

DEPARTMENT OF HIGHER EDUCATION AND TRAINING



# ANNUAL REPORT

2010/2011



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

ANNUAL REPORT 2010/11

**Dr BE NZIMANDE, MP**

**Minister of Higher Education and Training**

I have the honour of submitting the Annual Report of the Department of Higher Education and Training for the period 1 April 2010 to 31 March 2011.

A handwritten signature in black ink, appearing to be 'GF Qonde', with a large loop at the start and a horizontal line extending to the right.

**Mr GF Qonde**

**Acting Director-General: Higher Education and Training**

**May 2011**



**DR BLADE NZIMANDE**  
MINISTER:  
HIGHER EDUCATION AND TRAINING



**PROF. HLENGIWE MKHIZE**  
DEPUTY MINISTER:  
HIGHER EDUCATION AND TRAINING



**MR GWEBINKUNDLA QONDE**  
ACTING DIRECTOR-GENERAL:  
HIGHER EDUCATION AND TRAINING

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# SECTION 1

## GENERAL INFORMATION





# SECTION 1

## GENERAL INFORMATION

- 1.1. Vision, Mission and Values
- 1.2. Organisational Structure
- 1.3. Legislative Mandate
- 1.4. Entities Reporting to the Minister
- 1.5. Message from the Minister and Deputy Minister
- 1.6. Accounting Officer's Overview

# 1. GENERAL INFORMATION

## 1.1 VISION, MISSION AND VALUES

### 1.1.1. Vision

Our Vision is of a South Africa in which we have a differentiated and fully inclusive post-school system that allows all South Africans to access relevant post-school education and training, in order to fulfil the economic and social goals of participation in an inclusive economy and Society.

### 1.1.2. Mission

It is the Mission of the Department of Higher Education and Training to develop capable, well educated and skilled citizens who are able to compete in a sustainable, diversified and knowledge-intensive international economy, which meets the developmental goals of our country.

### 1.1.3. Value statement

The DHET is committed to:

- Distinction and excellence in all our work efforts to develop a skilled and capable workforce for the country
- Honesty, perseverance and commitment in providing differentiated education and training opportunities for all the people of South Africa
- Efficiency of work habits and proficiency of all DHET employees in fulfilling the mandate of the department
- Teamwork, cooperation and solidarity in working with our partners in higher education and training to achieve the shared goals
- Transformation imperatives by addressing social inequality, race, gender, age, geography, HIV/Aids and disability issues in all our higher education and training institutions in order to normalise our institutions

## 1.2 ORGANISATIONAL STRUCTURE

The Department of Higher Education and Training consists of the office of the Director-General and 5 branches namely:

- Director-General: Prof. ME Metcalfe (Acting Director-General: Mr GF Qonde)
- Branch: Corporate Services/Administration:  
Deputy Director-General: Ms LC Mbobo (DDG:C)
- Branch: Human Resource Development, Planning and Monitoring Coordination:  
Deputy Director-General: Mr FY Patel (DDG:H)
- Branch: University Education:  
Acting Deputy Director-General: Ms K Menon (DDG:U)
- Branch: Vocational and Continuing Education:  
Acting Deputy Director-General: Dr EB Mahlobo (DDG:V)
- Branch: Skills Development:  
Deputy Director-General: Ms P Moleke (DDG:S)

**MINISTER**

**DIRECTOR-GENERAL**

DG: PROF. ME METCALFE  
(ACTING) MR GF QONDE

**DDG/C**  
Ms LC Mbobo

**CFO**  
Mr TW Tredoux

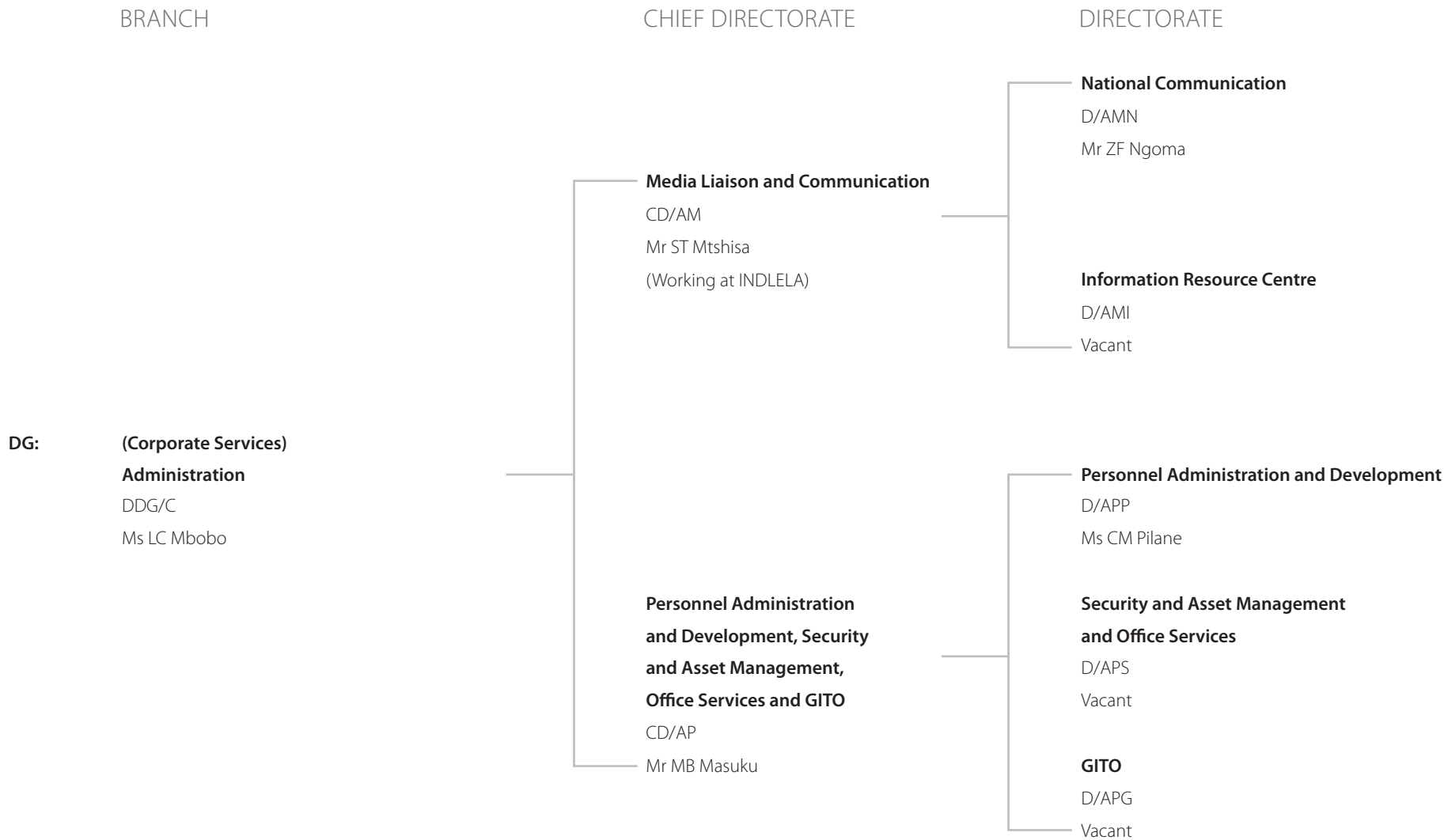
**DDG/H**  
Mr FY Patel

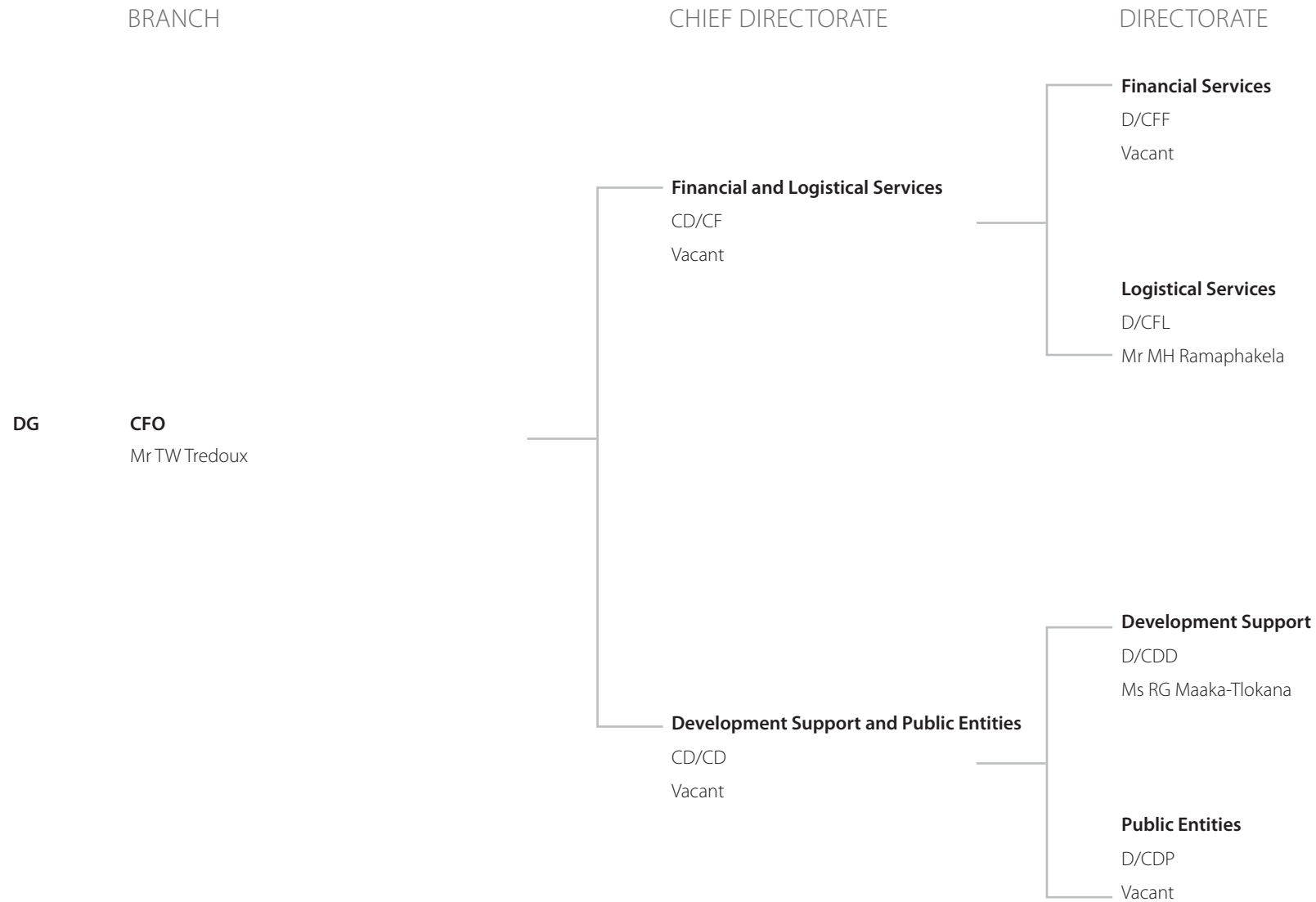
**DDG/U**  
Acting  
Ms K Menon

**DDG/V**  
Acting  
Dr EB Mahlobo

**DDG/S**  
Ms P Moleke







BRANCH

CHIEF DIRECTORATE

DIRECTORATE

**Human Resource Development,  
Planning and Monitoring Coordination**  
DDG/H  
Mr FY Patel

**Human Resources Development  
Strategic Planning and  
Coordination**  
CD/HH  
Ms SH Nhlumayo  
Temp 10/1/11 – 9/7/11

**Planning, Information, Monitoring and  
Evaluation Coordination**  
CD/HP  
Vacant

**International Relations and UNESCO**  
CD/HI  
Mr G Jeppie

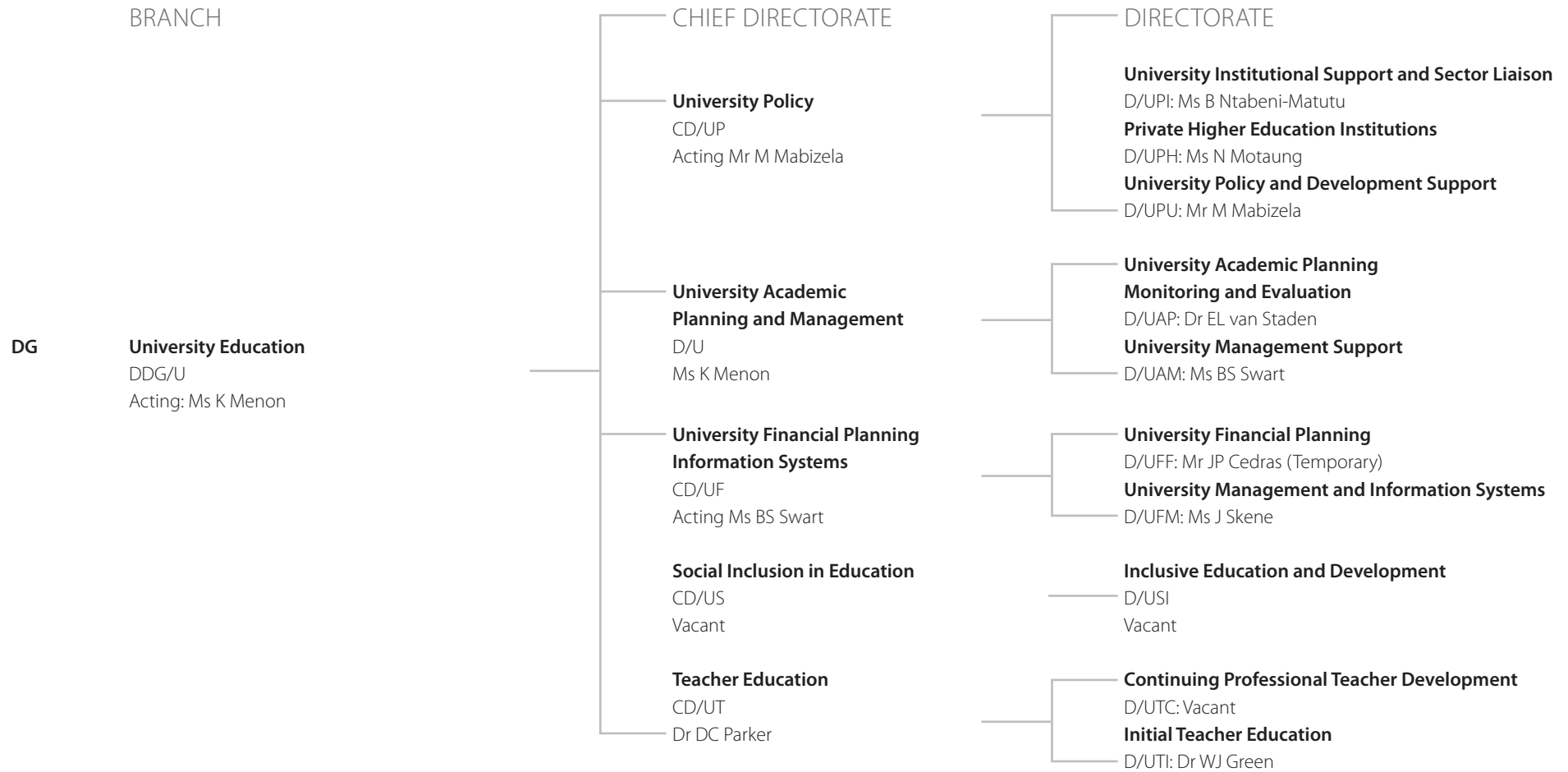
**Legal and Legislative Services**  
CD/HL  
Adv E Boshoff

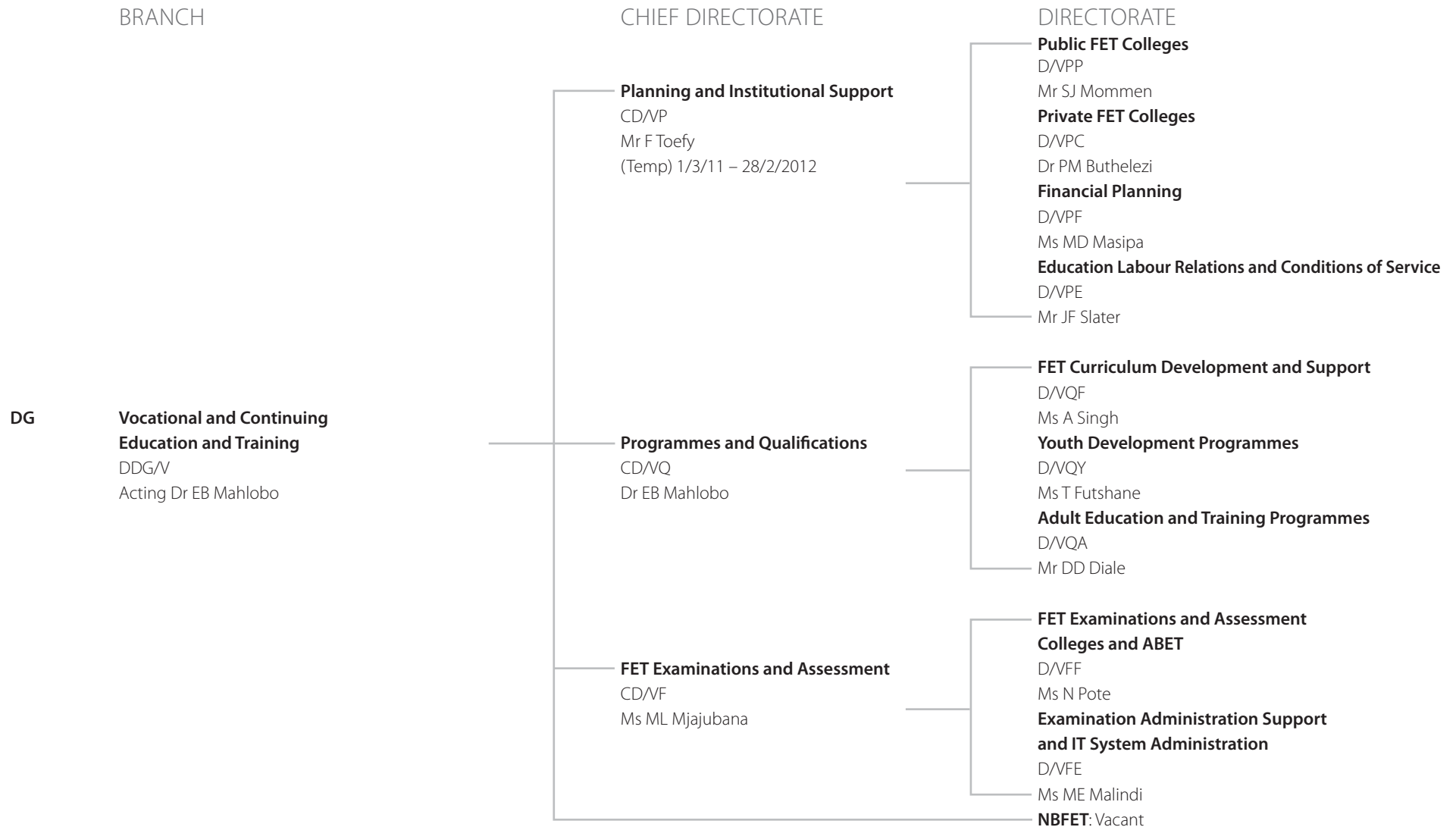
**National Human Resources Development**  
D/NHN  
Mr AW Bartlett  
**Strategic Coordination and Secretarial Support**  
D/HHS  
Vacant

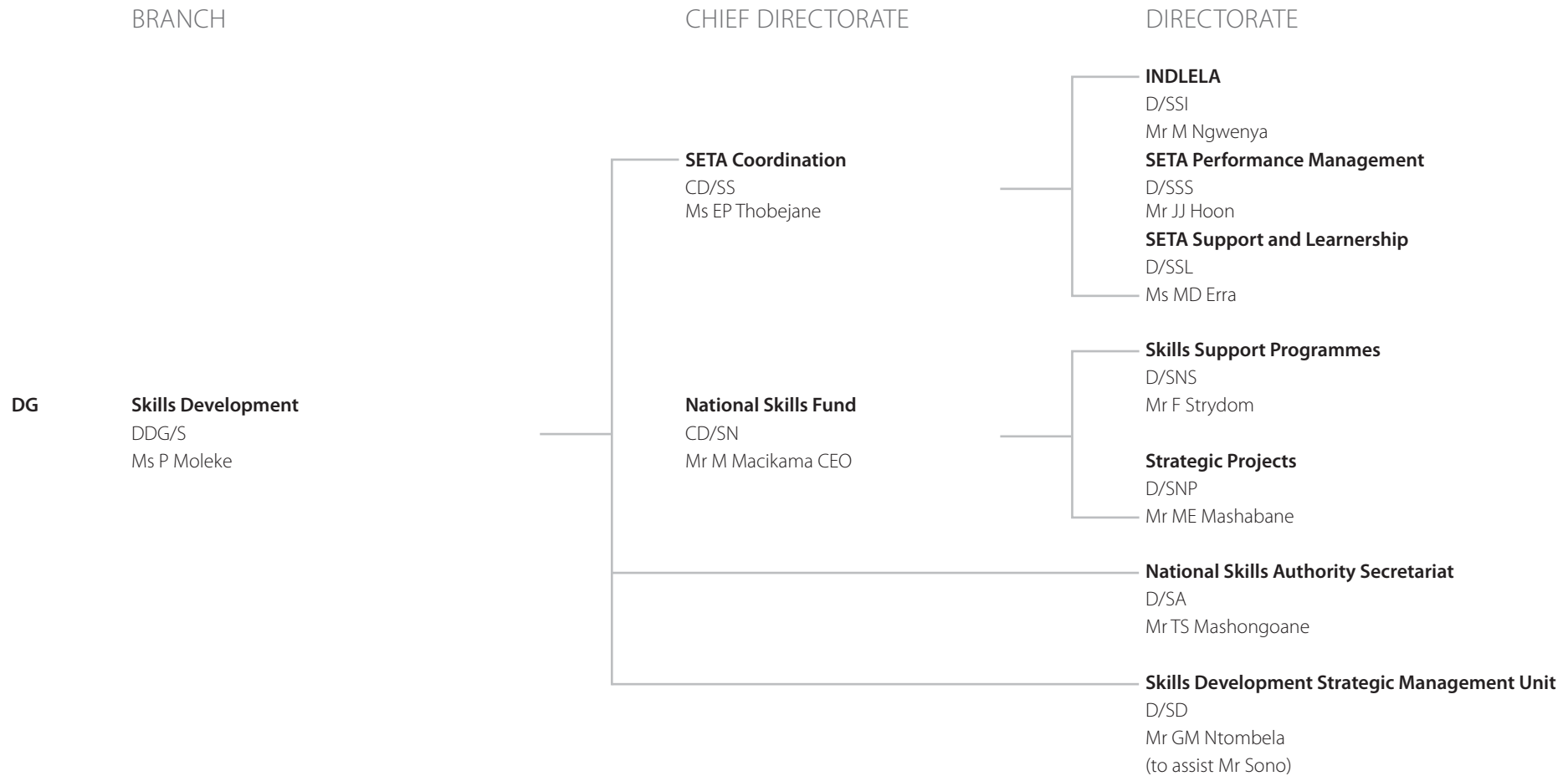
**Information Systems Coordination**  
D/PHI  
Ms P Bulling  
**Research Coordination Monitoring and Evaluation**  
D/HPR  
Vacant  
**Planning, Monitoring and Evaluation Coordination**  
D/HPP  
Vacant  
**EMIS**  
D/PHE  
Vacant

**Global Partnerships**  
D/HIG  
Vacant  
**Africa and Middle East**  
D/HIA  
Mr LR Ndaba  
**Multilateral Affairs**  
D/HIM  
Vacant









**Additional**

Ms A Bird acting CEO for QCTO

Ms BB Ntombela CD (Placed in CD: Seta Coordination temporarily 10/1/2011 – 9/7/2011)

Mr M Mathole D (Placed in Branch Skills Development temporarily 10/1/2011 – 9/7/2011)

Mr Sono CD (Placed in CD: Seta Coordination temporarily 17/2/2011 – 16/8/2011)

### 1.3. LEGISLATIVE MANDATE

Higher Education and Training derives its legislative mandate from the supreme law of the Republic, the Constitution, within the purport of section 29, read with Schedule 4, which lists education at all levels, excluding tertiary education as a functional area of concurrent national and provincial legislative competence, whereas section 29 states as follows:

- (1) Everyone has the right-
  - (a) to a basic education, including adult basic education; and
  - (b) to further education, which the state, through reasonable measures, must make progressively available and accessible.
- (2) Everyone has the right to receive education in the official language or languages of their choice in public educational institutions where that education is reasonably practicable. In order to ensure the effective access to, and implementation of this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account-
  - (a) equity;
  - (b) practicability; and
  - (c) the need to redress the results of past racially discriminatory laws and practices.
- (3) Everyone has the right to establish and maintain, at their own expense, independent educational institutions that-
  - (a) do not discriminate on the basis of race;
  - (b) are registered with the state; and
  - (c) maintain standards that are not inferior to standards at comparable public educational institutions.
- (4) Subsection (3) does not preclude state subsidies for independent educational institutions.

Within this context, Higher Education and Training developed key policies and legislation which can be summarized as follows:

1. The Higher Education Act, 1997 (Act No. 101 of 1997), (HEA), provides for a unified and nationally planned system of higher education. It furthermore gives the green light for a statutory Council on Higher Education, (CHE) which advises the Minister while being responsible for quality assurance and promotion. The Higher Education Act and Education White Paper 3: A Programme for the Transformation of Higher Education (1999), forms the basis for the transformation of the higher education sector with implementation being guided by the National Plan for Higher Education (2001).
2. The National Student Financial Aid Scheme Act, 1999 (Act No. 56 of 1999), (NSFAS), provides for the granting of loans and bursaries to eligible students attending public higher educational institutions, as well as for the administration of such loans and bursaries.
3. The Adult Education and Training Act, 2000 (Act No. 52 of 2000), (AET), provides for the establishment of public and private adult learning centres, funding for AET, the governance of public centres, as well as for quality assurance mechanisms for the sector.

4. The Further Education and Training Colleges Act, 2006 (Act No. 16 of 2006), (FETC), provides for the regulation of further education and training, the establishment of governance bodies and the funding of public FET colleges, the registration of private FET colleges and the promotion of quality in further education and training.
5. The National Qualifications Framework Act, 2008 (Act No. 67 of 2008), (NQF), provides for the National Qualifications Framework, the South African Qualifications Authority and the Quality Councils. The National Qualifications Framework is the principal instrument through which national education and training qualifications are recognised and quality assured.

The administration powers and functions originally entrusted to the Minister of Labour by the Skills Development Levies Act and the Skills Development Act, with the exception of provisions dealing with Productivity South Africa and employment services were transferred to the Minister of Higher Education and Training, effective from 1 November 2009, by way of Presidential Proclamation 56 of 2009.

6. The Skills Development Levies Act, 1999 (Act No. 9 of 1999), (SDL), provides for the imposition of the skills development levy and matters connected therewith.

**Shared legislation:**

7. The Skills Development Act, 1998 (Act No. 97 of 1998), (SDA), provides for an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce, to integrate those strategies within the National Skills Framework contemplated in the South African Qualifications Authority Act; to provide for learnerships that lead to the recognition of occupational qualifications; to provide for the financing of skills development by means of a levy-financing skill and the National Skills Fund.
8. The National Education Policy Act, 1996 (Act. No. 27 of 1996), (NEPA), insofar as the administration, powers and functions pertain to the determination of policy for public and private centres offering adult education and training, established as envisaged in the Adult Education and Training Act, 2000; and public and private colleges providing further education as envisaged in the FETC Act, 2006, were transferred to the Minister of Higher Education and Training. The NEPA was designed to inscribe in law the policies, as well as the legislative and monitoring responsibilities of the Minister of Education, and to formalise the relations between national and provincial authorities. It laid the foundation for the establishment of the Council of Education Ministers (CEM), as well as for the Heads of Education Departments Committee (HEDCOM), as inter-governmental forums to collaborate in developing a new education system. As such, it provides for the formulation of national policies in general and further education and training, for curriculum assessment and language policy as well as quality assurance. NEPA embodies the principle of co-operative governance, as elaborated on in Schedule 3 of the Constitution.
9. The Employment of Educators Act, 1998 (Act No. 76 of 1998) (EEA), insofar as the administration, powers and functions pertain to adult education centres; the South African Council for Educators Act, 2000 (Act No. 31 of 2000) (SACE), insofar as the administration, powers and functions pertain to the powers and functions of the South African Council for Educators in relation to adult learning centres; the General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001) (GENFETQA), insofar as the administration, powers and functions pertain to the powers and functions entrusted to Umalusi in relation to public and private centres offering adult education and training as envisaged in the Adult Education and Training Act, 2000; and public and private FET colleges are legislation that were partially transferred to the Minister of Higher Education and Training.

10. In the interim, the applicable provisions of the NEPA, the EEA and the SACE were incorporated in the principal Acts by way of the Higher Education Laws Amendment Act, 2010 (Act No. 26 of 2010) (HELA).

**List of all legislation tabled in Parliament and promulgated during 2010/11 financial year**

1. Skills Development Levies Amendment Act, 2010 (Act No. 24 of 2010)
2. Higher Education and Training Laws Amendment Act, 2010 (Act No. 25 of 2010)
3. Higher Education Laws Amendment Act, 2010 (Act No. 26 of 2010)

**Key policy developments and legislative changes**

1. Skills Development Levies Amendment Act, 2010 (Act No. 24 of 2010)
2. Higher Education and Training Laws Amendment Act, 2010 (Act No. 25 of 2010)
3. Higher Education Laws Amendment Act, 2010 (Act No. 26 of 2010)

These amendments to the existing legislation as enacted by the above mentioned amendment Acts, reflecting the changes necessitated by the provisions of the Presidential Proclamations 44, 48 and 56 of 2009. These amendments are purely technical.

## 1.4. ENTITIES REPORTING TO THE MINISTER

The following entities report to the Minister of Higher Education and Training:

Name of Entity	Legislation	Nature of Business
Agriculture Sector Education and Training (AGRISETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in both primary and secondary agriculture
Banking Education and Training Authority (BANKSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the banking and microfinance sector
Construction Sector Education and Training (CETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the construction industry
Council on Higher Education (CHE)	Higher Education Act No.101 of 1997	It advises the Minister of Higher Education and Training on all higher education policy matters, implements the system of quality assurance for all Higher Education, monitor the state of higher education system and contribute to the development of higher education through intellectual engagement
Chemical Industries Education and Training (CHIETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the chemical industries sector
Clothing, Textile, Footwear and Leather (CTFL)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the clothing, textiles, footwear and leather economic sector
Energy Sector Education and Training (ESETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the energy and water sector
Education, Training and Development practice (ETDP-SETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the education, training and development sector
Financial and Accounting Services Sector Education and Training (FASSET)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the financial and accounting services sector
Forest Industries Education and Training Authority (FIETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the forestry, furniture, wood, pulp and paper sector
Food and Beverages Sector Education and Training (FOODBEV)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the food and beverages sector
Health and Welfare Sector Education and Training (HWSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the health and welfare sector
Information System electronics and Telecommunication Technologies Sector Education and Training (ISETT)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the information system, electronics and telecommunications technologies sector

Name of Entity	Legislation	Nature of Business
Insurance Systems Sector Education and Training (INSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the insurance sector
Local Government Sector Education and Training (LGSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the local government sector
Manufacturing, Engineering and Related Services Sector Education and Training (MERSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the manufacturing, engineering and related services sector
Media, Advertising, Publishing and Packaging Sector Education and Training (MAPPSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the media, advertising, publishing and packaging sector
Mining Qualifications Authority Sector Education and Training (MQA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the mining and minerals sector
National Student Financial Aid Scheme (NSFAS)	NSFAS Act No.56 of 1999	It is responsible for administering loans and bursaries and allocating these to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training, raising funds, recovering loans, maintaining and analysing a database, undertaking research for the better utilisation of financial resources and advising the Minister on matters relating to student financial aid.
Public Services Sector Education and Training (PSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the public service sector
Quality Council for Trades and Occupations (QCTO)	NQF Act 2008 and Skills Development Act of 2008	To develop and quality assure occupational qualifications that are responsive to the labour market and developmental state initiatives.
Safety and Security Education and Training Authority Sector (SASSETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the safety and security sector
Services Sector Education and Training (SERVICE SETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the services sector
South African Qualifications Authority (SAQA)	SAQA Act 58 of 1995	SAQA focuses on upholding the principles of the National Qualification Forum, including ensuring access, quality, redress and development for all learners, through an integrated national framework of learning achievements.
Transport Education and Training Authority (TETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the transport sector
Tourism and Hospitality and Sport Education and Training Authority (THETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the tourism, hospitality and sport sector
Wholesale and Retail Sector Education and Training (W&R SETA)	Skills Development Act No.97 of 1998	Provision of relevant, quality and accessible education, training and development in the wholesale and retail sector



## 1.5. MESSAGE FROM THE MINISTER AND DEPUTY MINISTER

The Ministry, together with the Department of Higher Education and Training, is responsible for the successful achievement of Outcome 5 of the government's Programme of Action namely, *to develop a skilled and capable workforce to support an inclusive growth path*. To this end, the mandate, vision and mission of the department is focused on developing and improving a post-school education system which provides a wide variety of, and increased and improved access to post-school education and training opportunities for youths and adults in South Africa.

The DHET has responded to the mandate by formulating a number of outputs that can be measured over time and that will indicate the extent to which the mandate has been met. These outputs include:

- establishing a mechanism through which information regarding the supply and demand for skills in the country can be communicated in such a manner that it can feed into career guidance information;
- increasing access to intermediate and higher learning opportunities for youths as well as adults;
- increasing access to training opportunities that will boost the number of qualified artisans and mid-level skills available in our labour market;
- increasing access, articulation and success in occupationally directed programmes such as engineering, teaching, health sciences and life and physical sciences; and
- increasing research and innovation outputs in the country.

During the year under review, three successful summits were held to ensure that the above mentioned outputs could be reached. The Higher Education Summit was held in April 2010 and stakeholders resolved to seek redress funding for disadvantaged universities, revitalise the academic profession, improve working conditions and student-centredness, strengthen postgraduate studies and research, and take forward an institutional differentiation framework developed at the meeting.

The Further Education and Training (FET) Summit and the Skills Development Summit were held in September 2010. The FET Summit brought together education experts to discuss ways of improving the status and effectiveness of South Africa's FET sector, which has been characterised in the past by low pass rates, poor planning and financial mismanagement. The Skills Development Summit successfully brought together stakeholders across all levels of education and training and across all occupations and disciplines, to promote skills development as a fundamental requirement to an inclusive growth path.

Following on the Skills Summit, some of the highlights of the year were the launch of the new SETA landscape in November 2010 and the finalization and publication of the National Skills Development Strategy III (NSDSIII). A standard constitution for all SETAs was also introduced to ensure that there is consistency and alignment with regard to the functioning of SETAs and the National Artisan Moderation Body (NAMB) was formally launched on the 30th of November 2010.

Significant events in the FET sector were the expansion of the NC(V) offerings in FET Colleges through the introduction of three new vocational programmes and the halting of the phase-out of the N1-N6 programmes, in order to allow for the continued training of artisans and to broaden the learning options available to matriculants. Also significant, is that for the first time, a gazette was published in terms of *Sections 43(3) and 43(4) of the Further Education and Training Colleges Act, 2006*, granting permission to four FET Colleges to provide higher education qualifications under the authority of higher education institutions, thereby expanding access to HE studies opportunities to youth in areas not directly serviced by HEIs.

In the University sector, a thorough enrolment planning process between the DHET and universities was undertaken which resulted in a national enrolment view being compiled in line with the parameters of the Government priorities and growth possibilities within the university sector. Two task teams have been working on recommendations and strategies for the establishment of new universities in Mpumalanga and the Northern Cape and a long term Integrated Strategic Planning Framework for Teacher Education and Development for South Africa (2011-25) was approved and published.

The expansion of funding assistance to students in FET colleges and universities via the National Student Financial Aid Scheme (NSFAS), was another critical achievement of the department in the year under review.

The department started operating as a separate department with its own budget and interim organizational structure from April 2010 and over the past twelve months we have seen progress in establishing the department as a fully functional department. Key senior positions were filled in mid 2010 and we ended the year with a number of senior management positions being filled.

Notwithstanding the achievements of the 2010/11 year, we recognise the scope and intensity of the challenges confronting our education and training system and will continue in the new year to work tirelessly to make significant inroads in improving the access to opportunities in the post-school system and in developing a skilled workforce for an inclusive growth path.

In conclusion, we would like to acknowledge the contribution made by the Acting Director- General, Mr Gwebinkundla Qonde, and the senior management and staff in the department. We would like to extend our gratitude to all of them for the achievements made during the past financial year.

We hereby present this final Annual Report of the Department of Higher Education and Training to Parliament.



**Dr B Nzimande**  
**Minister of Higher Education and Training**



**Prof H Mkhize**  
**Deputy Minister of Higher Education and Training**

## 1.6. ACCOUNTING OFFICER'S OVERVIEW

This report provides the highlights and challenges faced by the Department of Higher Education and Training in fulfilling its objectives as reflected in the 2010/11 to 2014/15 strategic plan and operational plans for the 2010/11 financial year.

The DHET has had a significantly successful year and has risen to the challenge of creating a differentiated and fully inclusive post-school system that allows all South Africans to access relevant post-school education and training, in order to fulfil the economic and social goals of participation in an inclusive economy and society.

The DHET commenced operation as a fully separate department in April 2010 with the skills development section from the Department of Labour incorporated into the DHET and a new conceptualisation of post-school education and training was brought into being. The department is now focused on service delivery to all post-school learners in the areas of Higher Education, Further Education and Training, Adult Education and Training and Skills Development.

The focus for 2010/11 was to put the necessary administrative systems, policies and procedures into place, as well as to provide core capacity for the smooth running of the department. I wish to highlight the following key policy actions and initiatives that have laid the foundation for the implementation phase of our strategic objectives.

The Human Resource Development Council of South Africa (HRDCSA), which is the primary institution for human resources development coordination among government, organised business, organised labour, community representatives, professional bodies, research and academic representatives and other stakeholders, was established.

The National Skills Development Strategy 2011-2016 (NSDS III) which directs the skills levy, has to a large extent addressed the issue of alignment with the Human Resource Development Strategy for SA and also with the other national strategies such as the Rural Development Strategy, the Medium Term Strategic Framework, The New Growth Path and Industrial Policy Action Plan (IPAP).

A long term Integrated Strategic Planning Framework for Teacher Education and Development for South Africa (2011-25) was approved and published. It provides strategic direction and key activities to ensure that an expanded and accessible formal teacher education system is established to ensure an adequate supply of quality teachers for the schooling system.

Two task teams were constituted to review and make recommendations on the establishment of new universities in Mpumalanga and the Northern Cape. These reports are due shortly.

The funding norms for FET Colleges were implemented on 1 April 2010. These funding norms provide for a funding formula that is a distributive mechanism for the allocation of funding uniformly to FET Colleges across the country.

Measures were initiated and put in place to improve the functioning of the Sectoral Education and Training Authorities (SETAs) in relation to their alignment with government and industrial strategies, poor public perception of performance, weak governance and management. Post 31 March 2011 will see the reconstitution of these SETAs fulfilling their new role within the post-school education and training system.

This annual report demonstrates the extensiveness and quality of work of a dedicated team of officials who supported our social partners in creating a vibrant and responsive post-school education and training system that will contribute to a growing, appropriately transformed economy.

Finally, I wish to thank the Minister of Higher Education, Dr. Blade Nzimande, MP, and Deputy Minister of Education, Prof. Hlengiwe Mkhize, MP, for their political supportive leadership and guidance in addressing the challenges that we as a department face in serving the needs of all South African citizens.

I hereby present this report to the Minister of Higher Education, Dr Blade Nzimande, MP, and Deputy Minister of Education, Prof. Hlengiwe Mkhize, MP, and invite them to table it in Parliament.

A handwritten signature in black ink, appearing to be 'GF Qonde', with a large loop at the start and a horizontal line extending to the right.

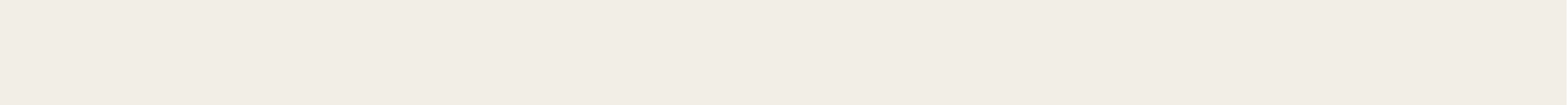
**Mr GF Qonde**

**Acting Director-General: Higher Education and Training**



# SECTION 2

## INFORMATION ON PREDETERMINED OBJECTIVES



# SECTION 2

## INFORMATION ON PREDETERMINED OBJECTIVES

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## 2. INFORMATION ON PREDETERMINED OBJECTIVES

### 2.1 OVERALL PERFORMANCE

#### 2.1.1. Voted Funds

	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000
Amount to be appropriated	23 720 698	23 776 202	23 752 243	23 959
Direct charge against the National Revenue Fund	8 424 228	8 424 228	8 379 258	44 970
Executive authority	Minister of Higher Education and Training			
Administering department	Department of Higher Education and Training			
Accounting officer	Director-General of Higher Education and Training			

#### 2.1.2. Aim of vote

The aim of the Department of Higher Education and Training is to develop and support a quality higher and vocational education sector, and to promote access to higher and vocational education and skills development training opportunities.

#### 2.1.3. Summary of Programmes

##### Programme 1: Administration

**Purpose: Conduct the overall management of the department, and provide centralised support services.**

##### Programme 2: Human Resource Development, Planning and Monitoring Coordination

**Purpose: Provide strategic direction in the development, implementation and monitoring of departmental policies. Coordinate activities in relation to the human resource development strategy for South Africa.**

- *Human Resource Development, Strategic Planning and Coordination* provides strategic direction in the development, implementation and monitoring of departmental policies, and coordinates activities in relation to the national human resource development strategy.



**Purpose: Provide strategic direction in the development, implementation and monitoring of departmental policies. Coordinate activities in relation to the human resource development strategy for South Africa.**

- *Planning, Information, Monitoring and Evaluation Coordination* monitors and evaluates policy outputs of the department and coordinates research in the fields of higher education and training. It also ensures that education policies and legislation are developed into well functioning systems, and promotes the development and operation of higher education and training information systems.
- *International Relations* develops, promotes and renders international relations and supports the United Nations Educational, Scientific and Cultural Organisation in the higher education sub-system. It also manages, monitors and reports on international donor grant funding.
- *Legal and Legislative Services* manages the legal and legislative services of the department.
- *Social Inclusion in Education* promotes access to and participation by all learners in higher education and training programmes.

### Programme 3: University Education

**Purpose: Develop and coordinate policy and regulatory frameworks for an effective and efficient university education system. Financial support to universities, the National Student Financial Aid Scheme and the National Institute for Higher Education.**

- *University – Academic Planning and Management* plans and monitors the university sub-system through analysing institutional and national plans and by ensuring the maintenance of programmes and qualification mixes.
- *University – Financial Planning and Information Systems* coordinates and manages the development and maintenance of universities' information systems and an appropriate funding framework for a diverse university sub-system.
- *University – Policy and Development* registers private universities and provides governance support, responds to public queries and monitors transformation, including through liaising with stakeholders in the university sub-system.
- *Teacher Education* develops a responsive and comprehensive national teacher education and development system as a sub-system of the higher education and training system. It develops and maintains academic policy for teacher education qualifications, in line with the higher education qualifications framework, monitors institutions for adherence to policy, and supports policy implementation to ensure relevant curricula and a sufficient supply of well qualified teachers for all education sub-systems.
- *University – Subsidies* transfers payments to universities.

### Programme 4: Vocational and Continuing Education and Training

**Purpose: Plan, develop, evaluate, monitor and maintain national policy, programmes and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education.**

- *Planning and Institutional Support* provides the framework, coordination and support to further education and training colleges for the efficient and effective management, governance and delivery of vocational and occupational programmes, and manages the further education and training colleges conditional grant to provinces. It also regulates the provision of education and training by private education institutions offering qualifications in the further education and training band of the national qualifications framework.
- *Programmes and Qualifications* develops and maintains high quality vocational education and training programmes, provides for implementing the student support services framework, and provides leadership and support for training and developing lecturers to ensure quality delivery of programmes in colleges. In addition it supports the education of post-school adults pursuing general education and training certificates and the national senior certificate qualifications.

### Programme 5: Skills Development

**Purpose: Promote and monitor the national skills development strategy.**

- *SETA Coordination* supports, monitors and reports on implementation of the national skills development strategy at sectoral level through establishing and managing the performance of service level agreements with sector education and training authorities.

- *National Skills Development Services* transfers funds to the National Skills Fund and manages projects identified in the national skills development strategy as national priorities and other projects related to achieving the purposes of the Skills Development Act (1998) as determined by the Director-General of the Department of Higher Education and Training.
- *INDLELA* manages and coordinates national artisan development including monitoring the improvement of artisan trade assessment and moderation, and specialised technical training.
- *Quality Development and Promotion* coordinates the work of the Quality Council for Trades and Occupations to develop, register and quality assure the implementation of qualifications and standards for occupationally based learning across all sectors of the economy.

#### 2.1.4. Key strategic objectives and achievements

##### **Programme 1: Administration**

###### ***Key objectives:***

As a newly established Department, the focus for 2010/11 was to put the necessary administrative systems, policies and procedures into place, as well as to provide core capacity for the smooth running of the department. As a transitional measure, the department adopted policies from the two previous departments of Education and Labour for employees transferred from the respective departments.

The key focal areas included filling senior management posts at Deputy Director-General and Chief Director levels, developing internal policies with respect to human resources, finance, supply chain, communications and ICT. The department had to improve efficiency by implementing the necessary information and communication technology infrastructure and to establish sustainable, business-appropriate enterprise architecture processes in the department.

###### ***Key Achievements:***

The department developed and consulted with organised labour on nine human resource policies during 2010/11 which were finally adopted and approved in April 2011. The human resource policies included the following:

- *Affirmative Action*
- *Remunerative work outside public service*
- *Employment Equity*
- *Job Evaluation*
- *Subsistence and travel claims and overseas trips*
- *Leave*
- *Resettlement expenditure*
- *Remunerative overtime duty*

- *Recruitment and selection*
- *Performance management (under consultation)*
- *IT security policy*

Policies that were developed but were still to be approved at the time of reporting include the following:

- *Courier services*
- *Acquisition and management of cellular phones and 3G cards*
- *Telephone policy*
- *Recycling and disposal of waste paper*
- *Bookings of flights, car rentals and hotel accommodation*
- *Supply chain management*
- *Records management*
- *Security policy*

With respect to the filling of posts, two posts of Deputy Directors-General for Corporate Services and Skills Development respectively were filled in 2010, with the two outstanding DDG posts to be filled in the first quarter of 2011 through a headhunting process. There has been tremendous progress in the filling of the fifteen Senior Management Service posts advertised in November 2010, with four of these staff members assuming duty between February and March 2011. A service commitment charter for human resource recruitment services was developed and all support service units within Corporate Services will finalise these charters by the first quarter of 2011. A fraud prevention plan was developed for implementation in the 2011/12 financial year.

Considerable strides were made in terms of providing Information and Communication Technology services in the Department of Higher Education and Training (DHET). The DHET implemented a Virtual Private Network (VPN) to enhance the security and the domain. In close collaboration with SITA, the GITO office was able to provide network connectivity, email and internet services to the DHET which allowed the transversal systems transactions to continue with minimum downtime. Although there was no service level agreement in place for a service provider to assist with the basic IT services, the GITO office managed to provide the necessary services for the department to function. The GITO office managed to successfully move the officials from the Department of Labour onto the network of the DHET, as well as to migrate the Cape Town and INDLELA offices onto the DHET domain. The design and implementation of the website hosting services for the DHET was successfully completed.

The DHET also entered into a Microsoft Enterprise licensing agreement for all applications, software and databases used within the department. Furthermore, there was an acquisition of a 90 day proof of concept to determine the strategy for the use of Microsoft SharePoint as a collaborative, document management and workflow tool.

Measures were also put in place to improve the information technology security through the procurement and installation of Websense technology. The technology deployed serves as an internet and email content filtering tool. The GITO office is also on the verge of implementing the FET College Business Management System for the public FET Colleges throughout the country.

The re-branding of DHET with its own corporate identity is progressing well and in all DHET summits, conferences and road shows held in 2010, a new corporate identity for DHET began to emerge positively. The call centre which was integrated into one with a common number (082 872 222) is beginning to show good results with regard to the ability of citizens to complain and access information on DHET services. Monthly management reports have been analysed and will go a long way in identifying problematic areas and bottlenecks at our institutions.

***Challenges:***

The finalisation and approval of policies was slower than anticipated due to the non-availability of the Departmental Bargaining Chamber (DBC) in 2010. The process of filling vacant posts, although progressing well, has been slow due to the non-availability of managers for the interviewing process. In order for progress to be made, weekends had to be used for interviews. Furthermore, the fact that the department has not yet finalised its organisational structure means that only critical posts could be filled in 2010, resulting in the reality that the department still has a relatively high vacancy rate. The organisational design had to be aligned with the reviewed strategic plan that was tabled in parliament in March 2011. The macro-organisational design will be finalised in May 2011 for the organisational structure to be finalised in the 2011/12 financial year.

One of the challenges experienced was to bring the DHET officials that are still based at the Department of Basic Education building, into the DHET domain and LAN and to provide desktop support and maintenance for them. Capacity in terms of human capital was and still remains the challenge in order to render efficient services. Decentralisation of ICT computer equipment and services procurement has been a major hindrance in achieving the set objectives. The IT network environment is very weak and the support received from SITA remains unstable, and as a result, the department has decided to use external support for the local area network (LAN) maintenance and support.

Positive external communication remains a challenge due to the lack of appropriate human capacity in the unit and the challenges experienced in the SETA landscape and university sector. In 2011 the department will work on developing a sustainable communications strategy for the department for a more positive organisational profile.

**Programme 2: Human Resource Development, Planning and Monitoring Coordination**

***Human Resource Development***

***Key Objectives:***

To establish the Human Resource Development (HRD) Council and its structures and to support, coordinate and manage the work-plan of the HRD council.

***Key Achievements:***

The Human Resource Development Council of South Africa (HRDCSA), which is the primary institution for human resources development coordination among government, organised business, organised labour, community representatives, professional bodies, research and academic representatives and other stakeholders, was established and had four successful meetings.

The Technical Working Group (TWG) which has representatives from constituencies similar to those represented in Council and reports to Council, was established and is fully functional. Its role is to advise the Council on strategic matters relating to human resource development matters and to execute Council decisions.

The eight (8) Technical Task Teams to enlist expertise needed to execute the decisions of the Council were established. The work of the technical task teams is based on the five point plan which was adopted by the Council, which is as follows:

- Strengthen and support FET colleges to expand access;
- Production of intermediate skills (artisans in particular) and professionals;
- Production of academics and stronger industry-university partnerships in research and development;
- Strengthen foundational learning; and
- Promotion of worker education;

The following eight technical task teams were established:

- *Alignment of the Human Resource Development Strategy for South Africa (HRDSA) Technical Task Team* whose core focus is to align the HRDSA with the New Growth Path (NGP) and other relevant government strategies;
- *Artisan Development Technical Task Team* whose core focus is to ensure coordination amongst key stakeholders with regard to artisan development and to meet the target of producing 10 000 artisans per annum;
- *Foundational Learning Technical Task Team* whose core focus is to propose measures that can be used to resolve identified blockages in foundational learning;
- *Worker Education Technical Task Team* whose core focus is to propose appropriate measures on how to improve the provision of accredited worker education and training including recognised qualifications, in equipping recipients/citizens with the requisite skills to overcome the related scourges of poverty and unemployment;
- *Further Education and Training Colleges Technical Task Team* whose core focus is to propose appropriate measures on how to strengthen and support FET Colleges in expanding access, for the consideration and approval of the HRD Council.
- *Production of Professionals Technical Task Team* whose core focus is to develop proposals for the consideration of the HRDSCA, outlining practical ways in which Council and its social partners can support the production of professionals in priority fields;
- *Production of Academics and strong Industry-Education and Training Partnerships Technical Task Team* whose core focus is to develop a proposal on how to improve production of academics and stronger industry-education and training partnerships/linkages; and
- *Sector Skills Planning (SSP) Technical Task Team* whose core focus is to review the draft SSPs and to report back on any improvements and redrafting required of the plans.

The Secretariat to provide technical, administrative and strategic support to the Council and its committees was established.

The Council endorsed the Human Resource Development Strategy for SA (HRDSA) with the provision of regular revision and updates for final approval by Cabinet on 29 July 2010. The HRDSA was tabled and approved by Cabinet on 15 September 2010, with the provision of continual revision.

The HRDSA broad implementation plan, which includes what will be achieved in the current financial year and the next five years, is in the process of being finalised. The plan has been sent to the Minister for approval. The Council also approved the one year implementation plan for the current financial year.

### ***Planning, Information, Monitoring and Evaluation Coordination***

#### ***Key Objectives:***

To develop an integrated management information system for planning and monitoring purposes, to support the development of coherent career information services and to ensure credible planning processes in the department.

#### ***Key Achievements:***

In collaboration with SAQA, the career advice services project was launched as a ministerial flagship project. The project provides career advice services via a variety of access media such as a telephonic helpline, a career advice website, walk-in centres, face to face exhibitions, printed material and a radio broadcast campaign which airs weekly in nine regional languages. The radio campaign aims to reach 2.5 million people in rural areas.

The scope and plan for the fully integrated management information system was compiled and implementation will commence in 2011/2012. Survey data collections were successfully conducted for Further Education and Training (FET) Colleges and Adult Education and Training (AET) Centres in 2010 and baseline data in these sectors was collected. The HEDCOM subcommittee on Information and Planning was established with all provinces to manage the planning and data collection processes for the FET and AET sectors. The subcommittee met three times in the 2010/11 year.

The delivery agreement activities for output 5.1, *to establish a credible institutional skills mechanism*, are managed in this sub-programme. An inter-departmental task team consisting of all key delivery partners has been established to oversee the work for Output 5.1. The task team met in August, September and March and work on the establishment of the information sharing frameworks has commenced. In addition, the Education Information Standards Committee was established and members were appointed to the committee by the Director-General. The Education Information Policy of the former Department of Education is currently being updated to be relevant for the Department of Higher Education and Training.

A successful departmental bid priorities process and strategic planning process were conducted in 2010 and indicator reports such as the UNESCO report and the African Peer Review Mechanism were completed.

## ***International Relations***

### ***Key Objectives:***

To pursue African advancement and enhanced international cooperation in education and training and to strengthen South-South, North-South, and multilateral cooperation in education and training.

### ***Key Achievements:***

The Department participated in and contributed to meetings of the African Union, SADC and ADEA, as well as structured bilateral meetings with a number of other African countries. The Department also hosted delegations from Botswana and Ethiopia on familiarisation visits. Departmental officials visited Angola for a familiarisation visit as part of a process towards concluding an educational collaboration agreement. The Department is continuing to facilitate the training of education officials and academics from Southern Sudan through trilateral cooperation and continues to explore other opportunities for trilateral cooperation projects.

The Department attended the 4<sup>th</sup> IBSA Summit in Brazil, during which academics from the three countries participated in the IBSA Academic Forum. The Department participated in a higher education conference with the European Union in Cape Town. The Department also participated in structured bilateral meetings with countries of the north and south, and hosted a number of international delegations on study visits.

The Minister accompanied the President on a state visit to China, during which he held bilateral meetings with his counterpart. The Minister accompanied the Deputy President to Turkey where he met with his counterparts and held discussions on areas of possible collaboration including South Africa's support for African Studies in Turkey and the training of South African jewellery design students. The Minister and senior officials undertook a visit to the United Kingdom with a focus on skills and vocational education and training as well as to Cuba and to the USA during which the delegations visited institutions of higher education and training and discussed areas of cooperation and the sharing of best practices.

Departmental officials also undertook a working visit to Palestine, Syria and Qatar to familiarise themselves with the education systems and to identify areas of possible cooperation within the framework of the Middle East Studies Programme.

The Belgian Development Cooperation Agency agreed to fund a new project to identify policy gaps in the FET subsystem. New funding was also secured to support a third phase of the Support to Education and Skills Development (SESD) Programme with Danish development cooperation funds. A programme to enhance the employability of universities of technology graduates with technical assistance from the Japanese International Cooperation Agency, implemented by TUT, has been transferred from Department of Science and Technology to DHET.

Visits to all 23 higher education institutions' international offices were undertaken to strengthen and promote closer collaboration with institutions and establish the nature and extent of their international engagements. A survey on institutions' international activities was undertaken in all institutions.

## ***Legal and Legislative Services***

### ***Key Objectives:***

To provide effective legal advice, on time, to the Minister, the Department, government and the public on education legislation and law and to manage any litigation concerning the Ministry and the department.

### ***Key Achievements:***

Legal opinions were given on:

- Section 29 of the Constitution and impact on Skills Development.
- Access to information pertaining to the 2010 matric exemption quality assurance process.
- Advise on examination process to make results available in time and to identify irregularities during exams.
- The registration of private educational institutions.
- Advise on statutes relating to Venda University.

The sub-programme manages and administers all necessary actions with the assistance of the State Attorney, against the Minister or the DHET, in court. The following cases were all dealt with according to procedures and timeframes set by court rule:

- N Motaung vs Dept of Education and others.
- Twenty five Urgent Applications: Mahosi Masilo Michael vs Minister of Higher Education, MEC for Education: Limpopo and Vhembe FET College.
- HM Moloi vs Minister of Education.
- MS Masisi vs North West University and others.
- CETA vs Minister of HET.
- Vital vs Vista University.
- Amagelang cc 500 vs Minister of HET.

The following advice was given:

- Memorandum of Understanding with HESA concerning the India-Brazil-South Africa (IBSA) Academic Forum.
- QCTO Service Level Agreements with Quality Partners on the Addendum to the Implementation Protocol between DHET and the Department of Public Works.



The following regulations and legislation were submitted for the Minister's approval for publication:

- The Further Education and Training Colleges Amendment Bill, 2011, The Higher Education Laws Amendment Bill, 2011 and the Skills Development Amendment Bill, 2011 were drafted for comments.
- Skills Development Act (97/1998): Call for comments on the draft regulations for the conditions of service and appointment of the CEO of a SETA.
- Skills Development Act (97/1998): Call for comments on the draft Regulations for matters relating to the Accounting Authority of a Sector Education and Training Authority (SETA).
- Skills Development Act (97/1998): Draft amendment of the Service Level Agreement Regulations: Calls for comments.
- Amended Legislation Programme for 2011.
- Progress reports on Schedule 4 Amendment to Conditions.

### ***Social Inclusion in Education***

#### ***Key Objectives:***

To establish a well functioning social inclusion, equity and transformation unit within the department, to monitor and research transformation processes in the higher education and training system and to identify and monitor curriculum innovations in citizenship and values education.

#### ***Key Achievements:***

- Social Inclusion in higher education and training was defined. Relevant units for collaboration, departmental policies and plans, that address social inclusion and equity issues, were identified.
- Policy development and maintenance: A process of collecting and analysing social inclusion policies and plans in the higher education and training system was started.
- Desktop research on citizenship education and values curricular and extra-curricular programmes was conducted. A draft document on the promotion of debates on democratic citizenship was developed and shared with the University and Vocational Educational and Training Branches.
- The CD: Social Inclusion rendered strategic support and a liaison role to the DHET-SAQA-SABC Education Career Guidance advocacy project. More than 2 million South Africans were reached through nine regional SABC radio stations. Radio slots will cover the period from January to August 2011. The aim of the campaign is to disseminate career guidance information to all South Africans, including those living in rural areas. It is also to highlight work-based training opportunities such as learnerships and availability of bursaries in order to address the social exclusion of young people from social and economic development in the country.
- The Social Inclusion CD represented the DHET on the Presidential Steering Committee on Nation Building led by the Department of Justice and Constitutional Development. The mandate of the Presidential Steering Committee is to initiate a process of national dialogue across racial, cultural and class barriers in South Africa with the objective of promoting social cohesion and nation building. The representative of the department served on the sub-committee which produced a Concept Paper for the National Dialogue.
- The Department is also represented on the Inter-departmental Committee on Substance Abuse. The lead Department is the Department of Social Development. Substance abuse has been identified as a threat to social cohesion and social inclusion as it destroys health and the ability of young people to be responsible and productive citizens. A national summit held in March adopted a declaration which took cognisance of "the threat that alcohol and substance abuse poses to the achievement of the priority outcomes in the national government programme of action". A Ministerial submission, calling on the DHET to initiate its own mini Drug Master Plan and put into action resolutions of the March 2011 summit, was developed and submitted for approval.

- A survey on the enrolment of students with disabilities in the FET colleges and the courses offered to such students, was conducted. Data was also gathered on disabled students enrolled in the universities. The Chief Directorate attended and participated in the Northern Metropolitan university forum on material access for blind students and attended and participated in the launch of a forum for university services to students with disabilities.

### **Programme 3: University Education**

#### ***Academic Planning and Management***

##### ***Key Objectives:***

- To improve enrolment planning so as to produce quality graduates
- To enhance the national Programme Qualification Mix (PQM) grid by refining and aligning universities' PQMs with the National Plan for Higher Education
- To provide financial management and management support to universities, National Institutes for Higher Education (NIHEs) and relevant public entities
- To improve access to post-school education in Mpumalanga and Northern Cape
- To improve access to universities via the establishment of a National University Education Information and Application Service
- To support the improvement of the structure and efficacy of the National Student Financial Aid Scheme

##### ***Key Achievements:***

Following a thorough enrolment planning process between the DHET and universities, a national enrolment view was compiled in line with the parameters of the Government priorities and growth possibilities within the university sector and the proposed MTEF allocations. This culminated in the Ministerial Statement on Enrolment planning for 2011 – 2013 which is currently in draft form. The Programme Qualification Mix grid was completed and is currently being populated with the new approved HEQF programmes of each institution.

Two task teams to review and make recommendations on the establishment of new universities in Mpumalanga and the Northern Cape were constituted for the two provinces. Both chairs visited the provinces and significant support work has been done by the NIHEs in the respective provinces. Based on their interactions with stakeholders in the provinces, the chairs compiled preliminary chairperson reports (Northern Cape still outstanding) highlighting the emerging trends, limitations and challenges to the project. A departmental team is developing the technical framework for the requirements that will lead to the establishment of the new universities.

A site visit was undertaken to the Centralised Applications Office in Kwazulu-Natal. The ministerial committee report on *the establishment of a national higher education information and application service* was revisited. The CHE has been requested to advise on the matter.

