It is clear that the continuation of the Chairperson as well as the majority of ARC members being independent is retained. Also, the continued combining of the Audit and Risk function into the single committee was also confirmed. There was less enthusiasm about having some AA members being part of the ARC, but it was not rejected. Lastly, there was reasonable support that the ARC can deal with IT risk, however, it seems that there is a case to be said that only if they have the capacity to do so, otherwise this should be dealt with in a dedicated IT governance committee.

Operationalising good governance

In this final section, the following three questions were posed:

- Q11: Appointment of the Chairperson: “How should the chairperson be appointed?” A total of 37 responses were given.
- Q12: Meetings and Proceedings of AA: “To what extent are these real issues?” A total of 32 responses were given.
- Q13: Good governance: What is the necessity of these to ensure good governance of the AA? A total of 13 responses were given.

Results for these three questions are as follows:

Appointment of the Chairperson

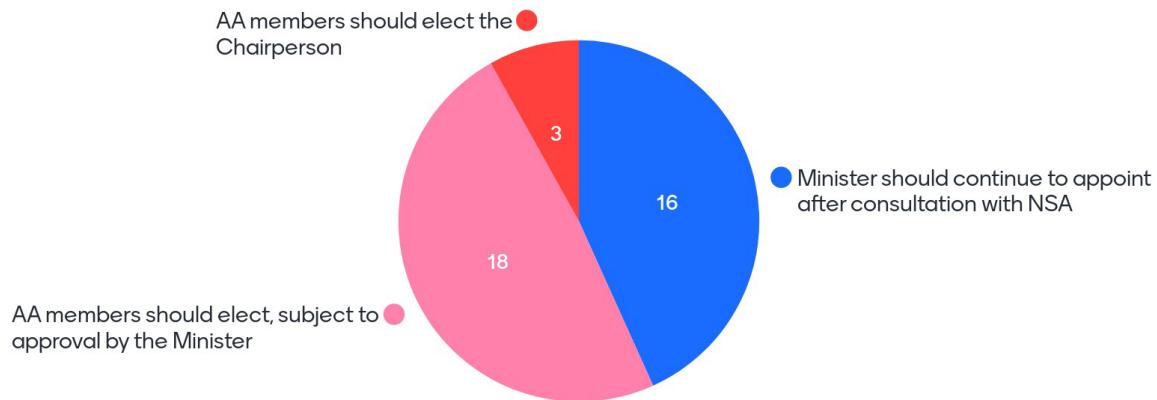


Figure 26: How should the chairperson be appointed?

This is a validation of Table 61, where it was reported that the survey did not achieve a consensus view. As can be seen from the figure above, there is no absolute consensus on this either, although the AA members electing subject to the approval of the Minister, just slightly exceeds the status quo.

This has the likelihood to be a more contentious issue when making the change, but if there is a way to ensure that the lengthy periods of Chair appointments is to be better resolved, then the majority view at the validation workshop was to support the middle of the road view recommendation that arose for the 3 SETA review and the survey responses.

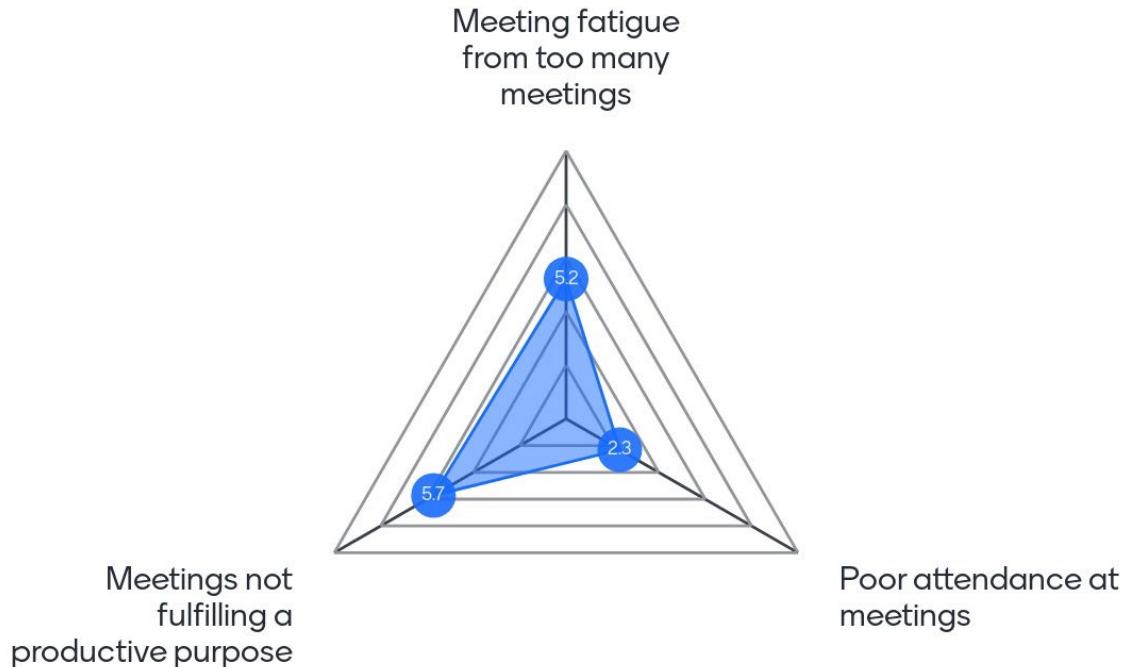


Figure 27: Meetings and Proceedings Issues

The study did confirm that meeting attendance is not a red flag issue and this was validated at the workshop. There was, however, evidence from the 3 SETA review, the survey responses (Table 68) as well as the Annual Report analysis (appendix F) that there are too many meetings and that meetings do not always fulfil a useful purpose. This is a performance issue that needs to be addressed and it was confirmed in the workshop, hence the need for requirements for good governance, which was posed in the final question.

Good governance

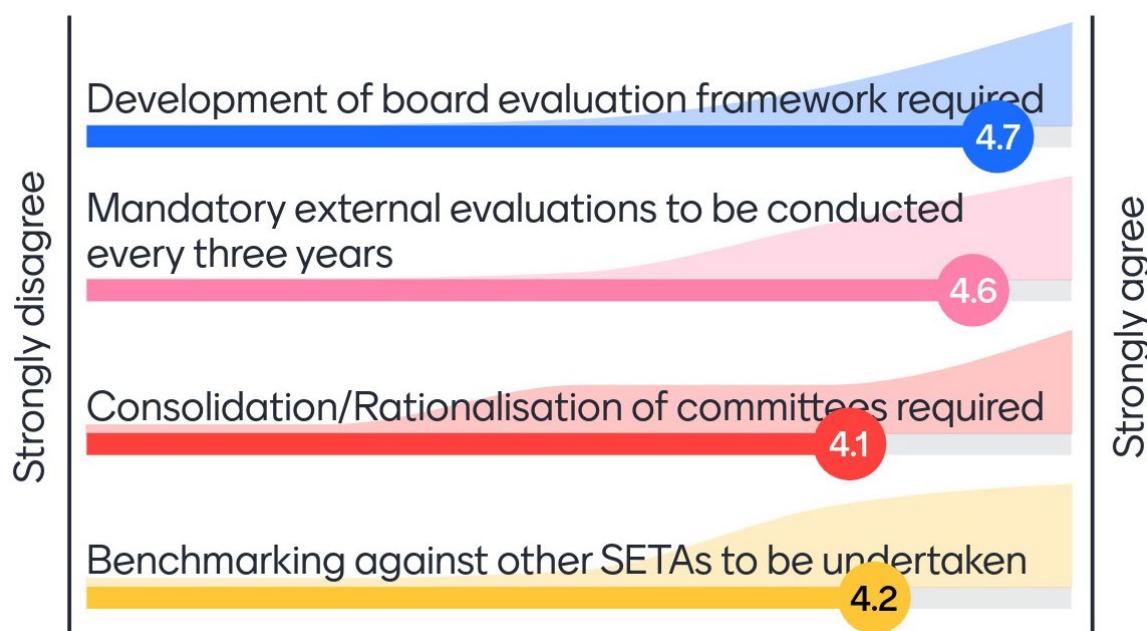


Figure 28: Requirements to ensure good governance

The final question was based on the results presented in Table 58 and 65 (Committees) and Table 71 (Evaluation).

The recommendations of the study were validated namely that the development of a board evaluation framework, benchmarking and mandatory external evaluations is undertaken. This has already been raised in Table 79. Support for consolidation/rationalisation of committees was likewise validated, although not at the same level.

RECOMMENDATIONS

Practice Recommendations

Table 79: Recommendations for Improvement

Policy & Legislation: The Skills Development Act no 97 of 1998 as amended.		Time frame
S10: Functions of SETA	May wish to consider introducing accountability into certain key functions where appropriate to do so. For instance, SETA is required to liaise with NSA [(s10)(g)], who has no reciprocal basis of holding SETAs to account.	S/T to initiate but as requires a legislative change, could take longer to implement
S10A: Service level agreements	Deadline for completion of this not clear, nor reciprocal obligation on the part of the D-G to sign off	S/T
S11: Composition of AA	Reduce proportion of organised employer and organised labour nominees. Make provision for nominees to better reflect s11(4)(b)(iv) i.e. blend of knowledge, skills and experience, particularly in relation to the relevant industry, learning / training and educationalists. Other than the use of 'representation' for gender, demographic, disadvantaged persons; the use of representation should be removed as it contributes to 'constituency bias' or 'representation thinking'. It is not clear how s11(4)(a) is to be applied 'represents the interest identified in the NSDS'. The study recommendation is not in favour of increasing the size of the AA membership, but in the event that the CEO and CFO [which is a recommendation] are deemed ex-officio members of the AA, then s11A(c) will have to be amended to make provision for this. If s11(c) is to be retained then it must be enforced, if the nominee constituency is organisation based. Consider amending s11(5) from Chief Executive Officer to Secretary and changing notice period of three months to six months.	S/T
S11A: Eligibility to become a member of the AA	Act only specifies basis for NOT being eligible. Consideration could be given to eligibility based on knowledge, skills and industry experience	S/T
S11C: Disclosure of conflict on interests and S13A. Conduct of Accounting Authority member or staff member	Obligations and conduct of AA member or staff member are mainly limited to declaring conflicts of interest, which are stipulated in the Act. Considering drawing from S76 of the Companies Act 71 of 2008, to better outline the Standard of Conduct is recommended. For example, S76(1) gives the definition of a Director and when read in conjunction with common law, does not exclude anybody who is in a position of trust in relation to the company. S76(2) is concerned with conflict of interest, which is what the SDA mainly specifies. S76(3) specifies the duty of good faith for a proper purpose, in the best interests of the company, with skill and diligence. S76(4) pertains to the business judgement rule and is a way to protect directors in the event that there is failure/s, but the duty care still prevailed.	S/T. As the act is silent on duty of care etc, these can be immediately inserted in the governance charter
S13: Constitution of SETA.	This outlines the minimum matters that should be contained in the constitution. It is recommended that as required by s13(f)(v), the constitution should specifically outline the process of nomination and appointment of members, s13(g)(ii) should add 'and Risk' to Audit as well as specifying the inclusion of IT Governance, consideration of Human Resources and Nominations to be added to Remuneration, consideration of Social and Ethics to be added to Governance and Strategy. To all should be added Terms of Reference to be reviewed annually. Constitution should also be expanded to include CFO, Secretary, Internal Audit, Code of Ethics and Whistle-blower policy. Finally reference to AA and Executive Evaluations and Consequence Management should be included. [Note: How these are conducted are to be spelt out in the Constitution with complementary explanation in the Charter].	S/T. As the SDA is silent on these other committee foci as suggested, these can be immediately inserted in the Governance Charter.
S13(1)(h): Chairperson of the Accounting Authority	Unlike the appointment of the CEO (see below), the SDA is silent on the process of the appointment of the Chairperson other than his or her appointment, term of office, functions, temporary absence or incapacity and vacation of office should be specified in the constitution. Given the importance of the Chairperson leading the AA, it is recommended that this be outlined in the Act. The study recommends that the AA should elect the Chairperson subject to Minister's approval.	S/T. Amendment of Appointment of Chairperson can be effected by Minister without going through parliament in the same way that the term of office was changed on 17 November 2017 [Amendment of Regulation 14(2)].
S13B: Appointment of Chief Executive Officer	S13B(1), specifies that within six months of their appointment, submit three names to Minister. Study found that this process is overly cumbersome. AA should be given authority to appoint CEO and its timing must be aligned with better succession planning to ensure no vacuum of executive leadership or over reliance on acting appointments. The process of recruitment, selection and appointment should be dealt with by a suitable nominations committee and approved by the AA.	S/T. The other option to consider, is to treat the matter of appointment of CEO in the same way as that of the Chairperson, i.e. specify in the constitution. This makes for a more flexible process in effecting a regulation change

(Table 79: cont) Regulatory Requirements and Associated Structure		Time frame
Note: Changes in the Standard Constitution may require changes in the SDA and SDLA, so these will have to be assessed accordingly. What follows are recommendations to effect changes to regulations and associated structures, which already have been covered above and hence will not be repeated here. A policy decision also needs to be made regarding the essence of what is to be specified in the relevant Acts, i.e. SDA, SDLA, PFMA, which is the 'What', more enduring and a formal articulation of the common law into legislation should that be deemed necessary. The constitution also contains 'What' in the form of regulations, but also gives recognition to the 'How'. Changes to the Standard Constitution, which are not expressly dealt with in the legislation can be more easily changed, but often overlap with the legislation, hence leading to a cumbersome process. This leaves the Charter, which has elements of self-regulation and also has the possibility to incorporate qualitative governance factors, which can lead to more effective achievement of governance outcomes. It is essential that the combination of these is aligned, coherent and fit for purpose.		
Regulation 6: Powers and Functions of the SETA	Although the Skills Development Act does not expressly refer to 'representation' in S11 in relation to nominees from the constituencies, the word representation is still widely used in SETA constitutions and Annual Reports. For example, one Constitutions states under its 8(5) Composition of Accounting Authority "(a) The Accounting Authority comprises of members representing the following constituencies and stakeholders in the Sector-(i) Organised Labour; (ii) Organised Employers, including small businesses; relevant government departments; and (iv) any interested professional body or bargaining council...". There has to be a concerted effort to remove all references to representation, and shifting the focus of nominees to understand that their duty lies with the SETA and not the constituency that nominated them.	S/T
Regulation 8: Accounting Authority	8(9): Term of office: It is recommended that this be amended to two terms of five years, thereby balancing continuity, retention of skilled AA members, but also ensuring that there is provision for new members over a reasonable period. Proper succession planning should be done to ensure the proper mix of skills and knowledge are retained. 8(10): Induction and capacity building: This is to be strictly enforced. The 'how' of induction, the contents of training and related activities can be specified in the Charter. 8(5)(c) states, "Each constituency represented on the Accounting Authority must be represented by persons who are sufficiently representative of designated groups". Once again, the definition of representation needs to be clarified, or alternatively and more correctly, changed to 'nominees' of constituencies or designated groups. 8(6)(a) states CEO must invite nominations. Recommend this is done by the Secretary. Similarly, for 8(6)(d), Secretary and not CEO to provide letters of appointment. 8(11)(d) states that if Chairperson, has not been appointed at first meeting of AA, then CEO must preside over the meeting. It is recommended that this should not be the case as it compromises the spirit of independence that should prevail. The AA should continue to elect the Chairperson until appointed.	S/T
Regulation 14: Chairperson of AA	Read in conjunction with 8(5)(a). Recommended that AA elect Chairperson subject to Minister's approval. Currently, only the Minister, may appoint the Chairperson. Note: Prior to the change to Regulation 14(2), the term of office of the Chairperson was limited to one of five years. It is now two terms of five years. [It was noted that one SETA's constitution, which was downloaded from its website, still has the term of office as per prior to the 2017 amendment to regulation 14(2). This raises the question as to how often constitutions are updated].	S/T
Regulations 9 to 14: Executive, Audit, Finance, Remuneration and Governance & Strategy.	Provision is made for establishment of Executive Committee, Audit Committee, Finance Committee, Remuneration Committee, Governance and Strategy Committee. As outlined above in Policy and Recommendation, the recommendation is not to increase the number of committees, but rather to consider the consolidation and rationalisation of the committees that have proliferated across the SETAs and consider the focus Executive (with clear Terms of Reference to ensure that it is not operationalising the AA's mandate into management's domain; Audit and Risk (with IT Governance), otherwise if ARC cannot dedicate sufficient time to IT Governance, then it should be a separate committee; Finance; Remuneration to include Human Resources and Nominations; Governance and Strategy to includes Social and Ethics.	S/T
Regulation 10	The clear recommendations of the study are that the Audit and Risk may be combined, the Chairperson of the ARC should be independent, the majority of ARC should be independent, some AA members should be members of ARC (to minimise information asymmetry AND give adequate coverage to risk issues, so that the AA itself is regularly informed). It is also a consideration that as the ARC Chair is independent, he or she could be tasked with providing feedback to the AA Chairperson on the latter's evaluation. {Normally the Chairperson evaluation feedback is given by the Lead Independent Non-Executive Director, but there is no provision for such an appointment in the AA, unless a Deputy Chairperson is appointed}. This then raises the question as to who provides feedback to the ARC Chairperson on his or her evaluation, but this could be delegated to the Chair of the Remuneration, Finance and Nominations Committee.	S/T
Core Business	Utilise the review of international practice and the value chain concept to review the relationship of the SETAs, DHET, NSA and related bodies. Achieve unity of board purpose and strive to achieve consensus as to mandate by all policy makers and implementors. Role clarification of Executive Authority and Accounting Authorities. Structure must then follow what the value creation model is, thereby setting the basis for the transformation of the 6 capitals to outcomes that meet the urgent and pressing needs of the country. A generic 6 Capitals business model for SETA <IR> process can be articulated, thereby providing a basis for integrated thinking to take root. Focus of being the Authority of and for the Sector and addressing the essence of the core business, thereby aiming to achieve Outcome 2 of King IV, namely good performance	M/T
Integrated reporting	Application of the <IR> framework. Reporting arrangements of the SETAs should be revised to make provision for reporting all six capitals. Integrated reporting within the triple context (Environmental, Social & Corporate Governance [ESG]) can assist in balancing the needs, interests and expectations of stakeholders. Feasibility of a centralised shared services platform for all SETAs to enable performance monitoring and evaluation should be investigated	M/T L/T
Duties and Responsibilities	Update the SETA Governance Charter to bring into line with King IV (currently refers to King II and King III), particularly S2: Characteristics of Good Governance [DTIARFS] to ICRAFT and S11. Other changes (for example) S3: Composition will follow from changes to SDA and Standard Constitution. Elevate fiduciary obligation, currently disclosed in Code of Conduct (specifically 8.1.2) to its own standalone section. Update Standard Compliance Checklist from Yes/No to Apply/Explain and incorporate where missing, key PFMA compliance, for example s55(1)(b). Reorder for a logical flow and align to AGSA framework of Financial Reporting, Compliance with Legislation, and Internal Control, broken down by Leadership, Financial & Performance Management (Proper record keeping, Daily and Monthly Controls, Review & Monitor Compliance) and Governance (specifically Risk Management)	S/T

(Table 79: cont) Measuring Good Governance		Time frame
Independence	Address identified priorities of having more industry expertise; specific training in ethics; a robust nominations process and better training of AA members	M/T
Code of Conduct	As highlighted earlier, fiduciary obligation lost in this section of the SETA governance Charter. Update Code of Conduct provisions to be in line with King IV and consider a complementary Code of Ethics. Consequence management to be better articulated and processes for follow-up reviewed and improved.	M/T
Risk Management & Audits	Get to root cause of what is preventing a predominance of Clean Audits. Pay particular attention to PFMA: s44, S51(1)(b)(ii), S51(1)(e)(iii), s53(4), s55(1)(a), s55(1)(b); SCM: Note 3 of 16/17; Treasury Regulations: TR8.1, TR8.2, TR16A6.1, TR16A6.3(c), TR16A6.4, TR16A8.4, TR16A9.1, paying particular attention to S55(1)(b) of PFMA. Assurance address 1 st level lines of defence issues as highlighted by AGSA. Give greater prominence to IT governance. Address root cause of deficiencies especially in relation to Programmes 3: Learning Programmes and Projects.	S/T and M/T
Operationalising Good Governance		Time frame
Appointment of Chairperson	As the appointment requires change to the current standard constitution, this aspect was dealt with above. This focus is therefore on ensuring a proper evaluation of the Chairperson is undertaken.	S/T
Meetings and Proceedings of AA	Delegation of Authority should be expanded to cover all levels of the SETA and cascaded down to all levels of the organisation. Internal Audit should examine the effectiveness of the delegation policy and its implementation	S/T and M/T
Delegation of Authority & Remuneration	Should be expanded to cover all levels of the SETA and cascaded down to all levels of the organisation. Internal Audit should examine the effectiveness of the delegation policy and its implementation. Remuneration policy should be published as part of HR policies and procedures manual, to guide the whole SETA. Internal communication and training should take place to guide employees in the use of remuneration policy	M/T S/T
Good governance	Development of a board evaluation framework, benchmarking and mandatory external evaluations is undertaken.	S/T, M/T and L/T
Other Matters	Terminate practice of improper reporting of qualifications by AA members and confirm qualifications of Executives to be reported in AR. Professional bodies need to be properly identified. Reporting of briefings to Portfolio Committee to be included in AR.	Immediate

Research Recommendations

Several delimitations of the research were set out in the scoping of the research project. Furthermore, several limitations arose in carrying out the research. Specifically:

- An in-depth investigation of only three of the 21 SETAs was conducted.
- The survey was only sent to board members of the accounting authority, and not to members of the executive of the SETAs.
- The survey questionnaire took long to complete, and a response rate of approximately 15% for the survey questionnaire limited the generalisability of the results. Furthermore, the small sample size restricted the statistical analysis that was feasible. Consequently, few subgroup analyses could be conducted, and no inferential statistics were utilised.
- Only one key informant made himself available for an interview.
- The research was conducted during the period of the Covid-19 pandemic lockdown, which may have adversely affected the gathering of data, and also meant that the validation workshop had to be conducted over a shorter period of time than initially hoped for, and in an online format.

Arising from these delimitations and limitations, the following recommendations are made:

- Further in-depth investigations of the other 18 SETAs could be conducted.
- A shorter and modified form of the survey could be prepared to solicit the views of executive members of the SETAs.
- While the survey data was drawn from a limited sample size, corroboration with other data sources suggests that the survey results provide a reasonable reflection of the state of governance in the SETAs as a whole. These results therefore provide a good baseline for further research. In the future, further surveys of a shorter length could be extracted from the original survey, and conducted on a more regular basis.

Based upon the more significant findings of this research, the following research recommendations are made:

- Most of the SETAs made little reference to the current version of the King code. In future, the constitutions, governance charters and policy documents of the SETAs could be analysed to ensure that they are compliant with the most current set of principles and guidelines on governance. In particular, compliance with integrated reporting requirements should be assessed.
- SETAs that are too large, become unwieldy and inefficient. The optimal size of a SETA needs to be established. A benchmarking exercise of the size of similar institutions internationally, could be of value.
- It was recognised that the SETAs would benefit from a centralised shared services platform. Further research is needed to establish the nature of the shared services and the IT support underpinning them.
- Given the importance of induction and other training, a needs analysis should be conducted to establish the level of knowledge of AA members and SETA employees.

APPENDICES

Appendix A: Questionnaire

SETA Governance

Rhodes Business School (an academic school at Rhodes University) has been commissioned by the National Skills Authority and the BANKSETA, under the auspices of the Department of Higher Education and Training, to undertake an evaluation of SETA Governance.

We are approaching you as a past Accounting Authority (AA) member and/or a member of one of the AA Standing Committees who has valuable knowledge of the governance dynamics of the SETA you were engaged in.

The periods covered are Accounting Authority terms of office spanning 2017/18, 2018/19 and 2019/20.

Your participation is voluntary.

Our project Terms of Reference require us to investigate a wide ranging set of questions related to the governance of SETAs. This means that this is an in-depth survey and therefore is, necessarily, not a short questionnaire. It has been pilot tested and takes about an hour to complete.

Given your past association with SETA governance, you are uniquely positioned to give a frank assessment, thereby enabling us to provide valid recommendations based on empirical research that will lead to better governance of SETAs.

You are requested to complete it in one sitting. The form does save in the background, so as long as you have internet connectivity, all should proceed smoothly.

UNDERTAKINGS

- All responses will be aggregated for reporting purposes and done in such a way as to protect the identity of the individuals concerned.
- Although we have made entering your email address a requirement, we give you the assurance that your responses will be treated as confidential and no individual responses, that may identify you, will be shared with any party unless you give your explicit written consent. The reason why we request your email is so that we may contact you should we need that consent. It will also enable us to not send you repeat emails, and send you the final report when it is completed.
- The project has the necessary approval from the Rhodes University Ethics Committee.

The questionnaire comprises nine (9) sections.

Should you have any queries about this questionnaire, please do not hesitate to email the Lead Researcher, Professor Owen Skae at o.skae@ru.ac.za

We thank you for your contribution to this important study and confirm that the final report will be shared with you.

*Required

I. Email address *

Section 2: Voluntary Consent

2. I confirm that I am participating voluntarily in this study and I may withdraw at any time. I am aware of the purpose of this study and undertake to answer all questions as best as I can. I confirm that the Lead Researcher has informed me that my individual responses will not be communicated to any third party unless my identity is protected and all responses will be dealt with anonymously and aggregated.

Mark only one oval.

Yes

No

Section 3: Your background

3. Please indicate your gender:

Mark only one oval.

- Female
- Male

4. Your title

Mark only one oval.

- Adv
- Dr
- General
- Miss
- Mr
- Mrs
- Ms
- Mx
- Prof
- Rev
- Other

5. If other above, please specify
-

6. Please indicate your age category:

Mark only one oval.

- 20 to 30
- 31 to 40
- 41 to 45
- 46 to 50
- 51 to 55
- 56 to 60
- 61 to 65
- 66 to 70
- 71+

7. Please indicate your employment equity classification:

Tick all that apply.

- African
- Coloured
- Indian
- White
- Disability
- Other:

8. If Other, please type in

9. What is your highest level of whole qualification obtained (please note what you have obtained, not currently studying)

Mark only one oval.

- Grade 11 or lower
- Grade 12
- NQF5 (e.g. Certificate)
- NQF6 (e.g. Diploma)
- NQF7 (e.g. Degree or Advanced Diploma)
- NQF8 (e.g. Honours or Postgraduate Diploma)
- NQF9 (Masters)
- NQF10 (PhD)

10. South Africa has over 100 Professional Associations/Councils/Institutes/Societies (e.g. Actuarial Society, Electrical Contractors' Association, Engineering Council of South Africa, Institute for Public Finance Auditors). Please indicate if you have been or are a member of any such Professional Body

Mark only one oval.

- Yes
- No

11. If your answer above is Yes, please type in the name, otherwise indicate N/A

12. Please type in your Professional Designation/Status (e.g. Advocate of the High Court of South Africa, Chartered Accountant, Mechanical Engineer, Registered Educator), otherwise if not, type N/A

13. Are you (or have you been) a member of the Institute of Directors in South Africa

Mark only one oval.

- Yes
- No

14. If your answer above is Yes, are you a

Mark only one oval.

- Certified Director
- Chartered Director
- Neither

15. What is the main experience or knowledge background that you bring to the SETA (you may tick more than one)

Tick all that apply.

- Community-based Organisations Management
- Compliance
- Education
- Financial Management
- General Management
- Governance
- Human Resource Management
- Industry (specialist) experience relevant to the SETA
- Labour Relations
- Legal
- Monitoring and Evaluation
- NGO Sector Management
- Quality Assurance
- Project Management
- Public Relations
- Public Sector Management
- Research
- Risk Management
- Skills planning
- Strategy
- Training and Development
- Other

16. If Other above, please type in

Section 4: SETA Involvement

17. Please indicate which SETA you were associated with. (It is possible there might be more than one. Please answer from perspective of the one that you are PREDOMINANTLY involved with over the period 2017/18, 2018/19 and 2019/20).

Mark only one oval.

- AGRISETA
- BANKSETA
- CATHSSETA
- CETA
- CHIETA
- ETDP SETA
- EWSETA
- FASSET
- FOODBEV SETA
- FP&M SETA
- HWSETA
- INSETA
- LGSETA
- merSETA
- MICT SETA
- MQA
- PSETA
- SASSETA
- Services SETA
- TETA
- W&R SETA

18. In what capacity did you serve:

Mark only one oval.

- Chairperson of AA
- AA Member
- Independent member of Audit (and Risk) Committee
- Independent Member of a Board Committee
- Independent Member of a SETA Chamber

19. What date did your term of office start at the SETA:

Example: 7 January 2019

20. What date did your term of office end at the SETA

Example: 7 January 2019

21. If you did not serve your full term, can you briefly explain why

22. At the time of your first appointment to this SETA Accounting Authority (AA) or Committee, how would you rate your board / governance experience in ANY non-executive or independent capacity.

Mark only one oval.



23. What years of experience did you have in acting in that board / governance capacity, PRIOR to THIS SETA appointment

Mark only one oval.

- None
- 2 years or less
- 2 to 4 years
- 5 to 9 years
- to 15 years
- 15 years +

24. What experience had you gained in Chairing a board or a committee prior to THIS SETA appointment

Mark only one oval.

No experience Vast experience

25. How many other bodies/institutions/organisations had you served in a governance capacity up until THIS SETA Appointment

Mark only one oval.

- None 1 to 3
- 4 to 6
- 7 to 10
- 10+

26. Which constituency nominated/appointed you to this SETA

Mark only one oval.

- Community
- Employers
- Government
- Labour
- Minister
- Professional Body Special Interest Group
- The State (by virtue of my office)
- Other

27. Please type in the name of the organisation/person that nominated/appointed you:

28. When you first joined the SETA in a governance capacity, did you undergo a formal induction:

Mark only one oval.