A turnaround task team was finalised and appointed to oversee the implementation of the strategy and recovery plan of the National Student Financial Aid Scheme (NSFAS). A call for nominations of NSFAS Board members was gazetted and the appointment of NSFAS Board members is awaiting the Minister's approval.

## ***Financial Planning and Information Systems***

### ***Key Objectives:***

- To provide appropriate policy frameworks for improvement of teaching and learning
- To ensure the effective use of earmarked funds for intended purposes by universities
- To review the funding of the university education system
- To ensure that HEMIS meets the needs for management of information across the sector and is properly maintained with the required data

### ***Key Achievements:***

The Health Sciences Review Committee issued a report in May 2010 with recommendations on the Health Professions Training and Development Grant. The work of the Health Sciences Review Committee continues and the Ministers of Higher Education and Training, Health and Finance have supported the recommendations. Further work in terms of implementation and consultation with relevant stakeholders need to be finalised.

Progress reports from 2009/10 and/or budget plans from the universities for the clinical training grant, foundation provision grant, research and teaching development grants, infrastructure grant and the veterinary sciences grant were assessed, found to be satisfactory, and funds were released for 2010/11. A working group was established for the Veterinary Sciences Grant to assist the DHET in ensuring that the equity and geographical spread of veterinary sciences students are improved. The report from the working group will be submitted to the Minister in 2011/12.

The Minister approved and signed the appointment of the Committee for the Review of the Funding Framework on 25 March 2011. The Terms of Reference will be gazetted in May 2011 and the work of the Committee will commence in June 2011.

The Minister appointed a Committee to Review the Provision of Student Housing during September 2010. The Committee met with some stakeholders, received data questionnaires from universities and commenced visits to universities and individual campuses. The report to the Minister with recommendations will be submitted by June/ July 2011.

The audited student and staff data for 2009 from all universities was submitted and captured into the HEMIS database. The cohort study for the '2004 first-time entering Masters and Doctoral students' was commenced. The software to accommodate the 2010 Classification of Educational Subject Matter (CESM) review was finalised and the updated version of Valpac (validation tool for university data) was released to all institutions in August 2010.

## ***Policy and Development***

### ***Key Objectives:***

- To provide regulatory support to the universities
- To support universities in enhancing both student and university governance and leadership
- To support universities in accelerating the process of transformation
- To ensure appropriate regulation and registration of private higher education institutions

### ***Key Achievements:***

Statutes were approved and gazetted for the Central University of Technology, Free State (CUT), Cape Peninsula University of Technology (CPUT), University of Limpopo (UL), University of the Free State (UOVS), University of Johannesburg (UJ), University of Cape Town (UCT) and the University of Fort Hare (UFH). Ministerial Council members were appointed for University of KwaZulu-Natal (UKZN), University of Cape Town (UCT), University of the Witwatersrand (WITS), Walter Sisulu University for Technology and Sciences (WSU), Stellenbosch University (SUN), Tshwane University of Technology (TUT) and Venda University of Technology (VUT). A meeting was held with all Ministerial appointees to Councils in November 2010. Department officials monitored and supported the SRC elections at Walter Sisulu University and the University of Zululand. A joint annual student leadership conference, in partnership with the Independent Electoral Commission, was hosted in August 2010 and the South African Union of Students adopted the student leadership framework.

Submissions from institutions in response to the report of the Ministerial Committee on Racism in Higher Education were received and analysed for a Ministerial Report. A draft internal analysis has been done and will be incorporated into a monitoring plan for university transformation.

The Minister appointed a task team in 2010 to investigate governance and management concerns at Durban University of Technology following violent student protests at the beginning of 2010. The task team was led by Dr Vincent Maphai who reported his findings to the Minister in May 2010. After consultations with Council, the Minister decided not to appoint an independent assessor, but instead requested Council to develop an action plan and submit it to the Department with clear timelines and deliverables attached thereto. The implementation plan was received in December 2010.

The Minister appointed Dr Maphai as independent assessor to the Tshwane University of Technology in June 2010 to investigate allegations of governance and management failures. The Minister concurred with Dr Maphai's advice not to appoint an administrator and requested the university to submit an implementation plan detailing a turn-around strategy for restoring good governance and practices at the university. The plan was submitted to the department in December 2010.

After receiving numerous complaints and delegations regarding governance and other irregularities at the University of Zululand, the Minister appointed Professor Hugh Africa as an independent assessor to undertake the investigation. Professor Africa recommended that an Administrator be appointed to assume the functions of Council. The Minister appointed Prof. Chris de Beer as Administrator to commence duties with effect from 18 April 2011.

At the University of Limpopo – MEDUNSA, the Minister appointed a task team headed by the Vice-Chancellors of the University of Cape Town and the University of KwaZulu-Natal to provide a report and recommendations on the current and future position of the MEDUNSA Hospital at the University of Limpopo. Work was undertaken by the team and a report submitted to the Minister of Higher Education and Training on 12 March 2011 which is currently being considered.

A report on the Language Summit held in October 2010 with a list of recommendations on the development of indigenous languages at universities, was prepared and submitted to the Minister for consideration and further advice. Phase II of the HEAIDS programme was concluded in September 2010 when funding by the European Union came to an end. Some of the funding required for Phase III has been received from National Treasury. A contract between the DHET and HESA has been drawn to guide phase III of the project. In terms of the registration of Private Higher Education Institutions, 40 institutions whose registration cycle expired in 2009 was amended and finalised, 9 applications for conversion were concluded and 103 annual reports were screened and evaluated.

### ***Teacher Education and Development***

#### ***Key Objectives:***

- To ensure an adequate supply of quality teachers for the Basic Education System
- To promote research in teacher education, so as to strengthen the capacity and capability of universities to produce Foundation Phase teachers for the Basic Education System
- To develop regulatory policies for teacher/lecture qualifications in line with the HEQF

#### ***Key Achievements:***

A long term Integrated Strategic Planning Framework for Teacher Education and Development for South Africa (2011-25) was approved and published. It provides strategic direction and key activities for the sub-programme to ensure that an expanded and accessible formal teacher education system is established to ensure an adequate supply of quality teachers for the schooling system. The European Union, *Strengthening Foundation Phase Teacher Education* programme has been established with 17 universities participating in the project which includes research, materials development and programme development. This has resulted in 20 universities now being involved in foundation phase teacher education, up from 13 in 2008.

The draft policy on the Minimum Requirements for Teacher Education Qualifications, which is aligned with the Higher Education Qualifications Framework (HEQC), was published for comments. Comments were received and analysed and the new policy has been prepared for approval for final publication.

## **Programme 4: Vocational and Continuing Education and Training**

### ***Planning and Institutional Support***

#### ***Key Objectives:***

- To support the development of college institutional capacity to achieve transparency, enhanced performance, accountability and efficiency
- To plan and monitor the equitable distribution of funding to increase access to a variety of approved programmes in public FET Colleges and public Adult Learning Centers
- To provide support for the progressive improvement in the conditions of service of FETC employees
- Regulating and supporting private colleges, as a means of expanding the institutional base for providing quality post-school education and training opportunities

#### ***Key Achievements:***

During the course of 2010/11 the chief directorate developed the manuals and guidelines for implementing the South African generally accepted accounting practices (SA-GAAP) in colleges. Workshops were held and the objective is to implement the accounting standard in all FET colleges by the 2012/13 financial year. The planning and monitoring of enrolments at colleges was very successful for this period and the sector has reported an expansion of 7% over the enrolment targets set in 2010. A significant portion of this expansion has been on the N1-N3 enrolment of 21 000 students in engineering related programmes in support of Artisan Development. The pilot project on the Business Management System has been completed and the system has been further implemented by 6 additional colleges. The operational plans for 50 colleges were developed in order to assist in stabilising the sector and to ensure a measure of harmonisation between college resources, personnel and student enrolment.

The funding norms for FET Colleges were implemented on 1 April 2010. These funding norms provide for a funding formula that is a distributive mechanism for the allocation of funding uniformly to FET Colleges across the country. The public Adult Learning Centres (ALCs) were provided with Financial Management Systems and Guidelines as support material for ensuring effective and efficient management and day-to-day administration of ALCs.

The signing of the Education Labour Relations Council (ELRC) Further Education and Training Colleges Bargaining Unit (FETCBU) Collective Agreement 1 of 2010 and the signing of the General Public Service Sectoral Bargaining Council (GPSSBC) and Further Education and Training Council Bargaining Unit (FETCBU)) Collective Agreement 1 of 2010, improving the salaries of lecturers and support staff employed in the Public FET Colleges was achieved. The Minister announced the allocation of R 1.8 billion for improvement in salaries and conditions of service for lecturers employed at FET Colleges in his previous budget vote. Based on the signing of the 2 Collective Agreements, R400 million was allocated for 2010/2011. Salaries have therefore been improved via the utilisation of the allocated funds.

Further achievements during the course of 2010/2011 financial year included the processing of 954 (89%) out of 1071 applications for registration as private FET colleges. Of the total processed, 398 (42%) applicants were provisionally registered and 556 (58%) applicants were declined registration. The Directorate processed and finalised 176 (85%) of the 207 appeals it received. The conditions of registration were amended for 305 (75%) out of 408 colleges that lodged applications for amendment. The names of 319 registered colleges were published in the Government Gazette (No 33624 of October 2010) as required by law.

Desktop monitoring was conducted on 269 provisionally registered colleges to ensure that they continue to comply with the requirements for the maintenance (updating) of their registration. In line with the purpose to monitor quality of provision of education and training, 20 registered private FET colleges were visited between May and August 2010. In order to update colleges about further developments in the Higher Education and Training landscape, 8 information sharing meetings were held across the country. Directors and management of 27 private institutions that operated illegally were arrested.

### **Challenges:**

Despite significant efforts to improve the colleges' capacity to report accurately and timely, the sector continues to face significant challenges in this regard and the national business management system needs to be rolled out to colleges if funding for all colleges can be obtained. The areas of skills development, partnerships and placements are a significant challenge for the colleges and will require dedicated programmes of support to begin changing the approach of colleges in relying almost exclusively on state funded programmes.

Problems encountered in meeting objectives included financial constraints that prohibited major projects from being undertaken in 2010/11. A proposed project on the costing of adult education and training programmes/learning areas estimated at R2 million was withdrawn. This is planned for 2011/12 should funding for the said amount be secured. In addition, the training of Adult Education and Training (AET) officials in provincial education departments (PEDs) and district offices, on the Financial Management Systems and Guidelines was cancelled due to lack of funding for the activity. It is envisaged that training will take place during the 2011/12 financial year.

### **Programmes and Qualifications**

#### **Key Objectives:**

- Develop and maintain a diverse range of high-quality responsive vocational programmes for colleges
- Train and support lecturers to ensure a competent college workforce
- Initiate and support interventions aimed at addressing the challenges facing students particularly with regard to student access and academic performance
- Forge strong linkages and partnerships with agencies and structures dealing with challenges facing the youth
- Review AET provision to ensure that responsive and enabling policies and programmes are in place
- Ensure the quality, credibility and fairness of the assessment process in Public Adult Learning Centres (PALC)

#### **Key Achievements:**

Apart from expanding the NC(V) offerings in FET Colleges through the introduction of 3 new vocational programmes, the Department also published 2 gazettes in November 2010 to halt the phase-out of the N1-N6 programmes to allow for the continued training of artisans and to broaden the learning options available to matriculants. In order to ensure ongoing quality improvement in the subjects and programmes on offer in FET Colleges, 3 subjects were reviewed and updated and three practical examination tasks (ISATs) were for the first time aligned to the corresponding trade tests. To further strengthen the quality of curriculum delivery in colleges, fifty-four titles were added to the catalogue of student textbooks for the NC(V) qualifications, and draft internal assessment (ICASS) guidelines were developed to improve the conduct and quality of site-based assessments.

Also significant, is that for the first time, a gazette was published in terms of *Sections 43(3) and 43(4) of the Further Education and Training Colleges Act, 2006*, granting permission to 4 FET Colleges to provide higher education qualifications under the authority of higher education institutions, thereby expanding access to HE studies opportunities to youth in areas not directly serviced by HEIs.

The improvement in the performance of students in colleges can be attributed to both the lecturer training initiatives undertaken in colleges where more than 450 units of training were delivered in different focus areas to improve curriculum delivery, as well as the strengthening of student support services in 23 colleges, with particular emphasis on academic support. It is evident that colleges are gradually responding to the emphasis on campus-based student support services to improve performance, retention and throughput rates.

Student access to FET colleges was given a boost through the highly successful management of bursary awards made to students. The full allocation of R318m was awarded to 64 572 students, accounting for 50% of the total NC(V) student enrolment. This was achieved through the training of college financial aid officers in the management and administration of the bursary scheme, rigorous monthly monitoring of the 50 colleges, and incentive-driven allocation of bursary funding to individual institutions.

With regard to provision of adult education, the amendment to the *Adult Basic Education and Training Act, 2000*, which emanated from the promulgation of the *Higher Education and Training Amendments Laws, 2010*, changed the term Adult Basic Education and Training (ABET) to Adult Education and Training (AET). The intention to expand the number of learners in ABET levels 1-4 was evident in the enrolment figures of 2010. Of the 297 419 learners reported to be enrolled in PALCs, 214 384 were from ABET levels 1-4. Further, the draft NSC qualification for out-of-school youth was completed and submitted to Umalusi for finalisation and registration and the NSC for Adults (NASCA) is out for public comment. Both qualifications will contribute significantly to providing those youth and adults without a matric, access to further learning opportunities. The development of learning materials for AET level 4 learners and assessment regulations for the General Education and Training Certificate (GETC) are important steps towards strengthening the quality of teaching and learning in the AET sector.

### ***FET Examinations and Assessment***

#### ***Key Objectives:***

- To provide credible examinations and support quality assessment practices for vocational and adult education
- To provide administrative support to all examination and assessment processes at FET Colleges
- To coordinate and administer credible resulting and certification processes for vocational and adult education

#### ***Key Achievements:***

The Chief Directorate delivered nine national examination cycles during 2010/11, of which seven were for the FET College sector and two for the AET sector. During the nine examination cycles, the following was achieved:

- Registration of 698 581 candidates for national examinations
- Monitoring and registration of new public and private examination centres



- Setting and moderation of 1 619 question papers and 73 site-based assessment tasks
- Printing, packing and distribution of question papers for the FET College sector
- Marking of scripts in excess of 1. 2 million for the FET College sector
- Capturing of marks in excess of 2 million for the FET College candidates
- Monitoring of examination centres during the conduct of examinations and marking sessions throughout the year
- Standardisation of all examination marks as per the quality assessor
- Resulting and certification of candidates for the FET College sector

## **Programme 5: Skills Development**

### ***SETA Coordination***

#### ***Key Objective:***

The key objective of the sub-programme SETA Coordination is to support and manage the functioning of Sector Education and Training Authorities (SETA) in implementing the National Skills Development Strategy.

#### ***Key Achievements:***

All 23 SETAs implemented their approved 2010/11 Service Level Agreements and submitted their quarterly reports on the implementation and achievement of the agreed objectives and targets as required in terms of the Service Level Agreements. The achievements of the individual SETAs were verified on a quarterly basis by the Department. The achievements and performance of the SETAs will be included in their 2010/11 Annual Reports which will be tabled in Parliament.

A number of initiatives have been implemented to strengthen and improve the functioning of the SETAs. The Minister approved and published the new SETA landscape on 11 November 2010 in Government Gazette No. 33756 for implementation on 1 April 2011. This is with the exception of the PSETA that was only re-established for a period of one year (1 April 2011 to 31 March 2012). It should be noted that the Minister only certified 20 SETAs in terms of the provisions of the Skills Development Act for the said periods. The Construction Education and Training Authority (CETA) was not certified because the Minister has placed the SETA under administration for a period of six months with effect from 25 March 2011 in terms of Section 15 of the Skills Development Act. The Minister introduced a standard Constitution for all SETAs to ensure that there is consistency and alignment with regard to the functioning of SETAs. Furthermore to strengthen governance and strategic focus the work of the SETAs, the size of boards was reduced for all SETAs to take effect from 1 April 2011 to 31 March 2016.

The Quality Council for Trades and Occupations (QCTO) was supported to become operational and 118 Learnerships were registered and Draft Learning Programme Regulations were issued to provide alignment with the QCTO Qualification Framework. The Organising Framework of Occupations 2010 (OFO) was updated and issued to stakeholders. The National Standard: *The Good Practice Framework and Criteria* was reviewed and put into place. The Sector Skills Plans have been evaluated by the Human Resource Development Council Expert Panel and have been conditionally approved. The issuing of certificates to apprentices has been ongoing throughout the year.

The National Skills Development Strategy III (NSDSIII) was launched. The NSDSIII is the strategy that guides the work of the SETAs and directs the use of the National Skills Fund.

### ***National Skills Authority Secretariat***

#### ***Key Objective:***

The key objective of the National Skills Authority is to advise the Minister on a National Skills Development Policy and Strategy.

#### ***Key Achievements:***

The NSA secretariat played a crucial role in holding public consultations with regard to the National Skills Development Strategy III and the new SETA landscape. Inputs were received from Provincial consultations in 8 out of 9 Provinces, as well as from individual submissions by various stakeholders and the public in general.

The NSA secretariat plays a significant role in ensuring that the various constituencies are capacitated to understand the NSDS III and advocate it to their members to enable them to play a meaningful role in its implementation.

The NSA provided advice to the Minister on the following matters regarding the National Skills Fund, NSDSIII and SETAs:

- increasing capping on NSF administration from 2% up to 10%
- the NSF framework that is aligned to the NSDS III and serves as the catalytic funding to projects related to skills development
- the extension of the lifespan of the SETAs by one year
- poor performing SETAs and the process of putting them under administration
- the SETA re-establishment process (broad public consultation and public hearing process that led to the final new Seta landscape – 2011 to 2016)
- the extension of the NSDS II for a year to allow time for the transition to NSDS III and the review of the NSDS II
- consultation process on the draft NSDS III

**INDLELA:** (*Institute for the National Development of Learnerships, Employment Skills and Labour Assessments*)

**Key Objective:**

The key objective of INDLELA is the establishment and management of the National Artisan Moderation Body (NAMB) in terms of the Skills Development Act Chapter 6 A section 26 (a) to provide assessment and moderation services.

**Key Achievements:**

The National Artisan Moderation Body (NAMB) was formally launched by the Minister of Higher Education and Training on the 30th November 2010. The NAMB is established within the department, with the statutory functions as described in the Skills Development Act Chapter 6A section 26a (2). With a current focus and emphasis on artisan training, the Chief Directorate established stakeholder forums and task teams to enhance and coordinate the training delivery of artisans nationally and across all sectors. An Artisan Development round table meeting between Minister and business was held to build a partnership on artisan development in the country and to get business to commit to this initiative.

The following partnership forums on artisan development were established:

- The Artisan Development Technical Task Team was established as a structure reporting to the Human Resource Development Council via the Technical Working Group. The core focus of this task team is coordination amongst key stakeholders in artisan development.
- The SETA Forum Artisan Development Sub-committee was established for consultation and coordination purposes between departmental structures and the SETAs for the setting of artisan training targets and the preparation work for the implementation of the statutory functions of the NAMB.
- The Artisan Alignment Task Team was established under the coordination of the QCTO to align processes and identify key responsibilities across stakeholders in the development, delivery and quality assurance of occupational qualifications.
- A Public FET College Artisan Development forum was established to assist with the planning and implementation of focused programs and combinations to be offered by FET colleges in terms of the 'N' courses to address current demands in artisan development.
- A State Owned Enterprises Artisan development task team was established in collaboration with the Department of Public Enterprises to determine capacity and enhance the training of artisan in these organisations.

INDLELA assessed 7484 candidates with a pass rate of 41 % in a range of trades across all five engineering *fields (mechanical, automotive, electrical, physical planning and construction and services and technology)*. Assessment services were provided in a total of 99 different trades.

To maintain and ensure consistent delivery of quality trade test practices, INDLELA conducted audits at 41 SETA accredited trade test centres in collaboration with the relevant SETAs. With a focus on the enhancement of the quality of trade tests conducted nationally, 11 trade tests were revised and updated by INDLELA through a coordination and stakeholder involvement process.

Processes were implemented for the strengthening of systems and services rendered by INDLELA corporate services. The following services were enhanced following a forensic audit and investigation:

- Supply chain management
- Asset management and control
- Human resource management
- Security and risk management
- Hospitality and catering services.
- Financial control

**Challenges:**

The key challenges that were experienced in the delivery of assessment services were:

- The absence of provincial structures for the coordination of trade test applications nationally
- The unavailability of an electronic system for assessment administration and screening processes
- The inability to attract and retain suitably qualified assessment staff

With regards to the training and certification of assessment practitioners as an ETDP accredited training provider, the delay in obtaining departmental approval for the certificates to be issued has hampered the ability to market and implement the following programmes.

- Facilitator
- Assessor
- Moderator
- Assessment tool development

**Quality Council for Trades and Occupations (QCTO)**

**[Sub-Programme: Quality Development and Promotion]**

**Introduction:**

Section 26G of the Skills Development Act, 1998, as amended in 2008, established the QCTO. In anticipation of its establishment, the Minister of Higher Education and Training appointed its first sixteen-person Council in February 2010.

The Council has established an Executive Committee and a Finance Committee, of which Mr Willy Matthiae is the chairperson. Three external accountants, together with the Acting CEO constitute the remainder of the Finance Committee members.

The functions the Council was established to perform were set out in Section 26H of the same Act. They are, in summary:

- To advise the Minister on all matters of policy relating to occupational standards and qualifications;
- To design, develop and maintain occupational standards and qualifications;
- To quality assure occupational standards and qualifications in and for the workplace;
- To promote the objectives of the National Qualifications Framework; and
- To liaise with the National Skills Authority and the South African Qualifications Authority, other Quality Councils and professional bodies on matters to do with occupational qualifications.

Together these functions provide the Council with marching orders to establish the occupational qualifications required for productive work in the labour market, and then to manage the process of developing and quality assuring them in a manner that serves the needs of (would-be and current) workers, employers and the state. Central amongst the occupational qualifications to be developed are those for the trades and those occupations identified as being in short supply in the labour market or otherwise needed to support the job creation and poverty relief priorities of the state.

Unfortunately when the Skills Development Act was passed it only made reference to a Chief Executive Officer to be appointed by the Minister and made no provision for a QCTO personnel establishment. It was therefore necessary to amend the legislation to correct this omission. The Higher Education Laws Amendment Act (HELA Act), passed on 7 December 2010, filled this lacuna. Parallel to awaiting the passing of the HELA Act, the first step taken was to advertise for a permanent Chief Executive Officer and the second step was to finalise the proposed organisational structure of the QCTO for consideration by the Minister of Higher Education and Training. The former step commenced in December 2010 and the latter was submitted in March 2011. An interim staff establishment has held the fort in the interim: with eleven staff members assigned to work for the QCTO from DHET; one person generously seconded and funded from the German Technical Cooperation agency (GTZ/GIZ) and, from October 2010 to March 2011, six staff members seconded from SAQA but funded by the QCTO itself.

The Act clearly states that the QCTO is a 'juristic person' (Section 26G (1), SD Act). This laid the legal basis for its listing as a public entity. The listing however only took place on 31<sup>st</sup> December 2010, with retrospective effect from 1 April 2010 (Gazette Notice 33900). One pragmatic consequence of this reality was that for the 2010/11 financial year the budget of the QCTO was managed by the Department of Higher Education and Training, with all decisions of Council being subject to approval by the Department. This proved to be a cumbersome and confusing arrangement and as a consequence initiatives have been undertaken to remedy this situation and enable the QCTO to assume responsibility for its budget for 2011/12 and beyond.

In the context outlined above, QCTO progress has been slow. Nevertheless it has begun to make its mark in the NQF family. Below are listed some of the highlights:

**Key Objectives:**

In the Strategic Plan which the QCTO submitted to the department in September 2010, it identified its Vision as being: 'Access, success and progression for every citizen who wants a trade, occupation or profession' and its Mission 'to develop and quality assure occupational qualifications that are responsive to the labour market and developmental state initiatives and result in skilled, productive and employable citizenry'.

It has also adopted a set of guiding values which are: innovation and excellence; empowerment and recognition; respect and dignity; ethics and integrity; ownership and accountability; and authenticity. In the short-term, however, its own establishment has been its principle priority.

**Key Achievements:**

In spite of the many challenges that the QCTO has faced in its first year, it has passed some notable milestones:

- The Council met 9 times and the Executive Committee met 11 times in the year. With extraordinary commitment, and building on the extensive work done in the Department of Labour prior to the establishment of the QCTO with generous assistance from the German government, it developed policy proposals in a number of key areas:
  - The Qualification Sub-framework for Trades and Occupations which it submitted to the Minister for his consideration;
  - The QCTO Curriculum and Assessment Model;
  - A range of early drafts of implementation policy matters.
- It adopted a 'brand' to convey to its community its commitment to both 'reflection, understanding and innovation' (the head); productivity and dexterity in a range of industrial and service sector contexts (the hands); and its 'red' commitment to serving the workers of this country.
- It developed a Business Plan in which it detailed its Service Delivery Model; its operational structure and functions, and the broad outlines for its finance, HR and IT management, communication and risk management. The Business Plan also details its proposed organisational structure to be filled in four phases. This Business Plan was approved by the Council and submitted to the Minister in March 2011.
- It submitted a strategic plan for 2011/12 to 2013/14 as required by the PFMA. The plan was conditionally approved by the Minister in March 2011.
- It finalised its Constitution, which has been approved by the Minister.
- It has also engaged with some 130 eager industry and state partners who applied to gain formal delegation from the QCTO to embark on the process of developing and quality assuring new (or revising existing) occupational qualifications.
- The QCTO established the Artisan Alignment Task Team in which the inputs from QCTO, UMALUSI, DHET and other stakeholders into the development work for artisan training was undertaken.
- The QCTO has also secured agreement amongst all its stakeholders for the Foundational Learning part qualification – which was initially an area of contestation between the parties.
- The QCTO has played an active part in the broader NQF family – having contributed to SAQA's work on the recognition of professional bodies and the registration of their designations, as well as having actively engaged in discussions on the evolving model of collaboration and co-ordination between the three Quality Councils.

**Key Challenges:**

The central challenges which the QCTO now faces all relate to its establishment: the appointment of its permanent CEO; the finalisation of its establishment and the management of its transfer budget from DHET. Initiatives are underway to address these challenges with the Minister of Higher Education and Training and it is hoped that they will shortly be resolved.

At another level there is an important imperative to resolve the demarcation of the QCTO sub-framework so that work, separately and in partnership with the other quality councils, can commence in earnest. In this regard the QCTO is collaborating with SAQA in an attempt to build an NQF which serves the objectives laid out in the legislation.

Of course the primary challenge is to generate quality occupational qualifications that lift the QCTO's vision from 'hope' into 'reality' for the citizens of the country.

#### 2.1.5. Overview of the service delivery environment for 2010/11

The Department of Higher Education and Training (DHET) commenced operation as a fully separate department in April 2010. The Skills Development section from the Department of Labour, together with the Higher Education and Vocational and Continuing Education and Training sections of the Department of Education, were incorporated into the Department of Higher Education and Training and a new conceptualisation of post-school education and training was brought into being. The department is now focused on service delivery to all post-school learners in the areas of Higher Education, Further Education and Training, Adult Education and Training and Skills Development. The DHET finds itself in the unusual situation that, while it has a large number of clients in public and private institutions and in a range of skills programmes, the department itself does not provide education and training and its relationship with its 'customers' is mediated through the providers. The service delivery environment of the department is discussed under the main delivery areas as indicated below.

**Skills Development**

The Minister, in conjunction with the National Skills Authority, convened the Skills Summit in September 2010 with the specific aim of soliciting stakeholder commitment to the work that needs to be undertaken with regards to creating the vibrant and responsive post-school system that is embedded in the five year strategic plan and to the outputs of the Performance Monitoring and Evaluation delivery agreement. A broad range of stakeholders and social partners signed the skills summit declaration that indicated the areas for service delivery of Outcome 5 (A skilled and capable workforce to support an inclusive growth path)

The summit recognised that amongst others, the opportunities created by the transfer of skills development to the Ministry of Higher Education and Training are the integration of skills development with education and training, the opportunity to systematise linkages and partnerships with boards, councils, public providers and other DHET Branches and the opportunity of widening the net of public and private providers to massify skills development delivery.

The establishment of the National Artisan Moderation Body will assist the DHET, in partnership with the QCTO, to achieve the objective of integrating education and training, with particular emphasis on occupational training. The NAMB will oversee the creation of a single and integrated system for artisan development and will enable the delivery of quality artisans to industry through a system of

centralised control and decentralised delivery of artisan development. The targets set in the New Growth Path (50 000 additional artisans by 2015) will impact on the functions and services delivered by the CD: INDLELA/NAMB in both core functions of the provision of trade testing and the operationalisation of the NAMB. In addition, learnerships and skills development programmes were undertaken by the SETA's and a total of 86 521 learners were reached.

### ***Vocational and Continuing Education***

The Vocational and Continuing Education Branch provided leadership and support in the planning and coordination of the FET Roundtable and the FET Summit which took place from the 3-4 October 2010. Apart from the wide-ranging recommendations of this Summit, the DHET developed detailed plans for the support of the FET Colleges in the following areas (a) enrolment planning, monitoring and budgeting, (b) organisational design, change management, governance and management support (c) building partnerships and linkages with industry for improved student placement for work integrated learning, enhancing graduate employment opportunities and opportunities to take a trade test to qualify as an artisan.

The long outstanding ELRC FETCBU Collective Agreement 1 of 2010 was signed to bring about parity between the State-paid FET College lecturers with their counterparts in the schooling system. Similarly, the GPSSBC–FETCBU Resolution 1 of 2010 was signed for the same purpose for the college and state paid support staff.

As a response to the cries of industry and many stakeholders in the sector and the Government resolve to increase the number of artisans, the phasing out of the NATED programmes was stopped through Notices in the Government Gazettes. With effect from 2010, these programmes are offered and subsidised by Government alongside their NC(V) counterparts.

The DHET was also able to support colleges to claim the whole R318 million that was available for bursaries for eligible students enrolled in the National Certificate Vocational Programmes. 64,572 Students benefitted from the Department's bursary scheme. This constituted 50% of the 2010 students enrolled for the NC (V) programmes.

Despite the successful awarding of the full available bursary funding, many needy students had to be turned away from colleges, demonstrating the extent of financial need among those youth wishing to access FET colleges. Even in cases where awards were made, accommodation and transport costs could not be covered, resulting in some cases of high absenteeism and even student drop-outs in the course of the year. To mitigate the extent of the negative impact, colleges were provided with guidelines to ensure that bursary awards are made, both in compliance of the NSFAS requirements, as well as in the best interests of students. Student performance in Mathematics and Language still remains below expectations, requiring ongoing interventions both by the Department and the institutions themselves.

The three court cases lodged against the Department by candidates from one FET College with regards to the non-issue or late resulting for November 2010 severely impacted on delivery dates and caused the delay of the start of the 2011 supplementary examinations for the National Certificate (Vocational). This event highlighted that there is a general lack of understanding of the expectations of the Department regarding the administration and management of national examinations at site level and that many examination centres are non-compliant to national policy in this respect. This matter will be addressed in the 2011/12 financial year.



The challenges faced in terms of service delivery in the FET sector include the fact that the sector continues to have more students enrolled than the number that the allocated state budget can fund. The colleges had an unfunded student obligation of R1, 061 billion for the 2010/11 financial year.

The draft National Senior Certificate for Adults (NASCA) was completed to service adult learners and was submitted to UMALUSI for finalisation and registration. UMALUSI, in its February sitting, approved this qualification.

### ***Higher Education***

The Higher Education Stakeholder Summit was held in April 2010 and a declaration was signed. The issues of access, transformation and funding remain important service delivery drivers in the Higher Education sector. The 2011-2013 enrolment planning process between the DHET and universities, culminating in the draft Ministerial Statement on Enrolment planning for 2011 – 2013, was undertaken to ensure the development of critical skills for the country. The Minister met with the Council on Higher Education in 2010 and attended a meeting with stakeholders from higher education to discuss the possibility of establishing a stakeholder forum. Given the critical importance of the national Student Financial Aid Scheme, universities have been urged to strengthen their financial aid offices and to pay specific attention to the improvement of teaching and learning to ensure that success rates and graduation rates are increased. The Minister met with Higher Education institutions several times to discuss matters pertaining to higher education and the significance of the PME targets. In addition, all Chairs of Councils attended a meeting with the Minister and were provided with a view on the challenges of the post-school system as well as an analysis of the annual reports of universities. Newly appointed council ministerial appointees, as well as those who have been appointed in the past, were provided with a similar view of the post-school system.

Following the review of NSFAS, several bids were developed for submission to Treasury, recognising that the key area flagged by all stakeholders was a shortage of funds. An additional amount of R751.826 million was secured for 2011/12 which led to the implementation of ring-fenced amounts for students. Students who are eligible and qualify for NSFAS funding, will be offered a loan, with full cost of study provided, which will be converted into a hundred percent bursary should the students qualify to graduate in the same year.

Consultations have taken place with all levels in public institutions to ensure that the Performance Monitoring and Evaluation process was explicit and that it could inform the work and planning at our institutions. If the 18-24 year olds of the population registered in Higher Education institutions are considered, then the participation rates have increased from 16.1% in 2005 to 17,0% in 2009. Preliminary data indicates that it further increased to 17.8% in 2010.

### ***Outcome 5: A skilled and capable workforce to support an inclusive growth path***

The Department of Higher Education and Training is responsible for Outcome 5 of the Government's Performance Monitoring and Evaluation system.

The service delivery targets for Outcome 5 relate to increasing access to programmes leading to intermediate and high level learning, increasing access to occupationally directed programmes in needed areas (thereby expanding the availability of intermediate level skills with a special focus on artisan skills) and increasing the access to high level occupationally-directed programmes in needed areas.

During 2010 the following particular successes were recorded for the service delivery related sub-outputs of the delivery agreement:

Sub-Output	Name	Progress as at Dec 2010
5.2.1	Increased number of ABET level 1-4 learners	As of the end of September 2010, provincial reports indicated that 264 999 learners were reached. The success indicator is on track at 17057 (48%) for entered learners and 13781 (74%) for learners achieved
5.2.2	Improved NCV success rates	Lecturer training has taken place and subject and assessment guidelines for Mathematics and selected vocational subjects have been revised
5.2.3	Create second chance bridging programmes leading to a matric equivalent for the youth and adults who do not hold a National Senior Certificate	A draft qualification has been developed and submitted to Umalusi for finalisation and registration. Draft curriculum statements have been developed for some subjects. These need to be finalised, including new subjects as per the revised qualification. Funding for the development and finalisation of curriculum and examination systems for a new qualification is unavailable at this stage
5.2.4	Provide range of learning options to meet the demand of those with matric but do not meet requirements for university entrance	Report 191 programmes (N4-N6) have been extended in colleges for learners with matric but not university entrance. Extension of these offerings were gazetted by government notice in November 2010
5.3.1	Increased number of learnerships	The total number of learners entering learning programmes is 86521
5.3.2	Increased number of artisans	12 460 artisans indentured and 7 067 completed. The Quality Council for Trades and Occupations was established on 1 April 2010 to lead the process of standard setting and quality assurance of trade qualifications. A draft seven-step program was developed for the training of artisans in South Africa. NAMB was launched by the Minister on 30 November 2010
5.3.3	Measures to improve trade test pass rate put in place	Current pass rate at INDLELA has increased to 41%
5.3.4	Increased placement rate of NCV and 'N' course graduates	Concern is industry readiness to absorb FET graduates. Discussions with business to open up their workplaces for graduates, ongoing.
5.3.5	Established system to distinguish between learnerships up to level 5 and level 6 and above	Articulation and Progression on NQF to be dealt with through National Qualifications Framework Steering Committee and the Plan of Action for all Quality Councils.
5.3.6	The proportion of unemployed people, as compared to employed people, entering learnerships	49 160 unemployed people entering learnerships 37361 workers entering learnerships
5.4.1	Graduate output in Engineering Sciences increased to 51460 for the period 2011 - 2014	Enrolment planning undertaken with institutions
5.4.2	Graduate output in Animal and Human health increased to 51747 for the period 2011 - 2014	Enrolment planning undertaken with institutions
5.4.3	Graduate output in Natural and Physical Sciences increased to 26167 for the period 2011 - 2014	Enrolment planning undertaken with institutions
5.4.4	Graduate output in Teacher Education increased to 40607 for the period 2011 - 2014	Enrolment planning undertaken with institutions
5.5.1	Output of honours graduates increased to 76545 for the period 2011 - 2014	Enrolment planning undertaken with institutions
5.5.2	Output of research masters graduates increased to 17241 for the period 2011 - 2014	Enrolment planning undertaken with institutions
5.5.3	Output of doctoral graduates increased to 5356 for the period 2011 - 2014	Enrolment planning undertaken with institutions
5.5.4	Enrolment of post-docs increased to 2353 for the period 2011 - 2014	Enrolment planning undertaken with institutions

In addition, the Department is leveraging international scholarships in order to contribute to the output of high-level skills. For instance, the Erasmus Mundus and the Nyerere Scholarship Programmes, both funded by the European Union, should produce more than 500 graduates at Masters and Doctoral level by 2016.

#### 2.1.6. Overview of the organisational environment for 2010/11

The interim organisational structure is a simple replication of the organisational structure of the Departments of Education and Labour which interim structure facilitated the movement of staff from the relinquishing Departments to the DHET.

A total of 1077 funded posts have been provided for on the staff establishment of the Department of Higher Education and Training over the medium term. This includes one Executive Authority and one Accounting Officer. Of these, 895 posts are funded and 773 are filled posts. In 2010, four Deputy Director-General posts were advertised and the department managed to fill two of these, making three permanently filled posts of Deputy Directors-General. The department has had to resort to using other recruitment methods for the remaining two posts and they will be filled in the course of the 2011/12 financial year. Of the 773 filled posts, 152 are filled through temporary appointments and some of these were advertised in 2010 as critical posts and the process of filling vacancies is continuing. In 2010, 80 critical posts were advertised and the process of filling these will be finalised by June 2011. With these new appointments there has been tremendous progress in filling the top and second layer of management. The department intends reducing the current vacancy rate of 30% to 20% with the finalisation of the organisational design.

The current organisational design will promote the efficient, economic and effective use of resources in order to improve the functioning of the Department. The intention of this will be to maximise efficiencies and coherence across the integrated post-school system, to eliminate any duplication of functions, both vertically and horizontally and to ensure continuity in the education and training value chain. Change management is inherent and a critical element of the organisational design process. The transfer of staff to DHET was not positively received by all staff.

In 2010 a number of departmental policies including human resources, finance and supply chain were developed as the department has had to use those from the previous departments as a transitional measure. These new policies will be implemented in the 2011/12 financial year. The department had to discharge two employees due to theft and assault at the INDLELA component. The implementation of new DHET policies will bring about harmony and parity in respect to employees who came from the two former departments.

The department was not severely affected by the public service strike that took place in August/September 2010. The necessary systems and processes were put in place to monitor participation in the strike. The no work no pay deductions would be implemented as from April 2011. In February 2011 the department launched its Departmental Bargaining Chamber (DBC) with the two recognised unions in the department which are NEHAWU and PSA. The DBC assisted in facilitating the adoption of departmental policies. The organisational design process is fully supported by the two unions.

The National Macro Organisation of the State (NMOS) process which was aimed at finalising the transfer of personnel and assets to DHET was not without challenges. There are areas such as the inability to transfer critical IT systems that are used for the SETA levy and learnership components due to challenges with the existing Department of Labour IT support service provider and the legacy nature of some of these systems. The department has however put measures in place to get maintenance and support for the systems and to convert the old legacy systems to a usable database format. All outstanding human resource and disciplinary cases were resolved by the two departments.

In November 2010 the department launched its own virtual private network (VPN) as well as its own website. A lot still needs to be done to improve the stability of the network environment and ICT governance is one of the major challenges of the department and as indicated by the Auditor-General, the department will be working towards turning the situation around in 2011.

The current state of the building that is housing the department in 123 Schoeman Street is in a serious state of disrepair and despite several attempts to get it repaired, it has not improved as it may be beyond its life span. The building cannot accommodate the entire department and as a result a space needs analysis was conducted and submitted to the Department of Public Works which indicated that the department has no intention to renew the current lease which will expire in January 2012. The department will be relocated to an alternative building in the course of 2011. The plan of the department is to find a building that can accommodate all staff including those currently accommodated at 222 Struben Street at the Department of Basic Education.

With regard to fraud and corruption, the department conducted a forensic audit at INDLELA in response to complaints and reports received from organised labour of alleged fraud and corruption. The audit was completed in December 2010 and charges are being finalised with respect to those who were allegedly involved in fraudulent and corrupt activities. A few cases reported to the Public Service Commission anti-corruption hotline were received and referred to the respective institutions for investigations and probing.

In conclusion, despite the serious capacity constraints in the Corporate Services branch, the department has managed to move ahead in ensuring that a department, with a number of systems and policies, does exist.

#### 2.1.7. Key policy developments and legislative changes

**The following amendments were made to existing legislation:**

- Skills Development Levies Amendment Act, 2010 (Act No. 24 of 2010)
- Higher Education and Training Laws Amendment Act, 2010 (Act No. 25 of 2010)
- Higher Education Laws Amendment Act, 2010 (Act No. 26 of 2010)

These amendments to the existing legislation, as enacted by the abovementioned Amendment Acts, reflect the changes necessitated by the provisions of the Presidential Proclamations 44, 48 and 56 of 2009. These amendments are purely technical.

## 2.1.8. Departmental revenue, expenditure, and other specific topics

### Collection of departmental revenue

	2010/11 Target	2010/11 Actual	% deviation from target
	R'000	R'000	
Sales of goods and services produced by department	2 540	3 469	36.57
Sales of scrap, waste and other used current goods	14	76	442.86
Interest, dividends and rent on land	3 606	3 565	1.14
Sale of capital assets	-	-	-
Transactions in financial assets and liabilities	1 734	1 792	3.34
<b>Total</b>	<b>7 894</b>	<b>8 902</b>	<b>12.77</b>

Increases in revenue are mainly attributable to better than the projected collection of revenue in respect of trade test fees.

## 2.1.9. Departmental expenditure

The total expenditure excluding direct charges for the 2010/11 financial year amounts to R23 752.243 million which represents a spending rate of 99.9%. The main reason for under-expenditure on the vote was the slow filling of vacant positions within the Department and the concomitant savings on goods and services, cost containment measures that were put in place to ensure that sufficient funds are available for the funding of examiners and moderators and to prevent possible over-expenditure on the vote. Furthermore, the establishment of the Quality Council for Trades and Occupations did not take place as projected. The savings on the vote did not impact negatively on service delivery within the Department.

### 2.1.10. Transfer payments

R23 361.900 million (98.26%) of the total allocation of R23 752.243 million excluding direct charges, has been allocated to transfers and subsidies on the Department's vote. Direct charges amount to R8 424.228 million.

Transfer payments from voted funds were in respect of the FET Colleges Conditional Grant, subsidies to 23 universities and universities of technology as well as public entities (National Student Financial Aid Scheme, South African Qualifications Authority, Council on Higher Education and Training and the National Skills Fund), international organisations (Commonwealth of Learning and the India-Brazil-South Africa Trilateral Commission) and the Education, Training and Development Practices SETA. Although the Quality Council for Trades and Occupations was retrospectively listed as a public entity from 1 April 2010 on 31<sup>st</sup> December 2010, no transfer payment was made as it did not yet have the necessary systems in place.

Transfer payments from the direct charges of the National Revenue Fund were made to 23 Sector Education and Training Authorities (SETAs) and the National Skills Fund for levies received from the South African Revenue Service.

With regard to the monitoring of transfer payments, the Department is receiving expenditure reports on the spending of the FET Colleges Conditional Grants on a monthly basis from provincial education departments. For all public entities, including the SETAs, quarterly reports are obtained as legally required. With regards to universities and universities of technology, annual reports are evaluated by the Department. The transfers to international organisations and the Education, Training and Development Practices SETA are annual member contributions and no monitoring of this expenditure takes place.

#### 2.1.11. Conditional grants and earmarked funds

The Further Education and Training (FET) Colleges conditional grant was allocated to the Department during the period under review. The purpose of the grant was to ensure the successful transfer of the FET colleges function to the Department of Higher Education and Training. Outputs for the grant included: the enrolment of NC(V) Programmes as set out in college enrolment target planning; enrolments in Report 191 Programmes in line with the Report 191 Phase Out Policy; expanding Information and Communication Technology (ICT) for teaching and learning towards connectivity norms; continued implementation of the MIS systems for the delivery of transversal MIS services; implementation of the Funding Norms for FET colleges and refurbishment; and maintenance and repairs of infrastructure and equipment to support the delivery of approved programmes.

Transfer payments were not made as originally scheduled. In July 2010 Treasury approval was obtained for the withholding of funds related to the Improvement of Conditions of Service portion of the conditional grant until such time that the relevant agreement is in place. During October 2010, Treasury approval was obtained to further withhold the portion of the transfer for the Improvement of Conditions of Service for a period longer than 30 days but within the maximum of 60 days. A revised payment schedule was approved and all transfers due to provincial education departments were made during the 2010/11 financial year.

The Department did not retain any portion of the conditional grant for administration costs.

#### 2.1.12. Capital investment, maintenance and asset management plan

##### **Capital investment**

None

### **Asset Management**

For the 2010/11 financial year the Department was in its first year of business and received all its assets as a transfer from the Department of Education. All the redundant and obsolete furniture were donated to schools during the year and all obsolete computer equipment was destroyed as per approval from National Treasury. The acquisition of IT equipment and furniture for incumbents and new posts and the replacement of redundant assets that are disposed of, is an ongoing process. In order to ensure that the department's asset register remained up to date during the period under review, assets were barcoded immediately when received and the asset register was updated accordingly. Monthly reconciliations were also performed between the asset register and BAS. The current state of the Department's capital stock is done through life cycle management and needs analysis by recommendations made for every purchase.

The transfer of assets from the Department of Labour based on the function shift of the Skills Development component is still in process.

### **Maintenance**

The Department does not have its own property. The maintenance of the existing accommodation is for the account of the lessor.

## 2.2. PROGRAMME PERFORMANCE

The Department of Higher Education and Training was established during the national macro reorganization exercise in 2009 to create a single and coherent post-school education and training system structured to meet the aspirations of youth and adults. It became operational with its own budget in April 2010. The department consists of functions inherited from the former Department of Education, such as university education, further education and training at college level and adult education and training (excluding basic literacy and numeracy). It is also responsible for functions related to skills development, including providing oversight of and strategic direction to the National Skills fund, coordinating the sector education and training authorities and providing oversight of the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments, transferred from the Department of Labour.

The activities of the Department of Higher Education and Training are organised into the following programmes:

- Programme 1: Administration
- Programme 2: Human Resource Development, Planning and Monitoring Coordination
- Programme 3: University Education
- Programme 4: Vocational and Continuing Education and Training
- Programme 5: Skills Development

### **Programme 1: Administration**

This Programme is responsible for the overall management of the Department and for providing centralised support services to all branches within the department so that the goals and objectives of the strategic plan may be accomplished.

It has the following components:

- Ministry
- Management
  - CD: Media Liaison and Communications
  - DDGs and Branches
- Corporate Services
  - CD: Financial and Logistical
  - CD: Development Support and Public Entities
  - CD: Personnel Administration and Development, Security and Asset Management and Office Services
- Office Accommodation

## **Programme 2: Human Resource Development, Planning and Monitoring Coordination**

**Purpose:** To provide strategic direction in the development, implementation and monitoring of departmental policies and to coordinate activities in relation to the human resource development strategy for South Africa.

This programme consists of 5 sub-programmes:

- *Human Resource Development, Strategic Planning and Coordination*
- *Planning, Information, Monitoring and Evaluation Coordination*
- *International Relations*
- *Legal and Legislative Services*
- *Social Inclusion in Education*



Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: Human Resource Development, Strategic Planning and Coordination</b>						
<b>National Human Resource Development</b>						
To ensure coordination, integration and facilitation amongst stakeholders, role-players and authorities with regard to the HRDS-SA	Government and stakeholders approve the newly-framed HRDS-SA	Drive process with regard to consultation/ briefing of the reframed HRDS-SA	1/4/2010 to 31/3/2011	Approved HRDSA via stakeholders, publication, communication and dissemination	The HRD Council endorsed the HRDSA (with the provision of regular revisions and updates) for final approval by Cabinet on the 29 July 2010. The HRDSA was tabled and approved by Cabinet on 15 September 2010, with the provision of continual revision	The Human Resources Development Strategy is currently being revised so that it can be aligned to the New Growth Path as approved by Cabinet. The aligned strategy will be communicated to stakeholders
		Schedule HRDS-SA Summit	19/7/2010 to 30/7/2010	Preparatory work and reports	Preparatory work: A concept document for a joint summit with the NSDS in September 2010 has been developed	A summit will only be held once the strategy has been aligned with the new Growth Path. Only a Skills Summit has been held thus far in September 2010
		Schedule HRDS-SA launch	2/9/2010 to 30/9/2010	Preparatory work and reports	Preparatory work: HRDSA has been communicated to all nine provinces and to affected Departments. The strategy will only be launched once it has been aligned to the new Growth Path	The HRDSA will be launched once it has been aligned with the New Growth Path and approved by the Council
To establish the HRD Council and its structures and to support, coordinate and manage the work-plan of the DRD Council	The HRD Council (HRDC) and its supporting structures are established	Ensure that decisions of the HRDC are executed and provide a report-back to the HRD structures	1/4/2010 to 31/3/2011	Reports	The Council was established. The Technical working Group is in place. The 8 Technical Task Teams have been established to drive implementation of Council decisions	The decisions of the council are implemented on an ongoing basis and are reported to the Council on a quarterly basis
To maintain the HRDS-SA by supporting, mentoring, evaluating and reviewing the GRDS-SA via reports and a periodic summit	Monitoring and evaluation processes are established	Preparatory work for establishing a monitoring and evaluation process for HRDS-SA System	5/3/2010 to 29/10/2010	Reports	Preparatory work: The process of the operationalisation of the M&E strategy has started. A format for reporting has been sent to lead departments and will soon be sent to prioritised sector bodies	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
		Establish a mechanism to ensure relevant research capability	1/4/2010 to 30/9/2010	Access to high-level research ability and output. Produce research reports	Review of Sector Skills Plans was undertaken. Other research projects will be undertaken to support the work of the Technical Task Teams. Communication is ongoing with lead departments to provide baseline information for research	A need for the research coordination capacity in the Secretariat has been included on the draft broad implementation plan for HRDSA
		Follow up and bring to conclusion the outputs produced by the JIPSA process	1/4/2010 to 31/3/2011	Reports	The work conducted under JIPSA is now being incorporated into the HRDSA 2011/12 Implementation Plan. Report not yet available	
<b>Strategic Coordination and Secretarial Support</b>						
Development of credible strategic plans	Plans are approved	Coordinating strategic planning sessions between Minister and DHET for 2011/12	31/8/2010	An input paper, based on analysis and an M&E of the system. A draft concept plan.	The input paper and documentation was completed for the strategic planning session between the Minister and the DHET that was held in December 2010	
		Collate inputs to the Strategic Plan from managers and other role-players	30/09/2010	A detailed draft plan	The DHET strategic plan for 2010/11 to 2014/15 was updated with the 2011/12 operational inputs from managers and other role-players and presented as the detailed draft plan	
		Compiling, editing and printing of Strategic Plan	28/02/2011	A final printed strategic plan document	The updated DHET strategic plan was compiled, edited, printed, presented in parliament and published in February 2011	
Compilation of reports for the Strategic Plan and other plans	An analysis report	Compile a reporting template and schedule	30/04/2010	A user friendly reporting template developed	The function was transferred to the CFO based on Treasury Regulations	A reporting template in line with the information reflected in the Strategic Plan was compiled
		Collect and synthesise reports	Quarterly and Annual reports	All reports produced according to schedule and signed off by Minister and/or DG	The function was transferred to the CFO based on Treasury Regulations	Quarterly reports were collected from branches and a consolidated quarterly report was submitted to the DG and Minister
Ensure effective secretarial services for processes where required	Minutes and action lists	Compiling meeting schedules, attending meetings, following up after meetings, drawing up minutes and action lists	As required	Records of meeting preparations and proceedings	Regular minutes and agenda's were drafted for all the relevant meetings e.g. HEDCOM, CEM, MMM and Senior Management	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: Planning, Information, Monitoring and Evaluation Coordination</b>						
<b>Information Systems Coordination</b>						
The development of an integrated operational management information system and decision support systems	Approved Terms of Reference for the development of the system	Define the scope, convene a workshop of department programme managers, stakeholders and role-players. SAQA, HRDC, institutions, provincial education departments, SETAs, NSA	30/06/2010	A report on the management information and decisions support needs	The scope of the system is fully defined and a system needs report is available. The system scope has been presented to the role players at the HEDCOM subcommittee on Information and Planning and the inter-departmental task team for output 5.1 of the delivery agreement	
		Develop a master systems plan and identify policy, legislation and resourcing requirements for the plan	30/09/2010	An approved master system plan (by stakeholders and role players)	Master plan for the integrated management information system is completed but still being presented to different role players for approval.	
		Conduct a business analysis of the system	31/12/2010	An approved functional specifications document	Functional specifications completed but still being presented to different role players for approval	
		Draw up an IT architectural plan and develop technical specifications	31/03/2011	An approved technical functional specifications document	Technical requirements are available but the full technical specification has not yet been approved by GITO officer.	DHET did not have an appointed GITO officer in 2010/11
Support the development of coherent career guidance and information services for the higher education and training system	A plan for career guidance and information services for higher education and training developed	Consult with career guidance and information providers, including NYDA, SAQA, HESA and other relevant institutions and organisations	30/09/2010	Report on consultation available	Consultation is ongoing via career services delivery task team and reports are published quarterly. This work is undertaken in collaboration with the Social Inclusion Directorate and SAQA	
		Develop overview of existing initiatives	30/12/2010	Report and database of initiatives developed	Database is available and is updated in an ongoing manner. Progress reports are presented monthly at Career Services steering committee meeting	
		Draft plan for the development of effective and coherent career guidance services for the higher education and training sector	31/03/2011	Draft plan submitted	Career Services Project plan and Career Services Delivery agreement plan have been approved and incorporated into Output 5.1 of the delivery agreement. Branding of the project is currently underway	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: International Relations</b>						
To pursue African advancement and enhanced international cooperation in education and training	Regular meetings attended, compile contact and status reports with recommendations for the DG and DIRCO	Participate in the meetings and conferences of the African Union, SADC, AAU, OOCBA, ADEA and NEPAD. Monitor the implementation of the second decade of education in higher education and training	1/4/2010-31/3/2011	Provide contact and status reports on the implementation of regional and continental plans to DHET and DIRCO	Facilitated the participation of the Department in the following and reports available: The SADC Extra-Ordinary Meeting of Ministers Responsible for Education held on 8 June 2010; The SADC Technical Committee on Higher Education in February 2011; The SADC Technical Committee on Certification and Accreditation meeting held in February 2011 and the AU African Higher Education Harmonisation and Tuning Validation Workshop held in March 2011 in Kenya. All the meetings above contributed towards the implementation of the second decade of education in higher education and training. Progress reports were provided by the department at these meetings. South Africa presented its African Peer Review Mechanism report at the January 2011 AU Summit. No meetings were convened by AAU, IICBA and NEPAD.	
To pursue African advancement and enhanced international cooperation in education and training (objective continued)		Contribute towards SADC regional integration via the implementation of the SADC Protocol on Education	1/4/2010 to 31/3/2011	Contribute to harmonisation of policies and strategies in SADC, reporting on South African initiatives and disseminating information to internal role-players participating in relevant workshops	Information provided to relevant internal role-players who participated in technical workshops and meetings convened by SADC on Higher Education, Certification and Accreditation, Technical and Vocational Education and Training in March 2011 and facilitated the exchange of the Minister with SADC on the selection of a theme for the establishment of the controversial Pan African University during the third quarter. These meetings were in part contributing towards harmonisation of policies and strategies in SADC.	
	Regular engagement in bilateral meetings, compile briefings and post-engagements reports	Strengthen and expand bilateral partnerships in pursuit of SA's interests via structured mechanisms and engagement with priority countries	1/4/2010 to 31/3/2011	Reports and documents on participation in joint and bilateral commissions provided, agreements signed and serviced, hosted internal visits, facilitated and participated in external meetings and familiarisation visits	Cooperation agreements with Rwanda and Burundi discussed, finalised and are ready to be signed in the next financial year. The Department participated in structured bilateral meetings convened by DIRCO to discuss engagements with the following countries: Guinea Bissau and Senegal (15/7/2010); Egypt, Libya, Mauritania, and Tunisia (19/8/2010); Sudan (20/8/2010), Nigeria (2/9/2010), Botswana and Benin (17/9/2010), Congo (30/9/2010 and 26-27/10/2010), Zambia and Tanzania (9/11/2010), Angola (6-8/12/2010); Kenya (3/2/2011), South Sudan (7/2/2011) and Kenya (16-18/3 2011). Progress reports provided at all these meetings. Also hosted delegations from Botswana (28-30/4/2010) and Ethiopia (24 May 2010) Ministries of Education for familiarisation visits.	

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<i>To strengthen South, North-South and multilateral cooperation in education and training</i>	<i>Participated in scheduled engagements, compiled briefings and post-engagement reports</i>	<i>Participate in the IBSA Trilateral Commission/ Dialogue Forum meeting and review support to academics in the IBSA academic seminars</i>	<i>1/4/2010 to 31/3/2011</i>	<i>Status reports and briefings are tabled at the Commission meeting. SA academics participated in IBSA research projects</i>	<i>DHET attended the 4th IBSA Summit and South African Academics participated in the Academic Forum in Brazil, 12-15 April. 22 academics involved in IBSA projects were selected to receive funding from the IBSA mobility fund. Funding was disbursed by NRF, by end of 2010. An MoU between the DHET and HESA on IBSA management arrangements was finalised during the fourth quarter and sent to the A/DG for signature. Discussions have been held with DIRCO and HESA around the organisation of the IBSA Academic Forum in 2011. A concept paper is in the process of being drafted in preparation for the Academic Forum.</i>	<i>South Africa's participation in IBSA is ongoing. The IBSA Summit is scheduled to be hosted in South Africa in October 2011</i>
		<i>Continue engagement with China by participating in the BNC and implanting activities as per the cooperation agreement, including monitoring and supporting the work of the Centre for Chinese Studies at Stellenbosch University</i>	<i>1/4/2010 to 31/3/2011</i>	<i>Activities implemented as per the cooperation agreement with China, progress reports provided to DHET and DIRCO</i>	<i>DHET hosted a team of Chinese experts from the Shanghai Institute of Architectural Research in August 2010. They conducted a feasibility study to refurbish 4 dilapidated FET colleges with funding from the Chinese government. It was the second such visit with a third one expected later in 2011. Hosted a delegation from the PRC Ministry of Education on a study visit centred on regulations on higher education institutions in May 2010 and another delegation from the Chinese Academy of Social Sciences in August 2010. The Minister and a delegation from the DHET participated in the Presidential visit to China, 23-26 August, bilateral meetings with Chinese counterparts were held and institutional visits undertaken. A report was submitted. Uptake of Chinese government scholarships provided to South Africa is facilitated by DHET interviewing and recommending successful candidates to the Chinese Embassy. The Centre for Chinese Studies has had a change in leadership and now has a greater focus on research outputs rather than rendering private sector consulting work.</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
		Sign and Service cooperation agreements, support the work of the Middle Eastern Studies Programme at UCT and report on internal and external visits to priority countries in the Middle East	1/4/2010 to 31/3/2011	Reports on progress provided to DHET and DIRCO. Cooperation agreements signed with Middle Eastern countries.	A draft Executive Implementation Programme regarding the agreement signed with Syria was developed and discussed and will be signed in the next financial year. The Department undertook official visits to Palestine, Syria and Qatar from 4-15/10/2010. Cooperation with these countries strengthened and report provided. The visit to Syria was to further discuss the Middle Eastern Studies Programme and in Qatar efforts to secure funding for the programme from the Qatar Foundation were unsuccessful. DIRCO also submitted the proposal to Gulf countries as MTN declined its support of the programme. The department hosted a delegation from the Saudi Arabian Technical and Vocational Training Cooperation in April 2010.	
	Participated in structured engagements and compiled briefing reports	Implement bilateral cooperation programmes with key partner countries in the North Facilitate technical assistance in post-school education and training for countries in distress	1/4/2010 to 31/3/2011	Reports on participation in bi-national commissions agreements signed and serviced. Hosted internal visits, facilitated and participated in external meetings and familiarisation visits	Participated in the SA-German BNC in Pretoria, 8-9 April 2010. DHET and German Federal Ministry of Education and Research agreed to intensify ministry-to-ministry cooperation. Department hosted a high-level German delegation on a familiarisation visit to South Africa in October 2010. DHET participated in a higher education conference which was a side event to the EU-Africa Summit held in Cape Town in November 2010 and used the event to further promote participation in the Erasmus Mundus Scholarship Programme. Hosted a number of high-level delegations including those from Timor-Leste on a fact-finding mission on transformation in higher education in July 2010; a Thailand government delegation and university presidents on a familiarisation visit; and University of Johnson and Wales on a courtesy visit, February 2011. The DHET led a delegation from Warwick University to the University of Venda to explore cooperation in maths and science teaching, February 2011, The Minister accompanied the Deputy President on a state visit to Turkey in May 2010. The delegation met with counterparts to discuss possible areas of collaboration and undertook institutional visits. A report was submitted. The DHET attended the 10th SA-Japan Partnership Forum in Pretoria, April 2010. DHET provided status reports for the state visit to India, June 2010 and for the SA-Mexico BNC, April 2010. DHET attended the SA-Brazil Joint Commission, May 2010. Familiaration visits were undertaken by the Minister and senior officials to Cuba, January 2011 and the USA, March 2011.	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	Annual conference reports and regular briefings, and post-engagement reports tabled	Work towards the consolidation of engagement with OECD, participate in working committee groups of UNESCO, ILO, COL and the Commonwealth	1/4/2010 to 31 March 2011	Regular meetings are held and programmes implemented and reported on	Submitted input to DIRCO regarding Commonwealth Of Learning (COL) and executive reports involving COL activities in South Africa in the higher education and training sectors. The Vice-President of COL paid a visit to the DHET to provide an update on COL's priorities and on its activities in South Africa, February 2011. A new COL Focal Point was appointed by the DHET, March 2011. The DHET participated in an Interdepartmental Working Group on Commonwealth hosted by DIRCO, March 2011. DHET continues to participate in the UNESCO National Commission meetings and other forums of the Commonwealth. DHET participated in the IEASA conference dealing with the internationalisation of higher education in South Africa 30-31 August 2010 at Wits. Deputy Secretary-General of OECD paid courtesy call on the department and met with Deputy Minister. OECD and DHET to cooperate on research related to skills development and VET policy development.	
	Report on the nature, purpose and quantum of the development assistance provided for domestic and trilateral programmes	Access international funds and participate in annual consultation meetings on the utilisation of ODA	1/4/2010 to 31 March 2011	Trilateral cooperation programmes established and maintained, guided by the needs, goals and priorities of the states concerned	In 2010 five Southern Sudan education officials completed participation in a certificate course on education finance and planning at Wits University through a trilateral funding agreement with USAID. In 2011 one Southern Sudan official enrolled for the certificate course, and an official and an academic were enrolled for postgraduate studies in education. The Department coordinates the quarterly reports provided by Wits on the Southern Sudan trilateral project. Steering committee meetings are attended with National Treasury and USAID to provide feedback on progress. A proposal was submitted for trilateral cooperation programme project on behalf of the University of Pretoria's Institute for Comparative and International Law: Rebuilding Constitutionalism in Post-Conflict Societies.	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
		Negotiate new ODA and coordinate the alignment of the ODA with South Africa's education and training priorities. Work towards the achievement of sustainable collaboration after the aid period has ended	1/4/2010 to 31 March 2011	Financial report on the ODA aligned with South Africa's educational priorities. Donor funded projects are sustainable and recurrent and future financial implications are accommodated within the present and projected fiscal capacity	Successfully negotiated ODA funds to be used for piloting, risk-taking and studies. Belgian Development Cooperation Agency agreed to fund a project to identify policy gaps in the FET subsystem. A consultant for this project was appointed and formalised during the 4th quarter. New funding has also been secured to support a 3rd Phase of the SESD Programme with Danish development cooperation funds. To this end CEPD was appointed the fund-holder of the SESD III Programme with moves being underway to appoint a Programme Coordinator and an M&E consultant. A programme to enhance the employability of universities of technology graduates with technical assistance from the Japanese International Cooperation Agency, implemented by TUT, has been transferred from Department of Science and Technology to DHET.	
	Compile report on the outcomes of meetings with international offices	Encourage international collaboration between institutions. Strengthen cooperation with international offices and develop a data base of the international engagements of institutions	1/4/2010 to 31 March 2011	Regular meetings with international offices held. Pre and post-contact reports of collaboration compiled and database developed and maintained	Visits to all 23 institutions' international offices were undertaken and completed successfully during the second and third quarters. The post contact report and recommendations resulting from these visits was provided to the department in February 2011. The survey was dispatched to all institutions in October 2010 with a deadline for submission by November 2010 which was extended to January 2011. Only 19 institutions had complied with submissions. 4 institutions' survey forms are outstanding and this has caused delays in developing the database.	The database will be finalised in the next financial year due to delays in submission of completed survey forms by higher education institutions
<b>Sub-Programme: Legal and Legislative Services</b>						
To provide legal advice	Advise the Minister, the Department, provincial departments and the broad public on education legislation and Education Law	Research applicable to legislative material, draft legal opinions, provide either oral or written advice	Ongoing	Legal opinion	Legal opinions were given on: <ol style="list-style-type: none"> <li>1. Section 29 of the Constitution and impact on Skills Development.</li> <li>2. Access to information pertaining to 2010 matrix exemption quality assurance process.</li> <li>3. Examination process to make results available in time and to deal with irregularities during exams.</li> <li>4. The registration of private education institutions.</li> <li>5. Statutes relating to Venda University.</li> <li>6. Unizulu: appointment of an Administrator.</li> <li>7. Advice: TUT</li> <li>8. Advice MUT.</li> <li>9. Advice pertaining to AG Office to conduct audits on Public HE Institutions.</li> </ol>	



<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<i>To manage any litigation concerning the Department</i>	<i>Manage all necessary actions, with the assistance of the State Attorney, against the Minister or the Department in court</i>	<i>Administer all court cases by or against the Department or the Minister</i>	<i>These functions are ongoing and time frames are determined by the individual cases within the court rules</i>	<i>Settlement of all court cases, either in court or out of court. Quarterly reports to HEDCOM and CEM</i>	<i>All cases were dealt with according to procedures and timeframes set by court rules: 1. N Motaung v Dept of Education and others; 2. Twenty five Urgent Applications: Mahosi Masilo Michael / Minister of Higher Education, MEC for Education: Limpopo and Vhembe FET College; 3. HM Moloji/Minister of Education; 4. MS Masisi vs North West University and others 5. CETA vs Minister of HET. 6. Vital versus Vista. 7. Amagelang CC 500 vs Minister of HET.</i>	<i>Matters still pending in all cases</i>
<i>To advise on all contracts and agreements pertaining to the Department</i>	<i>Legal advice and draft agreements between the Minister, the Department and other parties</i>	<i>Scrutinise agreements and contracts between the Minister and other institutions and advise on whether agreement is to be amended</i>	<i>Time-frames depend on the particular deadline that has been set</i>	<i>Contracts or agreements</i>	<i>Advice was given for the following contracts and agreements: 1. MoU with HESA concerning the India-Brazil-South Africa (IBA) Academic Forum; 2. QCTO SLAs with Quality Partners; 3. On the Addendum to the Implementation Protocol between DHET and the Department of Public Works.</i>	<i>Matters still pending in all cases</i>
<i>To manage and report on the statutory obligations relating to human rights</i>	<i>Reports or contributions to reports on behalf of the Department</i>	<i>Attend meetings and draft reports, e.g. the right of access to information and Human Rights Commission requests. Analyse and evaluate areas for investigation of abuse via the monitoring of media and other reports</i>	<i>1/5/2010 to 31/3/2011</i>	<i>Reports or contribution to reports in submission. Quarterly reports to HEDCOM and CEM</i>	<i>Quarterly reports have been submitted to HEDCOM and CEM</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
To draft regulations and legislation and to assist in the processing thereof	Draft the Higher Education and Training Laws amendment bill, 2010	Draft, publish for comment, amend and gazette following Minister's approval	Jan 2010 to Aug 2010	Bills tabled in Parliament	<ol style="list-style-type: none"> <li>1. Submission to obtain the Minister's approval to publish the Further Education and Training Colleges Amendment Bill, 2011; The Higher Education Laws Amendment Bill, 2011; and the Skills Development Amendment Bill, 2011 for comments, were drafted.</li> <li>2. Skills Development Act 97/1998): Call for comments on the draft regulations for the conditions of service and appointment of the CEO of a SETA.</li> <li>3. Skills Development Act (97/1998): Call for comments on the draft Regulations for matters relating to the Accounting Authority of a Sector Education and Training Authority (SETA).</li> <li>4. Skills Development Act (97/1998): Draft amendment of the Service Level Agreement Regulations: Calls for comments.</li> <li>5. Amended Legislation Programme for 2011.</li> <li>6. Progress reports on Schedule 4 amendment to Conditions.</li> </ol>	Bills are published for comments and will be tabled in parliament in June 2011
To monitor, support and evaluate higher education and training authorities regarding the implementation of legislation and the management of court cases	Reports Drafting guidelines commenting or advising when appropriate to specific HET legislation, regulations prescripts	Ensure that legislation is implemented, visit provinces to monitor implementation plans, visit schools and assist with the interpretation and the drafting of legislation	Jan 2010 to Mar 2011	Assist with implementation of legislation in every province and give support and assistance to PED's in the drafting of laws. Present reports to HEDCOM and CEM	Reports forwarded to HEDCOM and CEM on the assistance and support given to provinces	
<b>Sub-Programme: Social Inclusion (Equity) in Higher Education and Training</b>						
Set up unit for social inclusion, equity and transformation within the department of higher education and training	Unit established and fully functional	Staff transfers finalised	Apr 2010	Unit fully staffed	Unit not yet fully staffed Posts of Director, Senior Admin Officer and Secretary advertised. Short listing and interviews completed for post of Director	Filling of posts will be completed during 2011/12 financial year
		Project responsibilities allocated and work begins	Dec 2010	Project work commenced	Project work has commenced as the unit has interfaced with other branches and has identified areas of collaboration in the development of social inclusion policies	
		Funding opportunities identified	Dec 2010	Additional funding sourced and/or partnerships established	No additional funding sources identified as this activity was discontinued	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
Monitor transformation processes in the higher education and training system	A framework is developed for monitoring and analysis of transformation indicators in the higher education system	Analyse institutional plans and reports	Mar 2011	Report produced	Draft framework and a Report were developed	The draft documents will be reviewed and finalised during the 2011/12 financial year
		Transformation indicators developed	Mar 2011	Draft indicators report produced	Indicators not yet published Engagements will take place and social inclusion indicators will be refined	The social inclusion unit will finalise indicators and frameworks during the 2011/12 financial year
	Research partnerships are developed with relevant higher education bodies and institutions, focusing on transformation-related matters	Consult with relevant research partners	Jun 2010	Report on consultation presented with draft overview of research initiatives	Desktop research ongoing and database developed A report will be commissioned in the current financial year	
		Produce report with overview of current initiatives	Dec 2010	Report available	Draft report developed within the DHET-SAQA Partnership	Final report to be completed in the next financial year
Support the development of coherent career guidance and information services for the higher education and training system	A plan for career guidance and information services in higher education and training developed	Consult with career guidance and information providers including NYDA, SAQA, HESA and other institutions and organisations	Sep 2010	Report on consultation	Consultation is ongoing via the career services delivery task team and consultation reports are published quarterly.	This work is undertaken in collaboration with the Information Systems Coordination Directorate and SAQA
		Develop overview of existing initiatives	Dec 2011	Report and database of initiatives developed	Database developed and available Progress reports are presented monthly at Career Services steering committee meetings	
		Draft plan for the development of effective and coherent career guidance services for the higher education and training sector	Mar 2010	Draft plan submitted	Career Services Project plan and Career Services Delivery agreement plan have been approved and incorporated into Output 5.1 of the delivery agreement	
Identify and monitor curriculum innovations in citizenship and values education in the higher education and training system	Develop a framework for recognition of curriculum innovations in citizenship and values education in the higher education and training system	Identify strong programmes in institutions	Sep 2010	Draft report produced	The draft report has been developed	The report will be submitted in the 2011/12 financial year with an Action Plan

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
		<i>Write up results of scoping process</i>	<i>Mar 2011</i>	<i>Report and project recommendation available</i>	<i>The draft Terms of Reference for the writing of the report have been drafted</i>	<i>The final report and project recommendation will be made available during the 2011/12 financial year</i>
<b>Brief summary of major reasons for variances</b>						
<p><i>Generally in programme 2, there was a lack of capacity due to staff shortages. Some critical posts were identified for filling and have been filled, however the majority of the posts can only be filled after the reorganisation process of the Department has been completed.</i></p> <p><i>In the Social Inclusion sub-programme, vacancies remained unfilled for the greater part of the 2010/11 financial year, thus impacting on the delivery of certain outputs, which has resulted in some work being carried forward to the 2011/12 financial year. The posts of Director, Senior Administrative Officer and Secretary were advertised in 2010 and posts are likely to be filled in the 2011/12 financial year.</i></p>						

### Programme 3: University Education

**Purpose:** To develop and coordinate policy and regulatory frameworks for an effective and efficient university education system, financial support to universities, the National Student Financial Aid Scheme and the National Institute for Higher Education.

This programme consists of 5 sub-programmes:

- *University – Academic Planning and Management*
- *University – Management Support*
- *University – Financial Planning and Information Systems*
- *University – Policy and Development*
- *Teacher Education and Development*

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<b>Sub-Programme: University-Academic Planning and Management</b>						
<b>University-Academic Planning, Monitoring and Evaluation</b>						
<i>To improve enrolment planning so as to produce quality graduates</i>	<i>Enrolment targets for 2011-13: Assess performance against enrolment targets set for 2010 and determine enrolment targets for 2013</i>	<i>Assess the performance of individual universities against planned targets for 2010 and manage the process of determining new targets for 2011-2013</i>	<i>End Nov 2010</i>	<i>Assessment of performance against enrolment targets for 2010 finalised and enrolment plan for 2011-13 approved</i>	<i>All institutional plans have been analysed and included as institutional targets into the Ministerial Statement</i>	<i>Ministerial statement on enrolment planning for 2011-13 still to be signed</i>
	<i>Planning framework for increased expansion of the post-school education system</i>	<i>Develop and consult on a proposed framework for the expansion of post-school education opportunities</i>	<i>End March 2011</i>	<i>Framework developed and approved by Minister</i>	<i>Framework not completed but following progress has been made: Data analysis has been completed and the growth of the entire system is indicated as 2.8%. The growth for first time entering students is indicated as 2.8%</i>	

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
	<i>Planning framework for increased enrolment, throughput and graduates in scarce and critical skills</i>	<i>Develop and consult on a proposed framework, with an initial focus on the health and engineering sciences and teacher education</i>	<i>End March 2011</i>	<i>Framework developed and approved by Minister</i>	<i>Development of framework in progress. To be completed and submitted to Minister in 2011</i>	<i>Ministerial Statement on enrolment Planning has been finalised and submitted for Ministerial approval</i>
	<i>Status Report on the review of admissions (including re-admissions) policies and practices of public universities</i>	<i>Assess the current policies against policy goals, identify gaps and propose changes</i>	<i>End March 2011</i>	<i>Status report finalised</i>	<i>Work in progress. Status report not finalised yet</i>	<i>Work in progress</i>
<i>To enhance the National Programme Qualification Mix (PQM) grid by refining and aligning universities' PQM's with the National Plan for Higher Education</i>	<i>Updated PQM profiles</i>	<i>Assess, review and approve the PQM of universities</i>	<i>Ongoing</i>	<i>PQM profiles reviewed and updated</i>	<i>PQM grids are currently being populated with new HEQF aligned programmes</i>	<i>Ongoing PQMs of institutions have been populated with 20 new HEQF aligned programmes</i>
	<i>New PQM grid</i>	<i>Establish a new PQM grid as new HEQF-aligned programmes are approved</i>	<i>End March 2011</i>	<i>New PQM grid established</i>	<i>Grid not yet finalised CHE process to be finalised to inform the PQM grid. Approving only new programmes</i>	<i>Work in progress</i>
<b>University-Management Support</b>						
<i>To provide financial management and management support to universities, NIHE's and relevant public entities</i>	<i>Revised annual Reporting Regulations</i>	<i>Propose changes to regulations, consult with stakeholders, publish for comment and present final draft to Minister for approval and gazetting</i>	<i>End Mar 2011</i>	<i>Revised annual reporting regulations approved by the Minister and gazette for implementation</i>	<i>The draft regulations have been sent to PWC for technical input</i>	<i>The draft regulations have been presented to the finance executive forum and will be discussed with Dept in Mid May 2011</i>
	<i>Report on the assessment of the 2009 Annual Reports</i>	<i>Assess 2009 annual Reports of universities, prepare submission on assessment and draft letters to chairpersons of Councils</i>	<i>End Sep 2010</i>	<i>Report and letters submitted to Minister for approval</i>	<i>Report and letters finalised and on route to Minister for approval</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	Finalisation of requests for ministerial approval in terms of the Higher Education Act, 1997 (Act 101 of 1997)	Assess incoming requests from universities, source additional information or advice where necessary, finalise submission to Minister	Ongoing	Submissions for Ministerial approval processed and universities informed accordingly	Ongoing Two pending requests finalised namely CPUT's request for R65 million bank overdraft and NNMU's request to alienate property construction of residences and a new business school as well as a request to raise a loan. One new request finalised namely Request for overdraft of R250million by WSU. Two requests still pending namely Permission to build laboratories on the UNISA Florida Campus; and UKZN requests for long term leases	
	Report on quarterly performance, Strategic Plans and annual budgets approved	Assess quarterly reports and provide comment for inclusion in ministerial submission. Assess Strategic Plans and annual budgets for approval by Minister	Ongoing	Submit comments to CFO	Prepared comments to CFO's office for quarterly reports ending 31 December 2010 for public entities. Assessed strategic plans of public entities and submitted to Minister for approval. Assessed and submitted various requests and matters from public entities to ADG and Minister for approval	
To improve access to post-school education in Mpumalanga and the Northern Cape	Report on the model for post-school institutes	Discussions held with institutions and explore the viability of a model for the NIHEs as post-school institutes	Ongoing End Mar 2011	Report on future model of NIHE submitted to the Minister for approval	Report not yet completed but following progress has been made: Document-based research completed. Work is proceeding on the model of universities that will be established	Chairperson of the task teams visited the provinces and engaged with the NIHEs.
To improve access to universities via the establishment of a National University Education Information and Application Service	Framework and appropriate model for the establishment of a national University Education Information and Application Service	Propose and consult on the modalities for the establishment of the National University Education Information and Application Service	End Mar 2011	Framework and appropriate model for central information and applications services	Framework not completed but following progress has been made: On-site visit was undertaken to the Central Application Office - KZN to get first-hand feel for the operations of a centralised system. Recommendations that CHE be asked to advise	The CHE was requested to propose and consult on the modalities for the establishment of the Central Application Office
To support the improvement of the structure and efficacy of the National Student Financial Aid Scheme (NSFAS)	Implementation plan for recommendations by the NSFAS Review Committee	Facilitate consultation on the NSFAS Review Committee recommendations, consult with the CHE and other stakeholders, and draft an implementation plan for recommendations	End Mar 2011	Implementation plan approved by the Minister	Progress to date is: Turnaround task team was finalised and appointed to oversee implementation of strategy and recovery plan. Process to initiate call for nominations was started. Continuous monitoring of utilisation of funds allocated to HEIs	Call for nominations of NSFAS Board members gazetted. Submission to appoint NSFAS board members awaiting Ministerial approval. Turnaround task team is continuing to oversee the turnaround strategy and recovery plan in consultation with the DHET. Continuous monitoring of funds allocated to HEIs

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<i>To reflect on best practices and challenges in implementing the mergers of universities</i>	<i>Report on best practices and challenges of implementing the restructuring of higher education</i>	<i>Discussions held on content of report, comments incorporated and report finalised</i>	<i>End Mar 2011</i>	<i>Report approved by the Minister</i>	<i>The University of Limpopo-Medunsa report was completed and submitted to the Minister. Await directive from the Minister</i>	
<b>Sub-Programme: University-Financial Planning and Information Systems</b>						
<b>University-Financial and Physical Planning</b>						
<i>To provide appropriate policy frameworks for improvement of teaching and learning</i>	<i>New policy for the utilisation of teaching development grants</i>	<i>Draft proposals consulted on with HESA and the DHET, and final draft of the new policy submitted to Minister for approval</i>	<i>End October 2010</i>	<i>Policy approved for implementation</i>	<i>Proposed policy changes discussed within branch, position paper finalised in preparation for input into the funding</i>	<i>Work will be completed in 2011/12 financial year</i>
	<i>New policy framework for the funding of the clinical training of health sciences professionals</i>	<i>Finalise new policy framework, publish for comment and submit to Minister for approval</i>	<i>End Mar 2011</i>	<i>New policy framework approved by the Minister</i>	<i>New policy framework for the funding of the clinical training of health sciences professionals not finalised. The work of the Health Sciences Review Committee continues, Ministerial agreements still to be signed, changes were made by legal services. Next Committee meeting planned for 13 May 2011.</i>	<i>Work to continue in 2011/12 financial year</i>
	<i>Policy and framework for a CAT System and transcript supplements for HE</i>	<i>Finalise policy and framework</i>	<i>End March 2011</i>	<i>Policy approved by Minister</i>	<i>This matter has been referred to SAQA as it in their mandate</i>	
<i>To ensure the effective use of earmarked funds for intended purposes by universities</i>	<i>Earmarked funds properly used by universities, as indicated in progress reports-i.e. output efficiency, infrastructure development and foundation programmes</i>	<i>Monitor and assess progress reports on the use of the earmarked funds and propose adjustments as required for approval</i>	<i>Ongoing</i>	<i>Progress reports assessed and necessary changes approved</i>	<i>All clinical training grant budgets approved and infrastructure progress reports assessed and funds released.</i>	<i>Work of the Veterinary Sciences working group continues into 2011/12</i>



<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<i>To review the funding of the university education system</i>	<i>Report on the review of the current funding framework</i>	<i>Work with departmental technical team to assess the effectiveness of the funding framework, introduced in 2004/05 as a steering mechanism, and determine what changes should be made to the detailed provisions of the framework</i>	<i>End December 2010</i>	<i>Progress report on the assessment of the funding framework submitted to the Minister</i>	<i>Committee appointed on 25 March 2011. Work to commence in 2011/12</i>	<i>Committee work will commence in 2011/12</i>
	<i>Report on the need for additional student accommodation</i>	<i>Work with departmental technical team to assess the need for additional student accommodation, and the ways in which the expansion of student accommodation could be financed</i>	<i>End December 2010</i>	<i>Report approved by the Minister</i>	<i>Report not yet submitted to Minister: Committee appointed in September 2010. Met with universities and SAUS in December 2010. Data questionnaires submitted by universities and visits commenced in February 2011</i>	<i>Committee work in progress, report to Minister end of June 2011</i>
	<i>New input funding strategy</i>	<i>Work with Academic Planning directorate on issues of "unfunded" students and possible changes to input funding strategies, and finalise new input funding strategy for Minister's approval</i>	<i>End December 2010</i>	<i>New input funding strategy submitted to Minister for approval</i>	<i>Progress to date: Issue of over and underfunding addressed through new enrolment planning targets for 2011 to 2013 with a proposed migration strategy and TIU funding.</i>	<i>Enrolment process and Ministerial statement to be completed during 2011/12 financial year</i>
	<i>Targets and allocation criteria for new round of funding for infrastructure</i>	<i>Prepare proposals for the Minister on strategic targets and the allocation criteria for the new round of infrastructure funding to start in 2012/13</i>	<i>End December 2010</i>	<i>Proposals submitted to the Minister for approval</i>	<i>Preliminary results from enrolment planning exercise, criteria for new round of funding will be finalised in 2011/12</i>	<i>Criteria and priorities to be finalised for approval by Minister in 2011/12</i>

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<i>To ensure that HEMIS meets the needs for management information across the sector, and is properly maintained with the required data</i>	<i>Qualitative and quantitative HEMIS management information</i>	<i>Update the system with data from universities for 2009</i>	<i>Student Data: Apr 2010 Audited data: Aug 2010</i>	<i>Data sets produced</i>	<i>Data received from public universities and loaded to HEMIS. Datasets and reports generated and placed on website. Data disseminated when requested</i>	
		<i>Update the system with data from universities from 2010</i>	<i>Staff and space data: May 2010 Student data: Oct 2010</i>	<i>Information in system updated timeously</i>	<i>2010 Staff and 2009 Space data received from public universities and loaded to HEMIS. Reports generated and placed on website. Data disseminated where requested. 1<sup>st</sup> Submission of 2010 space data is only due in May 2011</i>	<i>2010 Staff data still outstanding from the University of Limpopo- capacity problems on the HEMIS reporting is causing this delay</i>
		<i>Conduct a review to identify revisions of HEMIS, consult on the revisions and acquire the necessary approval</i>	<i>End March 2011</i>	<i>Revisions approved and implemented</i>	<i>HEMIS monitored for required revisions and only revisions required were for the revised 2010 classification of education subject matter.(cesm) Amendments to the software were finalised and tested, except for the funding formula as the 1<sup>st</sup> submission of 2010 student data does not contain information on completions</i>	<i>The revisions to the funding formula for the 2010 cesms can only be finalised once the 2<sup>nd</sup> submission of 2010 data has been received which is the end of April 2011</i>
	<i>Enhanced HEMIS</i>	<i>Propose and consult on the appropriate enhancement of HEMIS</i>	<i>End March 2011</i>	<i>Functionalities added to the HEMIS system, improving the planning and monitoring of the university education subsystem</i>	<i>Ongoing liaison with the public Universities and issues regarding the student, staff and space reporting were raised at the HEMIS Institute held in May 2010. Only additional functionality required was the finalising of the software to accommodate the 2010 cesm review. Updated valpac software released to institutions in Aug 2010. A module was developed for the cohort studies but as yet cannot be tested because we are still waiting for the dedicated PC that is required that will mimic the server but not be connected to network due to the time it will take to run this programme.</i>	<i>This performance measure will continue in 2011/12 to ensure that HEMIS is maintained to meet the needs of the system and the requirements for the monitoring of the system. Changes that may occur due to policy revisions</i>

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: University- Policy and Development</b>						
<b>University-Support and Sector Liaison</b>						
To provide regulatory support to the universities	Amended universities' statutes	Assess changes to institutional statutes in line with the Higher Education Act and draft submissions to the Minister for approval and gazetting of revised statutes	As and when required. Revised university statutes approved and gazette timeously	Revised university statutes approved and gazetted timeously	The following statutes were submitted, approved and gazetted: <ul style="list-style-type: none"> <li>• University of Fort Hare</li> <li>• University of Cape Town</li> <li>• University of Johannesburg</li> <li>• University of Limpopo</li> <li>• University of Free State</li> <li>• Central University of Technology</li> <li>• Cape Peninsula University of Technology</li> </ul>	
	Councils and boards fully capacitated	Call for nominations for members of boards and councils, submit to Minister for approval and gazetting	As and when required	Council and Board members appointed	Ministerial appointments were made to the following university councils: <ul style="list-style-type: none"> <li>• DUT</li> <li>• VUT</li> <li>• WSU</li> <li>• WITS</li> <li>• US</li> <li>• CPU</li> <li>• NWU</li> <li>• UNIVEN</li> <li>• TUT</li> <li>• UJ</li> <li>• UKZN</li> <li>• UL</li> <li>• UCT</li> <li>• UFH</li> </ul>	
	Develop regulations consequential to the enactment of the NQF Act	Draft regulations and consult with stakeholders, finalise and submit regulations to Minister for approval and gazetting	December 2010	Regulations approved by the Minister and ready for gazetting	This work is being driven by the Inter-Departmental NQF Steering Committee chaired by DDGH .	
To support universities in enhancing student governance and leadership	Student organisations well capacitated	Support provided via discussions, the provision of guides and manuals, and training workshops	Support as and when required, workshops to be arranged	Workshops held and guides and manuals to support student organisations distributed	No manuals distributed but the Department monitored SRC elections and intervened at the institutions where there were problems	

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
	<i>Framework for student leadership</i>	<i>Meetings and discussions held with national student organisations and universities to draft framework</i>	<i>End March 2011</i>	<i>Framework approved and ready for implementation</i>	<i>The framework was approved and adopted by the National Association of Student Development Practitioners (NASDEF) in September 2010. Joint annual student leadership conference in partnership with the IEC was hosted in August and SAUS adopted the framework</i>	
	<i>Student Charter</i>	<i>Facilitate and support the process of developing a University Student Charter via SAUS and HESA respectively</i>	<i>End Mar 2011</i>	<i>Implementation framework finalised and ready for use by the Department and universities</i>	<i>Framework not completed but preparations and consultations for the 2011 Student Conference and SAUS elective congress have started for charter development</i>	<i>There was no budget to have this work done in the 4<sup>th</sup> quarter</i>
<i>To support universities in accelerating the process of transformation</i>	<i>Implementation framework for recommendations contained in the 2009 report of the Ministerial Committee on Transformation</i>	<i>Draft an implementation framework in conjunction with universities, containing outputs and targets, and identify support and monitoring mechanisms</i>	<i>End Mar 2011</i>	<i>Implementation framework finalised and ready for use by the Department and universities</i>	<i>A draft internal analysis has been done and will be incorporated into a monitoring plan and implementation framework for university transformation</i>	<i>Framework to be finalised and implemented during the 2011/12 financial year</i>
<b>University-Policy and Development</b>						
<i>To support universities in improving governance</i>	<i>Report on governance and accountability of institutional councils</i>	<i>Monitor and assess councils' efficacy via discussions held and advice given in supporting Councils to fulfill their fiduciary responsibilities</i>	<i>Ongoing</i>	<i>Status report for Minister produced annually</i>	<i>Ongoing Independent assessor was appointed at the University of Zululand. Based on the independent Assessor's report for TUT, the university submitted an action plan which is being monitored</i>	<i>Administrator has been appointed at UNIZULU and TUT. Work is still ongoing</i>
	<i>Data base of persons with the requisite skills, competencies and experience to be eligible as ministerial appointees to university councils</i>	<i>Data base developed, persons with skills and competencies identified and fed into the data base</i>	<i>End Mar 2011</i>	<i>Database complete and maintained on regular basis</i>	<i>The database was updated and submission compiled for institutions where there are vacancies</i>	

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
	<i>Report on institutional forums</i>	<i>Discussions held to support institutional forums in implementing recommendations to assist them in fulfilling their fiduciary responsibilities, and monitor progress upon implementation</i>	<i>As and when required</i>	<i>Status report to the Minister annually</i>	<i>No status report. The roundtable meeting of the reference group of Institutional forms Chairs was postponed due to lack of funds to support the group</i>	<i>Lack of funds, no progress made. The roundtable meeting of the reference group of IF Chairs was postponed due to lack of funds to support the group</i>
<i>To promote the internationalisation of the university education system and support student exchanges</i>	<i>National framework for internationalisation of university education</i>	<i>Develop and consult on a proposed framework for the internationalisation of university education, with emphasis on IBSA and the African continent</i>	<i>End Mar 2011</i>	<i>Framework developed and approved by Minister</i>	<i>Framework not yet finalised or approved by the Minister</i>	<i>Consultation working Group/ Task Team is being considered to look into the feasibility and scope of this activity. Although a draft document was developed, it requires further consultation</i>
	<i>Student exchanges effected</i>	<i>Meetings and/or discussions held to facilitate student exchanges</i>	<i>Ongoing</i>	<i>Student exchanges supported. Annual status report</i>	<i>A meeting with representatives from the three projects awarded the Erasmus Mundus scholarship programme was convened to discuss the necessary approach in order to maximise the benefit for South Africans. Institutions started with the recruitment process of students. Another call for proposals on Erasmus Mundus Scholarship programme was released early December. A constant communication with the projects is maintained by the Department. The EU convened a workshop in Cape Town to launch the Nyerere Scholarship Programme</i>	<i>An information sharing session on both Erasmus Mundus and Mwalimu Nyerere Academic Mobility Programme was held with institutions. This related to challenges encountered by institutions during the implementation of the first phase of the Erasmus Mundus programme (Action 2) as well as to reflect on the lessons institutions learnt from participating in the programme</i>

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
	<i>Information disseminated</i>	<i>Disseminate information in the data base on international opportunities to undertake studies and research to universities and the public</i>	<i>Ongoing</i>	<i>Information data base made accessible in the public and institutions</i>	<i>Database not yet accessible to the public and institutions but the database was used when Directorate worked with the International Relations Chief Directorate in the selection of candidates for Chinese Scholarships tenable in September 2011</i>	<i>Engagement with the International Relations Chief Directorate on the effective management of international scholarships. The Directorate could with the availability of the database assist in the selection of candidates for Chinese Scholarships tenable in September 2011</i>
<b>Private Higher Education</b>						
<i>To ensure appropriate regulation and registration of private higher education institutions</i>	<i>Register of private institutions and amended regulatory framework</i>	<i>Consider applications for registration in terms of the Act and review regulations for the registration of private HE institutions</i>	<i>Ongoing</i>	<i>Register of institutions compliant with Act and revised Regulations</i>	<i>The proposed amendments to the Act and the Regulations still await legal advice. Applications for registration were processed during the year, which are at various stages of the screening process. 1 Institution was granted registration</i>	
<i>To support the integration of the registration process of hybrid private education institutions that offer programmes in both the FET and HE sectors</i>	<i>Plan for integrated administrative systems</i>	<i>Consult with stakeholders and develop a plan for an integrated administrative system for the registration of private HE and FET institutions</i>	<i>End Mar 2011 Planned integrated administrative system developed and ready for implementation</i>	<i>Planned integrated administrative system developed and ready for implementation</i>	<i>Discussions were held with Directorate: Information Systems Coordination.(ISC) An excel database was submitted as a model and discussion document for development of a statistical database for Private Higher Education. The ISC Directorate has designed a capture tool and a database structure to be implemented in August 2011</i>	<i>Consolidated meetings were held with the Department's internal and external stakeholders. A plan was outlined for the design and development of the database. A time-line was also established for the piloting and implementation of the database</i>

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: Teacher Education and Development</b>						
To ensure an adequate supply of quality teachers for the Basic Education system	Plan to develop a network of HET institutions to produce quality teachers	An expert-based working group, drawing from role-players across the system, is established to construct the plan	End Apr 2010	Quantified plan presented to the Minister for approval	The plan has been approved by the Minister and was launched jointly with the Minister of Basic Education	
		An educational economist is contracted to cost the plan	End May 2010	Costing of plan	Costing of plan still to be done	This has not been possible as funds are not available due to the split in functions and low budget available in the CD. Once the plan has been finalised individual components will be costed and implemented
	Additional funds requested for implementation	Prepare an MTEF bid on the basis of the quantified plan to source funding for the implementation of the plan	End Jun 2010	MTEF bid submitted to Treasury via the 2011 MTEF process	MTEF bid was submitted in the second quarter based on estimated costs	
To promote research in teacher education, so as to strengthen the capacity and capability of universities to produce foundation Phase teachers for the Basic Education System	Initiatives to increase the number of foundation Phase teachers	Conduct a seminar on Foundation Phase teacher education to initiate the establishment of a Foundation Phase teacher education research association, including funding for research proposals	Nov 2010	Seminar held and a Task Team constituted to develop a Constitution and organise a conference to launch the research association in 2011/12	Seminar preparations are being finalised. The seminar will take the form of a week-long foundation Phase Literacy Winter School for teacher educators. This is scheduled to take place in partnership with the University of Johannesburg from 11 July to 15 July 2011	Plans are in place to hold the seminar from 11 July to 15 July 2011. Funds have been transferred to the University of Johannesburg to cover the cost of the Seminar/ Literacy Education Week. The team for the development of the research association is working towards its Launch at the Literacy Education Week. Delay in planning has been due to the delay in final signing off of the funding agreement with the European Union by the National Treasury

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
		<i>Support the establishment of collaborative teams to support the development and production of Foundation Phase teacher education learning materials</i>	<i>Jan 2011</i>	<i>Teams established and initial work on learning materials started</i>	<i>DG has approved projects. Agreements between the universities and the DHET have been signed. Funds have been transferred to the universities for first year activities. Teams have been established and started work. First progress reports are due in Jun 2011</i>	
		<i>Support the design, development and funding of new Foundation Phase initial teacher education B.Ed programmes and courses, and funding provided</i>	<i>Ongoing</i>	<i>New B. Ed programme and course approved. Institutions identified and funding support provided for lecturers and courses</i>	<i>Progress: DG has approved all projects leading to the development of new programmes. Agreements between the universities and the DHET have been signed. Funds have been transferred to the universities for first year activities</i>	
		<i>Collaborate with universities engaged in Foundation Phase teacher education to develop and implement a coherent recruitment and advocacy campaign, targeting African students, in rural areas in particular</i>	<i>Feb 2011</i>	<i>Campaign developed and launched</i>	<i>No progress has been made as funds are still to be transferred. The strategy will be implemented as soon as funds have been received from the EUSPSP</i>	<i>The donor funds for this activity have remained with the DBE who will take this aspect forward. It is no longer an activity of the DHET</i>
		<i>Provide Foundation Phase initial teacher education bursaries via NSFAS, targeting African language students</i>	<i>May 2010</i>	<i>60 Bursaries to cover 4 years of study are awarded to African Foundation Phase students enrolling in 2010 for first-year studies</i>	<i>200 students have been identified for award of the bursaries and funds have been transferred to NSFAS to allocate bursaries for first year studies to the 200 African language speaking student teachers</i>	



<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
		<i>Assist institutions offering Foundation Phase teacher education (African Languages) with the funding of structured mentoring programmes to support funded students, in order to enhance the chances of academic success in minimum time</i>	<i>Mar 2011</i>	<i>Funding provided to the relevant universities</i>	<i>No progress has been made as a funding source has yet to be identified for this activity</i>	
<i>To strengthen the provision of initial teacher education in the Higher Education and Training System, in collaboration with the Department of Basic Education (DBE)</i>	<i>Quality Criteria, quotas and allocations to universities for Funza Lushaka Bursaries</i>	<i>Management committee, comprising teacher education components in the DHET and DBE, is constituted to establish quality criteria for bursary selection, quotas for programmes and specialisation, and funding allocations to universities</i>	<i>July 2010</i>	<i>Criteria for 2011/12 bursaries established</i>	<i>Policies, criteria and processes for 2011/12 have been finalised</i>	
		<i>Collaboratively establish quotas for different qualification types and programme specialisation, in line with the PQM of institutions and their ability to offer these</i>	<i>Sep 2011</i>	<i>Quotas and funding allocations established for participating universities in 2011/12</i>	<i>Quotas and funding allocations for 2011/12 have been finalised</i>	

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<i>To develop regulatory policies for teacher/ lecturer qualifications, in line with the HEQF</i>	<i>Teacher Qualifications policy</i>	<i>Finalise a draft policy document in collaboration with the CHE and the DBE on minimum requirements for qualifications in teacher education for public comment, and hold a workshop within the field for discussion purposes</i>	<i>Jul 2010</i>	<i>Policy gazette for public comment and workshop held</i>	<i>Draft policy gazetted and workshop held</i>	
		<i>Analyse and incorporate into a final draft for approval</i>	<i>Dec 2010</i>	<i>Final draft policy approved by Minister Policy document gazetted</i>	<i>Comments have been received on the draft policy. All public comments received have been analysed, the policy has been amended and reworked as a final policy document, which is currently in a final editing process in preparation for submission to the Minister for approval to gazette as new policy</i>	
	<i>Lecturer qualifications policy</i>	<i>Draft policy in collaboration with the CHE and FET colleges. Public comment received on lecturer policy framework, analysed and incorporated into a draft policy on minimum qualification requirements for lecturers for approval and gazetting</i>	<i>Sep 2010</i>	<i>Final draft policy approved by Minister Policy document gazetted</i>	<i>The draft Framework on FET college lecturer qualifications has been amended and edited. However, on advice from the CD: Legislative Services, it has been decided not to take the FET College lecturer Framework policy document in its current form forward as policy., due to the changed nature of the field since it was published for public comment. A new process has therefore been undertaken and a draft policy on minimum requirements for professional qualifications of FET college lecturers has been developed. This will be taken forward through a consultative process during 2011 for finalisation as policy</i>	
<i>To ensure alignment of teacher/lecturer education programmes with academic policy, teacher education policy and Programme Qualification Mix (PQM)</i>	<i>Programmes evaluated and accredited</i>	<i>Evaluate programmes received and advise institutions where necessary</i>	<i>Ongoing</i>	<i>Programmes evaluated and workshops held where necessary</i>	<i>No new programmes on teacher qualifications have been received. The process will commence as part of the implementation of the new policy on teacher qualifications</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
		Advise on the alignment of programmes on the PQM of institutions in cooperation with the D: Academic Planning, Monitoring and Evaluation	Ongoing	Programmes on PQM of institutions aligned with policy	This process will continue as soon as the new policy on teacher qualifications has finally been approved and moratorium lifted. Communication with the CHE is ongoing	
		Liaise with the CHE on accreditation of recognised programmes	Ongoing	Recognised programmes accredited	This process will continue as soon as the new policy on teacher qualifications has been approved and moratorium lifted	
To pursue funding for earmarked grants to support quality work place integrated Learning in initial teacher/lecturer education programmes	Develop an MTEF Bid for funding to enable Universities to deliver quality work place integrated learning in initial teacher/lecturer education programmes	An MTEF Bid is constructed on the basis of institutional plans	End June 2010	MTEF Bid is submitted to Treasury through the 2011 MTEF process	This is not being taken forward as an MTEF Bid at this time. However, tentative discussions have been held with the ETDP-SETA related to funding assistance in this area. This will be pursued more vigorously. The CD is also looking to include Practice Teaching as a CESM category so that it can be adequately funded through the block grant mechanism used to fund universities	

**Brief summary of major reasons for variances**

**Academic Planning and Management:** Changes to the Annual Reporting Regulations could not be finalised due to staff capacity constraints and the process involves a number of stakeholders who have to be consulted.

**Teacher Education and Development:** The National Policy Framework for Lecturer Development in FET Colleges in South Africa published in August 2009 was revised on the basis of public comments and prepared for publication. However, due to major shifts in the post-school teaching context and the new terrain for FET Colleges, the policy was not approved for publication. A new process was started and a draft qualifications policy for FET Lecturer education has been developed and will be taken through the relevant processes for publication in the 2011/12 financial year.

Funding for the EU Foundation Phase project was only available in October 2010. This delayed the start of the project and some activities had to be moved to the following financial year: all the bursaries have been awarded for the 2011 academic year; the seminar will be held in July 2011.

#### Programme 4: Vocational and Continuing Education and Training

**Purpose:** To plan, develop, evaluate, monitor and maintain national policy, programmes and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education.

This programme consists of 2 sub-programmes:

- *Planning and Institutional Support*
- *Programmes and Qualifications*

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<b>Sub-Programme: Planning and Institutional Support</b>						
<b>Public FET Colleges</b>						
<i>To support the development of college institutional capacity in order to achieve transparency, enhanced performance, accountability and efficiency</i>	<i>Strong oversight over FET colleges' financial monitoring systems and reporting</i>	<i>Develop financial monitoring systems, including financial policies and guidelines</i>	<i>Sep 2010</i>	<i>Financial monitoring systems and financial manuals and guidelines developed on par with PFMA</i>	<i>Financial Monitoring Systems implemented and 50 Colleges have submitted their monthly financial reports Eastern Cape has failed to pay over the 4<sup>th</sup> Tranche on time due to a province wide cash flow problem This has now been resolved</i>	
	<i>Report on student participation rates in colleges</i>	<i>Assess and monitor the targets for the improvement of participation rates against the operational plan</i>	<i>Sep 2010</i>	<i>Report on participation rates and targets for the next financial year</i>	<i>Final enrolment data secured and analysed and ministerial briefing report on participation rates and targets for the next financial year available</i>	
	<i>Updated system indicators for the use of college business Management System (BMS) to support FETMIS</i>	<i>Develop BMS indicators and data requirements for use by colleges</i>	<i>Apr 2010</i>	<i>Indicators and data requirements finalised</i>	<i>Data requirements for Snap Survey and Annual Survey for 2010 were finalised and surveys conducted. Functional and accessible BMS indicators set for Report 191 and NC(V)</i>	
	<i>Report on the standard management Information System (MIS) pilot programme</i>	<i>Pilot the Standard MIS programme for colleges, aimed at data collection in three colleges</i>	<i>Apr 2010</i>	<i>Standard MIS programme for colleges piloted and modified accordingly</i>	<i>Project completed and standard MIS programme for colleges was successfully piloted in 3 colleges, modified and is now ready for implementation in additional colleges</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	Assessment report on human resources and payroll capacity requirement for FET colleges	Assess the HR and payroll capacity requirements in colleges	Sep 2010	State of readiness report completed and plan for establishing phased-in approach developed	This outcome has been overtaken by Research work driven via Task Team 3 supporting the preparations for the FET Summit In addition, the current HR and labour process of the FET Sector have continued with the FETCEO as employer Extensively supported the development of a Career Path Model (CPM) and new conditions of service for the FET colleges lecturing staff Extensively coordinated and supported the collection of HR data and financial modeling for the new remuneration structure for FET Colleges Employees No further developments	
	Colleges monitored and supported with the implementation of a conditional grant	Develop the monthly and quarterly reporting template and action plans for the monitoring of the conditional grant	Apr 2010	Monthly and quarterly reports are submitted by colleges	A reporting template was developed and circulated. There is a 94% return rate of monthly reports and 66% return on quarterly reports from colleges	The return rate on the monthly finances report has remained constant while the quarterly report return rate has risen to 75% in the last quarter
	Three-year Strategic Plans and a one-year Operational Plan developed and approved	Develop three-year Strategic Plans and a one-year College Operational Plan template for implementation in provinces and colleges	Sep 2010	Strategic and operational planning template developed, approved and submitted to provinces and colleges	The strategic and operational plan templates were developed and distributed to colleges and provinces. 50 college operational plans for 2011 were completed	
	Annual revision of programme costs in terms of the Norms and Standards for Funding FET Colleges	Provide the provincial departments with the revised programme costs	Sep 2010	New programme costs revised and distributed to provinces for implementation in 2011	New programme costs calculated and distributed to provinces and colleges during the operational planning workshops in July 2010	
	Strategic, consultative and information-sharing sessions with stakeholders are held	Hold strategic meetings of the HEDCOM sub-Committee for FET Colleges, FETCEO, SACPO, HESA and the SETA CEO forum, and provide secretarial support to the NBFET	Apr 2010	Reports on and minutes of meetings held with stakeholders	The following meetings have been held and minutes are available: <ul style="list-style-type: none"> <li>• HSC meeting</li> <li>• Principals meeting</li> <li>• FET Steering committee meeting</li> <li>• HEDCOM subcommittee on FET colleges and ABET</li> </ul> A post summit workshop was convened in July 2010 and recommendations forwarded to HEDCOM	Schedule for the meetings of 2011 has been approved

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
<i>To effectively manage and support the transition of colleges to an exclusive national legislative competence</i>	<i>Draft progress report and recommendations regarding the transfer of colleges</i>	<i>Coordinate the activities of the Transfer Oversight Committee (TOC)</i>	<i>Apr 2010 to Mar 2011</i>	<i>Progress report on the exploration of the possibility of the transfer of colleges drafted</i>	<i>Progress report not yet available. Proposal on establishing a task team to drive the transition process is underway</i>	
<b>Private Colleges</b>						
<i>To regulate and support private colleges, as a means of expanding the institutional base for providing quality post-school education and training opportunities</i>	<i>Private FET colleges monitored for compliance and performance</i>	<i>Develop and dispatch annual reporting tool to private colleges and analyse compliance and performance</i>	<i>Mar 2010 to Apr 2011</i>	<i>Approved monitoring and evaluation report</i>	<i>Monitoring and evaluation report completed</i>	<i>Annual reports required by legislation</i>
	<i>Continue to evaluate applications for registration and amendment of registration</i>	<i>Process applications for registration as private FET colleges</i>		<i>Mar 2010 to Apr 2011</i>	<i>Decisions taken on all applications</i>	<i>954 (89%) decisions out of 1071 applications for registration as private FET colleges taken. Of the total processed, 398 (42%) applicants were provisionally registered and 556 (58%) applicants were declined registration.</i>
<i>Publish names of registered colleges in the Government Gazette</i>			<i>Sep 2010</i>	<i>Names of 350 colleges published in the Government Gazette</i>	<i>350 colleges published in the Government Gazette</i>	
<i>Maintain Register of Private FET Colleges</i>			<i>Mar 2010 to Apr 2011</i>	<i>The register of private FET colleges is kept up to date</i>	<i>Up-to-date register available</i>	<i>Ongoing task to keep the register up to date</i>
<i>Advocacy campaign to ensure public awareness of registration of private FET colleges</i>	<i>Update and publish an information booklet on FAQs about registration</i>		<i>Aug 2010</i>	<i>About 400 copies of information booklet printed</i>	<i>Not yet printed. Update will be finalised and booklet will be printed after the finalisation of the development of the qualifications sub-framework of the QCTO</i>	
	<i>Respond to enquiries via the Department's Call Centre</i>		<i>Mar 2010 to Apr 2011</i>	<i>Call centre register of enquiries available</i>	<i>Enquiries are dealt with by the newly established DHET call centre</i>	
	<i>Develop print media statements and articles about private institutions</i>		<i>Mar 2010 to Apr 2011</i>	<i>Published newspaper/magazine articles available</i>	<i>Only the joint stakeholder statement was published. Newspaper and magazine articles could not be drafted due to marked increase in the volume of appeals (whereby private institutions appeal the decision of the Registrar not to grant them registration to the Minister) that had to be processed and finalised</i>	
	<i>Participate in radio interviews</i>		<i>Sep 2010 to Feb 2011</i>	<i>Report on interviews given</i>	<i>Report on interviews available</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	Support provided to private FET colleges	Hold information-sharing meetings with registered private colleges	Aug 2010 to Oct 2010	Records of 8 meetings available	8 meetings held and minuted	
<b>Financial Planning</b>						
Plan and monitor the equitable distribution of funding in support of policies for education and training delivery in public FET colleges and Public Adult Learning Centres (PALCs)	Implementation of the FET Colleges Funding Norms monitored	Monitor the implementation of the Norms and Standards for Funding Public FET Colleges	Apr 2010	Report on the implementation of the Norms and Standards	Report not yet produced. An electronic survey tool was placed on the website and PEDs supplied with details for accessing the tool on 30 November 2010. Survey not yet completed by all provinces.	
	Norms and Standards for PALCs finalised	Finalise the development of the Norms and Standards for PALCs	Aug 2010	Ministerial Gazette determining the implementation date of PALC Norms and Standards	A Government Gazette was published on 24 May 2010 with a determination of the implementation date of 1 January 2011. HEDCOM agreed to a proposal for indefinite postponement of implementation. Awaiting next CEM meeting to present proposal for approval.	
<b>Education Labour Relations and Conditions of Service</b>						
To provide support for progressive improvement in the conditions of Service of college employees to ensure sustained labour peace, staff commitment and productivity	Technical support provided to college councils as employers	Support the FETCEO in the negotiation process in the ELRC and the GPSSBC	Apr 2010 to Mar 2011	Collective agreements and resolutions signed	The following collective agreements were signed: <ul style="list-style-type: none"> <li>FETC BU CA 1 of 2010 for lecturers signed and implemented</li> <li>GPSSBC CA 1 of 2010 for support staff signed and busy finalising implementation</li> </ul>	
	FETCEO supported with the development of standards for lecturer qualifications	Support FETCEO in the presentation of the lecturer development framework in the Bargaining Chamber	Nov 2010	Collective agreement signed	Agreement not signed Focus shifted to strike management, putting in place systems for facilitating implementation of FETC BU 1 of 2010. Work still in planning phase	Proposal document on lecturer development tabled for further discussion and finalisation

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: Programmes and Qualifications</b>						
<b>College Curriculum Development and Support</b>						
To develop and maintain a diverse range of high-quality responsive vocational programmes for colleges	National Certificate (Vocational) NC(V) Policy revised	Update NC(V) Qualifications Policy	1/4/2010 to 30/9/2010	Revised NC(V) policy published	Revised NC(V) policy not yet published Ministerial approval was requested and obtained for the establishment of a Ministerial Task Team to undertake the review of the NC(V) qualifications. Following invitations to stakeholders for nominees, the Minister has approved the final list of names for the task team	The mandate for review of the NC(V) qualifications emanated from the FET Colleges Summit in September 2010. Given that this was not a funded activity for the 2010/11 financial year, an alternate source of funding had to be secured. The donor-funding was initiated in October 2010 and confirmed in January 2011. The process of identifying the MTT members followed. The actual work to be undertaken by the Task Team will therefore take place in the 2011/12 financial year
	Subject and assessment guidelines for 5 new subjects in the NC(V) programmes developed	Develop subject and assessment guidelines for 5 new subjects in NC(V) programmes	1/4/2010 to 31/3/2011	Subject and assessment guidelines for 5 new subjects in NC(V) programmes posted on the departmental website	Subject and assessment guidelines for 3 new subjects in engineering related NC(V) programmes have been completed and posted on the DHET website	Work will continue in next financial year
	Subject and assessment guidelines in fundamental subjects and in 2 NC(V) programmes updated	Update subject and assessment guidelines in fundamental subjects and in 2 NC(V) programmes	1/4/2010 to 31/3/2011	Updated subject and assessment guidelines posted on departmental website	The revised subject and assessment guidelines for Maths, Maths Literacy and Policing Practices have been completed and posted on the DHET website	Subject and assessment guidelines in fundamental subjects and in 2 NC(V) programmes updated
	Catalogues of approved textbooks for 3 new programmes and 2 new subjects in NC(V) programmes updated	Generate updated catalogues of approved textbooks for 3 new programmes and 2 new subjects in NC(V) programmes	1/4/2010 to 30/9/2010	Updated catalogues for 3 new programmes and 2 new subjects posted on the Departmental website	The screening and rescreening sessions for evaluation of textbooks for new and revised subjects were hosted and completed. Based on the final reports the levels .3 and 4 catalogues were updated and distributed to colleges. The updated catalogues are also posted on the DHET website	



Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	Integrated Continuous Assessment (ICASS) guidelines compiled	Compile ICASS guideline document	1/4/2010 to 30/7/2010	Approved ICASS guideline document distributed to colleges	Three draft versions of the document were produced for internal evaluation and feedback. The document will be forwarded to Umalusi for external evaluation	The consultative process in the development of the document was quite protracted, involving the PED's through the HEDCOM Subcommittee in FET Colleges. The document will be finalised in the next financial year and workshops hosted nationally to prepare for its implementation in 2012
	Lecturer training held for 3 new programmes	Coordinate lecturer training for 3 new programmes	1/6/2010 to 31/1/2011	Report on 3 lecturer training workshops drafted	Report drafted Workshops in the Maths, Roads and Systems Analysis & Design subjects were completed as well as training in the Education and Development and the Safety in Society programmes	
	Lecturer training workshops held on conducting Integrated Summative Assessment Tasks (ISATs)	Coordinate 2 lecturer training workshops on conducting ISATs	Apr 2010 to Sep 2010	Report on 2 workshops in ISAT Management	Report drafted on ISAT workshop that was hosted for the Fitting and Turning subject and 3 Level 4 ISATs were revised to align to trade tests	
	Three level 4 ISATs aligned with relevant trade tests	Align 3 level 4 ISATs with relevant trade tests	Apr 2010 to Nov 2010	Completed ISATs distributed to colleges	Completed by Examinations and Assessment section	
<b>Youth Development Programmes</b>						
To initiate and support interventions aimed at addressing the challenges facing students, particularly with regard to academic performance, programme choices, governance and leadership, extra-curricular activities, and students' general welfare	Twenty colleges supported to implement the Student Support Service (SSS) Framework	Monitor and support colleges in the implementation of the SSS Framework	Apr 2010 to Mar 2011	Report on the impact of the implementation of the SSS Framework	Report available Public FET Colleges were supported in the implementation of the Student Support Services Framework aimed at improving academic performance.	There are 50 public FET colleges and only twenty odd were monitored. The monitoring needs to be continued to the remaining colleges. Some colleges which were monitored, still require support in the 2011/12 financial year and will be monitored and supported again. The process of capacitating is to ensure effective student support services

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
	<i>Guidelines and schedules developed</i>	<i>Develop guidelines and schedule for the management and administration of the bursary scheme</i>	<i>Apr 2010 to Jul 2011</i>	<i>Guidelines and schedules ready for workshops to be held</i>	<i>The DHET FET College Bursary Scheme guidelines were revised, updated, printed and distributed to all colleges and Provincial Departments of Education</i>	<i>The FET colleges programme costs have an annual CPIX increase which necessitates that the guidelines be updated annually. Any policy changes to the administration and management of the bursary scheme could also necessitate the revision of the guidelines</i>
	<i>College financial aid officers trained in the management and administration of the bursary scheme</i>	<i>Train colleges in the 2011 DHET Bursary Scheme Administration and Management</i>	<i>Sep 2010</i>	<i>Report on the provincial workshops</i>	<i>Report on the provincial workshops drafted</i>	
	<i>College bursary allocation determined</i>	<i>Determine college bursary allocations for 2011</i>	<i>Oct 2010</i>	<i>Bursary allocations sent to colleges</i>	<i>Bursary allocations sent to colleges</i>	
<i>Forge strong linkages and partnerships with agencies and structures dealing with challenges facing the youth</i>	<i>Management and coordination plans for the implementation of the 3 projects developed</i>	<i>Manage and coordinate: (a) USAID-SA Partnership; (b) the NPT Project and (c) the NICHE Projects, focusing on challenges facing the youth in colleges</i>	<i>Apr 2010 to Jul 2011</i>	<i>Reports on the implementation of the 3 projects</i>	<i>Report on the implementation of the US-SA PSKD Programmes drafted. Progress in the US-SA PSKD Programme has been slow due to challenges with the implementing agent. The NICHE and the Danida SESDIII Programmes project implementation will commence in the 2011/12 financial year.</i>	
	<i>Department's participation in youth development initiatives coordinated</i>	<i>Take part in the activities that support the implementation of the national Youth Policy and the NYDA Strategy</i>	<i>Apr 2010 to Jul 2011</i>	<i>Report on the Department's participation and role in implementing the NYDA Strategy</i>	<i>Report on the Department's participation and role in implementing the NYDA Strategy drafted</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Adult Education and Training</b>						
To review Adult Education and Training (AET) to ensure that responsive and enabling policies and programmes can be put in place	Appropriate policy for AET programmes	To draft legislation and policy for AET programmes	Mar 2011	Approved policy on AET programmes	Not yet approved. A draft policy document, including a concept note on livelihoods has been developed. Amendments were made to the draft policy document in the light of the evolving vision and mission of the DHET. The draft policy could not be finalised without taking into account amendments to the Adult Education and Training Act 2000 as contained in the Higher Education and Training amendment Laws, 2010	The activity on policy development will continue in order to get it finalised, the establishment of a task team on community education and training centres will need to be factored into the finalisation of the policy documents.
	A new GETC developed	To develop qualification at NQF 1	Mar 2011	Approved qualification at NQF 1	The qualification is not yet approved. The development of the NQF 1 qualification was initiated. A desktop analysis was done of different but equivalent qualifications at NQF level 1.	The activity was not carried forward because of developments around the implementation of the NQF Act, 2008 and specifically the role of Umalusi as a Quality Council. The development of new qualifications will be a function of the Quality Councils in line with their mandate and the activity will not be carried forward in 2011/12

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	A new NSC for adults and out-of-school youth developed National Senior Certificate	To develop qualification at NQF 4	Mar 2011	Approved qualification at NQF 4	Qualification is not yet approved but published for comment The draft qualification was developed and tabled at HEDCOM, the draft qualification was referred to Umalusi for finalisation and registration.	This was consistent with developments around the implementation of the NQF Act, 2008, specifically the role of Umalusi as a Quality Council The development of new qualifications will be a function of the Quality Councils in line with their sub framework for qualifications. A qualifications reference group was set up and refinement of the draft qualification was done. The draft qualification has been put out for comments by Umalusi
	ABET level 4 materials developed	To develop ABET level 4 materials	Dec 2010	Relevant ABET materials developed	Materials for AET level 4 were developed in the fundamental, core and electives components. Editing of the materials has been completed.	
To ensure the quality, credibility and fairness of the assessment process in Public Adult Learning Centres (PALC)	All PALCs comply with the assessment policy	To implement the assessment policy	Dec 2010	Report on the implementation of and compliance with the assessment policy	A draft assessment policy document was developed In consultation with legal services and Umalusi, prior work needed to be done with regard to amendments to Gazette 32793 of 11 December 2009 on the General Education and Training Certificate. The Gazette was amended The draft assessment Policy was tabled at the HEDCOM sub-committee on FET and AET. It was tabled in HEDCOM for noting An extensive re-draft was done and submitted to legal services for comments	The activity will be carried forward in the 2011/12 operational plan
<b>Brief summary of major reasons for variances</b>						
The unresolved issues in the quality assurance landscape regarding UMALUSI and the QCTO, present operational impediments to both AET and FET curriculum development initiatives. The update and review of the Report 191 (NATED) programmes, as well as the curriculum development for the National Adult Senior Certificate have not gained momentum because of the very transitional context in which these activities are located.						