- Yes
- No

29. If Yes, what duration was it?

Mark only one oval.

- Half a day or less
- One day
- Two days
- More than two days

30. If Yes, how valuable was it?

Mark only one oval.

Not at all Extremely

31. Please briefly explain the reason for your selected score

32. Which AA (Board) Committees did you serve on:

Tick all that apply.

- Audit Committee
- Audit and Risk Committee
- Core Business Committee
- Corporate Services
- ETQA Committee
- Executive Committee
- Finance Committee
- Finance & Grants Committee
- Finance, Human Resources & Remuneration Committee
- Finance & Operations Committee
- Finance, Projects and IT Governance
- Finance & Remuneration Committee
- Finance, Remuneration & Tender Committee Governance, Risk & Strategy Committee
- Governance & Strategy Committee
- Grants Committee
- Grants & Quality Assurance Committee
- Human Resources Committee
- Human Resources & Remuneration Committee
- ICT Governance Committee
- ICT Steering Committee
- Learning Programmes Committee
- Projects Committee
- Quality Assurance Committee
- Quality Assurance & Compliance Committee
- Remuneration Committee
- Remuneration & Stakeholder Committee
- Risk Management
- Skills Planning Committee
- Skills Research & Planning Committee
- Transformation Committee
- Other:

33. Number of Committees you chaired:

Mark only one oval.

- 0
- 1
- 2
- 3
- 3+

34. During your time as a member of this SETA AA or committee, how many OTHER bodies/institutions/organisations did you serve in a governance capacity at the same time (i.e. concurrently)

Mark only one oval.

- None 1 to 3
- 4 to 6
- 6+

35. In relation to remuneration for serving the SETA, which options best describes your situation

Mark only one oval.

- I am remunerated directly by the SETA
- My employer is paid for the time I spend serving on the SETA Board/Committees
- No remuneration is paid at all

Other: _____

36. If you chose No remuneration or Other above, please explain

37. To what extent do you feel that AA members deserve their remuneration, regardless of the amount paid

Mark only one oval.

- Every single member deserves what is earned
- A majority deserve what is earned
- A minority deserve what is earned

38. Assuming you are not remunerated by the SETA, how do you feel about this in relation to those that are remunerated

Mark only one oval.

- I have no problem with this as I am remunerated by my employer
- I have no problem with this as I am self-employed
- It is unfair that others are remunerated and I am not
- It would be fair if all AA members were equally committed
- This is not applicable to me

39. Assuming you are remunerated by the SETA, tick all of those that you feel are relevant

Tick all that apply.

- Some AA members care more about the remuneration than doing the work
- I think it is unfair that I am remunerated whereas other AA members are not
- Those AA members who are remunerated directly are more committed than those who are not directly remunerated
- This is not applicable to me as I am not remunerated by the SETA

40. To what extent do you consider the stipulated remuneration (i.e. as determined by Remuneration Committee and/or regulations) to be fair to AA members or not

Mark only one oval.

Extremely unfair Extremely fair

Section 5: SETA Dynamics

41. My view on SETAs is that (where 1 = Strongly Disagree and 7 = Strongly Agree)

Mark only one oval per row.

They are essential

The current structure
needs to change

There are internal
problems that need to
be resolved

The obligations
placed on them are
reasonable

42. Following on from previous question, please explain what critical changes you believe
need to be made to make SETAs more effective:

Section 6:
Sector
Education and
Training
Governance
Charter

This can be sourced from the link below should you need to refer to it:

<http://www.dhet.gov.za/Outcome/DHET%202016%20SETA%20Governance%20Charter.pdf> This section asks you to assess the situation of the SETA you are associated with against the SETA Governance Charter approved by the Minister of Higher Education and Training, Dr BE Nsimande on 31 March 2016.

43. Section 2 of the Charter is 'Characteristics of Good Corporate Governance'. To what extent do you believe the AA exhibited these characteristics, where 1 = Very Poor to 7 = Very Good:

Mark only one oval per row.

Discipline	<input type="radio"/>						
Transparency	<input type="radio"/>						
Independence	<input type="radio"/>						
Accountability	<input type="radio"/>						
Responsibility	<input type="radio"/>						
Fairness	<input type="radio"/>						
Social Responsibility	<input type="radio"/>						

44. Considering 'Independence' alone, the Charter states that this is the extent to which mechanisms have been put in place to minimise or avoid potential conflicts of interest that may exist. To what extent do you believe AA members displayed independence

Mark only one oval.

- Every single AA member
- A clear majority of AA members
- Most of the AA members
- A minority of the AA members
- None of the members

45. If independence was not at the level that it should be, why do you believe this was the case (tick all that apply, where 1 = Strongly Disagree and 7 = Strongly Agree)

Mark only one oval per row.

Nominated members believe they were there to represent their constituency

Board lacked sufficient diversity

Board members not adequately trained

Insufficient board evaluations were undertaken

High turnover of members

Chairperson not leading the board effectively

Inadequate separation between Board and Management

Political interference in the AA

Interference from 3rd parties, but not political

Some AA members feeling intimidated by other AA members

A dominant Chairperson of the Board

A dominant CEO

An adversarial relationship between Chairperson and CEO

**Conflict between Board
and Independent
Committee members**

Prolonged executive

management
vacancies

Prolonged AA
member vacancies

Other

46. If you indicated Other above, add in any factors you believe have been omitted from the above list that in your opinion have compromised Independence
-
-
-
-

47. Referring to the factors/characteristics identified in the prior two questions (i.e. the pre-populated list plus your own additions), type in and rank the THREE (3) most important
-
-
-
-

48. Section 3 of the Charter is 'Role of AA in Implementing the Charter'. During your term of office how would you assess its performance in having (where 1 = Strongly Disagree and 7 = Strongly Agree)

Mark only one oval per row.

Performed its function in
terms of

relevant Acts,
Regulations and

Common Law

Fulfilled its obligations as
specified in the SETA
constitution

Implemented the sector
skills plan

Liaised effectively

with National Skill's
Authority

Appointed employees
necessary for performance
of SETA function

49. Section 4 of the Charter is 'Composition of the AA'. What is your view on the following

Mark only one oval per row.

	Yes	No
The minister should continue to appoint the Chair after consultation with the National Skills Authority	<input type="radio"/>	<input type="radio"/>

The AA members should elect the Chair subject to approval by the Minister

The AA members should elect the Chair

<input type="radio"/>	<input type="radio"/>
-----------------------	-----------------------

50. If you have answered YES to any of the above, please can you briefly justify, otherwise if NO to all, what alternative would you propose

51. The current composition makes provision for SIX nominees from each of organised labour and employers respectively and TWO nominees from government department/professional body/bargaining council/community. What is your view on this

Mark only one oval.

- The current composition works very well and should be maintained
- By and large it works reasonably well, but some changes need to be made
- The balance of composition is problematic and requires significant change

52. To what extent do you believe the issues below are of such significance that they impact adversely on the functioning of the AA and hence need changes to be made, where 1 = No Significance (therefore no adverse impact) and 7 = High Significance (extremely adverse impact)

Mark only one oval per row.

The current

composition of the
AA lacks diversity

The current composition
fosters insufficient
knowledge of the
dynamics of Post–
School Education and
Training (P–SET)
imperatives

The current
composition promotes
constituencies
safeguarding interests

The current composition
results in insufficient
knowledge of
governance imperatives

The current composition
means
that the AA has too
many members and
should be reduced

The current composition
means
that the AA has too
few members and
should be increased

53. Explain or expand your views on any or all of the above

54. Regardless of the size (i.e. number of members) of the AA, where would you suggest a lesser or a greater proportion of nominees (currently is; 6 Labour: 6 Employer: 2 Professional/Community/Bargaining), where 1 = Lesser, 2 = Same, 3 = Greater

Mark only one oval per row.

	Not applicable			
Organised Labour	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organised Employer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Educationalists	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industry Experts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance Specialists	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Function specialists (e.g. IT, Finance)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional bodies (e.g. Accountants or Lawyers)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bargaining Councils	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relevant Government departments where not designated an 'Organised Employer'	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Training & development specialists	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Learning Institutions (e.g. TVET Colleges)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

55. If you ticked Other above, please explain

56. In your opinion, how many years should be the period of tenure for an AA member?

Mark only one oval.

- 3 years
- 5 years
- 7 years
- years
- As long as they continue to exercise independence, and they add value there should be no limit

57. How many terms of office should AA members be allowed to serve

Mark only one oval.

- One
- Two
- Three
- More than Three

58. Do you believe that the SETA ensures adequate succession planning of AA members?

Mark only one oval.

- Yes
- No

59. Please explain briefly

60. Notwithstanding the views you have expressed earlier, would you support the establishment of a Nominations Committee to nominate and recommend the appointment of AA members

Mark only one oval.

- Yes
- No

61. Section 5 of the Charter specifically outlines the 'Duties and Responsibilities of the AA'. To what extent do you believe the following were achieved, where 1 = Not at all and 7 = Very Much So

Mark only one oval per row.

	1	2	3	4	5	6	7
Governed in terms of applicable legislation	<input type="radio"/>						
Provided effective leadership in ensuring the goals of the National Skill's	<input type="radio"/>						
Development Strategy and Performance	<input type="radio"/>						
Agreement with the Minister have been implemented							
Provided strategic direction to the SETA							
Liaised with stakeholders							
Ensured compliance with statutory, regulatory and SETA constitution	<input type="radio"/>						
Governed institutional risk adequately	<input type="radio"/>						
Monitored performance of the	<input type="radio"/>						

62. Do you consider these duties and responsibilities to be comprehensive and all encompassing

Mark only one oval.

- Yes
- Mostly
- No

63. If you answered Mostly or No, any suggestions to add, amend or change.

64. Is there any key pieces of Legislation (maximum 3) that you could consider all AA members should have an adequate working knowledge of

65. Who would you list as the SETA's 5 most important Stakeholders (just list the 5, no need to rank in priority order)

66. Considering the Risk aspect alone, do you believe that the AA has proper oversight of the enterprise management framework

Mark only one oval.

	1	2	3	4	5	6	7	
Not at all	<input type="radio"/>	Completely						

67. If not at the standard that you believe it should be, what do you consider to be the main reasons, where 1 = No Problem at all and 7 = Very Problematic

Mark only one oval per row.

	1	2	3	4	5	6	7	N/A
--	---	---	---	---	---	---	---	-----

The SETA
has no
separate
Risk
Committee

<input type="radio"/>							
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

No AA
members are members off
the Audit and Risk
Committee

<input type="radio"/>							
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Internal Audit is
outsourced whereas it
should have its own
Internal Audit Capability

<input type="radio"/>							
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

AA doesn't fully
understand that
Management are the first
line of defense

<input type="radio"/>							
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Problem areas identified by
the External
Auditors are
not acted upon

<input type="radio"/>							
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

There is inadequate
consequence
management

<input type="radio"/>							
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

68. If there are other reasons, please can you list

69. Section 6 of the Charter is 'Meetings & Proceedings'. It requires that the AA meet at least once a quarter. Do you consider this requirement as specified in the Charter to be

Mark only one oval.

- Too few
- Right amount
- Too much

70. How efficient was the SETA in delivering board packs in time, preparing agendas, recording minutes and the like

Mark only one oval.



71. How do you rate your fellow AA members in preparing for the meeting, reading the board pack and asking the necessary questions

Mark only one oval.

- All very good
- The majority are very good
- Some are very good and others not
- A minority very good

72. How do you rate your own commitment

Mark only one oval.

Very poor Very good

73. Notwithstanding that the Charter requires a minimum of four AA meetings a year, in the case of the SETA that you were a member of, do you consider the number of AA meetings it actually held to be

Mark only one oval.

- Too few
- Right amount
- Too much

74. A SETA is required to hold an Annual General Meeting. Over the time period being reviewed (2017 to 2019), how many AGMs were held

Mark only one oval.

- 0
- 1
- 2
- 3

75. How many AGMs did you attend

Mark only one oval.

- 0
- 1
- 2
- 3

76. In your view was the AGM effective in

Mark only one oval per row.

	Yes	No	Don't know
Providing sufficient notice for relevant stakeholders to attend	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have an agenda that is fit for purpose	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Being well attended	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Presenting all financial information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tabling the annual report	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Providing sufficient feedback to stakeholders on matters raised at the AGM	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

77. Are there any matters that you feel could be introduced to make an AGM more effective

78. Do you believe that the AGM could be better utilised as a platform for stakeholder engagement

Mark only one oval.

- Yes
- No

79. Please explain

80. Section 7 of the Charter relates to 'Governance' and it requires that the AA annually review its effectiveness. As far as you can recall, was a Board evaluation undertaken

Mark only one oval.

- Never
- Once
- Twice
- Three times
- I am not sure

81. Was the evaluation ever undertaken via an independent party (such as the IoDSA)

Mark only one oval.

- Yes
- No
- Not sure

82. If so, by whom

83. If a review was ever undertaken but NOT by an independent party (i.e. done in-house), who undertook the review?

84. Please briefly explain if you believe this review was adequate (or not) and if so why

85. Did these evaluation/s cover all the committees and their respective Chairs

Mark only one oval.

- Yes all of them
- Some of them
- None of them
- Not sure

86. Was the Independent Chairperson of the AA ever subjected to a performance evaluation

Mark only one oval.

- Yes
- No
- Not sure

87. Was the CEO of the SETA ever subjected to a performance evaluation

Mark only one oval.

- Yes
- No
- Not sure

88. In your view, if evaluations were undertaken do you feel the recommendations were acted upon

Mark only one oval.

- Yes
- No
- Not sure
- No evaluations were undertaken

89. If you answered 'Yes' above, where were the most significant improvements made? If you answered 'No' above, what were the main obstacles

90. Considering Audit and Risk do you believe that Audit and Risk should be

Mark only one oval.

- Combined in one committee
- Separated i.e. have a Audit Committee and a Risk Committee

91. Assuming that the other AA committees are limited in number to FIVE, which do you consider to be the MOST important that should exist, where 1 = Least essential and 7 = Most essential

Mark only one oval per row.

I	2	3	4	5	6	7
Executive	<input type="radio"/>					
Finance Related	<input type="radio"/>					
Governance & Strategy	<input type="radio"/>					
HR	<input type="radio"/>					
IT Governance	<input checked="" type="radio"/>					
Learning, skills and training						
Nominations	<input type="radio"/>					
Operations	<input type="radio"/>					
Projects	<input type="radio"/>					
Remuneration	<input type="radio"/>					
Social & ethics	<input type="radio"/>					
Transformation	<input type="radio"/>					

92. Assuming you had some difficulty in limiting your selection to five committees, can you suggest what you consider some logical groupings to be for a MAXIMUM of three committees (please feel free to add names of other committees that you believe should be included that might have been omitted)
-
-
-
-

93. Section 8 of the Charter is Code of Conduct. To what extent do you believe the AA members collectively, where 1 = Very poorly and 7 = Beyond reproach

Mark only one oval per row.

1	2	3	4	5	6	7
<input type="radio"/>						
<hr/>						
<input type="radio"/>						
<hr/>						
<hr/>						
<input type="radio"/>						

94. I believe that there is adequate Consequence Management policies and procedures for breaches of the Code

Mark only one oval.

1	2	3	4	5	6	7
<input type="radio"/>						
<hr/>						
<hr/>						
<hr/>						

95. Where there have been breaches, I believe that these have been properly dealt with

Mark only one oval.

1	2	3	4	5	6	7
<input type="radio"/>						
<hr/>						
<hr/>						

96. If you are of the view that there are inadequacies, please briefly explain

97. Section 9 of the Charter is 'Obligations and disclosure of information'. When conflicts of interests arose, to what extent do you believe individual members who were conflicted actually declared it and recused themselves from participating in the decision-making process

Mark only one oval.

- All conflicts were declared all of the time when required
- Conflicts were declared most of the time, but there was no pattern from those who did not
- Most members declared and there was a consistent pattern from the minority who did not
- I was aware of significant conflicts of interest that were never declared

98. A register of declarations was kept and updated

Mark only one oval.

- All the time
- Most of the time
- Now and again
- Rarely
- Not at all

99. Section 10 of the Charter is Risk Management. To what extent do you consider, where
1 = Not at all, 7 = Completely

Mark only one oval per row.

1	2	3	4	5	6	7
---	---	---	---	---	---	---

The Risk Management

Policy and Framework
to be fit for purpose

<input type="radio"/>						
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Executive management
fully

understand their
obligation as the first

<input type="radio"/>						
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

line of defense

The AA has applied its
mind to the

necessary approvals
pertaining to risk

<input type="radio"/>						
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

tolerance

Internal Audit has provided
independent assurance
on the risk management
process

<input type="radio"/>						
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

The AA fully understands
the Executive's role as the
first line of defense

<input type="radio"/>						
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

100. Section 11 of the Charter is concerned with SETA Audits. In period under review, was
the Internal Audit

Mark only one oval.

- Always outsourced
- Always in-house
- Was outsourced, now in-house
- Was in-house, now outsourced
- Not sure

101. Please use the following scale, where 1 = Not at all and 7 = Completely

Mark only one oval per row.

I02. Notwithstanding the situation at the SETA you are associated with, what is your opinion on the following statements about Audit Committees (where No = Do not support, Yes = Support)

Mark only one oval per row.

	No	Ambivalent	Yes
It is acceptable that Audit and Risk be combined into one committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
All Audit Committee members should be independent (i.e. not members of the AA)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There should be some AA members who are also members off the Audit Committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Audit Committee Chair must also be a member of the AA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I03. Over the time that you served on the AA, what was the External Audit Outcome for each year in relation to audit of financial statements

Mark only one oval per row.

	Disclaimer	Adverse	Qualified	Financially unqualified	Clean	Not sure
2018/19	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2017/18	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2016/17	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I04. In your view has the situation

Mark only one oval.

- Improved
- Stayed the same
- Been variable
- Worsened

105. Whatever your choice in the previous question, what factors do you put that down to

106. Over the time that you served on the AA, what was the outcome of the External Audit report on PREDETERMINED OBJECTIVES (if not sure, then please type in Unsure in the next answer box)

Mark only one oval.

1 2 3 4 5 6 7

Significant deterioration Significant Improvement

107. Please explain your answer

108. In your view, is the Auditor-General SA (AGSA) adequately resourced to undertake the audit of pre-determined objectives

Mark only one oval.

1 2 3 4 5 6 7

Totally under-resourced Fully-resourced

I09. What improvements would you suggest, assuming that the AGSA is not resourced

I10. Over the time that you served on the AA, what was the External Audit of COMPLIANCE WITH LEGISLATION (if not sure, then please type in Unsure in the next answer box)

Mark only one oval.

1 2 3 4 5 6 7

Significant deterioration

Significant improvement

I11. Please explain your answer

I12. Section13 is Board Secretary. Is the Secretary/Secretariat function

Mark only one oval.

- Always outsourced
- Always in-house
- Was outsourced, now in-house
- Was in-house, now outsourced
- Not sure

- I 13. In your opinion, the Secretary/Secretariat is consistently excellent in, where 1 = Not at all and 7 = Absolutely

Mark only one oval per row.

	1	2	3	4	5	6	7
Circulating agendas, board packs	<input type="radio"/>						
Reminding AA and Committee members of the obligations	<input type="radio"/>						
Taking minutes that are correct	<input type="radio"/>						
Keeping up to date with legislation, governance requirements and the like	<input type="radio"/>						

Acting

independently as
required

Section 7: King IV Code on Corporate Governance

- I 14. In your opinion, has the AA fully embraced the principles and practices of the King IV Code on an 'apply and explain' basis, where proportionality considerations make it possible to do so

Mark only one oval.

	1	2	3	4	5	6	7
Not at all	<input type="radio"/>						
							Completely

I 15. King IV emphasises integrated thinking as a board imperative. [Note: The Integrated Reporting <IR> Framework (2013), defines Integrated thinking as "the active consideration by an organisation of the relationships between its various operating and functional units and the capitals that the organisation uses or affects". The capitals are Financial, Human, Intellectual, Manufactured, Natural and Social]. With that in mind, to what extent has integrated thinking permeated the AA

Mark only one oval.

- Not at all
- It is early days, but it is happening
- It is relatively advanced, but there is still a way to go
- It is far advanced, but we haven't quite got there yet
- It is very advanced and well embedded

I 16. King IV emphasises the creation of value through the transformation of 6 capitals. Where do you believe the SETA has progressed on these, where 1 = No Progress and 7 = Much Progress

Mark only one oval per row.

	1	2	3	4	5	6	7
Financial capital	<input type="radio"/>						
Intellectual Capital	<input type="radio"/>						
Human Capital	<input type="radio"/>						
Manufactured Capital							
Natural Capital	<input type="radio"/>						
Social Capital	<input checked="" type="radio"/>						

- I17. King IV holds that good governance achieves four outcomes, namely an Ethical Culture, Good Performance, Effective Control and Legitimacy. At the end of your term of office, how would you rate the SETA's achievement of these:

Mark only one oval per row.

	Very Low	Low	Average	High	Very High
Ethical Culture	<input type="radio"/>				
Performance	<input type="radio"/>				
Control	<input type="radio"/>				
Legitimacy	<input type="radio"/>				

- I18. Since you joined the SETA governance structure, do you see any changes to these:

Mark only one oval per row.

	Progressively Worse	Worse	Stayed the same	Improved	Significant improvement
Ethical Culture	<input type="radio"/>				
Good performance		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Effective Control					
Legitimacy	<input type="radio"/>				
			<input type="radio"/>		

Section 8: Understanding unique governance characteristics that pertain to the SETA AA you were associated with

- I19. In your opinion, did the meetings that you attended give MORE attention to the core business of the SETA, OR to the interests of its stakeholders?

Mark only one oval.

Core business	<input type="radio"/>	Stakeholder Interests					
---------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

- I20. The members of the Accounting Authority (Board) had a clear and unanimous view of the strategy of the SETA, and of their oversight role in ensuring that the SETA met its strategic objectives

Mark only one oval.

Strongly disagree Strongly agree

- I21. In general, the members of the AA were knowledgeable about their oversight responsibilities in relation to the legislative and regulatory requirements placed on the SETA

Mark only one oval.

Strongly disagree Strongly agree

- I22. In general, the members of the AA were knowledgeable about their oversight responsibilities in relation to the finances of the SETA

Mark only one oval.

Strongly disagree Strongly agree

- I23. Members of the AA were capable of providing the necessary oversight to ensure that the SETA fulfils its mandate as required by the Executive Authority

Mark only one oval.

Strongly disagree Strongly agree

- I24. Being able to fulfil its functions in accordance with the Skills Development Act, the Skills Development Levy Act, the PFMA, the Standard Constitution of SETA regulations and other legislative, regulatory and/or compliance requirements was quite straightforward for our SETA

Mark only one oval.

Strongly disagree Strongly agree

- I25. I always found that the Executive Authority (EA) exercised its powers and responsibilities fairly to ensure that the SETA's mandate was achieved

Mark only one oval.

Strongly disagree

Strongly agree

126. The respective roles of the Executive Authority (EA) and the Accounting Authority (AA) in relation to each other is well understood by both bodies

Mark only one oval.

Strongly disagree

Strongly agree

127. The concluding of the Service Level Agreement (SLA) and Strategic Plan of the SETA for each financial year was always an effective process

Mark only one oval.

Strongly disagree

Strongly agree

128. The Department of Higher Education and Training (DHET), the National Skills Authority (NSA), National Treasury and the Auditor General (AGSA) were all unanimous in saying that our SETA can be applauded for a job well done

Mark only one oval.

Strongly disagree

Strongly agree

129. The liaison with the National Skills Authority (NSA) was always constructive and worthwhile

Mark only one oval.

Strongly disagree

Strongly agree

130. The stakeholder constituency that nominated/appointed me, would applaud the SETA for a job well done

Mark only one oval.

Strongly disagree

Strongly agree

131. There were a number of different structures which had a say in important decisions when it came to the running of the SETA that I was involved in

Mark only one oval.

Strongly disagree

Strongly agree

132. The agendas of the various committees that I was a member of had

many common items on the agenda

Mark only one oval.

Strongly disagree

Strongly agree

I33. Our AA was very diverse in its composition

Mark only one oval.

Strongly disagree

Strongly agree

I34. The members of our AA trusted one another

Mark only one oval.

Strongly disagree

Strongly agree

I35. Board members who were nominated from a particular stakeholder group, were there to represent their constituency

Mark only one oval.

Strongly disagree

Strongly agree

I36. In informal settings, members of the board/committees mixed freely with anyone, or only consistently spoke to a few people?

Mark only one oval.

Mixed freely

Spoke in small groups

I37. If there was a lot of disagreement or mistrust among members, the matter was often referred to a committee or sub-committee to deal with

Mark only one oval.

Strongly disagree

Strongly agree

I38. The board developed its own rules and ways of organising in order to build trust amongst its members

Mark only one oval.

Strongly disagree

Strongly agree

I39. There were high levels of trust between the members of the board

Mark only one oval.

Strongly disagree Strongly agree

140. There were many rules that were put in place to control the behaviour of members

Mark only one oval.

Strongly disagree Strongly agree

141. Board responsibilities were generally well balanced and spread amongst its members

Mark only one oval.

Strongly disagree Strongly agree

142. It was not always clear who was accountable for making a particular decision or taking a particular action

Mark only one oval.

Strongly disagree Strongly agree

143. A lot of time at meetings was spent discussing why something had not been done

Mark only one oval.

Strongly disagree Strongly agree

144. Many agenda items were carried over to the next meeting because no action been taken on them

Mark only one oval.

Strongly disagree Strongly agree

145. Linking the term of the CEO to the term of the AA, achieves its purpose in effective executive leadership of the SETA

Mark only one oval.

Strongly disagree Strongly agree

146. The current practice of the AA recommending three suitable candidates for appointment as CEO to the Minister works very

well

Mark only one oval.

Strongly disagree

Strongly agree

147. The provisions for holding the CEO to account are valid and enforceable by the AA

Mark only one oval.

Strongly disagree

Strongly agree

148. The CEO of our SETA was very powerful and dominated the meeting when present

Mark only one oval.

Strongly disagree

Strongly agree

149. It was very difficult for the members of the AA to monitor the activities of the CEO and hold them to account

Mark only one oval.

Strongly disagree

Strongly agree

150. Power within the AA was widely distributed

Mark only one oval.

Strongly disagree

Strongly agree

151. The more participation we had in our AA's deliberations, the better decisions we made

Mark only one oval.

Strongly disagree

Strongly agree

152. There were only a few people who had real influence in the committees we had

Mark only one oval.

Strongly disagree

Strongly agree

153. Members of our AA competed a lot with one another

Mark only one oval.

Strongly disagree

Strongly agree

154. The various committees attached to our SETA board interacted a lot with one another and were very cooperative

Mark only one oval.

Strongly disagree

Strongly agree

155. We usually experienced a lot of conflict in our AA and committee meetings

Mark only one oval.

Strongly disagree

Strongly agree

156. There was a lot of conflict between different committees

Mark only one oval.

Strongly disagree

Strongly agree

157. As a board, we experienced a lot of conflict in past

Mark only one oval.

Strongly disagree

Strongly agree

158. AA members were allowed to express differences of opinion

Mark only one oval.

Strongly disagree

Strongly agree

159. Because of our many differences of opinion and diverse views, our AA experienced a lot of conflict

Mark only one oval.

Strongly disagree

Strongly agree

160. The provisions for holding the AA members to account are valid and enforceable by the AA

Mark only one oval.

Strongly disagree

Strongly agree

161. Chairs of committees had to communicate a lot with committee members between, or outside of our meetings

Mark only one oval.

Strongly disagree

Strongly disagree

162. Chairs of committees had to communicate a lot with Chairs of other committee between, or outside of our meetings

Mark only one oval.

Strongly disagree

Strongly agree

163. It was difficult for the Chair of our AA to run the meetings because of the number of people in attendance

Mark only one oval.

Strongly disagree

Strongly agree

164. It was difficult for the Chair of our AA to run the meetings because of the diversity of the membership

Mark only one oval.

Strongly disagree

Strongly agree

165. Given the various committee meetings that you have attended, would you say that different committees made decisions using the same criteria or different criteria?

Mark only one oval.

Same criteria

Different criteria

166. As a board we found it very difficult to achieve consensus in our decision making

Mark only one oval.

Strongly disagree

Strongly agree

167. Decisions of the committees of which I was a member was often delayed because of the need to interact with other structures

Mark only one oval.

Strongly disagree

Strongly agree

168. Whenever the SETA does not achieve its budget targets, these are generally due to factors beyond its control

Mark only one oval.

Strongly disagree

Strongly agree

169. The measurement of SETA performance should be more qualitative and less quantitative in nature

Mark only one oval.

Strongly disagree

Strongly agree

Section 9: Conclusion

170. If there is a matter of MAJOR significance that you believe has not been covered and should be drawn to the attention of the researchers, please type in

171. Thank you for your time, it is greatly appreciated. Should you be willing to participate in a follow up telephonic interview, please indicate below. We promise that it will be no longer than 30minutes.

Mark only one oval.

Yes

No

172. Should you wish to receive an email copy of the final report, please indicate

Mark only one oval.