## Programme 5: Skills Development

**Purpose:** To promote and monitor the national skills development strategy.

This programme consists of 3 sub-programmes:

- SETA Coordination
- National Skills Development Services
- Quality Development and Promotion

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: SETA Coordination</b>						
Provide a dynamic interface between the workplace and learning institutions and promote learning at work and for work	Support and manage the functioning of SETAs in implementing the NSDSII(2010/11)	Manage implementation of SLA via score-cards, quarterly monitoring and validation, and reporting	Quarterly	2010/11 SLA with SETAs signed off. Verified quarterly reports of SETAs performance produced	All SETAs implemented their 2010/11 SLAs and submitted their quarterly reports as required. The reports were verified by the Department and reported accordingly. The achievements/ performance of the SETAs will be included in the 2010/11 Annual Reports of the respective SETAs that will be tabled in Parliament	Some of the NSDS II objectives and success indicators will continue under some of the NSDS III goals for the 2011/12 period
		Learning programme regulations revised and system development	Quarterly	Learning programme regulations published for comment	Draft Learning Programme Regulations are pending the QCTO Framework and Policy approval. Once QCTO approves, draft Learning Programme Regulations to be aligned. Delegation request pending.	
		Revise framework for best practices in skills development NSA	By June 2010	Framework developed	Best Practice Implementation Framework revised and endorsed by the NSA	
		Revise policy framework for ESDA, ISOE and SDIs	March 2011	Draft regulations for public comment	Draft Regulations in progress	Concept Paper on "Development of ESDA regulations" as well as process document developed. Task team appointed and framework of criteria developed by task team. This will form the bases of the draft regulations

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	NAMB established to provide assessment and moderation services by March 2011	A business plan is approved by DGHET for the establishment of NAMB Launch of NAMB by DGHET Provide trade testing services	Q1  Q4	NAMB framework in place  NAMB launched Reduced backlog	The Minister of HET formally launched the NAMB on 30 November 2010 within the department with statutory functions as described in the Skills Development Act, chapter 6A, sec 26a(2). With the establishment of the NAMB, the following forums were established to enhance artisan training: 1. Artisan Development Ministerial Task Team 2. SETA Forum Artisan Development Sub-committee 3. Artisan Alignment Task Team (NAMB,QCTO, UMALUSI) 4. Artisan development forum 5. DPE SoE forum on artisan development Developmental and preparatory work for the operationalisation of NAMB is estimated at 80% Work in relation to assessments and moderation has continued under the operations of INDLELA: A total number of 7484 candidates were assessed at INDLELA with a pass rate of 41%. Backlogs were reduced to only three trades with an average waiting period of one month in all other trades. 41 SETA accredited trade test centres were audited and reports submitted 11 Trade tests were revised and updated	The implementation of the statutory functions of the NAMB will commence in the 2011/12 financial year with the implementation of the National Seven Step process for artisan development.
Steer and support the development of internal and external structures and systems that effectively enable the achievement of goals	By March 2011, OFO (Organisational Framework for Occupations) is used for SETA strategic and project planning	Revise SSP guidelines	Quarter 4	SSP guidelines completed	SSP guidelines completed and issued to SETAs. All SETAs submitted 1 <sup>st</sup> Draft SSP and Sectoral Analysis on 30 September 2010 in line with guidelines and these have been provisionally approved in February 2011	
		SETA reporting frameworks to be inclusive of OFO	Quarter 4	OFO used across the public and private sector, including SETAs and for NSF project planning	All SETAs used the OFO in their SSP development. (To be verified in next quarter via internet and expert panel.) Aggregation of Scarce Skills List to take place. Concept paper developed regarding the OFO, however, consultation may indicate that a guideline needs to be developed The use of the OFO as the categorisation system for the skills mechanism of Outcome 5.1 was approved by the inter-departmental delivery task team in March 2011	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
	Coordinate the SETA re-establishment process so that by 30 August 2010, the new SETA landscape can be gazetted	Prepare draft landscape proposals for finalisation by MoHET Publish Gazette on new landscape Prepare SETA certificates, based on new landscape	Quarter 2  Quarter 3  Quarter 3	SETAs recertified by April 2011	The Minister published the new SETA landscape on 11 November 2010 in Government Gazette No 33756 for the necessary implementation on 1 April 2011. The Minister also approved the SETAs constitution and the appointment of their Accounting Authorities with effect from 1 April 2011 to 31 March 2016 with the exception of PSETA that was only established for a period of one year (1 April 2011 to 31 March 2012) All 21 SETAs were also certified in terms of the provisions of the Skills Development Act by the Minister for the periods as indicate. The Construction Education and Training Authority (CETA) was not certified because the Minister has placed the SETA under administration for a period of six months with effect from 25 March 2011 in terms of Section 15 of the Skills Development Act for not complying with the prescribed requirements. The Administrator must ensure that a constitution will be developed and Accounting Authority members be nominated for the necessary appointment by the Minister before the expiry of the period of administration	
Actively promote the alignment of skills development outputs with the needs of the workplace, and with the broader growth needs of the country's economy	Scarce skills lists for each IPAP produced. Priority sectors, as identified, included in SETA 2011/12 SLA	DGHET signs off SETA SLAs DGHET approves revised scarce skills framework and guidelines	April 2010 Quarter 3	Visible alignment of SSPs aligned with economic and growth objectives, as reported in the implementation report	All 23 SETAs 2010/11 SLAs were approved by the DG of DHET for the necessary implementation in alignment with the economic and growth objectives	
	A framework on scarce and critical skills information dissemination is developed by March 2011	Scarce skills information is integrated into DHET final list and dissemination framework is supported	Quarter 4	Scarce skills information disseminated to SETAs and the workplace	Not yet completed. Pending synthesised report by expert panel and aggregation of scarce skills list	
	Facilitate and manage the development and adoption of Sector Skills Plans for 2011-14	DG of HET approves revised sector skills planning guidelines	DG approves revised sector skills planning guidelines	Approved guidelines	This will be completed in first quarter of 2011	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: National Skills Development Services</b>						
To provide funds to support projects identified as national priorities in the context of the NSDSII AND III	Funding plan finalised and implemented	One-year funding plan aligned with NSDSII	May 2010	Reports on implementation of plan submitted by March 2011	The one year funding plan has been implemented and has reached 38,920 beneficiaries with a total expenditure of R682m against a budget of R1.778billion. R1.3 billion remains committed to projects that will be implemented beyond this reporting period	The delayed launch of the NSDSIII resulted in a limited number projects being funded
To provide funds to support other projects that are pertinent to the achievement of the goals of the Skills Development Act, as determined by the DG of DHET	Strategic priorities, as determined by the DG, accommodated in the funding plan for 2010	DG's priorities accommodated within the 2010 funding plan	May 2010	Reports on implementation of plan submitted by March 2011	Funding totaling R176.6m has been provided to three projects (1) Career Advisory Services project through SAQA (2) Institute for Humanities through UCT and the Strategic Intelligence project to be implemented through collaboration with DST and HSRC. The first two projects have achieved noticeable progress	
	Plan implemented, monitored and evaluated	Implementation of plan Monitoring of plan Evaluation of plan	End Aug 2011	Annual report prepared	The fund has prepared its annual report which will be incorporated into the DHET annual report. These include separate financial statements, the accounting authority report as well as performance information report linked to predetermined objectives	
To steer the development of internal and external structures and systems that effectively enable the achievement of the above-mentioned two goals	Improved capacity and systems of the NSF to disburse funding in an efficient manner	Review NSF capacity and structure Develop a financial system for the NSF Develop M&E system for the NSF	Jun 2010 Sep 2010 Mar 2011	Approved structure and functional SAP system	The activity has been put on hold pending the finalisation of the DHET (and Branch SD) organisational structure	
	To develop grant funding strategies appropriate to the needs and development requirements of the SA economy	Revise funding strategy and NSF model	March 2011	NSA endorsed funding framework	Due to the late launch of the NSDSIII, work on this activity only started in Q4 of the reporting period. Three drafts have been consulted with the NSA and are expected to be finalised by Q1 of the 2011-12 period	
	To develop and improve mechanisms for communicating NSF development programmes	Develop a communication strategy for the NSF Implement communication programme	May 2010 March 2010 Monthly	Approved strategy	The NSF has deferred this activity until work on the Strategic Framework for the allocation of funds is finalised	



Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
Advise the Minister on a National Skills Development Policy	Advise the minister on DHET recommendations on the following: <ul style="list-style-type: none"> <li>• NSDS III</li> <li>• SETA landscape</li> <li>• SETA SLA and SSPs</li> <li>• SETA Annual Reports</li> <li>• NSF Funding Plan</li> <li>• NSF Annual Report</li> <li>• Annual skills conference</li> </ul>	In relation to each policy, the Secretariat of the NSA must ensure that; <ul style="list-style-type: none"> <li>Proposals are circulated</li> <li>Quality advice generated</li> <li>Advice forwarded to the Minister</li> </ul>	April 2010 to March 2011	Advice submitted	The NSA provided advice on all identified performance measures with only the NSF Funding Plan that will be concluded in May 2011 due to the required alignment with the NSDS III	
	Advise Minister on annual skills conference and on best practice in the skills development of candidates	Develop the skills conference framework and ensure stakeholder participation	February to September 2010	Skills conference and awards for organisations	Although the Skills conference and the Good Practice in Skills development Awards frameworks were approved, they could not be executed. The Skills Summit was successfully organised	Consultation processes on the NSDS III and the Seta Landscape as well as the Minister's delivery agreement took precedence and were more urgent
Direct the undertaking of research that will enable the authority to best fulfill its advisory functions	Data bank on research reports and other historical information on NSA work is created, fully integrated and accessible	Provide advice on the establishment of Management Information Systems	April 2010 to March 2011	Approved policy framework on the data bank Operational data bank system	Due to the organisational development exercise of the Department, systems were not yet ready and the data bank system is not operational The Secretariat maintained the electronic and physical records of the previous research reports as well as the historical information on the NSA. Information for the past financial year has been filed accordingly.	
	Establish links with, and collaboration on research activities with HRDSA, CHE, SAQA and other related bodies	Development of partnership and collaboration framework to access research network to be established by DHET Commission research in support of advice to be submitted to Minister	March 2011	Signed Memorandum of Agreement (MoA) with DHET research agent	MoA not signed The HRDSA, CHE, SAQA, QCTO, ECSA, CSIR were invited to make presentations on their work with the view of identifying areas for collaboration	Consultation processes on the NSDS III and Seta landscape as well as the Minister's delivery agreement took precedence and were more urgent
Steer the development of structures and systems that effectively enable the achievement of goals	NSDS marketing strategy is developed and implemented by March 2010 to ensure public awareness	Develop communication and marketing strategy	April 2010 to August 2010	Approved MC strategy	Draft marketing and communication strategy was approved by the NSA in principle and had to improved with a branding plan	

<i>Strategic Objectives</i>	<i>Performance Measures</i>	<i>Activities</i>	<i>Timeframes</i>	<i>Performance Indicators/Targets</i>	<i>Actual Achievements</i>	<i>Comments</i>
	<i>Develop and build the capacity of the NSA. Enhance skills development delivery by March 2011</i>	<i>Reposition and realign the NSA Development and capacity building programmes</i>	<i>December 2009 to June 2010</i>	<i>New NSA Policy Framework with operational manual Restructured and re-engineered NSA. Report on the implementation of capacity-building programmes</i>	<i>Report on the NSA available Repositioning was concluded and presented to the DHET.</i>	<i>A workshop between the NSA and the Minister will be arranged to finalise the NSA Repositioning which will unlock the necessary capacity building programmes</i>
<i>Develop the first draft of the National Skills Development Strategy</i>	<i>Draft NSDS III prepared</i>	<i>Consultation within branch Consultation within Department Finalisation of draft Submission to NSA</i>	<i>End March 2010</i>	<i>Draft NSDS III</i>	<i>NSDSIII published</i>	
<i>Monitor and evaluate the implementation of NSDSII</i>	<i>Quarterly and annual implementation reports prepared and published electronically</i>	<i>Information from SETA Coordination and NSF research findings collected and consolidated Research findings incorporated into reports Reports finalised</i>	<i>Quarterly and Annual</i>	<i>Quarterly and annual NSDS implementation reports prepared</i>	<i>The Chief Directorate: SETA Coordination is monitoring the implementation of NSDS by SETAs</i>	
<i>Support the work of the branch</i>	<i>Quality reports submitted on time</i>	<i>Coordinate branch-level work plans Prepare branch-level reports</i>	<i>As required</i>	<i>Plans and reports submitted on time</i>	<i>Plans and reports submitted when requested</i>	
<i>Under the guidance of the Department's Corporate Services, develop and strengthen branch's capacity and performance</i>	<i>Increasing levels of DG satisfaction with branch performance against Strategic Plan</i>	<i>Develop branch-level capacity Develop programmes Develop financial and information systems to support branch</i>	<i>Annually</i>	<i>Increasing achievement of strategic plan objectives</i>	<i>Branch reporting completed quarterly and progress on strategic plan signed off by DDG</i>	

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
<b>Sub-Programme: Quality Development and Promotion</b>						
Ensure quality learning at and for the workplace	QCTO fully operational by 31 March 2011	Operationalise the QCTO Board	Q2	Approved QCTO Constitution	QCTO established by Gazette 33059 on 1 April 2010.  Council recommended draft Constitution in July 2010. MHET approved QCTO Constitution on 5 Oct 2010  2011/12-13/14 Strategic Plan submitted to DHET by 30 September 2010 as per PFMA requirements. Strategic Plan conditionally approved by Minister in March 2011.	
			Q4	Agreed on QCTO Strategic Plan for 2011/12 – 2013/14		
		Support listing of the QCTO as public entity	Q4	QCTO Business Case approved by MHET, MPSA, MoF	QCTO listed as a public entity by Minister of Finance on 31 December 2010, made retrospective from April 2010.  The draft QCTO Business Plan was agreed by Council in March 2011 and submitted to the MHET on 28 March 2011 (including proposed organisational structure)	QCTO 'juristic body' under the Skills Development Act.  Approval of the organisational structure required before permanent staff can be appointed.
		Coordinate policy refinement and approval processes	Q3  Q4	Consultation processes coordinated in terms of draft QCTO Policy and Regulations. Final draft Occupational Qualifications Regulations submitted to MHET for publication	<ul style="list-style-type: none"> <li>Sub-framework for Trades and Occupations finalised and submitted to the Minister.</li> <li>QCTO Draft Curriculum and Assessment Policy adopted by Council.</li> <li>First QCTO Draft Policy on Delegation to Development Quality Partners (DQPs) and Assessment Quality Partners (AQP) prepared</li> <li>First draft regulations on accreditation of providers prepared (to be updated)</li> <li>QCTO was given legal advice that implementation policy does not require regulation.</li> </ul>	Finalisation of the Sub-Framework for Trades and Occupations is part of larger process of finalising three sub-frameworks of NQF (cf NQF Act).

Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
		Operationalise and establish an interim QCTO Team	Q1 -4	Approved ToR and organogram for interim QCTO Team Contract position filled	<ul style="list-style-type: none"> <li>Higher Education Laws Amendment Act, 2010, passed 7 Dec 2010. This amendment gave QCTO legal right to have its own establishment.</li> <li>A four phased roll-out of desired organogram included in Business Plan submitted to Minister for approval as part of Business Plan.</li> <li>Interim QCTO Team established consisting of an Acting CEO, 11 'assigned' staff from DHET, one seconded person from German Government funded agency, GIZ/GTZ, and, from October 2010 to March 2011, six members of SAQA staff were seconded to QCTO (funded by QCTO).</li> <li>Required contract positions were not filled.</li> <li>CEO position advertised in 2010.</li> </ul>	Skills Development Act, 1998 as amended in 2008 gave birth to the QCTO but did not make provision for it to have its own establishment. This lacuna required the passing of an amendment to the Act. The amendment was included in the Higher Education Laws Amendment Act of 2010.
		Implement Foundational Learning	Q2 Q3	Agreement on the implementation of Foundational learning obtained. Interim SLA for Foundational Learning signed with assessment quality partner	<ul style="list-style-type: none"> <li>Initially social partners did not agree on FLC, however an agreement was secured and implementation plans put in place. Procurement of service providers to assist is currently in process.</li> <li>The Independent Examinations Board has requested the role of AQP for these programmes, but public process not yet finalised.</li> </ul>	The signing of an SLA with an Assessment Quality Partner is conditional upon the finalisation of the delegation policy and on the finalisation of the QCTO establishment capacity (see note at the end of this report).
		Develop occupational curricula for priority occupational areas and standardised N Courses to cover knowledge requirements	Q 1 to 4	Occupational curricula finalised and approved by QCTO Draft occupational qualifications submitted to SAQA for registration	<ul style="list-style-type: none"> <li>QCTO Draft Curriculum and Assessment Policy adopted by Council for public consultation.</li> <li>First draft QCTO Draft Policy on Delegation of Qualification Design and Assessment to Development Quality Partners (DQPs) and Assessment Quality Partners (AQPs) prepared for consultation.</li> <li>About 130 applications for occupational qualification development received, including 31 for trades. Staff engaged with applicants to clarify requirements in anticipation of policy finalisation and capacity in place.</li> <li>N courses included in proposed occupational sub-framework submitted to Minister. Umalusi similarly claimed N courses. Process to address this underway.</li> </ul>	The QCTO is not in a position to commence formal delegation for development of occupational qualifications before policy finalised and QCTO capacity to manage the delegation in place (see notes at end of this report).  Policy discussion on demarcation of NQF sub-frameworks underway.

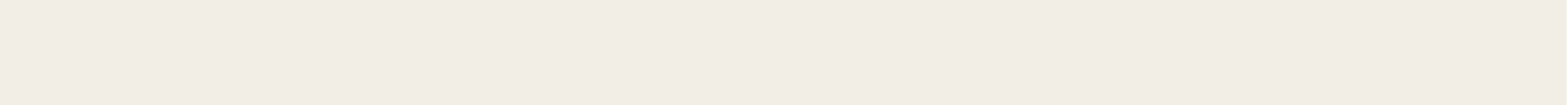
Strategic Objectives	Performance Measures	Activities	Timeframes	Performance Indicators/Targets	Actual Achievements	Comments
		Develop and implement national (N) and occupational assessment specifications for priority occupational areas	Q1 - 4	Qualification assessment specifications finalised and approved by QCTO	The framework for determining assessment specifications was developed and informally tested. Formalisation of these processes depends on the finalisation of, the delegation policy as well as on QCTO capacity to manage the delegations. These are not yet in place. Hence no occupational specifications have yet been finalised. Pilot projects have in some instances prepared drafts in anticipation of final policy.	
		Operationalise NAMB as Assessment Quality Partner (AQP) for trades by March 2011	Q1 Q2 -3 Q4	Agreement in terms of operational arrangement signed between SAQA and NAMB and communicated to SETA, ETQAs Draft Artisan Regulations supported by QCTO Signed SLA with NAMB as AQP	<ul style="list-style-type: none"> <li>Policy for delegation to AQPs drafted for public consultation. (NAMB to be trade AQP under QCTO).</li> <li>NAMB established by DHET (see report above).</li> <li>QCTO set up the Artisan Alignment Task Team in which the work of the QCTO, NAMB, Umalusi and DHET was documented and alignment process begun</li> </ul>	No agreements yet signed as QCTO policy and establishment issues yet to be finalised. Draft Artisan regulations were submitted to QCTO but subsequently withdrawn by DHET.
		Develop and implement relevant systems to operationalise the QCTO	Q3 Q4	Business requirements analysis for QCTO IT systems agreed upon Phase 1 of QCTO IT system implemented	<ul style="list-style-type: none"> <li>Terms of Reference for QCTO IT systems prepared.</li> <li>Procurement processes underway.</li> </ul>	
		Build capacity and advocate the QCTO	Q2 Q4	QCTO capacity development framework agreed upon Phase 1 of the QCTO capacity development framework implemented	<ul style="list-style-type: none"> <li>Interim staff capacitated through directed exercise of duties.</li> <li>Two Information Notes circulated to stakeholders</li> <li>- An information session held with SETAs</li> </ul>	
		Ensure effective project financial and procurement management to operationalise QCTO	Q1 - 4	QCTO structures met as and when required Service providers procured in line with DHET policy QCTO budget for 2011/12 ensured	<ul style="list-style-type: none"> <li>A total of 9 Council meetings and 10 EXCO meetings were held in 2010/11. Fincom set up</li> <li>Approval for TOR for QCTO HR and Finance System service providers awaited from DHET. Systems not yet in place.</li> </ul>	
<b>Brief summary of reasons for variances</b>						





# SECTION 3

## ANNUAL FINANCIAL STATEMENTS





## SECTION 3

### ANNUAL FINANCIAL STATEMENTS

- 3.1. DEPARTMENT OF HIGHER EDUCATION AND TRAINING
- 3.2. QUALITY COUNCIL FOR TRADES AND OCCUPATIONS
- 3.3. DEPARTMENT OF EDUCATION
- 3.4. NATIONAL SKILLS FUND

## 3.1. DEPARTMENT OF HIGHER EDUCATION TRAINING

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## REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2011.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The Audit Committee was appointed during October 2010 and consists of the members listed below. As per its approved terms of reference the Audit Committee should meet at least two times per annum. During the current year two meetings were held.

<b>Name of Member</b>	<b>Number of meetings attended</b>
Dr DP van der Nest (Chairperson)	2
Ms S Padayachy	2
Ms G Maaka-Tlokana	2
Mr C Mtshisa	2
Mr G Nzalo	1

### AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has carried out its responsibilities in terms of section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter, and discharged the responsibilities as contained therein.

### THE EFFECTIVENESS OF INTERNAL CONTROL

#### Department of Higher Education and Training

The system of internal control was not entirely effective for the year under review. Several instances of non compliance were reported by internal and external auditors that resulted from a breakdown in the functioning of controls. The effect of these instances has been included in the annual financial statements and the report of the Accounting Officer. The department has been requested to complete and submit an improvement plan to address these shortcomings. Progress against the plan will be monitored by the committee.

## National Skills fund

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, several deficiencies in the system of internal control and deviations there-from were reported by the external auditors. Significant control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter. The NSF has been requested to complete and submit an improvement plan to address these shortcomings. Progress against the plan will be monitored by the committee.

## THE QUALITY OF THE MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT AND THE DIVISION OF REVENUE ACT

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review with the exception for the matters reported in the Auditor-General's report. The system of control over the generation, verification and reporting of performance information was not effective in both the department and the NSF. Processes to improve the quality of performance information will be monitored.

## EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the chief financial officer;
- reviewed the Auditor-General's management letter and management's response thereto.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General.

## INTERNAL AUDIT

The Audit Committee is to an extent satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audit. The committee is concerned about the lack of capacity in the internal audit section including, but not limited to performance and information technology audits.

## AUDITOR-GENERAL SOUTH AFRICA

The Audit Committee has met with the Auditor-General South Africa to ensure that there are not unresolved issues.

## CONCLUSION

The audit committee wishes to congratulate the accounting officer, chief financial officer and management with the unqualified audit opinion on the financial statements of the department and the NSF. We wish to thank the Auditor-General for his value adding contribution and interactions with the department.

A handwritten signature in black ink, appearing to read 'D.P. van der Nest', written in a cursive style.

Dr D.P. van der Nest

Chairperson of the Audit Committee

Date: 10 August 2011

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 16: DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## REPORT ON THE FINANCIAL STATEMENTS

### INTRODUCTION

1. I have audited the accompanying financial statements of the Department of Higher Education and Training, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the accounting officer's report as set out on pages 123 to 186.

### ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury, and in the manner required by the Public Finance Management Act of South Africa and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## OPINION

7. In my opinion, the financial statements properly presents, in all material respects, the financial position of the Department of Higher Education and Training as at 31 March 2011 and its financial performance and cash flows for the year then ended, in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and in the manner required by the Public Finance Management Act of South Africa.

## EMPHASIS OF MATTERS

I draw attention to the matters below. My opinion is not modified in respect of these matters:

## SIGNIFICANT UNCERTAINTIES

8. As disclosed in disclosure note 19 to the financial statements, the department is the defendant in a number of law suits. The department is opposing the claims and the ultimate outcome of these cannot be presently determined.

## IRREGULAR EXPENDITURE

9. As disclosed in disclosure note 24 to the financial statements, the department incurred irregular expenditure of R 4 023 000 due to non-compliance with supply chain management processes.

## OTHER

10. As disclosed in note 29 to the financial statements the remaining balance of R119,248 million for receivables from the Department of Education was not recorded in the books of the Departments of Basic Education and / or Higher Education and Training. These balances relate to amongst others the outstanding debts of the Provincial Education Departments in the Eastern Cape and Gauteng. As agreed with National Treasury, the portion of these receivables relating to the Department of Higher Education and Training will be recorded during the 2011/2012 year.
11. The department budgeted for the Quality Council for Trade Occupations (QCTO) as a sub-programme and QCTO's expenditure is therefore accounted for in the department's financial statements.

The QCTO was listed as a public entity during December 2010, with effect from 1 April 2010. Following consultations with the National Treasury, the department was required to also prepare a set of financial statements for the QCTO to be included in the annual report of the department. The QCTO will prepare its own annual report from the 2011/1012 financial year.

## ADDITIONAL MATTERS

I draw attention to the matter below. My opinion is not modified in respect of these matters:

### BASIS OF ACCOUNTING

12. The financial reporting framework prescribed by the National Treasury and applied by the Department of Higher Education and Training, is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the Department of Higher Education and Training.

### UNAUDITED SUPPLEMENTARY SCHEDULES

13. The supplementary information set out on pages 187 to 198 which are annexures to the financial statements does not form part of the financial statements and is presented as additional information. I have not audited these annexures and accordingly I do not express an opinion thereon.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 62 to 108 and material non-compliance with laws and regulations applicable to the department.

### FINDINGS ON THE REPORT ON PREDETERMINED OBJECTIVES

#### Predetermined objectives

##### **Presentation of information**

15. The reported performance against predetermined objectives was deficient in respect of the following criteria:
  - Performance against predetermined objectives was not reported using the National Treasury guidelines.
16. The following audit findings relate to the above criteria:
  - Adequate explanations for major variances between the planned and the actual reported targets for the programmes relating to Universities, Vocational and Continuing Education and Training, and Skills Development were not provided, as required in terms of the relevant reporting guidance. In total 53% of the reported targets with major variances were not explained.



## Usefulness of information

17. The reported performance information was deficient in respect of the following criteria:
  - Consistency: The reported objectives, indicators and targets are not consistent with the approved strategic plan.
  - Measurability: The indicators are not well defined, targets are not specific, measurable and time bound.
  
18. The following audit findings relate to the above criteria:
  - Reported performance against predetermined objectives/indicators/targets is not consistent with the approved strategic plan.
  - Additional objectives, indicators and targets were reported on as opposed to the approved strategic plan. These additional objectives, indicators and targets were not approved subsequent to the strategic planning process.
  - For the selected programmes (3, 4 and 5), 90% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance.
  - For the selected programmes (3, 4 and 5), 67% of the planned and reported targets were not measurable in identifying the required performance.
  - For the selected programmes (3, 4 and 5), 63% of the planned and reported indicators and measures were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

## Compliance with laws and regulations

### Annual financial statements, performance and annual report

19. The financial statements submitted for audit did not comply with section 40(1)(a) of the PFMA. Material misstatements were identified during the audit, which were corrected by management.

### Procurement and contract management

20. Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers, as per the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

### Transfers and conditional grants

21. The accounting officer transferred funds (other than grants in terms of DoRA) to an entity without obtaining a written assurance from that entity, that it implements effective, efficient and transparent financial management and internal control systems as per the requirements of section 38(1)(j) of the PFMA. This assurance was last obtained by the Department of Education during 2005.

## Risk management

22. Although a risk assessment was conducted during the year under review, the risk management strategy and fraud prevention plan had not yet been finalised and implemented, as per the requirement of Treasury Regulation 3.2.1. Subsequent to year-end, the risk management strategy and fraud prevention plan were finalised.

## Human Resource Management and Compensation

23. The executive authority did not engage in human resource planning with a view to meeting the human resource needs, as per the requirements of chapter 1, part III D1 of the Public Service Regulations 2001.
24. A verification process was not followed for all new appointments as per the requirements of chapter 1, part VII D.8 of the Public Service Regulations 2001.
25. New employees were not provided with a written contract of employment when appointed, as per the requirements of chapter 1, part VII B.1 (g) of the Public Service Regulations 2001.

## INTERNAL CONTROL

26. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

## Leadership

- The Accounting officer did not exercise adequate oversight responsibilities regarding development of performance indicators and compliance with the required reporting framework due to the changes that arose at the time of the creation of the department.

## Financial and performance management

- Regular financial and performance reports were not supported and evidenced by reliable information to ensure completeness and accuracy of information submitted for the preparation of financial statements. This resulted in material corrections to financial statements.
- There was a lack of appropriate review and monitoring of compliance with laws and regulations.

## OTHER REPORTS

### Investigations

27. The department requested an independent consulting firm to conduct an investigation. The investigation was initiated based on the allegation of irregularities by employees at Indlela. The investigation resulted in criminal proceedings being instituted against the respective employees.

### Performance audits

28. A performance audit is currently underway on Adult Basic Education and Training. Detailed findings will be reported on in a separate report.

*Auditor-General*

**Pretoria**

**31 July 2011**



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## REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND THE PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA.

### 1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The Department of Higher Education and Training (DHET) is a new department that became operational on 1 April 2010. The original allocation for the Department, excluding direct charges, which was included in the Estimates of National Expenditure 2010, constituted R23 720.698 million. This included R17 516.740 million for higher education institutions (HEIs) and R1 909.359 million for the National Student Financial Aid Scheme (NSFAS – i.e. 81.9% of the Department's total budget for 2010/11). The Department's allocation increased by an amount of R55.504 million in the Adjusted Budget for 2010/11, amounting to a total of R23 776.202 million. The increase was made up as follows:

	<b>R'000</b>
Roll-overs	16 306
Other adjustments:	
• Significant and unforeseeable economic and financial events: departmental personnel remuneration increases	6 000
• Significant and unforeseeable economic and financial events: Further Education and Training (FET) college personnel remuneration increases	31 297
• Function shift: Annual contribution to the Commonwealth of Learning from the Department of Basic Education	1 901
<b>Total</b>	<b>55 504</b>

The total expenditure, excluding direct charges for the 2010/11 financial year, amounted to R23 752.354 million, which represented a spending rate of 99.9%. The expenditure was made up as follows (in R'000):

	<b>2010/11</b>
Compensation of employees	258 205
Departmental operations	106 923
Departmental earmarked funds	25 460
Subsidies to HEIs	17 516 740
NSFAS	1 909 359
Subsidies to public entities	129 112
Conditional grants to the provinces for FET Colleges	3 803 958
Other transfers	2 597
<b>Total expenditure</b>	<b>23 752 354</b>

The surplus on the vote for the financial year, excluding direct charges, amounted to R23.848 million, and was made up as follows (in R'000):

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	2010/11
Compensation of employees	1 870
Departmental operations	21 625
Departmental earmarked funds	91
Other transfers	262
<b>Total savings</b>	<b>23 848</b>

Included in the Department's book of accounts, was expenditure in respect of the Quality Council for Trades and Occupations (QCTO). The QCTO was regarded as a sub-programme on the Department's vote during the 2010/11 financial year and therefore formed part of the Department's appropriation, as was published in the Appropriation Act of 2010. The QCTO was, however, promulgated as a public entity in December 2010, with retroactive effect as from 1 April 2010. The total expenditure on the QCTO for the 2010/11 financial year was made up as follows (in R'000):

	2010/11
Compensation of employees	3 795
Goods and services	1 610
Machinery and equipment	27
<b>Total expenditure</b>	<b>5 432</b>

The total amount paid out against direct charges in the 2010/11 financial year amounted to R8 379.258 million, and was made up as follows (in R'000):

	2010/11
Sector Education and Training Authorities (SETAs)	6 704 103
National Skills Fund	1 675 156
<b>Total expenditure</b>	<b>8 379 259</b>

The outstanding balances in the books of account of the Department of Education that must still be transferred to the Department is disclosed in Disclosure Note 28 of the Financial Statements.

### Important policy decisions and strategic issues

As part of the National Macro Organisation of the State (NMOS) process, the DHET became operational on 1 April 2010. Many of the policy decisions and practices of the former Department of Education continued within the new Department, while the development of new departmental policies commenced during the 2010/11 financial year. The skills development functions, which had previously been situated at the Department of Labour, were also transferred to DHET.

During 2010/11, the delivery agreement for Outcome 5.1, namely: "To develop a credible institutional mechanism for skills planning" was subjected to a process of consultation, developed and prepared for signature by the Minister and delivery partner departments.

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In its report of 12 May 2010 on the Health Professions Training and Development Grant, the Health Sciences Review Committee recommended that the grant be moved to DHET. The relevant ministers supported this proposal, but further consultation between the Health Sciences Review Committee and the DHET, the Department of Health, the National Treasury and other stakeholders, such as the provinces, is set to continue during the 2011/12 financial year.

Revisions to the Policies for Teaching and Research Development were considered and would be submitted for approval to the Minister during the 2011/12 financial year.

A review of the Policy on Foundation Programmes will be undertaken during 2011/12.

The strategic guidance for distance provision of education, in the context of open and distance learning for the more mature student and based on the advice of the Council on Higher Education (CHE), is yet to be finalised.

Implementation of the National Qualifications Framework (NQF) and the mandates of the three quality councils, as well as a description of their functionary roles and responsibilities, are in progress. Strategically, the place and function of agricultural and nursing colleges need to be addressed.

Teacher education in the Department was reconceptualised to focus on strengthening and supporting the higher education system, in order to ensure that sufficient numbers of quality teachers/lecturers were delivered, with a view to improved teaching and learning across all education sectors, including the pre-school, school and post-school subsystems. In addition, the Integrated Strategic Planning Framework for Teacher Education and Development was finalised and launched by the Minister. The framework provides a blueprint for extending the reach of universities to deliver teacher education in rural contexts, as well as for improved work-integrated learning partnerships.

Over the medium term, the Department will develop an implementation plan for recommendations by the NSFAS Review Committee; make proposals and consult on the modalities for the establishment of a Central Applications Service; and improve access to post-school education in Mpumalanga and the Northern Cape.

A working group was established to advise on the recognition of Creative and Performing Arts, as well as Patents and Artefacts, for subsidy purposes. Both the Department and the working group will be consulting the university sector, as well as stakeholders, before compiling a report for the Minister.

Advice on policy improvements with regard to policy and procedures for measuring the research output of public HEIs, as well as on the drafting of a Policy on Research Development Grants, was provided during the period under review.

The location of the FET Colleges function at DHET implies that the implementation of the funding norms for FET Colleges is now the responsibility of the Department, while acknowledging the fact that the constitutional and legislative amendments must still be finalised. The FET College Summit provided a mandate for the review of the National Certificate (Vocational) (NC(V)) qualifications and the continuation of REPORT 191 programmes, thereby allowing their continued offering at FET Colleges.

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A strategic objective, which is to initiate and support interventions aimed at addressing the challenges affecting students, was implemented via the provision of FET College bursaries and the monitoring and evaluation of the Student Support Services Framework, with a view to improved academic performance.

The renewal of the National Board for Further Education and Training members' term of office was not approved and the Department's advisory functions in terms of FET were performed by an FET Steering Committee. Strategically, the approach is to use a consultative structure until the policy and legislative review process of the new post-school education and training environment has been completed.

During 2010/11, the Department provided technical support to FET College Councils as employers, by supporting the Further Education and Training Colleges Employers' Organisation (FETCEO) in the negotiation processes, both in the Education Labour Relations Council (ELRC) and at the General Public Service Sectoral Bargaining Council (GPSSBC).

On the skills front, 2010/11 marked the announcement of a new SETA landscape for the next five years, as well as the publishing of the National Skills Development Strategy III (NSDS III). To improve governance at SETA level, a standard Constitution was developed for all SETAs and the SETAs should align their Strategic Plans and Sector Skills Plans accordingly.

With the amendment of the Skills Development Act and the inclusion of Chapter 6A, "Artisan Development", into the Act, the core intent of this inclusion was to clarify the legal framework for artisan training, with the intent to put a single legal framework in place and abolish the Manpower Training Act (MTA) in its entirety. The MTA is still governing artisan development in South Africa. On 30 November 2010, the Minister launched the National Artisan Moderation Body (NAMB), as defined in the Skills Development Act, Chapter 6A section 26A. In terms of this chapter, NAMB defines a bigger scope of responsibilities than just the quality assurance functions as defined in section 26A 2(a-h). This body is expected to coordinate artisan development in South Africa. NAMB's major contribution to artisan development would be the centralised coordination of artisan development and a single standardised practice of quality monitoring and assurance, across all sectors, in relation to artisan development. This would be mainly achieved via a single system for monitoring the performance of trade testing centres, for the development and implementation of a national data bank of instruments for assessment, as well as for the moderation of artisan trade tests and a single certification system, via QCTO.

The National Skills Authority (NSA) Secretariat also provided advice to the Minister with regard to the new SETA landscape; the National Skills Development Act III; the National Skills Fund Framework; the repositioning of the NSA; the Skills Summit declaration; and the review of the Provincial Spatial Development Frameworks (PSDFs).

#### **Significant events that have taken place and major projects undertaken or completed during the year**

During 2010, the full process and plan to develop the integrated Higher Education and Training Management Information System (HETMIS) was mapped out and approved via delivery output 5.1. The development of the integrated system will be undertaken in three phases. Phase 1 will involve the development of standardised frameworks for the assessment of skills supply, skills shortages and vacancies in the country by March 2012. Phase 2 will involve the development of mechanisms to interface operational systems via standardised data formats and interfaces by March 2013. Phase 3 will involve the implementation of the three strategic management information systems by March 2014.

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The Department started with a process of defining the policy, monitoring and evaluation areas requiring to be focused on social inclusion and equity. Issues such as race, class, gender, age, geography, disability and HIV and Aids in the post-school education and training system will receive attention. Strategic support was also provided to interdepartmental initiatives on social cohesion (the Nation-building Project, led by the Department of Justice and Constitutional Development, and the Anti-substance Abuse Campaign, led by the Department of Social Development), gender, youth development, HIV/Aids, career guidance and people with disabilities. Institutional plans and reports were analysed and areas that needed support, as well as best practices, were identified.

Legislative amendments were made in order for it to be aligned with the assignment of functions to the Minister of Higher Education and Training. A draft constitutional amendment to the FET function and adult education was proposed and approved by Cabinet for processing by the Department of Justice and Constitutional Affairs.

New development assistance support was accessed from the governments of the Netherlands, the United States, Belgium and Denmark. The assistance received was in terms of technical expertise, with a view to improved articulation of policy and implementation gaps in the FET sector.

A trilateral cooperation programme, funded by the United States Agency for International Development (USAID) was maintained, in terms of which training was provided to Southern Sudan education officials in order to build capacity in the Sudanese Education Ministry, as well as in HEIs.

In accessing and sharing best practices pertaining to policy development and planning, study tours were undertaken to offer policy-makers the opportunity to observe best practices in Canada, the UK, the USA, Brazil and Russia. Hosted tours were also undertaken to Tunisia, Germany, Timor-Leste, Ethiopia and Botswana. These tours facilitated the modelling exercise, aimed at developing a post-school education and training system.

A career guidance services project was undertaken in partnership with the South African Qualifications Authority (SAQA). During 2010/11, the project resulted in the following achievements:

- A radio campaign was launched to promote the services offered by the National Qualifications Authority and the Career Advice Helpline. This campaign reaches an estimated 2.3 million people per week across the country, including rural areas, in nine indigenous languages via nine radio stations.
- A series of over 30 national and regional events, including the Mandela Day Career Guidance Festival, as well as career exhibitions were held country-wide, including areas such as Burgersfort in Limpopo, Evaton in Gauteng and Kuruman in the Northern Cape. Promotional material and a career guidance publication, containing information on qualifications and careers, were distributed to learners who attended these events. On average, 1 000 high school learners attended each of the career exhibitions.
- A telephone helpline was established to support learners, parents, teachers, career advisors and institutions. The helpline is responding to between 2 000 and 3 000 enquiries a month, from callers across the country, including places such as Hammanskraal, Chatsworth, Modimole, Pacaltsdorp and Sehlakwane;
- A network of partner organisations or "intermediaries" was established, with career advisors and walk-in centres for learners in rural areas. Thus far there are 40 FET Colleges and 16 National Youth Development Agency (NYDA) walk-in centres that form part of this network.
- A career advice website was also developed.



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Visits were undertaken to the international offices of all 23 public HEIs, as part of the Department's objective to strengthen and promote closer collaboration with international institutions. A survey was subsequently sent to all institutions to obtain information pertaining to their international profiles. These profiles are to be included on a profile data base and expanded to include FET Colleges, SETAs and other DHET public entities.

The Ministerial Committee for the Review of the Provision of Student Housing met with all universities on 1 December 2010, to engage with them on the universities' actual status and needs. Universities were furthermore requested to complete a lengthy questionnaire. During February 2011, the Committee undertook site visits to universities. While the Committee is in the process of finalising its engagement with universities and other stakeholders, preliminary work confirms the dire need for more residences and, in some instances, improved accommodation for students. The final report is due to be completed by June 2011.

During 2010/11, a draft assessment report was completed in respect of the universities' annual reports for the financial year ending 31 December 2009.

Chairpersons of task were appointed to investigate and explore the viability of a model for the National Institutes for Higher Education (NIHes) as post-school institutes in the Mpumalanga and the Northern Cape.

An enrolment planning cycle was developed during the period under review, via a consultative process involving all 23 universities. The cycle reached its last phases in 2010/11. There was a need to explore avenues for expanding the system to meet the growing demand for higher education with a view to reaching the 20% participation rate, called for by the National Plan for Higher Education by 2015, while identifying blockages in the system, so as to improve the graduate output by 2014. Planning was based upon institutional visits; upon exploring possibilities within the system; and with the understanding that the project had to be conducted within a single and coordinated post-school system, focusing on scarce skill provision. The outcomes of this enrolment planning exercise should result in a ministerial statement on enrolment planning in universities for 2011 to 2013.

The improvement of graduate outputs in engineering; Life and Physical Sciences; animal and human health; and in initial teacher education; as well as in post-graduate outputs in honours, research master's, doctoral and post-doctoral programmes, were identified to be in line with the Performance Management Evaluation (PME) targets of 2014.

All universities were engaged to steer targeted teacher education and development planning in line with the Minister's PME and as part of the overall enrolment planning process linked to academic planning by universities. The Teacher Development Round Table, which brought together all stakeholders to discuss the emerging integrated plan for teacher education and development, was successfully held in June 2010, resulting in the finalisation of the Integrated Strategic Planning Framework for Teacher Education and Development during the period under review. A draft Policy on the Minimum Requirements for Teacher Education Qualifications was finalised and gazetted for public comment. Donor funding, amounting to R141 million over three years, was obtained via the European Union (EU) Primary Education Sector Policy Support Programme to strengthen and expand Foundation Phase teacher education.

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In the course of implementing the Policy and Procedures for the Measurement of Research Output of Public Higher Education Institutions, the Department identified the need for some improvements to the policy. Background research on possible improvements therefore began, a draft improved policy was developed and a process of consultation with the sector began. DHET should be able to implement some of the improvements in 2012, assessing the 2011 research outputs.

A Stakeholder Summit on Higher Education Transformation was held from 22 to 23 April 2010. The summit ended with a summit declaration, which highlighted all the key issues that had been addressed including developing mechanisms to promote student-centeredness and caring universities.

A report with a list of recommendations, emerging from a round-table that was hosted in October 2010 on the development of indigenous languages at South African public HEIs was compiled for consideration and further advice on the way forward.

A data base that should be compatible with the existing Higher Education Information Management System (HEMIS) data base, for capturing statistical data of private HEIs, is being developed.

The appointment of ministerial appointees to university councils is ongoing. In November 2010, the Department convened the first ever meeting of the Minister with ministerial appointees who serve on university councils, following a successful meeting that the Minister had with the chairpersons of councils. Most importantly, the chairpersons of councils took a resolution to establish a Forum of Council Chairs to guide their engagement with the Department. Crucial work was also undertaken in terms of the gazetting of statutes of various universities, namely the University of Johannesburg, the University of the Free State, the Central University of Technology (CUT), Free State, the University of Cape Town, the University of Limpopo and the University of Fort Hare. Further work in this regard continues with other universities.

During August 2010, the Department convened a joint DHET/IEC conference on electoral democracy development, in partnership with the South African Union of Students.

During the third quarter, a draft NSFAS implementation plan was submitted to the Minister for submission to Cabinet. Following the recommendations from the NSFAS Review, the deployment of a turn-around team, to evaluate the processes and systems and to develop and oversee an immediate turn-around strategy and recovery plan in consultation with the Department, was initiated.

In terms of the Higher Education and Training Amendments Laws, 2010, Adult Basic Education and Training was amended to Adult Education and Training. Furthermore, the definition of "adult education and training" was amended by abolishing the ABET levels as contained in the former ABET Act. Work has commenced on the development of material for ABET Level 4 in the fundamentals.

The implementation of the funding norms for FET Colleges became effective on 1 April 2010. The new implementation date for the Public Adult Learning Centre (PALCs) funding norms was gazetted. PALCs were provided with the financial management systems and guidelines to assist them with the day-to-day administration and management of their centres.

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During 2010/11, a consultative process was undertaken to determine the key issues in the college sector. This resulted in an FET Round Table and an FET Skills Summit. The outcome of this process constituted a number of key operational and research initiatives, which focused on improved efficiency and effectiveness in management, governance, and the delivery of vocational and occupational programmes. In this regard, the following was achieved: The development 50 college operational plans, linking budgets, enrolments and staff; the compilation of a qualitative research report on 14 colleges with regard to the challenges and issues they faced pertaining to lecturing and management; the conducting of an enrolment analysis of FET Colleges; the establishment of a partnership programme between industry and colleges; and the initial work on the development of the monitoring and evaluation framework was done.

The new NC(V) Programme, "Transport Logistics", was completed and Mathematics L2-4, Mathematical Literacy L2-4, as well as the Policing Services L2-7 subjects were revised. New and revised student learning materials (textbooks) were evaluated, and approved catalogues were made available to colleges for procurement purposes for the 2011 academic year.

A total of R318 million was allocated to the Department's FET College Bursary Scheme. The full bursary amount was awarded to 64 572 college students during the period under review. Some 23 FET Colleges were monitored and supported with the implementation of Phases I and II of the Student Support Services Framework.

A pilot project on a standardised Business Management System for the Further Education and Training Management Information System (FETMIS), integrated with a Management and Information System (MIS) for FET Colleges, was launched during the period under review. From this the Department obtained standardised data set requirements and standardised business process maps that form the basis for building an information system for the sector.

Two significant collective agreements were signed with the ELRC-FETC Bargaining Unit for lecturers and the GPSSBU-FETC Bargaining Unit for support staff during 2010/11. The objective of both collective agreements was to bring about parity of salaries between lecturers and their counterparts in Basic Education, and between college-paid support staff and support staff employed in terms of the Public Service Act of 2006 respectively.

During 2010/11, nine examination cycles were delivered, of which seven were for the FET College sector and two for Adult Education and Training (AET). A total of 698 581 candidates enrolled to write the 1 619 question papers. Some 73 site-based assessment tasks were set for national assessments at FET Colleges and AET centres across the country. A total of 99 614 candidates successfully completed these.

On the skills development front, the re-establishment of SETAs and SETA administrations; model constitution development; and ministerial engagement with SETAs took place. The Department also managed the skills levies and ensured that disbursement took place on a monthly basis. Sector Skills Plans were submitted and evaluated by an external panel of experts. Learnerships were registered, audited and updated. An Organising Framework for Occupations (OFO) 2010, aligned with the International Standard Classification of Occupations (ISCO), was communicated to SETAs, as updated with SETA applications for the OFO updates. The Department also commenced with the reviewing of the Student Sponsorship Programme (SSP) Framework and Guidelines. Ongoing support and certificates for apprentices were provided, and ongoing monitoring of 73 registered Employment and Skills Development Agencies (ESDAs) took place.

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The National Artisan Moderation Body (NAMB) was launched by the Minister on 30 November 2010, and it was simultaneously established as a body within the Department, with statutory functions, which did not require legal establishment by a Government Notice.

Stakeholder forums, comprising business and social partners, such as ADMTT and ADTT; public FET Colleges; the SETA Artisan Development Sub-committee; the Artisan Alignment Task Team; Umalusi; QCTO; NAMB; DPE and SoE, were established to enhance support to, and delivery of artisans to the industry. The Minister also convened a Round Table with business leaders to enhance artisan development in South Africa by means of commitment, partnerships and collaboration on work placements for learners.

A national seven step-process was developed to provide a framework for the training of artisans, comprising the following inter-related and interchangeable steps: 1) Career guidance; 2) Knowledge-based learning; 3) Learner contracting; 4) Practical skills learning; 5) Workplace learning; 6) Trade testing; and 7) Quality assurance and certification. A number of working groups, comprising relevant role-players and stakeholders, as applicable, were established with a view to the development of processes and guidelines for the implementation of this seven-step process.

Of the total number of 8 775 candidates who applied for trade assessments, 7 484 were assessed, of whom the average pass rate was 41%. A total of 40 services Seta decentralised assessment centres were audited.

A National Test Bank for assessment tools was developed and launched as a pilot project. Technical working groups were finalised for the following 11 new trade tests: Fitters, Fitters and Turners, Turners, Instrumentation, Millwrights, Riggers, Boilermakers, Welders, Electricians, Sheet Metal Workers and Vehicle Builders. Technical working groups were also established for the following nine different trades and all nine different engineering-related SETAs were invited: Motor Mechanics, Diesel Mechanics, Plumbers, Spray Painters, Tool-makers, Bricklayers, Carpenters, Panel Beaters and Refrigeration Mechanics.

### Spending trends

The under-expenditure of R23.848 million on the Department's programmes, measured against the allocations after virement, is as follows in R'000:

	2010/11	
	Under-expenditure	Percentage
1. Administration	3 735	2.98%
2. Human Resource Development, Planning and Monitoring Evaluation	864	3.52%
3. University Education	1 870	0.01%
4. Vocational and Continuing Education and Training	3 583	0.09%
5. Skills Development	13 796	9.68%
<b>Total</b>	<b>23 848</b>	<b>0.10%</b>

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The under-expenditure did not impact negatively on the Department's programmes and service delivery. Factors that contributed to under-expenditure included goods delivered but not paid for, the slow filling of vacant positions within the Department and the concomitant expenditure, the slower than projected establishment of the QCTO, as well as cost containment measures put in place to ensure that the Department did not overspend on its budget.

Actions taken to manage a recurrence of the above are the ongoing monitoring of expenditure on a monthly basis, whereby the responsible managers are requested to provide progress reports on projects. The Minister is also informed on a monthly basis of the spending levels in terms of the Public Finance Management Act. Furthermore, the spending of the Department is monitored and discussed at least once a month at Senior Management meetings. The reprioritisation of activities within the objectives of the Department is also considered when necessary.

For more information on under-expenditure or savings, please refer to the Notes to the Appropriation Statement.

#### Virement

The virement applied within the Department, is as follows in R'000:

Shifted from	Shifted to	Amount
1: Administration	4: Vocational and Continuing Education and Training	2 722
2: Human Resources Development, Planning and Monitoring Evaluation	4: Vocational and Continuing Education and Training	170
3: University Education	4: Vocational and Continuing Education and Training	835
5: Skills Development	4: Vocational and Continuing Education and Training	9 706

The Department effected deliberate savings on various projects in order to accommodate the projected over-expenditure on unforeseen and unavoidable expenditure in respect of the remuneration of examiners and moderators of the FET College and AET examinations, as well as expenditure related to the newly appointed Deputy Minister of the Department, for whose appointment no additional funds were allocated. Treasury approval, with reference number 9/4/4/4/13, dated 14 March 2011, was obtained to increase compensation of employees for the remuneration of examiners and moderators; to defray expenditure for unforeseen and unavoidable expenditure on Programme 4: Vocational and Continuing Education and Training; and to off-set projected over-expenditure on compensation of employees in respect of the remuneration of the Deputy Minister. Funds were also shifted between programmes within the compensation of employees, in order to accommodate possible over-expenditure on compensation of employees on some of the programmes.

The virement was approved by the acting Director-General in accordance with the Public Finance Management Act and reported to National Treasury and the Minister.

#### Soccer World Cup clothing and tickets

No clothing or tickets were purchased for the Soccer World Cup.

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**2. SERVICES RENDERED BY THE DEPARTMENT**

**2.1 Services rendered**

The Department was in the main responsible for the formulation of national higher education and training policy and for monitoring and evaluating the implementation of policy. However, services were rendered on a national basis in respect of FET College examinations and certificates; the registration of private HEIs; as well as revenue generated by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments from fees for trade tests, boarding and rentals. The total revenue collected in this regard for the period under review amounted to R3.238 million.

**2.2 Tariff policy**

**National Technical Examinations**

Tariffs for the services rendered in respect of the National Technical Examinations were as follows:

	Tariff in R
<b>Examination fees</b>	
a) Enrolment fees per subject/instructional offering	20.00
b) Enrolment fees per instructional offering Report 191 (N4 – N6)	27.00
c) Concessions, amanuenses and additional time per subject/instructional offering	51.00
d) Remarking per subject/instructional offering	81.00
e) Rechecking per subject/instructional offering	14.50
f) Reissuing of/changes to/amendments of statement results	19.00
g) National Senior Certificate (Technical), National Certificate (Vocational), National N3 Certificate and Subject Certificate	80.00
h) Applications for the reissuing of the National Senior Certificate (Technical), National Certificate (Vocational), National N3 Certificate and Subject Certificate	80.00
i) Confirmation document issued prior to the certificate (system-generated document)	15.00
j) Letter to embassies (work/study abroad)	20.00
k) Teacher certificates	30.00
l) Statements for teacher qualifications	15.00
m) Transfer of examination entries	25.00
n) Exemption for, or recognition of subjects passed with other examining bodies	50.00
o) Postage	
· Africa	117.00
· Overseas (Diplomatic Bag)	140.00
· Overseas via the Post Office	200.00
p) Verification of qualifications prior to 1992 for government organisations	15.00
q) Verification of qualifications prior to 1992 for non-government organisations	35.00

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	Tariff in R
r) Late entry or amendments penalty	21.00
s) Syllabuses (only applicable to examining bodies that supplied syllabuses to other examining bodies)	1.00

**Private Further Education and Training colleges**

The tariffs for the services rendered in respect of private Further Education and Training colleges were as follows:

	Tariff in R
a) Application for registration	500.00
b) Amendments	500.00

**Private Higher Education institutions**

The tariffs for the services rendered in respect of the Registrar of Private Higher Education Institutions were as follows:

	Tariff in R
a) Application for registration	550.00
b) Amendments	550.00
c) Conversions	550.00

**Trade Test Tariffs**

Trade test fees were charged as published in the *Government Gazette* No. 343 of 23 March 2009.

2.3 Free services

None

2.4 Inventories

The inventories on hand at year-end amounted to R275 777. Inventories to the amount of R1 16 043 were transferred from the Department of Education to DHET.

3. CAPACITY CONSTRAINTS

Of the 1 077 posts on the approved staff establishment, 773 posts were filled, leaving 304 vacancies. During 2010/11, a total of 114 appointments were made. However, the high number of vacancies inevitably had a negative impact on human capacity and therefore also on implementation. The Department experienced a relatively high staff turnover rate of 11.95%.

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The Department faced severe capacity constraints due to the under-funding of the departmental budget. The Department inherited approximately 40% of the human capacity utilised in the former Department of Education for comparable functions. Critical vacancies were identified and the filling of these started towards the end of the 2010/11 financial year. The process to fill the advertised posts will continue in the 2011/12 financial year. Various critical positions in the Department remained vacant in 2010/11 due to budget constraints.

The operational budget of the Department was not sufficient to cover the scope of the responsibilities involved in developing and supporting a range of quality programmes in the Department. Apart from the development of new programmes, revision of existing programmes and support of the implementation of all funded curricula offered in the 50 FET Colleges, the Department is also responsible for ensuring the development of quality assurance processes for student learning materials, as well as for lecturer development. Activities, such as student support services capacity development initiatives; the development of student curriculum support materials; college student leadership capacity development programmes; college support for the implementation of the Student Support Services Framework for all colleges; and the implementation of, and support for social inclusion programmes at colleges were also affected due to insufficient funding. In the Examination Services component, insufficient internal security, such as cameras in the printing and production area, results in the risk that question papers may be leaked, which could impact on the integrity of the entire examination cycle. The services of one official were terminated during the period under review for the theft and leaking of question papers obtained from the printing and production facility. Capacity constraints had a negative impact on the turn-around time to respond to enquiries.

#### 4. UTILISATION OF DONOR FUNDS

The Department received new donations totalling R493 000 in cash from foreign donors during the 2010/11 financial year. Expenditure of R11.194 million was incurred against funds held in the Reconstruction and Development Programme (RDP) Fund. The balance of the funds available to the Department in the RDP Fund, as at 31 March 2011, was R38.314 million.

Donor funds were mainly used as follows:

- The utilisation of R144 million over three years, from the European Union Primary Education Sector Policy Support Programme, was approved early in 2010. The total available for the first year's activities was R43.3 million. However, the funds only became available for utilisation in South Africa towards the end of 2010, which resulted in the fact that not all funds could be utilised within the financial year under review. Despite the late availability of funds, the project was initiated and 16 universities have been engaged as partners in nine projects that will strengthen Foundation Phase teacher education via research, programme development and materials development. Full-cost bursaries were allocated to 200 new first-year African language B.Ed. Foundation Phase students. An amount of R34.067 million (78.7%) from the total of available funds, was utilised.
- Donor funds from the Norwegians were used for the South African Norway Tertiary Education Development Programme (SANTED). SANTED held its close-out conference from 15 to 17 October 2010, to mark the conclusion of a ten-year partnership between South Africa and Norway. Expenditure as at 31 March 2011 amounted to R24.910 million and was related to projects that had been initiated in 19 universities that addressed issues of access, retention and success, multilingualism, capacity-building and Southern African Development Community (SADC) institutional collaboration.
- The closure period for Phase 2 of the Higher Education HIV and Aids (HEAIDS) Programme ended on 30 September 2010 with the compilation of a report and financial auditing. The administration of the programme will finally close on 31 March 2012.



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- USAID supported the Department to build capacity in Southern Sudan. A total amount of R492 000 was received and spent. The project provides support for education officials and academics to receive training at the Wits School of Education. The project is wholly implemented by the University of the Witwatersrand and quarterly progress reports are submitted to both the Department and the donor. The first phase of the project was completed at the end of the 2010 academic year, when five education officials from Southern Sudan completed a certificate course in Education Planning. At the beginning of 2011, two students enrolled for postgraduate studies at the University of the Witwatersrand, while one official is enrolled for the certificate course.
- The Department also co-ordinated the USAID Partnership for Skills Development Programme during 2010/11. No funds or activities impacted directly on the Department, since the programme was implemented at 12 selected FET Colleges in the Northern Cape, Mpumalanga and Limpopo.
- The Department also co-ordinated the Danida SESD III. A new agreement between the Department and the Royal Danish Embassy has been signed for implementation in 2011/12.
- The co-ordination of the Netherlands Initiative for Capacity Development in Higher Education resulted in the signing of a contract between the Department and Nuffic for two four-year projects on the FET Colleges Business Management Systems and the Strengthening of the National Certificate Vocational Programmes. By January 2011, three colleges had implemented the standardised system via the donor-funded project as pilot projects. Implementation of the remainder of these projects will commence in 2011/12.
- The EU's Erasmus Mundus Scholarship Programme (Window for South Africa), published a Second Call for Proposals in December 2010. The project is valued at three million Euros over a period of five years, and comprises a mobility scheme for South African master's and doctoral students, as well as for academics and other staff members to spend part of their studies, research or working time at an European university. Interested South African universities have to form consortia, together with their European counterparts, and compete for one of the three projects that will be funded to the amount 1.6 million Euros each. The closing date for submission of project proposals was 29 April 2011. The allocated projects/consortia from the First Call of the scholarship programme are about to start as the first group in the mobility scheme in the forthcoming European academic year.
- The EU is also contributing to the existing African Union's Nyerere Scholarship Programme via its Intra-Africa-Caribbean-Pacific (ACP) Academic Mobility Scheme. The EU reserved 35 million Euros over five years (2011–2015) for the Africa component of the Intra-ACP Programme. The Intra-ACP mobility scheme will fund student, as well as academic and management staff mobility within the African continent. The programme will be implemented via five Calls for Proposals published in 2010, 2011, 2012, 2013 and 2014.
- Technical assistance was received from GTZ to assist with the updating of the OFO.

## 5. PUBLIC ENTITIES

There were 28 public entities that reported to the Minister of Education, namely:

### 5.1 Council on Higher Education (CHE)

The CHE is an independent statutory body, established in terms of the Higher Education Act, 1997. The passing of the Higher Education Amendment Act, 2008 and the National Qualifications Framework Act, 2009, denoted a significant change for the CHE. By virtue of this legislation the CHE functions as a quality council for higher education. It advises the Minister of Higher Education and Training on all higher education policy matters, implements the Higher Education Qualifications Framework (HEQF) by generating and setting standards via the Higher Education Qualifications Council, performs quality assurance and quality promotion functions, and it monitors and evaluates the achievement of policy goals and objectives. An amount of R36.046 million was transferred to the CHE in 2010/11.

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During 2010/11, the CHE:

- released Communiqué 1 in October 2010, which outlined the implementation framework and process for aligning existing qualifications with the requirements of the HEQF;
- hosted a consultative workshop in November 2010 to facilitate discussion on the role, functions and composition of the National Stakeholder Forum, which was proposed at the Higher Education Summit held in April 2010; and
- completed the LL.B. Curriculum Review Project, the findings of which were presented to the South African Law Deans Association (SALDA) and the National Legal Education Liaison Committee (NLELC) during a public colloquium held in November 2010.

#### 5.2 National Student Financial Aid Scheme (NSFAS)

NSFAS was established in terms of the National Student Financial Aid Scheme Act, 1999. It is responsible for administering loans and bursaries and allocating these to eligible students; developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training; raising funds; recovering loans; maintaining and analysing a data base; undertaking research aimed at better utilisation of financial resources; and for advising the Minister on matters relating to student financial aid. An amount of R1 909.359 million was transferred to the NSFAS in 2010/11. Other sources of revenue comprise donor funds, money repayable on study loans, and interest on investments.

During 2010/11, the number of students who received NSFAS financial assistance increased from 153 000 in 2009/10 to 191 372, which include FET Colleges bursary recipients.

#### 5.3 South African Qualifications Authority (SAQA)

SAQA is a statutory body, originally established in terms of the South African Qualifications Act, 1995. As from 1 April 2009, SAQA has operated in terms of the National Qualifications Framework (NQF) Act, 2008, which replaced the former SAQA Act. In terms of the new NQF Act, SAQA continued to focus on upholding the principles of the NQF by, *inter alia*, ensuring access, quality, redress and development for all learners via an integrated national framework of learning achievements. The Department transferred an amount of R41.335 million to SAQA during 2010/11.

During the 2010/11 financial year, SAQA commenced with the implementation of the new National Qualifications Act of 2008, including policy development as set out in the Act. This was done in partnership with DHET, as well as the three quality councils. SAQA also entered into an agreement with the Department of Public Service and Administration (DPSA) to become the only service provider that would conduct the verification of qualifications of Public Service employees.

#### 5.4 The National Skills Fund (NSF)

The NSF was established in 1999 in terms of the Skills Development Act, 1998. It is funded by 20% of the skills development levies collected by the South African Revenue Service (SARS). The fund's key functions include the funding of national skills development priority projects as identified in the NSDS; funding projects related to achieving the purpose of the Act, as determined by the Accounting Authority and the payment of skills development collection costs incurred by SARS; as well as the administration of the fund. The Department transferred an amount of R51.731 million from voted funds, and R1 675.155 million from direct charges to the NSF during 2010/11.

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#### 5.5 Sector Education and Training Authorities (SETAs)

During 2010/11, there were 23 SETAs that were mandated by section 9 of the Skills Development Act, 1998 to provide skills development across various economic sectors. Their main objectives are to implement sector skills plans aimed at developing the appropriate skills; to develop and register learning programmes; and to distribute skills development levy funds. The SETAs moved from the Department of Labour to DHET as part of the macro-reorganisation of the state. The SETAs meet the NSDS targets by means of a legislated service level agreement with the Department. These annual agreements are determined by the NSDS' five-year target, which is also calculated in annual terms. The Department transferred an amount of R6 704.103 million from direct charges to the SETAs during 2010/11.

The operations of all SETAs were refocused via NSDS III. During 2010/11, SETAs implemented sector skills plans to develop appropriate skills; developed and registered learning programmes; and distributed skills development levy funds.

#### 5.6 The Quality Council for Trades and Occupations (QCTO)

The QCTO was established in February 2010. It is the third quality council and it is responsible for the Occupational Qualifications Sub-framework of the NQF. Although QCTO came into operation on 1 April 2010, it formed part of the budget vote structure of DHET.

The QCTO was established in order to accommodate the unique learning requirements for building occupational competence. The QCTO is responsible for standards generation and quality assurance of all work-based qualifications, from NQF Level 1 to 10.

The main objective of QCTO is to develop and quality-assure occupational qualifications that are responsive to both the labour market and developmental state initiatives, resulting in a skilled, productive and employable citizenry.

### 6. OTHER ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

#### 6.1 Higher education institutions (HEIs)

Funds were transferred in order to support the HEIs and enable them to perform their core functions – lecturing and research – efficiently and effectively. This is linked to the broader policy goals and objectives outlined in the National Plan for Higher Education, which is underpinned by the need to ensure the sustainability, affordability and responsiveness of the higher education system, and to enable it to contribute to the social and economic development of South Africa. A total amount of R17 516.740 million was transferred to HEIs.

#### 6.2 Sector Education and Training Authorities (SETAs)

In terms of the Skills Development Act, 1998, and the Skills Development Levies Act, 1999, an amount of R124 675 was transferred to the Education, Training and Development Practices SETA.

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6.3 Other transfers

- **Commonwealth of Learning**

An amount of R1.730 million was transferred to the Commonwealth of Learning.

- **India-Brazil-South Africa**

The India-Brazil-South Africa Trilateral Commission Dialogue Forum was established in 2003 by these three developing countries, in order to work towards a common vision for enhanced South-South cooperation. An amount of R352 350 was transferred to the Commission via the University of KwaZulu-Natal.

6.4 Conditional grants to provincial education departments (PEDs)

The FET Colleges conditional grant was allocated to the Department during the period under review. Before funds were transferred to the provinces, the Department ensured that all the requirements of the Division of Revenue Act, 2010, had been met.

The total allocation for the conditional grant for 2010/11 (in R'000) is as follows:

Conditional grant	Total allocation	Amount transferred	Total amount spent by PEDs	% spent on allocation
FET Colleges	3 803 958	3 803 958	3 585 897	94.27
<b>Total</b>	<b>3 803 958</b>	<b>3 803 958</b>	<b>3 585 897</b>	<b>94.27</b>

6.4.1 Further Education and Training (FET) colleges

The main objective of the FET Colleges Conditional Grant is to ensure the successful transfer of the FET Colleges' function to DHET.

The following constituted the outputs of the grant, as per the agreed grant framework:

- Enrolment of NC(V) Programmes, as specified in college enrolment target planning.
- Enrolments in Report 191 Programmes, in line with the Report 191.
- Expanding information and communication technology (ICT) for teaching and learning, utilising connectivity norms.
- Continue implementing MISs for the delivery of transversal MIS services.
- Implementation of the Funding Norms for FET Colleges.
- Refurbishment, maintenance and repairs of infrastructure and equipment to support the delivery of approved programmes.
- New infrastructure development.

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Achievements during the 2010/11 financial year included the following:

- Approximately 3 052 lecturing staff were trained for the delivery of NC(V) Programmes.
- Approximately 1 396 support staff were trained to provide support in the delivery of ministerial-approved programmes.
- A total of 19 new workshops were built, 137 workshops were installed with modern equipment, 544 classrooms were installed with modern equipment and 45 access ramps were built for disabled learners.

Challenges facing the achievement of outputs during the 2010/11 financial year:

- The late transfer of funds to FET Colleges by PEDs impacted negatively on the outputs to be delivered by FET Colleges.

#### 6.4.2 Compliance with the Division of Revenue Act (DoRA)

In terms of section 11(2) of DoRA, 2010, the duties of the receiving officer include submitting quarterly reports to National Treasury, not later than 30 days after the end of each quarter. This obligation was adhered to by PEDs. The receiving national officer also submitted such reports, after consolidating all provincial reports, as per the requirement of the grant framework to the National Treasury, the Portfolio Committee on Higher Education and the National Council of Provinces.

#### 6.4.3 Performance evaluation of conditional grants

In terms of Section 9(1) of DoRA, 2010, the transferring national officer must evaluate the performance of programmes that are funded or partially funded by the allocation, and submit such evaluation report to the National Treasury within four months after the end of the financial year. Due to the fact that the grant was in its first year of implementation, the first evaluation will be performed during the 2011/12 financial year. Planning for the evaluation commenced during March 2011.

## 7. PUBLIC-PRIVATE PARTNERSHIPS (PPPS)

None

## 8. CORPORATE GOVERNANCE ARRANGEMENTS

### 8.1 The Department's Risk Assessment and Fraud Prevention Plan

During the period under review, a Risk Management Strategy was developed and approved. Several risk assessment workshops were held in order to identify strategic risks facing the department. Due to the fact that this is a new department, during 2011/12 the focus will be on the implementation of the Risk Management Strategy, as well as operational risks reviews of all directorates.

A Fraud Prevention Plan was developed to ensure that DHET addressed the prevention and combating of corruption in the department. The full implementation of the Fraud Prevention Plan and Fraud Awareness Campaigns will take place during 2011/12.

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#### 8.2 Internal Audit Unit

The role of Internal Audit is to provide management and the Audit Committee with independent, objective assurance and consulting services, designed to add value and improve the Department's operations. It is furthermore aimed at assisting the Department in accomplishing its objectives by establishing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.

The Internal Audit Unit is operational, with skilled staff members, and it functions effectively, as required by the Public Finance Management Act (PFMA). An audit plan was developed from the risk assessment conducted in the Department and it was approved by the Audit Committee. During the period under review, internal audit engagements were performed in accordance with the Audit Plan. Where appropriate, the Department implemented the recommendations made in the Internal Audit Reports. Internal Audit Quarterly Reports were compiled and submitted to the Audit Committee for the period of its existence.

#### 8.3 The Audit Committee

The Audit Committee was appointed during October 2010 and functions effectively as required by Treasury Regulations and the PFMA. The Audit Committee held two meetings during the period under review, and was assisted by Internal Audit, which provides secretarial services.

#### 8.4 Management processes for minimising conflict of interest

All senior managers in the Department are compelled to declare their financial interests to the Minister on an annual basis. Furthermore, all employees of the Department are compelled to request permission from the Director-General before they do any work outside the Department that generates additional remuneration for them. All senior managers signed performance agreements.

#### 8.5 Implementation of a Code of Conduct

The Code of Conduct for Public Servants, developed by the Public Service Commission to promote a high standard of professional ethics in the Public Service, was implemented in the Department and managers ensure that all staff members adhere to it. The two Codes of Conduct for Public Servants were distributed to every official in the Department and have been fully implemented. Employees who violated the Codes of Conduct were disciplined in terms of the Disciplinary Code and Procedures for the Public Service.

#### 8.6 Safety, health and environmental issues facing the Department

A Policy on Health and Safety in the Workplace was drafted and is in the process of consultation. This policy will be aimed at creating a positive and safe working environment for all staff members of the Department.

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#### 8.7 Other governance structures

- **Bid Adjudication Committee (BAC)**

BAC is responsible for considering the results/outcome of the evaluation process reached by the Bid Evaluation Committee (BEC). The Committee's duty is to adjudicate the evaluation process, scrutinise the Terms of Reference for bids, and make recommendations to the Director-General with regard to advertising; single-source appointments; emergency and urgent appointments; as well as the awarding, extending and cancelling of bids. The Committee also adjudicates whether the bidding processes are fair, equitable, transparent, competitive and cost-effective, and ensures that these processes comply with the PFMA, other relevant legislation and Treasury Regulations. The members of the Committee are appointed by the Director-General from the ranks of senior managers of the various programmes/branches in the Department. The Committee is scheduled to meet at least twice a month, but *ad hoc* meetings are arranged if necessary.

- **Information Technology Committee (ITC)**

The purpose of the ITC, which meets once a month, is to review and endorse ICT plans, policies and standards. The ITC also coordinates and endorses compliance of the Department's ICT architecture, configuration and initiatives with the strategic directions of the Government Information Technology Officer Council (GITOC), as well as government policies and standards. The ITC also regulates the acquisition, deployment, use and disposal of all Information and Communications Technology, Information Systems and Information Management Systems (ICT/IS/IM) in the Department. This is done in terms of standardisation, need, quantity required, frequency of use, as well as the potential impact on work in terms of work outcomes and cost advantages.

- **Budget Review Advisory Committee (BRAC)**

BRAC advises the Accounting Officer on the allocation of departmental funds, conditional grants and donor funds, and ensures that allocations and reallocations are in line with the educational priorities for a particular financial year. BRAC comprises the Department's Senior Management Programme Managers.

#### 9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

None.

#### 10. NEW/PROPOSED ACTIVITIES

None. The Department commenced with an organisational design and development process, which could result in new/proposed activities over the medium term. It is envisaged that this process would be completed by July 2011.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
VOTE 16  
REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2011

## 11. ASSET MANAGEMENT

### 11.1 Progress with regard to capturing assets in a register

All assets transferred from the former Department of Education, as well as newly acquired assets were captured on the asset register, indicating their financial value. Asset certificates pertaining to assets transferred from the Department of Labour were received late in March 2011 and, by year-end, the verification of these assets was still in process and is projected to be completed by the end of July 2011. As a result these assets are not yet included in the Department's asset register.

### 11.2 Indication of the extent of compliance with the minimum requirements

The asset register complies with the minimum requirements.

### 11.3 Indication of the extent of compliance with the Asset Management Reform Milestones

All assets were recorded in the asset register and a policy was developed on the reconciliation of assets between the asset register and the basic accounting system.

### 11.4 Indication of problems experienced with the Asset Management Reform

The recording of assets in the asset register takes place according to component accounting, while the recording of the payments for assets on the financial systems is treated as a unit. This results in reconciliation discrepancies between minor and major assets. A policy on the reconciliation between the asset register and the basic accounting system was therefore developed and implemented.

## 12. EVENTS AFTER THE REPORTING DATE

None.

## 13. PERFORMANCE INFORMATION

The Department was responsible mainly for the development of policy on educational and skills-related matters in relation to monitoring and evaluating policy implementation.

## 14. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

None.



**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 16

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2011

15. PRIOR MODIFICATIONS TO AUDIT REPORTS

None.

16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

None.

17. OTHER

None.

18. APPROVAL

The Annual Financial Statements, set out on pages 145 to 198, were approved by the Accounting Officer.

A handwritten signature in black ink, appearing to be 'GF Qonde', with a large loop at the start and a horizontal line extending to the right.

**Mr GF Qonde**

**Acting Director-General**

**Date: 31 May 2011**

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

	Appropriation per programme								
	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>1. Administration</b>									
Current payments	125 404	-	(6 677)	118 727	116 500	2 227	98.1	-	-
Transfers and subsidies	399	-	8	407	394	13	96.8	-	-
Payments for capital assets	2 051	-	3 947	5 998	4 503	1 495	75.1	-	-
	127 854	-	(2 722)	125 132	121 397	3 735		-	-
<b>2. Human Resource Development, Planning and Monitoring Coordination</b>									
Current payments	22 147	-	(91)	22 056	21 487	569	97.4	-	-
Transfers and subsidies	2 329	-	-	2 329	2 082	247	89.4	-	-
Payments for capital assets	236	-	(79)	157	109	48	69.4	-	-
	24 712	-	(170)	24 542	23 678	864		-	-
<b>3. University Education</b>									
Current payments	35 113	-	(835)	34 278	32 505	1 773	94.8	-	-
Transfers and subsidies	19 503 480	-	-	19 503 480	19 503 480	-	100.0	-	-
Payments for capital assets	161	-	-	161	62	99	38.5	-	-
Payments for financial assets	-	-	-	-	2	(2)		-	-
	19 538 754	-	(835)	19 537 919	19 536 049	1 870		-	-
<b>4. Vocational and Continuing Education and Training</b>									
Current payments	128 385	-	13 346	141 731	138 201	3 530	97.5	-	-
Transfers and subsidies	3 803 958	-	5	3 803 963	3 803 962	1	100.0	-	-
Payments for capital assets	334	-	82	416	364	52	87.5	-	-
	3 932 677	-	13 433	3 946 110	3 942 527	3 583		-	-
<b>5. Skills Development</b>									
Current payments	92 184	-	(6 921)	85 263	76 513	8 750	89.7	-	-
Transfers and subsidies	51 734	-	118	51 852	51 848	4	100.0	-	-
Payments for capital assets	8 287	-	(2 903)	5 384	342	5 042	6.4	-	-
	152 205	-	(9 706)	142 499	128 703	13 796		-	-

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 16

APPROPRIATION STATEMENT

for the year ended 31 March 2011

	Appropriation per programme								
	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>6. Direct Charges</b>									
Transfers and subsidies	8 424 228	-	-	8 424 228	8 379 259	44 969	99.5	-	-
	<b>8 424 228</b>	-	-	<b>8 424 228</b>	<b>8 379 259</b>	<b>44 969</b>		-	-
<b>Subtotal</b>	<b>32 200 430</b>	-	-	<b>32 200 430</b>	<b>32 131 613</b>	<b>68 817</b>	<b>99.8</b>	-	-
<b>TOTAL</b>	<b>32 200 430</b>	-	-	<b>32 200 430</b>	<b>32 131 613</b>	<b>68 817</b>	<b>99.8</b>	-	-
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				8 902				-	
Aid assistance				10 966				-	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>32 220 298</b>				-	
<b>Add:</b> Aid assistance					11 194				-
<b>Actual amounts per Statement of Financial Performance (Total Expenditure)</b>					<b>32 142 807</b>				-

	Appropriation per economic classification								
	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	251 625	-	8 450	260 075	258 205	1 870	99.3	-	-
Goods and services	151 608	-	(9 628)	141 980	127 001	14 979	89.4	-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	3 803 958	-	-	3 803 958	3 803 958	-	100.0	-	-
Departmental agencies and accounts	2 038 612	-	-	2 038 612	2 038 602	10	100.0	-	-
Universities and technikons	17 516 740	-	-	17 516 740	17 516 740	-	100.0	-	-
Foreign governments and international organisations	2 329	-	-	2 329	2 082	247	89.4	-	-
Households	261	-	131	392	384	8	98.0	-	-

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 16

APPROPRIATION STATEMENT

for the year ended 31 March 2011

	Appropriation per economic classification								
	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	171	171	-	171	-	-	-
Machinery and equipment	10 994	-	(286)	10 708	5 326	5 382	49.7	-	-
Software and other intangible assets	75	-	1 162	1 237	54	1 183	4.4	-	-
<b>Payments for financial assets</b>	-	-	-	-	2	(2)	-	-	-
<b>Total</b>	<b>23 776 202</b>	<b>-</b>	<b>-</b>	<b>23 776 202</b>	<b>23 752 354</b>	<b>23 848</b>	<b>99.9</b>	<b>-</b>	<b>-</b>

	Statutory Appropriation								
	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Direct charge against the National Revenue Fund</b>									
Sector Education and Training Authorities (SETAs)	6 739 382	-	-	6 739 382	6 704 103	35 279	99.5	-	-
National Skills Fund	1 684 846	-	-	1 684 846	1 675 156	9 690	99.4	-	-
<b>Total</b>	<b>8 424 228</b>	<b>-</b>	<b>-</b>	<b>8 424 228</b>	<b>8 379 259</b>	<b>44 969</b>	<b>99.5</b>	<b>-</b>	<b>-</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## APPROPRIATION STATEMENT

## Detail per programme 1 - Administration

for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>1.1 Minister</b>									
Current payments	1 816	-	(120)	1 696	1 683	13	99.2	-	-
<b>1.2 Deputy Minister</b>									
Current payments	-	-	-	-	-	-	-	-	-
<b>1.3 Management</b>									
Current payments	34 388	-	6 434	40 822	39 259	1 563	96.2	-	-
Transfers and subsidies	258	-	8	266	269	(3)	101.1	-	-
Payments for capital assets	458	-	2 115	2 573	2 420	153	94.1	-	-
<b>1.4 Corporate Services</b>									
Current payments	63 649	-	(12 991)	50 658	50 098	560	98.9	-	-
Transfers and subsidies	141	-	-	141	125	16	88.7	-	-
Payments for capital assets	1 593	-	1 832	3 425	2 083	1 342	60.8	-	-
<b>1.5 Office Accommodation</b>									
Current payments	25 551	-	-	25 551	25 460	91	99.6	-	-
<b>Total</b>	<b>127 854</b>	<b>-</b>	<b>(2 722)</b>	<b>125 132</b>	<b>121 397</b>	<b>3 735</b>	<b>97.0</b>	<b>-</b>	<b>-</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	57 653	-	(2 870)	54 783	54 345	438	99.2	-	-
Goods and services	67 751	-	(3 807)	63 944	62 155	1 789	97.2	-	-
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	141	-	-	141	131	10	92.9	-	-
Households	258	-	8	266	263	3	98.9	-	-
<b>Payments for capital assets</b>									
Machinery and equipment	2 051	-	2 710	4 761	4 449	312	93.4	-	-
Software and other intangible assets	-	-	1 237	1 237	54	1 183	4.4	-	-
<b>Total</b>	<b>127 854</b>	<b>-</b>	<b>(2 722)</b>	<b>125 132</b>	<b>121 397</b>	<b>3 735</b>	<b>97.0</b>	<b>-</b>	<b>-</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## APPROPRIATION STATEMENT

Detail per programme 2 - Human resource, development, planning and monitoring coordination  
for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>2.1 Human Resource Development, Strategic Planning and Coordination</b>									
Current payments	5 959	-	574	6 533	6 439	94	98.6	-	-
Payments for capital assets	62	-	(14)	48	45	3	93.8	-	-
<b>2.2 Planning, Information, Monitoring and Evaluation Coordination</b>									
Current payments	5 085	-	(2 147)	2 938	2 670	268	90.9	-	-
Payments for capital assets	71	-	-	71	44	27	62.0	-	-
<b>2.3 International Relations</b>									
Current payments	5 085	-	305	5 390	5 294	96	98.2	-	-
Transfers and subsidies	2 329	-	-	2 329	2 082	247	89.4	-	-
Payments for capital assets	13	-	-	13	-	13	-	-	-
<b>2.4 Legal and Legislative Services</b>									
Current payments	3 787	-	1 197	4 984	4 913	71	98.6	-	-
Payments for capital assets	80	-	(65)	15	13	2	86.7	-	-
<b>2.5 Social Inclusion in Higher Education and Training</b>									
Current payments	2 231	-	(20)	2 211	2 171	40	98.2	-	-
Payments for capital assets	10	-	-	10	7	3	70.0	-	-
<b>Total</b>	<b>24 712</b>	<b>-</b>	<b>(170)</b>	<b>24 542</b>	<b>23 678</b>	<b>864</b>	<b>96.5</b>	<b>-</b>	<b>-</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	17 331	-	1 358	18 689	18 351	338	98.2	-	-
Goods and services	4 816	-	(1 449)	3 367	3 136	231	93.1	-	-
<b>Transfers and subsidies</b>									
Foreign governments and international organisations	2 329	-	-	2 329	2 082	247	89.4	-	-
<b>Payments for capital assets</b>									
Machinery and equipment	161	-	(4)	157	109	48	69.4	-	-
Software and other intangible assets	75	-	(75)	-	-	-	-	-	-
<b>Total</b>	<b>24 712</b>	<b>-</b>	<b>(170)</b>	<b>24 542</b>	<b>23 678</b>	<b>864</b>	<b>96.5</b>	<b>-</b>	<b>-</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## APPROPRIATION STATEMENT

## Detail per programme 3 - University education

for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>3.1 University – Academic Planning and Management</b>									
Current payments	12 567	-	(785)	11 782	10 546	1 236	89.5	-	-
Transfers and subsidies	1 986 740	-	-	1 986 740	1 986 740	-	100.0	-	-
Payments for capital assets	46	-	-	46	21	25	45.7	-	-
<b>3.2 University – Financial Planning and Information Systems</b>									
Current payments	4 806	-	1 047	5 853	5 631	222	96.2	-	-
Payments for capital assets	61	-	(32)	29	-	29	-	-	-
<b>3.3 University – Policy and Development</b>									
Current payments	12 139	-	(845)	11 294	11 113	181	98.4	-	-
Payments for capital assets	51	-	(5)	46	12	34	26.1	-	-
<b>3.4 Teacher Education</b>									
Current payments	5 601	-	(252)	5 349	5 215	134	97.5	-	-
Payments for capital assets	3	-	37	40	29	11	72.5	-	-
Payments for financial assets	-	-	-	-	2	(2)	-	-	-
<b>3.5 University Subsidies</b>									
Transfers and subsidies	17 516 740	-	-	17 516 740	17 516 740	-	100.0	-	-
<b>Total</b>	<b>19 538 754</b>	<b>-</b>	<b>(835)</b>	<b>19 537 919</b>	<b>19 536 049</b>	<b>1 870</b>	<b>100.0</b>	<b>-</b>	<b>-</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	27 795	-	(835)	26 960	26 598	362	98.7	-	-
Goods and services	7 318	-	-	7 318	5 907	1 411	80.7	-	-
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	1 986 740	-	-	1 986 740	1 986 740	-	100.0	-	-
Universities and technikons	17 516 740	-	-	17 516 740	17 516 740	-	100.0	-	-
<b>Payments for capital assets</b>									
Machinery and equipment	161	-	-	161	62	99	38.5	-	-
<b>Payment for financial assets</b>									
	-	-	-	-	2	(2)	-	-	-
<b>Total</b>	<b>19 538 754</b>	<b>-</b>	<b>(835)</b>	<b>19 537 919</b>	<b>19 536 049</b>	<b>1 870</b>	<b>100.0</b>	<b>-</b>	<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**APPROPRIATION STATEMENT**  
 Detail per programme 4 - Vocational and continuing education and training  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>4.1 Planning and Institutional Support</b>									
Current payments	15 651	-	(757)	14 894	14 524	370	97.5	-	-
Transfers and subsidies	3 803 958	-	-	3 803 958	3 803 958	-	100.0	-	-
Payments for capital assets	150	-	137	287	272	15	94.8	-	-
<b>4.2 Programmes and Qualifications</b>									
Current payments	112 734	-	14 103	126 837	123 677	3 160	97.5	-	-
Transfers and subsidies	-	-	5	5	4	1	80.0	-	-
Payments for capital assets	184	-	(55)	129	92	37	71.3	-	-
<b>Total</b>	<b>3 932 677</b>	<b>-</b>	<b>13 433</b>	<b>3 946 110</b>	<b>3 942 527</b>	<b>3 583</b>	<b>99.9</b>	<b>-</b>	<b>-</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	82 832	-	14 132	96 964	96 245	719	99.3	-	-
Goods and services	45 553	-	(786)	44 767	41 956	2 811	93.7	-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	3 803 958	-	-	3 803 958	3 803 958	-	100.0	-	-
Households	-	-	5	5	4	1	80.0	-	-
<b>Payments for capital assets</b>									
Machinery and equipment	334	-	82	416	364	52	87.5	-	-
<b>Total</b>	<b>3 932 677</b>	<b>-</b>	<b>13 433</b>	<b>3 946 110</b>	<b>3 942 527</b>	<b>3 583</b>	<b>99.9</b>	<b>-</b>	<b>-</b>



## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## APPROPRIATION STATEMENT

## Detail per programme 5 - Skills development

for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>5.1 SETA Coordination</b>									
Current payments	62 620	-	5 690	68 310	67 962	348	99.5	-	-
Transfers and subsidies	3	-	102	105	103	2	98.1	-	-
Payments for capital assets	7 701	-	(2 903)	4 798	247	4 551	5.2	-	-
<b>5.2 National Skills Development Services</b>									
Current payments	10 236	-	(3 002)	7 234	6 949	285	96.1	-	-
Transfers and subsidies	51 731	-	16	51 747	51 745	2	100.0	-	-
Payments for capital assets	173	-	-	173	68	105	39.3	-	-
<b>5.3 Quality Development and Promotion</b>									
Current payments	19 328	-	(9 609)	9 719	1 602	8 117	16.5	-	-
Payments for capital assets	413	-	-	413	27	386	6.5	-	-
<b>Total</b>	<b>152 205</b>	<b>-</b>	<b>(9 706)</b>	<b>142 499</b>	<b>128 703</b>	<b>13 796</b>	<b>90.3</b>	<b>-</b>	<b>-</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	66 014	-	(3 335)	62 679	62 666	13	100.0	-	-
Goods and services	26 170	-	(3 586)	22 584	13 847	8 737	61.3	-	-
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	51 731	-	-	51 731	51 731	-	100.0	-	-
Households	3	-	118	121	117	4	96.7	-	-
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	171	171	-	171	-	-	-
Machinery and equipment	8 287	-	(3 074)	5 213	342	4 871	6.6	-	-
<b>Total</b>	<b>152 205</b>	<b>-</b>	<b>(9 706)</b>	<b>142 499</b>	<b>128 703</b>	<b>13 796</b>	<b>90.3</b>	<b>-</b>	<b>-</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## APPROPRIATION STATEMENT

Detail per programme 6 - Direct charges

for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>6.1 Sector Education and Training Authorities</b>									
Transfers and subsidies	6 739 382	-	-	6 739 382	6 704 104	35 278	99.5	-	-
<b>6.2 National Skills Fund</b>									
Transfers and subsidies	1 684 846	-	-	1 684 846	1 675 155	9 691	99.4	-	-
<b>Total</b>	<b>8 424 228</b>	<b>-</b>	<b>-</b>	<b>8 424 228</b>	<b>8 379 259</b>	<b>44 969</b>	<b>99.5</b>	<b>-</b>	<b>-</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2011

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):  
Detail of these transactions can be viewed in the note on Transfers and Subsidies, disclosure notes and Annexure 1 (A-D) to the Annual Financial Statements.
2. Detail of specifically and exclusively appropriated amounts voted (after Virement):  
Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.
3. Detail on payments for financial assets  
Detail of these transactions per programme can be viewed in the note to Payments to financial assets to the Annual Financial Statements.
4. Explanations of material variances from amounts voted (after virement):
  - 4.1 Per programme:

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
<b>Administration</b>	125 132	121 397	3 735	2.98
There were no material variances on this programme.				
<b>Human Resource Development, Planning and Monitoring Evaluation</b>	24 542	23 678	864	3.52
There were no material variances on this programme.				
<b>University Education</b>	19 537 919	19 536 049	1 870	0.01
There were no material variances on this programme.				
<b>Vocational and Continuing Education and Training</b>	3 946 110	3 942 527	3 583	0.09
There were no material variances on this programme.				
<b>Skills Development</b>	142 499	128 703	13 796	9.68
The under-expenditure is due mainly to the following: Under-spending in respect of the Quality Council for Trades and Occupations was due to the delays in the filling of posts that was dependent on amendments made to the Skills Development Act to make provision for the QCTO to appoint its staff complement that was only passed in December 2010. Sub-Frameworks and operational systems for the QCTO was also not approved as anticipated. Under-spending on the Indlela security system due to the extend of the project, consultation had to take place with Public Works, since this is a new Department and former discussions took place at another level.				

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2011

## 4.2 Per economic classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<b>Current payments</b>				
Compensation of employees	260 075	258 205	1 870	0.72
Goods and services	141 980	127 001	14 979	10.55
<b>Transfers and subsidies</b>				
Provinces and municipalities	3 803 958	3 803 958	-	0.00
Departmental agencies and accounts	2 038 612	2 038 602	10	0.00
Universities and technikons	17 516 740	17 516 740	-	0.00
Foreign governments and international organisations	2 329	2 082	247	10.61
Households	392	384	8	2.04
<b>Payments for capital assets</b>				
Buildings and other fixed structures	171	-	171	100.00
Machinery and equipment	10 708	5 326	5 382	50.26
Software and other intangible assets	1 237	54	1 183	95.63
<b>Payments for financial assets</b>	-	2	(2)	0.00

Under-expenditure on Goods and Services is mainly due to slower than projected expenditure on the Quality Council for Trades and Occupations that was established in 2010/11. The under-expenditure on Foreign Governments and International Organisations is as a result of the favourable Rand/Dollar exchange rate. The under-expenditure on Machinery and Equipment is mainly due to delays in the security system at Indlela that was pending a seismographical report.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 31 March 2011

**REVENUE**

Annual appropriation  
Statutory appropriation  
Departmental revenue  
Aid assistance

**TOTAL REVENUE****EXPENDITURE****Current expenditure**

Compensation of employees  
Goods and services  
Aid assistance

**Total current expenditure****Transfers and subsidies**

Transfers and subsidies  
Aid assistance

**Total transfers and subsidies****Expenditure for capital assets**

Tangible capital assets  
Software and other intangible assets

**Total expenditure for capital assets****Payments for financial assets****TOTAL EXPENDITURE****SURPLUS FOR THE YEAR****Reconciliation of Net Surplus for the year**

Voted Funds  
    Annual appropriation  
Departmental revenue and NRF receipts  
Aid assistance

**SURPLUS FOR THE YEAR**

	2010/11	2009/10
Note	R'000	R'000
1	23 776 202	-
2	8 424 228	-
3	8 902	-
4	10 966	-
	<b>32 220 298</b>	<b>-</b>
5	258 205	-
6	127 001	-
4	10 701	-
	<b>395 907</b>	<b>-</b>
8	31 741 025	-
4	493	-
	<b>31 741 518</b>	<b>-</b>
9	5 326	-
9	54	-
	<b>5 380</b>	<b>-</b>
7	2	-
	<b>32 142 807</b>	<b>-</b>
	<b>77 491</b>	<b>-</b>
	68 817	-
	68 817	-
15	8 902	-
4	(228)	-
	<b>77 491</b>	<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>ASSETS</b>		
<b>Current Assets</b>	<b>74 596</b>	-
Cash and cash equivalents	10 59 977	-
Prepayments and advances	11 1 269	-
Receivables	12 11 195	-
Loans	13 1 927	-
Aid assistance receivable	4 228	-
<b>Non-Current Assets</b>	<b>28 457</b>	-
Loans	13 28 457	-
<b>TOTAL ASSETS</b>	<b>103 053</b>	-
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>72 669</b>	-
Voted funds to be surrendered to the Revenue Fund	14 68 817	-
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund	15 10	-
Payables	16 3 842	-
<b>TOTAL LIABILITIES</b>	<b>72 669</b>	-
<b>NET ASSETS</b>	<b>30 384</b>	-
<b>Represented by:</b>		
Capitalisation reserve	30 384	-
<b>TOTAL</b>	<b>30 384</b>	-

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 16

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2011

**Capitalisation Reserves**

Opening balance

Transfers:

Other movements

Closing balance

**TOTAL**

	2010/11	2009/10
	R'000	R'000
	-	-
	30 384	-
	<b>30 384</b>	-
	<b>30 384</b>	-

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 16

## CASH FLOW STATEMENT

for the year ended 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts	<b>32 220 298</b>	-
Annual appropriated funds received	1.1 23 776 202	-
Statutory appropriated funds received	2 8 424 228	-
Departmental revenue received	3 8 902	-
Aid assistance received	4 10 966	-
Net (increase)/ decrease in working capital	(8 622)	-
Surrendered to Revenue Fund	(8 892)	-
Current payments	(395 907)	-
Payments for financial assets	(2)	-
Transfers and subsidies paid	(31 741 518)	-
<b>Net cash flow available from operating activities</b>	17 <b>65 357</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets	9 (5 380)	-
(Increase)/ decrease in loans	(30 384)	-
<b>Net cash flows from investing activities</b>	<b>(35 764)</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in net assets	30 384	-
<b>Net cash flows from financing activities</b>	<b>30 384</b>	-
Net increase/ (decrease) in cash and cash equivalents	59 977	-
<b>Cash and cash equivalents at end of period</b>	18 <b>59 977</b>	-



## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

### VOTE 16

#### ACCOUNTING POLICIES

for the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

#### 1. Presentation of the Financial Statements

##### 1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

##### 1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

##### 1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

##### 1.4 Comparative figures

Prior period comparative information has been presented in the current year's Financial Statements. Where necessary figures included in the prior period Financial Statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

##### 1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

#### 2. Revenue

##### 2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

## VOTE 16

## ACCOUNTING POLICIES

for the year ended 31 March 2011

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

## 2.2 Departmental revenue

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund is recognised as a payable in the Statement of Financial Position.

No accrual is made for the amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the Annual Financial Statements.

## 2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

## 2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system.

## 2.5 Aid assistance

Local and foreign aid assistance is recognised in the books of the Department when notification of the assistance is received from the National Treasury and recorded as revenue when funds are withdrawn from the RDP account or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 16

ACCOUNTING POLICIES

for the year ended 31 March 2011

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system.

The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. Expenditure

3.1 Compensation of employees

**3.1.1 Salaries and wages**

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements at its face value and are not recognised in the Statements of Financial Performance or Position.

**3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

No provision is made for retirement benefits in the Financial Statements of the Department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer department.

Employer contributions (such as medical benefits) made by the Department for certain of its ex-employees are classified as transfers to households in the Statement of Financial Performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

### VOTE 16

#### ACCOUNTING POLICIES

for the year ended 31 March 2011

The expense is classified as capital if the goods and services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

#### 3.3 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the Financial Statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

#### 3.4 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

#### 3.5 Unauthorised expenditure

When confirmed, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written-off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is derecognised in the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

#### 3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

#### 3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 16

ACCOUNTING POLICIES

for the year ended 31 March 2011

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.3 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Loans

Loans are recognised in the Statement of Financial Position when cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

### VOTE 16

### ACCOUNTING POLICIES

for the year ended 31 March 2011

#### 4.5 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

#### 4.6 Capital assets

##### 4.6.1 Movable assets

###### **Initial recognition**

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

###### **Subsequent recognition**

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

##### 4.6.2 Immovable assets

###### **Initial recognition**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 16

ACCOUNTING POLICIES

for the year ended 31 March 2011

**Subsequent recognition**

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the Department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.4 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.5 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
VOTE 16  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

5.6 Lease commitments

**Finance lease**

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the Financial Statements.

**Operating lease**

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the Financial Statements.

5.7 Impairment and other provisions

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the Annual Financial Statements.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.



**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 16

ACCOUNTING POLICIES

for the year ended 31 March 2011

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

8. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

**1. Annual appropriation**  
**1.1 Annual appropriation**

**Programmes**

Administration	
Human Resource Development, Planning and Monitoring Coordination	
University Education	
Vocational and Continuing Education and Training	
Skills Development	

**Total**

2010/11				Appropriation Received 2009/10 R'000
Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000		
125 132	125 132	-		-
24 542	24 542	-		-
19 537 919	19 537 919	-		-
3 946 110	3 946 110	-		-
142 499	142 499	-		-
<b>23 776 202</b>	<b>23 776 202</b>	<b>-</b>		<b>-</b>

**2. Statutory appropriation**

Sector Education and Training Authorities (SETA)	
National Skills Fund	

**Total**

Actual statutory appropriation received

Note	2010/11 R'000	2009/10 R'000
	6 739 382	-
	1 684 846	-
	<b>8 424 228</b>	<b>-</b>
	<b>8 424 228</b>	<b>-</b>

**3. Departmental revenue**

Sales of goods and services other than capital assets	
Interest, dividends and rent on land	
Transactions in financial assets and liabilities	
Transfer received	
Total revenue collected	

**Departmental revenue collected**

**3.1 Sales of goods and services other than capital assets**

Sales of goods and services produced by the department	
Sales by market establishment	
Administrative fees	
Other sales	
Sales of scrap, waste and other used current goods	

**Total**

3.1	3 512	-
3.2	3 565	-
3.3	1 792	-
3.4	33	-
	8 902	-
	<b>8 902</b>	<b>-</b>
3	<b>3 468</b>	<b>-</b>
	240	-
	2 544	-
	684	-
	44	-
	<b>3 512</b>	<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>3.2 Interest, dividends and rent on land</b>		
Interest	3 565	-
<b>Total</b>	<b>3 565</b>	<b>-</b>
<b>3.3 Transactions in financial assets and liabilities</b>		
Other receipts including recoverable revenue	1 792	-
<b>Total</b>	<b>1 792</b>	<b>-</b>
<b>3.4 Transfers received</b>		
Foreign governments	33	-
<b>Total</b>	<b>33</b>	<b>-</b>
<b>4. Aid Assistance</b>		
<b>4.1 Aid assistance received in cash from RDP</b>		
<b>Foreign</b>		
Opening Balance	-	-
Revenue	10 966	-
Expenditure	<b>(11 194)</b>	-
Current	(10 701)	-
Transfers	(493)	-
<b>Closing Balance</b>	<b>(228)</b>	<b>-</b>
<b>4.2 Total</b>		
Opening Balance	-	-
Revenue	10 966	-
Expenditure	<b>(11 194)</b>	-
Current	(10 701)	-
Transfers	(493)	-
<b>Closing Balance</b>	<b>(228)</b>	<b>-</b>
<b>4.3 Analysis of balance</b>		
Aid assistance receivable	(228)	-
RDP	(228)	-
<b>Closing balance</b>	<b>(228)</b>	<b>-</b>

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 16

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

		2010/11	2009/10
	Note	R'000	R'000
<b>5. Compensation of employees</b>			
<b>5.1 Salaries and wages</b>			
Basic salary		136 409	-
Performance award		6 182	-
Service based		99	-
Compensative/circumstantial		52 581	-
Periodic payments		1 883	-
Other non-pensionable allowances		35 583	-
<b>Total</b>		<b>232 737</b>	<b>-</b>
<b>5.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		16 874	-
Medical		8 553	-
Bargaining council		40	-
Official unions and associations		1	-
<b>Total</b>		<b>25 468</b>	<b>-</b>
<b>Total compensation of employees</b>		<b>258 205</b>	<b>-</b>
Average number of employees		793	-
<b>6. Goods and services</b>			
Administrative fees		85	-
Advertising		1 749	-
Assets less than R5 000	6.1	452	-
Bursaries (employees)		409	-
Catering		2 178	-
Communication		4 425	-
Computer services	6.2	20 309	-
Consultants, contractors and agency/outsourced services	6.3	4 324	-
Entertainment		55	-
Audit cost – external	6.4	4 507	-
Fleet services		320	-
Inventory	6.5	18 049	-

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		2010/11	2009/10
	Note	R'000	R'000
Operating leases		4 889	-
Owned and leasehold property expenditure	6.6	26 868	-
Transport provided as part of the departmental activities		48	-
Travel and subsistence	6.7	29 881	-
Venues and facilities		1 389	-
Training and staff development		874	-
Other operating expenditure	6.8	6 190	-
<b>Total</b>		<b>127 001</b>	<b>-</b>
<b>6.1 Assets less than R5 000</b>	6		
<b>Tangible assets</b>		<b>452</b>	<b>-</b>
Machinery and equipment		452	-
<b>Total</b>		<b>452</b>	<b>-</b>
<b>6.2 Computer services</b>	6		
SITA computer services		19 322	-
External computer service providers		987	-
<b>Total</b>		<b>20 309</b>	<b>-</b>
<b>6.3 Consultants, contractors and agency/outsourced services</b>	6		
Business and advisory services		414	-
Legal costs		689	-
Contractors		618	-
Agency and support/outsourced services		2 603	-
<b>Total</b>		<b>4 324</b>	<b>-</b>
<b>6.4 Audit cost – external</b>	6		
Regularity audits		3 442	-
Performance audits		272	-
Other audits		793	-
<b>Total</b>		<b>4 507</b>	<b>-</b>

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	2010/11	2009/10
Note	R'000	R'000
<b>6.5 Inventory</b>	6	
Learning and teaching support material	21	-
Food and food supplies	1 209	-
Fuel, oil and gas	83	-
Other consumable materials	855	-
Maintenance material	3 441	-
Stationery and printing	12 440	-
<b>Total</b>	<b>18 049</b>	<b>-</b>
<b>6.6 Property payments</b>	6	
Municipal services	1	-
Property management fees	25 512	-
Property maintenance and repairs	552	-
Other	803	-
<b>Total</b>	<b>26 868</b>	<b>-</b>
<b>6.7 Travel and subsistence</b>	6	
Local	25 829	-
Foreign	4 052	-
<b>Total</b>	<b>29 881</b>	<b>-</b>
<b>6.8 Other operating expenditure</b>	6	
Resettlement costs	624	-
Other	5 566	-
<b>Total</b>	<b>6 190</b>	<b>-</b>
<b>7. Payments for financial assets</b>		
Debts written off	7.1	
<b>Total</b>	<b>2</b>	<b>-</b>
<b>7.1 Debts written off</b>	7	
<b>Nature of debts written off</b>		
Halaletsang Trading	2	-
<b>Total</b>	<b>2</b>	<b>-</b>

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8. Transfers and subsidies

Provinces and municipalities  
 Departmental agencies and accounts  
 Universities and technikons  
 Foreign governments and international organisations  
 Households

**Total**

	2010/11	2009/10
Note	R'000	R'000
28	3 083 958	-
Annex 1A	10 417 861	-
Annex 1B	17 516 740	-
Annex 1C	2 082	-
Annex 1D	384	-
	<b>31 741 025</b>	<b>-</b>

9. Expenditure for capital assets

**Tangible assets**

Machinery and equipment

**Software and other intangible assets**

Computer software

**Total**

	<b>5 326</b>	-
27	5 326	-
	<b>54</b>	-
28	54	-
	<b>5 380</b>	<b>-</b>

9.1 Analysis of funds utilised to acquire capital assets - 2010/11

**Tangible assets**

Machinery and equipment

**Software and other intangible assets**

Computer software

**Total**

Voted funds	Aid assistance	Total
R'000	R'000	R'000
<b>5 326</b>	-	<b>5 326</b>
5 326	-	5 326
<b>54</b>	-	<b>54</b>
54	-	54
<b>5 380</b>	-	<b>5 380</b>

10. Cash and cash equivalents

Consolidated Paymaster General Account  
 Cash receipts  
 Cash on hand

**Total**

	2010/11	2009/10
Note	R'000	R'000
	59 918	-
	36	-
	23	-
	<b>59 977</b>	<b>-</b>

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	2010/11	2009/10
Note	R'000	R'000
<b>11. Prepayments and advances</b>		
Travel and subsistence	63	-
Prepayments	1 206	-
<b>Total</b>	<b>1 269</b>	<b>-</b>

	2010/11			2009/10
	Less than one year	One to three years	Older than three years	Total
	R'000	R'000	R'000	R'000
<b>12. Receivables</b>				
Claims recoverable	<i>12.1</i> <i>Annex 3</i> 8 155	-	-	8 155
Recoverable expenditure	<i>12.2</i> 3 008	-	-	3 008
Staff debt	<i>12.3</i> 32	-	-	32
<b>Total</b>	<b>11 195</b>	<b>-</b>	<b>-</b>	<b>11 195</b>

	2010/11	2009/10
Note	R'000	R'000
<b>12.1 Claims recoverable</b>		
National departments	821	-
Provincial departments	50	-
Public entities	7 109	-
Private enterprises	175	-
<b>Total</b>	<b>8 155</b>	<b>-</b>
<b>12.2 Recoverable expenditure (disallowance accounts)</b>		
Dishonoured cheques	2	-
Salaries	32	-
National Skills Fund	2 773	-
Miscellaneous	201	-
<b>Total</b>	<b>3 008</b>	<b>-</b>
<b>12.3 Staff debt</b>		
Motor accidents	17	-
Other	15	-
<b>Total</b>	<b>32</b>	<b>-</b>



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	2010/11	2009/10
Note	R'000	R'000
<b>13. Loans</b>		
Universities and technikons	30 384	-
<b>Total</b>	<b>30 384</b>	<b>-</b>
Cape Peninsula University of Technology	4 365	-
Durban Institute of Technology	7 879	-
Nelson Mandela Metropolitan University	458	-
Tshwane University of Technology	8 323	-
Vaal University of Technology	3 083	-
University of Johannesburg	5 293	-
University of Stellenbosch	983	-
	<b>30 384</b>	<b>-</b>
Current portion of loans	1 927	-
<b>Analysis of balance</b>		
Opening balance	-	-
New Issues	32 149	-
Repayments	(1 765)	-
<b>Closing balance</b>	<b>30 384</b>	<b>-</b>
<b>14. Voted funds to be surrendered to the Revenue Fund</b>		
Opening balance	-	-
Transfer from Statement of Financial Performance	68 817	-
<b>Closing balance</b>	<b>68 817</b>	<b>-</b>
<b>15. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund</b>		
Opening balance	-	-
Transfer from Statement of Financial Performance	8 902	-
Paid during the year	(8 892)	-
<b>Closing balance</b>	<b>10</b>	<b>-</b>

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	2010/11	2009/10
Note	R'000	R'000
<b>16. Payables - current</b>		
Clearing accounts	16.1 3 527	-
Other payables	16.2 315	-
<b>Total</b>	<b>3 842</b>	<b>-</b>
<b>16.1 Clearing accounts</b>	16	
Tax RSA	3 524	-
Other	3	-
<b>Total</b>	<b>3 527</b>	<b>-</b>
<b>16.2 Other payables</b>	16	
Unidentified deposits	260	-
Other	55	-
<b>Total</b>	<b>315</b>	<b>-</b>
<b>17. Net cash flow available from operating activities</b>		
Net surplus/(deficit) as per Statement of Financial Performance	77 491	-
Add back non cash/cash movements not deemed operating activities	(12 134)	-
(Increase)/decrease in receivables – current	(11 423)	-
(Increase)/decrease in prepayments and advances	(1 269)	-
(Increase)/decrease in payables – current	3 842	-
Expenditure on capital assets	5 380	-
Surrenders to Revenue Fund	(8 892)	-
Other non-cash items	228	-
<b>Net cash flow generated by operating activities</b>	<b>65 357</b>	<b>-</b>
<b>18. Reconciliation of cash and cash equivalents for cash flow purposes</b>		
Consolidated Paymaster General account	59 918	-
Cash receipts	36	-
Cash on hand	23	-
<b>Total</b>	<b>59 977</b>	<b>-</b>

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**19. Contingent liabilities and contingent assets**

**19.1 Contingent liabilities**

**Liable to**

Motor vehicle guarantees  
 Housing loan guarantees  
 Other guarantees  
 Claims against the department

**Nature**

Employees  
 Employees

**Total**

	2010/11	2009/10
Note	R'000	R'000
<i>Annex 2A</i>	194	-
<i>Annex 2A</i>	572	-
<i>Annex 2A</i>	32 653	-
<i>Annex 2B</i>	16 927	-
	<b>50 346</b>	<b>-</b>

**19.2 Contingent assets**

**Nature of contingent assets**

Director-General Labour vs Ethekwini Technical  
 Director-General Labour vs Farmers Development Agency  
 Minister of Labour vs Bodubelo Hospitality

**Total**

	69	-
	195	-
	259	-
	<b>523</b>	<b>-</b>

**20. Commitments**

**Current expenditure**

Approved and contracted

	34 618	-
	<b>34 618</b>	<b>-</b>

**Capital expenditure (including transfers)**

Approved and contracted

	261	-
	261	-

**Total Commitments**

	<b>34 879</b>	<b>-</b>
--	---------------	----------

**21. Accruals**

**Listed by economic classification**

Goods and services

**Total**

	30 days	30+ days	Total	Total
	R'000	R'000	R'000	R'000
	1 648	2 295	3 943	-
	<b>1 648</b>	<b>2 295</b>	<b>3 943</b>	<b>-</b>

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		2010/11	2009/10
		R'000	R'000
<b>Listed by programme level</b>			
	Programme 1: Administration	2 921	-
	Programme 2: Human Resource Development, Planning and Monitoring Coordination	13	-
	Programme 3: University Education	367	-
	Programme 4: Vocational and Continuing Education and Training	423	-
	Programme 5: Skills Development	219	-
	<b>Total</b>	<b>3 943</b>	<b>-</b>
<b>22.</b>	<b>Employee benefits</b>		
	Leave entitlement	6 499	-
	Service bonus (Thirteenth cheque)	5 967	-
	Capped leave commitments	10 508	-
	<b>Total</b>	<b>22 974</b>	<b>-</b>
<b>22.1</b>	<b>Negative leave balances</b>		
	Differences in the reporting cycle for leave	563	-
	<b>Total</b>	<b>563</b>	<b>-</b>
<b>23.</b>	<b>Lease commitments</b>		
<b>23.1</b>	<b>Operating leases expenditure</b>		
	<b>2010/11</b>		
	Not later than 1 year	-	17 904
	Later than 1 year and not later than 5 years	-	1 227
	<b>Total lease commitments</b>	<b>16 642</b>	<b>19 131</b>
<b>24.</b>	<b>Irregular expenditure</b>		
<b>24.1</b>	<b>Reconciliation of irregular expenditure</b>		
	Opening balance	-	-
	Add: Irregular expenditure – relating to current year	4 023	-
	<b>Irregular expenditure awaiting condonation</b>	<b>4 023</b>	<b>-</b>
	<b>Analysis of awaiting condonation per age classification</b>		
	Current year	4 023	-
	<b>Total</b>	<b>4 023</b>	<b>-</b>

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**24.2 Details of irregular expenditure – current year**

**Incident**

Correct procurement procedures were not followed  
 Contract expired

**Disciplinary steps taken/criminal proceedings**

Under investigation  
 Under investigation

2010/11

R'000

3 875

148

**4 023**

**25. Related party transactions**

List related party transactions

**Ministerial Portfolio**

Higher Education and Training

**Departmental Schedule**

3A  
 3A  
 3A  
 3A  
 3A

**Public Entity**

Council on Higher Education and Training  
 National Student Financial Aid Scheme  
 South African Qualifications Authority  
 Quality Council for Trades and Occupations  
 Sector Education and Training Authorities (SETAs):  
     Agriculture Sector Education and Training Authority  
     Banking Sector Education and Training Authority  
     Chemical Industries Education and Training Authority  
     Clothing, Textiles, Footwear and Leather Sector Education and Training Authority  
     Construction Education and Training Authority  
     Education, Training and Development Practices Sector Education and Training Authority  
     Energy Sector Education and Training Authority  
     Food and Beverages Manufacturing Industry Sector Education and Training Authority  
     Forest Industries Sector Education and Training Authority  
     Health and Welfare Sector Education and Training Authority  
     Information Systems, Electronics and Telecommunications Technologies Training Authority  
     Insurance Sector Education and Training Authority  
     Local Government, Water and Other Related Services Sector Education and Training Authority  
     Manufacturing, Engineering and Related Services Sector Education and Training Authority  
     Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority  
     Mining Qualifications Authority  
     Public Sector Education and Training Authority  
     Safety and Security Sector Education and Training  
     Services Sector Education and Training Authority  
     SETA for Finance, Accounting, Management Consulting and Other Financial Services  
     Tourism, Hospitality & Sport Education and Training Authority  
     Transport Education and Training Authority  
     Wholesale and Retail Sector Education and Training Authority

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
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**26. Key management personnel**

Political office bearers

Officials:

Level 15 to 16

Level 14 (incl CFO if at a lower level)

**Total**

Minister: 2010/11: R1.729 million.

Deputy Minister: 2010/11: R0.580 million.

	2010/11	2009/10
	R'000	R'000
<i>No. of Individuals</i>		
2	2 309	-
11	3 997	-
16	11 292	-
	<u>17 598</u>	<u>-</u>

**27. Movable Tangible Capital Assets****MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011****MACHINERY AND EQUIPMENT**

Transport assets

Computer equipment

Furniture and office equipment

Other machinery and equipment

**TOTAL MOVABLE TANGIBLE CAPITAL ASSETS**

Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
R'000	R'000	R'000	R'000	R'000
-	107	26 686	1 049	25 744
-	-	3 705	-	3 705
-	113	13 888	647	13 354
-	17	7 945	123	7 839
-	(23)	1 148	279	846
<u>-</u>	<u>107</u>	<u>26 686</u>	<u>1 049</u>	<u>25 744</u>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
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**Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

**MACHINERY AND EQUIPMENT**

Transport assets  
Computer equipment  
Furniture and office equipment  
Other machinery and equipment

**TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS**

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
	5 326	21 521	-	(161)	26 686
Transport assets	1 681	2 024	-	-	3 705
Computer equipment	3 124	10 904	-	(140)	13 888
Furniture and office equipment	235	7 731	-	(21)	7 945
Other machinery and equipment	286	862	-	-	1 148
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>5 326</b>	<b>21 521</b>	<b>-</b>	<b>(161)</b>	<b>26 686</b>

**Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

**MACHINERY AND EQUIPMENT**

Computer equipment  
Furniture and office equipment  
Other machinery and equipment

**TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	-	1 049	1 049	-
Computer equipment	-	647	647	-
Furniture and office equipment	-	123	123	-
Other machinery and equipment	-	279	279	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>1 049</b>	<b>1 049</b>	<b>-</b>

**Minor assets**

**MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

Additions  
Disposals

**TOTAL MINOR ASSETS**

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Additions	52	-	5 659	-	5 711
Disposals	-	-	(603)	-	(603)
<b>TOTAL MINOR ASSETS</b>	<b>52</b>	<b>-</b>	<b>5 056</b>	<b>-</b>	<b>5 108</b>

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Number of R1 minor assets  
Number of minor assets at cost  
**TOTAL NUMBER OF MINOR ASSETS**

Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
-	-	7 158	-	7 158
20	-	2 662	-	2 682
<b>20</b>	<b>-</b>	<b>9 820</b>	<b>-</b>	<b>9 840</b>

**28. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

**COMPUTER SOFTWARE**  
**PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS**  
**TOTAL INTANGIBLE CAPITAL ASSETS**

Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
R'000	R'000	R'000	R'000	R'000
-	(44)	709	-	665
-	130	11	-	141
<b>-</b>	<b>86</b>	<b>720</b>	<b>-</b>	<b>806</b>

**Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

**COMPUTER SOFTWARE**  
**PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS**  
**TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS**

Cash	Non-cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
R'000	R'000	R'000	R'000	R'000
54	655	-	-	709
-	11	-	-	11
<b>54</b>	<b>666</b>	<b>-</b>	<b>-</b>	<b>720</b>

**29. Outstanding balances of the Department of Education: R119.248 million**

The Department of Education is still listed in Schedule 1 of the Public Service Act which means that that Department is not yet abolished. Certain balances remained in the books of account of that Department which could not be transferred to the newly created Departments of Basic Education and Higher Education and Training. These accounts relate to, amongst others, the outstanding debt of the provincial departments of education in Eastern Cape and Gauteng.

Based on the uncertainties regarding the legal position of the Department of Education and the identification of the successor in right of that Department, the balances could up to this stage not be transferred to the Departments of Basic Education and Higher Education and Training. Agreement has been reached between the Departments of Basic Education and Higher Education and Training in collaboration with the National Treasury that the outstanding balances of the Department of Education will be transferred to the two new Departments during the 2011/12 financial year.

The transfer will be based on the following principles:

- Balances that is applicable specifically to any of the Departments of Basic Education and Higher Education and Training will be transferred to that Department; and
- Balances that cannot specifically be linked to any of the Departments of Basic Education and Higher Education and Training will be split between the two Departments in the ratio 52:48 (Basic: Higher Education and Training)

The transfer process will be concluded by 31 March 2012.



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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**30. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES**

NAME OF PROVINCE/ GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2009/10
	Division of Revenue Act	Roll-Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Eastern Cape	555 208	-	4 755	559 963	559 963	-	-	559 963	489 414	87.4	-
Free State	256 703	-	371	257 074	257 074	-	-	257 074	218 914	85.2	-
Gauteng	883 160	-	11 407	894 567	894 567	-	-	894 567	784 779	87.7	-
KwaZulu-Natal	642 561	-	6 616	649 177	649 177	-	-	649 177	649 177	100.0	-
Limpopo	435 854	-	6 273	442 127	442 127	-	-	442 127	441 868	99.9	-
Mpumalanga	285 563	-	534	286 097	286 097	-	-	286 097	288 935	101.0	-
Northern Cape	52 101	-	196	52 297	52 297	-	-	52 297	52 297	100.0	-
North West	214 999	-	614	215 613	215 613	-	-	215 613	211 751	98.2	-
Western Cape	446 512	-	531	447 043	447 043	-	-	447 043	448 762	100.4	-
	<b>3 772 661</b>	<b>-</b>	<b>31 297</b>	<b>3 803 958</b>	<b>3 803 958</b>	<b>-</b>	<b>-</b>	<b>3 803 958</b>	<b>3 585 897</b>		<b>-</b>

The Department hereby certify that all transfers were deposited into the primary bank account of the provinces for the 2010/11 financial year. No conditional grant funds were utilised for the administration of this grant by the Department of Higher Education and Training. The total amount reflected by Provincial Education Department's to be surrendered to the Department amounts to R110.858 million. This amount was not yet received in the bank account of the Department by 31 May 2011 and therefore is not reflected.



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**Purchase of other world cup apparel**

*Please specify*

**Total**

**Total world cup expenditure**

	2010/11		2009/10
	Quantity	R'000	R'000
	-	-	-
	-	-	-
		-	-

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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## ANNEXURE 1A

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Education Training and Development Practices	141	-	-	141	125	88.7	-
Council on Higher Education	36 046	-	-	36 046	36 046	100.0	-
National Skills Fund	51 731	-	-	51 731	51 731	100.0	-
National Student Financial Aid Scheme	1 909 359	-	-	1 909 359	1 909 359	100.0	-
South African Qualifications Authority	41 335	-	-	41 335	41 335	100.0	-
Direct Charge: Sector Education and Training Authority	6 739 382	-	-	6 739 382	6 704 103	99.5	-
Direct Charge: National Skills Fund	1 684 846	-	-	1 684 846	1 675 156	99.4	-
Claims against the State	-	-	-	-	6		-
<b>Total</b>	<b>10 462 840</b>	<b>-</b>	<b>-</b>	<b>10 462 840</b>	<b>10 417 861</b>		<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## ANNEXURE 1B

### STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION				TRANSFER			2009/10
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	Amount not transferred	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Cape Peninsula University of Technology	778 972	-	19 789	798 761	798 761	-	100.0	-
Central University of Technology, Free State	276 204	-	1 776	277 980	277 980	-	100.0	-
Durban Institute of Technology	600 049	-	(28 844)	571 205	571 205	-	100.0	-
Mangosuthu University of Technology	238 009	-	1 365	239 374	239 374	-	100.0	-
Nelson Mandela Metropolitan University	609 075	-	19 447	628 522	628 523	(1)	100.0	-
North West University	934 995	-	52 392	987 387	987 386	1	100.0	-
Rhodes University	258 045	-	868	258 913	258 913	-	100.0	-
Tshwane University of Technology	1 202 669	-	13 666	1 216 335	1 216 335	-	100.0	-
University of Cape Town	954 970	-	32 278	987 248	987 248	-	100.0	-
University of Fort Hare	285 464	-	21 474	306 938	306 938	-	100.0	-
University of Free State	719 504	-	58 416	777 920	777 920	-	100.0	-
University of Johannesburg	1 051 417	-	21 021	1 072 438	1 072 438	-	100.0	-
University of KwaZulu-Natal	1 235 765	-	74 033	1 309 798	1 309 798	-	100.0	-
University of Limpopo	635 555	-	46 887	682 442	682 442	-	100.0	-
University of Pretoria	1 401 039	-	76 738	1 477 777	1 477 777	-	100.0	-
University of South Africa	1 647 010	-	3 000	1 650 010	1 650 010	-	100.0	-
University of Stellenbosch	918 243	-	(6 367)	911 876	911 876	-	100.0	-
University of Venda	266 844	-	36 222	303 066	303 066	-	100.0	-
University of Western Cape	556 612	-	24 282	580 894	580 894	-	100.0	-
University of Witwatersrand	1 034 722	-	74 897	1 109 619	1 109 619	-	100.0	-
University of Zululand	313 355	-	3 271	316 626	316 626	-	100.0	-
Vaal University of Technology	389 569	-	1 256	390 825	390 825	-	100.0	-
Walter Sisulu University of Technology and Science	542 212	-	118 574	660 786	660 786	-	100.0	-
Higher Education Institutions: Other Grants	666 441	-	(666 441)	-	-	-	-	-
<b>Total</b>	<b>17 516 740</b>	<b>-</b>	<b>-</b>	<b>17 516 740</b>	<b>17 516 740</b>	<b>-</b>		<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## ANNEXURE 1C

### STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Commonwealth of Learning	1 901	-	-	1 901	1 730	91.0	-
India-Brazil-South Africa Trilateral Commission	428	-	-	428	352	82.2	-
<b>Total</b>	<b>2 329</b>	<b>-</b>	<b>-</b>	<b>2 329</b>	<b>2 082</b>		<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
VOTE 16  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 1D

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>HOUSEHOLDS</b>							
<b>Transfers</b>							
Employee Social Benefits	261	-	131	392	384	98,0	-
<b>Total</b>	<b>261</b>	<b>-</b>	<b>131</b>	<b>392</b>	<b>384</b>		<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## ANNEXURE 1E

### STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
<b>Received in cash in the PMG Account</b>					
European Union	HEAIDS project	-	10 473	10 701	(228)
USAID	Capacity Building in Sudan	-	493	493	-
<b>Subtotal</b>		<b>-</b>	<b>10 966</b>	<b>11 194</b>	<b>(228)</b>
<b>Received in cash in the RDP Fund</b>					
European Union	HEAIDS project	49 015	-	10 701	38 314
USAID	Capacity Building in Sudan	-	493	493	-
<b>Subtotal</b>		<b>49 015</b>	<b>493</b>	<b>11 194</b>	<b>38 314</b>
<b>2010/11</b> <b>2009/10</b>					
<b>R'000</b> <b>R'000</b>					
<b>Reconciliation of the PMG account</b>					
Opening balance				-	-
Transferred from the RDP Fund				10 966	-
Paid during the year				(11 194)	-
Closing balance				<b>(228)</b>	<b>-</b>
<b>Foreign aid assistance receivable/recoverable from the RDP Fund</b>					
European Union				(228)	-
				<b>(228)</b>	<b>-</b>
<b>Analysis of balance</b>					
Amounts receivable from the RDP Fund				(228)	-
<b>Closing balance</b>				<b>(228)</b>	<b>-</b>



**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
VOTE 16  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

**ANNEXURE 1E (CONTINUE)**

		OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
<b>Received in cash through the Department of Basic Education (Claims recoverable basis)</b>					
European Union	EU Foundation Phase Project	-	34 067	34 067	-
<b>Subtotal</b>		<b>-</b>	<b>34 067</b>	<b>34 067</b>	<b>-</b>
<b>Received in kind</b>					
Netherlands	Capacity building in Higher Education through Nuffic: Implementation of standardized Business Management System in 3 pilot FET Colleges			2 000	
Norwegian	South African Norway Tertiary Education Development Programme (SANTED)			24 910	
<b>Subtotal</b>				<b>26 910</b>	
<b>TOTAL</b>		<b>-</b>	<b>10 966</b>	<b>38 104</b>	<b>(228)</b>

The HEAIDS project was transferred from the former Department of Education to the Department of Higher Education and Training.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## ANNEXURE 1F

### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11	2009/10
	R'000	R'000
<b>Made in kind</b>		
Gifts to hosts in Cuba	1	-
Printing numbers on T-shirts of sport teams of the Department	6	-
Sport kit and equipment for sport teams of the Department	33	-
T-Shirts for Skills Summit	6	-
<b>Total</b>	<b>46</b>	<b>-</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 2A

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	<b>Motor vehicles</b>								
Employees	Motor Finance Scheme	1 036	372	-	178	-	194	-	-
	Subtotal	1 036	372	-	178	-	194	-	-
	<b>Housing</b>								
Employees	Housing	572	689	-	117	-	572	-	-
	Subtotal	572	689	-	117	-	572	-	-
	<b>Other</b>								
Cape Peninsula University of Technology	Tertiary Institutions	5 299	3 100	-	2 261	-	839	110	-
Central University of Technology, Free State	Tertiary Institutions	13 746	1 560	-	1 560	-	-	-	-
Durban Institute of Technology	Tertiary Institutions	-	143	-	143	-	-	-	-
Nelson Mandela Metropolitan University	Tertiary Institutions	15 195	3 154	-	1 809	-	1 345	36	-
North West University	Tertiary Institutions	11 297	3 551	-	1 902	-	1 649	43	-
Rhodes University	Tertiary Institutions	7 000	503	-	271	-	232	1	-
Tshwane University of Technology	Tertiary Institutions	25 154	7 857	-	1 822	-	6 035	-	-
University of Cape Town	Tertiary Institutions	8 280	1 933	-	1 114	-	819	-	-
University of Free State	Tertiary Institutions	12 341	3 581	-	2 150	-	1 431	49	-
University of Johannesburg	Tertiary Institutions	32 244	13 217	-	5 710	-	7 507	367	-
University of KwaZulu-Natal	Tertiary Institutions	60 860	4 223	-	2 795	-	1 428	229	-
University of Pretoria	Tertiary Institutions	1 500	349	-	137	-	212	8	-

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## ANNEXURE 2A (CONTINUE)

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2010 R'000	Guarantees draw downs during the year R'000	Guaranteed repayments/ cancelled/ reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2011 R'000	Guaranteed interest for year ended 31 March 2011 R'000	Realised losses not recoverable i.e. claims paid out R'000
University of South Africa	Tertiary Institutions	21 644	1 649	-	700	-	949	32	-
University of Stellenbosch	Tertiary Institutions	13 737	3 183	-	2 897	-	286	23	-
University of Venda	Tertiary Institutions	54 752	3 266	-	2 557	-	709	21	-
University of Witwatersrand	Tertiary Institutions	24 008	8 252	-	2 746	-	5 506	211	-
Vaal University of Technology	Tertiary Institutions	-	4 586	-	4 586	-	-	-	-
Walter Sisulu University for Technology and Science, Eastern Cape	Tertiary Institutions	30 388	3 223	-	670	-	2 553	23	-
	Subtotal	337 445	67 330	-	35 830	-	31 500	1 153	-
	<b>Total</b>	<b>339 053</b>	<b>68 391</b>	<b>-</b>	<b>36 125</b>	<b>-</b>	<b>32 266</b>	<b>1 153</b>	<b>-</b>

The opening balances for Financial Guarantees was transferred from the Department of Education to the Department. The closing balances reflected for the guarantees provided is at 31 December 2010. This is due to the Financial year end of universities being 31 December.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## ANNEXURE 2B

### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable	Closing balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Damaged Car	-	6	6	-	-
Team Renovate vs the Minister of Labour	-	1 238	-	-	1 238
Tjantjelo Training vs the Minister of Labour	-	50	-	-	50
Regent Factor vs the Minister of Labour	-	139	-	-	139
Vital vs Vista University	-	4 000	-	-	4 000
Masisi vs North West University	-	8 500	-	-	8 500
Motaung vs Department of Higher Education and Training	-	3 000	-	-	3 000
<b>TOTAL</b>	<b>-</b>	<b>16 933</b>	<b>6</b>	<b>-</b>	<b>16 927</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 16**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2011

## ANNEXURE 3

### CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Department of Basic Education	-	-	742	-	742	-
Department of Labour	-	-	29	-	29	-
Department of Tourism	-	-	9	-	9	-
Department of International Relations	-	-	30	-	30	-
The Presidency	-	-	11	-	11	-
Gauteng Department of Education	-	-	49	-	49	-
Eastern Cape	-	-	1	-	1	-
	-	-	871	-	871	-
<b>Other Government Entities</b>						
National Skills Fund	-	-	7 107	-	7 107	-
MERSETA	-	-	1	-	1	-
SERVICES SETA	-	-	1	-	1	-
	-	-	7 109	-	7 109	-
<b>Total</b>	-	-	<b>7 980</b>	-	<b>7 980</b>	-

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
 VOTE 16  
 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

## ANNEXURE 4

### INVENTORY

**Inventory**

Opening balance  
 Add: Additions/Purchases – Cash  
 Add: Additions – Non-cash  
 (Less): Issues  
 Add/(Less): Adjustments  
 Closing balance

	2010/11		2009/10	
	Quantity	R'000	Quantity	R'000
Opening balance	-	-	-	-
Add: Additions/Purchases – Cash	274	9 806	-	-
Add: Additions – Non-cash	10	116	-	-
(Less): Issues	(276)	(9 652)	-	-
Add/(Less): Adjustments	-	6	-	-
<b>Closing balance</b>	<b>8</b>	<b>276</b>	<b>-</b>	<b>-</b>

Additions – non-cash reflects amount transferred from the Department of Education.