Yes

No

Appendix B: Thematic Analysis

Value of Induction

SUMMARY TABLE

VALUABLE	NEUTRAL	NOT VALUABLE
Gave insight into SETA context	Repetition of content	Poorly presented
Gave insight into the workings, structure, policies and strategy of the Seta	Already Experienced	Governance was weak
Understanding my Roles and Responsibilities	Uncertainty about living up to expectations	
Introduced me to other members		
Well presented		
Addressed my needs		
Good leadership in place		

VALUABLE as it gave insight into:

SETA context

- As a previous [Redacted]Executive in the public sector I was familiar with governance issues, what was new was the SETA environment.
- It was useful from understanding the SETA landscape
- It gave a good overview of the SETA and Roles and Responsibilities within the Organisation
- It was informative and it involves strategic stakeholders
- I was exposed to Government Processes and DHET structures

Workings, structure, policies and strategy of the SETA

- Good insight into the workings, structure, policies and strategy of the Seta
- The induction gave insight on the SETA environment in general as well as the [Redacted]SETA environment, the challenges expected, gains achieved as well as expectations on us as Board Members
- The focus was more about the SETA - the mandate, structure, functions. Individuals had to read on their own the Constitution and Committee Charters.
- I gained a lot of experience and more knowledge of the SETA
- It is important to gain an understanding of the SETA specific process and practices. Also, to get to know the other AA members.
- It covered all the important areas of applicable policy, role of AA, role and expectations of shareholder and corporate governance principles
- A lot of policy issues and mandates were unpacked and the implications of our decisions as an AA member.

Understanding my Roles and Responsibilities

- It gave a good overview of the SETA and Roles and Responsibilities within the Organisation
- Staff members were well prepared and presentations well presented
- Understanding Directorship, Governance, Strategy, Fiduciary duties, PFMA etc extremely important in steering a competent organisation
- A handover report from the previous AA was shared with members, together with the institutional rules and regulations that the AA should adhere to
- Provided understanding of the SETA, legislative framework governing it, board members and roles. Insights into previous challenges and key performance indicators plus operational overview of the seta.
- It laid a foundation for me to understand my role and the business of [Redacted]SETA
- I had no prior experience so this helped me understand King IV
- The Induction Session gave us the insights of the SETA sector and assist us in preparing to discharge our Oversight role as AA. Induction sessions are very important in every environment though such sessions maybe conducted differently; but the purpose is invaluable.
- It prepared me for the task one was expected to execute, looking at the organisation's strategic focus, parts of King IV and the functions of the various committees of the SETA
- The former Administrator had well a prepared handover report which clearly outlined achievements and made clear recommendations on outstanding matters. The CEO presented the SETA landscape and all legislative framework to assist AA members to understand the SETAs
- It set the charters, and policy very clearly for understanding and understanding of SETA mandate.

Introduced me to other members

- It is important to gain an understanding of the SETA specific process and practices. Also, to get to know the other AA members.

Well presented

- Staff members were well prepared and presentations well presented
- All the Executive Managers inducted us on their programmes including training in King IV report on Good governance
- I learnt more about accountability, risk and differentiation from becoming as I am management team of the SETA
- It was over a period of about 3 days and on-going. Experienced and knowledgeable presenters were sourced

Addressed my needs

- Since I was new, I got everything I needed and more from the induction
- I have been involved with the SETA AA since it was originally formed in 2000
- It was informative

Good leadership in place

- Brilliant leadership by the then Chair, Mr [Redacted]

NOT VALUABLE as it was:

Poorly presented

- I was just handed a file
- Too much information too quickly with not enough explanation
- The time frame was too short, because we had to deal with lot of information

Governance was weak

- [Redacted]SETA did not have a strong board, board leadership was weak and executive management had strong control over the Board
- Seta was not having management or competent secretariat at the time

NEUTRAL

Repetition of content

- Repetition of material

Already Experienced

- Had already been involved with the [Redacted] SETA since [Redacted] in variety of its structures
- Had much of the knowledge from prior inductions
- Prior to joining the SETA in a governance capacity, I had already gained an in-depth knowledge of the SETA's in my role as an external auditor as I was responsible for the then Higher Education and Training portfolio for 5 years

Uncertainty about living up to expectations

- An unfamiliar environment and the people with whom one would serve created an uncertainty of the expectations and whether one would be able to live up to the expectation.
- Not much was discussed that I didn't know



How to make SETAs more effective

SUMMARY TABLE OF CRITICAL ISSUES

STRUCTURE AND PROCESSES	BOARD MEMBERSHIP	RESEARCH	PROMOTION & ENGAGEMENT	FOCUS OF ACTIVITY
Reconfigure SETAs	Revise HR processes	Build research capacity	Stakeholder engagement	Promote employment and self-employment
Streamline value chain	Increase Independence	Revise M&E	Promote increased visibility	Emphasize compliance
Standardise processes and Use Technology	Increase transparency and accountability			
Abolish and replace with a tax incentive scheme	Review role of labour representatives			
Faster decision making				

STRUCTURE AND PROCESSES

Reconfigure SETAs

- Total reconfiguration of all Setas's is necessary especially looking at the fact that some of them are not performing well
- Reduce the number of Sets.
- Become an authority rather than levy distribution agency
- Avoid duplication of mandate, more collaboration of SETAS, funding to align to the responsibilities given, levy payers to be categorised better so that there is fair distribution of levies received
- Shared service model across SETAs regarding some portfolios is imperative and joint negotiating power on some systems should be managed.
- More integration of systems, more advocacy of training and development at a national employer and employee level, functional structure of SETAs should be reviewed, administrative allocation should be increased, integration of IT systems amongst SETAs should be considered (at least at cognate similar cluster level).



Streamline value chain

- Value chain of the SETAs should be streamlined. They should work together and not compete against each other.
- SETA's currently operate in silos and don't keep in the mind the bigger picture of skills development. There is no synergy amongst the SETAs both for both administrative and core functions. It's each SETA for themselves and this attitude translates to the employees as employees also do not always understand the importance of the SETA and their role
- Some functions could benefit from being centralised, e.g. supply chain, IT. Rotation of committee members during the term of an AA could provide additional exposure as well as well as combat any complacency which would have developed
- Some commonality is required across SETAs. Cross seta skills e.g. marketing is often neglected
- SETAs need to operate as streamlined and service-based entities

Standardise processes and Use Technology

- Streamline shared services e.g. IT PLATFORMS, Exploit the use of technology.
- Use of digital platforms to enhance efficiency and effectiveness.
- Standardisation of common processes across the board. Digitisation across the board.
- Alignment of financial year to targets 2) The 10% levy operations prescription (hindrance to other important seta aspects e.g. (current emergency digitization) 3) Payment principles as set by PFMA of 30 days vs 3 months

Abolish and replace with a tax incentive scheme

- At extreme, they need to be abolished and employers need to be incentivised to provide appropriate training by granting tax relief for training expenditure. The responsibility of training 'unemployed youth or hawkers', etc is a complete waste of time. There is corruption upon corruption in this area with no beneficial results whatsoever.

Faster decision making

- Faster decision making to support business and the pace business changes

BOARD MEMBERSHIP

Revise HR processes

- The selection and recommendation of AA members to the Minister via DHET SETA Support Branch are conducted by CEOs and Board Secretaries in a SETA. This is a disaster, as the CEOs are choosing their "Bosses" and tend to manipulate this process based on their interests. Once the AA members are appointed, the AA Committee members are again selected and recommended to the Chairperson of the AA by the CEOs and Board Secretaries in a SETA. Then the Chairperson circulate list of Committees with members to the rest of AA members for approval. AA members are not appraised about the process (criteria) for selection of Committee Members, and they don't raise questions, they just approve. It's worse when the AA members are new and still studying the environment. Again, this is problematic, cause the CEOs manipulate this process by selecting AA members that they think they can manipulate to critical Committees like EXCO and to chair Committees. Any member that seems to be vocal about poor performance of Executives, is likely not to make it to AA (not selected for next term in those 5 or 6 members that needs to be retained or chairpersonship of a Committee).
- The current Board composition method, affects effectiveness negatively due to two reasons, 1. Lack of academic qualifications results in inexperienced board members appointed, little value is added and sometimes frustrates executives and other board member. 2. the way the remuneration for board is structured, does little to attract critical skills required to assist in



boards i.e. likes of professors and highly qualified people majority do not join as board members.

- There must be a bargaining council for SETAs to manage salary increase matters as they tend to derail the focus of a SETA during months of salary negotiations, as they can drag if there is no agreement between SETA and Labour (Trade Union).
- There must be a common HRM policy and framework and IT systems for SETAs.
- Most committee chairpersons come from the same constituency as the chairperson. Let's use a more objective criterion.
- Leadership to Chair/CEO/CFO etc needs to be evaluated more often
- It needs to accommodate even external people beside those that are recommended by internal stakeholders and the issue of continuity and succession must be accommodated to ensure that quality is not lost.

Increase Independence

- Less dependence on/exerted control from EA
- The composition of the Board needs be re-looked at. The current composition does not allow for an independent, capable and professional board.
- In the [Redacted]SETA, my experience is that there were interpersonal conflicts among Executive managers. The other Executive managers were having more influence on the CEO to score points on favouritism and this caused other projects to delay. Executive managers were providing conflicting reports. We later realized that there were interpersonal relationships challenges that affected the progress work of the [Redacted]SETA. Fortunately, these challenges were identified and resolved by the Board by assigning the CEO to unify her Executive managers.
- Current legislative and political environment around SETA, inhibits innovation and creativity
- DHEC SETA Support Branch needs to improve on its capacity and support for SETAs, and must display professionalism as they tend to pushing the agenda of CEOs and not do comprehensive support for SETAs.
- DHEC being over prescriptive and disruptive in appointing incompetent boards
- Most SETAs are controlled by Executive Management and AAs are rubber-stamps. Board members who are independent thinkers and ethical in fulfilling their governance mandate are targeted by the CEO and not recommended for re-appointment. In [Redacted]SETA, all independent thinking Board members (almost all non-African) were removed at the first opportunity at the CEO's behest. The key change is to remove selection of the Board from Executive Management influence, and to use competence and not political party affiliation as the only criterion for appointment.
- Boards need independence to prioritize and set the strategic direction and targets, of which at the moment the EA is setting the targets that are just about chasing numbers, i.e. number of learners trained on this and that and in most cases this is incongruent with the sector relevant needs
- The SETAs need some autonomy in the running of their affairs and disbursement of the allocation. They also need to have the authority to deal with the defaulting employers in terms of the skills levy.
- The SETAs need some autonomy in the running of their affairs and disbursement of the allocation. They also need to have the authority to deal with the defaulting employers in terms of the skills levy.

Increase transparency and accountability

- More accountability. Direct linkage with registered employers, employer & employee groups



- Financial transparency, Clear and Transparent appointment of Service Providers, proper and thorough vetting of SP's and their consanguinity with staff.
- More focused management and selfless accounting authorities
- I am satisfied with the work of the SETAs, especially with my experience having been on the AA. There are challenges that all SETAs will be confronted with, of which some are environmental, others are structural and others are man-made. The man-made challenges like Conflict of Interest which sometimes lead to corrupt and unethical activities are the ones that need to be rooted out at all costs as such are robbing SETAs resources that would have normally covered few extra learners for programmes.
- The Board must fully support the SETA purpose

Review role of labour representatives

- Labour representatives tend to not apply much themselves in the work of AA, living more burden to the employer representatives. This has impact on time it takes for resolutions to be taken and implemented by the Executives.
- Board composition needs to be looked at. Most labour reps are useless
- To have one standard constitution and bargaining unit with unions

RESEARCH

Build research capacity

- Allocate a reasonable amount to producing the best and latest stats to direct industry with relevant information. The programmes equip the nation with past experience and knowledge. We need to plan for innovation in each industry, have records of global trends and train, teach and expose high school and higher institution students and employees to these trends.
- Build cohorts and longitudinal studies to assess impact and to expand
- Demands for training need to be driven by future skill requirement research and employers need to be a critical part of curriculum development so that when employees go off work for training purposes they return with enhanced skills resulting in economic growth for the country.

Revise M&E

- The current focus on quantitative targets at the expense of qualitative targets is not helpful as this becomes a numbers game without any focus on impact that SETAs were established to make

PROMOTION & ENGAGEMENT

Stakeholder engagement

- More interaction with the stakeholders.
- The industry-SETA relationship needs to be developed.
- The SETAs need to be closer to the beneficiaries they serve through Regional offices
- It needs to accommodate even external people beside those that are recommended by internal stakeholders and the issue of continuity and succession must be accommodated to ensure that quality is not lost.

Promote increased visibility

- More publicity & funding from government and business; 2. More visibility and footprint especially in rural areas



- A critical change through my observation is embark on creative ways to REACH learners beyond cities such as township and rural areas. This requires effective and equally efficient way to achieve this approach; and become all-inclusive to learners in disadvantaged localities to be reached.

FOCUS OF ACTIVITY

Promote employment and self-employment

- Also train on self-employment - not only for looking for employment.
- "Employers Organisations and formations must be formalised and make credible commitments to employability after benefitting from skills development funding
- Ensure that training is fit for purpose and empowering
- Strengthen platforms for placement agencies, and linkages of graduates to work
- Supplement every graduate programme with entrepreneurial skills/ business mentoring for impact and outcome success
- Existing model has focussed too greatly on funding and support for learning and too little on impact, and industry placement
- Enhanced strategic focus on technical learning and the FETC space

Emphasize compliance

- Employers do not take the issue of training their employees seriously and the SETA cannot do much to change this situation unless the Authorities ensure that employers comply with the regulations for equipping their employees with skills.

Other factors that compromised independence

SUMMARY TABLE

THEMES
Members lacking competencies
Interference, overreach and members representing their constituency, not the SETA
Poor Chair-Board relations
Inadequate separation between governance and management
Conflict of interest not declared
Delays in appointments

Members lacking competencies

- In any AA there is a need for diverse skills - Board members of SETA AA are mostly from HR/IR or Union background - limited management or financial experience leaving a huge gap at the board meeting discussions.
- Too many AA members do not have the skill, competence, acumen, capability, integrity, knowledge to serve on boards, and do not know what is their fiduciary duties and what is due care.

Interference, overreach and members representing their constituency, not the SETA

- Nominated members believe they were there to represent their constituency
- Strong presence and interests of organised labour
- Mandating process from constituency
- Board ending 31 march 2020, collusion between chairperson and [Redacted] officials to undermine board was prevalent. The role of some [Redacted] officials in wanting to intimidate or interfere in board related matters, sometimes bothering in overreach to force unlawful decisions.
- Ministerial interferences e.g. instructions to tranche funds without the necessary empirical logic

Poor Chair-Board relations

- A dominant Chairperson of the Board
- The Chair did his best to get CEO to leave and succeeded in order to get her job. Fortunately, he failed at that. I believe he was lying to the Board about anonymous emails. I would have resigned regardless.
- My answers re leadership relate to the last two years in my second term when a new Chairperson was elected. The first Chairperson who served in the first 5 years (my 1st term) was brilliant and in total contrast to the weak non-existent leadership of the second chairperson during the past two years.

Inadequate separation between governance and management

- Inadequate separation between Board and Management
- Manipulation of board members by the Executives.
- Interference from Executive Authority

Conflict of interest not declared

- At least two Board members were benefiting from [Redacted]SETA funding but this was never discussed or disclosed.

Delays in appointments

- Secondly, the [Redacted]SETA has been operating with an acting CEO for more than 2 years. When the CEO was finally appointed, the term of office was about to end.
- Clear governance of Seta's as section 3A vs public entities (difficulties in sourcing driven CEO's due to directives that are sometimes contradictory).

Other

- Statutory obligations and accountability
- I must say the [Redacted]Departmen representation was very bad. They were either not represented or having a short stay. This has been a long-standing challenge.
- N/A



Justification for process of appointing AA Chairperson

SUMMARY TABLE

Minister Appoints Chair	AA Elects Chair, Minister Approves	AA Elects Chair	No to All
Ensures Independence and Competence	Less political interference	More efficient	Need an independent process
Ensures integrity of the process	Ensures Legitimacy	Members know candidates better	
Chairperson accounts to the Minister	More commitment from AA members	Less chance of political appointments	
Less divisive	Current process is too long	Strengthens legitimacy and accountability	
Supports the legal status quo		Promotes ownership and collegiality	

Minister Appoints Chair

Ensures Chair Independence and Competence

- I think the appointment of the Chair by the Minister gives the Chair more independence from wanting to please the other members and not doing their work properly in case they are not appointed the next time. However, the Chair should be qualified for the position.
- Once an AA is appointed they are a collective of people unknown to each other (in general) and the nomination towards their chair would be fraught with issues of independence and loyalties. If the Minister receives nominations via the CEO's office there is better chance of an independent person as well as one who answers to the Executive Authority (the Minister) [but not taking instruction from that source].
- With the current composition of the Board, the appointment of an independent chairperson would by the AA will be compromised. If SETA boards are more independent with fewer representations from constituencies, the elect chair with Minister's approval will be most appropriate
- The appointment of Chair by the minister serves as a mechanism to strengthen independence and good governance. Otherwise the alternative may lead AA being a law unto itself. The only important point to note in appointing Chair by minister, it should be someone who at least has served in the SETA landscape or with knowledge of the Skills development. Appointing people with lack of this skill creates further challenges in SETAs,
- The Minister's involvement brings some degree of neutrality
- Election by the members could be based on popularity or on a majority vote which would not necessarily equate to competency of the person

- The minister should continue to appoint the chair. Because it might cause conflict in the sense that constituency would want their own and delay the progress of the setas
- Unbiased
- The chair supposed to be independent

Ensures integrity of the process

- It brings integrity to the process of appointment of Chair.
- AA members don't have all the insights into the skills, experience and qualities required and the selection of chairs by the Minister in this particular instance was spot on

Chairperson accounts to the Minister

- Accounting Authority through its Chairperson accounts to the Minister so it is ideal that the Minister be responsible for the appointment.

Less divisive

- Elections would be divisive.
- Once you allow SETAs to elect Chairpersons there will be no independency and there will be internal squabbles

Supports the legal status quo

- The status quo should remain as it is working perfectly
- The Minister should continue to appoint the Chair, because the SETA need to comply
- The legislation and governance structure of the organisation would probably dictate the choice of the chairperson.

Other

- It is better if the Chair is appointed by the Minister

AA Elects Chairperson subject to Ministerial Approval

Less political interference

- This will reduce political interference.
- The chair will be mindful of what he/she has to do in terms of the constitution. Political interference is most likely where only the minister decides.
- Current process is too long and influenced by politics.
- "I don't think the Minister should appoint the Chairperson, but the AA should elect then the Minister to approve. Some appointments are based on political influence and interest instead of considering the skills.
- Our courts have clarified the role of the executive authority in respect of appointment of board members and the appointment of executive management. The boards must be given sufficient space to recruit and finalize appointments of executives. The current interference sanctioned by policy is to the detriment of proper functioning of SETAs

Ensures Legitimacy

- The AA justification for the nominated Chair needs to be considered by the Minister for alignment to the skills charter and the maturity of the Board

- The election of Chairpersons by members would add to the transparency of the appointment, and legitimise it
- Imposition of chairman on members proved dysfunctional
- All members are appointed to same criteria and it only makes to do as a Board Chairperson is effectively a senior amongst equals and does not carry executive authority
- "I don't think the Minister should appoint the Chairperson, but the AA should elect then the Minister to approve. Some appointments are based on political influence and interest instead of considering the skills.

More commitment from AA members

- AA members would be more committed if they had a say in who was appointed as the chair.
- AA Members should be able to nominate Chair as then it means they see leadership in that person and they have worked closely with that person.

Current process is too long

- Current process is too long and influenced by politics.
- The current system of Board recruitment and selection is great however the Ministers approval can take some time and it does create risk in that you can lose good candidates. There is merit though in having the Minister make the final selection as these are senior and very essential roles.

Other

- Best person must be appointed as chairperson
- Secondly, some Chairpersons are so competent that if the AA is content with the performance, their term of office were to be extended instead of waiting for the Minister to make his/her choice to go out and appoint and releasing someone who has been very competent and efficient to lead the SETA."
- The legislation and governance structure of the organisation would probably dictate the choice of the chairperson.
- Minister appoints AA, should trust AA to appoint their leader
- The Chair would most appropriately be suggested by the AA with the motivation shared with the Minister for his final approval

Accounting Authority Elects Chairperson

More efficient

- AA members should have the authority to appoint and remove the Chairperson. The position should be filled by rotation between independent, labour and business nominees. My motivation for this suggestion is that firstly Minister takes far too long and is too distant from the workings. Secondly the AA members know who would be the best candidate from amongst themselves.

Members know candidates better

- AA members should have the authority to appoint and remove the Chairperson. The position should be filled by rotation between independent, labour and business nominees. My motivation for this suggestion is that firstly Minister takes far too long and is too distant from



the workings. Secondly the AA members know who would be the best candidate from amongst themselves.

- The members are able to elect who is suitable for the position of the chair.
- The Minister may at all times not be correctly informed as to leadership qualities of Chairs. Our 1st Chair was brilliant and the second a disaster!

Less chance of political appointments

- The Chair MUST be empowered by the elected members. Too many deployed cadres who don't have the competence & skillset to fulfil such an onerous role
- If Minister appoints, there may be an inclination towards politically correct decisions. There is more than enough compliance and reporting requirements to and interaction with DHET re strategy/APP which will ensure legislation and Govt' policies are complied with.
- Good corporate governance and accountability to have accounting authority independently appoint its chair. Also, to avoid political interference. This will help in non-performing chairs who will cite they were appointed by the minister and will only vacate if the minister says so.
- Politically prescribed Chairs may easily be compromised in terms of independence

Strengthens legitimacy and accountability

- If the AA elect the chair, in my view it strengthens accountability and builds confidence and coherence amongst them
- Chairperson should be elected amongst board members. The chairpersons that get appointed by the minister mostly are deployed politicians that have no understanding on what needs to be done. Appointment of politicians with no board skills or understanding of basic roles of board membership is bad governance and doesn't help SETAs

Promotes ownership and collegiality

- The AA members are better placed to determine who the chair can be amongst themselves. This will evoke the spirit of ownership, support and collegiality.
- AA Members should be able to nominate Chair as then it means they see leadership in that person and they have worked closely with that person.

Other

- Nominated board members to agree amongst each other who is the chair
- Secondly, some Chairpersons are so competent that if the AA is content with the performance, their term of office were to be extended instead of waiting for the Minister to make his/her choice to go out and appoint and releasing someone who has been very competent and efficient to lead the SETA."
- The legislation and governance structure of the organisation would probably dictate the choice of the chairperson.

No to All

Need an independent process

- There needs to be an independent process for appointing Board members and especially the Board Chair. The current situation results in party political appointments without regard to the requisite business skills and governance competencies.



Views on AA composition that impact on its functioning

SUMMARY TABLE

THEMES
Members lack skills and knowledge and need training
Need more professional bodies and specialists
Members represent a constituency rather than the interests of the SETA
Domination and free riding occurs
Employer versus labour conflict dysfunctional
Committee load too high if fewer members
Lack of diversity/Greater diversity is needed
Current arrangement is appropriate

Members lack skills and knowledge and need training

- There is a clear lack of trained planning, organising, leading and controlling skills at AA with the current composition of membership
- The current composition especially between employer and employee representatives results in an us versus them situation. However, if the representatives that are appointed have the necessary qualifications and skills the situation can be handled with maturity. I have had experience with 2 SETA's with one with a mature AA and the other not so mature including the Chairperson appointed by the Minister.
- The current composition fosters insufficient knowledge of the dynamics of Post-School Education and Training (P-SET) imperatives" - It is not clear whether this is addressed when the selection of AA members is conducted. The focus seems to be more on governance.
- Stakeholders should focus on nominating quality candidates that are willing to give their all for the organisation. Appoint people with high level of competencies. Professional bodies should nominate rather than member companies.
- Skilled people very important
- The composition of the boards, in my view, is currently the SETA's main limiting factor. Majority of members of the AA do not have the professional skills, competence, experience and understanding of the post school education and training system
- I am of the view that the current composition is effective. However, to add that there should be a focus on required experience from the various sectors and should the demographics not comply a succession plan put in place to address this as opposed to leaving important sectors out.
- It's not really the composition of members that lack knowledge of governance imperatives, but the fact that all new members should be trained accordingly.

- The balance of the Board composition is fair, the most important considerations are the capacity of board members and inclusivity/diversity

Need more professional bodies and specialists

- Stakeholders should focus on nominating quality candidates that are willing to give their all for the organisation. Appoint people with high level of competencies. Professional bodies should nominate rather than member companies.
- The balance between labour and employers should be reduced, so that more industry bodies or other specialists are brought in
- Lack of academic voice to align sector skills requirements to curricula for skills for the future.
- The current composition works well, but needs improvement, to add academic institutions, and at least insist on certain experience and qualification in skills development. Even if unions still participate but senior officials should be the ones nominated not shop stewards from shop floors.
- In case of Organised Labour, I believe a representative thereof must be a person of high academic level. Some Organised Labour involved are not having the necessary skills in Education and Training.
- The other crucial matter is that even if a person is not in any employment but have the necessary skills and experience, such people should be retained or be elected.

Members represent a constituency rather than the interests of the SETA

- When one understands the functions of a board, it is clear that cadres are deployed to promote their elective constituency. These should be reduced to only 2 members per each & more independent members with requisite skillset should be appointed. Boards should not be more than 7-10 members.
- Accountability to one's constituency and one's moral standards and integrity would strike a proper balance to execute the AA's mandate.
- The current composition is perfect except that ministers don't stick to the rules, at times positions that should be occupied by government departments or professional bodies are occupied by political employees and this defeats the purpose and most of those people are not representing any legitimate constituencies
- A Board of 15 is unwieldy. Also, the requirement to balance employer and employee representation results in a focus on constituencies and not on competence for the role.
- The current SETA format, encourages Constituent gatekeeping, and the inability to see beyond the current often uninspiring horizons. SETAs should be enhanced, with an injection of some magic, those on the outside, the small players, the side hustles, the entrepreneurs i.e. the mouthpieces for the majority, being the unemployed and underemployed. Perhaps a different cake may emerge from a different recipe.
- There is a problem of having one or two organisations dominating the who AA members in numbers, as this makes AA members belonging to such organisation or organisations to caucus on a position in issues without thinking independently. They end up intentionally or unintentionally carrying a mandate that may not always be in the interest of the SETAs functioning.

Domination and free riding occurs

- One party dominated organised labour representation, resulting in passengers.

Employer versus labour conflict dysfunctional

- The current composition especially between employer and employee representatives results in an us versus them situation. However, if the representatives that are appointed have the necessary qualifications and skills the situation can be handled with maturity. I have heard experience with 2 SETA's with one with a mature AA and the other not so mature including the Chairperson appointed by the Minister.
- Labour and Employer components still have a tendency, to diverge on what the interests of the sector are. Nomination by a constituency specifically, while it brings diversity of perspective, it does not necessarily bring a generalist, broad-view (so-called 360 view) of the sector. Specific nomination sectors have the tendency to perpetuate narrow lines of strategy.

Committee load too high if fewer members

- I believe the number is adequate. If it is reduced there will too many sub committees with limited members. Members belonging to too many committees
- Considering the numbers of committees there is a risk of having AA members on too many committees

Lack of diversity/Greater diversity is needed

- The balance of the Board composition is fair, the most important considerations are the capacity of board members and inclusivity/diversity
- There must be an effort to have demographic diversity as represented by population statistics within AA.
- Equal representation works fine, but the imbalance created by community representatives against employers should be looked at.
- Lack of diversity is a major disadvantage in the efficient functioning of most AAs
- The balance between labour and employers should be reduced, so that more industry bodies or other specialists are brought in
- Lack of academic voice to align sector skills requirements to curricula for skills for the future.
- The diversity is needed to ensure that AA is able to reach what the shareholder expect out of it.
- The composition does not balance the Community sector

Current arrangement is appropriate

- I believe the number is adequate. If it is reduced there will too many sub committees with limited members. Members belonging to too many committees
- Current numbers and structure are appropriate; [Redacted]SETA has informed people
- The composition of the [Redacted]SETA has been reduced and is working well
- The composition of at least 12 members are sufficient since AA members must also serve on sub-committees. Ensure that the committees are effective and well-resourced.
- I hold the view that the AA composition is fairly representative - the numbers are adequate to all a quorum it is essential to have a representative quorum at a meeting
- I am of the view that the current composition is effective. However, to add that there should be a focus on required experience from the various sectors and should the demographics not



comply a succession plan put in place to address this as opposed to leaving important sectors out.

- The balance of the Board composition is fair, the most important considerations are the capacity of board members and inclusivity/diversity
- I do not believe that the current composition should be reduced or be increased
- The composition does not need changes

Other

- I am not sure about these questions so have just put it on 1.
- None
- The current composition caters for all the needs of the education, training and development sector but there is room for improvement.

Succession Planning

SUMMARY TABLE

Explanations for “Yes”	Explanations for “No”
Continuity and retention of institutional memory	Selection/nomination processes are not aligned with succession planning
Allowing alternate members	No succession policy, procedure, or plans exist
	Ministerial interference in appointments occurs
	Insufficient time in three-year appointment and insufficient overlapping period for succession planning
	Hand over processes are inadequate
	Recommend partial, not full replacement of board members
	Succession planning not necessary
	It is not the role of the SETA

Explanations for “Yes”

Continuity and retention of institutional memory

- Allowing a carry-over of 5 members ensures sufficient succession and institutional background knowledge.
- I would say this is due to having some members remaining to join the new AA members. This assists in continuity, though not directly on succession planning.
- By retention of some of the previous AA members for continuation of programs
- **Allowing alternate members**
- Through the alternate member. However, this alternate member depends on the unavailability of main member to participate in the AA, and there is no discussion taking place between the main and alternate members on the issues of a SETA.

Other

- It picks from the stakeholders are active and participate fully in the success of it.
- [Redacted]SETA conducts training for board members to enhance their skills.
- First term that where you about SETA and process

Explanations for “No”

Selection/nomination processes are not aligned with succession planning

- There cannot be effective succession planning if after the term new selection process is followed.



- SETA has not much choice in the matter. It all depends who is nominated by business and labour.
- I don't believe the SETA has much control over succession planning of the AA as this is dependent on the constituencies that nominate members.
- Never seen one done, and the nomination and approval process currently used does not cater for that
- No obligation on AA to do so; outgoing members do not know who new members will be.
- It is out of the AA's control. Takes ages to get new people appointed in the case of a resignation - can lead to no quorum and illegal operation
- The constituents could be better focused on getting recommended nominations in to make the AA the strongest it could be.
- The SETA license and the requirement for advertising CEO post interrupts succession planning. Also, having CEO acting in that role for greater than one year is risky for continuity and goes against any governance rules
- It's an ad hoc process informed by the whim and influence of the CEO. Applications should not be directed to the SETA itself but should be handled by a professional, independent Board selection agency.
- Seta's have limited control over appointment of AA members
- The appointment of new Board members is cloaked in secrecy and does not take succession planning into account
- The constituency appointments do not take that into consideration.

No succession policy, procedure, or plans exist

- No obligation on AA to do so; outgoing members do not know who new members will be.
- There is no policy in place to guide rotation of AA members. Not sure how succession is determined.
- Most SETA's do not have succession plans in place
- These discussions never took place in our meetings
- It is not their prerogative to maintain or change the AA
- "While provision is made for retention in the Constitution organisations retain their right to nominate a candidate of their choice even where they may be suggested for nomination by the SETA for the purpose of continuity.
- It depends on your nomination from your Constituency which is a challenge. You can serve one term and the second term your Constituency decides to nominate someone else based on personal interests.
- Because no evaluation of Board members performance is done to inform the prospects of retention, only a nomination-based system of Board appointments is followed
- No succession plan Policy in place

Ministerial interference in appointments occurs

- The ministers unilaterally select who continues. These may be useless members. A better process is needed to ensure succession in key portfolios.
- There is no proper governance or standard within SETAs, every SETA is doing its own thing. There is no succession planning and there is a lot of interference by DHET such that SETAs are not able to their work. The powers ministers have render the AA useless, SETA AAs don't even have powers to appoint their own CEO, they must interview, recommend 3 names to the

minister, this renders AAs useless as the minister has a prerogative to appoint any of the three names, and this is a bad practice.

- Because the process is subject to political management, any succession planning is prone to being disregarded

Insufficient time in three-year appointment and insufficient overlapping period for succession planning

- Three years is too short for development and execution of a strategy. Two terms allow for adequate succession planning to be incorporated into the AA and related committees.
- The current max of 2 terms leads to too few members overlapping, hence continuity (experience/context/insight) is lost. Maybe consider replacement or re-appointment of 2 members per grouping every 2nd year.
- Currently there is no point or opportunity since the term of office is governed by the Act and the broad nomination process means, along with the limit to 5 continuing members, does not ensure ANY one standing member is guaranteed continuation. In fact, every new term of office starts with 10 new members out of 15-member group every 5 years. No continuity in that except for 5 people who can serve many terms as the continuing 5 members (as long as they are re-nominated of course). If NO standing members are re-nominated then the new AA consists of 15 new members. Of re-nominated members CEOs can select who they put forward to the Executive Authority - that is the only source of succession planning.

Hand over processes are inadequate

- No succession planning is in place besides hand over notes/briefs. A compulsory turn-over of only a certain portion of the AA members would assist, e.g. a maximum of one third of the AA members ought to be replaced at the turn of the term.

Recommend partial, not full replacement of board members

- No succession planning is in place besides hand over notes/briefs. A compulsory turn-over of only a certain portion of the AA members would assist, e.g. a maximum of one third of the AA members ought to be replaced at the turn of the term.

Succession planning not necessary

- I don't think succession planning will be a good idea. Sometimes this is perpetuation of mediocrity. Experience and qualifications suffice.
- Some AA members had been long in the Board

It is not the role of the SETA

- It should be the individual institutions where nominations are received from AA members to implement suitable succession plans
- GIVEN THAT SETAS ARE CONSTITUENCY BASED, CONSTITUENCIES SHOULD BE THE ONCE WHO ENSURES ADEQUATE SUCCESSION PLANING
- The nominations come from the stakeholders and the SETA does not have a direct influence on who is being nominated. As a result, the SETA cannot plan for succession within the AA.

Other

- Better approach to nomination of next board



- Maybe - only the employers ensure continuity. However even here if the wrong people have been deployed, the SETA could suffer in terms of its mandate and performance.
- This is an operational matter at the [Redacted]SETA and thus no input is currently requested from AA members

Stakeholders

A total of 83 stakeholders/stakeholder groupings were identified and are listed alphabetically below. These could form the basis of a generic, Needs, Interests and Expectations (NIE) Analysis (as per King IV) that could be drawn up to better guide SETAs in their stakeholder engagement and management processes.

The question asked was, who would you list as the SETA's 5 most important Stakeholders (just list the 5, no need to rank in priority order)? The frequency that the stakeholder was mentioned is shown next to the stakeholder grouping.

1. Academic Institutions
2. Accounting Authority
3. All members/stakeholders of the seta
4. ASSOCIATION
5. Auditor General
6. Bargaining Councils
7. Basic Education & Training
8. Beneficiaries
9. Business (Private Sector) - 6
10. COGTA
11. Community/Commodity bodies/organization - 11
12. Labour Organizations
13. Community Colleges
14. Corporates/companies
15. Department of Higher Education and Training - 15
16. Education/ Skills Institutions
17. Educational Bodies
18. Educational institutions - 2
19. Employees/Employee groupings - 10
20. Employees (organised labour/UNIONS) - 2
21. Employers/Employer Bodies/Employer groupings/Employers (Industry) - 24
22. Executive Authority
23. Financial Sector Industry
24. Funding institutions
25. Government/Government departments - 10
26. Government Institutions (SAQA, QCTO)
27. Higher education institutions - 3
28. Industry (employers and organised labour)
29. Industry Bodies/Partners - 3
30. Institutions of higher learning
31. International Labour and Training Organisations
32. King
33. Labour - 6
34. Labour Organisations
35. Learners - 12
36. Levy Payers/Levy paying employers - 2
37. Municipalities - 2



38. National sector dept
39. Nedlac
40. NSA - 2
41. NSDA
42. NSF
43. Organised Employers/business - 3
44. Organised Labour - 4
45. Other SETAs
46. People living with disability
47. PFMA
48. Private Educational Institutions
49. Private sector - 2
50. Professional Associations/Bodies - 7
51. Provincial Departments of Agri
52. Provincial education departments
53. Public
54. Public Post School Sector
55. Public Taxpayers
56. Quality assurance providers
57. Registered Employers
58. Relevant government departments - 2
59. Research Institutions/Science Councils – 2
60. Retailers
61. Sector Chamber Members
62. Sector specific professionals
63. Sectoral Entrepreneurs
64. Service Providers - 3
65. SETA employees/staff - 4
66. SMME's - 2
67. Society
68. Specific Knowledge Experts
69. STAKEHOLDERS
70. State owned enterprises
71. Students
72. Tertiary Institutions - 2
73. Trade unions
74. Training and Development Practitioners
75. Training Providers/Institutions - 9
76. Training providers and course developers - 3
77. TVET Colleges - 6
78. Unemployed/Unemployed Youth - 4
79. Universities - 4
80. Universities and Colleges
81. Universities and TVET colleges
82. Women
83. Youth

AGM Being Better Used as a Platform for Stakeholder Engagement

SUMMARY TABLE

YES	NO
Offers a rare opportunity for stakeholder engagement	Stakeholder engagement already adequate
Get the right stakeholders to attend	There are other priorities and platforms for stakeholder engagement
Improve dialogue	The AGM is not the place for more stakeholder engagement
Better planning needed	
Change the content	

YES

Offers a rare opportunity for stakeholder engagement

- It is the only platform where all stakeholders are in one place at the same time
- In light of the stakeholder engagement that are not adequate
- AGMs afford stakeholders an opportunity to interact with the AA and to raise pertinent questions and issues for attention of members
- Attendance was good, which suggests that stakeholders wanted to hear more.
- Sometimes it is the only time stakeholders get to meet the SETA Management and Board physically
- Because all stakeholders attend the AGM and is the right time to air their views and suggest a way forward
- The views of the stakeholders and their input in furthering the aims, vision and mission of the SETAs is important.
- It's where you hear problems of stakeholders

Get the right stakeholders to attend

- The AGM should be attended by company leadership and industry captains
- If we could get more top-level executives to attend
- Targeting the right stakeholders that see the Seta as a strategic partner rather than an ATM
- Engage a sample of stakeholders

Improve dialogue

- Stakeholders could use this time to interact and get answers from the Accounting Executive.
- Time is too limited to reporting as opposed to engaging
- It serves as a platform to say to the stakeholders "We are here to serve you, we are accessible to you, talk to us"
- All the stakeholders want to have feedback from the Board
- Explanation to question is immediate

- AGMs should afford enough for stakeholders to engage on matters important including call up those items in advance of an AGM

Better planning needed

- Incorporate the year ahead plans. This will increase the attendance and result in effective stakeholder engagements
- AGM to have follow up - link this to stakeholder management plan, the once off event is good at strategic level, but tracking the implementation of strategies and engaging stakeholders is key align to the strategies

Change the content

- Delegates should be presented with a high-level view of developments within the skills development ecosystem
- AGM is another platform of sharing ideas and best practices through benchmarking

Other

- All the AGMs I attended were excellent in stakeholder engagement
- Drive the agenda of developing people (all races) skillset in the specified sector
- Stakeholders are important
- [Redacted] SETA did that, and often held stakeholder engagement sessions, workshops etc

NO

Stakeholder engagement already adequate

- Sufficient stakeholder engagement takes place
- I believe the stakeholders were given the opportunity to ask any questions they wanted to ask.
- I believe the [Redacted]SETA AGM's are well attended by stakeholders and that good/adequate information and detail is conveyed to them. Also, adequate opportunity for Q&A, but sometimes some of the requests are not fully attended to.

There are other priorities and platforms for stakeholder engagement

- Money should be spent on skills not huge events
- Sector Skills Committees should serve as a platform for stakeholder engagement
- The matters dealt with at AGM are sufficient for the business of the day, stakeholder engagement meeting is set separately for that purpose.
- There should be separate meetings with stakeholders in order to engage effectively
- Stake holder engagement should separate

The AGM is not the place for more stakeholder engagement

- AGM is solely to give Stakeholder results. There are a lot of Stakeholder engagement sessions during the year.
- Stakeholder engagement is inappropriate simply because the experience is that this becomes disruptive and opportunities for 'platforming' are presented, also inappropriate.

- The matters dealt with at AGM are sufficient for the business of the day, stakeholder engagement meeting is set separately for that purpose.
- The AGM is good for thorough accounting mechanism whilst stakeholders' engagement must be an assessment tools to check whether the SETA is on the right track and what are the mechanisms that the stakeholders think can improve the work of the SETA.
- AGM is meant for the stakeholder to know how the Seta performed and what were the challenges in terms of the six Capitals.

Other

- The right balance between responsibilities and accountability is provided.
- AGM not the place for this; need a dedicated platform
- N/A

From Board Evaluation Recommendations: Significant Improvements made or Main Obstacles to not implementing

SUMMARY TABLE

Yes - most significant improvements made	Not sure	No - main obstacles
HRM Staffing recommendations Training Dismissal of CEO HR Management	People management	AA Members only stood for 2 years and some nominated members were not taken on for the current term
Financial and operational improvements	COVID disruption	
Improved Board functioning		

YES - most significant improvements made

Human Resource Management

Staffing recommendations

- The main finding was a need to have a legal person as a member of the AA. The AA noted this and recommendation would be made for the incoming AA.
- Appointing staff to assist the CEO, i.e. Exec Manager: Office of the CEO

Training

- AA Training and approval of Executive Committee to be constituted
- A customized training for AA was developed and attended.

Dismissal of CEO

- The ability to terminate the long serving CEO but not filling the vacancy soon enough was the downfall

HR Management

- Consequence management and the management of employee relations
- FINANCE AND HR

Financial and operational improvements

- Supply Chain
- I cannot comment on the AA chair. However, the CEO was evaluated and AOPO and financial management improvements were clearly realised through CEO leadership.
- Internal controls



- Finance and HR
- The improvements were made in the management of the budget and responding to the constituency needs.

Improved Board functioning

- Revised policies, quicker response times and better engagement with stakeholders
- Meeting efficiency implemented
- The Board debated issues and were necessary instituted change together with the CEO
- The postponement of meetings not abiding by the Year calendar schedule and the conflicts among Executive managers
- EXCO would receive the evaluation reports from the Chair and developmental and other needs would be arranged as requested.
- The Executive committee was able to brief the AA about the progress.

Other

- No big issues identified. Governance working well
- Improvements are difficult to describe since they often involve complex post-evaluation background activity
- Yes, there were

NOT SURE

- People management
- COVID happened and whole lot of things changed and in between our Board Term ended.
- N/A

NO - main obstacles

- AA Members only stood for 2 years and some nominated members were not taken on for the current term



Reason for External Audit Outcome situation changing over the 3-year period

SUMMARY TABLE

Been variable	Improved	Stayed the same
Poor leadership	Good leadership	No agreement reached
	Competent members and improved effectiveness of the AA	Poor consequence management
	Improved financial system	Already functioning well
	Improved outcomes	

Been variable

Poor leadership

- Inadequate leadership from the Chair
- Weak Executive management

Improved

Good leadership

- Strong governance and relationship with executive
- Appointment of a competent CEO and CFO
- A very hardworking board and a very erudite and conscientious acting CEO.
- A very strong and committed ARC and executive team
- Great leadership from the current CEO.
- Focus and leadership by the CEO and Exec
- 1. Suitability qualified, experienced and influential chairperson of AA; 2. Good leadership (CEO); 3. Suitably qualified, skilled, experienced and committed staff
- Committed AA Members and new Executive Management that unravelled problematic activities.
- New chairperson of the AA

Competent members and improved effectiveness of the AA

- Committed AA Members and new Executive Management that unravelled problematic activities.
- Appointment of a competent CEO and CFO
- More competent members and accountability to the AA.
- Effectiveness of the AA
- Effective governance procedures were enforced
- ARC took management to task and demanded a plan to address the findings. Progress on the implementation of the plan was reported on every meeting
- More effort put by management to change
- Strong action of the AA to ensure a turnaround plan was implemented by Top management

- 1. Suitability qualified, experienced and influential chairperson of AA; 2. Good leadership (CEO); 3. Suitably qualified, skilled, experienced and committed staff"
- Robust discussions in the AA and the guidance from previous board members who served before.
- The well-functioning AA and its subcommittees ensures adequate accounting.
- Commitment and dedication from the AA and Executive.

Improved financial system

- The insourcing of the financial system has improved the finance department and the CEO ensures that both external and internal audit findings are addressed.
- The board followed up on every finding and wanted the affected staff members to account and give reasons why things were not done properly
- Commitment from finance department to improve internal management

Improved outcomes

- Clean audits for two years, and special recognition from the AG in 2019.
- Moved from disclaimer eventually to a clean audit
- On the financial management side but no improvements in the area of credible performance information

Other

- We got close to Clean audit but still had historical irregular expenses disclosed
- Some of the matters that prevented a clean audit outcome were historical matters which came into light during the tenure of our AA and were thus recorded then. The situation has improved over time
- Qualify Audit

Stayed the same

No agreement reached

- The issue that brought about the results for 2019 are still being attended to since the outcome was not agreed to

Poor consequence management

- Lack of service culture/Lack of consequence management
- Internal Audit firms should explain if there are findings which are picked up by AGSA without being picked up by them

Already functioning well

- Risk Management; effective internal controls; effective management and oversight by AA
- We received clean audit 2017/18 and 2018/19
- Strong Financial Management Team delivering consistent performance
- We had to maintain the good trend of unqualified audit reports
- An effective and competent CEO, CFO and Accounting Authority
- The ARC went through training and developed over the 2-year term changing to ensure sufficient compliance and effectiveness

APPENDIX C: POLYCENTRIC GOVERNANCE STATISTICS

QNO	LABEL	SCALE	FREQUENCY COUNT							Ave	Mode	Med	StdDev	FREQUENCY %							Total	
			1	2	3	4	5	6	7					1	2	3	4	5	6	7		
119	CoreORStkhlders		6	12	3	11	8	4	3	47	3.57	2	4	1.79	13%	26%	6%	23%	17%	9%	6%	100%
120	AAStrategy	SD-SA	0	1	3	5	6	14	17	46	5.74	7	6	1.36	0%	2%	7%	11%	13%	30%	37%	100%
121	AALeg&Reg	SD-SA	0	2	2	4	12	14	13	47	5.55	6	6	1.33	0%	4%	4%	9%	26%	30%	28%	100%
122	AAFinances	SD-SA	0	1	5	4	9	13	15	47	5.55	7	6	1.41	0%	2%	11%	9%	19%	28%	32%	100%
123	AA_EA	SD-SA	0	0	3	3	7	19	15	47	5.85	6	6	1.14	0%	0%	6%	6%	15%	40%	32%	100%
124	AAStraightfwd	SD-SA	0	0	1	2	10	21	13	47	5.91	6	6	0.93	0%	0%	2%	4%	21%	45%	28%	100%
125	EAFairly	SD-SA	1	3	0	4	12	11	16	47	5.55	7	6	1.53	2%	6%	0%	9%	26%	23%	34%	100%
126	EA&AArolesunderstood	SD-SA	0	2	3	2	6	16	18	47	5.81	7	6	1.39	0%	4%	6%	4%	13%	34%	38%	100%
127	SLA&SPEffProcess	SD-SA	0	0	4	3	12	13	15	47	5.68	7	6	1.24	0%	0%	9%	6%	26%	28%	32%	100%
128	JobWellDone	SD-SA	0	0	4	7	13	7	15	46	5.48	7	5	1.33	0%	0%	9%	15%	28%	15%	33%	100%
129	NSALiasConst	SD-SA	0	2	3	8	10	16	8	47	5.26	6	6	1.34	0%	4%	6%	17%	21%	34%	17%	100%
130	StkConstWellDone	SD-SA	0	0	5	4	7	17	14	47	5.66	6	6	1.29	0%	0%	11%	9%	15%	36%	30%	100%
131	NoofDiffStructs	SD-SA	4	3	4	8	9	13	6	47	4.66	6	5	1.78	9%	6%	9%	17%	19%	28%	13%	100%
132	AgendaCommomItems	SD-SA	7	6	2	5	8	10	8	46	4.37	6	5	2.12	15%	13%	4%	11%	17%	22%	17%	100%
133	AADiverse	SD-SA	1	2	2	3	12	18	9	47	5.40	6	6	1.41	2%	4%	4%	6%	26%	38%	19%	100%
134	TrustEachOher	SD-SA	1	2	3	4	10	16	11	47	5.38	6	6	1.50	2%	4%	6%	9%	21%	34%	23%	100%
135	NomRepConstit	SD-SA	3	4	6	11	7	8	8	47	4.51	4	4	1.79	6%	9%	13%	23%	15%	17%	17%	100%
136	MixORSmallgrps		10	16	2	7	1	4	7	47	3.28	2	2	2.14	21%	34%	4%	15%	2%	9%	15%	100%
137	DisagComm	SD-SA	9	2	5	5	6	4	11	42	4.26	7	5	2.27	21%	5%	12%	12%	14%	10%	26%	100%
138	OwnRules	SD-SA	2	3	4	4	8	10	13	44	5.16	7	6	1.80	5%	7%	9%	9%	18%	23%	30%	100%
139	HighLevelTrust	SD-SA	0	2	4	5	11	13	12	47	5.38	6	6	1.42	0%	4%	9%	11%	23%	28%	26%	100%
140	ManyRules	SD-SA	10	14	3	7	1	3	8	46	3.35	2	2	2.18	22%	30%	7%	15%	2%	7%	17%	100%
141	RespBalanced	SD-SA	0	1	4	3	13	12	14	47	5.55	7	6	1.33	0%	2%	9%	6%	28%	26%	30%	100%
142	AccNotClear	SD-SA	20	15	4	4	0	3	1	47	2.19	1	2	1.56	43%	32%	9%	9%	0%	6%	2%	100%
143	Notbeendone	SD-SA	14	10	6	6	7	3	1	47	2.89	1	2	1.76	30%	21%	13%	13%	15%	6%	2%	100%
144	AgendaCarryOver	SD-SA	16	15	6	7	1	1	1	47	2.34	1	2	1.43	34%	32%	13%	15%	2%	2%	2%	100%
145	CEOtermAA	SD-SA	9	6	4	2	4	8	14	47	4.40	7	5	2.39	19%	13%	9%	4%	9%	17%	30%	100%
146	AA3namesCEO	SD-SA	5	9	5	5	5	7	11	47	4.30	7	4	2.16	11%	19%	11%	11%	11%	15%	23%	100%
147	CEOholdtoacc	SD-SA	1	2	1	0	5	18	19	46	5.96	7	6	1.41	2%	4%	2%	0%	11%	39%	41%	100%
148	CEOpowerful	SD-SA	13	9	11	6	3	2	3	47	2.89	1	3	1.77	28%	19%	23%	13%	6%	4%	6%	100%
149	DiffmonCEO	SD-SA	16	15	7	2	4	2	1	47	2.43	1	2	1.58	34%	32%	15%	4%	9%	4%	2%	100%
150	AApowerdist	SD-SA	1	2	4	6	13	11	10	47	5.15	5	5	1.52	2%	4%	9%	13%	28%	23%	21%	100%
151	ParticipBetterDecs	SD-SA	0	0	1	1	4	21	20	47	6.23	6	6	0.87	0%	0%	2%	2%	9%	45%	43%	100%
152	FewpeopleRealInfl	SD-SA	10	12	3	6	9	2	4	46	3.30	2	3	1.95	22%	26%	7%	13%	20%	4%	9%	100%
153	AAmemberscompete	SD-SA	15	15	7	3	1	1	4	46	2.54	2	2	1.80	33%	33%	15%	7%	2%	2%	9%	100%
154	CommsCoop	SD-SA	1	1	3	6	8	19	8	46	5.35	6	6	1.40	2%	2%	7%	13%	17%	41%	17%	100%
155	ConflictinAA	SD-SA	20	13	6	2	2	3	0	46	2.17	1	2	1.48	43%	28%	13%	4%	4%	7%	0%	100%
156	ConflictbetComms	SD-SA	21	19	4	2	1	0	0	47	1.79	1	2	0.93	45%	40%	9%	4%	2%	0%	0%	100%
157	BoardConflict	SD-SA	16	15	4	4	2	2	4	47	2.64	1	2	1.90	34%	32%	9%	9%	4%	4%	9%	100%
158	AAdiffofOpinion	SD-SA	1	0	2	0	3	19	21	46	6.15	7	6	1.21	2%	0%	4%	0%	7%	41%	46%	100%
159	ExpConflict	SD-SA	18	15	6	4	1	2	0	46	2.15	1	2	1.33	39%	33%	13%	9%	2%	4%	0%	100%
160	AAprovstoAcc	SD-SA	2	2	2	6	9	10	16	47	5.38	7	6	1.69	4%	4%	4%	13%	19%	21%	34%	100%
161	ComChairCommLot	SD-SA	5	12	3	6	4	12	5	47	4.02	2	4	2.05	11%	26%	6%	13%	9%	26%	11%	100%
162	ChairscommChairs	SD-SA	7	12	4	5	3	11	4	46	3.74	2	4	2.08	15%	26%	9%	11%	7%	24%	9%	100%
163	DifficultNos	SD-SA	25	17	1	2	0	0	2	47	1.79	1	1	1.33	53%	36%	2%	4%	0%	0%	4%	100%
164	DifficultDiverse	SD-SA	24	17	3	0	2	0	0	46	1.67	1	1	0.94	52%	37%	7%	0%	4%	0%	0%	100%
165	SameORDiffCrit		11	7	4	6	7	6	4	45	3.56	1	4	2.07	24%	16%	9%	13%	16%	13%	9%	100%
166	Consensus	SD-SA	19	19	4	1	1	1	2	47	2.09	1	2	1.49	40%	40%	9%	2%	2%	2%	4%	100%
167	DecisionsDelayed	SD-SA	21	20	1	1	1	1	1	46	1.87	1	2	1.29	46%	43%	2%	2%	2%	2%	2%	100%
168	FactorsBeyondCont	SD-SA	3	8	2	6	12	9	7	47	4.51	5	5	1.86	6%	17%	4%	13%	26%	19%	15%	100%
169	MoreQuallessQuant	SD-SA	2	5	4	4	6	14	11	46	5.02	6	6	1.86	4%	11%	9%	9%	13%	30%	24%	100%



APPENDIX D: Vision, Mission, Composition & Committee Analysis: All SETAs

AGRISETA	
Vision	Enabling a skilled and prosperous agricultural sector
Mission	To increase access to relevant skills that is impact driven through strategic partnerships and credible research leading to inclusive economic growth. Serves to: • Provide credible and quality learning programmes; • Build true and sincere relationships; • Always be results and impact driven; • Be leading by example as the core of our culture; • Champion career growth and professionalism; • Ensure our clients remain our key asset; • Always govern ethically; • Ensure that actions are driven by research
Principles	Refers to Building Blocks: • Integrity: practice high levels of integrity in everything we do; • Professionalism: Always act professionally with all stakeholders; • Delivery: Ensure high quality training by service providers; • Risk Management: Identify risks and mitigate it; • Monitoring and Evaluation: Continuously determine delivery and impact of programmes; • Accountability: Acknowledge and assume responsibility for all actions; • Innovative: Understand the latest trends and respond appropriately
Values	• Transparent: See through us; • Responsible: I own it; • Unity: Diversity; • Service delivery: We are here to serve; • Together we do more
Strategic Skills	
Governed By	• Skills Dev Act 1998 (Act No 97 of 1998, as amended); • Skills Dev Levies Act , 1999 (Act No 9 of 1999); • National Qualifications Framework Act (Act 67 of 2008); • Public Finance Management Act (Act 1 of 1999, as amended); • National Treasury Regulations (2005 as amended); • National Skills Development Strategy (2011); • SETA Grant Regulations regarded monies received by SETAs and related matters (2012 as amended); • National Development Plan 2030; • Medium-term Strategic Framework (MTSF, 2014-2019); • White paper on Post School Education and Training (2014); • National Human Resource Development Strategy for South Africa 2030 ; • National Skills Accord (2011); • National Integrated Human Resource Development Plan (2014-2018)
King IV	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 Companies Act, corporate governance with regard to public entities, is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance
Composition	• Minister: 1 (Chair); • Organised Labour: 6; • Organised Employers: 4; • Community: 1; • Govt Depts & Public Entities: 2; • Total = 14; Meets 9x/year
Committees	• Audit & Risk Committee (Meets x: members); • Executive Committee (8x: 4); • Finance & Remuneration Committee (6x: 5); • Governance & Strategy Committee (4 x: 4); • Grants and Quality Assurance Committee (4x: 9)
CoSec	
IA	
Community	Syringa Bio-Science
Employers	AGRISA: 1; Fruit SA: 1; Grain SA: 1; RMAA: 1
Govt	PPECB: 1; DAFF: 1
Ind	
Labour	AFRIWU: 1; FAWU: 4; Solidarity: 1
Professional	
Finances	Revenue: R465.1m; Exp: R440.7m; Surplus: R24.4m; % Breakdown: 87.7%: Employer grants & Projects; 7.6%: General Expenses; 4.35%: Employee costs



BANKSETA	
Vision	To be recognised as a centre of excellence and innovation for skills development in the broader banking and alternative banking sector
Mission	To support transformation and people development and, through partnerships, enable stakeholders to advance the national and global position of the broader banking and alternative banking sector
Principles	<ul style="list-style-type: none"> • Strategic Benefit; • Quality assured; • Leading-edge technology; • Judiciously carry out NSDS mandate; • Preferred HRD partner; • Exceed stakeholder expectations
Values	<ul style="list-style-type: none"> • Respect; • Innovation; • Stakeholder focus; • Professionalism; • Diversity; • Integrity; • Teamwork
Strategic Skills	<ul style="list-style-type: none"> • Technology, Digitisation and Innovation; • Compliance & Risk Mgt; • Mgt & Leadership Development; • Markets, Products & Services; • Customer Centricity
Governed By	<ul style="list-style-type: none"> • Skills Dev Act 1998 (Act No 97 of 1998) as amended by Act 26 of 2011; • Skills Dev Levies Act , 1999 (Act No 9 of 1999); • Monies received by a SETA and Related Matters Regulations, Govt Gazette, No. 35940, 3 December 2012; • Policy Mandates aligns to 5 key national strategies and plans: - NSDS - Strategic Integrated Projects – NDP - Govt's 9 point plan - SONA 2018; • Sectoral Strategies: - Financial Inclusion Strategy - Regulation - Financial Services Code
King IV	Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance. In this way, the Accounting Authority needs to ensure that good corporate governance practices are applied and that compliance with the PFMA, King IV code (where applicable, from 1 April 2017) and other relevant legislation and National Treasury regulations are adhered to, in order to discharge its duties and responsibilities effectively and thereby be an effective Board and in the achievement of strategic objectives.
Composition	<ul style="list-style-type: none"> • Minister: 1 (Chair); • Organised Labour: 6; • Organised Employers: 6; • Community, Professional Body, Bargaining Council or Govt Dept: 2; • Total = 15; Meets 10x/year
Committees	<ul style="list-style-type: none"> • Audit & Risk Committee (Meets 7x: 5 members); • Executive Committee (7x: 6); • Finance & Remuneration Committee (5x: 5); • Governance & Strategy Committee (2 x: 3) • Risk Management Committee (sub-committee of ARC & comprises management and staff)
CoSec	
IA	
Community	Ditsobotla Co-operative Bank: 1
Employers	ABSA: 1; First Rand: 1; MFSA: 1; Nedbank: 1; SARB: 1; Standard: 1
Govt	
Ind	
Labour	SASBO: 6
Professional	SA Communist Party: 1
Finances	