## 3.2 QUALITY COUNCIL FOR TRADES AND OCCUPATIONS

### CONTENTS

Report of the Accounting Officer  
Statement of Financial Performance  
Statement of Financial Position  
Statement of Changes in Net Assets  
Cash Flow Statement  
Accounting Policies  
Notes to the Annual Financial Statements



## QUALITY COUNCIL FOR TRADES AND OCCUPATIONS

### REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2011

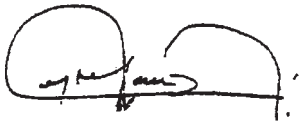
To whom it may concern

I have done a review of the above mentioned template. The following were noted in carrying out the review:

The Quality Council for Trades and Occupations does not currently have its own accounts. The budget was part of the Appropriation Statement of the Department of Higher Education and Training and included under compensation of employees, goods and services and machinery and equipment. Expenditure for the Quality Council for Trades and Occupations is therefore also reflected in the Annual Financial Statements of the Department of Higher Education and Training.

Based on the review performed, I can conclude that the information included in this template is consistent with the financial information included in the annual financial statements as disclosed per our annual report.

Yours faithfully



**Chief Financial Officer**

**Date: 31 May 2011**



**Chairperson of the Board**

**Date: 31 May 2011**

**Name: Mr WN Nzimande**

**Contact number: 083 557 9250**

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>REVENUE</b>		
<b>Non-exchange revenue</b>		
Transfers and subsidies	10 132	-
5	10 132	-
	<b>10 132</b>	-
<b>TOTAL REVENUE</b>		
<b>EXPENDITURE</b>		
Compensation of employees	(4 054)	-
6	(4 054)	-
Goods and services	(3 248)	-
7	(3 248)	-
<b>Total current expenditure</b>	<b>(7 302)</b>	-
	<b>2 830</b>	-
<b>Surplus (before tax)</b>	<b>2 830</b>	-
<b>Surplus from continuing operations</b>	<b>2 830</b>	-
<b>SURPLUS FOR THE YEAR</b>	<b>2 830</b>	-
<b>Attributable to:</b>		
Owners of the controlling equity	2 830	-
	<b>2 830</b>	-

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
STATEMENT OF FINANCIAL POSITION  
as at 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1 27	-
	<b>27</b>	-
<b>Current assets</b>		
Trade and other receivables	2 10 132	-
	<b>10 132</b>	-
<b>TOTAL</b>	<b>10 159</b>	-
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provisions	3 297	-
	<b>297</b>	-
<b>Current liabilities</b>		
Trade and other payables	4 7 032	-
	<b>7 032</b>	-
<b>TOTAL LIABILITIES</b>	<b>7 329</b>	-
<b>Net Assets</b>		
Accumulated surplus	2 830	-
<b>TOTAL NET ASSETS</b>	<b>2 830</b>	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>10 159</b>	-

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
 STATEMENT OF CHANGES IN NET ASSETS  
 for the year ended 31 March 2011

	Accumulated surplus/deficit R'000	Total R'000
Surplus for the year	2 830	2 830
<b>TOTAL</b>	<b>2 830</b>	<b>2 830</b>

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
**CASH FLOW STATEMENT**  
 for the year ended 31 March 2011

**CASH FLOW FROM OPERATING ACTIVITIES**

Cash receipts

Transfers and subsidies

Cash payments

Compensation of employees

Goods and services

Working capital

**Net cash generated from operating activities**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of assets

**Net cash used in investing activities**

**Cash, cash equivalents and bank overdraft at end of the year**

	2010/11	2009/10
Note	R'000	R'000
	<b>10 132</b>	-
	10 132	-
	<b>(10 105)</b>	-
	(3 757)	-
	(3 248)	-
	(3 100)	-
9	<u>27</u>	<u>-</u>
	(27)	-
	<u>(27)</u>	<u>-</u>
	-	-
	<u>-</u>	<u>-</u>

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

## 1. Presentation of Annual Financial Statements

The Quality Council for Trades and Occupations is a public entity listed by the Minister of Finance with effect from 1 April 2010, and is recognised as a Schedule 3A public entity in terms of the Public Finance Management Act (Act 1 of 1999).

For the 2010/11 financial year, the Quality Council for Trades and Occupations did not have its own set of books. Funds were appropriated to Vote 16: Higher Education and Training and expenditure in respect of the Quality Council for Trades and Occupations was effected and accounted for in the books of the Department of Higher Education and Training.

### 1.1 Basis of preparation

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

The Accounting Framework of the entity, based on the preceding paragraph, is therefore as follows:

**Standards of GRAP approved and effective:**

- GRAP 1: Presentation of financial statements;
- GRAP 2: Cash flow statements;
- GRAP 3: Accounting policies, changes in accounting estimates and errors;
- GRAP 4: The effects in changes in foreign exchange rates;
- GRAP 5: Borrowing costs;
- GRAP 6: Consolidated and separate financial statements;
- GRAP 7: Investments in associates;
- GRAP 8: Investments in joint ventures;
- GRAP 9: Revenue from exchange transactions;
- GRAP 10: Financial reporting in hyperinflationary economies;
- GRAP 11: Construction contracts;
- GRAP 12: Inventories;
- GRAP 13: Leases;
- GRAP 14: Events after reporting date;
- GRAP 16: Investment property;
- GRAP 17: Property, plant and equipment;

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

- GRAP 19: Provisions;
- GRAP 100: Non-current assets held for sale and discontinued operations;
- GRAP 101: Agriculture; and
- GRAP 102: Intangible assets.

**Directives issued and effective:**

- Directive 1: Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP.
- Directive 2: Transitional provisions for the adoption of standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
- Directive 5: Determining the GRAP reporting framework.
- Directive 7: The application of deemed cost on the adoption of standards of GRAP.

**Interpretations of the Standards of GRAP approved:**

IGRAP 1: Applying the probability test on the initial recognition of exchange revenue.

**Approved guidelines of standard of GRAP:**

Guide 1: Guideline on Accounting for Public Private Partnerships.

**Effective accrual based IPSASs considering the provisions in paragraphs .15 to .19 of the directive:**

IPSAS 20: Related parties disclosure.

**Effective IFRSs and IFRICs that are applied considering the provisions in paragraph .20 to .26 of the directive:**

- IFRS 3 (AC 140): Business combinations;
- IFRS 4 (AC 141): Insurance contracts;
- IFRS 6 (AC 143): Exploration for and evaluation of mineral resources;
- IFRS 7 (AC 144): Financial instruments: Disclosures;
- IAS 12 (AC 102): Income taxes;
- IAS 19 (AC 116): Employee benefits
- IAS 32 (AC 125): Financial instruments: Presentation;
- IAS 39 (AC 133): Financial instruments: Recognition and measurement;
- SIC – 21 (AC 421): Income taxes: Recovery of revalued non-depreciable assets;

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

- SIC – 25 (AC 425): Income taxes: Changes in the tax status of an entity or its shareholders;
- SIC – 29 (AC 429): Service concession arrangements: Disclosures;
- IFRIC 2 (AC 435): Members' shares in co-operative entities and similar instruments;
- IFRIC 4 (AC 437): Determining whether an arrangement contains a lease;
- IFRIC 9 (AC 422): Reassessment of embedded derivatives;
- IFRIC 12 (AC 445): Service concession arrangements;
- IFRIC 13 (AC 446): Customer loyalty programmes;
- IFRIC 14 (AC 447): IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction;
- IFRIC 15 (AC 448): Agreements for the construction of real estate; and
- IFRIC 16 (AC 449): Hedges in a net investment in a foreign operation.

**GRAP Statements approved but not effective for the 2011 financial year. They are effective for the 2012 financial year:**

- GRAP 21: Impairment of non-cash generating assets;
- GRAP 23: Revenue from non-exchange transactions;
- GRAP 24: Presentation of budget information in the financial statements;
- GRAP 26: Impairment of cash-generating assets; and
- GRAP 103: Heritage Assets.

**GRAP statements approved but no effective date set:**

- GRAP 18: Segment Reporting;
- GRAP 25: Employee Benefits;
- GRAP 104: Financial Instruments;
- GRAP 105: Transfer of functions between entities under common control;
- GRAP 107: Mergers

Application of all of the above GRAP standards will be effective from the date as announced by the Minister of Finance. Currently not all of these dates have been announced.

## 2. Changes in accounting policies, estimates and errors

Being a new entity operational since 1 April 2010, the accounting policies are implemented for the first time and no changes is therefore applicable.



## QUALITY COUNCIL FOR TRADES AND OCCUPATIONS

### ACCOUNTING POLICIES

for the year ended 31 March 2011

#### 3. Critical judgements, estimations and assumptions

In the application of the QCTO accounting policies management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions will be based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 4. Presentation currency

These financial statements are presented in South African rand which is the functional currency of the entity. Figures have been rounded of to the nearest Rand thousand (R'000).

#### 5. Going concern assumption

These financial statements have been prepared on the going concern basis.

#### 6. Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by the standard of GRAP, IPSAS or GAAP.

#### 7. Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Events after reporting date that are classified as adjusting events have been accounted for in the annual financial statements. Events after reporting date that have been classified as non-adjusting events have been disclosed in the disclosure notes to the annual financial statements.

#### 8. Revenue recognition

Revenue is recognised when its probable that future economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

Accounting policy 8.1 on revenue from non-exchange transactions and accounting policy 8.2 on revenue from exchange transactions describes the conditions under which revenue will be recorded by the management of the entity.

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

#### 8.1 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation or condition to repay the amount.

##### 8.1.1 State contributions

State contributions represents unconditional grants received from the Department of Higher Education and Training and are measured at fair value of the consideration received.

The amount included as revenue in the financial statements of the QCTO equals the adjusted appropriation amount included in the Department of Higher Education and Training's Annual Financial Statements, since no funds were physically transferred to the QCTO during 2010/11.

#### 8.2 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

### 9. Expenditure

#### 9.1 Short-term employee benefits

Short-term employee benefits comprise of salaries, paid annual leave, paid sick leave, thirteenth cheques, performance bonuses and non-monetary benefits such as medical care, housing and car allowances. The cost of short-term employee benefits are charged to the Statement of Financial Performance as employee cost in the year to which they relate, except for non-accumulating benefits which are only recognised when the specific event occurs.

Short-term employee benefits that give rise to a present legal or constructive obligation are included in the Statement of Financial Position as accruals in the year to which they relate.

#### 9.2 Expenditure on goods and services

The amount included as expenditure on goods and services in the financial statements of the QCTO equals the actual amount paid for goods and services and accruals paid for by 30 April 2011 as reflected in the Annual Financial Statements of the Department of Higher Education and Training as well as accruals not paid for by 30 April 2011.

Expenditure on goods and services are recognised as expenses in the period in which they are incurred.

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

## 10. Assets

### 10.1 Property, plant and equipment

The Director-General of the Department of Higher Education and Training was the Accounting Authority of the expenditure of the entity during 2010/11 and did control the assets of the QCTO for the 2010/11 financial year. The amount included as property, plant and equipment for the 2010/11 financial year has also been included in the Annual Financial Statements of the Department of Higher Education and Training.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment, except for land, will be depreciated on the straight line basis over their expected useful lives to their estimated residual value. For 2010/11, property, plant and equipment is carried at cost. The depreciation charge will be recognised in surplus or deficit unless it is included in the carrying amount of another asset.

### 10.2 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The amount included as a trade receivable is the final appropriation amount included in the Department of Higher Education and Training's Appropriation Statement.

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

## 11. Liabilities

### 11.1 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be determined reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate. The increase in the provision due to passage of time is recognised as interest expense.

### 11.2 Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest rate method. Other payables are those payables that do not meet the definition of a financial liability. Accruals represent goods/services that have been received together with an accompanied invoice but final authorisation to affect payment has not been effected. Accruals are recognised in the Statement of Financial Position as trade and other payables.

### 11.3 Contingent liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

## 12. Comparative figures

Due to the listing of the entity with effect from 1 April 2010, no comparative figures are applicable.

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

**1. Property, plant and equipment**

**1.1 Machinery and equipment**

**Opening net carrying amount**

Cost or valuation  
 Accumulated depreciation and impairment

Additions

**Closing net carrying amount 31 March**

Cost or valuation  
 Accumulated depreciation and impairment

**1.2 Office furniture and fittings**

**Opening net carrying amount**

Cost or valuation  
 Accumulated depreciation and impairment

Additions

**Closing net carrying amount 31 March**

Cost or valuation  
 Accumulated depreciation and impairment

**Total property, plant and equipment**

**Opening net carrying amount**

Cost or valuation  
 Accumulated depreciation and impairment

Additions

**Closing net carrying amount 31 March**

Cost or valuation  
 Accumulated depreciation and impairment

**2. Trade and other receivables**

Trade receivable: Department of Higher Education and Training

*Analysis for reporting purposes:*

Non-current

Current

	2010/11	2009/10
	R'000	R'000
	-	-
	-	-
	-	-
	8	-
	<b>8</b>	-
	8	-
	-	-
	-	-
	-	-
	-	-
	-	-
	19	-
	<b>19</b>	-
	19	-
	-	-
	-	-
	-	-
	-	-
	27	-
	<b>27</b>	-
	27	-
	-	-
	10 132	-
	<b>10 132</b>	-
	-	-
	10 132	-
	<b>10 132</b>	-

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

	2010/11	2009/10
	R'000	R'000
<b>3. Provisions</b>		
Staff/employee related	297	-
<b>Total</b>	<b>297</b>	<b>-</b>
<i>Analysis for reporting purposes:</i>		
Non-current	297	-
	<b>297</b>	<b>-</b>
<b>Movement in balance:</b>		
Balance at 1 April	-	-
Additional provisions	297	-
<b>Balance at 31 March</b>	<b>297</b>	<b>-</b>
<b>4. Trade and other payables</b>		
Trade payables: Department of Higher Education and Training	7 032	-
<b>Total</b>	<b>7 032</b>	<b>-</b>
<b>5. Transfers and subsidies</b>		
Transfer payment from other departments/entities	10 132	-
	<b>10 132</b>	<b>-</b>
<b>5.1 Transfer payment from other department/entities</b>		
Department of Higher Education and Training	10 132	-
	<b>10 132</b>	<b>-</b>
<b>6. Compensation of employees</b>		
Salaries and wages	3 584	-
Social contributions	470	-
	<b>4 054</b>	<b>-</b>

**QUALITY COUNCIL FOR TRADES AND OCCUPATIONS**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

	2010/11	2009/10
	R'000	R'000
<b>7. Goods and services</b>		
Assets less than capitalised threshold	13	-
Communication	22	-
Consultants, contractors and agency/outsourced service	1 030	-
Courier and delivery costs	13	-
Inventory consumed	90	-
Operating leases	7	-
Owned and leasehold property expenditure	7	-
Travel and subsistence	320	-
Venues and facilities	18	-
Other operating expenditure	105	-
<b>Total</b>	<b>1 625</b>	<b>-</b>
<b>8. Income tax expense</b>		
<b>Reconciliation between tax expense and accounting surplus/deficit</b>		
Surplus/deficit before tax	2 830	-
	<b>-</b>	<b>-</b>
<b>9. Net cash generated from operating activities</b>		
Surplus/deficit before tax including discontinued operations	2 830	-
Changes in working capital	(3 100)	-
Increase in provisions relating to employment	297	-
	<b>27</b>	<b>-</b>
<b>10. Contingent liabilities</b>		
Accumulated surplus not approved	2 830	-
	<b>2 830</b>	<b>-</b>
<b>11. Reconciliation of budget surplus/deficit with Statement of Financial Performance</b>		
Net surplus/deficit per Statement of Financial Performance	2 830	-
<b>Net surplus/deficit per approved budget</b>	<b>2 830</b>	<b>-</b>

## 3.3 DEPARTMENT OF EDUCATION

### CONTENTS

Report of the Auditor-General  
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Statement of Financial Position  
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Accounting Policies  
Notes to the Annual Financial Statements  
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Annexures



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF EDUCATION

## REPORT ON THE FINANCIAL STATEMENTS

### INTRODUCTION

1. I have audited the accompanying financial statements of the Department of Education, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the accounting officer's report as set out on pages 219 to 266.

### ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury, and in the manner required by the Public Finance Management Act of South Africa and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## OPINION

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Education as at 31 March 2011 and its financial performance and cash flows for the year then ended, in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and in the manner required by the Public Finance Management Act of South Africa.

## EMPHASIS OF MATTER

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

## OTHER

8. The Department of Education (DoE) is still listed in Schedule 1 of the Public Service Act and not yet abolished. The DoE is not a vote and did not receive a budget allocation. No operational activities took place during the year at the DoE.
9. As disclosed in note 29 to the financial statements, the outstanding balances of R119 million of the Department of Education (DoE) remained in the books of account of the DoE. These amounts were not transferred to the newly created Departments of Basic Education (DBE) and Higher Education and Training (DHET). These accounts relate to, amongst others, the outstanding debt of the provincial departments of education in Eastern Cape and Gauteng. An agreement has been reached between the DBE and DHET in collaboration with the National Treasury that the outstanding balances of the DoE will be transferred to the DBE and DHET during the 2011/12 financial year.

## Additional matters

I draw attention to the matter below. My opinion is not modified in respect of these matters:

## BASIS OF ACCOUNTING

10. The financial reporting framework prescribed by the National Treasury and applied by the Department of Education, is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the Department of Education.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Compliance with laws and regulations

#### Asset management

11. The accounting officer of the Department of Education did not ensure that all assets and liabilities of the department were transferred to the Department of Basic Education and Department of Higher Education and Training as required by section 42 of the PFMA following the transfer of functions to the two departments.

### INTERNAL CONTROL

12. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### Leadership

- Lack of oversight responsibility in ensuring the all outstanding balances in the department were transferred to the Departments of Basic Education and Higher Education and Training.

*Auditor-General.*

Pretoria

31 July 2011



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**DEPARTMENT OF EDUCATION**  
REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2011

## REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA.

### 1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The Department of Education closed down on 31 March 2010 as part of the restructuring process. No funds were therefore allocated to the Department during the 2010/11 financial year. The books of account of the Department does, however, remain open due to outstanding balances that could not be cleared or transferred to the newly established Departments of Basic Education as well as Higher Education and Training. These balances are receiving ongoing attention in order to close the books of the Department as soon as possible.

The balances in the books of account that must still be transferred to the Departments of Basic Education and Higher Education and Training is disclosed in Disclosure Note 29 of the Financial Statements.

#### **Important policy decisions and strategic issues**

None.

#### **Significant events that have taken place and major projects undertaken or completed during the year**

None.

#### **Spending trends**

None.

#### **Virement**

None.

#### **Soccer World Cup Clothing and Tickets**

None

### 2. SERVICES RENDERED BY THE DEPARTMENT

#### 2.1 Services rendered

None.

**DEPARTMENT OF EDUCATION**  
REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2011

2.2 Tariff policy

None.

2.3 Free services

None

2.4 Inventories

Due to the closure of the Department all inventories on hand were transferred to the newly established education departments before 31 March 2010 and certificates were completed as required by section 42 of the Public Finance Management Act, 1999.

3. CAPACITY CONSTRAINTS

Based on an agreement signed between the new education departments, officials from the Department of Higher Education and Training are responsible for the clearing of the books of account of the Department of Education and for the compilation of the Annual Financial Statements. This task is performed over and above the normal responsibilities of the officials and the Department expresses appreciation for the services delivered by staff in this respect.

4. UTILISATION OF DONOR FUNDS

The management of donor agreements and funds that existed at the end of the 2010/11 financial year were transferred to the Departments of Basic Education and Higher Education and Training during 2010/11.

5. PUBLIC ENTITIES

The six public entities previously reported to the Minister of Education were transferred to the Departments of Basic Education and Higher Education and Training during 2010/11 as follows:

Department of Basic Education

- South African Council for Educators (SACE)
- Education Labour Relations Council (ELRC)
- Umalusi

**DEPARTMENT OF EDUCATION**  
 REPORT OF THE ACCOUNTING OFFICER  
 for the year ended 31 March 2011

Department of Higher Education and Training

- Council on Higher Education (CHE)
- South African Qualifications Authority (SAQA)
- National Student Financial Aid Scheme (NSFAS)

## 6. OTHER ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

### 6.1 Higher education institutions (HEIs)

The allocation for higher education institutions were transferred to the Department of Higher Education and Training.

### 6.2 Other transfers

- **Association for the Development of Education in Africa (ADEA)**

The allocation was transferred to the Department of Basic Education.

- **UNESCO (United Nations Educational, Scientific and Cultural Organisation)**

The allocation was transferred to the Department of Basic Education.

- **Commonwealth of Learning**

The allocation was transferred to the Department of Higher Education and Training.

- **India-Brazil-South Africa**

The allocation was transferred to the Department of Higher Education and Training.

- **Childline South Africa**

The allocation was transferred to the Department of Basic Education.

### 6.3 Conditional grants to provincial education departments

The two conditional grants, the HIV and Aids Life Skills Programme, and the National School Nutrition Programme (NSNP) that were allocated to the Department during 2009/10 were transferred to the Department of Basic Education.

## 7. PUBLIC PRIVATE PARTNERSHIPS (PPP)

The PPP agreement entered into by the Department of Education was transferred to the Department of Basic Education.

**DEPARTMENT OF EDUCATION**  
REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2011

8. CORPORATE GOVERNANCE ARRANGEMENTS

8.1 The risk assessment and fraud prevention plan of the Department

None.

8.2 Internal Audit Unit

None.

8.3 The Audit Committee

The Audit Committee of the Department of Higher Education and Training is also responsible for the activities of the Department of Education.

8.4 Management processes for minimising conflict of interest

None.

8.5 Implementation of a code of conduct

None.

8.6 Safety, health and environmental issues facing the Department

None.

8.7 Other governance structures

None.

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

None.

**DEPARTMENT OF EDUCATION**  
REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2011

10. NEW/PROPOSED ACTIVITIES

None. The Department closed on 31 March 2010 as part of the restructuring process of Government.

11. ASSET MANAGEMENT

All the assets were transferred to the Departments of Basic Education and Higher Education and Training.

12. EVENTS AFTER THE REPORTING DATE

None. All the functions and activities of the Department were transferred to the votes for Basic Education as well as Higher Education and Training with effect from 1 April 2010.

13. PERFORMANCE INFORMATION

None.

14. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

None.

15. PRIOR MODIFICATIONS TO AUDIT REPORTS

None.

16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

None.



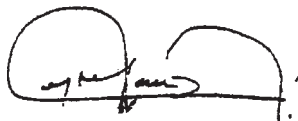
**DEPARTMENT OF EDUCATION**  
REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2011

17. OTHER

None.

18. APPROVAL

The Annual Financial Statements set out on pages 225 to 279 have been approved by the Accounting Officer.

A handwritten signature in black ink, appearing to read 'TW Tredoux', with a stylized flourish at the end.

**Mr TW Tredoux**  
**Accounting Officer**  
**Date: 31 May 2011**

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2011

Appropriation per programme									
	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payments	-	-	-	-	-	-	-	223 214	222 065
Transfers and subsidies	-	-	-	-	-	-	-	4 507	4 504
Payments for capital assets	-	-	-	-	-	-	-	17 091	16 840
<b>2. System Planning and Monitoring</b>									
Current payments	-	-	-	-	-	-	-	102 011	98 170
Transfers and subsidies	-	-	-	-	-	-	-	17	13
Payments for capital assets	-	-	-	-	-	-	-	3 313	2 708
<b>3. General Education</b>									
Current payments	-	-	-	-	-	-	-	644 670	167 546
Transfers and subsidies	-	-	-	-	-	-	-	184 955	184 851
Payments for capital assets	-	-	-	-	-	-	-	297	198
<b>4. Further Education and Training</b>									
Current payments	-	-	-	-	-	-	-	182 980	181 397
Transfers and subsidies	-	-	-	-	-	-	-	55 662	55 661
Payments for capital assets	-	-	-	-	-	-	-	5 366	5 355
<b>5. Social and School Enrichment</b>									
Current payments	-	-	-	-	-	-	-	486 665	484 730
Transfers and subsidies	-	-	-	-	-	-	-	2 394 537	2 394 536
Payments for capital assets	-	-	-	-	-	-	-	740	261
<b>6. Higher Education</b>									
Current payments	-	-	-	-	-	-	-	26 114	25 998
Transfers and subsidies	-	-	-	-	-	-	-	17 483 543	17 483 526
Payments for capital assets	-	-	-	-	-	-	-	303	290
<b>7. Auxiliary and Associated Services</b>									
Current payments	-	-	-	-	-	-	-	18 372	18 144
Transfers and subsidies	-	-	-	-	-	-	-	14 394	14 341
Payments for capital assets	-	-	-	-	-	-	-	106	76
<b>Total</b>	-	-	-	-	-	-	-	<b>21 848 857</b>	<b>21 361 210</b>

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 for the year ended 31 March 2011

Appropriation per programme									
	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				13				7 425	
Aid assistance				5				65 847	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>18</b>				<b>21 922 129</b>	
<b>Add:</b> Aid assistance						-			54 131
<b>Actual amounts per Statement of Financial Performance (Total Expenditure)</b>						-			<b>21 415 341</b>

Appropriation per economic classification									
	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	370 252	369 461
Goods and services	-	-	-	-	-	-	-	1 313 774	828 282
Payments for financial assets	-	-	-	-	-	-	-	-	307
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	2 575 403	2 575 403
Departmental agencies and accounts	-	-	-	-	-	-	-	2 244 966	2 245 071
Universities and technikons	-	-	-	-	-	-	-	15 297 196	15 297 180
Foreign governments and international organisations	-	-	-	-	-	-	-	13 389	13 236
Non-profit institutions	-	-	-	-	-	-	-	50	50
Households	-	-	-	-	-	-	-	6 611	6 492
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	20 881	20 090
Software and other intangible assets	-	-	-	-	-	-	-	6 335	5 638
<b>Total</b>	-	-	-	-	-	-	-	<b>21 848 857</b>	<b>21 361 210</b>

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 Detail per programme 1 - Administration  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>1.1 Minister: Basic Education</b>									
Current payments	-	-	-	-	-	-	-	1 741	1 741
<b>1.2 Minister: Higher Education and Training</b>									
Current payments	-	-	-	-	-	-	-	1 536	1 537
<b>1.3 Deputy Minister</b>									
Current payments	-	-	-	-	-	-	-	1 300	1 300
<b>1.4 Management</b>									
Current payments	-	-	-	-	-	-	-	70 421	69 758
Transfers and subsidies	-	-	-	-	-	-	-	4 283	4 281
Payments for capital assets	-	-	-	-	-	-	-	4 628	4 575
<b>1.5 Corporate Services</b>									
Current payments	-	-	-	-	-	-	-	124 510	124 024
Transfers and subsidies	-	-	-	-	-	-	-	224	223
Payments for capital assets	-	-	-	-	-	-	-	12 463	12 265
<b>1.6 Property Management</b>									
Current payments	-	-	-	-	-	-	-	23 706	23 705
<b>Total</b>	-	-	-	-	-	-	-	<b>244 812</b>	<b>243 409</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	95 882	95 563
Goods and services	-	-	-	-	-	-	-	127 332	126 494
Payments for financial assets	-	-	-	-	-	-	-	-	8
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	-	-	-	-	-	-	-	195	210
Non-profit institutions	-	-	-	-	-	-	-	50	50
Households	-	-	-	-	-	-	-	4 262	4 244
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	16 009	16 265
Software and other intangible assets	-	-	-	-	-	-	-	1 082	575
<b>Total</b>	-	-	-	-	-	-	-	<b>244 812</b>	<b>243 409</b>

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 Detail per programme 2 - System planning and monitoring  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>2.1 Education Human Resources Management</b>									
Current payments	-	-	-	-	-	-	-	42 590	39 648
Transfers and subsidies	-	-	-	-	-	-	-	10	10
Payments for capital assets	-	-	-	-	-	-	-	269	81
<b>2.2 Information Monitoring and Evaluation</b>									
Current payments	-	-	-	-	-	-	-	38 630	37 975
Transfers and subsidies	-	-	-	-	-	-	-	7	3
Payments for capital assets	-	-	-	-	-	-	-	2 922	2 511
<b>2.3 Financial and Physical Planning and Analysis</b>									
Current payments	-	-	-	-	-	-	-	12 493	12 312
Payments for capital assets	-	-	-	-	-	-	-	52	48
<b>2.4 Legal and Legislative Services</b>									
Current payments	-	-	-	-	-	-	-	8 298	8 235
Payments for capital assets	-	-	-	-	-	-	-	70	68
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105 341</b>	<b>100 891</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	58 389	58 256
Goods and services	-	-	-	-	-	-	-	43 622	39 911
Payments for financial assets	-	-	-	-	-	-	-	-	3
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	-	-	-	-	-	-	-	-	6
Households	-	-	-	-	-	-	-	17	7
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	3 086	2 668
Software and other intangible assets	-	-	-	-	-	-	-	227	40
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105 341</b>	<b>100 891</b>

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 Detail per programme 3 - General education  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 General Education and Training Curriculum and Assessment</b>									
Current payments	-	-	-	-	-	-	-	563 506	86 925
Transfers and subsidies	-	-	-	-	-	-	-	181 953	181 852
Payments for capital assets	-	-	-	-	-	-	-	31	27
<b>3.2 Institutional Development</b>									
Current payments	-	-	-	-	-	-	-	10 222	10 163
Payments for capital assets	-	-	-	-	-	-	-	132	45
<b>3.3 Teacher Education</b>									
Current payments	-	-	-	-	-	-	-	44 297	44 257
Transfers and subsidies	-	-	-	-	-	-	-	1 616	1 615
Payments for capital assets	-	-	-	-	-	-	-	70	67
<b>3.4 Quality Promotion and Assurance</b>									
Current payments	-	-	-	-	-	-	-	26 645	26 201
Transfers and subsidies	-	-	-	-	-	-	-	1 386	1 384
Payments for capital assets	-	-	-	-	-	-	-	64	59
<b>Total</b>	-	-	-	-	-	-	-	<b>829 922</b>	<b>352 595</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	45 045	44 997
Goods and services	-	-	-	-	-	-	-	599 625	122 439
Payments for financial assets	-	-	-	-	-	-	-	-	110
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	180 875	180 875
Departmental agencies and accounts	-	-	-	-	-	-	-	2 850	2 918
Foreign governments and international organisations	-	-	-	-	-	-	-	100	-
Households	-	-	-	-	-	-	-	1 130	1,058
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	297	198
<b>Total</b>	-	-	-	-	-	-	-	<b>829 922</b>	<b>352 595</b>

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 Detail per programme 4 - Further education and training  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>4.1 Education Measurement, Assessment and Public Examinations</b>									
Current payments	-	-	-	-	-	-	-	140 284	140 191
Transfers and subsidies	-	-	-	-	-	-	-	17	17
Payments for capital assets	-	-	-	-	-	-	-	5 127	5 125
<b>4.2 Further Education and Training Schools</b>									
Current payments	-	-	-	-	-	-	-	29 647	28 187
Transfers and subsidies	-	-	-	-	-	-	-	55 645	55 644
Payments for capital assets	-	-	-	-	-	-	-	73	68
<b>4.3 Further Education and Training College Programmes, Qualifications and Institutional Support</b>									
Current payments	-	-	-	-	-	-	-	13 049	13 019
Payments for capital assets	-	-	-	-	-	-	-	166	162
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244 008</b>	<b>242 413</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	107 060	106 953
Goods and services	-	-	-	-	-	-	-	75 920	74 313
Payments for financial assets	-	-	-	-	-	-	-	-	131
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	-	-	-	-	-	-	-	55 574	55 579
Households	-	-	-	-	-	-	-	88	82
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	350	339
Software and other intangible assets	-	-	-	-	-	-	-	5 016	5 016
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244 008</b>	<b>242 413</b>

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 Detail per programme 5 - Social and school enrichment  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>5.1 Social Inclusion in Education</b>									
Current payments	-	-	-	-	-	-	-	460 984	460 914
Transfers and subsidies	-	-	-	-	-	-	-	2	1
Payments for capital assets	-	-	-	-	-	-	-	467	21
<b>5.2 Health in Education</b>									
Current payments	-	-	-	-	-	-	-	15 333	13 507
Transfers and subsidies	-	-	-	-	-	-	-	2 394 534	2 394 534
Payments for capital assets	-	-	-	-	-	-	-	202	195
<b>5.3 Equity in Education</b>									
Current payments	-	-	-	-	-	-	-	10 348	10 309
Transfers and subsidies	-	-	-	-	-	-	-	1	1
Payments for capital assets	-	-	-	-	-	-	-	71	45
<b>Total</b>	-	-	-	-	-	-	-	<b>2 881 942</b>	<b>2 879 527</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	30 180	30 141
Goods and services	-	-	-	-	-	-	-	456 485	454 537
Payments for financial assets	-	-	-	-	-	-	-	-	52
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	2 394 528	2 394 528
Departmental agencies and accounts	-	-	-	-	-	-	-	-	8
Households	-	-	-	-	-	-	-	9	-
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	730	254
Software and other intangible assets	-	-	-	-	-	-	-	10	7
<b>Total</b>	-	-	-	-	-	-	-	<b>2 881 942</b>	<b>2 879 527</b>



**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 Detail per programme 6 - Higher education  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>6.1 Higher Education Planning and Management</b>									
Current payments	-	-	-	-	-	-	-	14 132	14 060
Transfers and subsidies	-	-	-	-	-	-	-	2 186 335	2 186 334
Payments for capital assets	-	-	-	-	-	-	-	253	248
<b>6.2 Higher Education Policy and Development</b>									
Current payments	-	-	-	-	-	-	-	11 982	11 938
Transfers and subsidies	-	-	-	-	-	-	-	12	12
Payments for capital assets	-	-	-	-	-	-	-	50	42
<b>6.3 Higher Education Subsidies</b>									
Transfers and subsidies	-	-	-	-	-	-	-	15 297 196	15 297 180
<b>Total</b>	-	-	-	-	-	-	-	<b>17 509 960</b>	<b>17 509 814</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	18 769	18 669
Goods and services	-	-	-	-	-	-	-	7 345	7 326
Payments for financial assets	-	-	-	-	-	-	-	-	3
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	-	-	-	-	-	-	-	2 186 347	2 186 346
Universities and technikons	-	-	-	-	-	-	-	15 297 196	15 297 180
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	303	290
<b>Total</b>	-	-	-	-	-	-	-	<b>17 509 960</b>	<b>17 509 814</b>

**DEPARTMENT OF EDUCATION**  
**APPROPRIATION STATEMENT**  
 Detail per programme 7 - Auxiliary and associated services  
 for the year ended 31 March 2011

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>7.1 International Relations and UNESCO</b>									
Current payments	-	-	-	-	-	-	-	9 784	9 624
Transfers and subsidies	-	-	-	-	-	-	-	14 394	14 341
Payments for capital assets	-	-	-	-	-	-	-	61	54
<b>7.2 Financial Support Services</b>									
Current payments	-	-	-	-	-	-	-	8 588	8 520
Payments for capital assets	-	-	-	-	-	-	-	45	22
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32 872</b>	<b>32 561</b>

Economic classification	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	14 927	14 882
Goods and services	-	-	-	-	-	-	-	3 445	3 262
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	-	-	-	-	-	-	-	-	4
Foreign governments and international organisations	-	-	-	-	-	-	-	13 289	13 236
Households	-	-	-	-	-	-	-	1 105	1 101
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	106	76
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32 872</b>	<b>32 561</b>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE APPROPRIATION STATEMENT  
 for the year ended 31 March 2011

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):  
 Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-E) to the Annual Financial Statements.
2. Detail of specifically and exclusively appropriated amounts voted (after Virement):  
 Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.
3. Detail on financial transactions in assets and liabilities  
 Detail of these transactions per programme can be viewed in the note to Financial transactions in assets and liabilities to the Annual Financial Statements.
4. Explanations of material variances from amounts voted (after Virement):

4.1 Per Programme

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
1: Administration There were no material variances on this programme.	-	-	-	0%
2: System Planning and Monitoring There were no material variances on this programme.	-	-	-	0%
3: General Education There were no material variances on this programme.	-	-	-	0%
4: Further Education and Training There were no material variances on this programme.	-	-	-	0%
5: Social and School Enrichment There were no material variances on this programme.	-	-	-	0%
6: Higher Education There were no material variances on this programme.	-	-	-	0%
7: Auxiliary and Associated Services There were no material variances on this programme.	-	-	-	0%

**DEPARTMENT OF EDUCATION**  
NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2011

4.2 Per Economic Classification

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
<b>Current payments</b>				
Compensation of employees	-	-	-	0%
Goods and services	-	-	-	0%
Interest and rent of land	-	-	-	0%
Unauthorised expenditure approved	-	-	-	0%
<b>Transfers and subsidies</b>				
Provinces and municipalities	-	-	-	0%
Departmental agencies and accounts	-	-	-	0%
Universities and technikons	-	-	-	0%
Public corporations and private enterprises	-	-	-	0%
Foreign governments and international organisations	-	-	-	0%
Non-profit institutions	-	-	-	0%
Households	-	-	-	0%
<b>Payments for capital assets</b>				
Building and other fixed structures	-	-	-	0%
Machinery and equipment	-	-	-	0%
Heritage assets	-	-	-	0%
Specialised military assets	-	-	-	0%
Biological assets	-	-	-	0%
Land and subsoil assets	-	-	-	0%
Software and other intangible assets	-	-	-	0%
<b>Payments for financial assets</b>	-	-	-	0%

There were no material variances on these items.

**DEPARTMENT OF EDUCATION**  
 STATEMENT OF FINANCIAL PERFORMANCE  
 for the year ended 31 March 2011

**REVENUE**

Annual appropriation  
 Departmental revenue  
 Aid assistance

**TOTAL REVENUE**

**EXPENDITURE**

**Current expenditure**

Compensation of employees  
 Goods and services  
 Aid assistance

**Total current expenditure**

**Transfers and subsidies**

Transfers and subsidies  
 Aid assistance

**Total transfers and subsidies**

**Expenditure for capital assets**

Tangible capital assets  
 Software and other intangible assets

**Total expenditure for capital assets**

**Payments for financial assets**

**TOTAL EXPENDITURE**

**SURPLUS FOR THE YEAR**

**Reconciliation of Net Surplus for the year**

Voted Funds  
 Departmental revenue and NRF Receipts  
 Aid assistance

**SURPLUS FOR THE YEAR**

		2010/11	2009/10
Note	R'000	R'000	R'000
1	-	21 848 857	
2	13	7 425	
3	5	65 847	
		<b>18</b>	<b>21 922 129</b>
4	-	369 461	
5	-	828 282	
3	-	43 828	
		<b>-</b>	<b>1 241 571</b>
7	-	20 137 432	
3	-	577	
		<b>-</b>	<b>20 138 009</b>
8	-	29 808	
8	-	5 646	
		<b>-</b>	<b>35 454</b>
6	-	307	
		<b>-</b>	<b>21 415 341</b>
		<b>18</b>	<b>506 788</b>
		-	487 647
14	13	7 425	
3	5	11 716	
		<b>18</b>	<b>506 788</b>

**DEPARTMENT OF EDUCATION**  
STATEMENT OF FINANCIAL POSITION  
as at 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>ASSETS</b>		
<b>Current Assets</b>	<b>119 248</b>	<b>496 801</b>
Cash and cash equivalents	9 -	373 875
Prepayments and advances	10 275	1 178
Receivables	11 118 973	119 977
Loans	12 -	1 766
Aid assistance receivable	3 -	5
<b>Non-Current Assets</b>	<b>-</b>	<b>30 383</b>
Loans	12 -	30 383
<b>TOTAL ASSETS</b>	<b>119 248</b>	<b>527 184</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>119 234</b>	<b>495 021</b>
Voted funds to be surrendered to the Revenue Fund	13 -	487 647
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14 13	306
Bank overdraft	15 117 874	-
Payables	16 1 347	5 743
Aid assistance unutilised	3 -	1 325
<b>TOTAL LIABILITIES</b>	<b>119 234</b>	<b>495 021</b>
<b>NET ASSETS</b>	<b>14</b>	<b>32 163</b>
<b>Represented by:</b>		
Capitalisation reserve	-	32 149
Recoverable revenue	14	14
<b>TOTAL</b>	<b>14</b>	<b>32 163</b>

**DEPARTMENT OF EDUCATION**  
 STATEMENT OF CHANGES IN NET ASSETS  
 for the year ended 31 March 2011

**Capitalisation Reserves**

Opening balance

Transfers:

    Movement in Operational Funds

Other movements

Closing balance

**Recoverable Revenue**

Opening balance

Transfers:

    Debts recovered (included in departmental receipts)

    Debts raised

Closing balance

**TOTAL**

Note	2010/11 R'000	2009/10 R'000
	32 149	33 746
	-	(1 597)
	(32 149)	-
	<u>-</u>	<u>32 149</u>
	14	1
	-	13
	-	(17)
	-	30
	<u>14</u>	<u>14</u>
	<u>14</u>	<u>32 163</u>

**DEPARTMENT OF EDUCATION**  
**CASH FLOW STATEMENT**  
for the year ended 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts	<b>18</b>	<b>21 922 121</b>
Annual appropriated funds received	1.1 -	21 848 857
Departmental revenue received	2 13	7 417
Aid assistance received	3 5	65 847
Net (increase)/ decrease in working capital	(2 489)	17 157
Surrendered to Revenue Fund	(487 953)	(48 123)
Surrendered to RDP Fund/Donor	(1 325)	-
Current payments	-	(1 241 571)
Payments for financial assets	-	(307)
Transfers and subsidies paid	-	(20 138 009)
<b>Net cash flow available from operating activities</b>	<b>17 (491 749)</b>	<b>511 268</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets	8 -	(35 454)
Proceeds from sale of capital assets	2.3 -	8
(Increase)/ decrease in loans	32 149	1 597
<b>Net cash flows from investing activities</b>	<b>32 149</b>	<b>(33 849)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in net assets	(32 149)	(1 584)
<b>Net cash flows from financing activities</b>	<b>(32 149)</b>	<b>(1 584)</b>
Net increase/ (decrease) in cash and cash equivalents	(491 749)	475 835
Cash and cash equivalents at beginning of period	373 875	(101 960)
<b>Cash and cash equivalents at end of period</b>	<b>18 (117 874)</b>	<b>373 875</b>



**DEPARTMENT OF EDUCATION**  
**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 12 of 2010.

## 1. Presentation of the Financial Statements

### 1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

### 1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

### 1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

### 1.4 Comparative figures

Prior period comparative information has been presented in the current year's Financial Statements. Where necessary figures included in the prior period Financial Statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

### 1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

## 2. Revenue

### 2.1 Appropriated funds

Appropriated funds comprises of departmental allocations.

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

**DEPARTMENT OF EDUCATION**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National Revenue Fund at the end of the financial year is recognized as receivable in the Statement of Financial Position.

## 2.2 Departmental revenue

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amounts owing to the National Revenue Fund are recognised as a payable in the Statement of Financial Position.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the Annual Financial Statements.

## 2.3 Aid assistance

Local and foreign aid assistance is recognised in the books of the Department when notification of the assistance is received from the National Treasury and recorded as revenue when funds are withdrawn from the RDP account or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expended prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

**DEPARTMENT OF EDUCATION**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

3. Expenditure

3.1 Compensation of employees

**3.1.1 Salaries and wages**

Salaries and wages are expensed in the Statement of Financial Performance when the final authorization for payment is effected on the system.

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements at its face value and are not recognized in the Statements of Financial Performance or Position.

**3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

No provision is made for retirement benefits in the Financial Statements of the Department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer department.

Employer contributions (such as medical benefits) made by the Department for certain of its ex-employees are classified as transfers to households in the Statement of Financial Performance.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditure are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Payment for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the Financial Statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**DEPARTMENT OF EDUCATION**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

3.4 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

3.5 Unauthorised expenditure

When confirmed, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written-off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is derecognised in the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

**DEPARTMENT OF EDUCATION**  
**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognized as and when the goods and services are received or the funds are utilised.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.3 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

4.4 Loans

Loans are recognised in the Statement of Financial Position when cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

**DEPARTMENT OF EDUCATION**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

## 4.6 Capital assets

### 4.6.1 Movable assets

#### **Initial recognition**

A capital asset is recorded in the register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

#### **Subsequent recognition**

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

### 4.6.2 Immovable assets

#### **Initial recognition**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

#### **Subsequent recognition**

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the Department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

**DEPARTMENT OF EDUCATION**  
**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.4 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.5 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

5.6 Lease commitments

**Finance lease**

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the Financial Statements.

**Operating lease**

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the Financial Statements.

**DEPARTMENT OF EDUCATION**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

5.7 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the Financial Statements.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

8. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

9. Public private partnerships

A description of the Public Private Partnerships arrangement, the contract fees and current and capital expenditure relating to the Public Private Partnerships arrangement is included in the disclosure notes.



**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

**1. Annual appropriation**  
**1.1 Annual appropriation**

**Programmes**

- 1: Administration
- 2: System Planning and Monitoring
- 3: General Education
- 4: Further Education and Training
- 5: Social and School Enrichment
- 6: Higher Education
- 7: Auxiliary and Associated Services

**Total**

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation Received 2009/10
	R'000	R'000	R'000	R'000
1: Administration	-	-	-	244 812
2: System Planning and Monitoring	-	-	-	105 341
3: General Education	-	-	-	829 922
4: Further Education and Training	-	-	-	244 008
5: Social and School Enrichment	-	-	-	2 881 942
6: Higher Education	-	-	-	17 509 960
7: Auxiliary and Associated Services	-	-	-	32 872
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21 848 857</b>

**2. Departmental revenue**

- Sales of goods and services other than capital assets
- Interest, dividends and rent on land
- Sales of capital assets
- Transactions in financial assets and liabilities
- Transfer received
- Total revenue collected
- Less: Own revenue included in appropriation

**Departmental revenue collected**

**2.1 Sales of goods and services other than capital assets**

- Sales of goods and services produced by the department
  - Administrative fees
  - Other sales
- Sales of scrap, waste and other used current goods

**Total**

**2.2 Interest, dividends and rent on land**

- Interest

**Total**

	2010/11	2009/10
Note	R'000	R'000
2.1	-	1 721
2.2	-	3 750
2.3	-	8
2.4	13	1 931
2.5	-	15
	13	7 425
	-	-
	<b>13</b>	<b>7 425</b>
2	-	<b>1 686</b>
	-	1 528
	-	158
	-	35
	<b>-</b>	<b>1 721</b>
2	-	3 750
	<b>-</b>	<b>3 750</b>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

		2010/11	2009/10
	Note	R'000	R'000
<b>2.3 Sales of capital assets</b>			
<b>Tangible assets</b>			
Machinery and equipment	2	-	8
		-	8
<b>Total</b>		<b>-</b>	<b>8</b>
<b>2.4 Transactions in financial assets and liabilities</b>			
Stale cheques written back	2	-	10
Other receipts including recoverable revenue		13	1 921
<b>Total</b>		<b>13</b>	<b>1 931</b>
<b>2.5 Transfers received</b>			
International organisations	2	-	15
<b>Total</b>		<b>-</b>	<b>15</b>
<b>3. Aid Assistance</b>			
<b>3.1 Aid assistance received in cash from RDP</b>			
<b>Foreign</b>			
Opening Balance		1 320	(10 396)
Revenue		5	65 847
Expenditure		-	<b>(54 131)</b>
Current		-	(43 828)
Capital		-	(9 726)
Transfers		-	(577)
Surrendered to the RDP		(1 325)	
<b>Closing Balance</b>		<b>-</b>	<b>1 320</b>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

**3.2 Total assistance**

Opening Balance
Revenue
Expenditure
Current
Capital
Transfers
Surrendered/Transferred to retained funds
<b>Closing Balance</b>

**Analysis of balance**

Aid assistance receivable
RDP
Aid assistance unutilised
RDP

**Closing balance**

**4. Compensation of employees**

**4.1 Salaries and wages**

Basic salary
Performance award
Service based
Compensative/circumstantial
Periodic payments
Other non-pensionable allowances
<b>Total</b>

**4.2 Social contributions**

**Employer contributions**

Pension
Medical
Bargaining council
Official unions and associations
<b>Total</b>

**Total compensation of employees**

Average number of employees

	2010/11	2009/10
Note	R'000	R'000
	1 320	(10 396)
	5	65 847
	-	<b>(54 131)</b>
	-	(43 828)
	-	(9 726)
	-	(577)
	(1 325)	
	<b>-</b>	<b>1 320</b>
	-	(5)
<i>Annex 1G</i>	-	(5)
	-	1 325
<i>Annex 1G</i>	-	1 325
	<b>-</b>	<b>1 320</b>
	-	218 500
	-	9 391
	-	275
	-	46 671
	-	2 799
	-	54 401
	<b>-</b>	<b>332 037</b>
	-	26 970
	-	10 420
	-	30
	-	4
	<b>-</b>	<b>37 424</b>
	<b>-</b>	<b>369 461</b>
	-	1 045

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

	Note	2010/11	2009/10
		R'000	R'000
<b>5. Goods and services</b>			
Administrative fees		-	1 056
Advertising		-	6 996
Assets less than R5 000	5.1	-	1 634
Bursaries (employees)		-	335
Catering		-	3 527
Communication		-	7 102
Computer services	5.2	-	50 040
Consultants, contractors and agency/outsourced services	5.3	-	99 726
Entertainment		-	54
Audit cost – external	5.4	-	4 829
Government motor transport		-	991
Inventory	5.5	-	93 936
Operating leases		-	13 559
Owned and leasehold property expenditure	5.6	-	20 478
Transport provided as part of the departmental activities		-	-
Travel and subsistence	5.7	-	81 039
Venues and facilities		-	6 501
Training and staff development		-	32 191
Other operating expenditure	5.8	-	404 288
<b>Total</b>		<b>-</b>	<b>828 282</b>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

		2010/11	2009/10
	Note	R'000	R'000
<b>5.1 Assets less than R5 000</b>	5		
<b>Tangible assets</b>			<b>1 622</b>
Machinery and equipment		-	1 622
<b>Intangible assets</b>		-	12
<b>Total</b>		<b>-</b>	<b>1 634</b>
<b>5.2 Computer services</b>	5		
SITA computer services		-	48 970
External computer service providers		-	1 070
<b>Total</b>		<b>-</b>	<b>50 040</b>
<b>5.3 Consultants, contractors and agency/outsourced services</b>	5		
Business and advisory services		-	10 696
Infrastructure and planning		-	39 834
Legal costs		-	1 483
Contractors		-	3 589
Agency and support/outsourced services		-	44 124
<b>Total</b>		<b>-</b>	<b>99 726</b>
<b>5.4 Audit cost – external</b>	5		
Regularity audits		-	3 727
Other audits		-	1 102
<b>Total</b>		<b>-</b>	<b>4 829</b>
<b>5.5 Inventory</b>	5		
Learning and teaching support material		-	1 673
Other consumable materials		-	941
Maintenance material		-	212
Stationery and printing		-	91 110
<b>Total</b>		<b>-</b>	<b>93 936</b>
<b>5.6 Owned and leasehold property expenditure</b>	5		
Municipal services		-	1 961
Property maintenance and repairs		-	17 584
Other		-	933
<b>Total</b>		<b>-</b>	<b>20 478</b>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>5.7 Travel and subsistence</b>	5	
Local	-	73 134
Foreign	-	7 905
<b>Total</b>	<u>-</u>	<u>81 039</u>
<b>5.8 Other operating expenditure</b>	5	
Resettlement costs	-	2 376
Other	-	401 912
<b>Total</b>	<u>-</u>	<u>404 288</u>
<b>6. Payments for financial assets</b>		
Debts written off	6.1	307
<b>Total</b>	<u>-</u>	<u>307</u>
<b>6.1 Debts written off</b>	6	
<b>Nature of debts written off</b>		
Rennies	-	15
Lekgotla Africa	-	14
Supersonic/Sure Travel	-	144
Connex	-	28
Salary overpayment	-	98
Other	-	8
<b>Total</b>	<u>-</u>	<u>307</u>
<b>7. Transfers and subsidies</b>		
Provinces and municipalities	29	2 575 403
Departmental agencies and accounts	Annex 1A	2 245 071
Universities and technikons	Annex 1B	15 297 180
Foreign governments and international organisations	Annex 1C	13 236
Non-profit institutions	Annex 1D	50
Households	Annex 1E	6 492
<b>Total</b>	<u>-</u>	<u>20 137 432</u>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

**8. Expenditure for capital assets**

**Tangible assets**

Machinery and equipment

**Software and other intangible assets**

Computer software

**Total**

	2010/11	2009/10
Note	R'000	R'000
	-	<b>29 808</b>
27	-	29 808
	-	<b>5 646</b>
28	-	5 646
	-	<b>35 454</b>

**8.1 Analysis of funds utilised to acquire capital assets - 2010/11**

**Tangible assets**

Machinery and equipment

**Software and other intangible assets**

Computer software

**Total**

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
	-	-	-
	-	-	-
	-	-	-
	-	-	-

**8.2 Analysis of funds utilised to acquire capital assets - 2009/10**

**Tangible assets**

Machinery and equipment

**Software and other intangible assets**

Computer software

**Total**

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
	<b>20 090</b>	<b>9 718</b>	<b>29 808</b>
	20 090	9 718	29 808
	<b>5 638</b>	<b>8</b>	<b>5 646</b>
	5 638	8	5 646
	<b>25 728</b>	<b>9 726</b>	<b>35 454</b>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>9. Cash and cash equivalents</b>		
Consolidated Paymaster General Account	-	373 875
<b>Total</b>	<b>-</b>	<b>373 875</b>
<b>10. Prepayments and advances</b>		
Staff advances	1	1
Travel and subsistence	93	93
Prepayments	181	1 084
<b>Total</b>	<b>275</b>	<b>1 178</b>

	2010/11				2009/10
	Less than one year	One to three years	Older than three years	Total	Total
Note	R'000	R'000	R'000	R'000	R'000
<b>11. Receivables</b>					
Claims recoverable	-	245	117 204	117 449	118 514
Recoverable expenditure	7	712	8	727	676
Staff debt	-	384	38	422	418
Other debtors	-	311	64	375	369
<b>Total</b>	<b>7</b>	<b>1 652</b>	<b>117 314</b>	<b>118 973</b>	<b>119 977</b>

	2010/11	2009/10
Note	R'000	R'000
<b>11.1 Claims recoverable</b>		
National departments	265	347
Provincial departments	117 001	117 147
Public entities	152	713
Private enterprises	31	307
<b>Total</b>	<b>117 449</b>	<b>118 514</b>
<b>11.2 Recoverable expenditure (disallowance accounts)</b>		
Dishonoured cheques	7	7
Miscellaneous	720	669
<b>Total</b>	<b>727</b>	<b>676</b>



**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 for the year ended 31 March 2011

	2010/11	2009/10
Note	R'000	R'000
<b>11.3 Staff debt</b>		
Motor accidents	337	337
Bursaries	4	4
Other	81	77
<b>Total</b>	<b>422</b>	<b>418</b>
<b>11.4 Other debtors</b>		
Cheque fraud	6	6
Out of service debt	90	84
Other debtors	279	279
<b>Total</b>	<b>375</b>	<b>369</b>
<b>12. Loans</b>		
Universities and technikons	-	32 149
<b>Total</b>	<b>-</b>	<b>32 149</b>
<b>Analysis of balance</b>		
Opening balance	32 149	33 746
Repayments	-	(1 597)
Write-offs	(32 149)	-
<b>Closing balance</b>	<b>-</b>	<b>32 149</b>
Cape Peninsula University of Technology	-	4 365
Durban Institute of Technology	-	7 879
Nelson Mandela Metropolitan University	-	457
Tshwane University of Technology	-	8 323
Vaal University of Technology	-	3 083
University of Johannesburg	-	5 293
University of Stellenbosch	-	983
	<b>-</b>	<b>30 383</b>
Current portion of loans	-	1 766

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2010/11	2009/10
Note	R'000	R'000
<b>13. Voted funds to be surrendered to the Revenue Fund</b>		
Opening balance	487 647	40 300
Transfer from Statement of Financial Performance	-	487 647
Paid during the year	487 647	(40 300)
<b>Closing balance</b>	<b>-</b>	<b>487 647</b>
<b>14. Departmental revenue to be surrendered to the Revenue Fund</b>		
Opening balance	306	704
Transfer from Statement of Financial Performance	13	7 425
Paid during the year	(306)	(7 823)
<b>Closing balance</b>	<b>13</b>	<b>306</b>
<b>15. Bank overdraft</b>		
Consolidated Paymaster General Account	117 874	-
<b>Total</b>	<b>117 874</b>	<b>-</b>
<b>16. Payables - current</b>		
Advances received	16.1 -	4 740
Clearing accounts	16.2 337	2
Other payables	16.3 1 010	1 001
<b>Total</b>	<b>1 347</b>	<b>5 743</b>
<b>16.1 Advances received</b>	16	
KwaZulu-Natal Department of Education	-	4 740
<b>Total</b>	<b>-</b>	<b>4 740</b>
<b>16.2 Clearing accounts</b>	16	
Tax RSA	-	-
Other	337	2
<b>Total</b>	<b>337</b>	<b>2</b>
<b>16.3 Other payables</b>	16	
UNESCO National Commission	972	972
Other	38	29
<b>Total</b>	<b>1 010</b>	<b>1 001</b>

**DEPARTMENT OF EDUCATION**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**17. Net cash flow available from operating activities**

Net surplus/(deficit) as per Statement of Financial Performance  
 Add back non cash/cash movements not deemed operating activities  
 (Increase)/decrease in receivables – current  
 (Increase)/decrease in prepayments and advances  
 Increase/(decrease) in payables – current  
 Proceeds from sale of capital assets  
 Expenditure on capital assets  
 Surrenders to Revenue Fund  
 Surrenders to RDP Fund/Donor

**Net cash flow generated by operating activities**

**18. Reconciliation of cash and cash equivalents for cash flow purposes**

Consolidated Paymaster General account

**Total**

Note	2010/11 R'000	2009/10 R'000
	18	506 788
	(491 767)	4 480
	1 009	14 911
	903	(135)
	(5 721)	2 381
	-	(8)
	-	35 454
	(487 953)	(48 123)
	(1 325)	-
	1 320	-
	<b>491 749</b>	<b>511 268</b>
	(117 874)	373 875
	<b>(117 874)</b>	<b>373 875</b>

**DEPARTMENT OF EDUCATION**  
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		2010/11	2009/10
		R'000	R'000
<b>19. Contingent liabilities</b>			
<b>Liable to</b>	<b>Nature</b>		
Motor vehicle guarantees	Employees	-	372
Housing loan guarantees	Employees	-	689
Other guarantees		-	70 891
Claims against the department		-	3 400
<b>Total</b>		<b>-</b>	<b>75 352</b>
<b>20. Commitments</b>			
<b>Current expenditure</b>			
Approved and contracted		-	18 547
Approved but not yet contracted		-	27
		<b>-</b>	<b>18 574</b>
<b>Capital expenditure (including transfers)</b>			
Approved and contracted		-	3 103
Approved but not yet contracted		-	12
		<b>-</b>	<b>3 115</b>
<b>Total Commitments</b>		<b>-</b>	<b>21 689</b>
<b>21. Accruals</b>			
<b>Listed by economic classification</b>			
		30 days	30+ days
		R'000	R'000
Goods and services		-	-
Machinery and equipment		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
		<b>-</b>	<b>6 445</b>
<b>Listed by programme level</b>		2010/11	2009/10
		R'000	R'000
Programme 1: Administration		-	2 685
Programme 2: System Planning and Monitoring		-	112
Programme 3: General Education		-	583
Programme 4: Further Education and Training		-	2 504
Programme 5: Social and School Enrichment		-	133
Programme 6: Higher Education		-	400
Programme 7: Auxiliary and Associated Services		-	28
<b>Total</b>		<b>-</b>	<b>6 445</b>

**DEPARTMENT OF EDUCATION**  
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**22. Employee benefits**

Leave entitlement  
 Service Bonus (Thirteenth cheque)  
 Capped leave commitments  
 Other  
**Total**

	2010/11	2009/10
Note	R'000	R'000
	-	3 026
	-	8 625
	-	22 792
	-	692
	<u>-</u>	<u>35 135</u>

**23. Lease commitments**

**23.1 Operating leases expenditure**

**2010/11**

Not later than 1 year  
 Later than 1 year and not later than 5 years

**Total lease commitments**

**2009/10**

Not later than 1 year  
 Later than 1 year and not later than 5 years

**Total lease commitments**

	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
	-	-	-	-
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
	-	15 678	2 336	18 014
	-	29 614	2 407	32 021
	<u>-</u>	<u>45 292</u>	<u>4 743</u>	<u>50 035</u>

	2010/11	2009/10
	R'000	R'000

**24. Key management personnel**

Political office bearers  
 Officials:  
 Level 15 to 16  
 Level 14

**Total**

*No. of  
Individuals*

	-	5 034
	-	11 536
	-	20 389
	<u>-</u>	<u>36 959</u>

**DEPARTMENT OF EDUCATION**  
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	2010/11	2009/10
	R'000	R'000
<b>25. Public Private Partnership</b>		
The PPP agreement entered into by Department of Education was transferred to the Department of Basic Education.		
<b>Contract fee paid</b>	-	<b>39 890</b>
Fixed component	-	4 890
Indexed component	-	35 000
<b>Analysis of indexed component</b>	-	<b>35 000</b>
Goods and Services (excluding lease payments)	-	35 000
<b>Total</b>	<b>-</b>	<b>35 000</b>
<b>26. Provisions</b>		
<b>Potential irrecoverable debts</b>		
Claims recoverable	117 203	116 962
<b>Total</b>	<b>117 203</b>	<b>116 962</b>

**DEPARTMENT OF EDUCATION**  
 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**27. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

**MACHINERY AND EQUIPMENT**

Transport assets  
 Computer equipment  
 Furniture and office equipment  
 Other machinery and equipment

**TOTAL MOVABLE TANGIBLE CAPITAL ASSETS**

Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
R'000	R'000	R'000	R'000	R'000
58 887	-	-	-	58 887
4 567	-	-	-	4 567
32 873	-	-	-	32 873
9 563	-	-	-	9 563
11 884	-	-	-	11 884
<b>58 887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58 887</b>

**27.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

**MACHINERY AND EQUIPMENT**

Transport assets  
 Computer equipment  
 Furniture and office equipment  
 Other machinery and equipment

**TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS**

Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
R'000	R'000	R'000	R'000	R'000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**DEPARTMENT OF EDUCATION**  
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**27.2 Disposals****DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011****MACHINERY AND EQUIPMENT**

Transport assets  
Computer equipment  
Furniture and office equipment  
Other machinery and equipment

**TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
	-	58 887	58 887	-
	-	4 567	4 567	-
	-	32 873	32 873	-
	-	9 563	9 563	-
	-	11 884	11 884	-
	-	<b>58 887</b>	<b>58 887</b>	-

**27.3 Movement for 2009/10****MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010****MACHINERY AND EQUIPMENT**

Transport assets  
Computer equipment  
Furniture and office equipment  
Other machinery and equipment

**TOTAL MOVABLE TANGIBLE CAPITAL ASSETS**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
	45 922	29 808	16 843	58 887
	2 597	2 815	845	4 567
	31 704	6 904	5 735	32 873
	8 743	842	22	9 563
	2 878	19 247	10 241	11 884
	<b>45 922</b>	<b>29 808</b>	<b>16 843</b>	<b>58 887</b>

**27.4 Minor assets****MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2011**

Minor Assets

**TOTAL**

Number of R1 minor assets

Number of minor assets at cost

**TOTAL**

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
	287	-	9 467	-	9 754
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-



**DEPARTMENT OF EDUCATION**  
 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010**

Minor Assets

**TOTAL**

Number of minor assets

**TOTAL**

Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
R'000	R'000	R'000	R'000	R'000
287	-	9 467	-	9 754
<b>287</b>	<b>-</b>	<b>9 467</b>	<b>-</b>	<b>9 754</b>
-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**28. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

COMPUTER SOFTWARE

**TOTAL INTANGIBLE CAPITAL ASSETS**

Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
R'000	R'000	R'000	R'000	R'000
8 093	-	-	8 093	-
<b>8 093</b>	<b>-</b>	<b>-</b>	<b>8 093</b>	<b>-</b>

**28.1 Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

COMPUTER SOFTWARE

**TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS**

Cash	Non-cash	(Development work-in-progress costs)	Received current, not paid (Paid current year, received prior year)	Total
R'000	R'000	R'000	R'000	R'000
-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**28.2 Movement for 2009/10**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010**

COMPUTER SOFTWARE

**TOTAL**

Opening balance	Additions	Disposals	Closing balance
R'000	R'000	R'000	R'000
2 447	5 646	-	8 093
<b>2 447</b>	<b>5 646</b>	<b>-</b>	<b>8 093</b>

**DEPARTMENT OF EDUCATION**  
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**29. Outstanding balances of the Department of Education: R119.248 million**

The Department of Education is still listed in Schedule 1 of the Public Service Act which means that the Department is not yet abolished. Certain balances remained in the books of account of the Department which could not be transferred to the newly created Departments of Basic Education and Higher Education and Training. These accounts relate to, amongst others, the outstanding debt of the provincial departments of education in the Eastern Cape and Gauteng.