CATHSSETA	
Vision	A leader in skills development within our diverse sector
Mission	To facilitate skill development through strategic partnerships for CATHSSETA to contribute to economic growth
Principles	
Values	<ul style="list-style-type: none"> • Service Excellence - Understand stakeholder needs; Display an image of professionalism & accountability; Drive quality & high performance; • Fairness & Transparency - Conducts operational business without fear or favour; All providers feel confident bids dealt with fairly; Stakeholder believe nothing is hidden; Everything open to for all to see; • Respect - Stakeholders experience humane relations; Self-worth not eroded; Experience humility from staff; • Accessibility - Develop and promote skills development programmes with equal access; Develop SDPs in rural areas; Info translated to prominent geographical area language; • Integrity - Value openness, honesty, consistency & fairness; Act in good faith; Fulfil public expectations; • Stakeholder Orientation - Build partnerships; Offer quality education & skills development
Strategic Skills	Sector Skills Plan (SSP) targets: <ul style="list-style-type: none"> • Arts, Culture & Heritage; • Conservation; • Gaming & Lotteries; • Hospitality; • Sport, Recreation & Fitness; • Tourism & Travel Services
Governed By	S29 of Constitution; LEGISLATION: <ul style="list-style-type: none"> • SDA (Act 97 of 1998); • PFMA (act 1 of 1999); • Broad-Based Black Economic Empowerment Act of 2003 (B-BBEE Act 53 of 2003, as amended); • Basic Conditions of Employment Act (Act 75 of 1997); Sectoral Determination No 5: Learnerships); • The SETA Grant Regulations, Notice No. 35940 of 2012. POLICY: <ul style="list-style-type: none"> • National Development Plan (NDP); • National Skills Development Strategy (NSDS III); • White Paper on Post-School Education and Training (WPSET); • National Skills Accord; • National Human Resource Development (HRD) Strategy of South Africa; • Medium-Term Strategic Framework (MTSF). REGULATION: Regulation 30 of National Treasury Regulations prescribes SLA be concluded between Executive Authority (the DHET) and SETA. SLA contains strategic objectives to be achieved and reported on quarterly. SETA is a schedule 3A Public Entity. Quarterly reports submitted to EA: Quarterly Monitoring Report; Governance Charter; Governance Review for Risk & Audit; Governance Review for Accounting. OTHER: Portfolio Committee of Parliament if applicable. AUDIT & RISK COMMITTEE: <ul style="list-style-type: none"> • PFMA; • King IV.
King IV	The Audit and Risk Committee performs its functions in accordance with PFMA as well as guidelines stipulated in King IV.
Composition	<ul style="list-style-type: none"> • Minister: 1 (Chair); • Not specified; • Total = 11 (incl 2 who resigned 2/5/18 & 4/3/19); Meets 11x/year
Committees	<ul style="list-style-type: none"> • Audit & Risk Committee (Meets 8x: 6 members); • Executive Committee (15x: 5); • Finance & Remuneration Committee (8x: 7); • Governance & Strategy Committee (7 x: 3); • Internal Control Unit: Internal Audit & Risk Management Division.
CoSec	CoSec services conducted via an external SP
IA	Internal Audit is conducted via an external service provider.
Community	
Employers	
Govt	
Ind	
Labour	
Professional	
Finances	Revenue: R392.9m; Exp: Op Surplus: R10.667m; % Breakdown: %: Employer grants & Projects; %: General Expenses; : Employee costs Note: Admin costs above 10.5% threshold as required by legislation



CETA	
Vision	To be a firm pillar of all in construction and nation building
Mission	To create a solid skills base as a foundation for infrastructural development and economic empowerment
Principles	
Values	• Responsiveness; • Respect; • Integrity; • Professionalism
Strategic Skills	
Governed By	Legislative Mandate: • Constitution of RSA; • SDA (Act 97 of 1998); • SDLA (Act 9 of 1999); • Income Tax Act No 58 of 1962 - Learnerships Allowances (Revised); • PFMA (Act 1 of 1999); • Employment Equity Act No 55 of 1998; • National Qualifications Framework Act No 67 of 2008; • White Paper on Post School Education and Training (PSET); • Human Resources Development Strategy for South Africa (HRDSSA); • NSDS III; • National Infrastructure Act No 23 of 2014; • The New Growth Path and the National Skills Accord; • National Development Plan: Vision for 2030 (NDP); • Medium Term Strategic Framework (MTSF); • Strategic Integrated Projects (SIPs); • Special Economic Zones (SEZs); • National Industry Policy Framework (NIPF) and • Industrial Policy Action Plan (IPAP) 2014/15-2018/ 19-2020/21; • SETA Grant Regulations • Broad Based Black Economic Empowerment, Act No 53 of 2003; • The Preferential Procurement Policy Framework, Act No 5 of 2000; • Construction Regulations, 2014; • Construction Charter
King IV	Links NSDS; CETA Constitution; PFMA; King IV; CETA Policies.
Composition	
Committees	• Audit & Risk Committee (Meets 8x: 6 members); • Core Business Committee; • Executive Committee (15x: 5); • Finance & Remuneration Committee (8x: 7); • Governance & Strategy Committee
CoSec	
IA	
Community	
Employers	
Govt	
Ind	
Labour	
Professional	
Finances	Revenue: R799.801m; Expenditure:R867.141m; Op Surplus: (R67.34m)



CHIETA	
Vision	World-class education and training for the Chemical Sector
Mission	CHIETA contributes to sustainable development through facilitating the provision of skills for growth in the Chemical Sector
Principles	
Values	
Strategic Skills	
Governed By	<p>NSDS III; SDA, 1998 (Act No. 97 of 1998); Skills Development Amendment Act, 2003 (Act no. 31 of 2003); Skills Development Amendment Act, 2008 (Act No. 3 of 2008)</p> <p>Service Level Agreement Regulations under regulation No.R716 of 18 July 2005; Skills Development Levies Act, 1999 (Act No. 9 of 1998); Regulations regarding the establishment of Sector Education and Training Authorities under Notice R106 of 4 February 2005, (SETA Establishment Regulations); PFMA, 1999 (Act No. 25 of 2004);</p> <p>Treasury Regulations issued in terms of the PFMA (treasury Regulations) of 2005; Public Audit Act, 2004 (Act No. 25 of 2004); Directive: Public Finance Management Act under GN647 of 27 May 2007; Government Notice 1570 and 1571 dated 15 December 2017 on the re- establishment of SETA and the extension of NSDS III to 31 March 2020; Constitution for the CHIETA; Promotion of Access to Information Act, 2000 (Act No. 2 of 2000); Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)</p> <p>Employment Equity Act, Labour Relations Act, Basic Conditions of Employment Act and Occupational Health and Safety Act; Tax Laws; SETA grant regulations regarding monies received by a SETA and related matters (Govt Notice R990) in terms of the SDA, 1998 (Act No. 97 of 1998) dated 3 December 2012; Protection of Personal Information Act, 2013 (Act No. 4 of 2013); Cobit 5 framework for the governance and management of enterprise ICT; DPSA public services corporate governance ICT framework</p>
King IV	The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter as well as the recommendations of the King IV Code on corporate Governance, and has discharged all its responsibilities as contained in the code.
Composition	<ul style="list-style-type: none"> • Minister: 1 (Chair); • Organised Labour: 3; • Organised Employers: 5; • Govt: 1; • Professional Body: 1; • Total = 11; Meets
Committees	<ul style="list-style-type: none"> • Audit & Risk Committee; • Executive Committee; • Finance & Remuneration Committee; • Governance & Strategy Committee; • Grants Committee
CoSec	
IA	
Community	
Employers	<ul style="list-style-type: none"> • Explosive and Fertiliser Industry Employers Assoc; • Glass Industry Employers' Assoc; • National Petroleum Employers Assoc (NPEA); • Speciality chemicals, Surface Coatings, Pharmaceuticals and FMCG
Govt	
Ind	
Labour	
Professional	<ul style="list-style-type: none"> • GIWUSA; • Solidarity; • UASA
Finances	Revenue: R577.959m; Expenditure:R582.005m; Op Surplus: (R4.046m)



ETDP SETA	
Vision	To be a promoter and facilitator in the development and improvement of the skills profile of the sector's workforce to benefit employers, workers and employees in the sector
Mission	The promotion, facilitation and development of an education, training and development sector in which: • the skills levels of employees and workers are raised; • there is a healthy balance between supply and demand in the labour market; • there are diverse, flexible routes for initial and in-service education and training; • a variety of career paths are available; • the quality of education and training provision is improved; • the levy grant scheme is efficiently administered; • there is regular liaison with providers, other SETAs, the Department of Labour, the DoE, the National Skills Authority (NSA) and the South African Qualifications Authority (SAQA) and its structures; • internal and external communication is effective in order to advance national human resource and skills development; • dialogue and interaction between public and private entities in the sector with regard to skills transfer and training delivery is encouraged; and • Employers, workers and employees in the sector benefit from quality training, higher productivity and harmonious mutual dependencies.
Principles	
Values	• transparency & fair conduct; • honesty and integrity; • courteousness and caring; • honouring deadlines; • promoting equity amongst all our stakeholders; • cooperative governance; and • striving for continuous improvement.
Strategic Skills	
Governed By	SDA, 1998 (Act No. 97 of 1998); Skills Development Levies Act, 1999 (Act No. 9 of 1998); PFMA, 1999 (Act No. 1 of 1999); LRA, 1995 (Act No. 66 of 1995); EEA, 1998 (Act No.55 of 1998); POPIA, 2013 (Act No. 4 of 2013); Promotion of Access to Information Act, 2000 (Act No. 2 of 2000); The National Treasury Regulations; NSDS III; The SETA Grants Regulations - December 2012 (Govt Notice No. 35940); The Standard Constitution provided for the SETAs (2012); National Development Plan Vision 2030 Medium Term Strategic Framework 2014-2019; The White Paper on Post School Education and Training (2012); The Human Resource Development Strategy of South Africa, 2030; Education, Training and Development Sector Skills Plan; Occupational and Safety Act, 1993 (Act No. 85 of 1993), as amended; and Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and applicable regulations
King IV	The AA and its structures abide by corporate governance principles that are embodied in the various legislative frameworks, regulations and reports such as the Companies Act and King IV Report.
Composition	15 Members, nominated from Organised Labour, Organised Employer, Relevant Govt Depts (DGET) & any interested professional body or bargaining council, Minister considers appropriate
Committees	• Audit Committee (Meets 9x: 5 members); • Executive Committee (8x: 5); • Finance Committee (5x: 6); • HR Committee (5x: 5) [also a sub-committee, 5x:5]; • IT Gov Committee (3x:5); • QA Committee (3x:5); • Has Three Advisory Chambers (Early Childhood/ Schooling, Tech Vocation & Training & HE&Res); • Risk Management Committee comprises Senior Mgt and is chaired by the Chief Risk Officer and meets monthly
CoSec	Governance and Compliance manager serving as Board Secretary
IA	
Community	
Employers	
Govt	
Ind	
Labour	
Professional	
Finances	



EWSETA	
Vision	To be the recognized and reputable authority in skills development facilitation for the energy and water sectors
Mission	Sets the trajectory for the pursuit of our vision by: • comprehensively researching and understanding the skills demand and supply forces in the sector; • coordinating, facilitating and quality assuring sector-relevant skills development programmes for our stakeholders in line with stated national skills development priorities; • generating, articulating and executing a sector skills pipeline that impacts positively on the government's economic growth policies to create employment and eradicate poverty.
Principles	Our MANDATE is derived directly from the SDA and directs us to anticipate, build and manage the skills development and training needs of the energy and water sectors through strategic skills planning within the context of the National Skills Development Strategy (NSDS III).
Values	Our VALUES are embedded in an organisational culture imbued with: • Visionary leadership: Keeping the EWSETA's vision, mandate and values at the forefront of associated decision-making and action. • Stakeholder orientation: Cultivating strategic stakeholder relationships and ensuring that stakeholder perspectives are the driving force behind all value-added organisational activities. • Driving for results: Setting high goals for personal and group accomplishment, monitoring progress towards goal attainment and working tenaciously to meet or exceed those goals while deriving satisfaction from the process of goal achievement and continuous improvement. • Quality orientation: Accomplishing objectives and tasks by considering all areas involved and showing concern for all activities and engagements, while accurately establishing and controlling processes and systems and being watchful over the period of our establishment. • Collaborative working relationships: Developing and using collaborative relationships to facilitate the accomplishment of business goals. • Continuous learning and research: Actively identifying new areas for organisational learning and positioning, regularly creating and taking advantage of learning opportunities and using newly-gained knowledge to drive organisational and personal performance and delivery. • Personal integrity: Interacting with others in a way that instils confidence in the intentions of the organisation and its employees. The SCOPE of our services includes the energy subsectors of electricity, oil and gas, nuclear and renewable energy and water sub-sectors of collection, purification and distribution, waste and sewage and refuse and sanitation.
Strategic Skills	
Governed By	Constitutional mandate: The Constitution of the Republic of South Africa forms the basis of an education system based on the values of human rights and dignity, equality, freedom, nonracism and non-sexism. Section 29 (1) of the Constitution guarantees the right to basic education (including adult basic education) and further education that the state must, progressively, make available and accessible. Legislative mandates: EWSETA derives its mandate from the SDA, as amended. Within that mandate, our key responsibilities are to: • Develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS); • Implement the SSP by: -- establishing learning programmes -- approving workplace skills plans (WSPs) and Annual Training Reports (ATRs) -- allocating grants to employers, education and skills development providers and workers according to prescribed standards and criteria -- monitoring the provision of education and skills development in the sector • Promote learning programmes by: -- identifying workplaces for practical work experience -- supporting the development of learning materials -- improving facilitated learning • Conclude and register learning programme agreements as required • Perform any functions delegated by Section 261 of the Quality Council for Trades and Occupations (QCTO).
King IV	Am also pleased to report that our continued pursuit of good governance, including the induction and training of all Board members on King IV and the Companies Act, 2008 (17 of 2008), in cooperation with the Institute of Directors of South Africa (IoDSA), has resulted in improved governance practices and a decrease in the number of audit findings. The Board governs and manages EWSETA in accordance with applicable legislation and provides strategic direction. As the King IV Report on Corporate Governance articulates, the essence of good governance emanates from effective leadership. The EWSETA Board and Executive Management, therefore, play a critical role in ensuring that the organisation fulfils its strategic and operational objectives towards sustainable performance and meeting the needs of its stakeholders. ARC: The Audit and Risk Committee has also adopted appropriate formal terms of reference as its Charter, which has been approved by the Accounting Authority and reviewed bi-annually in line with King IV.
Composition	The EWSETA Board members represent the SETA's sector constituencies and stakeholders, namely: organised labour, organised employers, relevant government departments and Ministerial appointees 10 members including an independent chairman, 4 from organised labour, 4 organised employers and 1 from not identified.
Committees	• Audit & Risk Committee; • Executive Committee; • Finance Committee; • HR & Remuneration Committee; • Learning Programmes Committee; • Quality Assurance & Compliance Committee; • Skills Planning Committee
CoSec	Outsourced
IA	
Community	
Employers	



Govt	
Ind	
Labour	
Professional	
Finances	



FASSET	
Vision	To facilitate the achievement of world-class finance and accounting services skills.
Mission	Increase the flow of new finance and accounting services entrants to employment; develop and grow skills required in the sector and facilitate the transformation of the finance and accounting services sector
Principles	Mandate: The SDA and SDLA provide the institutional framework for the SETA. The framework serves as our mandate to develop and implement national, sectoral and workplace strategies to develop and improve the skills of the national workforce, resulting in improvements in employability and productivity, while contributing to the competitiveness of the country.
Values	Our shared values articulate what we stand for, what we value as an organisation and inform how we interact with our stakeholders. PROFESSIONALISM AND ACCOUNTABILITY: We are a high-performance, professional team; we strive for excellence through hard work and by taking responsibility and being accountable within an accepted and agreed code of conduct. MAKING A DIFFERENCE: We make a difference to the lives of all our stakeholders by identifying their needs and exceeding expectations. We strive to create a motivating and supportive culture by understanding, VALUING PEOPLE: respecting, developing and valuing each other. INNOVATION: We continuously innovate and improve to add value to all our stakeholders. ETHICS: We work with integrity and honesty and respect internal and external stakeholders at all times.
Strategic Skills	
Governed By	South Africa has an abundance of legislation, as lawmakers seek to provide citizens with guidance and protection across the spectrum of life experiences. The SETA environment is particularly heavily legislation-driven, with its three-Act foundation comprising the SDA, SDLA and PFMA. Our scope of coverage is the finance and accounting services sector as determined by Section 9(2) of the SDA read in conjunction with Government Gazette No 33756, RG 9417, No R1055 of 11 November 2010. As a public entity listed in Part A of Schedule 3 of the PFMA, Fasset is established in accordance with Section 9 of the SDA and having all the powers granted to it in terms of the Act. The SDA and SDLA provide the framework for us to develop and implement national, sectoral and workplace strategies to develop and improve the skills of the workforce, which, in turn, improves employability and productivity, and boosts the competitiveness of the country. The PFMA promotes sound financial management based on efficient and effective use of financial resources. The National Qualifications Framework (NQF), Act 67 of 2008, provides for the regulation of qualifications and professional bodies, and establishes the quality councils with which we interact. Our overarching guiding document is our SETA-standard Constitution. Also crucial to our strategy are important sector specific transformative documents such as the Financial Sector Charter and the Chartered Accountancy Charter. We support the aims and objectives of the HRDSA, which outlines the human resources development strategy for the country; the MTSF, a broad government framework that indicates economic growth drivers, and the NSDS III, the now seven-year skills strategy that serves as our roadmap. Our work is further influenced by the White Paper on PSET, NSA, NGP, IPAP, NDP and B-BBEE codes of good practice. Imperatives identified by the MHET and the Portfolio Committee on Higher Education and Training are incorporated into the programmes and interventions that allow us to realise our NSDS III goals and outcomes.
King IV	The King IV Report on Corporate Governance states that good governance starts with effective leadership. The Board Charter sets out the roles and responsibilities of the Board, which are disclosed in the annual report: • Ensuring all Board members are aware of their individual and collective duties and responsibilities; • Providing assurance to all stakeholders that the Board is fulfilling its obligations in terms of the Constitution and the Act; • Ensuring the principles of corporate governance are applied by all Board members in the course of carrying out their fiduciary duties and in dealing with each other, and • Ensuring all Board members are aware of the various legislation, regulations and policies that have a bearing on their conduct.
Composition	The Board comprises 14 members and an independent chairman. All Board members and the independent chairman are non-executive directors and are appointed by the MHET. The term of office started on 31 March 2018. Board members represent constituencies: • An independent chairperson; • Six members representing organised business (including a representative of the State); • Six members representing organised labour, and • Two members representing professional bodies.
Committees	• Audit & Risk Committee; • Finance Committee; • Governance & Strategy Committee; • HR & Remuneration Committee
CoSec	
IA	
Community	
Employers	
Govt	
Ind	



Labour	
Professional	
Finances	



FOODBEVSETA	
Vision	To have sufficient and appropriate knowledge and skills available in the Food and Beverages Manufacturing Sector.
Mission	<ul style="list-style-type: none"> • To expand the availability and accessibility of knowledge and skills in the sector, including but not limited to, rural areas; • Establish a credible institutional mechanism that facilitates skills development with greater efficacy; and • To remain relevant by providing quality learning standards and qualifications.
Principles	
Values	Subscribes and is committed to: <ul style="list-style-type: none"> • Service Excellence: Take pride in satisfying stakeholder needs. • Accountability: Accept responsibility and delivering on our commitments. • Integrity: Act with integrity in all we do (doing what's right). • Respect: Deliver on our commitments with the utmost respect towards our stakeholders.
Strategic Skills	
Governed By	<p>Legislative and Policy Mandates: The FoodBev SETA is a Schedule 3A public entity established in terms of the Public Finance Management Act No.1 of 1999 (as amended). The SETA derives its mandate from the Constitution of the Republic of South Africa, which gives everyone the right to education. This constitutional mandate is strengthened by the following critical pieces of legislation, which are directly applicable to the FoodBev SETA:</p> <ul style="list-style-type: none"> • The Standard Constitution of SETA regulations; • The Skills Development Act No. 97 of 1998 (as amended); • The Skills Development Levies Act No. 9 of 1999; • The Sector Education and Training Authorities SETAs grant regulations regarding monies received by a SETA and related matters (grant regulations); • Rules regarding the establishment of Sector Education and Training Authorities; • The National Qualifications Framework Act (No. 67) of 2008 (as amended); • The Public Finance Management Act No. 1 of 1999 (as amended); and • The National Treasury Regulations governing public entities. <p>Other Policy Mandates and Frameworks:</p> <ul style="list-style-type: none"> • National Skills Development Strategy III; • National Development Plan; • Medium Term Expenditure Framework; • Medium Term Strategic Framework; • Human Resources Development Strategy of South Africa; • National Skills Accord; • Industrial Policy Action Plan; • White Paper for Post-School Education and Training; and • SETA Constitution and various internal policies and procedures. <p>Key Policy Developments and Legislative Changes In the year under review, the Minister of Higher Education and Training gazetted the following regulations, regulation amendments and policies:</p> <ul style="list-style-type: none"> • Gazette 42290: Promulgation of the National Skills Development Plan (NSDP); • Workplace-Based Learning Programme; Regulations Agreement; • Gazette 41856: Call for public comments on the proposed new SETA landscape for comments; • National list of occupations in high demand 2018.
King IV	FoodBev SETA is a Schedule 3A public entity. It subscribes to and is committed to complying with the principles and standards of integrity and accountability expressed in the PFMA of 1999, the relevant Treasury Regulations and, where applicable and practical, the King IV Report on Corporate Governance. While the Board oversees the overall process and structure of corporate governance, each business unit and every FoodBev SETA employee is responsible for promoting good corporate governance practices.
Composition	The Board consisted of 15 members, including the Chairperson, and is constituted as follows: <ul style="list-style-type: none"> • Levy Paying Employers/Organised Employer – six representatives; • Representative Trade Unions/Organised Labour – six representatives; • Professional Bodies – one representative; • Small Business – one representative; • Independent Chairperson - one representative
Committees	<ul style="list-style-type: none"> • Audit and Risk; • Finance & Remuneration; • Governance & Strategy; <p>[Note: Exco discussed at Board Level, Minister did not approve as no female representation]</p>
CoSec	
IA	
Community	
Employers	
Govt	
Ind	
Labour	
Professional	



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FP&MSETA	
Vision	To be a credible and effective skills development partner ensuring the delivery of service excellence that will produce a highly-skilled world-class workforce through various skills development interventions
Mission	To establish a credible institutional mechanism that facilitates an efficient and effective skills development process, through a range of quality services and partnerships, to contribute to the achievement of sector competitiveness, transformation and economic growth
Principles	
Values	FP&M SETA is committed to living its values which include: • Integrity – Honouring our mandate and doing what is right. • Accountability – Clarifying and accepting responsibility and delivering on our commitments. • Respect – Driving delivery with respect towards all our stakeholders, embracing openness, trust, teamwork, diversity, and relationships that are mutually beneficial. • Service excellence – Striving for the best service and delivering it with pride. • Inclusive, sustainable socioeconomic transformational interventions – Driving and supporting interventions that are meaningful and that will impact positively on the realisation of economically independent individuals and communities.
Strategic Skills	
Governed By	The FP&M SETA is a Public Entity under Schedule 3A of the Public Finance Management Act (PFMA), 1999 (Act No 01 of 1999). The FP&M SETA is governed by: • The Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996); • Section 9 of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended in 2008; • Skills Development Amendment Act, 2008 (Act No. 37 of 2008); • Skills Development Amendment Act, 2011 (Act No. 26 of 2011); • Skills Development Levies Act of 1999 (Act No. 9 of 1999) as amended in 2010 (Act 24 of 2010); • The National Qualifications Framework Act, 2008 (Act No. 67 of 2008); • The South African Qualifications Authority Act, 1995 (Act No.58 of 1995); • The Public Finance Management Act, 1999 (Act No.01 of 1999) as amended; • Treasury Regulations for Departments, Constitutional Institutions and Public Entities; and • Sector Education and Training Authorities (SETAs) Grant Regulations Regarding Monies Received by a SETA and Related Matters (Regulation No. 990 of 3rd December 2012). OTHER MANDATES: • National Skills Development Strategy III (NSDS III); • Medium-Term Strategic Framework of Government (MTSF 2014-2019); • Medium-Term Expenditure Framework of Government; • New Growth Path; • Industrial Policy Action Plan; • Human Resource Development Strategy; • National Development Plan (NDP)-Vision 2030; • National Skills Accord; • Integrated Growth and Development Plan; • Youth Development Strategy; • Rural Growth and Development Strategy; and • Provincial Growth and Development Strategy.
King IV	The Board had operated according to the internal policies of the SETA and meetings were conducted in line with the procedures detailed in the constitution. The FP&M SETA subscribed to the principles of good corporate governance as set out in the King IV Report and duties were carried out diligently, objectively, and without prejudice.
Composition	• 1 independent chairperson; • 6 employer; • 6 labour; and • 2 independent members. Met 7x of which 2 were special board meetings to approve the AFS and AR.
Committees	• Audit and Risk (Meets 6x(2 spec): 4/5 members [1 vac]); • Executive (4x: 5); • Finance (2x:5); • Governance & Strategy (2x:9); • HR and Remuneration (4x:8); • IT Governance (2x:5); • Projects (2x:5); • Quality Assurance (?:9)
CoSec	
IA	
Community	
Employers	Media24: 1; Forestry: 1; Printing & Packaging: 1 Publishing: 1; Textiles: 1; PAMSA: 1
Govt	DAFF:1
Ind	An Advocate
Labour	SATWU: 4; SATU?: 1; CEPPWAWU:1
Professional	
Finances	



HWSETA	
Vision	The creation of a skilled workforce for the health and social development needs of all South Africans
Mission	The Health and Welfare Sector Education and Training Authority (HWSETA) endeavours to create an integrated approach to the development and provision of appropriately skilled health and social development workers, to render quality services comparable to world class standards
Principles	
Values	
Strategic Skills	
Governed By	<p>The HWSETA is a statutory body, a juristic person, and a schedule 3A entity – as per the Public Finance Management Act (PFMA). Constitutional Mandates</p> <p>As an entity of the Department of Higher Education and Training, the HWSETA derives its mandate from the Constitution of the Republic of South Africa specifically Section 29 read with schedule 4, which lists education at all levels, including tertiary education as a functional area of concurrent national and provincial legislative competence.</p> <p>Policy Mandates: Priority areas are dictated by the Ministers of: • Department of Higher Education and Training; • Department of Health; and • Department of Social Development. The HWSETA entered into a Service Level Agreement with the DHET, which is aligned to our Annual Performance Plan. Legislative Mandates. The HWSETA derives its mandate from: • The Skills Development Act, as amended; • The Skills Development Levies Act, as amended; • The SAQA Act, as amended; • The QCTO Act;</p> <ul style="list-style-type: none"> • The Public Finance Management Act, as amended; • Treasury Regulations; • All other (relevant/applicable) Human Resources and Industrial Relations Acts; • All other Health and Welfare Acts and Regulations; • Grant Regulations; and • White Paper on Post-school Education.
King IV	<p>In accordance with the principles set out in King IV, the HWSETA has constituted the following committees to ensure compliance:</p> <ol style="list-style-type: none"> 1. Executive Committee 2. Audit, Risk and Compliance Committee 3. Finance and Remuneration Committee. <p>Systems are in place to detect changes in legislation as and when they arise.</p> <p>Changes in legislation and statutory requirements are reported to the Accounting Authority on a quarterly basis or as and when it becomes necessary. HWSETA ensured that all the King IV principles were applied and matters arising are presented on a quarterly basis at the Audit and Risk Committee meetings.</p>
Composition	<ul style="list-style-type: none"> • 1 independent chairperson; • 6 employer of whom 2 from Govt; • 6 labour; and • 1 professional councils; • 1 levy exempt sector
Committees	<ul style="list-style-type: none"> • Audit and Risk (Meets at least 2x: 5 members); • Corporate Services; • ETQA; • Executive; • Finance & Remuneration; • Skills Development & RIME
CoSec	Internal
IA	Outsourced
Community	SACSSP: 1 (Social Sector)
Employers	Board of Healthcare Funders: 1; Hospital Assoc of SA: 1; Life Healthcare: 1; Netcare Ltd: 1
Govt	Dept of Health: Vacant; Dept of Social Dev: 1
Ind	
Labour	DENOSA: 1; HOSPERA: 1; NEHAWU: 1; NPSWU: 1; PSA: 1; PSA: 1
Professional	SA Veterinary Council:1
Finances	



INSETA	
Vision	A skilled and capable insurance and related services workforce.
Mission	PURPOSE: INSETA's purpose is to grow the pool and quality of scarce and critical skills in the insurance sector, enhancing the sector
Principles	
Values	Partner to enable others: • Form strategic partnerships • Be an employer of choice • Consult and collaborate with stakeholders; Lead with vision: • Develop contemporary solutions to guide the industry • Listen, learn, influence and shape; Deliver quality: • Results for real impact • Value for investment; Touch lives: • Make a difference • Leave an enduring legacy; Inspire trust: • Transparent • Reliable and consistent • Accountable
Strategic Skills	
Governed By	<ul style="list-style-type: none"> • Insurance Sector Education and Training Authority Constitution: Provides an institutional framework for the SETA to develop and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce. • Skills Development Act, Act 97 of 1998 (as amended): Provides an institutional framework to develop and implement national, sector and workplace strategies to improve the skills of the South African workplace. • Public Finance Management Act, Act 1 of 1999 (as amended): Seeks to regulate financial management and corporate governance in the national and provincial governments. • Skills Development Levies Act, Act 9 of 1999: Provides for the imposition of the Skills Development Levy and related matters. • The Financial Advisory and Intermediary Services Act, Act 37 of 2002: Sets out the fit and proper requirements for financial services providers. New requirements include compulsory regulatory examinations with strict timeframes laid down by the Financial Sector Conduct Authority (FSCA). • National Qualifications Framework Act, Act 67 of 2008: Provides for the National Qualifications Framework, a system for the classification, registration and publication of all national qualifications and part-qualifications. • National Skills Development Strategy III: Improves the skills development system to create a skilled and capable workforce that shares in and contributes to the benefits and opportunities of economic expansion and an inclusive growth path. • National Skills Accord Commits government, business, labour and civil society organisations to promote skills development in line with the strategy objective of the New Growth Path (NGP) to create five million new jobs by 2020. • Sector Skills Plan (SSP) As the research document produced by the SETA in each economic sector, using inputs from constituent employers, outlines key skills shortages and, specifically, a sector's top scarce and critical skills. • Annual Performance Plan (APP) Contains INSETA's performance commitments and measurement framework. • Service-level Agreement (SLA) Sets out the agreement between the Department of Higher Education and Training (DHET) and INSETA.
King IV	No mention of King IV, but ARC report, under Governance (p.44) states: INSETA's governance is regulated primarily by the PFMA and Treasury Regulations, INSETA also considers codes of best practice when designing its governance and oversight arrangements
Composition	<ul style="list-style-type: none"> • 1 independent chairperson; • 6 employer; • 6 labour; and • 1 professional body; • 1 community organisation.
Committees	<ul style="list-style-type: none"> • ARC (Meets 4x: 7 members); • Executive (9x: 5); • Finance (4x: 7); • HR (4x: 5)
CoSec	
IA	
Community	
Employers	
Govt	
Ind	
Labour	
Professional	
Finances	



LGSETA	
Vision	To be a SETA of excellence, facilitating skills development at local government level across South Africa.
Mission	To build local government's ability to meet its development needs by engaging innovative training methods, effective capacity building frameworks and building strategic partnerships.
Principles	
Values	Service excellence; Passion; Integrity; Collaboration; Engagement; Empowerment
Strategic Skills	
Governed By	<ul style="list-style-type: none"> • South African Constitution Act 108 of 1996: Section 29(1) (a) and (b) provides for the State to take reasonable measures to make adult and further education accessible to citizens as a human right. Sections 152 and 153 of the Constitution outline the role of local government in promoting social and economic development, while maintaining and improving service delivery to all community members. Section 156 speaks of local government as the foundation for participatory democracy and service delivery. • Public Finance Management Act, No. 1 of 1999: The LGSETA is a public entity that falls under Schedule 3A of the Public Finance Management Act, No. 1 of 1999. • Skills Development Levies Act, No. 9 of 1999: The Act makes provision for leviable employers to pay 1% of their payroll to the South African Revenue Service (SARS). • Municipal Systems Act, No. 2 of 2000 Section 68(1) of the Municipal Systems Act requires that municipalities comply with the Skills Development Act, and the Skills Development Levies Act, to develop their human resource capacity, to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. • National Qualifications Framework Act, No. 67 of 2008: The LGSETA employs the provisions of Chapter 5 of the National Qualifications Framework Act, No. 67 of 2008 (NQF) to design training programmes, to carry out quality assurance, assess learner achievement and accredit training providers. • Skills Development Act, No. 98 of 1998: To develop the skills of the South African workforce – to improve the quality of life of workers, their prospects of work and labour mobility; to improve productivity in the workplace and the competitiveness of employers; to promote self-employment; and to improve the delivery of social services. • Skills Development Amendment Act, No. 26 of 2011: To amend provisions relating to the establishment, amalgamation and dissolution of SETAs; to provide for the incorporation of a subsector of one SETA into another SETA; to provide for the composition of an Accounting Authority for each SETA; to regulate the eligibility to become a member of an Accounting Authority; and to provide for a constitution for every SETA. • White Paper on Post-School Education and Training: The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) desires, by 2030 (DHET, 2013). • The 1998 White Paper on Local Government: The White Paper on Local Government explains developmental local government as to maximise social development and economic growth through the integrated co-ordination of development activities by empowering communities to participate meaningfully, as well as providing the necessary leadership that promote the building of social capital, learning and information sharing. • Local Government Turnaround Strategy (LGTAS): Cabinet adopted the Local Government Turnaround Strategy (LGTAS) in 2009 that was designed to strengthen the ability of municipalities to perform their functions as enshrined in the Constitution. • National Skills Development Strategy III (NSDS III): The NSDS III is the key strategic guide to inform skills development interventions and sector skills planning in all SETAs to respond to skills development challenges in the country, for the period 2011 to 2018. Furthermore, the NSDS III identifies seven key developmental and transformative imperatives of race, class, gender, geography, age, disability, and the HIV and AIDS pandemic that will inform the nature and scope of skills development interventions by SETAs. • National Skills Accord: The National Skills Accord is a multi-constituency agreement between business, organised labour, community constituents at the National Economic and Development Labour Council (NEDLAC), and Government. It was signed to support the New Growth Path target of creating five million jobs by 2020. The Accord identifies eight commitments in relation to training and skills development that need to be implemented by the constituencies to achieve the New Growth Path. • National Human Resource Development Strategy of South Africa: The Strategy has several commitments designed to address the priorities of the South African Government in terms of skills development that supports economic and social development, facilitating greater access to education opportunities, as well as building a capable public sector to meet the needs of a developmental state. • National Development Plan 2030 Chapter 13 of the National Development Plan 2030. • Strategic Integrated Projects (SIPs) The 18 SIPs focus on infrastructure development as a catalyst to facilitating the creation of five million jobs by 2020. • Youth Employment Accord : The Youth Empowerment Accord has six commitments that include education and training; access to work exposure; increasing the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes. The LGSETA has and continues to support Government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning and bursaries. The LGSETA has also facilitated access for the unemployed youth to such skills development opportunities.
King IV	No reference
Composition	15 Board members representing the following constituencies and stakeholders in the local government sector:
	• Ministerial appointed independent Chairperson
	• Organised Labour
	• Organised Employer and
	• Two persons representing – Any government department that has an interest in the local government sector and that is not an



	organised employer; – Any interested professional body or bargaining council with jurisdiction in the sector; or – Any organisation in a community that has an identified interest in skills development in the local government sector.
Committees	• ARC (6 [inc 2 AA] members: 8x); • Executive; • Finance & Operations; • Remuneration & Stakeholder
CoSec	
IA	
Community	
Employers	COGTA: 1; SALGA: 4
Govt	Not specified: 2
Ind	
Labour	SAMWU: 4; IMATU: 2
Professional	
Finances	



merSETA	
Vision	Leaders in closing the skills gap
Mission	To increase access to high quality and relevant skills development and training opportunities. To support economic growth in order to reduce inequalities and unemployment. To promote employability and participation in the economy.
Principles	
Values	We care. We belong. We serve
Strategic Skills	
Governed By	<p>The merSETA mandate is derived from the Skills Development Act No 97 of 1998 and the National Skills Development Strategy (NSDS), which expires in March 2020 and will be replaced by the NSDP gazetted by DHET on 7 March 2019. The NSDS and aligned merSETA strategic priorities require the merSETA to do the following:</p> <p>Develop the sector labour market intelligence system – promote and develop an institutional base for providing robust and reliable sector data by aligning internal information and communications technology (ICT), administration functions and monitoring and evaluation (M&E) with the requirements of credible research and sector skills planning, implement systematic development of research partnerships with higher-education institutions (HEIs) and develop knowledge management in the organisation.</p> <p>Continued and increased focus on artisan development – includes pathways to artisan status from learner progression, career guidance, and sector and company perspective; involvement of stakeholders in the planning and governance of qualifications, curriculum development and assessment as well as provider-employer cooperation and scalable workplace learning; programmes and projects for strengthened relationships among TVET colleges, industry training centres and industry; promoting artisan recognition of prior learning (ARPL); and enhancing capacity of small and medium enterprises (SMEs) to offer artisan training. Establish and facilitate strategic partnerships – engage with government, non-government, employer associations, labour organisations and bargaining councils for greater coordination and efficiency; and pursue partnerships with local and international HEIs to ensure new ideas and research outcomes to benefit the sector. Increase flow of newly skilled workers into the sector – addressing skills shortages currently experienced, whilst accommodating planned growth, impact of technological changes and replacement demand; providing access to work experience opportunities; addressing transformation imperatives of race, gender, class, geography, disability and age; and increasing career guidance and development in rural areas. Develop the skills of the existing workforce – lifelong learning and creation of career pathways consistent with decent work, equity and sector economic growth; identifying occupational pathways for existing workers and those at risk of retrenchment and, thus, implementing upskilling, reskilling and trans-skilling; and providing continuing education, post-qualification programmes, continuous professional development and management development.</p> <p>Legislative Mandate: The merSETA derives its mandate from the following key legislation (this list is not exhaustive): • The Constitution of the Republic of South Africa Act No 108 of 1996; • Skills Development Act No 97 of 1998 (as amended) and the Regulations thereof; • Public Finance Management Act No 1 of 1999 (as amended) and the Regulations thereof; • Skills Development Levies Act No 9 of 1999 and the Regulations thereof. • The merSETA Constitution; • Promotion of Access to Information Act No 2 of 2000; • Promotion of Administrative Justice Act No 3 of 2000; and • Labour market legislation. 7.2 Policy Mandate: The merSETA subscribes to the following policy imperatives:</p> <ul style="list-style-type: none"> • National Skills Development Strategy (NSDS III); • Human Resource Development Strategy for South Africa (HRDSA), 2015; • New Growth Path (NGP), 2011; • National Development Plan (NDP), 2011; • Industrial Policy Action Plan (IPAP).
King IV	The merSETA has developed a compliance register to monitor the organisation's compliance with key legislation and King IV. The register is reviewed quarterly and is presented to ARC and the Accounting Authority. During the year under review, in addition to the legislative framework above, the merSETA applied the King IV principles, integrating them into its policies.
Composition	
Committees	<ul style="list-style-type: none"> • ARC (Meets 4x: 5 members[2 AA]); • Executive (5x:5); • Finance & Grants (4x : 7[2 ind]); • Governance & Strategy (4x : 9[2 ind]); • HR & Remuneration Committee (10x :7[2 ind]); Has 5 chamber committees: • Plastics • Automobile • Metal engineering • New tyre • Retail motor & components
CoSec	
IA	
Community	
Employers	
Govt	
Ind	



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Labour	
Professional	
Finances	



MICTSETA	
Vision	A global leader in the development and delivery of revolutionary ICT skills
Mission	We provide opportunities for our stakeholders to participate in the economy, through meaningful employment and entrepreneurship, in building a capable, creative and innovative developmental state
Principles	
Values	Honesty; Integrity; Excellence; Meritocracy; Accountability; Responsiveness
Strategic Skills	
Governed By	<p>The Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) is a public entity established in terms of the Skills Development Act No. 97 of 1998; and listed as a schedule 3A entity as per the Public Financial Management Act No. 29 of 1999 (PFMA). Moreover, the MICT SETA operates within the following legislative mandates: Constitutional Mandates: The sections within the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) that guide the operations of the MICT SETA include the following:</p> <ul style="list-style-type: none"> • Promoting and maintaining high standards of ethics • Providing service impartially, fairly, equitably and without bias • Utilising resources efficiently and effectively • Responding to peoples' needs, the citizens are encouraged to participate in policy-making • Rendering an accountable, transparent, and development oriented administration. <p>Legislative Mandates: The sections within the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) that guide the operations of the MICT SETA include the following:</p> <ul style="list-style-type: none"> • Skills Development Act (SDA) 1998 (Act No. 97 of 1998) as amended • Skills Development Levies Act (SDLA), 1999 (Act No. 09 of 1999) • Regulations published in the Government Gazette, No. 35940, 3 December 2012 regarding Monies Received by a SETA and Related Matters • The National Qualifications Framework Act (NQF), (Act No. 67 of 2008) • Public Finance Management Act (PFMA) (Act No. 29 of 1999) • Employment Equity Act (EE), 1998 (Act No. 55, 1998). <p>The other Legislative Frameworks include:</p> <ul style="list-style-type: none"> • National Development Plan (NDP) • Industrial Policy Action Plan (IPAP) • Medium Term Strategic Framework (MTSF) • Ten-Year Innovation Plan • Strategic Integrated Projects (SIPs) • National Skills Development Strategy (NSDS) III • Municipal Integrated Development Plans • Provincial Growth and Development Strategies <p>These government policy frameworks and programmes have one objective in common, and that is to address the triple ills of inequality, poverty and unemployment. These policies provide 7 Legislative and other Mandates good guidelines and frameworks for the MICT SETA to work within, therefore the MICT SETA considered these frameworks and employed them as the basis in developing its Strategic Plan and Annual Performance Plan.</p> <p>Policy Mandates The policy mandate of the MICT SETA is addressed in the MICT SETA Constitution, Government Gazette No. 35336 of 11 May 2012 and related policies, to:</p> <ul style="list-style-type: none"> • Implement the Sector Skills Plan • Promote learnerships in each of the sub-sectors of the SETA • Perform the functions of an Education and Training Quality Assurance Body • Liaise with the National Skills Authority on skills development matters • Conclude a Service Level Agreement with the Director-General of the Department of Higher Education and Training in terms of section 10A of the Skills Development Act, No.97 of 1998 • Promote the national standard established in terms of section 30B of the Skills Development Act, No. 97 of 1998 • Submit budgets, reports and financial information that are required in terms of the Public Finance Management Act, No. 1 of 1999 to the Director-General of the Department of Higher Education and Training • Facilitate the involvement of relevant government departments in the activities of the SETA to: <ul style="list-style-type: none"> - address the competency requirements for social delivery - address the learning needs of the most vulnerable segments of the Sector; - promote training in SMMEs to enable them to qualify for public contracts - perform any duties imposed by the Act and to actively pursue concrete measures to achieve the objectives of the Act.
King IV	As articulated in the King IV Report, the ethical and effective leadership of the Accounting Authority/Board is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. The MICT SETA is governed in a sound and ethical way that supports an ethical culture in its business and reporting.
Composition	15 members; <ul style="list-style-type: none"> • The Chairperson • Six are representatives of Organised Labour • Six are representatives of Organised Employers • One member represents Professional Bodies • One member represents Community Organisations
Committees	<ul style="list-style-type: none"> • ARC; • Executive; • Finance & Remuneration; • Governance & Strategy
CoSec	
IA	Outsourced
Community	AME AH: 1
Employers	BITF: 1; ITA: 1; LICTCF: 1; Splendid Grp: 1; Employers: 2
Govt	
Ind	
Labour	CWU: 5; Labour: 1



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Professional	IITPSA: 1
Finances	



MQA	
Vision	A competent health and safety-oriented mining and minerals workforce
Mission	To ensure that the mining and minerals sector has sufficient competent people to improve health and safety, entrench employment equity and increase productivity standards
Principles	
Values	Professionalism; Service Excellence; Honesty & Mutual Respect; Empowerment; Continuous learning
Strategic Skills	
Governed By	<p>Department of Mineral Resources (DMR): • Mine Health and Safety Act (MHSA) 29 of 1996 • Minerals and Petroleum Resources Development Act (MPRDA) 8 of 2002, as amended • Social and Labour Plan Department of Higher Education and Training (DHET) • Skills Development Act (SDA) 97 of 1998 • Higher Education Act (HEA) 101 of 1997, as amended • National Financial Aid Scheme Act (NSFAS) 57 of 1999 • Adult Education and Training Act of 2000 • Adult Education and Training (AET) Colleges Act of 2006 • Further Education and Training (FET) Colleges Act 16 of 2006 • National Qualifications Framework Act 67 of 2008 Department of Finance (DoF) • Skills Development Levies Act 9 of 1999 • Income Tax Act 58 of 1962, Section 12H Learnership Allowances • Public Finance Management Act (PFMA) 1 of 1999</p> <p>In addition to the legislation listed above, national policy documents guide the development of skills in the sector; namely the National Skills Development Strategy III, the New Growth Path, the National Skills Accord, the National Skills Development Plan (NSDP), the Mining and Minerals Sector Skills Plan (SSP), the King IV Report and the Code on Corporate Governance, the Protocol on Corporate Governance in the Public Sector (2002), the Companies Act 71 of 2008 and all the MQA policies and procedures.</p>
King IV	<p>In addition to the legislation listed above, national policy documents guide the development of skills in the sector; namely the National Skills Development Strategy III, the New Growth Path, the National Skills Accord, the National Skills Development Plan (NSDP), the Mining and Minerals Sector Skills Plan (SSP), the King IV Report and the Code on Corporate Governance, the Protocol on Corporate Governance in the Public Sector (2002), the Companies Act 71 of 2008 and all the MQA policies and procedures.</p>
Composition	16 members: • Chair is Inspector of Mines • 5 representatives per stakeholder group (State, Employers, Labour) (Quorate if 2 stakeholder groups present) • ARC has 3 independent + 3 from each stakeholder group (State, Labour, Employers)
Committees	• ARC; • Finance; • Human Resources and Remuneration; • Learning Programmes; • Quality Assurance; • Skills Research & Planning
CoSec	
IA	
Community	
Employers	
Govt	DMR: 5 + 1 Chair
Ind	Anglo Plat: 1; Colliery Training Centre: 1; Harmony: 1; Petra Diamonds: 1; Minerals Council: 1
Labour	NUM: 4; United Assoc SA:1
Professional	
Finances	



PSETA	
Vision	Cutting Edge Skills for Quality Public Services
Mission	Leading in the development of skilled and competent human capital in the Public Service Sector through: • Effective coordination of skills development interventions based on occupationally directed qualifications • Focusing on learning programmes • Promoting learner placement and absorption within the Public Service Sector
Principles	
Values	• Honesty and integrity; • Accountability; • Service excellence; • Fairness and transparency
Strategic Skills	
Governed By	The PSETA was established in terms of Section 9(1) of the Skills Development Act, 1998 (Act No. 97 of 1998), as amended (SDA), and it is classified as a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended (PMFA). PSETA, like any other public institution, is compelled by section 29(1)(b) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), as amended, which bestows upon all South African citizens the right to further education, and which the State must provide within reasonable measures. This Constitutional mandate is reinforced by the following pieces of legislation, regulations, macro policies and other strategic documents: • SDA, as amended; • Skills Development Levies Act, 1999 (Act No. 9 of 1999) (SDLAs); • National Qualifications Framework Act, 2008 (Act No. 67 of 2008); • General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001), as amended; • PMFA, as amended; • Treasury Regulations of 2005, as amended; • SETA Grant Regulations regarding monies received by SETAs and related matters, 2012, as amended (Grant Regulations); • National Skills Development Strategy III, 2011 (NSDS III); • National Development Plan, 2030 (NDP); • Medium Term Strategic Framework, 2014-2019; • White Paper on Post School Education and Training, 2014; • National Human Resource Development Strategy for South Africa, 2030; • National Skills Accord, 2011; and • National Integrated Human Resource Development Plan, 2014-2018.
King IV	No reference
Composition	15 members; • Chairperson; • 6 Govt Depts and Public Entities; • 6 Organised Labour; • 2 Other Stakeholders
Committees	• Audit; • Executive; • Finance; • ICT Steering; • Remuneration; • Risk
CoSec	
IA	
Community	General Public Service Sector Bargaining Council: 1; SA Development Disability Trust (SADDT)
Employers	Nat Depts: 3; Prov Depts: 2; Legislature: 1; (on assumption are employers)
Govt	
Ind	
Labour	NEHAWU: 2; POPCRU: 2; PSA: 2
Professional	
Finances	



SASSETA	
Vision	To be the leader in skills development for the safety and security sector
Mission	An education and training authority that ensures quality provision of skills development and qualifications for South African citizens in the safety and security environment through effective and efficient partnerships.
Principles	
Values	SASSETA is supported by the culture of Ubuntu and subscribes to the following values: • Decisive leadership: We will provide decisive leadership in advancing skills development within the sector. • Accountability and transparency: We are open, honest and accountable to our stakeholders. • Professionalism: We work as a team and value the contribution of others, while maintaining proficiency and service excellence. • Integrity: We pledge to execute SASSETA's responsibilities in an ethical and truthful manner. • Respect: We will strive to respect our stakeholders in all our interactions. • Equity: We commit to treat all diverse stakeholders in an equitable manner.
Strategic Skills	
Governed By	Legislative and other mandates: SASSETA was established in terms of the Skills Development Act, No. 97 of 1998 with the mandate to promote and facilitate skills development for the safety and security sector. The Minister of Higher Education and Training relicensed the SETAs for the period April 2011 to March 2018 and extended it by a further two-year period until 31 March 2020, to operate within the skills development framework articulated in the National Skills Development Strategy III (NSDS III) framework and other policies and strategies presented below. Legislation/policy/strategy Description: • South African Constitution 1996: The Constitution of the Republic of South Africa, Section 29(1): The State through reasonable measures, must make progressively available and accessible adult basic and further education to all citizens as a human right. Section 22: Freedom of trade, occupation and profession – stipulates that "every citizen has the right to choose their trade, occupation or profession freely." Section 195(1)(a)-(f) articulates the values and principles governing public administration. • Skills Development Act as Amended No. 98 of 1998: To develop the skills of the South African workforce – to improve the quality of life of workers, their prospects of work and labour mobility; to improve productivity in the workplace and the competitiveness of employers; to promote self-employment; and to improve the delivery of social services. The Act also provides for the establishment, amalgamation and dissolution of SETAs, for the incorporation of a sub-sector of one SETA into another SETA; the composition of an Accounting Authority for each SETA; regulation of the eligibility to become a member of an Accounting Authority and the provision for a constitution for every SETA. • Skills Development Levies Act, No. 9 of 1999. The Act makes provision for employers to pay 1% of their payroll to the South African Revenue Service (SARS). • Public Finance Management Act, No. 1 of 1999: SASSETA is a public entity that falls under Schedule 3A of the Public Finance Management Act, No. 1 of 1999. • National Development Plan 2030: The NDP aims to eliminate poverty and reduce inequality by 2030. Chapter 13 states that South Africa needs to build a state that is capable of playing a developmental and transformative role. • National Human Resource Development Strategy of South Africa: The Strategy has several commitments designed to address the priorities of the South African Government in terms of skills development that supports economic and social development, facilitating greater access to education opportunities, as well as building a capable public sector to meet the needs of a developmental state. • National Skills Development Strategy III (NSDS III): The NSDS III is the key strategic guide to inform skills development interventions and sector skills planning in all SETAs to respond to skills development challenges in the country for the period 2011 to 2018. The NSDS III further identifies seven key developmental and transformative imperatives of race, class, gender, geography, age, disability, and HIV and AIDS pandemic that will inform the nature and scope of skills development interventions by SETAs. • Strategic Integrated Projects (SIPs): The 18 SIPs focus on infrastructure development as a catalyst to facilitating the creation of five million jobs by 2020. • National Qualifications Framework Act, No. 67 of 2008: SASSETA employs the provisions of Chapter 5 of the National Qualifications Framework Act, No. 67 of 2008 (NQF) to design training programmes, to carry out quality assurance, assess learner achievement and accredit training providers. • White Paper on Post-School Education and Training: The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) desires by 2030 (DHET, 2013). • National Skills Accord: The National Skills Accord is a multi-constituency agreement between business, organised labour, community constituents at the National Economic and Development Labour Council (NEDLAC), and Government. It was signed to support the New Growth Path target of creating five million jobs by 2020. The Accord identifies eight commitments in relation to training and skills development that need to be implemented by the constituencies to achieve the New Growth Path. • Youth Employment Accord: The Youth Empowerment Accord has six commitments that include education and training; access to work exposure; increase in the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes. SASSETA continues to support Government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning and bursaries. SASSETA has also facilitated access for the unemployed youth to such skills development opportunities. • Medium Term Strategic Framework (MTSF): A Strategic Plan for Government for the current electoral term. It reflects the commitments made by the Government, including the commitment to implement the National Development Plan. • Medium Term Expenditure Framework (MTEF): It provides the medium term spending plans of Government and budget allocations. It further highlights the impact of key national priorities. • New Growth Path: A bold, imaginative and effective strategy which seek to create 5 million new jobs that South Africa needs.



King IV	The Audit and Risk Committee (ARC) plays an important role in ensuring that an entity functions according to prescribed good governance (King IV), accounting and audit standards. It also monitors and evaluates the adoption of appropriate risk management framework.
Composition	15 members; • Chairperson; • 6 Organised Employers; • 6 Organised Labour; • 1 Community Organisation; • 1 Professional Bodies
Committees	• ARC (Meets 6x: 8 members); • Executive (7x:5); • Finance (4x:4); • Governance & Strategy (4x:6); • Remuneration (5x:5); (Note: lists main committees, but does not confirm attendance) - QRC, ETQA, Discretionary Grant, Bid Adjud, ICT Steering, Emp Equity, Mgt Comm, Mandatory Grant, QPR, Skills Dev, RMC, Negotiating, Corrections, Policing, Private Sec, Justice
CoSec	
IA	Outsourced
Community	
Employers	
Govt	
Ind	
Labour	
Professional	
Finances	



SSETA	
Vision	To serve, to deliver, for renewal, for prosperity
Mission	Facilitation of quality skills development for employment and entrepreneurship in the Services Sector for national economic growth
Principles	
Values	• Accountability; • Innovation; • Integrity; • Professionalism; • Responsiveness
Strategic Skills	
Governed By	<ul style="list-style-type: none"> • Skills Development Act (SDA): The Services Sector Education and Training Authority (Services SETA) was established in terms of the Skills Development Act of 1998. It receives levy income in terms of the Skills Development Levies Act (1999). The SETA is required to manage these funds in accordance with the terms of the Public Finance Management Act (PFMA) and various regulations emanating from that Act, including Supply Chain Management Regulations. These Acts are amended from time to time, and such amendments need to be factored into the work of the Services SETA. • South African Qualifications Authority Act: The work of the SETA is further guided by the South African Qualifications Authority Act of 1995. This Act provided for the Services SETA to apply to become an Education Training Quality Assurer (ETQA) in 2000. This legislation was subsequently adjusted by the National Qualifications Framework Act of 2008 and the 2008 amendments to the Skills Development Act (2008) establishing the Quality Council for Trades and Occupations (QCTO). • Public Finance Management Act (PFMA): The Services SETA is a public entity accountable to the Minister of Higher Education. As a public entity, the SETA must produce a Strategic Plan (SP) and Annual Performance Plan (APP) in accordance with Treasury Regulations emanating from the PFMA. As an organisation accounting to the Minister, it is incumbent on the Services SETA to respond to the broader government policy and strategy framework. • National Skills Development Strategy III (NSDSIII): The NSDSIII provides a framework for the Services SETA to align its work to the New Growth Path (NGP), the Industrial Policy Action Plan (IPAPII), the National Skills Accord, and other mandates such as Broad-Based Black Economic Empowerment (B-BBEE) and other provisions relating to employment equity and the Charter processes in so far as they impact on the services sector. • Other Mandates • Medium Term Strategic Framework of Government (MTSF) • National Human Resource Development Strategy • Youth Development Strategy • Rural Growth and Development Strategy • National Skills Development Plan (NSDP)
King IV	In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.
Composition	14 members: • Chairperson • 5 Organised Business • 6 Organised Labour • 2 Govt/Comm/Professional
Committees	• Audit (4x: • Executive (12x: • Finance (4x: • Governance, Risk & Strategy (4x: • HR & Remuneration (4x: • Transformation (4x:
CoSec	
IA	
Community	
Employers	APSO: 1; DMASA: 1; EOHCB: 1; SAFPA: 1; SAPAA: 1
Govt	
Ind	
Labour	HOTELICCA: 1; IEASA: 1; SATAWU: 2; UASA-the Union: 2
Professional	
Finances	