Based on the uncertainties regarding the legal position of the Department and the identification of the successor in right of the Department, the balances could up to this stage not be transferred to the two new Departments. Agreement has been reached between the two new Departments in collaboration with the National Treasury that the outstanding balances of the Department of Education will be transferred to the two new Departments during the new financial year.

The transfer will be based on the following principles:

- Balances that is applicable specifically to any of the two new Departments will be transferred to that Department; and
- Balances that cannot specifically be linked to any of the two new Departments will be split between the two Departments in the ratio 52:48 (Basic: Higher Education and Training)

The transfer process will be concluded by 31 March 2012.

**DEPARTMENT OF EDUCATION**  
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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## 30. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE/ GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2009/10	
	Division of Revenue Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld %	Re-allocations by National Treasury or National Department	Amount received by department R'000	Amount spent by department R'000	% of available funds spent by department %	Division of Revenue Act R'000	
<b>HIV and Aids (Life Skills Education) Grant</b>												
Eastern Cape	-	-	-	-	-	-	-	-	-	-	-	30 168
Free State	-	-	-	-	-	-	-	-	-	-	-	10 341
Gauteng	-	-	-	-	-	-	-	-	-	-	-	25 253
KwaZulu-Natal	-	-	-	-	-	-	-	-	-	-	-	39 765
Limpopo	-	-	-	-	-	-	-	-	-	-	-	29 356
Mpumalanga	-	-	-	-	-	-	-	-	-	-	-	14 626
Northern Cape	-	-	-	-	-	-	-	-	-	-	-	3 828
North West	-	-	-	-	-	-	-	-	-	-	-	12 912
Western Cape	-	-	-	-	-	-	-	-	-	-	-	14 626
<b>National School Nutrition Programme Grant</b>												
Eastern Cape	-	-	-	-	-	-	-	-	-	-	-	486 695
Free State	-	-	-	-	-	-	-	-	-	-	-	122 306
Gauteng	-	-	-	-	-	-	-	-	-	-	-	251 590
KwaZulu-Natal	-	-	-	-	-	-	-	-	-	-	-	555 917
Limpopo	-	-	-	-	-	-	-	-	-	-	-	419 185
Mpumalanga	-	-	-	-	-	-	-	-	-	-	-	229 534
Northern Cape	-	-	-	-	-	-	-	-	-	-	-	55 690
North West	-	-	-	-	-	-	-	-	-	-	-	161 063
Western Cape	-	-	-	-	-	-	-	-	-	-	-	112 548
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	<b>2 575 403</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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## ANNEXURE 1A

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Council on Higher Education	-	-	-	-	-	-	41 661
National Student Financial Aid Scheme	-	-	-	-	-	-	2 144 668
South African Council for Educators	-	-	-	-	-	-	1 500
South African Qualifications Authority	-	-	-	-	-	-	39 080
Umalusi	-	-	-	-	-	-	16 494
SETA	-	-	-	-	-	-	195
Human Sciences Research Council (HSRC)	-	-	-	-	-	-	1 350
Claims against the State	-	-	-	-	-	-	18
<b>Total</b>	-	-	-	-	-	-	<b>2 244 966</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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## ANNEXURE 1B

### STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION				TRANSFER			2009/10
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	% of Available funds Transferred %	Appropriation Act R'000
Cape Peninsula University of Technology	-	-	-	-	-	-	-	616 463
Central University of Technology, Free State	-	-	-	-	-	-	-	249 592
Durban Institute of Technology	-	-	-	-	-	-	-	515 550
Mangosuthu University of Technology	-	-	-	-	-	-	-	199 107
Nelson Mandela Metropolitan University	-	-	-	-	-	-	-	505 351
North West University	-	-	-	-	-	-	-	800 875
Rhodes University	-	-	-	-	-	-	-	252 049
Tshwane University of Technology	-	-	-	-	-	-	-	1 147 791
University of Cape Town	-	-	-	-	-	-	-	864 783
University of Fort Hare	-	-	-	-	-	-	-	250 333
University of Free State	-	-	-	-	-	-	-	672 211
University of Johannesburg	-	-	-	-	-	-	-	1 086 006
University of KwaZulu-Natal	-	-	-	-	-	-	-	1 097 227
University of Limpopo	-	-	-	-	-	-	-	593 041
University of Pretoria	-	-	-	-	-	-	-	1 386 865
University of South Africa	-	-	-	-	-	-	-	1 368 679
University of Stellenbosch	-	-	-	-	-	-	-	798 115
University of Venda	-	-	-	-	-	-	-	318 177
University of Western Cape	-	-	-	-	-	-	-	518 952
University of Witwatersrand	-	-	-	-	-	-	-	957 902
University of Zululand	-	-	-	-	-	-	-	282 853
Vaal University of Technology	-	-	-	-	-	-	-	361 602
Walter Sisulu University of Technology and Science	-	-	-	-	-	-	-	453 672
Higher Education Institutions: Other Grants	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	<b>15 297 196</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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## ANNEXURE 1C

### STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Association for the Development of Education in Africa (ADEA)	-	-	-	-	-	-	25
Commonwealth of Learning	-	-	-	-	-	-	1 819
Guidance, Counselling and Youth Development Centre for Africa: Malawi	-	-	-	-	-	-	100
India-Brazil-South Africa	-	-	-	-	-	-	410
UNESCO (United Nations Educational, Scientific and Cultural Organisation)	-	-	-	-	-	-	11 035
<b>Total</b>	-	-	-	-	-	-	<b>13 389</b>

**DEPARTMENT OF EDUCATION**  
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## ANNEXURE 1D

### STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Appropriation Act R'000
<b>NON-PROFIT INSTITUTIONS</b>							
<b>Transfers</b>							
Childline South Africa	-	-	-	-	-	-	50
<b>Total</b>	-	-	-	-	-		<b>50</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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## ANNEXURE 1E

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Appropriation Act R'000
<b>HOUSEHOLDS</b>							
<b>Transfers</b>							
Employee Social Benefits	-	-	-	-	-	-	6 611
<b>Total</b>	-	-	-	-	-		<b>6 611</b>



**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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## ANNEXURE 1F

### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11	2009/10
		R'000	R'000
<b>Received in cash</b>			
IICBA (International Institute for Capacity Building in Africa)	Mr R Ndaba's flight costs	-	15
<b>Subtotal</b>		-	15
<b>Received in kind</b>			
UNICEF	Cover accommodation and transport	-	181
UNESCO	Remuneration	-	40
Vodacom Foundation	Mobile Library	-	3 750
German Embassy	German books to schools	-	142
<b>Subtotal</b>		-	4 113
<b>Total</b>		-	<b>4 128</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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## ANNEXURE 1G

### STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
<b>Received in cash</b>					
<b>Received in cash in the PMG Account</b>					
Finland	Special Needs Education - Inclusive Education	855	-	855	-
Irish	Dinaledi Schools Project	470	-	470	-
Taiwanese	National Curriculum Statement	(5)	5	-	-
<b>Subtotal</b>		<b>1 320</b>	<b>5</b>	<b>1 325</b>	<b>-</b>

#### Reconciliation of the PMG account

	2010/11 R'000	2009/10 R'000
Opening balance	1 320	-
Transferred from the RDP Fund	5	791
Paid during the year	(1 325)	24 538
Closing balance	-	(24 009)
	<b>-</b>	<b>1 320</b>

#### Foreign aid assistance unutilised

Finland	-	855
Irish	-	470
	<b>-</b>	<b>1 325</b>

#### Foreign aid assistance receivable/recoverable from the RDP Fund

Netherlands	-	-
Taiwanese	-	(5)
	<b>-</b>	<b>(5)</b>

#### Analysis of balance

Amounts repayable to the RDP Fund (Unutilised)	-	1 325
Amounts receivable from the RDP Fund	-	(5)
Closing balance	<b>-</b>	<b>1 320</b>

#### FOREIGN AID ASSISTANCE (incl RDP FUNDS) ROLLED-OVER - INCOME STATEMENT/CASH GENERATED

	-	(11 716)
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The opening balance on the Finland and Irish Donor Funds were surrendered into the RDP fund during 2010/11. All outstanding balances on donor funds have been transferred to either the Department of Basic Education or the Department of Higher Education and Training in accordance with the Memorandum of Understanding between the two Departments.

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 1H

### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11	2009/10
	R'000	R'000
<b>Made in kind</b>		
Volunteer Coordinator: Act of grace payment for loss suffered while performing campaign duties for Kha Ri Gude	-	20
Minister: Farewell gift	-	4
Chief Financial Officer: Farewell gift	-	4
Ministerial Imbizo New Castle	-	21
<b>Total</b>	<b>-</b>	<b>49</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 2A

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2010 R'000	Guarantees draw downs during the year R'000	Guaranteed repayments/ cancelled/ reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2011 R'000	Guaranteed interest for year ended 31 March 2011 R'000	Realised losses not recoverable i.e. claims paid out R'000
	<b>Motor vehicles</b>								
Employees	Motor Finance Scheme	-	372	-	-	-	372	-	-
	Subtotal	-	372	-	-	-	372	-	-
	<b>Housing</b>								
Employees	Housing Loans	-	689	-	-	-	689	-	-
	Subtotal	-	689	-	-	-	689	-	-
	<b>Other</b>								
Cape Peninsula University of Technology	Tertiary Institutions	-	3 100	-	-	-	3 100	-	-
Central University of Technology, Free State	Tertiary Institutions	-	1 560	-	-	-	1 560	-	-
Durban Institute of Technology	Tertiary Institutions	-	143	-	-	-	143	-	-
Nelson Mandela Metropolitan University	Tertiary Institutions	-	3 154	-	-	-	3 154	-	-
North West University	Tertiary Institutions	-	3 551	-	-	-	3 551	-	-
Rhodes University	Tertiary Institutions	-	503	-	-	-	503	-	-
Tshwane University of Technology	Tertiary Institutions	-	7 857	-	-	-	7 857	-	-
University of Cape Town	Tertiary Institutions	-	1 933	-	-	-	1 933	-	-
University of Free State	Tertiary Institutions	-	3 581	-	-	-	3 581	-	-
University of Johannesburg	Tertiary Institutions	-	13 217	-	-	-	13 217	-	-
University of KwaZulu-Natal	Tertiary Institutions	-	4 223	-	-	-	4 223	-	-
University of Limpopo	Tertiary Institutions	-	-	-	-	-	-	-	-
University of Pretoria	Tertiary Institutions	-	349	-	-	-	349	-	-

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 2A (CONTINUE)

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
University of South Africa	Tertiary Institutions	-	1 649	-	-	-	1 649	-	-
University of Stellenbosch	Tertiary Institutions	-	3 183	-	-	-	3 183	-	-
University of Venda	Tertiary Institutions	-	3 266	-	-	-	3 266	-	-
University of Witwatersrand	Tertiary Institutions	-	8 252	-	-	-	8 252	-	-
University of Zululand	Tertiary Institutions	-	-	-	-	-	-	-	-
Vaal University of Technology	Tertiary Institutions	-	4 586	-	-	-	4 586	-	-
Walter Sisulu University for Technology and Science, Eastern Cape	Tertiary Institutions	-	3 223	-	-	-	3 223	-	-
	Subtotal	-	67 330	-	-	-	67 330	-	-
	<b>Total</b>	-	<b>68 391</b>	-	-	-	<b>68 391</b>	-	-

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 2B

### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable	Closing balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Alleged claims against the Minister	3 400	-	3 400	-	-
<b>Total</b>	<b>3 400</b>	<b>-</b>	<b>3 400</b>	<b>-</b>	<b>-</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 3

### CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Department of Justice	-	-	8	15	8	15
Eastern Cape Department of Education	-	-	65 615	65 615	-	65 615
Gauteng Department of Education	-	-	51 346	51 347	-	51 347
Gauteng Department of Health	-	-	-	5	-	5
GG Transport	-	-	2	2	-	2
North West Provincial Administration	-	-	23	23	23	23
Department of Health and Social Development	-	-	6	6	-	6
Government Printers	-	-	2	2	-	2
Mpumalanga Department of Education	-	-	13	13	-	13
National Treasury Pensions	-	-	223	222	-	222
Department of Rural Development and Land Reform	-	-	24	24	-	24
Department of Science and Development	-	-	-	75	-	75
Limpopo Department of Education	-	-	1	1	-	1
Western Cape Department of Education	-	-	3	144	-	144
	-	-	117 266	117 494	31	117 494
<b>Other Government Entities</b>						
SITA	-	-	102	663	102	663
South African Revenue Services (VAT)	-	-	50	50	50	50
	-	-	152	713	152	713
<b>Total</b>	-	-	<b>117 418</b>	<b>118 207</b>	<b>183</b>	<b>118 207</b>

**DEPARTMENT OF EDUCATION**  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011

## ANNEXURE 4

### INVENTORY

**Inventory**

Opening balance  
(Less): Disposals  
Closing balance

Note	Quantity	2010/11 R'000
	(13)	364
	13	(364)
	-	-

Inventory was transferred to the Department of Basic Education and the Department of Higher Education and Training.



## 3.4. NATIONAL SKILLS FUND

### CONTENTS

Report of the Accounting Authority

Report of the Auditor-General

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## PERFORMANCE INFORMATION FOR THE YEAR ENDING 31 MARCH 2011

STRATEGIC OBJECTIVE	ACTIVITY NO.	ACTIVITIES	PERFORMANCE INDICATOR	PERFORMANCE RESULTS (2010-11)	REASONS FOR VARIANCE
1. To provide funds to support projects identified as national priorities in the context of the NSDS II and III.	1.1	To support the development of priority skills through a bursary programme.	1.1.1 Undergraduate bursaries awarded benefiting 2 800 people (Critical Skills Support).	A total of 6 979 undergraduate bursaries were awarded for the period to support studies in critical skills. These were facilitated through NSFAS and Career Wise (total 5 857) and the rest through partnerships with provincial governments.	Additional resources were provided due to increased demand for bursaries in the skills areas supported by the programme.
			1.1.2 Post graduate bursaries awarded benefiting 1 200 people (Critical Skills Support).	A total of 856 post graduate bursaries have been awarded through a partnership with the National Research Foundation.	The programme was scaled down with support focused mostly to continuing Masters and Doctoral fellows to the exclusion of Honours. It is anticipated this programme will be reviewed in line with NSDSIII and the Minister Delivery Agreement.
	1.2	To support Strategic Projects targeting skills for macro-economic policy initiatives of SA.	1.2.1 Scarce Skills Learning programmes (learnerships, internships) benefiting 4 000 people.	4 399 people benefited from learnerships and internships from projects implemented through provincial governments.	Target met.
			1.2.2 Strategic Projects programme benefiting 8 000 people.	A total of 3 699 people benefitted from other programmes (mostly skills programmes).	The slow take off of projects in the third round of Strategic Projects contributed to the low achievement. These projects will only commence implementation in 2011-12.
			1.2.3 Scarce Skills Artisan programme benefiting 4 000 people.	5 152 people were indentured on various apprenticeships during this reporting period through our partnerships with SETAs and provincial governments.	Target met.
			1.2.4 Other workplace learning programmes (WSSP, BPO&O) benefitting 4 000 people.	Contributions to this deliverable were from projects implemented under the Training Layoff Scheme as well as those supporting DTI incentives. A total of 5687 workers benefitted. The target has been achieved. <b>BPO&amp;O training grants:</b> Cumulative Q 1-4: Expenditure R13.6mil and total new learners benefitting - 3511. <b>Workplace Skills Dev Support Programmes training grants:</b> Cumulative Q 1&4 - 756 new learners were trained (as per claims received). Claims paid – R 3.3 mil SME enterprises benefitted – 10 <b>Monyetla BPO&amp;O Work Readiness Programme:</b> 900 learners completed their training and assessed as fully competent. 696 has been employed (77%). A further 2 148 learners are in training. The project only come to completion on 31 July 2011. <b>Training Layoff Scheme:</b> A total of 520 workers benefitted from skills interventions.	Target met.

STRATEGIC OBJECTIVE	ACTIVITY NO.	ACTIVITIES	PERFORMANCE INDICATOR	PERFORMANCE RESULTS (2010-11)	REASONS FOR VARIANCE
	1.3	For NSDS III, for each new strategic priority develop draft disbursement criteria and procedures.	1.3.1 Draft criteria and procedures for NSDS III developed.	Following the official launch of the NSDS draft criteria were developed to support NSDS III	
			1.3.2 New funding programmes designed and agreed to.	Owing to the late launch of the NSDS III (in quarter 4) new funding programmes have not been finalised	
	1.4	Recommend criteria and disbursement procedures to the National Skills Authority (NSA).	1.4.1 Draft criteria presented to NSA.	Three drafts of the NSF Strategic Framework and Criteria for the allocation of funds were presented to the NSA. These have not yet been finalised owing to the late launch of the NSDS III	Partially achieved
	1.5	Finalise criteria and disbursement procedures by end March 2011.	1.5.1 Final criteria and procedures approved by DG.	Delivery delayed due to late launch of the NSDS III.	
	1.6	Implement NSDS III priorities from 2011 - 2014.	1.6.1 Revise NSF Strat plan & ENE to incorporate NSDS III priorities.	NSDS III priorities have been included in the DHET Strategic Plan (incorporating the NSF workplan). The ENE has not been as the NSDS III was launched after the ENE inputs were finalised.	
	1.7	Monitor and evaluate impact of disbursement made.	1.7.1 Develop M & E and impact studies strategy. Obtain sign-off of strategy.	Both the M&E and Impact strategy have not been developed .The fund however continued monitoring disbursements made through ongoing site visit to all projects.	
<b>2. To provide funds to support other projects that are pertinent to the achievement of the goals of the Skills Development Act, as determined by the DG of DHET.</b>	2.1	To provide training opportunities benefitting 108,460 people in the informal economy including cooperatives, social development projects and SMMEs.	2.1.1 Train 100,000 people of whom $\pm$ 70% [70,000] are placed.	This deliverable depended on the NSF securing ongoing support of the DoL provincial offices infrastructure in implementing this programme. Due to the complexity of the transfer and its negotiations the programme could not be implemented. The fund established a partnership with DPW and made a committed of R200m in funding. As a result of slow take off of projects, only a total of 7158 learners received training of which 6859 (95.8%) were placed during this period. Total expenditure for the year amounted to - R129.4 mil. The target of 40.000 has not been achieved based on the reasons indicated above.	Target not met due to difficult and complex transition processes.
			2.1.2 Provide ABET to 7,500 people.	The ABET, meant to be implemented through DHET ABET centres had to be shelved due to complex transition. ABET centres are under the control of provincial education departments. Current policy does not support direct transfers to provincial departments.	
			2.1.3 Assist 400 cooperatives, NGOs, CBOs with skills development.	<b>CBOs skills development support:</b> A total of 333 CBOs benefitted from various skills interventions. An actual total of 3 728 beneficiaries participated in the programmes. Total expenditure - R19.6 million. Some of the projects are still active and it is envisaged that the target of 400 will be achieved during the remaining period in 2011.	
			2.1.4 Assist 560 youths to establish new ventures.	The DHET advised the NSF to put on hold new projects as a result of the impending NSDSIII. This project was thus cancelled.	

STRATEGIC OBJECTIVE	ACTIVITY NO.	ACTIVITIES	PERFORMANCE INDICATOR	PERFORMANCE RESULTS (2010-11)	REASONS FOR VARIANCE
	2.2	To provide capacity building grants for the FET system to improve skills development provision at a cost of R1.25 billion.	2.2.1 Roll out the FET capacity building project targeting 50 colleges.	The delay in the launch of the NSDS III has necessitated postponement of this activity as these FETs were intended to facilitate skills development initiatives of the NSF.	
	2.3	To provide grants for the training of youth on life skills through the FET system to benefit 500 000 youths.	2.3.1 Provide grants to FET colleges to assist 100,000 young people with life skills.	This has been postponed due to the delay in launching NSDS III.	
	2.4	To strengthen NSDS provision through annual skills planning grants & NSA advocacy support grants.	2.4.1 Provide systems planning grants.	The skills systems planning grants were delayed pending finalisation of the NSDSIII. The fund provided funding for NSA constituencies to consult on the draft NSDS.	
2.4.2 Assist 3000 NSA constituency members with NSDS advocacy work.			Actual total constituency members that have benefited- 2682 . Certain of the projects have not yet completed - once completed the target of 3000 will probably be achieved.		
2.4.3 Publish skills guide.			Work on this area was not completed on time due to delay in launching the NSDS III.		
2.4.4 Provide funding for the NSDS conference/skills summit.			A budget of R25m was provided for this activity. However the DHET opted to voted funds as the NSDSIII had not been launched.		
	2.5	Translate project directive into proposed disbursement criteria and procedures (NSDS III).	2.5.1 Strategic Projects model approved by accounting authority.	Work on this activity was deferred pending the finalisation of the NSDSIII.	
	2.6	Recommend criteria and disbursement procedures to the National Skills Authority (NSA).	2.6.1 NSA endorses criteria & disbursement procedures.	Three drafts of the NSF Strategic Framework and Criteria for the allocation of funds have been presented to the NSA. This is work in progress due to the delay in launching NSDSIII.	
	2.7	Finalise criteria and disbursement procedures within agreed time-frames.	2.7.1 Accounting authority approved criteria & disbursement procedures.	This activity has been delayed and will be finalised in the 1st Quarter of the 2011-12 period.	
	2.8	Implement strategic projects as per criteria and disbursement procedures.	2.8.1 Provide funding for COSE project.	An amount of R102 000 was approved to appoint consultants to research the concept. This project could not take off due to changes in the conceptual framework of the NSDS III.	
2.8.2 Provide funding for Strategic Intelligence & MIS.			The fund recommended an amount of R73m over a three year period to fund this project. The DHET has however opted to reconceptualise this project in the light of the NSDSIII and the impending Green Paper on the post school system.		

STRATEGIC OBJECTIVE	ACTIVITY NO.	ACTIVITIES	PERFORMANCE INDICATOR	PERFORMANCE RESULTS (2010-11)	REASONS FOR VARIANCE
			2.8.3 Provide funding for Career Information Hotline.	A total budget of R99.4m has been approved for the Career Advisory Services implemented in partnership with SAQA.	
			2.8.4 Provide funding support for the development of NAMB.	Although NAMB has been formally launched by the Minister, we have not received detailed plans and budget requests for its development.	
	2.9	Monitor and evaluate impact of disbursements made.	2.9.1 Draft reports received. Impact studies initiated.	The fund continued monitoring disbursements made through ongoing site visit to all projects.	
<b>3. To steer the development of internal and external structures and systems that effectively enable the achievement of the abovementioned two goals (strategic objectives).</b>	3.1	Improved capacity and systems of the NSF to disburse funding in an efficient manner.	3.1.1 Develop Financial system for the NSF.	The development of the financial system for the NSF has been put on hold pending the finalisation of the organisational structure of the DHET (and the Branch Skills).	
			3.1.2 Develop M&E system for the NSF.	This activity has been delayed due to the need to finalise the DHET (and Branch) organisational structures.	
			3.1.3 Finalise organisational assessment of the NSF.	The organisational assessment of the NSF forms part of the branch SD organisational assessment.	
			3.1.4 Finalise and document new organisation structure.	This activity will await the finalisation of the DHET organisational structure.	
	3.2	To develop grant funding strategies appropriate to needs and development requirements of the SA economy.	3.2.1 Revise funding strategy and model of the NSF.	This deliverable forms part of the Strategic Framework for the allocation of funds and will only be completed in Q1 of 2011-12.	
	3.3	NSF Under-disbursement is addressed.	3.3.1 70% of budget is committed 50% of committed funds are disbursed.	Of the revised budget of R1.736 billion the NSF has commitments amounting to R1.329 billion (77%). Expenditure was recorded at R682 million representing 51% of committed funds.	
	3.4	To develop and improve mechanism for communicating development programmes of the NSF.	3.4.1 Develop a Communication strategy of the NSF. Implement communication programme.	The NSF has deferred these activities until work on the Strategic Framework for the allocation of funds is finalised.	

STRATEGIC OBJECTIVE	ACTIVITY NO.	ACTIVITIES	PERFORMANCE INDICATOR	PERFORMANCE RESULTS (2010-11)	REASONS FOR VARIANCE
<b>4. Manage the strategic planning, administration, financial management, performance management, organizational knowledge, reporting, human resources, archiving, procurement and NSF-IT system/s services effective and efficiently.</b>	4	Manage the strategic planning, administration, financial management, performance management, organizational knowledge, reporting, human resources, archiving, procurement and NSF-IT system/s services effective and efficiently.	4.1 Administration of the NSF accounts, revenue and expenditure.	These were managed in collaboration with DHET Finance.	
			4.2 Oversee NSF Investment portfolios.	The fund continued to receive monthly reconciliation reports as well as quarterly performance reports on the investments held at PIC	
			4.3 NSF Auxiliary and support services.	These services include HR,SCM and were provided by DHET.	
			4.4 NSF IT-system/s operational.	Development and or transfer of NSF IT systems have been delayed due to absence of an appropriate supporting environment at SITA.	
			4.5 Staff performance and development functions addressed.	NSF staff performance was assessed as per PMS guidelines skills audit has been undertaken in preparation for NSDS III implementation.	
			4.6 Migration from cash to accrual accounting basis.	The NSF has not fully migrated from cash to accrual due to limited capacity and the absence of a system.	
			4.7 Accrual accounting-system business processes developed, testing of system configuration, training of new system users and implementation of system.	An accrual system developed while at DoL could not be rolled out due to the challenges in transferring it and a lack of a supporting environment at SITA.	

**NATIONAL SKILLS FUND**  
 REPORT OF THE ACCOUNTING AUTHORITY  
 for the year ended 31 March 2011

## REPORT BY THE ACCOUNTING AUTHORITY TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA.

### 1. GENERAL REVIEW OF THE STATE OF AFFAIRS

The National Skills Fund was established in 1999 in terms of the Skills Development Act, 1998. The primary objective of the National Skills Fund is stipulated in the Skills Development Act, namely that the money in the NSF may be used only for the projects identified in the National Skills Development Strategy (NSDS) as national priorities or for such other projects related to the achievement of the purposes of the Act as the Director-General of the Department of Higher Education & Training (DHET) determines.

This is the first annual report of the fund under the DHET following its transfer on the 1<sup>st</sup> April 2010. While the main divisions of the fund were settled within DHET, one of the units continued to reside at and use DoL systems and support owing to its links with the provincial projects for training unemployed people under the Social Development Funding.

Owing to the phasing out of the National Skills Development Strategy 2005-2010 (extended to 31<sup>st</sup> March 2011) the primary activities of the fund focused on continued support for NSDSII projects (albeit limited) as well as engaging with and preparing for the incoming NSDSIII. The fund also engaged with the parent Department (DHET) to ensure its policies and systems are fully integrated within the Department.

Revenue for the financial year ended 31 March 2011 rose by 6% to R2.12 billion (R2 billion in 2009/10). The main drivers for the increased revenue were levy collection (7% increase) and interest on reserves (2% increase). Total capital and reserves rose 29% to R6.6 billion (R5.1 billion in 2009/10).

Total expenditure for the period increased by 13% to R633 million compared to R558 million in the previous financial year.

#### Key Policy Development and Legislative changes

During the reporting period the Minister published regulations (Regulation 1030 of 2010) allowing the fund to increase its administration percentage to a limit of 10% (previously 2%) of annual income received. A further 10% from the reserves can be used to fund non-recurrent expenditure. The Department further published the final National Skills Development Strategy for 2011-2016. This strategy will direct the use of NSF funds as per Section 28 of the Skills Development Act of 1998 (as amended by Act 37 of 2008). Other notable policy changes included:

- Re-certification of 21 of the 23 SETAs for a further five years (2011-2016);
- Proposed amendments to the Skills Development Act; and
- Proposed regulations on SETA grants and governance.

**NATIONAL SKILLS FUND**  
 REPORT OF THE ACCOUNTING AUTHORITY  
 for the year ended 31 March 2011

## Legislation

The National Skills Fund (NSF) was established in 1999 in terms of the Skills Development Act, 1998. The revenue sources for the Fund are:

- 20% of the skills development levies as contemplated in the Skills Development Levies Act;
- the skills development levies collected and transferred to the Fund, in terms of the Skills Development Levies Act, in respect of those employers or sectors for which there are no SETAs;
- money appropriated by Parliament for the Fund;
- interest earned on investments;
- donations to the Fund; and
- money received from any other source.

## Reason for under- spending

The NSF recorded 74% under spending in the current financial year for expenditure of R558 million compared to total income of R2.12 billion. Expenditure increased by 13% compared to the previous financial year. A key driver of NSF expenditure is projects for the training of unemployed people from the various funding windows

For the reporting period the fund experienced a slowdown in project volumes largely due to phasing out of the NSDS II as well as loss of provincial capacity following transfer from DoL. The transition from NSDSII to NSDSIII required that some of the projects be reviewed for alignment with the incoming strategy while some had to be abandoned altogether. During the last quarter of the reporting period the fund closed off all the funding windows except the Discretionary Funding window as part of a phased disengagement from NSDSII. Under-spending was recorded in the following key programmes

- The Social Development funding window continued to underperform mainly due to lack of provincial capacity to drive projects. Although part of the funding (R200m) meant for this area was allocated directly to the Department of Public Works to support the training for the Extended Public Works Programme, spending remained low due to time required to roll out the procurement process through its regional infrastructure. Only 4% (or R32m) of the total R879 million was spent
- New projects earmarked for implementation in 2010-11 under the Strategic Projects programme had to be delayed due to a need to review their relevance and alignment with NSDSIII. Although a total in excess of R700m was committed under this programme, spending remained constrained due to slow take-off of projects. Out of a total budget of R600m expenditure of R164m (27%) was recorded.
- The NSF had set aside an amount of R500m as a transitional budget intended to fund NSDSIII projects that may be rolled out with DHET institutions like FETs. Due to complex transitional processes such the fact that FETs were still a provincial competency, this project could not take off.



**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

## 2. SERVICES RENDERED BY THE NATIONAL SKILLS FUND

The NSF primarily provides funding and policy development in order to meet objectives of the National Skills Development Strategy (NSDS) for 2005-2010 soon to be replaced with NSDS for 2011-2016. These objectives of the NSDS are expressed in the following funding windows of the NSF.

### *Social Development Initiatives Funding Window*

This NSF funding window is in support of NSDS indicator 3.1 namely to finance training whereby unemployed or under-employed people are equipped with skills to promote their employability and sustainable livelihoods, including training for Expanded Public Works Programmes (EPWP).

In the case of the Social Development Initiatives window, the Department of Labour's provincial offices were the designated disbursing agents, as well as the Department of Public Works, EPWP-Unit. They have an established delivery model based on evaluating project-linked training applications against set criteria. The said criteria include considerations around whether the proposed project, which the training is intended, is part of the Provincial Skills Plan, Integrated Rural Development Strategy, Urban Renewal Strategy, Local Economic Development Strategy and whether the beneficiaries will be placed in such projects once training is complete.

For this financial year, the NSF funded the training of 7 158 unemployed people through various skills intervention programmes. Beneficiaries were drawn from key government projects such as EPWP, Working for Water and other provincial economic initiatives. Of the total trained 6 859 (95.8%) were placed in projects that allowed them to consolidate the skills gained through practical work. Out of a total budget of R879m expenditure of R32m (4%) was recorded.

### *ABET (adult basic education & training) for unemployed*

The purpose of the ABET funding window is to support the NSDSII Indicator 3.3, namely to promote employability and sustainable livelihoods through skills development. This would be achieved through the provision of resources to allow 100 000 unemployed people to participate in ABET level programmes by 2010, of which at least 70% must achieve ABET level 4.

The fund has planned to launch a limited ABET programme for 7 500 learners in partnership with DHET ABET learning centres. The project was however cancelled due to complex transition processes relating to ABET centres still falling within provincial governments. The period was used to consolidated the 2009/10 ABET data by following up outstanding reports and performance information. Revised figures from reports indicate 57 203 learners were reached but only 48 338 could be verified. Out of a total budget of R60 m expenditure of R4m (7%) was recorded.

**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

***Critical Skills Support***

This funding window is in support of NSDS indicator 1.2 namely that information on critical skills is widely available to learners. Furthermore the funding window also supports the NSDS indicator 4.1 namely to assist designated groups including new entrants to participate in accredited work-integrated learning and work-based programmes to acquire critical skills to enter the labour market and self-employment.

Programmes under this category include learnerships, internships, apprenticeships and bursaries. These are implemented primarily with SETAs and Provincial Governments (under the Strategic Projects Programme). A total of 11 324 learners benefitted from programmes such as bursaries (6 713), learnerships & internships (959) and Apprenticeships (3 652). R288m (35%) of the total budget of R820m was spent.

***Industry Support Programme***

This NSF funding window is in support of NSDS indicator 2.6 namely to annually increase the number of people who benefit from incentivised training for employment or re-employment in new investments and expansion initiatives.

This programme benefitted a total of 4 267 new workers through training grants (WSDSP and BPO&O) under the incentives scheme for new investments and expansion initiatives. This bring to 18 998 the total number of new workers who benefitted from the scheme since April 2005 with more than R116 million in training grants paid to participating companies.

A further 900 learners were trained and assessed as competent under the Monyetla Work Readiness Programme funded by the National Skills Fund. Of these learners 696 (77%) were placed in employment during the reporting period. A further 2 148 learners is still in training. Out of a total budget of R239 m expenditure of R32m (13%) was recorded.

***Informal Sector Support***

Through this funding window the Fund supports the NSDS indicator 3.2 to provide skills development to non-levy paying enterprises, Non-governmental Organisations (NGOs), Community Based Organisations (CBOs) and Community-based Co-operatives. The funding window also supports NSDS indicators 4.3 and 5.2, whereby new entrants will be assisted to establish sustainable new ventures by providing training and mentoring. In respect of the latter, the NSF will top-up SETA discretionary new venture creation grants.

For the reporting period a total of 3 728 people received training from the 333 Community Based Organisations (CBOs) that participated in the programme. Out of a total budget of R67 m expenditure of R23m (34%) was recorded.

**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

*Constituency capacity building and advocacy*

The Department is dependent on the various stakeholders in the area of skills development, for the successful implementation of the NSDS. This funding window is therefore primarily aimed at capacity building of constituency organizations represented on the National Skills Authority in order that they may discharge of their mandate related to the NSDS and the Skills Development Act.

The primary activities for NSA constituencies for this period was to afford them the opportunity to consult on the draft NSDSIII. A total of nine constituency projects were approved and benefitted a total 2 682 people. Expenditure of R 12.3m compared to a total budget of R 20 m (62%) was recorded.

*Special Projects*

This Funding Window is in support of NSDS indicators in general, as well as the cross-cutting NSDS principles, and includes:

- promotion of the NSDS
- research and impact studies related to the NSDS; and
- supplementary support to people with disabilities such as assistive devices to access learning and training material in order that they may derive full benefits of skills development initiatives.

There were no activities under this programme during the reporting period.

*Discretionary and Innovation Projects*

This funding window gives expression to one of the provisions of the Skills Development Act by giving the Director-General: Labour the discretion to fund any other projects in support of the objectives of the Act. For the period under review a total of four projects received funding to implement various programmes in support of the Skills Development Act. Projects funded under this category were prioritized by the DG and Executive Authority. These included the Career Advisory Services project implemented through a partnership with SAQA. The project has reached over 2, 5 million people through its radio campaign and handled over 19 150 telephone enquiries. Further progress has been made in the Charter for Humanities project implemented in partnership with the University of Cape Town. The planned Strategic Intelligence and MIS project, although approved, could not take off. Expenditure of R 9.2m compared to a total budget of R 50 m (18%) was recorded.

*Strategic Projects*

The Strategic Projects is not a funding window but rather an implementation model that allows the use of integrated projects to achieve goals and targets set for the NSF in the NSDS. The model uses the criteria and budgets across a number of selected funding windows and was primarily targeted at projects supporting implementation of Provincial Growth and Development Strategies as well as the Framework for SA's response to the Economic Crisis through the Training Layoff Scheme.

**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

The programmes are implemented primarily in partnerships with Provincial Governments to support the Provincial Growth and Development Strategies. A total of 8 069 learners benefitted from various learning programmes ranging from bursaries, learnerships, internships, apprenticeships, and skills programmes.

Fifteen new projects with a commitment totalling R790 million were approved during this period. However due to the incoming NSDSIII these projects were reviewed with some being terminated. Out of a total budget of R600m expenditure of R164m (27%) was recorded.

The Training Layoff Scheme accounted for 520 workers with grants of R6.72 million paid to participating SETAs and their companies.

### 3. CAPACITY CONSTRAINTS

Although the fund has been fully integrated within the DHET, its capacity remained challenged because the DHET does not have a provincial structure similar to DoL. Options for a provincial structure of the NSF were put on hold pending the finalisation of the Organisational Development exercise for the entire Department. The DHET has committed to addressing the capacity constraints of the fund in preparation for the rollout of the NSDS III.

### 4. UTILISATION OF DONOR FUNDS

None

### 5. TRADING ENTITIES/PUBLIC ENTITIES

None

### 6. ORGANISATIONS TO WHO TRANSFER PAYMENTS HAVE BEEN MADE

None

### 7. PUBLIC/PRIVATE PARTNERSHIPS

None

**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

## 8. CORPORATE GOVERNANCE ARRANGEMENTS

The Director-General: DHET is the accounting authority of the Fund in terms of the Public Finance Management Act, 1999 (PFMA) and the accounting authority in terms of the Skills Development Amendment Act, 2008, and must:

- control the Fund;
- keep a proper record of all financial transactions, assets and liabilities of the Fund; and
- prepare financial statements for the Fund in the prescribed form.
- Subject to laws governing the public service appoint an Executive Officer of the NSF who will upon such appointment be in the employ of the public service.

The Director-General is thus ultimately responsible and accountable to the Minister and Parliament for money spent from the NSF. Within the framework of the Director-General's delegation of authority, the day to day operations of the NSF are managed by the Chief Director Skills Fund.

The process of listing the NSF was halted to allow the DHET to acquaint itself with the position of the NSF in the light of the requirements for a new post school system. The Department has written to the National Treasury seeking advice on the listing of the NSF and awaits a response.

### Risk management

The activities of the NSF are covered within the comprehensive risk assessment done by the Directorate: Internal Audit of the Department of Higher Education and Training.

### Fraud prevention

The activities of the NSF are covered within the Good Governance Policy, which includes fraud prevention, compiled by the Directorate: Internal Audit of the Department of Higher Education and Training.

### Internal Audit and Audit Committee

The internal audit function for the NSF is provided by the Directorate: Internal Audit of the Department of Higher Education and Training.

The established audit committee of the Department of Higher Education and Training also addresses the activities related to the National Skills Fund.

**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

## Financial management

The NSF's financial management is sound and compliant to PFMA and National Treasury regulations. The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

## Other PFMA requirements

The NSF forms part of the Programme: Skills Development Services of the Department of Higher Education and Training and as such report through the structures and processes of the Department of Higher Education and Training in so far as compliance with the PFMA, is concerned, namely:

- **Basis of Accounting** – The Accountant General recommended that the financial statements of the NSF be prepared on an accrual basis as the entity fulfils the description of a public entity. The statements for the 2010/11 financial year were prepared on an accrual basis.
- **NSF Strategic Plan** – is derived from the Strategic Plan of the Department of Labour. The Department of Higher Education and Training Strategic Plan has been approved by the Executive Authority.
- **Quarterly reporting** – forms part of the quarterly reporting process on performance against the strategic plan of the Department of Higher Education and Training Furthermore the NSF submits quarterly reports on its cash-flow to National Treasury in the prescribed format and timeframes.
- **Actual revenue and expenditure projections** – the relevant information that forms part of the MTEF & ENE processes are submitted to the Chief Financial Officer of the Department of Higher Education and Training in the prescribed format and timeframes.
- **Annual financial statements** – these statements are compiled by the National Skills Fund and have been submitted timeously for audit purposes.
- **Annual report** – information with regard to the NSF are covered within the Annual Report of the Department of Higher Education and Training.
- **Completeness of revenue** – Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefit can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the SETA/NSF, as required by Section 6 (5) of the Skills Development Levies Act, 1999 (Act No.9 of 1999).

The SDL Transfer is measured at the fair value of the consideration received.

**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

DHET is responsible for the first high-level verification to detect any material occurrences of levy payment variances, which is communicated to the NSF and SARS for further investigation and rectification.

As a control measure, the NSF verifies the 20% levy allocation based on the monthly certificate issued by SARS on receipt of funds in its banking account.

The monthly allocations are tested for consistency with prior period trends and variances are further investigated. Any unjustified variances are communicated to the Department of Higher Education and Training for further investigation with SARS, being the appointed levy collection agent.

## 9. DISCONTINUED ACTIVITIES

During the last quarter of the reporting period the Executive Authority approved the discontinuation of nine programmes (funding windows) that were created to support NSDS 2005-2010. These are the following:

- Social Development Initiatives Funding Window
- ABET Funding Window
- Provisioning Support Funding Window
- Industry Support Funding Window
- Informal Support Funding Window
- Constituency Capacity Building and Advocacy Funding Window
- Special Projects Funding Window
- Strategic Projects Programme
- Critical Skills Support Funding Window

## 10. NEW/PROPOSED ACTIVITIES

The NSF is currently reviewing its Strategic Framework and Criteria for the allocation of funding that will support NSDS 2011-2016. This framework will result in new areas/activities that will guide funding activities.

**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

## 11. ASSET MANAGEMENT

The NSF does not own assets as it is a programme under the Department of Higher Education and Training.

## 12. EVENTS AFTER THE REPORTING DATE

The Minister for Higher Education has published for public comment amendments to the Skills Development Act with the intention to address particular areas of the act dealing with SETA governance.

## 13. PERFORMANCE INFORMATION

The NSF is currently a programme (Chief Directorate) within the Department of Higher Education and Training and its performance information is provided within the framework of the DHET:

- Quarterly monitoring of performance is derived from the annual work plan of the NSF and ENE targets and reported via Department of Higher Education and Training reports.
- Reports of the NSF are discussed in the Department's senior management meetings at various levels including a dedicated review session with the Executive Authority. The NSF is also part of the Annual Review and planning workshops, where annual performance is discussed and planning of the new financial year is undertaken.
- A committee of the National Skills Authority also provides monitoring with respect to the contribution of the NSF to the targets of the National Skills Development Strategy.

The NSF Performance Information has been reported separately in Section 3.4 of the annual report. For the year under review the NSF relied on the reports submitted by third parties contracted to implement training projects. Due to the size and spatial distribution of the projects, the NSF could not perform additional procedures to confirm the reliability of performance information submitted. The Fund is however building the necessary capacity to ensure all reported performance information is verified.

## 14. SCOPA RESOLUTIONS

The fund has addressed all the SCOPA resolutions issued during its existence at the Department of Labour. There were no new SCOPA resolutions affecting the fund during the reporting period.

## 15. EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

None



**NATIONAL SKILLS FUND**  
REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2011

16. OTHER

None

17. APPROVAL

The Annual Financial Statements have been approved by the Accounting Authority.

A handwritten signature in black ink, appearing to read 'GF Qonde', with a large loop at the start and a horizontal line extending to the right.

**Mr GF Qonde**

Accounting Authority: National Skills Fund

Acting Director-General: Department of Higher Education and Training

Date: 31 July 2011

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL SKILLS FUND (NSF)

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the NSF, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 303 to 353 .

### Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) section 14(6) (a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the NSF as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

#### Irregular expenditure

9. The NSF incurred irregular expenditure as disclosed in note 18.1 of the financial statements of R48 405 471 as the expenditure incurred was in contravention of the request for proposal criteria that was approved by the accounting authority in terms of section 51(1)(a)(i) of the PFMA and in terms of paragraph 29 of Skills Development Act 1997.

#### Restatement of corresponding figures

10. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of an error discovered during 31 March 2011 in the financial statements of the NSF at, and for the year ended, 31 March 2010.

#### Additional matters

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

#### NSF listing as a public entity

12. The NSF has not been listed as a public entity by the National Treasury, although the NSF does comply with all the requirements for a public entity and therefore the NSF does not comply with section 47(2) of the PFMA.

## Material underspending of the budget

13. The NSF has materially underspent its budget. At the date of this report, underspending amounted to R2 391 961 000 (79%) and no satisfactory explanation was provided. This has been a recurring event for the past three years as for the 2009-10 financial year the underspending amounted to R1 119 525 000 (56%) and for the 2008-09 financial year the underspending amounted to R968 478 000 (51%) This underspending relates mainly to project expenses.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 281 to 285 and material non-compliance with laws and regulations applicable to the schedule 3A public entity.

### **Predetermined objectives**

#### **Presentation of information**

15. The reported performance against predetermined objectives was reported in respect of the following criteria:
  - Performance against predetermined objectives was reported using the National Treasury guidelines.

#### **Usefulness of information**

16. The reported performance information was deficient in respect of the following criteria:
  - Consistency: The reported indicators are not consistent with the planned indicators
  - Relevance: There is a clear and logical link between the objectives, outcomes, outputs, indicators and performance indicators.
  - Measurability: The indicators are not well defined and verifiable, therefore indicators are not specific, measurable, and time bound
17. The following audit findings relate to the above criteria:

#### **Reported indicators are not consistent when compared with the planned strategic plan**

18. For the selected programmes 100% for objective 1 and 32% for objective 2 was not consistent with the approved strategic plan.

#### **Planned and reported indicators are not well defined**

19. For the selected programmes, 45% for objective 1 and 26% of objective 2 of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

#### **Planned and reported targets are not measurable**

20. For the selected programmes, 45 % for objective 1 and 62% for objective 2 of the planned and reported targets were not measurable in identifying the required performance;

#### **Reliability of information**

21. The reported performance information was deficient in respect of the following criteria:

- Validity: The validity of reported performance against indicators could not be confirmed as inadequate supporting source information was provided.
- Accuracy: The accuracy of reported performance against indicators could not be confirmed as inadequate supporting source information was provided
- Completeness: Sufficient appropriate evidence to support reported indicators was not submitted.

22. The following audit findings relate to the above criteria:

The validity, accuracy and completeness of reported performance against indicators could not be confirmed as inadequate supporting source information was provided

23. For the selected programmes the validity, accuracy and completeness of 100% of the reported indicators could not be established as sufficient appropriate audit evidence and relevant source documentation could not be provided

#### **Compliance with laws and regulations**

##### **Annual financial statements, performance and annual reports**

24. The accounting authority submit financial statements for auditing that were not prepared in all material aspects in accordance with generally accepted accounting practice (and supported by full and proper records) as required by section 55(1)(a) and (b) of the PFMA. The material misstatements identified by the AGSA with regard to debtors, creditors, provisions, prepaid expenditure, other income, grant expense and commitments were subsequently corrected.

25. The NSF has not been listed as a public entity although it complies with the criteria as required in terms of section 47(2) of the PFMA.

#### **Skills Development Act**

26. The accounting authority did not keep proper records of all financial transactions, assets and liabilities of the fund as is prescribed by section 29(1)(b) of the Skills Development Act.

#### **Procurement and contracts**

27. Goods and services with a transaction value of over R500 000 were not procured by means of a competitive bidding process as per the requirements of TR 16A6.1, TR 16A6.4 and National Treasury Practice Notes 6 and 8 of 2007-08.

### **Budget**

28. In the budget for financial year ending 31 March 2011, the entity budgeted for a deficit in contravention of the requirements of section 53(3) of the PFMA.

### **Expenditure management**

29. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure, as per the requirements of section 51(1)(b)(ii) of the PFMA.

## **INTERNAL CONTROL**

30. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The following deficiencies in internal control that resulted in the findings on material non-compliance with laws and regulations.

### **Leadership**

31. The lack of adequate information systems for financial reporting and reporting on predetermined objectives contributed to a significant weakness on financial reporting, performance objectives and compliance with laws and regulations. Furthermore, the conversion from cash to accrual basis had to be done manually as there is no accrual system in place where information would be readily available for the preparation of financial statements and reporting on predetermined objectives. Because of this the accounting authority did not perform an oversight function to ensure that established, communicated and implemented policies and procedures for the execution of internal control is implemented. Furthermore, no developed action plans have been implemented to address the issue of internal control.

Therefore the accounting authority did not perform an oversight responsibility regarding the execution of a proper and sufficient internal control system that will ensure the accurate and complete reporting of financial statements, performance objectives and compliance with relevant laws and regulations is achieved.

### **Financial and performance management**

32. The accounting authority did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. This is mainly due to the lack of information systems available at the NSF for the preparation of financial statements and reporting on predetermined objectives. Because of this no, daily or monthly controls have been implemented or developed by the accounting authority to assist with proper record keeping throughout the year.

Due to the lack of information systems the accounting authority also did not prepare accurate and complete financial and performance information that were supported by reliable information. It was also noted that very limited monitoring of compliance with laws and regulations occurred throughout the financial year.

## OTHER REPORT

### Investigation

33. An investigation is being conducted at PSETA into alleged fraudulent transactions as disclosed in note 26.3 of the financial statements. The investigation was still ongoing at the reporting date.

*Auditor - general.*

Pretoria

31 July 2011



**NATIONAL SKILLS FUND**  
STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2011

		2010/11	2009/10
	Notes	R'000	(Restated) R'000
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
Skills Development Levy: Income from non-exchange transactions	1	1 726 886	1 612 062
State Contribution	2	1 675 155	1 563 111
		51 731	48 951
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Finance income	3	382 873	384 039
Other income	4	379 488	372 520
Fair value adjustment on financial assets at fair value through (deficit) / surplus	9	3 385	7 975
		-	3 544
<b>TOTAL REVENUE</b>		<b>2 109 759</b>	<b>1 996 101</b>
<b>EXPENSES</b>			
Grant disbursements	5	633 184	558 793
Employee cost	6	564 373	476 429
Other operating expenses	7	12 892	13 854
Management fees and bank charges	8	5 165	15 170
Collection costs to SARS		1 665	1 281
		49 089	52 059
<b>NET SURPLUS FOR THE YEAR</b>		<b>1 476 575</b>	<b>1 437 308</b>



**NATIONAL SKILLS FUND**  
STATEMENT OF FINANCIAL POSITION  
as at 31 March 2011

	2010/11	2009/10 (Restated)
Notes	R'000	R'000
<b>ASSETS</b>		
<b>Current assets</b>	<b>6 792 080</b>	5 254 610
Prepaid expenditure	10 <b>114 787</b>	70 745
Cash and cash equivalents	11      -	3 188
Financial assets at fair value through surplus/(deficit)	12 <b>6 568 782</b>	5 174 555
Trade and other receivables from non-exchange transactions	13 <b>108 511</b>	6 122
<b>TOTAL ASSETS</b>	<b>6 792 080</b>	5 254 610
<b>Current liabilities</b>	<b>183 574</b>	122 679
Cash and cash equivalents	11 <b>5 697</b>	-
Trade and other payables from non-exchange transactions	14 <b>93 244</b>	61 530
Trade and other payables from exchange transactions	14 <b>15 579</b>	8 705
Provisions	15 <b>69 054</b>	52 444
<b>TOTAL LIABILITIES</b>	<b>183 574</b>	122 679
<b>TOTAL NET ASSETS</b>	<b>6 608 506</b>	5 131 931
<b>FUNDS CONTRIBUTED BY:</b>		
<b>Capital and reserves</b>		
Accumulated surplus	<b>6 608 506</b>	5 131 931
<b>TOTAL CAPITAL AND RESERVES</b>	<b>6 608 506</b>	5 131 931

**NATIONAL SKILLS FUND**  
STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2011

	<b>Accumulated surplus</b>
	<b>R'000</b>
<b>Balance at 01 April 2009 as previously stated</b>	4 001 432
Prior year adjustment *	(314 594)
Prior year adjustment **	7 785
<b>Restated balance at 01 April 2009</b>	3 694 623
Restated Net surplus per Statement of Financial Performance	1 437 308
As previously stated	1 119 525
Prior year adjustment *	262 149
Prior year adjustment **	55 634
<b>Restated balance at 31 March 2010</b>	5 131 931
Net surplus per Statement of Financial Performance	1 476 575
<b>Balance at 31 March 2011</b>	<b>6 608 506</b>

\* Provisions relating to NSF contracts for possible services rendered not yet invoiced / claimed by the respective training providers were not taken into consideration during the previous financial year. A detailed calculation and verification exercise was implemented during the 2010/11 financial year on all NSF contracts to determine the amounts that require recognition. These amounts have subsequently been recognised and the comparative figures appropriately adjusted were required.

\*\* Expenditure paid in advance to the National Research Foundation, National Student Financial Aid Scheme and Career Wise as part of the Critical Skills Support Programme was expensed during the previous financial year and not capitalised as prepaid expenditure. A detailed calculation, verification and third party confirmation exercise was implemented during the 2010/11 financial year to determine the respective outstanding balances at year end as well as the interest received on the unspent funds by the mentioned training providers.

These amounts have subsequently been recognised and the comparative figures appropriately adjusted were required. Refer to note 26 for more detail.

**NATIONAL SKILLS FUND**  
**CASH FLOW STATEMENT**  
 for the year ended 31 March 2011

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Operating activities**

	2010/11	2009/10 (Restated)
Notes	R'000	R'000
Cash receipts from stakeholders	1 730 271	1 620 037
Levies, interest and penalties received	1 678 540	1 571 086
Other cash receipts from stakeholders	51 731	48 951
Cash paid to stakeholders, suppliers and employees	(636 423)	(553 985)
Project payments	(564 373)	(476 429)
Compensation of employees	(12 890)	(13 975)
Payments to suppliers and other	(59 160)	(63 581)
Net (increase) / decrease in working capital	(87 994)	(281 652)
<i>Cash generated from operations</i>	1 005 854	784 400
Finance income	379 488	372 520
<b>Net cash inflow from operating activities</b>	<b>1 385 342</b>	1 156 920
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to financial assets at fair value through surplus / (deficit)	(1 394 227)	(1 235 485)
<b>Net cash outflow from investing activities</b>	<b>(1 394 227)</b>	(1 235 485)
<b>Net increase in cash and cash equivalents</b>	<b>(8 885)</b>	(78 565)
<b>Cash and cash equivalents at beginning of year</b>	<b>3 188</b>	81 753
<b>Cash and cash equivalents at end of year</b>	<b>(5 697)</b>	3 188

**NATIONAL SKILLS FUND**  
ACCOUNTING POLICIES  
for the year ended 31 March 2011

## ACCOUNTING POLICIES

### 1. Basis of preparation

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

The Accounting Framework of the entity, based on the preceding paragraph, is therefore as follows:

**Standards of GRAP approved and effective:**

- GRAP 1: Presentation of financial statements;
- GRAP 2: Cash flow statements;
- GRAP 3: Accounting policies, changes in accounting estimates and errors;
- GRAP 4: The effects in changes in foreign exchange rates;
- GRAP 5: Borrowing costs;
- GRAP 6: Consolidated and separate financial statements;
- GRAP 7: Investments in associates;
- GRAP 8: Investments in joint ventures;
- GRAP 9: Revenue from exchange transactions;
- GRAP 10: Financial reporting in hyperinflationary economies;
- GRAP 11: Construction contracts;
- GRAP 12: Inventories;
- GRAP 13: Leases;
- GRAP 14: Events after reporting date;
- GRAP 16: Investment property;
- GRAP 17: Property, plant and equipment;
- GRAP 19: Provisions, contingent liabilities and contingent assets;
- GRAP 100: Non-current assets held for sale and discontinued operations;
- GRAP 101: Agriculture; and
- GRAP 102: Intangible assets.

**NATIONAL SKILLS FUND**  
**ACCOUNTING POLICIES**  
for the year ended 31 March 2011

**Directives issued and effective:**

- Directive 1: Repeal of existing transitional provisions in , and consequential amendments to, standards of GRAP.
- Directive 2: Transitional provisions for the adoption of standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
- Directive 5: Determining the GRAP reporting framework.
- Directive 7: The application of deemed cost on the adoption of standards of GRAP.

**Interpretations of the Standards of GRAP approved:**

- IGRAP 1: Applying the probability test on the initial recognition of exchange revenue.

**Approved guidelines of standard of GRAP:**

- Guide 1: Guideline on Accounting for Public Private Partnerships.

**Effective accrual based IPSASs considering the provisions in paragraphs .15 to .19 of the directive:**

- IPSAS 20: Related parties disclosure.

**Effective IFRSs and IFRICs that are applied considering the provisions in paragraph .20 to .26 of the directive:**

- IFRS 3 (AC 140): Business combinations;
- IFRS 4 (AC 141): Insurance contracts;
- IFRS 6 (AC 143): Exploration for and evaluation of mineral resources;
- IFRS 7 (AC 144): Financial instruments: Disclosures;
- IAS 12 (AC 102): Income taxes;
- IAS 19 (AC 116): Employee benefits;
- IAS 32 (AC 125): Financial instruments: Presentation;
- IAS 39 (AC 133): Financial instruments: Recognition and measurement;
- SIC - 21 (AC 421): Income taxes: Recovery of revalued non-depreciable assets;
- SIC - 25 (AC 425): Income taxes: Changes in the tax status of an entity or its shareholders;
- SIC - 29 (AC 429): Service concession arrangements: Disclosures;
- IFRIC 2 (AC 435): Members' shares in co-operative entities and similar instruments;
- IFRIC 4 (AC 437): Determining whether an arrangement contains a lease;
- IFRIC 9 (AC 422): Reassessment of embedded derivatives;
- IFRIC 12 (AC 445): Service concession arrangements;

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- IFRIC 13 (AC 446): Customer loyalty programmes;
- IFRIC 14 (AC 447): IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction;
- IFRIC 15 (AC 448): Agreements for the construction of real estate; and
- IFRIC 16 (AC 449): Hedges in a net investment in a foreign operation.