TETA	
Vision	To be at "The Heart of Skills Innovation" in the Transport Sector.
Mission	To provide an innovative Quality Assurance and Skills Development (QASD) Framework to the Transport Sector by exceeding the SLA and stakeholder requirements in a cost effective manner by our motivated competent people.
Principles	
Values	Trust; Respect; Responsibility; Accountability; Positive; Attitude; Commitment; Innovation
Strategic Skills	Key Strategic Drivers: Economic Development; Industry Skills Needs; National Priorities; Transformation Innovation
Governed By	<p>TETA is established in terms of the SDA and is mandated to:</p> <ul style="list-style-type: none"> • Facilitate equitable skills development in the transport sector to cultivate empowered workers; • Ensure access to training, education and workplaces for graduates and the unemployed; • Align skills development initiatives to emergent needs and national imperatives; • Facilitate workplace learning and partnerships between employers and educational institutions; • Collaborate with and support TVET capacitation; and • Collaborate with HEIs. <p>Legislative mandates:</p> <ul style="list-style-type: none"> • The Skills Development Act (97 of 1998) as amended (SDA); • The Skills Development Levies Act (9 of 1999) (SDLA); • Regulations published in the Government Gazette, No 35940, 3 December 2012 regarding monies by a SETA and related matters; • The National Qualifications Framework Act (67 of 2008); • The Public Finance Management Act (PFMA) (29 of 1999); and • The Employment Equity Act (55 of 1998) (EEA). <p>Constitutional mandates:</p> <p>Sections of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) that guide the operations of TETA include the following:</p> <ul style="list-style-type: none"> • Promoting and maintaining high standards of ethics; • Providing service impartially, fairly, equitably and without bias; • Utilising resources efficiently and effectively; • Responding to people's needs while citizens are encouraged to participate in policymaking; and • Rendering an accountable, transparent and development oriented administration. <p>The mandate of TETA includes the following:</p> <ul style="list-style-type: none"> • Implement the SSP and promote learnerships in each of the subsectors of the SETA; • Perform the functions of an ETQA body and liaise with the NSA on skills development matters; • Conclude an SLA with the Director-General of the Department of Higher Education and Training (DHET) in terms of Section 10A of the Act; • Submit budgets, reports and financial information to the Director-General of the DHET, as stipulated by the PFMA; • Facilitate the involvement of government departments in addressing competency requirements for the social development and learning needs of the most vulnerable segments of the sector; and • Promote the training needs of SMMEs to increase capacity to qualify for public contracts. <p>In executing its core functions, TETA must ensure compliance with the following acts:</p> <ul style="list-style-type: none"> • The PFMA (1 of 1999): Provide for the administration of State funds by functionaries and their responsibilities, and incidental matters; • The Labour Relations Act (66 of 1995) (LRA): Regulate the rights of workers, employers and trade unions; • The Basic Conditions of Employment Act (75 of 1997) (BCEA): Provide for the minimum conditions of employment to which employers must comply in the workplace; • The Occupational Health and Safety Act (85 of 1993) (OHSA): Provide the requirements with which employers must comply, to create a safe working environment for employees in the workplace; • The Electronic Communications and Transactions Act (25 of 2002) (ECTA); • The State Information and Technology Act (88 of 1998) (SITA); • The National Archives and Records Service Act (43 of 1996) (NARSA); and • The Promotion of Administrative Justice Act (3 of 2000) (PAJA). <p>Other frameworks:</p> <p>In developing the TETA Strategic Plan and APP, the following frameworks and priorities were taken into consideration:</p> <ul style="list-style-type: none"> • National Transport Master Plan 2050; • Human Resources Development Strategy of South Africa, 18 March 2009; • NSDS III 2011/2012 – 2015/2016, extended to 31 March 2020 per Government Gazette No 40505 of 15 December 2016; • MTSF (2014-2019); • NDP; • New Growth Path (NGP); • Industrial Policy Action Plan (IPAP); • National Skills Accord; • Strategic Integrated Projects; • White Paper for Post-school Education and Training; • Comprehensive Rural Development Programme (CRDP); and • Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF).
King IV	<p>New Board members received formal induction and training on the King IV Report on Corporate Governance, the PFMA and the skills development environment within which TETA operates to enable them to:</p> <ul style="list-style-type: none"> • Provide strategic direction to ensure the successful implementation of TETA's mandate; • Determine strategies and policies; and • Manage performance against specific goals and business plans. <p>The Board members, and the Board standing committees, also participated in a self-assessment exercise during the year. The Board placed strong emphasis on risk management controls and the review and implementation of investments. The system of controls is designed to provide assurance that assets are safeguarded, laws are complied with, information is reliable and liabilities are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, internal audit provides the ARC and management with the assurance that the internal controls are appropriate and effective</p>
Composition	14 members
Committees	<ul style="list-style-type: none"> • ARC; • Executive; • Finance, HR & Remuneration; • Governance & Strategy
CoSec	
IA	
Community	



Employers	
Govt	
Ind	
Labour	
Professional	
Finances	



W&RSETA	
Vision	To be the leader in skills development in the country
Mission	To develop a skilled, capable, competent and professional workforce to transform the Wholesale and Retail Sector
Principles	
Values	<p>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.</p> <p>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</p> <p>We believe in: • Keeping our word; • Behaving in an ethical manner; • Consistency; • Compliance; Mutual respect; We believe in: • Appreciation of others; • Active listening</p> <p>• Kicking the ball, not the player; • Acknowledgement; • Acceptance; • Embracing diversity.</p> <p>Quality services: We are committed to: • Professionalism; • Being orientated towards service fulfilment; • Exceeding expectations; • Meticulousness; • Adhering to standards; • Consistency; • Living the Batho Pele Principles</p>
Strategic Skills	
Governed By	The Skills Development Act, No 97 of 1998 as amended (SDA) makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each economic sector as determined by the Minister of Higher Education and Training in terms of section 9 of the SDA. The SDA establishes a framework within which SETAs must operate. The Act stipulates the composition and functions of SETAs and determines the minimum requirements for their constitutions. The W&RSETA is governed by the following legislative framework: • Skills Development Act, No. 97 of 1998 as amended; • Skills Development Levies Act, No. 97 of 1999 as amended; • Public Finance Management Act, No. 1 of 1999 as amended, read with the PFMA regulations; and • South African Qualifications Authority Act, No. 58 of 1995.
King IV	No reference
Composition	15 members (Note: 4 vacancies)
Committees	• Audit; • Finance; • Governance & Strategy; • Projects; • Remuneration
CoSec	Internal
IA	
Community	
Employers	
Govt	
Ind	
Labour	
Professional	
Finances	



Appendix E: Governance Charter Mapped Against PFMA and SDA

S	Charter	Standard Constitution	PFMA	Treasury Regulations	SDAmendment 2003	SDA 2008	SDAmendment 2011
1	Introduction						
1.1.	Batho Pele Good corporate governance: honesty, integrity, diligence, skill & care						
1.2	King III: Have a charter						
1.3	Defines mandate of SETA, outlines requisite knowledge, skills & experience in meeting NSDS target and SSP objectives						
2	Characteristics						
2.1 to 2.7	King II: 7 characteristics: Discipline, Transparency, Independence, Accountability, Responsibility, Fairness, Social Responsibility						
3	Role of AA						
3.1	Perform functions in accordance with SDA (97 of 1998),	Has the SETA complied with all the provisions as	S49(3): In exceptional circumstances, may approve a functionary other		Section 15 of the principal Act is hereby amended-	S15: In exceptional circumstances, may approve a functionary	



	<p>SDLA (9 of 1999), PFMA (1 of 99), Nat Treasury Regs, applicable case law, SETA Std Const plus other relevant</p> <p>contemplated in S13(1) of the SD Amendment Act, Act 26 of 2011, if not, which provisions not complied with and what are the steps undertaken to comply?</p> <p>than board or CEO be AA 51(1)(2): If unable to comply with PFMA did Board report this promptly to relevant EA as well as National Treasury?</p> <p>53(1): Were the business plans and annual budget submitted to the relevant EA as well as the National Treasury?</p> <p>53(4): Did AA ensure expenditure was in line with agreed budget, and investigate significant deviations?</p> <p>54(1): Did SETA respond efficiently to requests for information from National Treasury or EA?</p> <p>54(3): Did SETA maintain adequate records to ensure any assumption of approval can be justified when EA not responded within 30 days?</p> <p>55(1)(a): Did SETA keep full and proper records? Were they prepared in accordance with GRAP?</p> <p>55(2)(a): Does AR and AFS fairly present the affairs of the SETA, its business etc?</p> <p>55(2)(b): Are the specific issues required regarding criminal conduct etc fairly reported?</p> <p>S56(1): Have powers entrusted to AA been delegated to other officials?</p> <p>56(1)(a): Occur in writing?</p> <p>56(2): Revoke & consequences?</p> <p>57: Did all employees comply with: Fin Mgt and</p>		<p>(a) by the substitution for subsections (1) and (2) of the following subsections, respectively:</p> <p>"(1) The Minister may, after consultation with the National Skills Authority[; by notice in the Gazette,] and the SETA in question, direct the Director-General to appoint an administrator to take over the administration of a SETA or to perform the functions of a SETA if [the Minister is of the opinion that]-</p> <ul style="list-style-type: none"> (a) The SETA fails to perform its functions; (b) there is mismanagement of its finances; [or] (c) its membership no longer substantially represents the composition contemplated in section 11; (d) the SETA has failed to comply with its service level agreement; or (e) the SETA has failed to comply with an instruction issued by the Minister in terms of section 14A. ..."(4) The Minister may act in terms of subsection (1) 	<p>other than board or CEO be AA</p>	
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			internal controls; 3Es & transparent use of resources; Prevention of irregular, fruitless & wasteful expenditure; safeguarding of assets & management of liabilities		without consulting the National Skills Authority and the SETA in question if there is financial mismanagement of the SETA and the delay caused by the consultation would be detrimental to the SETA's capacity to perform its functions.”.		
3.2	SSP, occupation based learning, register agreements for learning programmes, perform functions delegated by QCTO, support & form partnerships for SD, collect & disburse SD levies, liaise with NSA, formulate policies & procedures of SETA, appoint employees, perform any other functions			27.3.1. Appoint CFO			
4	Composition					S11. may only consist of members representing organised labour, organised employers, relevant government depts, professional bodies and bargaining councils	
	[Note in correct numbering; not 3]					S9. [11(4)(b)] Must be representative in its composition and draws from the ranks of senior	



							officials of organisations
4.1	Minister appoints chair after consultation with NSA						S9. [11(1) & (5)] Minister appoints chair after consultation with NSA, calling for nominations from interested parties in the relevant sector
4.2	Chair has no voting rights other than casting vote						S9. [11(3)] All AA have voting rights, other than Chair who has a casting vote
4.3	Other members have voting rights: Org Labour: 6; Org Employers: 6; Govt depts where not an employer, professional body, bargaining council, organisation of community: 2				Section 13 is hereby amended by the addition of the following subsection:“(4) In order to ensure that its membership is representative of designated groups, every SETA must- (a) provide in its constitution that each constituency contemplated in section 11represented on the SETA in question is represented by members who are sufficiently representative of such designated groups; and(b) take the necessary steps to ensure that the constituencies in question comply with the provision in the SETA's constitution contemplated in paragraph (a) ”.	S13(3)(a)iii. must consist of an equal number of members representing employees and employers	S9. [11(2)] AA of 14 people appointed by Minister; 6 nominated by organised labour; 6 by organised employers; 2 more nominated by govt dept/professional body/bargaining council/org in a community of interest



	<i>Appointment of CEO</i>					S13(3)(a)xi. SETA constitution must specify appointment of execs by its members, who set terms and conditions of employment	S12. [13B] Through a fair recruitment and selection process, members of AA identify 3 potential candidates for CEO. Minister appoints one of them.
	<i>Eligibility</i>						S10. [11A] SA citizen; not mentally ill; not an employee of the SETA; no criminal record
	<i>Vacating office</i>						S10. [11B] resignation; no longer eligible i.t.o. S11A; removed i.t.o. S13(1)
5	Duties & Responsibilities						
5.1	Govern in accordance with PFMA, Nat Treasury Regs, SDA and other legislation		51(1)(a)				S9. [11(4)(a)] Represents the interest identified in the national skills development strategy
5.2	Ensure achieves Item 5 objectives of the Constitution	Section5: General Objectives: 1a to r (18) Employer Objectives: 2a to h (8) Employee Objectives: 3a to c (3)					S11. [13(10)] Minister provides constitution
5.3	Implement Goals of NSDS and Performance Agreement						
5.4	Provide strategic direction						S11. [13(1)e] Minister provides the framework, procedure



							and process for the development of a strategic plan for the SETA relating to this Act and in accordance with the Public Finance Management Act;
5.5	Liaise with stakeholders						
5.6	Ensure compliance with statutory & constitution						
5.7	Manage institutional risk						
5.8	Monitor performance						
6	Meetings & Proceedings						
6.1	Meetings of AA: At least every 3 months & business						
6.2	AGM: Advertised 30 days prior & business						
6.3	Exco: At least once a month & comply with Charter procedures						
6.4	Special meetings: Special meeting urgency 48 hours; if signed by 50% of members within 15 working days		S56(1): Have powers entrusted or delegated to AA been delegated to other officials?				



6.5	Meeting Procedures: Exco or Committee listed in Annexure 5: 10 days written notice, agenda, quorum = 50% plus 1 of all members with 50% of L & E present	Annexure 5: Appointed in accordance with Code of Conduct, may comprise equal number of L & E, not restricted to members of AA, except for AC all chairs must be members of AA, members must have knowledge & skills, may co-opt additional members, may meet as frequently as required. Must establish: Exco (Item 9), Audit (S77 of PFMA, with Chapter 9 of Treasury Regs), Finance & Remuneration, Strategy & Governance. May establish other committees (temporary or otherwise), which may include Skills Planning, Learnership, Regional & Quality Assurance	S77(b): Audit Committee must meet at least 2x pa	27.1.6: Audit Committee must meet at least 2x pa ToRs reviewed annually			
	Committees						S11. [13(2)g] Establish Executive, Audit, Finance, Remuneration, and Governance and Strategy Committees
7	Governance						
7.1	Unrestricted access to SETA information, docs etc						



7.2	Access to management						
7.3	Collectively or individually consult external professional advisors						
7.4	Chair or alt attend AGM						
7.5	Annually review effectiveness						
8	Code of Conduct				S13(3)(a). SETA constitution must have a code of conduct		
8.1	Strictly adhere as per Annexure 2 and applied		50(2): Is Code of Conduct in place & complied with? 51(1)(a)				
8.1.1	AA, Chambers & Committee subject to this Code						
8.1.2	Stand in a fiduciary relationship; must comply; perform fairly, honestly & in good faith; protect & promote the reputation of SETA and promote goodwill towards it; perform duties conscientiously & in best interests of SETA; conduct ethically and principles of good governance						



8.2	To ensure proper execution, AA must ensure staff, committees & Chambers:						
8.2.1	Effectiveness & efficiency, purpose statements, objectives, roles & responsibilities						
8.2.2	Accountability for meeting mandates						
8.2.3	Integrity & honesty in management of finances & resources, high standards of ethical conduct, proper execution of fiduciary duties, independence from vested interests & avoiding undue influence & a conflict of interests		51(1)(c) 51(1)(f): All reports submitted on time appropriate authorities: financial accounts for audit; annual reports and audited accounts; schedule of cases for financial misconduct; quarterly performance reports & revisions of relevant plans				S10. [11C] Disclosure of financial interest and conflict of interest at appointment. S12. [13A] Disclosure of potential conflict of interest at meetings
8.2.4	transparency & openness						
8.2.5	participation in development of public policies which requires beneficiaries, stakeholders & other affected groups; promoting ownership; stakeholder commitment; and consultation with & representation on						



	institutional structures						
8.2.6	capacity resources & to execute their mandate						
8.3	Contravention of Code treated in manner prescribed by Constitution						
9	Obligations & disclosure of information						
9.1	AA members act jointly						
9.2	Legally obliged to act in best interest of SETA						
9.3	Declare interests & in good faith, disclose any potential conflict of interest		50(3)(a)				
9.4	Register shall be kept						
10	Risk Management						
10.1	Risk Management Policy & Framework has been adopted		51(1)(a)(i)				
10.2	Commit to optimal management of risk						



10.3	Commit to process of risk management that is aligned to good governance and have as a minimum 10.3.1 to 10.3.17; inseparable; context of purpose; adhered to; risk philosophy; risk indicators & tolerance levels; risk management plan; report; reputational risk; sustainability; risk of the unknown; may delegate responsibility to a risk committee; management is responsible for its implementation; be practiced by all staff; risk assessments are ongoing; quantified and responded to; internal audit provide independent assurance			27.2.1: Are risk assessments conducted regularly? Is there a risk management strategy? Is it communicated to all employees?			
11	SETA Audits						
11.1	King II, definition of Internal Audit						
11.2	PFMA [S51(1)(a)(ii) and S76(4)(b) and (e)] proper system of IA		51(1)(a)(ii)	27.2.5: IA defined in an audit charter? 27.2.6: Conducted in accordance with IIA Standards			



11.3	IA with AC must prepare rolling 3 year strategic IA plan; IA plan for year 1; scope; reports to AC			27.2.7: 3-year strategic IA plan? Report to AC?			
11.4	Controls must be evaluated: IS, financial & operational; effectiveness of Ops; safeguard assets; compliance with laws, regulations & controls			27.2.10: Evaluate IS etc?			
11.5	Treasury Regulations & King II, AC must review: effectiveness of internal control; IA; risk areas for scope of internal & external audit; adequacy, reliability & accuracy of financial information; accounting & auditing concerns; compliance; activities of IA; reports of significant investigations; independence & objectivity of EAs		51(1)(e): Investigate allegations of misconduct? 58(1): Proposals/recommendations included in A-GSA's Management Letter about the previous year's accounts followed-up and acted upon?	27.1.1: Is the Audit Committee a sub-committee of the AA 27.1.8: Does AC review, effectiveness etc? 27.1.10(a): Does AC report & make recommendations to AA? 27.1.13: Does AC meet annually with A-GSA or external auditor?			
12	Meeting Tariffs/Fees						
12.1	Official board meeting, committee						



	and/or other as approved						
12.2	Meeting fee paid in terms of approved category						
13	Board Secretary						
13.1	Ensure all contents & agendas agreed with Chair, distributed timeously, minutes taken & agreed						
13.2	Ensure Board adheres to meeting procedures						
13.3	All decisions and resolutions properly recorded						

Appendix F: AA and ARC Meetings, Attendance, Remuneration

	AA Meetings per annum	Ave AA Attendance	Ave AA Remuneration	Highest AA Remuneration	Lowest AA Remuneration	Std Dev AA Remuneration	ARC Meetings per annum	Ave ARC Attendance	Ave ARC Remuneration	Highest ARC Remuneration
AGRISETA	9	87%	163,522	326,391	0	112,821	11	93%		
BANKSETA	10	73%	138,267	260,000	0	64,421	7	80%	134,200	203,000
CATHSSETA	11	76%					8	58%		
CETA										
CHIETA									126,044	199,982
ETDPSETA	5	91%	65,351	165,873	0	50,483	9	56%	42,331	74,395
EWSETA			98,774	172,019	0	62,242	10	68%	80,954	215,008
FASSET										
FOODBEV	17	83%	150,984	237,777	21,000	59,553				
FP&MSETA	7		201,500	283,000	120,000		6	50%		165,000
HWSETA	9	64%					4	77%		
INSETA	4	86%	113,312	262,878	8,634	58,327	4	72%	122,531	195,020
LGSETA							7	89%		
merSETA	14	82%	216,000	417,000	65,000	95,330	4	95%	143,000	164,000
MICTSETA	9	96%	168,733	266,000	83,000	55,278	7	60%	35,200	61,000
MQA	8	52%					5	57%	50,186	84,582
PSETA	12	56%	97,375	393,000	0	120,883	8	53%	59,600	142,000
SASSETA	7						6	52%		
SSETA	12		384,786	632,000	151,000	133,279	7	83%	51,000	74,000
TETA	4	93%	127,143	184,000	0	49,824	4	80%		
W&RSETA	15	96%	338,269	462,147	223,322	72,968	10	73%	102,294	157,658
AVERAGE	9.56	79.62%	R174,151							

APPENDIX G: DETAILED SETA FINANCIAL PERFORMANCE

AGRISETA

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified				
FINANCIAL POSITION					
Current Assets	529 031	471 388	391 034	334 035	323 845
Non-Current Assets	6 371	5 668	6 045	4 922	4 921
Total Assets	535 402	477 056	397 079	338 957	328 766
Current Liabilities	130 028	98 641	92 436	76 254	155 057
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	130 028	98 641	92 436	76 254	155 057
Total Net Assets	405 374	378 415	304 643	262 703	173 709
FINANCIAL PERFORMANCE					
Total Revenue	465 113	433 584	375 831	373 426	326 614
Revenue from Exchange Transactions	32 255	27 937	23 997	19 557	13 277
Revenue from Non-Exchange Transactions	432 858	405 647	351 834	353 869	313 336
Total Expenditure	-440 673	-359 812	-335 002	-284 431	-324 596
Employee Related costs	-19 180	-17 326	-15 350	-12 625	-11 857
Surplus/(Deficit) for Year	24 440	73 772	40 829	88 995	-2 017
TE/TR %	94.75%	82.99%	89.14%	76.17%	99.38%
ERC/TE %	4.35%	4.82%	4.58%	4.44%	3.65%
ERC/TR %	4.12%	4.00%	4.08%	3.38%	3.63%

CASH FLOW

Net Cash Flows from Operating Activities	62 723	81 827	72 978	10 099	84 903
Net Cash Flows from Investing Activities	-1 517	-206	-137	-475	-805
Cash & Cash Equivalents at End of Year	523 181	461 975	380 354	307 513	297 889

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	5 292	431	30 948	0	225
Fruitless & Wasteful Expenditure	0	96	0	136	2

HUMAN RESOURCES

Posts Approved	84	56	65	51	59
Posts Filled	68	47	56	57	52
SOURCE	Annual Report				

<https://nationalgovernment.co.za/units/financial/199/agricultural-sector-education-and-training-authority-agriseta>

BANKSETA

Financial Information

All Financial Values: R'000

	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Clean Audit	Clean Audit	Clean Audit	Clean Audit
FINANCIAL POSITION					
Current Assets	732 999	569 387	630 070	585 106	584 417
Non-Current Assets	2 802	3 218	2 858	3 395	1 710
Total Assets	735 801	572 605	632 928	588 501	586 127
Current Liabilities	72 053	58 918	89 929	58 044	138 647
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	72 053	58 918	89 929	58 044	138 647
Total Net Assets	663 748	513 687	542 999	530 457	447 480
FINANCIAL PERFORMANCE					
Total Revenue	882 993	809 436	735 494	732 364	680 476
Revenue from Exchange Transactions	50 099	44 131	46 355	38 926	44 175
Revenue from Non-Exchange Transactions	832 894	765 305	689 139	693 438	636 301
Total Expenditure	-732 934	-838 748	-722 952	-649 387	-531 618
Employee Related costs	-45 027	-44 550	-39 429	-31 744	-24 101
Surplus/(Deficit) for Year	150 059	-29 312	12 542	82 977	148 858
TE/TR %	83.01%	103.62%	98.29%	88.67%	78.12%
ERC/TE %	6.14%	5.31%	5.45%	4.89%	4.53%
ERC/TR %	5.10%	5.50%	5.36%	4.33%	3.54%

CASH FLOW

Net Cash Flows from Operating Activities	167 494	-61 332	41 889	17 247	101 635
Net Cash Flows from Investing Activities	-680	-1 550	-1 143	-2 513	-765
Cash & Cash Equivalents at End of Year	724 613	557 799	620 681	579 935	565 201

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	2 604	1 302	100	126	0
Fruitless & Wasteful Expenditure	40	120	5	6	4

HUMAN RESOURCES

Posts Approved	n/a	n/a	n/a	n/a	n/a
Posts Filled	55	59	59	48	60

SOURCE	Annual Report				

<https://nationalgovernment.co.za/units/financial/201/banking-sector-education-and-training-authority-bankseta>

CATHSSETA

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Financially Unqualified	Financially Unqualified	Clean Audit	Financially Unqualified
FINANCIAL POSITION					
Current Assets	377 288	359 467	337 590	259 987	198 632
Non-Current Assets	8 041	7 622	3 320	1 798	2 078
Total Assets	385 329	367 089	340 910	261 785	200 710
Current Liabilities	48 898	41 335	53 025	67 910	48 382
Non-Current Liabilities	0	0	0	42	356
Total Liabilities	48 898	41 335	53 025	67 952	48 738
Total Net Assets	336 431	325 754	287 885	193 833	151 972
FINANCIAL PERFORMANCE					
Total Revenue	392 900	379 582	349 705	316 426	284 474
Revenue from Exchange Transactions	22 689	27 558	18 732	11 393	8 299
Revenue from Non-Exchange Transactions	370 211	352 024	330 973	305 033	276 175
Total Expenditure	-382 240	-341 735	-255 602	-274 492	-246 560
Employee Related costs	-24 582	-24 438	-22 692	-19 872	-24 000
Surplus/(Deficit) for Year	10 677	37 869	94 050	41 860	37 774
TE/TR %	97.29%	90.03%	73.09%	86.75%	86.67%
ERC/TE %	6.43%	7.15%	8.88%	7.24%	9.73%
ERC/TR %	6.26%	6.44%	6.49%	6.28%	8.44%

CASH FLOW

Net Cash Flows from Operating Activities	20 394	27 872	81 598	62 061	35 750
Net Cash Flows from Investing Activities	-2 266	-6 194	-2 587	-842	554
Cash & Cash Equivalents at End of Year	374 104	355 976	334 298	254 982	194 077

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	2 574	6 152	43 487	35 145	123 942
Fruitless & Wasteful Expenditure	3	100	0	89	419

HUMAN RESOURCES

Posts Approved	115	103	93	93	n/a
Posts Filled	95	94	86	76	85

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/215/culture-arts-tourism-hospitality-and-sport-sector-education-and-training-authority-cathsseta>

CETA

Financial Information

All Financial Values: R'000

2018/19 2017/18 2016/17 2015/16 2014/15

AUDIT OUTCOME	Clean	Clean Audit	Clean Audit	Clean Audit	Financially Unqualified
FINANCIAL POSITION					
Current Assets	2 263 376	2 303 935	2 034 626	1 729 052	1 392 163
Non-Current Assets	10 761	8 506	10 006	7 797	8 322
Total Assets	2 274 137	2 312 441	2 044 631	1 736 849	1 400 485
Current Liabilities	206 366	176 170	149 179	144 687	123 741
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	206 366	176 170	149 179	135 243	123 741
Total Net Assets	2 067 771	2 136 271	1 895 453	1 592 162	1 276 744
FINANCIAL PERFORMANCE					
Total Revenue	799 801	740 685	729 878	936 531	640 257
Revenue from Exchange Transactions	150 472	143 181	126 033	78 572	61 427
Revenue from Non-Exchange Transactions	649 329	597 504	603 845	857 959	578 831
Total Expenditure	-867 141	-503 924	-448 798	-630 884	-412 358
Employee Related costs	-46 286	-37 614	-24 056	-28 328	-38 853
Surplus/(Deficit) for Year	-67 340	236 761	281 080	305 647	227 899
TE/TR %	108.42%	68.03%	61.49%	67.36%	64.41%
ERC/TE %	5.34%	7.46%	5.36%	4.49%	9.42%
ERC/TR %	5.79%	5.08%	3.30%	3.02%	6.07%

CASH FLOW

Net Cash Flows from Operating Activities	-35 841	270 813	312 757	339 698	280 999
Net Cash Flows from Investing Activities	-7 567	-3 157	-6 537	-2 270	-7 766
Cash & Cash Equivalents at End of Year	2 249 453	2 292 861	2 025 205	1 718 985	1 381 557

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	79 429	0	0	0	637
Fruitless & Wasteful Expenditure	0	0	0	0	0

HUMAN RESOURCES

Posts Approved	88	n/a	n/a	n/a	n/a
Posts Filled	59	n/a	n/a	n/a	100

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/209/construction-education-and-training-authority-ceta>

CHIETA
Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Clean Audit	Clean Audit	Clean Audit	Clean Audit
FINANCIAL POSITION					
Current Assets	349 701	291 575	305 512	358 842	357 755
Non-Current Assets	2 845	2 659	1 826	1 054	1 019
Total Assets	352 546	294 234	307 338	359 896	358 774
Current Liabilities	110 089	47 731	56 007	82 627	66 150
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	110 089	47 731	506 007	82 627	66 150
Total Net Assets	242 457	246 503	251 331	277 269	292 624
FINANCIAL PERFORMANCE					
Total Revenue	577 959	531 059	514 313	484 735	465 656
Revenue from Exchange Transactions	20 274	21 214	23 873	21 960	22 003
Revenue from Non-Exchange Transactions	557 685	509 845	490 440	462 775	443 653
Total Expenditure	-582 005	-535 887	-540 251	-500 090	-450 387
Employee Related costs	-39 592	-35 255	-33 028	-34 441	-29 222
Surplus/(Deficit) for Year	-4 046	-4 828	-25 938	-15 355	15 269
TE/TR %	100.70%	100.91%	105.04%	103.17%	96.72%
ERC/TE %	6.80%	6.58%	6.11%	6.89%	6.49%
ERC/TR %	6.85%	6.64%	6.42%	7.11%	6.28%

CASH FLOW

Net Cash Flows from Operating Activities	62 359	-15 878	-53 608	1 975	14 714
Net Cash Flows from Investing Activities	-1 138	-1 559	-1 214	-414	-324
Cash & Cash Equivalents at End of Year	347 246	286 024	303 462	358 283	356 723

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	26 019	6 378	0	0	0
Fruitless & Wasteful Expenditure	0	0	0	0	0

HUMAN RESOURCES

Posts Approved	101	103	96	n/a	n/a
Posts Filled	98	97	88	56	54

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/206/chemical-industries-education-and-training-authority-chieta>

ETDP SETA

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Clean Audit	Clean Audit	Financially Unqualified	Clean Audit
FINANCIAL POSITION					
Current Assets	1 335 913	1 106 005	959 343	747 188	481 413
Non-Current Assets	7 916	5 136	6 955	9 190	6 861
Total Assets	1 343 829	1 111 141	966 298	756 378	488 274
Current Liabilities	145 226	105 848	149 378	85 468	118 889
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	145 226	105 848	149 378	85 468	118 889
Total Net Assets	1 198 603	1 005 293	816 920	670 910	369 385
FINANCIAL PERFORMANCE					
Total Revenue	1 030 637	926 723	884 563	792 603	571 425
Revenue from Exchange Transactions	87 218	72 933	61 212	33 961	27 786
Revenue from Non-Exchange Transactions	943 419	853 790	823 351	758 642	543 639
Total Expenditure	-837 327	-738 350	-738 553	-491 078	-600 765
Employee Related costs	-92 568	-86 936	-75 642	-71 189	-60 852
Surplus/(Deficit) for Year	193 310	188 373	146 010	301 525	-29 340
TE/TR %	81.24%	79.67%	83.49%	61.96%	105.13%
ERC/TE %	11.06%	11.77%	10.24%	14.50%	10.13%
ERC/TR %	8.98%	9.38%	8.55%	8.98%	10.65%

CASH FLOW

Net Cash Flows from Operating Activities	232 000	143 900	215 089	268 972	22 461
Net Cash Flows from Investing Activities	-4 948	-1 588	-838	-4 380	-1 572
Cash & Cash Equivalents at End of Year	1 323 913	1 096 860	954 548	740 297	475 705

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	821	839	1 348	0	0
Fruitless & Wasteful Expenditure	21	25	577	58	0

HUMAN RESOURCES

Posts Approved	139	133	132	139	122
Posts Filled	127	123	124	117	106

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/221/education-training-and-development-practices-sector-education-and-training-authority-etdp-seta>

EWSETA
Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified				
FINANCIAL POSITION					
Current Assets	839 437	825 915	1 209 380	411 675	415 710
Non-Current Assets	62 007	44 546	45 498	44 381	28 264
Total Assets	901 444	870 461	1 254 878	456 056	443 974
Current Liabilities	644 095	514 748	864 318	115 715	89 802
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	644 095	514 748	864 318	115 715	89 802
Total Net Assets	257 349	355 713	390 560	340 341	354 172
FINANCIAL PERFORMANCE					
Total Revenue	652 800	319 776	1 477 004	607 636	253 087
Revenue from Exchange Transactions	26 215	26 980	23 768	17 069	18 315
Revenue from Non-Exchange Transactions	626 585	292 796	1 453 236	590 567	234 772
Total Expenditure	-751 104	-354 616	-1 425 923	-621 467	-236 452
Employee Related costs	-40 738	-38 608	-33 994	-30 462	-27 617
Surplus/(Deficit) for Year	-98 304	-34 840	51 081	-13 831	26 881
TE/TR %	115.06%	110.90%	96.54%	102.28%	93.43%
ERC/TE %	5.42%	10.89%	2.38%	4.90%	11.68%
ERC/TR %	6.24%	12.07%	2.30%	5.01%	10.91%

CASH FLOW

Net Cash Flows from Operating Activities	74 963	-23 111	132 855	-2 374	-10 769
Net Cash Flows from Investing Activities	-19 869	-765	-2 613	-17 435	-23 327
Cash & Cash Equivalents at End of Year	508 615	453 521	477 397	347 155	366 964

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	4 150	4 317	2 041	39 768	29 693
Fruitless & Wasteful Expenditure	6	2	33	127	165

HUMAN RESOURCES

Posts Approved	n/a	115	147	n/a	87
Posts Filled	76	90	102	61	30

SOURCE Annual Report Annual Report Annual Report Annual Report Annual Report Annual Report

<https://nationalgovernment.co.za/units/financial/222/energy-and-water-sector-education-and-training-authority-ewsa>

FASSET

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Financially Unqualified	Financially Unqualified	Clean Audit	Clean Audit
FINANCIAL POSITION					
Current Assets	806 959	731 395	461 620	279 040	220 193
Non-Current Assets	2 069	638	692	608	684
Total Assets	809 028	732 033	462 312	279 648	220 877
Current Liabilities	127 636	93 765	106 151	43 965	37 241
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	127 636	93 765	106 151	43 965	37 241
Total Net Assets	681 392	638 268	356 161	235 683	183 636
FINANCIAL PERFORMANCE					
Total Revenue	603 093	572 278	511 269	466 037	429 432
Revenue from Exchange Transactions	53 901	36 968	24 074	16 713	16 934
Revenue from Non-Exchange Transactions	549 192	535 310	487 195	449 324	412 498
Total Expenditure	-559 969	-321 987	-390 791	-413 988	-410 739
Employee Related costs	-25 270	-18 154	-19 729	-17 282	-14 048
Surplus/(Deficit) for Year	43 124	250 291	120 478	52 047	18 693
TE/TR %	92.85%	56.26%	76.44%	88.83%	95.65%
ERC/TE %	4.51%	5.64%	5.05%	4.17%	3.42%
ERC/TR %	4.19%	3.17%	3.86%	3.71%	3.27%

CASH FLOW

Net Cash Flows from Operating Activities	102 082	248 814	170 860	60 632	32 388
Net Cash Flows from Investing Activities	-2 069	-418	-340	-381	-154
Cash & Cash Equivalents at End of Year	795 658	695 645	447 249	276 729	216 478

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	1 981	9 073	6 306	6 044	0
Fruitless & Wasteful Expenditure	133	8 035	22 000	0	0

HUMAN RESOURCES

Posts Approved	58	58	n/a	n/a	n/a
Posts Filled	52	29	n/a	n/a	n/a

<https://nationalgovernment.co.za/units/financial/226/finance-and-accounting-services-sector-education-and-training-authority-fasset>

FOODBEVSETA

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Clean Audit	Clean Audit	Financially Unqualified	Financially Unqualified	Financially Unqualified
FINANCIAL POSITION					
Current Assets	714 031	620 442	547 205	448 959	412 936
Non-Current Assets	3 594	3 406	1 072	1 270	1 432
Total Assets	717 625	623 848	548 277	450 229	414 368
Current Liabilities	37 510	17 200	25 941	14 553	48 241
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	37 510	17 200	26 338	14 553	48 241
Total Net Assets	680 115	606 648	522 336	435 676	366 127
FINANCIAL PERFORMANCE					
Total Revenue	430 924	383 923	387 467	344 762	308 413
Revenue from Exchange Transactions	46 652	41 012	35 102	26 787	23 807
Revenue from Non-Exchange Transactions	384 272	342 911	352 365	317 975	284 606
Total Expenditure	-357 457	-299 611	-300 806	-275 213	-249 002
Employee Related costs	-13 664	-11 359	-9 387	-18 712	-16 117
Surplus/(Deficit) for Year	73 467	84 312	86 660	69 549	59 410
TE/TR %	82.95%	78.04%	77.63%	79.83%	80.74%
ERC/TE %	3.82%	3.79%	3.12%	6.80%	6.47%
ERC/TR %	3.17%	2.96%	2.42%	5.43%	5.23%

CASH FLOW

Net Cash Flows from Operating Activities	96 631	76 512	98 459	35 824	58 149
Net Cash Flows from Investing Activities	-1 724	-3 607	-260	-277	-657
Cash & Cash Equivalents at End of Year	713 142	618 235	545 330	447 131	411 584

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	0	1 668	367	0	11 388
Fruitless & Wasteful Expenditure	0	0	14	38	3

HUMAN RESOURCES

Posts Approved	52	50	50	n/a	n/a
Posts Filled	41	38	42	38	36

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/228/food-and-beverage-manufacturing-industry-sector-education-and-training-authority-foodbev-seta>

FP&MSETA

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Clean Audit	Financially Unqualified	Clean Audit	Clean Audit	Financially Unqualified
FINANCIAL POSITION					
Current Assets	602 569	552 459	563 610	558 906	618 832
Non-Current Assets	3 592	564	1 620	2 520	2 801
Total Assets	606 161	553 023	565 230	561 426	621 633
Current Liabilities	104 778	81 232	54 954	48 111	138 682
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	104 778	81 232	54 954	48 111	138 682
Total Net Assets	501 383	471 791	510 276	513 315	482 951
FINANCIAL PERFORMANCE					
Total Revenue	400 510	391 412	367 594	371 954	362 148
Revenue from Exchange Transactions	39 972	43 965	39 036	33 986	33 476
Revenue from Non-Exchange Transactions	360 538	347 447	328 558	337 968	328 672
Total Expenditure	-370 918	-430 319	-370 615	-341 511	-440 220
Employee Related costs	-22 110	-22 893	-21 128	-20 312	-19 798
Surplus/(Deficit) for Year	29 592	-38 907	-3 039	30 365	-78 154
TE/TR %	92.61%	109.94%	100.82%	91.82%	121.56%
ERC/TE %	5.96%	5.32%	5.70%	5.95%	4.50%
ERC/TR %	5.52%	5.85%	5.75%	5.46%	5.47%

CASH FLOW

Net Cash Flows from Operating Activities	51 812	-10 346	9 289	-32 201	-26 178
Net Cash Flows from Investing Activities	-4 280	-265	-536	-1 102	-838
Cash & Cash Equivalents at End of Year	598 693	551 161	561 772	553 019	586 322

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	660	1 248	1 204	818	1 250
Fruitless & Wasteful Expenditure	0	0	0	39	0

HUMAN RESOURCES

Posts Approved	79	79	64	65	95
Posts Filled	73	74	83	86	92

SOURCE Annual Report n/a Annual Report Annual Report Annual Report

<https://nationalgovernment.co.za/units/financial/224/fibre-processing-and-manufacturing-sector-education-and-training-authority-fp-m-seta>

HWSETA

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Financially Unqualified	Clean Audit	Clean Audit	Clean Audit
FINANCIAL POSITION					
Current Assets	1 156 595	1 005 394	807 542	711 821	802 035
Non-Current Assets	13 492	13 916	11 992	11 619	8 119
Total Assets	1 170 087	1 019 310	819 534	723 440	810 154
Current Liabilities	109 235	83 446	46 867	49 614	232 189
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	1 170 087	83 446	46 867	49 614	232 189
Total Net Assets	1 060 852	935 864	772 667	673 826	577 965
FINANCIAL PERFORMANCE					
Total Revenue	699 475	625 858	571 987	534 301	458 387
Revenue from Exchange Transactions	62 730	56 895	55 033	37 771	43 045
Revenue from Non-Exchange Transactions	636 745	568 963	516 954	496 529	415 342
Total Expenditure	-574 487	-462 661	-473 147	-438 440	-604 748
Employee Related costs	-78 377	-70 984	-60 608	-53 683	-46 659
Surplus/(Deficit) for Year	124 988	163 197	98 840	95 861	-146 361
TE/TR %	82.13%	73.92%	82.72%	82.06%	131.93%
ERC/TE %	13.64%	15.34%	12.81%	12.24%	7.72%
ERC/TR %	11.21%	11.34%	10.60%	10.05%	10.18%

CASH FLOW

Net Cash Flows from Operating Activities	155 025	202 976	97 866	-63 675	-4 229
Net Cash Flows from Investing Activities	-1 961	-4 072	-2 722	-5 850	-4 646
Cash & Cash Equivalents at End of Year	1 149 739	996 675	797 771	701 625	772 150

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	0	0	0	0	0
Fruitless & Wasteful Expenditure	6	56	99	152	156

HUMAN RESOURCES

Posts Approved	136	136	136	111	111
Posts Filled	119	124	111	99	106

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/105/health-and-welfare-sector-education-and-training-authority-hwseta>

INSETA
Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Financially Unqualified
FINANCIAL POSITION					
Current Assets	592 901	471 057	382 249	377 788	344 724
Non-Current Assets	3 851	5 221	1 011	1 453	1 378
Total Assets	596 752	476 278	383 260	379 241	346 102
Current Liabilities	49 254	60 030	61 198	61 986	70 030
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	49 254	60 030	61 198	61 986	70 030
Total Net Assets	547 498	416 248	322 062	317 255	276 072
FINANCIAL PERFORMANCE					
Total Revenue	540 739	491 589	469 729	452 075	400 473
Revenue from Exchange Transactions	33 484	25 826	25 934	20 094	22 497
Revenue from Non-Exchange Transactions	507 255	465 763	443 795	431 981	377 976
Total Expenditure	-409 489	-398 529	-464 922	-410 892	-448 873
Employee Related costs	-23 023	-25 832	-23 731	-17 874	-16 459
Surplus/(Deficit) for Year	131 250	93 060	4 807	41 183	-48 400
TE/TR %	75.73%	81.07%	98.98%	90.89%	112.09%
ERC/TE %	5.62%	6.48%	5.10%	4.35%	3.67%
ERC/TR %	4.26%	5.25%	5.05%	3.95%	4.11%

CASH FLOW

Net Cash Flows from Operating Activities	120 488	87 672	2 218	34 829	-15 541
Net Cash Flows from Investing Activities	-818	-1 693	-195	-574	-220
Cash & Cash Equivalents at End of Year	581 200	461 585	375 606	373 583	339 328

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	43	1 839	0	12	0
Fruitless & Wasteful Expenditure	2	2	0	1	0

HUMAN RESOURCES

Posts Approved	65	38	36	36	30
Posts Filled	61	35	35	30	25

SOURCE Annual Report Annual Report Annual Report Annual Report Annual Report

<https://nationalgovernment.co.za/units/financial/233/insurance-sector-education-and-training-authority-inseta>

LGSETA
Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified				
FINANCIAL POSITION					
Current Assets	1 030 909	741 740	594 338	616 422	483 974
Non-Current Assets	5 106	5 850	6 201	3 456	4 470
Total Assets	1 036 015	747 590	600 539	619 878	488 444
Current Liabilities	182 589	116 249	134 739	160 500	79 428
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	182 589	116 249	134 739	160 500	79 428
Total Net Assets	853 426	631 341	465 800	459 378	409 016
FINANCIAL PERFORMANCE					
Total Revenue	716 818	652 771	601 803	558 192	513 337
Revenue from Exchange Transactions	55 295	44 656	41 281	34 673	31 407
Revenue from Non-Exchange Transactions	661 523	608 115	560 522	523 518	481 930
Total Expenditure	-494 734	-487 230	-595 381	-507 830	-622 530
Employee Related costs	-70 403	-72 006	-51 124	-31 614	-25 850
Surplus/(Deficit) for Year	222 084	165 541	6 422	50 361	-109 194
TE/TR %	69.02%	74.64%	98.93%	90.98%	121.27%
ERC/TE %	14.23%	14.78%	8.59%	6.23%	4.15%
ERC/TR %	9.82%	11.03%	8.50%	5.66%	5.04%

CASH FLOW

Net Cash Flows from Operating Activities	282 729	136 875	-15 573	137 119	-167 890
Net Cash Flows from Investing Activities	-2 453	-2 072	-4 398	-1 594	-3 185
Cash & Cash Equivalents at End of Year	1 003 172	722 896	588 093	608 062	472 538

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	0	0	0	0	3 829
Fruitless & Wasteful Expenditure	0	35 892	0	162	61

HUMAN RESOURCES

Posts Approved	132	121	121	130	130
Posts Filled	109	110	96	78	64

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/240/local-government-sector-education-and-training-authority-lgseta>

Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified				
FINANCIAL POSITION					
Current Assets	3 813 651	3 156 278	2 627 116	2 297 793	1 873 771
Non-Current Assets	12 902	13 263	9 212	6 606	9 763
Total Assets	3 826 553	3 169 541	2 636 328	2 304 399	1 883 534
Current Liabilities	282 081	155 718	130 128	162 875	154 379
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	282 081	155 718	130 128	162 875	154 379
Total Net Assets	3 544 472	3 013 823	2 506 200	2 141 524	1 729 155
FINANCIAL PERFORMANCE					
Total Revenue	1 761 372	1 651 783	1 511 420	1 445 088	1 385 848
Revenue from Exchange Transactions	276 971	227 571	175 769	102 341	83 404
Revenue from Non-Exchange Transactions	1 484 401	1 424 212	1 335 651	1 342 747	1 302 444
Total Expenditure	-1 230 723	-1 147 656	-1 146 744	-1 032 719	-863 169
Employee Related costs	-126 174	-121 695	-114 227	-105 687	n/a
Surplus/(Deficit) for Year	530 649	504 127	364 676	412 369	522 679
TE/TR %	69.87%	69.48%	75.87%	71.46%	62.28%
ERC/TE %	10.25%	10.60%	9.96%	10.23%	#VALUE!
ERC/TR %	7.16%	7.37%	7.56%	7.31%	#VALUE!

CASH FLOW

Net Cash Flows from Operating Activities	634 840	507 622	224 360	432 100	412 571
Net Cash Flows from Investing Activities	-2 153	100 929	1 603 138	-320 461	-320 548
Cash & Cash Equivalents at End of Year	3 637 882	3 005 195	2 396 644	569 146	157 507

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	29 186	1 933	4 838	999	0
Fruitless & Wasteful Expenditure	0	0	0	0	0

HUMAN RESOURCES

Posts Approved	235	245	237	237	248
Posts Filled	228	222	226	227	226

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/243/manufacturing-engineering-and-related-services-sector-education-and-training-authority-merseta>

MICTSETA
Financial Information

All Financial Values: R'000

	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Financially Unqualified	Clean Audit	Clean Audit	Clean Audit
FINANCIAL POSITION					
Current Assets	481 192	366 209	354 452	478 068	491 090
Non-Current Assets	4 519	4 353	4 316	4 730	5 918
Total Assets	485 711	370 562	358 768	482 798	497 008
Current Liabilities	137 312	109 507	109 149	83 150	129 662
Non-Current Liabilities	399	0	0	62	414
Total Liabilities	13 771	109 507	109 149	83 212	130 076
Total Net Assets	348 000	261 055	249 619	398 895	366 932
FINANCIAL PERFORMANCE					
Total Revenue	907 020	856 322	790 256	748 672	700 276
Revenue from Exchange Transactions	26 854	31 083	25 212	23 666	25 038
Revenue from Non-Exchange Transactions	880 166	835 239	765 044	725 006	675 238
Total Expenditure	-820 079	-844 988	-940 222	-717 071	-680 457
Employee Related costs	-38 563	-36 522	-37 024	-31 630	-27 304
Surplus/(Deficit) for Year	86 941	11 334	-149 966	31 601	19 819
TE/TR %	90.41%	98.68%	118.98%	95.78%	97.17%
ERC/TE %	4.70%	4.32%	3.94%	4.41%	4.01%
ERC/TR %	4.25%	4.26%	4.69%	4.22%	3.90%

CASH FLOW

Net Cash Flows from Operating Activities	116 865	28 924	-81 826	-18 993	-281
Net Cash Flows from Investing Activities	-1 228	-1 819	-1 972	-1 309	-4 390
Cash & Cash Equivalents at End of Year	476 798	361 230	334 687	418 234	439 105

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	88 081	1 011	0	0	0
Fruitless & Wasteful Expenditure	11	25	0	249	0

HUMAN RESOURCES

Posts Approved	80	85	80	79	78
Posts Filled	80	77	78	79	74

SOURCE Annual Report Annual Report Annual Report Annual Report Annual Report Annual Report

<https://nationalgovernment.co.za/units/view/246/media-information-and-communication-technologies-sector-education-and-training-authority-mict-seta>

MQA
Financial Information

All Financial Values: R'000	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified	Financially Unqualified	Financially Unqualified	Qualified	Financially Unqualified
FINANCIAL POSITION					
Current Assets	787 555	787 670	782 798	804 127	738 092
Non-Current Assets	63 727	67 915	64 906	65 927	62 334
Total Assets	851 283	855 585	547 704	870 054	800 426
Current Liabilities	430 319	759 239	556 339	453 670	327 305
Non-Current Liabilities	0	0	0	0	165
Total Liabilities	430 319	759 239	556 339	453 670	327 470
Total Net Assets	420 963	96 346	291 365	416 384	472 956
FINANCIAL PERFORMANCE					
Total Revenue	1 209 234	1 120 134	1 089 432	1 072 419	1 016 951
Revenue from Exchange Transactions	44 718	54 443	57 718	49 839	45 648
Revenue from Non-Exchange Transactions	1 164 516	1 065 691	1 031 713	1 022 580	971 303
Total Expenditure	-884 152	-1 325 902	-1 209 511	-1 173 656	-1 027 781
Employee Related costs	n/a	-78 049	-75 253	-69 119	-60 573
Surplus/(Deficit) for Year	324 617	-205 800	-120 280	-101 449	-34 574
TE/TR %	73.12%	118.37%	111.02%	109.44%	101.06%
ERC/TE %	#VALUE!	5.89%	6.22%	5.89%	5.89%
ERC/TR %	#VALUE!	6.97%	6.91%	6.45%	5.96%

CASH FLOW

Net Cash Flows from Operating Activities	10 687	-33 287	-18 133	64 381	-5 690
Net Cash Flows from Investing Activities	-2 738	-4 069	-4 892	-8 285	-4 070
Cash & Cash Equivalents at End of Year	723 277	715 328	752 685	775 876	720 014

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	0	0	15 569	15 976	0
Fruitless & Wasteful Expenditure	0	0	0	0	0

HUMAN RESOURCES

Posts Approved	124	131	130	107	99
Posts Filled	112	120	116	100	90

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/120/mining-qualifications-authority-mqa>

PSETA

Financial Information

All Financial Values: R'000

	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Clean Audit	Financially Unqualified	Financially Unqualified	Qualified	Qualified
FINANCIAL POSITION					
Current Assets	145 201	144 146	103 938	120 764	67 482
Non-Current Assets	2 059	1 611	1 733	2 214	2 557
Total Assets	147 260	145 757	105 671	122 978	70 039
Current Liabilities	17 997	18 179	16 426	16 602	13 754
Non-Current Liabilities	n/a	0	0	0	0
Total Liabilities	17 997	18 179	16 426	19 578	13 754
Total Net Assets	129 263	127 578	89 245	106 376	56 285
FINANCIAL PERFORMANCE					
Total Revenue	125 857	116 614	70 479	115 747	88 399
Revenue from Exchange Transactions	8 550	2 773	1 158	5 424	195
Revenue from Non-Exchange Transactions	117 307	113 841	69 321	110 323	88 204
Total Expenditure	-124 172	-74 985	-87 613	-63 820	-45 615
Employee Related costs	-36 653	-30 419	-30 530	-25 650	-20 352
Surplus/(Deficit) for Year	1 685	41 629	17 134	49 192	42 784
TE/TR %	98.66%	64.30%	124.31%	55.14%	51.60%
ERC/TE %	29.52%	40.57%	34.85%	40.19%	44.62%
ERC/TR %	29.12%	26.09%	43.32%	22.16%	23.02%

CASH FLOW

Net Cash Flows from Operating Activities	2 546	40 754	-15 940	54 120	40 644
Net Cash Flows from Investing Activities	-1 448	-938	-823	-461	-2 264
Cash & Cash Equivalents at End of Year	143 981	142 883	103 067	119 830	66 171

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	1 042	15 179	69 551	113	99
Fruitless & Wasteful Expenditure	2	233	95	18	336

HUMAN RESOURCES

Posts Approved	64	64	64	64	64
Posts Filled	63	60	59	55	49

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/271/public-service-sector-education-and-training-authority-pseta>

SASSETA
Financial Information

All Financial Values: R'000

	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Clean Audit	Financially Unqualified	Financially Unqualified	Financially Unqualified	Financially Unqualified
FINANCIAL POSITION					
Current Assets	475 052	396 623	288 387	180 768	134 582
Non-Current Assets	7 036	2 696	3 078	3 184	6 457
Total Assets	482 088	399 320	291 473	183 952	141 039
Current Liabilities	99 764	68 541	43 599	61 686	58 033
Non-Current Liabilities	161	0	0	0	123
Total Liabilities	99 925	68 541	43 599	57 881	58 156
Total Net Assets	382 163	330 779	247 874	122 266	82 883
FINANCIAL PERFORMANCE					
Total Revenue	461 535	427 105	387 290	359 694	309 034
Revenue from Exchange Transactions	32 197	24 919	13 441	5 478	11 986
Revenue from Non-Exchange Transactions	429 338	402 186	373 849	354 216	299 041
Total Expenditure	-410 150	-344 199	-261 856	-320 310	-484 485
Employee Related costs	-58 018	-47 110	-39 225	-35 827	-31 938
Surplus/(Deficit) for Year	51 385	82 906	125 434	39 384	-173 285
TE/TR %	88.87%	80.59%	67.61%	89.05%	156.77%
ERC/TE %	14.15%	13.69%	14.98%	11.19%	6.59%
ERC/TR %	12.57%	11.03%	10.13%	9.96%	10.33%

CASH FLOW

Net Cash Flows from Operating Activities	82 113	104 972	145 128	10 351	-145 974
Net Cash Flows from Investing Activities	-6 488	-1 246	-1 304	-541	-5 405
Cash & Cash Equivalents at End of Year	456 501	380 950	277 226	133 524	124 769

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	759	2 068	798	282	126 011
Fruitless & Wasteful Expenditure	44	53	107	596	25 616

HUMAN RESOURCES

Posts Approved	151	139	108	95	110
Posts Filled	141	110	108	95	107

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/156/safety-and-security-sector-education-and-training-authority-sasseta>

SSETA
Financial Information

All Financial Values: R'000

	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Qualified	Clean Audit	Financially Unqualified	Clean Audit	Clean Audit
FINANCIAL POSITION					
Current Assets	440 000	1 447 628	2 276 337	2 318 480	1 808 572
Non-Current Assets	274 173	176 051	126 459	101 214	55 961
Total Assets	714 173	1 623 679	2 402 796	2 419 694	1 864 533
Current Liabilities	438 825	637 046	596 876	451 370	443 657
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	438 825	637 046	596 876	451 371	443 657
Total Net Assets	275 348	986 633	1 805 920	1 968 324	1 420 876
FINANCIAL PERFORMANCE					
Total Revenue	1 745 123	1 698 359	1 776 243	1 584 443	1 570 699
Revenue from Exchange Transactions	55 003	131 451	165 088	124 704	136 879
Revenue from Non-Exchange Transactions	1 690 120	1 698 359	1 611 155	1 459 739	1 433 820
Total Expenditure	-2 456 558	-2 523 739	-1 938 085	-1 022 030	-563 506
Employee Related costs	-54 618	-67 764	-43 590	-19 191	-71 534
Surplus/(Deficit) for Year	-711 435	-825 380	-161 952	561 365	997 306
TE/TR %	140.77%	148.60%	109.11%	64.50%	35.88%
ERC/TE %	2.22%	2.69%	2.25%	1.88%	12.69%
ERC/TR %	3.13%	3.99%	2.45%	1.21%	4.55%

CASH FLOW

Net Cash Flows from Operating Activities	-895 654	-720 302	-10 756	585 348	-498 871
Net Cash Flows from Investing Activities	-124 758	-111 685	-39 068	-77 318	-988
Cash & Cash Equivalents at End of Year	403 620	1 424 032	2 256 019	2 305 843	1 797 813

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	17 148	832 456	80 169	817	10 405
Fruitless & Wasteful Expenditure	0	19	0	0	144

HUMAN RESOURCES

Posts Approved	n/a	n/a	n/a	270	n/a
Posts Filled	283	265	242	194	203

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/277/services-sector-education-and-training-authority-sseta>

TETA
Financial Information

All Financial Values: R'000

	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Financially Unqualified				
FINANCIAL POSITION					
Current Assets	1 239 000	1 141 163	1 104 145	1 039 597	1 093 052
Non-Current Assets	26 250	27 097	28 447	28 337	8 378
Total Assets	1 265 250	1 168 260	1 132 593	1 067 934	1 101 430
Current Liabilities	72 388	56 348	146 610	119 432	218 748
Non-Current Liabilities	0	0	0	0	0
Total Liabilities	72 388	56 348	144 610	119 432	218 748
Total Net Assets	1 192 862	1 111 912	985 983	948 502	882 682
FINANCIAL PERFORMANCE					
Total Revenue	838 698	869 897	740 223	733 743	651 059
Revenue from Exchange Transactions	82 460	78 868	76 008	70 093	57 308
Revenue from Non-Exchange Transactions	756 238	791 029	664 215	663 650	593 751
Total Expenditure	-757 747	-743 964	-702 740	-667 922	-662 120
Employee Related costs	-56 311	-58 397	-52 779	-44 802	-50 498
Surplus/(Deficit) for Year	80 951	125 933	37 483	65 821	-11 061
TE/TR %	90.35%	85.52%	94.94%	91.03%	101.70%
ERC/TE %	7.43%	7.85%	7.51%	6.71%	7.63%
ERC/TR %	6.71%	6.71%	7.13%	6.11%	7.76%

CASH FLOW

Net Cash Flows from Operating Activities	95 458	32 705	71 363	-41 146	88 761
Net Cash Flows from Investing Activities	-2 732	-1 717	-2 747	-22 845	-2 628
Cash & Cash Equivalents at End of Year	1 211 278	1 118 553	1 087 566	1 018 949	1 082 940

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	1 553	313	261	0	0
Fruitless & Wasteful Expenditure	0	0	0	0	0

HUMAN RESOURCES

Posts Approved	123	123	123	123	123
Posts Filled	117	109	107	98	117

SOURCE	Annual Report				
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<https://nationalgovernment.co.za/units/financial/291/transport-education-training-authority-teta>

W&RSETA
Financial Information

All Financial Values: R'000

	2018/19	2017/18	2016/17	2015/16	2014/15
AUDIT OUTCOME	Qualified	Financially Unqualified	Financially Unqualified	Qualified	Qualified
FINANCIAL POSITION					
Current Assets	2 794 788	2 237 099	1 824 339	1 343 569	1 111 072
Non-Current Assets	5 784	6 689	7 665	3 129	2 886
Total Assets	2 800 572	2 243 788	1 832 004	1 346 698	1 113 958
Current Liabilities	280 603	162 899	151 759	116 933	303 072
Non-Current Liabilities	0	639	2 134	0	192
Total Liabilities	280 603	163 538	153 893	116 993	303 264
Total Net Assets	2 519 969	2 080 250	1 678 111	1 229 765	810 264
FINANCIAL PERFORMANCE					
Total Revenue	1 307 456	1 214 323	1 060 023	1 046 040	894 260
Revenue from Exchange Transactions	157 572	113 944	90 952	65 730	52 296
Revenue from Non-Exchange Transactions	1 149 884	1 100 379	969 431	980 310	841 964
Total Expenditure	-867 737	-827 376	-611 672	-627 032	-911 242
Employee Related costs	-77 778	-68 600	-55 398	-57 852	-44 859
Surplus/(Deficit) for Year	439 719	386 947	448 346	419 008	-16 992
TE/TR %	66.37%	68.13%	57.70%	59.94%	101.90%
ERC/TE %	8.96%	8.29%	9.06%	9.23%	4.92%
ERC/TR %	5.95%	5.65%	5.23%	5.53%	5.02%

CASH FLOW

Net Cash Flows from Operating Activities	571 223	351 730	476 365	237 530	145 577
Net Cash Flows from Investing Activities	-3 430	-3 413	-4 644	-1 495	-1 441
Cash & Cash Equivalents at End of Year	2 724 249	2 157 951	1 810 655	1 335 971	1 100 392

UIFW EXPENDITURE

Unauthorised Expenditure	0	0	0	0	0
Irregular Expenditure	12 043	87 580	108 694	207 797	8 516
Fruitless & Wasteful Expenditure	45	293	20	270	87

HUMAN RESOURCES

Posts Approved	249	188	185	197	186
Posts Filled	218	176	173	182	180

SOURCE Annual Report Annual Report Annual Report Annual Report Annual Report Annual Report

<https://nationalgovernment.co.za/units/financial/299/wholesale-and-retail-sector-education-and-training-authority-w-rseta>