## 2. Changes in accounting policies, estimates and errors

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise.

The entity changes an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

## 3. Critical judgements, estimations and assumptions

In the application of the NSF accounting policies management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 24 for more detail.

4. Presentation currency

These financial statements are presented in South African rand which is the functional currency of the entity. Figures have been rounded of to the nearest thousand Rand (R'000).

5. Going concern assumption

These financial statements have been prepared on the going concern basis. In assessing whether the NSF is a going concern, the Accounting Authority has considered the fact that the power to collect skills development levies will enable the NSF to be considered as a going concern for at least the next twelve months.

6. Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by the standard of GRAP, IPSAS or GAAP.

7. Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to the financial statements for the current financial year only, and forms part of the audited annual financial statements. (Refer to note 25 for more detail).

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

8. Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Events after reporting date that are classified as adjusting events have been accounted for in the annual financial statements. Events after reporting date that have been classified as non-adjusting events have been disclosed in the disclosure notes to the annual financial statements.

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## 9. Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

Accounting policy 9.1 on revenue from non-exchange transactions and accounting policy 9.2 on revenue from exchange transactions describes the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, the management considered the detailed criteria for recognition of revenue as set out in GRAP 9 (revenue from exchange transactions). The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

### 9.1 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation or condition to repay the amount.

#### **9.1.1 Skills development levy (SDL) income**

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefits can be measured reliably, and occurs when the Department of Higher Education and Training (DHET) makes the allocation or the payment, whichever event comes first, to the National Skills Fund (NSF) as required by section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999). SDL income is measured at fair value of the consideration received and is based on the information supplied by DHET.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET).

20% of the skills development levies are paid over to the NSF and 80% to the SETA's.

National Skills Fund SDL income is set aside in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended for the purpose of:

	<b>2010/11</b>	<b>2009/10</b>
<b>Employee cost and other operating expenditure of the NSF</b>	10%	2%



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**9.1.2 State contributions**

State contributions represents unconditional grants received from the Department of Higher Education and Training (DHET) and are measured at fair value of the consideration received.

9.2 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

**9.2.1 Finance income**

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

**9.2.2 Other income**

Other income represents interest received by the training providers on the advance payments affected by NSF based on the approved memorandum of agreement entered into between the parties. This interest received by the training providers are utilised to incur project expenditure on behalf of NSF.

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

10. Expenditure

10.1 Collection costs paid to SARS

In terms of section 10(2) of the Skills Development Levies Act, 1999 (Act. No. 9 of 1999), the Accounting Authority must, on a monthly basis as may agreed between SARS and the Accounting Authority, settle the costs of collection by SARS from the levies paid into the National Skills Fund. The total amount of the collection costs, may not exceed 2% of the total amount of the levies collected by SARS.

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## 10.2 NSF 10% employee costs and other operating expenses

According to section 28(2) of the Skills Development Act, 1998, the Accounting Authority approved the utilisation of 10% of the money allocated to the fund in terms of section 8(3)(a) of the Skills Development Levies Act to administer the fund. The utilisation of the 10% allocation may be applied for short term employee benefits as well as other operating expenses.

## 10.3 Short term employee benefits

Short term employee benefits comprise of salaries, paid annual leave, paid sick leave, thirteenth cheques, performance bonuses and non-monetary benefits such as medical care, housing and car allowances. The cost of short term employee benefits are charged to the Statement of Financial Performance as employee cost in the year to which they relate, except for non-accumulating benefits which are only recognised when the specific event occurs.

Short term employee benefits that give rise to a present legal or constructive obligation are included in the Statement of Financial Position as accruals in the year to which they relate.

## 10.4 Grant disbursements

Grant disbursements comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the NSF under the terms of the contract.

Grant disbursements are recognised as expenses in the period in which they are incurred.

Grant disbursements includes the following:

### **10.4.1 Payments for training of unemployed people**

The training of unemployed people is undertaken by selected training contractors on a basis of a predetermined course fee per day. Upon completion of the training, certified claims are submitted by training contractors upon which payments are made.

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**10.4.2 Funds allocated to training providers for skills development training**

The NSF allocates funds in respect of skills development to training providers in terms of approved memorandum of agreements entered into between the parties. Funds not spend by the training providers at year are accounted for as pre-paid expenditure in the financial statements of the NSF until the related eligible project expense are incurred by the training providers and the relating expenditure recognised. If eligible expenses are not incurred, the amount allocated to the training providers should be refunded to the NSF including any accrued interest.

10.5 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

10.6 Irregular expenditure

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999); the State tender Board Act, 1968 (Act No. 86 of 1968, or any regulation made in terms of that Act); or any provincial legislation providing for the procurement procedures in that provincial government.

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

10.7 Unauthorised expenditure

Unauthorised expenditure is the overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

When unauthorised expenditure is discovered it is recognised as an asset in the Statement of Financial Position until such time that the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

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Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to the availability of savings, in the Statement of Financial Performance on the date of approval.

## 11. Assets

### 11.1 Property, plant and equipment

The Director-General of the Department of Higher Education and Training is the Accounting Authority of the fund in terms of the PFMA and must control the fund. No property, plant and equipment has been recognised by NSF as all property, plant and equipment utilised are owned, controlled and disposed of by the Department of Higher Education and Training.

### 11.2 Property, plant and equipment acquired by project implementing agencies for NSF special projects

Property, plant and equipment acquired by project implementing agencies for NSF special projects are capitalised in the financial statements of the respective agencies, as the agencies control such assets for the duration of the project. Such assets could however, only be disposed of in terms of an agreement and specific written instructions by the NSF.

### 11.3 Prepaid expenditure

Prepaid expenditure represents funding advanced by the National Skills Fund to training providers in terms of the approved memorandum of agreements entered into between the parties. The memorandum of agreements stipulates that all unutilised funding, including any unspent accrued interest, should be refunded to the NSF within 30 days of completion of the projects. Unutilised project expenditure relating to open projects are therefore regarded as prepaid expenditure as NSF will only be entitled to the unspent funds, including any accrued interest, at the end of the project term.

Prepaid expenditure is initially recognised at cost and subsequently measured at fair value less any provision for impairment.

### 11.4 Advances

Amounts advanced are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The provision is made in accordance with IAS 39.64 whereby the recoverability of the outstanding advance is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics.

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## 11.5 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

In terms of section 29(2) of the Skills Development Act, 1998 (Act No.97 of 1998) any money in the fund not required for immediate use should be invested with the Public Investment Corporation (PIC). Cash and cash equivalents are measured at fair value.

For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments.

## 12. Liabilities

### 12.1 Defined contribution plans

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued. Contributions are at a rate of 13% of pensionable emoluments. The entity's contributions to the defined contribution scheme are established in terms of the rules governing the scheme.

Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

### 12.2 Leave and bonus accruals

The entity has opted to treat its provision for leave and bonus pay as an accrual.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date. Accruals related to employee benefits included in the Statement of Financial Position includes annual leave, capped leave and thirteenth cheque commitments at year end (based on current salary rates).

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The liability for leave pay is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made. No accrual is made for post retirement benefits, as the NSF does not provide for such benefits for its employees.

### 12.3 Accrual for projects

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

### 12.4 Provision for projects

In terms of GRAP 19 a provision is defined as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. Due to the nature of the NSF operations, numerous contracts exist that require management estimation and judgement to determine the provision amount at financial year end relating to possible services rendered on these contracts not yet invoiced / claimed by the training providers.

Provision for projects are estimated on an annual basis. These estimates and underlying assumptions are reviewed on an ongoing basis. For purposes of the provision calculations management deems the training to be rendered equally over the original contract term. These estimates are based on the remaining portion of the contract for a specific year that has not been invoiced / claimed by the training providers. Actual results may differ from these estimates. Provisions recognised for the relevant financial year are deducted from the remaining contract commitment.

## 13. Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities. The classification of financial assets and liabilities, into categories, is based on judgement by management.

Financial assets and financial liabilities are recognised on the NSF Statement of Financial Position when the NSF becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value. Subsequent to initial recognition these instruments are measured as set out below.

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### 13.1 Financial assets - classification

A financial asset is any asset that is a cash or contractual right to receive cash. The entities principle financial assets as reflected on the face of the Statement of Financial Position are classified as follows:

- *Cash and cash equivalents;*
- *Financial assets at fair value through surplus / (deficit); and*
- *Trade and other receivables.*

In accordance with IAS 39.09 the financial assets of the entity are classified as follows into the categories as allowed by the standard:

<b>Type of financial asset</b>	<b>Classification in terms of IAS 39.09</b>
Cash and cash equivalents	Loans and receivables
Financial assets at fair value through surplus or deficit	Held at fair value through surplus or deficit
Trade and other receivables	Loans and receivables

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments. The entity categorises cash and cash equivalents as financial assets: Loans and receivables.

Financial assets at fair value through surplus or deficit are financial assets that meet either of the following conditions:

- They are classified as held for trading; or
- Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months, which are classified as non-current assets. Loans and receivables are initially measured at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest method less provision for impairment.

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### 13.2 Financial liabilities - classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The entities principal financial liabilities relates to accounts payable which are classified as follows on the face of the Statement of Financial Position:

- Trade and other payables.

There are two main categories of financial liabilities, the classification based on how they are measured. Financial liabilities may be measured at:

- Fair value through profit or loss; or
- At amortised cost using the effective interest method.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as Other Financial Liabilities and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the Financial Liabilities of the entity are all classified as "other financial liabilities".

### 13.3 Initial and subsequent measurement

#### 13.3.1 Financial assets

##### 13.3.1.1 Financial assets at fair value through surplus / deficit

Held for trading financial instruments are initially and subsequently measured at fair value. It is the policy of NSF to account for changes in the fair value of monetary securities classified as held for trading through the Statement of Financial Performance. The fair value adjustment is calculated between the difference of the market value at the end of the reporting period and the cost of the investment. These investments are revaluated once a year at the end of the reporting period.



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13.3.1.2 Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**13.3.2 Financial liabilities**

13.3.2.1 Trade and other payables

Trade and other payable financial instruments are measured at amortised cost using the effective interest rate method. Accruals represent goods/services that have been received together with an accompanied invoice but final authorisation to affect payment has not been effected. Accruals are recognised in the Statement of Financial Position as trade and other payables.

13.4 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Accounts receivable are initially valued at cost, which represents fair value, and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for a provision for impairment based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivable is established when there is objective evidence that NSF will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is based on long outstanding non-active supplier contracts where the recovery of the outstanding amount is uncertain as no new contracts exist for the recovery of the outstanding balance. Based on past default experience it is the policy of the entity to provide for 50% of non-active contracts between 180 days and 270 days outstanding and 100% of non-active contracts exceeding 270 days.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. When the receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the Statement of Financial Performance.

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### 13.5 Impairment and gains and losses from subsequent measurement

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

### 13.6 Derecognition of financial assets

A financial asset or a portion thereof is derecognised when the NSF realises the contractual rights to the benefits specified in the contract, the rights expire, the NSF surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net profit or loss for the period.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### 13.7 Derecognition of financial liabilities

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net profit or loss for the period.

### 13.8 Fair value considerations

The fair values at which financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the NSF could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

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### 13.9 Risk management of financial assets and liabilities

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

Risks and exposure are disclosed as follows:

#### 13.9.1 Credit risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

#### 13.9.2 Liquidity risk:

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 18 to the annual financial statements.

## 14. Related parties

### 14.1 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related party transactions are classified by the entity as those transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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#### 14.2 Key management personnel

Key management personnel is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The Chief Executive Officer (CEO) of NSF on post level 14 is currently regarded as being at key management level including employees on level 13 or below acting in the position of the CEO. Transactions conducted with key management, as well as with close family members of key management, is regarded as related party transactions. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

#### 15. Commitments

Commitments include expenditure approved and contracted as well as expenditure approved but not yet contracted. Approved and contracted commitments includes expenditure that has been approved and the contract has been awarded at the reporting date. Approved but not yet contracted commitments includes expenditure that has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

#### 16. Contingent assets and contingent liabilities

Management judgement is applied when measuring and recognising contingent assets and liabilities. The probability that an inflow or outflow of economic resources will occur due to past events, which will only be confirmed by the occurrence or non-occurrence of one or more future events as well as any possible financial impact is disclosed based on management estimation in the disclosure notes.

#### 17. Comparative figures

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

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18. Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the entity:

- GRAP 18: Segment reporting (Effective date: Not announced);
- GRAP 21: Impairment of non-cash generating assets (Effective date: 01 April 2012);
- GRAP 23: Revenue from non-exchange transactions (Effective date: 01 April 2012);
- GRAP 24: Presentation of budget information in financial statements (Effective date: 01 April 2012);
- GRAP 25: Employee benefits (Effective date: Not announced);
- GRAP 26: Impairment of cash-generating assets (Effective date: 01 April 2012);
- GRAP 103: Heritage assets (Effective date: 01 April 2012);
- GRAP 104: Financial instruments (Effective date: Not announced);
- GRAP 105: Transfer of functions between entities under common control (Effective date: Not announced);
- GRAP 107: Mergers (Effective date: Not announced);
- IGRAP 2: Changes in existing decommissioning, restoration and similar liabilities (Effective date: 01 April 2011);
- IGRAP 3: Determining whether an agreement contains a lease (Effective date: 01 April 2011);
- IGRAP 4: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds (Effective date: 01 April 2011);
- IGRAP 5: Applying the restatement approach under the standard of GRAP on financial reporting in hyperinflationary economies (Effective date: 01 April 2011);
- IGRAP 6: Loyalty programmes (Effective date: 01 April 2011);
- IGRAP 8: Agreements for the construction of assets from exchange transactions (Effective date: 01 April 2011);
- IGRAP 9: Distributions of non-cash assets to owners (Effective date: 01 April 2011);
- IGRAP 10: Assets received from customers (Effective date: 01 April 2011);
- IGRAP 13: Operating leases - Incentives (Effective date: 01 April 2011);
- IGRAP 14: Evaluating the substance of transactions involving the legal form of a lease (Effective date: 01 April 2011);
- IGRAP 15: Revenue: Barter transactions involving advertising services (Effective date: 01 April 2011);

Application of all of the above GRAP standards will be effective from the date as announced by the minister of finance. Currently not all of these dates have been announced.

Management has considered all of the above-mentioned GRAP standards and interpretations issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial performance, financial position or cash flows of the entity since the principals are similar to those already applied under the equivalent Statements of SA GAAP and embodied into the financial statements.

**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**1. SKILLS DEVELOPMENT LEVY INCOME FROM NON EXCHANGE TRANSACTIONS**

In terms of the Skills Development Act and the Skills Development Levies Act, the total levy income per the Statement of Financial Performance is as follows:

Percentage of payroll payable as Skills Development Levy

**Skills Development Levies received from SARS (20%)**

Skills Development Levies collected by SARS

**Less:** Amount withheld by the Department of Higher Education and Training and paid to the SETA's (80%)

	2010/11	2009/10
Notes	R'000	R'000
	1%	1%
	<b>1 675 155</b>	1 563 111
	<b>8 375 777</b>	7 815 556
	<b>(6 700 622)</b>	(6 252 445)
	<b>51 731</b>	48 951
<b>3. FINANCE INCOME</b>		
Interest income		
Investments - Public Investment Corporation (PIC)	<b>12</b>	372 126
Interest - other	<b>490</b>	394
<b>Total</b>	<b>379 488</b>	372 520

Finance income from the Public Investment Corporation (PIC) is disclosed net of realised fair value profits of R6,544 million (2010:R0.00 million) relating to financial assets that matured during the current financial year.

**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**4. OTHER INCOME**

Other income

Interest received - Advance payments

Prior year adjustment

	2010/11	2009/10 (Restated)
Notes	R'000	R'000
24	3 385	7 975
	3 385	2 466
26	-	5 509

Other income represents interest received on advance payments made by the NSF to training providers in terms of the agreed Memorandum of Agreements between the parties. In terms of the agreements the interest may be applied to incur training expenditure on behalf of the Fund. On contract finalisation, any remaining accrued interest should be returned to the Fund. Included in the amount for the previous financial year is an amount of R142 000 affected through a change in an accounting estimate. Refer to note 24 and 26 for more detail.

**5. GRANT DISBURSEMENTS****Social Development Funding Window**

Current / as previously stated

Prior year adjustment

**Abet Funding Window**

Current / as previously stated

Prior year adjustment

**Critical Skills Support**

Current / as previously stated

Prior year adjustment

**Industry Support Programme**

Current / as previously stated

Prior year adjustment

**Informal Sector Support**

Current / as previously stated

Prior year adjustment

**Constituency Capacity Building and Advocacy**

	31 913	68 120
	31 913	75 189
26	-	(7 069)
	4 153	85 986
	4 153	99 406
26	-	(13 420)
	287 909	211 075
	287 909	257 854
26	-	(46 779)
	32 060	56 403
	32 060	44 057
26	-	12 346
	22 966	-
	22 966	1 123
26	-	(1 123)
	12 330	414

**NATIONAL SKILLS FUND**  
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	2010/11	2009/10
Notes	R'000	R'000
<b>Special Projects</b>		
Current / as previously stated	-	520
Current / as previously stated	9 166	3 905
Prior year adjustment	-	(3 295)
	<b>163 876</b>	53 301
<b>Strategic Projects</b>		
Current / as previously stated	163 876	306 235
Prior year adjustment	-	(252 934)
	<b>163 876</b>	53 301
<b>Total</b>	<b>564 373</b>	476 429

Included in the amount for the current financial year is an amount of R9,046 million (2010:R10,543 million) affected through a change in an accounting estimate. Refer to note 24 and 26 for more detail.

**6. EMPLOYEE COST**

**Salaries and wages**

Basic salaries	8 964	9 532
Performance awards	373	9
Service bonuses	693	700
Other non-pensionable allowance	1 035	1 057
Overtime payments	-	385
Leave accrual	43	(144)
Service bonus accrual	(41)	23

**Social contributions**

Provident fund contributions: defined contribution plans	1 160	1 638
Medical aid contributions	663	653
Bargaining council	2	1

**Total**

	<b>12 892</b>	13 854
<b>Total</b>	<b>39</b>	41

Included in the amount for the current financial year is an amount of R1 000.00 (2010:R0.00) affected through a change in an accounting estimate. Refer to note 24 for more detail.



**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**7. OTHER OPERATING EXPENSES**

	2010/11	2009/10
Notes	R'000	R'000
Consultancy and service provider fees	3 552	3 434
External auditor's remuneration:		
Audit fees	3 614	4 626
Provision for impairment	13.5 (3 241)	4 928
Telephone and Fax	19	-
Travel and subsistence	981	2 182
Printing and Publications	48	-
Entertainment	16	-
Operating Lease	97	-
Catering	5	-
Venues and Facilities	2	-
Stationary	72	-
<b>Total</b>	<b>24</b> <u>5 165</u>	<u>15 170</u>

Included in the amount for the current financial year is an amount of R1 000.00 (2010:R0.00) affected through a change in an accounting estimate. Refer to note 24 for more detail.

**8. MANAGEMENT FEES AND BANK CHARGES**

Bank charges - commercial banks	8	8
Management fees - Public Investment Corporation (PIC)	1 657	1 273
<b>Total</b>	<u>1 665</u>	<u>1 281</u>

**9. FAIR VALUE ADJUSTMENT ON FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS / (DEFICIT)**

**Held for trade financial assets**

Fair value adjustment through surplus / (deficit)	12	<u>-</u>	<u>3 544</u>
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Financial instruments designated at fair value through surplus / deficit upon initial recognition are investments in money market instruments with the Public Investment Corporation (PIC).

**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**10. PREPAID EXPENDITURE**

	2010/11	2009/10 (Restated)
Notes	R'000	R'000
<b>10.1</b> SETA prepaid expenditure	<b>9 240</b>	7 327
Other project prepaid expenditure	<b>105 547</b>	63 418
Current / as previously stated	<b>105 547</b>	-
Prior year adjustment	<b>26</b>	63 418
	<b>114 787</b>	70 745

Prepaid expenditure represents funding advanced to training providers based on the agreed memorandum of agreement between the parties. These balances reflect the outstanding capital amount as well as accrued interest received by the training providers at financial year end. NSF will only be entitled to the unspent funds, including any accrued interest, at the end of the project term. Refer to note 26 for more detail.

**10.2 SETA Prepaid expenditure at financial year end**

FOODBEV	-	497
MERSETA	<b>9 240</b>	5 525
MQA	-	1 305
<b>Total</b>	<b>9 240</b>	7 327

**11. CASH AND CASH EQUIVALENTS**

	2010/11	2009/10
	R'000	R'000
Cash at bank: (Overdraft) / Asset	<b>(5 697)</b>	3 188
<b>Cash and cash equivalents at end of year</b>	<b>(5 697)</b>	3 188

As required in Treasury Regulation 31.2, National Treasury approved the banks where the NSF bank accounts are held. The weighted average interest rate on short term bank deposits was 6.54% for the financial year (2010:7.33%).

Cash includes cash with commercial banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change in value.

For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, net of bank overdrafts.

**NATIONAL SKILLS FUND**  
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**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS / (DEFICIT)**

It is the policy of NSF to account for changes in the fair value of monetary securities classified as held for trading through the Statement of Financial Performance. The fair value adjustment is calculated as the difference between the market value at the end of the reporting period and the cost of the investment. These investments are revalued once a year at the end of the reporting period by the Public Investment Corporation (PIC). The latest revaluation was performed on 31 March 2011.

	2010/11	2009/10
Notes	R'000	R'000
<b>Composition at fair value</b>		
Investments with the Public Investment Corporation (PIC)	<u>6 568 782</u>	<u>5 174 555</u>
<b>Financial assets at fair value through surplus / deficit can be reconciled as follows:</b>		
Balance at the beginning of the year	5 174 555	3 935 526
Invested during the year	1 725 229	1 628 359
Interest received and capitalised	3 378 998	372 126
Withdrawal	(710 000)	(765 000)
Fair value adjustments	9 -	3 544
<b>Closing balance end of year</b> (None of the financial assets are impaired)	<u>6 568 782</u>	<u>5 174 555</u>

NSF assesses at each reporting date whether there is objective evidence that a financial asset or group financial assets are impaired. None of the financial assets at fair value through surplus / deficit are impaired on reporting date.

The Skills Development Act Regulations states that the NSF may, if not otherwise specified by the Public Finance Management Act, invest the moneys in accordance with the approved NSF investment policy.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the NSF as a potential public entity that will be listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. (Approval for the listing has not yet been approved by the Department of Higher Education and Training).

**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**13. TRADE AND OTHER RECEIVABLES**

**Current**

**13.1 The carrying and fair value of trade and other receivables are as follows:**

SETA debtors

Carrying amount

**Less:** Provision for impairment

Advances to training providers for payment of allowances

Carrying amount

**Less:** Provision for impairment

EPWP debtor

Trade debtors

**Total**

**13.2 SETA debtors at financial year end**

AGRISETA

CHIETA

FASSET

FIETA

HWSETA

PSETA

FOODBEV

**Total**

	2010/11	2009/10 (Restated)
Notes	R'000	R'000
<b>13.2, 13.3 &amp; 13.4</b>	<b>5 338</b>	3 318
	<b>33 554</b>	34 032
<b>13.6 &amp; 26.3</b>	<b>(28 216)</b>	(30 714)
<b>13.4</b>	<b>1 244</b>	2 804
	<b>5 429</b>	7 732
<b>13.6</b>	<b>(4 185)</b>	(4 928)
<b>13.3</b>	<b>99 549</b>	-
<b>13.3</b>	<b>2 380</b>	-
	<b>108 511</b>	6 122
	-	4
	<b>1 105</b>	1 179
	<b>226</b>	222
	<b>1 263</b>	1 912
	<b>1</b>	1
	<b>2 498</b>	-
	<b>245</b>	-
	<b>5 338</b>	3,318

**NATIONAL SKILLS FUND**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**13.3 AGEING OF TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED**

Trade and other receivables are all considered for impairment. Based on past default experience it is the policy of the entity to provide for 50% of non-active contracts between 180 days and 270 days outstanding and 100% of non-active contracts exceeding 270 days. At 31 March 2011 R0.00 million (2010:R0.05 million) were more than 180 days past due but not impaired due to the materiality of the outstanding balances. The ageing of amounts past due but not impaired is as follows:

	2011 Current R'000	2011 31 to 180 days R'000	2011 181 to 270 days R'000	2011 Over 270 days R'000	2011 Total R'000
EPWP debtor	99 549	-	-	-	99 549
Trade debtors	2 380	-	-	-	2 380
<b>Total</b>	<b>101 929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101 929</b>

	2011 Current R'000	2011 31 to 180 days R'000	2011 181 to 270 days R'000	2011 Over 270 days R'000	2011 Total R'000
SETA debtors	222	3 091	-	5	3 318
<b>Total</b>	<b>222</b>	<b>3 091</b>	<b>-</b>	<b>5</b>	<b>3 318</b>

**13.4 AGEING OF TRADE AND OTHER RECEIVABLES IMPAIRED**

As at 31 March 2011, gross trade and other receivables of R16.160 million (2010:R7.732 million) were impaired and provided for. The amount of the provision is R9.578 million as at 31 March 2011 (2010:R4.928 million). The ageing of the impaired trade and other receivables (net R6.582 million, 2010: R2.804 million) is as follows:

	2011 Current R'000	2011 31 to 180 days R'000	2011 181 to 270 days R'000	2011 Over 270 days R'000	2011 Total R'000
SETA debtors	-	2 498	245	2 595	5 338
Advances to training providers for payment of allowances	2	24	209	1 009	1 244
<b>Total</b>	<b>2</b>	<b>2 522</b>	<b>454</b>	<b>3 604</b>	<b>6 582</b>

**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2011 Current R'000	2011 31 to 180 days R'000	2011 181 to 270 days R'000	2011 Over 270 days R'000	2011 Total R'000
Advances to training providers for payment of allowances	226	1 575	70	933	2 804
<b>Total</b>	<b>226</b>	<b>1 575</b>	<b>70</b>	<b>933</b>	<b>2 804</b>

**13.5 RECONCILIATION OF PROVISION FOR IMPAIRMENT**

	Notes	2010/11 R'000	2009/10 (Restated) R'000
Opening balance	26.3	35 642	30 714
(Utilised) / Provided during the year	7	(3 241)	4 928
<b>Total</b>	<b>13.6</b>	<b>32 401</b>	<b>35 642</b>

**13.6 CURRENT YEAR PROVISION ATTRIBUTABLE TO:**

**Social Development Training Allowances:**

Opening balance	4 928	-
(Utilised) / Provided during the year	( 743)	4 928
Balance at end of the year	4 185	4 928

**SETA Debtors: PSETA**

Opening balance	30 714	30 714
(Utilised) / Provided during the year	(2 498)	-

**Total**

<b>32 401</b>	<b>35 642</b>
---------------	---------------

Trade and other receivables are individually impaired when there is objective evidence that the asset is impaired. The creation and release of the provision for impaired receivables have been included in other operating expenses in the Statement of Financial Performance (Note 7). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as mentioned above.

**Credit quality of trade and other receivables**

Management considers that all of the above financial assets are of good credit quality. The maximum exposure to credit risk at reporting date is the fair value of each class of receivable as mentioned above.

**NATIONAL SKILLS FUND**  
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**14. TRADE AND OTHER PAYABLES**

**14.1 TRADE AND OHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Trade payables  
 SETA payables

	2010/11	2009/10
Notes	R'000	R'000
	41 882	48 443
<b>14.3</b>	<b>51 362</b>	13 087
	<b>93 244</b>	61 530

**14.2 TRADE AND OHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade payables  
 SARS Payable  
 Other payables due to Department of Labour (DoL)  
 Other payables due to Department of Higher Education and Training (DHET)  
 Leave and bonus accruals

	693	728
	4 022	4 290
	443	2 745
	9 477	-
<b>14.4</b>	<b>944</b>	942
	<b>15 579</b>	8 705

**Total**

**14.3 SETA payables at financial year end**

AGRISETA  
 MQA  
 SERVICES SETA  
 THETA

	426	2 331
	1 140	7
	37 068	10 749
	12 728	-
	<b>51 362</b>	13 087

**Total**

**14.4 LEAVE AND BONUS ACCRUALS**

Balance at the beginning of the year  
 Amounts utilised during the year  
 Change in estimate

	942	1,063
	( 41)	( 144)
	43	23
	<b>944</b>	942

**Closing carrying amount**

**14.5**

**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**14.5 LEAVE AND BONUS ACCRUAL COMPOSITION**

**Current**

Leave accrual

Bonus accrual

**Total**

	2010/11	2009/10
Notes	R'000	R'000
	638	595
	306	347
	944	942

Leave is calculated based on leave days outstanding at year end and quantified in terms of total cost of employment per employee. The bonus accrual relates to thirteenth cheque commitments owed to NSF employees at financial year end.

**15. PROVISIONS**

**Funding window (2010/11)**

Social Development Funding Window

Abet Funding Window

Critical Skills Support

Industry Support Programme

Informal Sector Support

Constituency Capacity Building and Advocacy

Discretionary and Innovation

Strategic Projects

	Carrying value at the beginning of year	Additional provisions	Utilised during the year	Carrying value at the end of year
	R'000	R'000	R'000	R'000
	7 090	9 105	(7 090)	9 105
	3 677	476	(3 677)	476
	572	-	( 572)	-
	31 759	3 727	(31 759)	3 727
	365	3 684	( 365)	3 684
	-	2 804	-	2 804
	-	-	-	-
	8 981	49 258	(8 981)	49 258
	52 444	69 054	(52 444)	69 054



**NATIONAL SKILLS FUND**  
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**Funding window (2009/10) - (Restated)**

	Carrying value at the beginning of year	Additional provisions	Utilised during the year	Carrying value at the end of year
Notes	R'000	R'000	R'000	R'000
Social Development Funding Window	14 159	7 090	(14 159)	7 090
Abet Funding Window	17 097	3 677	(17 097)	3 677
Critical Skills Support	-	572	-	572
Industry Support Programme	19 413	31 759	(19 413)	31 759
Informal Sector Support	2 450	365	(2 450)	365
Discretionary and Innovation	3 295	-	(3 295)	-
Strategic Projects	258 180	8 981	(258 180)	8 981
<b>26</b>	<u>314 594</u>	<u>52 444</u>	<u>(314 594)</u>	<u>52 444</u>

As at 31 March 2011, Provisions amounting to R69.054 million (2010: R52.444 million) was recognised. Provision for projects are estimated on an annual basis. For purposes of the provision calculations management deems the training to be rendered equally over the original contract term. These estimates are based on the remaining portion of the contract for a specific year that has not been invoiced / claimed by the training providers. Provisions recognised for the relevant financial year is deducted from the remaining contract commitment.

During the previous financial year contracted amounts not yet paid were erroneously disclosed under commitments in stead of being recognised as provisions in terms of GRAP 19. The provisions for the 2009/10 financial year has been recognised and the comparative figures appropriately adjusted. These provisions have been deducted from the 2009/10 outstanding commitments. Refer to note 17 and 26 for more detail.

**NATIONAL SKILLS FUND**  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**16. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS/(DEFICIT)**

	2010/11	2009/10 (Restated)
Notes	R'000	R'000
<b>Net surplus/(deficit) as per Statement of Financial Performance</b>	<b>1 476 575</b>	1 437 308
Adjusted for non-cash items:		
Fair value adjustment on financial assets at fair value through surplus / (deficit)	-	(3 544)
Increase/(decrease) in provisions		
Relating to employment	2	(121)
Relating to impairment	(3 241)	4 928
Adjusted for items separately disclosed		
Finance income	(379 488)	(372 520)
Adjusted for working capital changes:	(87 994)	(281 652)
(Increase)/decrease in trade and other receivables	(99 149)	5 077
(Increase)/decrease in prepaid expenditure	(44 041)	(51 127)
Increase/(decrease) in trade and other payables	55 196	(235 602)
<b>Cash generated from operations</b>	<b>1 005 854</b>	784 399

**17. COMMITMENTS**

Approved and contracted	17.1	1 185 047	792 104
As previously stated		1 185 047	844 548
Prior year adjustment	26	-	(52 444)
Approved but not yet contracted		53 432	256
<b>Total future expenditure</b>		<b>1 238 479</b>	792 360

**NATIONAL SKILLS FUND**  
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17.1 Expenditure contracted for at balance sheet date, which will be financed through ordinary trading operations, but not recognised in the Financial Statements is as follows:

<b>Funding window (2010/11)</b>	<b>Approved and contracted</b>	<b>Prior periods expenditure</b>	<b>Current year expenditure</b>	<b>New contracts and adjustments</b>	<b>Total remaining commitments</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Social Development Funding Window	61 045	(26 581)	(31 169)	-	3 295
Abet Funding Window	236 450	(225 616)	(5 654)	(5 180)	-
Critical Skills Support	644 740	(349 778)	(334 322)	147 888	108 528
Industry Support Programme	197 243	(47 274)	(76 945)	(3 270)	69 754
Informal Sector Support	30 143	(28 020)	(23 331)	26 199	4 991
Constituency Capacity Building and Advocacy	2 130	(852)	(12 330)	12 921	1 869
Discretionary and Innovation	52 178	(51 206)	(9 204)	109 171	100 939
Strategic Projects	1 034 652	(731 426)	(162 127)	752 058	893 157
Administrative commitments	-	-	(571)	3 085	2 514
<b>Total</b>	<b>2 258 581</b>	<b>(1 460 753)</b>	<b>(655 653)</b>	<b>1 042 872</b>	<b>1 185 047</b>

<b>Funding window (2009/10)</b>	<b>Approved and contracted</b>	<b>Expenditure and contract adjustments</b>	<b>Originally stated remaining commitments</b>	<b>Prior period error: Recognition of provisions</b>	<b>Restated: Total remaining commitments</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Social Development Funding Window	1 101 901	(1 018 727)	83 173	(7 090)	76 083
Abet Funding Window	236 450	(226 468)	9 982	(3 677)	6 305
Critical Skills Support	644 740	(365 385)	279 354	(572)	278 782
Industry Support Programme	197 243	(43 838)	153 405	(31 759)	121 646
Informal Sector Support	30 143	(27 966)	2 177	(365)	1 812
Constituency Capacity Building and Advocacy	2 130	(414)	1 716	-	1 716
Discretionary and Innovation	52 178	(49 496)	2 682	-	2 682
Strategic Projects	1 034 652	(722 593)	312 059	(8 981)	303 078
<b>Total</b>	<b>3 299 437</b>	<b>(2 454 888)</b>	<b>844 548</b>	<b>(52 444)</b>	<b>792 104</b>

**Notes:**

The expenditure for the Social Development Funding Window excludes the payments of allowances to trainees.

Refer to note 26 for more detail.

**NATIONAL SKILLS FUND**  
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**18. IRREGULAR EXPENDITURE**

**Reconciliation of irregular expenditure**

Opening balance - Previous year

**Add:** Irregular expenditure - Current year

**Less:** Amounts condoned

**Less:** Amounts not recoverable (not condoned)

**Irregular expenditure awaiting condonation**

**18.1 Analysis of irregular expenditure per age classification**

Current year

Prior years

**Total**

**Details of irregular expenditure**

**Incident**

**18.2 Non-compliance to requirements of supply chain management**

**Opening balance - Previous year**

2006/07

2007/08

2008/09

2009/10

Current year

**Less: Amounts condoned**

**Total**

	2010/11	2009/10
Notes	R'000	R'000
	652 925	648 406
	48 242	4 519
	(652 761)	-
	-	-
<b>18.1</b>	<u>48 406</u>	<u>652 925</u>

	48 242	4 519
	164	648 406
<b>18.2 &amp; 18.3</b>	<u>48 406</u>	<u>652 925</u>

	Disciplinary steps taken	Number of cases	2010/11 R'000	2009/10 R'000
		39 087	648 570	648 406
	n/a	15 956	309 795	309 795
	n/a	14 442	279 119	279 119
	n/a	8 354	59 492	59 492
	n/a	275	164	-
	n/a	60	48 242	164
	n/a	(38 752)	(648 406)	-
<b>Total</b>		<u>395</u>	<u>48 406</u>	<u>648 570</u>

**NATIONAL SKILLS FUND**  
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**Allocation of bids:**

Current year irregular expenditure of R47 million (2010: R0.00 million) consist of payments made relating to bids that were awarded in contravention of the request for proposal criteria that was approved by the Accounting Authority in terms of section 51(1)(a)(i) of the PFMA and in terms of par 29 of Skills Development Act 1997.

**Social Development Subsistence payments:**

Current year irregular expenditure of R0.5 million (2010: R0.16 million) consist of subsistence payments made in terms of irregular contracts that were allocated in 2006/07 for the training of unemployed persons under the Social Development Funding Window. These irregular contracts were awarded as multiple year contracts, consequently giving rise to irregular expenditure until the contracts expire.

**Procurement of consulting services:**

Current year irregular expenditure of R0.7 million (2010: R0.00 million) consist of payments made to a service provider for consulting services acquired without the competitive bidding process followed with regards to the appointment.

**Condonement of irregular expenditure:**

Condonement of irregular expenditure amounting to R648 million (2010: R0.00) has been granted by the Accounting Authority on 02 May 2010. The remaining irregular expenditure will be submitted to the Accounting Authority for condonement during the first quarter of the 2011/12 financial year.

		Disciplinary steps taken		2010/11	2009/10
		Number of cases		R'000	R'000
<b>Incident</b>					
<b>18.3</b>	Non-compliance to delegation of authority				
	<b>Opening balance - Previous year</b>			<b>4,355</b>	-
	<b>Current year</b>	n/a	1	-	4,355
	<b>Less: Amounts condoned</b>	n/a	1	<b>(4,355)</b>	-
	<b>Total</b>		-	-	4,355

2009/10 Irregular expenditure relating to expenses that was incurred in contravention of the approved delegation of authority has been condoned by the Accounting Authority during the first quarter of the 2011/12 financial year. This condonement has been treated as an adjusting post balance sheet event.

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**19. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

Except as detailed in the following table, NSF management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Notes	2010/11 R'000	2009/10 R'000
<b>Current financial assets</b>			
<b>Carrying amount</b>			
		<u>6 677 293</u>	<u>5 177 321</u>
Cash and cash equivalents	11	-	3 188
Financial assets at fair value through surplus / deficit		<b>6 568 782</b>	5 168 011
Trade and other receivables	13.1	<b>108 511</b>	6 122
<b>Current financial liabilities</b>			
<b>Carrying amount</b>			
		<u>114 520</u>	<u>70 235</u>
Cash and cash equivalents	11	<b>5 697</b>	-
Trade and other payables	14.1 & 14.2	<b>108 823</b>	70 235
<b>Current financial assets</b>			
<b>Fair value</b>			
		<u>6 677 293</u>	<u>5 183 865</u>
Cash and cash equivalents	11	-	3 188
Financial assets at fair value through surplus / (deficit)	12	<b>6 568 782</b>	5 174 555
Trade and other receivables	13.1	<b>108 511</b>	6 122
<b>Current financial liabilities</b>			
<b>Fair value</b>			
		<u>114 520</u>	<u>70 235</u>
Cash and cash equivalents	11	<b>5 697</b>	-
Trade and other payables	14.1 & 14.2	<b>108 823</b>	70 235

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**Fair values**

As indicated above NSF's financial instruments consist mainly of cash and cash equivalents, investments held for trade, trade and other receivables and trade and other payables. No financial instruments were carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

Financial assets and financial liabilities are recognised on the entities Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

**Financial assets at fair value through surplus / (deficit)**

Held for trading financial instruments are initially recorded at fair value plus transaction costs and subsequently measured at fair value through surplus or deficit.

**Accounts receivable**

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.

**Accounts payable**

Trade and other payables are stated at amortised cost, which approximates their fair value due to the relatively short-term maturity of these financial liabilities.

**Financial instrument risk**

In the course of the NSF operations it is exposed to market, interest rate, credit, and liquidity risk. Due the conversion process to a potential Public Entity, NSF developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below:

**Market risk**

**Foreign exchange risk**

NSF does not initiate any transactions with international parties and is therefore not exposed to any exchange risk due to currency fluctuations. All transactions are denominated in South African Rand with local vendors.

**Price risk**

NSF is exposed to equity securities price risk because of investments held and classified as financial assets at fair value through surplus / (deficit) on the Statement of Financial Position. These financial assets are classified as held for trade. NSF is not exposed to commodity price risk.

To manage its price risk arising from equity securities NSF diversifies its portfolio with the Public Investment Corporation (PIC). Diversification of the portfolio is done in accordance with limits set and agreed with PIC.

**Cash flow and fair value interest rate risk**

As NSF has significant interest bearing assets, the revenue and operating cash flows are substantially depended on changes in market interest rates. As NSF does not have significant interest bearing liabilities, the expense and cash flows are not substantially dependent on changes in market interest rates.

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The NSF exposure to interest rate risk and effective interest rates on financial instruments at reporting date are as follows:

**Year ended 31 March 2011**

**Current financial assets**

Financial assets at fair value through surplus / (deficit)

Trade and other receivables

**Current financial liabilities**

Cash and cash equivalents

Trade and other payables

**Year ended 31 March 2010**

**Current financial assets**

Cash and cash equivalents

Financial assets at fair value through surplus / (deficit)

Trade and other receivables

**Current financial liabilities**

Trade and other payables

**Interest rate sensitivity**

NSF is sensitive to the movements in the money market repo rate which is the primary rate to which the investment portfolios are exposed. The rates of sensitivity are based on management's assessment of possible change to the interest rates and is formulated on a 100 basis point movement. If the Money Market Repo increased and decreased at year end by 100 basis points (2010:100 basis points) respectively, then the income from investments would have increased by R58.628 million (2010: R45.504 million) and decreased by R58.628 million (2010: R45.504 million) respectively.

**Credit risk**

Financial assets, which potentially subject NSF to concentrations of credit risk consist principally of cash and cash equivalents, investments and accounts receivable. Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

NSF management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of the Treasury Regulations.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. NSF does not have any material exposure to any individual or counter-party. NSF's concentration of credit risk is limited to the industry in which the NSF operates. No events occurred in the industry during the financial year that may have an impact on the recovery of trade and other receivables.

Effective interest rate	Subject to interest rate movement: Floating R'000	Non-interest bearing R'000	Total R'000
6.54%	6 568 782	108 511	6 677 293
6.54%	6 568 782	-	6 568 782
N/A	-	108 511	108 511
6.54%	-	114 520	114 520
6.54%	-	5 697	5 697
N/A	-	108 823	108 823
7.33%	5 174 555	9 310	5 183 865
7.33%	-	3 188	3 188
7.33%	5 174 555	-	5 174 555
N/A	-	6 122	6 122
N/A	-	70 235	70 235
N/A	-	70 235	70 235



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Before training advances are paid to service suppliers, provider vetting as well as site visits are conducted by NSF. A list of successful providers are compiled and approved by the Departmental Bid Adjudication Committee (DBAC) prior to the disbursement of any funds. The risk of non-performance by these counter parties are also mitigated through the application of a reconciliation process which initiates the clearing of an outstanding provider advance before a second advance will be granted.

The funds maximum exposure to credit risk is equal to the total value of the following assets:

	Rated	Non-rated	Total
	R'000	R'000	R'000
<b>2011</b>			
Cash and cash equivalents	-	5 697	5 697
Financial assets at fair value through surplus / (deficit)	6 568 782	-	6 568 782
Trade and other receivables	108 511	-	108 511
<b>Total</b>	<b>6 677 293</b>	<b>5 697</b>	<b>6 682 990</b>
	Rated	Non-rated	Total
	R'000	R'000	R'000
<b>2010</b>			
Cash and cash equivalents	-	3 188	3 188
Financial assets at fair value through surplus / (deficit)	5 174 555	-	5 174 555
Trade and other receivables	6 122	-	6 122
<b>Total</b>	<b>5 180 677</b>	<b>3 188</b>	<b>5 183 865</b>

**Liquidity risk**

NSF manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows. Adequate reserves and liquid resources are also maintained.

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Forecast liquidity reserve as of 31 March 2011 is as follows:

	2012 R'000	2013 R'000	2014 R'000
Opening balance for the period	6 563 085	5 974 685	5 349 085
Operating proceeds	1 859 600	1 959 100	2 073 300
Operating outflow	(2 791 800)	(2 962 900)	(3 124 900)
Cash flow from investments	343 800	378 200	399 000
<b>Closing balance for the period</b>	<b>5 974 685</b>	<b>5 349 085</b>	<b>4 696 485</b>

The table below analyses the financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date:

**At 31 March 2011**

Trade and other payables

Less than 1 year	Total
R'000	R'000
<b>108 823</b>	<b>108 823</b>

**At 31 March 2010**

Trade and other payables

Less than 1 year	Total
R'000	R'000
70 235	70 235

**20. CONTINGENT LIABILITIES**

*The following contingent liabilities exist:*

	2010/11 R'000	2009/10 R'000
ESETA creditor	20.1 1 236	-
THETA creditor	20.2 -	12 728
FOODBEV creditor	20.3 3 487	-
Legal claims instituted against NSF	20.4 1 601	1 286
	<b>6 324</b>	<b>14 014</b>

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- 20.1** An amount of R1.236 million is disclosed by ESETA as an amount owing by NSF at year end which relates to expenditure incurred for the execution of the critical skills support project for unemployed learners which expired on 31 December 2007. NSF has to date not received any supporting documentation or quarterly reports from ESETA supporting this claim. ESETA is in process of re-evaluation of the NSF project and aims to finalise the outstanding documentation and quarterly reports in due course as part of the current applied administration process. NSF is currently awaiting supporting documentation from ESETA before a trade payable will be recognised.
- 20.2** An amount of R12.7 million was disclosed by THETA (2009/10) as an amount owed by NSF at year end which related to expenditure incurred for the execution of a critical skills support project for unemployed learners which expired on 31 December 2007. During the current financial year NSF has received the required supporting documentation from THETA supporting this claim. A trade payable has been recognised for the outstanding amount. Refer to note 14.3 for more detail.
- 20.3** The memorandum of agreement between the National Skills Fund and FOODBEV with regards to the training of unemployed learners as part of the Critical Skills Support Funding Window lapsed on 31 August 2009. An application for contract extension and scope variation was submitted by FOODBEV to the National Skills Fund but due to a lack of corroborative documentation and explanatory information the scope variation was not approved. A drawdown request was submitted by FOODBEV for the financial year ending 31 March 2011. This amount has not been recognised as a trade payable as no current legal obligation exists to settle the claim. This claim will be investigated during the new 2011/12 financial year.
- 20.4** The legal claims instituted against the NSF relates to five cases instituted by service providers who rendered skills development training on behalf of the NSF. These claims have been lodged against the department for failing to grant the service providers permission to proceed with training, breach of contract as well as alleged inadequate training provided by the service providers. All claims are being investigated by the relevant state attorney.

**21. CONTINGENT ASSETS**

*The following contingent assets exists:*

Legal claims instituted by NSF  
Alleged fraud cases pending investigation  
PSETA Debtor  
As previously stated  
Prior year adjustment

	2010/11	2009/10 (Restated)
Notes	R'000	R'000
<b>21.1</b>	<b>523</b>	259
<b>21.2</b>	-	472
	-	-
<b>21.3</b>	-	7 803
<b>26.3</b>	-	(7 803)
<b>Total</b>	<b>523</b>	731

- 21.1** The legal claims instituted by the National Skills Fund relates to three cases against services providers who rendered skills development training on behalf of the Fund. These claims relates to service providers failing to deliver the service/training as per contract. The relevant state attorneys have issued summons to the respective service providers with one claim in the process of being collected.
- 21.2** The alleged 2009/10 fraud cases refer to four cases where allegations of corruption relating to service providers have been identified and have been finalised by the relevant State Attorney during the current financial year.
- 21.3** An amount of R7.803 million (2009/10) was disclosed by PSETA as an amount owed to the National Skills Fund at year end for unspent funds relating to the learnership programme under the Critical Skills Funding window. After numerous discussions with PSETA the National Skills Fund has recognised a trade receivable for the unverified portion of the grants amounting to R30.713 million. This amount has been recognised together with an impairment provision amounting to R28.216 on the accumulated surplus as at 01 April 2009. Refer to note 13.2 and 26.3 for more detail.

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**22. RELATED PARTY TRANSACTIONS**

**22.1 KEY MANAGEMENT PERSONNEL**

**Short term employee benefits**

**Post level 14**

Chief Director \*

Basic salary

Bonuses and performance related payments

Other short term employee benefits

**Total**

No of individuals	2010/11 R'000	2009/10 R'000
1		
	698	461
	287	128
	27	163
	1 012	752

Personnel remuneration is paid by the Department of Higher Education and Training and claimed back as part of the 10% administration fee.

\*This Chief Director post was vacant for eleven months (2009/10: 6 months) during the current financial year and has been filled on 01 March 2011. An Executive Manager on post level 13 acted in the position for the period it was vacant. No transactions were conducted with any family members of key management personnel during the current or previous period under review.

**23. DEFINED CONTRIBUTION PLAN**

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme to the GEPP that is subjected to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued.

The NSF's liability is limited to its considerations made. There are 39 employees who are members of the GEPP in which the NSF contribute 13% in every Rand contributed by the employees towards the GEPP.

**Contributions for the year included in employee cost**

Notes	2010/11 R'000	2009/10 R'000
6	1 160	1 638

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**24. CHANGE IN ACCOUNTING ESTIMATE**

As defined in GRAP 3 a change in an accounting estimate is an adjustment of the carrying amount of an asset or liability, or the amount of periodic consumption, resulting from reassessing the present status of, and the expected future benefits and obligations associated with, the asset or the liability. Changes in accounting estimates result from new information or new developments and, accordingly are not corrections of errors.

- 24.1** SETA debtor balances as well and pre-paid expenditure balances are verified in consultation with the information as disclosed in the various SETA bank as well as financial statements. Subsequent to the verification of the SETA balances for the previous financial year, amendments were effected by FOODBEV and MQA. These changes made by the various SETA's are accounted for as a change in accounting estimate as the new information was only made available subsequent to the publication of the 2009/10 NSF financial statements.
- 24.2** Due to the nature of NSF operations, registered project claims undergo a verification process before the actual payments are made. During the verification process the validity and accuracy of the claims are confirmed, recalculated and communicated with the training providers. Changes identified through this process are accounted for as a change in accounting estimate in terms GRAP 3 in relation to previous year registered accruals included in trade and other payables.

The impact of these adjustments on the Statement of Financial Performance and the Statement of Financial Position for the year ending 31 March 2011 are as follows:

	2010/11	2009/10
Notes	R'000	R'000
<b>OTHER INCOME</b>		
	<b>4 &amp; 24.1</b>	
Interest received on SETA unspent funds	-	(142)
<b>GRANT DISBURSEMENTS</b>		
	<b>5 &amp; 24.2</b>	
Constituency Capacity Building and Advocacy	-	(438)
Critical Skills Support	(385)	1 317
Discretionary and Innovation	-	(356)
Industry Support Programme	(96)	(272)
Social Development Funding Window	(8 565)	(10 794)
<b>EMPLOYEE COST</b>		
	<b>6 &amp; 24.2</b>	
Salaries and wages	(1)	-
<b>OTHER OPERATING EXPENSES</b>		
	<b>7 &amp; 24.2</b>	
Travel and subsistence	(1)	-

The effect of the changes are an increase in the opening balance of prepaid expenditure from R70.746 million to R71.131 million (2010: R19.619 million to R20.935 million), no impact on the opening balance of trade and other receivables (2010: Decrease from R14.661 million to R14.485 million), a decrease in the opening balance of trade and other payables from R70.235 million to R61.574 million (2010: R44.142 million to R32.754 million) as well as a decrease in project expenditure and other income as indicated above.

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**25. COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

Budget information is provided in accordance with GRAP 1 for the current financial year as a reconciliation between the budgeted surplus and the net surplus per the Statement of Financial Performance as stated below:

	2010/11	2010/11	2010/11
	Budgeted amounts	Actual amounts	Variances
Notes	R'000	R'000	R'000
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>	<b>1 716 554</b>	<b>1 726 886</b>	<b>(10 332)</b>
Skills Development Levy: Income	1 664 300	1 675 155	(10 855)
State Contribution	52 254	51 731	523
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Finance income and other income	<b>327 431</b>	<b>382 873</b>	<b>(55 442)</b>
<b>Total revenue</b>	<b>2 043 985</b>	<b>2 109 759</b>	<b>(65 774)</b>
<b>EXPENSES</b>	<b>3 018 207</b>	<b>633 184</b>	<b>2 385 023</b>
<b>Disbursement Grants</b>	<b>2 858 722</b>	<b>564 373</b>	<b>2 294 349</b>
Social Development Funding Window	877 970	31 913	846 057
Abet Funding Window	60 000	4 153	55 847
Critical Skills Support	820 000	287 909	532 091
Industries Support Programme	238 752	32 060	206 692
Informal Sector Support	67 000	22 966	44 034
Constituency Capacity Building and Advocacy	20 000	12 330	7 670
Special Projects	25 000	-	25 000
Discretionary and Innovation	50 000	9 166	40 834
Strategic Projects	600 000	163 876	436 124
Contingency	100 000	-	100 000

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**Employee cost**

Salaries and wages
Performance awards
Service bonuses
Other non-pensionable allowances
Leave accrual
Service bonus accrual
Social contributions
Medical aid contributions
Bargaining Council

**Other operating expenses**

Consultancy and Service provider fees
Travel and subsistence
External auditors remuneration - Audit fees
Entertainment
Catering
Resettlement cost
Stationary
Storage cost
Venues & Facilities
Staff Capacity Workshops & Training
Provision for impairment
Printing and publications
Operating Lease
Risk Management
Telephone and fax

	2010/11	2010/11	2010/11
	Budgeted amounts	Actual amounts	Variances
Notes	R'000	R'000	R'000
<b>6</b>	<b>30 224</b>	<b>12 892</b>	<b>17 332</b>
	15 386	8 964	6 422
	10 042	373	9 669
	1 017	693	324
	1 300	1 035	265
	-	43	(43)
	-	(41)	41
	1 534	1 160	374
	943	663	280
	2	2	0
<b>7</b>	<b>22 659</b>	<b>5 165</b>	<b>17 495</b>
	4 333	3 552	781
	2 946	981	1 965
	8 000	3 614	4 386
	15	16	(1)
	87	5	82
	144	-	144
	579	72	507
	63	-	63
	77	2	75
	1 000	-	1 000
	-	(3 241)	3 241
	-	48	(48)
	51	97	(46)
	5 300	-	5 300
	64	19	45

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	2010/11	2010/11	2010/11
	Budgeted amounts	Actual amounts	Variances
Notes	R'000	R'000	R'000
<b>Management fees and bank charges</b>	880	1 665	(785)
<b>Collection cost to SARS</b>	89 810	49 089	40 721
<b>Capital expenditure</b>	15 912	-	15 912
Capital expenditure: Office furniture	122	-	122
IT System development	15 790	-	15 790
Security Equipment	-	-	-
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(974 222)</b>	<b>1 476 575</b>	<b>(2 450 797)</b>

**26. PRIOR PERIOD ERROR**

**26.1 CONTRACT PROVISIONS:**

In terms of GRAP 19 a provision is defined as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. Due to the nature of the NSF operations, numerous contracts exist that require management estimation and judgement to determine the provision amount at financial year end relating to possible services rendered on these contracts not yet invoiced / claimed by the training providers.

These provisions were not taken into consideration during the previous financial year. A detailed calculation and verification exercise was implemented during the 2010/11 financial year on all NSF contracts to determine the amounts that require recognition. These amounts have subsequently been recognised and the comparative figures appropriately adjusted were required. The impact of the adjustments on the Statement of Financial Performance and the Statement of Financial Position for the year ending 31 March 2010 is stated below.

**26.2 PREPAID EXPENDITURE AND OTHER INCOME:**

Expenditure paid in advance to the National Research Foundation, National Student Financial Aid Scheme and Career Wise as part of the Critical Skills Support Programme was expensed during the previous financial year and not capitalised as prepaid expenditure. A detailed calculation, verification and third party confirmation exercise was implemented during the 2010/11 financial year to determine the respective outstanding balances at year end as well as the interest received on the unspent funds by the mentioned training providers.

These amounts have subsequently been recognised and the comparative figures appropriately adjusted were required. The impact of the adjustments on the Statement of Financial Performance and the Statement of Financial Position for the year ending 31 March 2010 is stated below.



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**26.3 SETA DEBTORS:**

During the 2005 and 2006 financial years grant disbursements were paid to PSETA relating to the learnership programme under the Critical Skills Funding Window. PSETA has to date not submitted all of the required documentation and close-out reports for the grants disbursed. After numerous discussions with PSETA the National Skills Fund has recognised a trade receivable for the unverified portion of the grants amounting to R30.713 million. This amount has been recognised together with an impairment provision amounting to R30.713 million on the accumulated surplus as at 01 April 2009. This recognition of the prior period error does not render any impact on the Statement of Financial Performance nor the Statement of Financial Position. This error is recognised to enhance the disclosure of the financial statements with regards to the amount owed by PSETA.

It has subsequently been identified that a portion of previously verified expenses could be subjected to irregularities conducted at PSETA. The extent of the irregularities are still to be confirmed and is pending an investigation by the Special Investigations Unit.

The impact of the adjustments as stated above on the Statement of Financial Performance and the Statement of Financial Position for the year ending 31 March 2010 is listed below.

**STATEMENT OF FINANCIAL PERFORMANCE**

	Notes	2009/10 (Restated) R'000
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>384 039</b>
As previously stated		378 530
Prior year adjustment	4 & 26.2	5 509
<b>OTHER INCOME</b>		<b>7 975</b>
As previously stated		2 466
Prior year adjustment	4 & 26.2	5 509
<b>EXPENSES</b>		<b>558 793</b>
As previously stated		871 067
Prior year adjustment	5 & 26.1	(262 149)
Prior year adjustment	5 & 26.2	(50 125)
<b>GRANT DISBURSEMENTS</b>		<b>476 429</b>
As previously stated		788 703
Prior year adjustment	5 & 26.1	(262 149)
Prior year adjustment	5 & 26.2	(50 125)

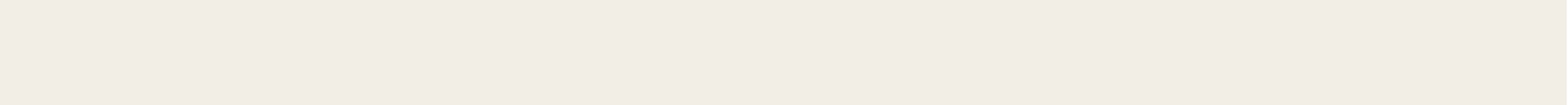
**NATIONAL SKILLS FUND**  
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	Notes	2009/10 (Restated) R'000
<b>NET SURPLUS FOR THE YEAR</b>		<b>1 437 308</b>
As previously stated		1 119 525
Prior year adjustment	26.1	262 149
Prior year adjustment	26.2	50 125
Prior year adjustment	26.2	5 509
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>CURRENT ASSETS</b>		<b>5 254 610</b>
As previously stated		5 191 192
Prior year adjustment	10 & 26.2	63 418
<b>PREPAID EXPENDITURE</b>		<b>70 745</b>
As previously stated		7 327
Prior year adjustment	10 & 26.2	63 418
<b>CURRENT LIABILITIES</b>		<b>122 679</b>
As previously stated		70 235
Prior year adjustment	15, 17 & 26.1	52 444
<b>PROVISIONS</b>		<b>52 444</b>
As previously stated		-
Prior year adjustment	15, 17 & 26.1	52 444
<b>CAPITAL AND RESERVES</b>		<b>5 131 931</b>
Accumulated surplus		5 120 957
As previously stated		5 120 957
Prior year adjustment	26.1	(52 445)
Prior year adjustment	26.2	63 419



# SECTION 4

## HUMAN RESOURCE MANAGEMENT



# SECTION 4

## HUMAN RESOURCE MANAGEMENT

## OVERSIGHT REPORT

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether the Department of Higher Education and Training:-

- is exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,
- is achieving national transformation priorities established by the Cabinet, for example, affirmative action.

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders.

### 1. EXPENDITURE

*Note:* During 2010/11 a total of R48.366 million was spent on remuneration for examiners and moderators. This amount is excluded from the personnel expenditure tables as these officials are remunerated on a claim per task basis. The inclusion of this in the following tables would give a false reflection on the personnel numbers and cost in the tables.

The Department's budget is distributed in five clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 1.1) and by salary bands (Table 1.2). In particular the tables provide an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the Department.

**TABLE 1.1 – Personnel costs by programme, 1 April 2010 to 31 March 2011**

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a % of total expenditure	Average personnel cost per employee (R'000)
1	121 397	54 345	138	44.77	286
2	23 678	18 351	0	77.50	437
3	19 536 049	26 598	271	0.14	409
4	3 942 527	47 879	0	1.21	288
5	128 703	62 666	5	48.69	231
<b>Sub total</b>	<b>23 752 354</b>	<b>209 839</b>	<b>414</b>	<b>0.88</b>	<b>286</b>
Statutory	8 379 258	0	0	0.00	0
<b>Sub total</b>	<b>32 131 612</b>	<b>209 839</b>	<b>414</b>	<b>0.65</b>	<b>286</b>
NSF	1 357 537	12 553	7 300	0.92	322
<b>Total</b>	<b>33 489 149</b>	<b>222 392</b>	<b>7 714</b>	<b>0.66</b>	<b>288</b>

*Note:* Personnel costs for the 11 staff members of the Quality Council for Trades and Occupations (QCTO) are included under Programme 5

**TABLE 1.2 – Personnel costs by salary bands, 1 April 2010 to 31 March 2011**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	2 758	1.24	95
Skilled (Levels 3-5)	37 009	16.64	127
Highly skilled production (Levels 6-8)	43 047	19.36	242
Highly skilled supervision (Levels 9-12)	99 657	44.81	455
Senior Management (Levels 13-16)	39 921	17.95	726
<b>Total</b>	<b>222 392</b>	<b>100.00</b>	<b>288</b>

The following tables provide a summary per programme (Table 1.3) and salary bands (Table 1.4), of expenditure incurred as a result of salaries, overtime, home owner's allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

**TABLE 1.3 – Salaries, Overtime, Home Owner's Allowance and Medical Assistance by programme, 1 April 2010 to 31 March 2011**

Programme	Salaries			Overtime		Home Owner's Allowance		Medical Assistance	
	Personnel costs (R'000)	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
1	54 345	31 929	58.75	1 474	2.71	1 084	1.99	1 943	3.58
2	18 351	12 482	68.02	0	0.00	200	1.09	523	2.85
3	26 598	16 748	62.97	0	0.00	466	1.75	716	2.69
4	47 879	32 334	67.53	746	1.56	1 309	2.73	1 922	4.01
5	62 666	42 916	68.48	1 085	1.73	2 161	3.45	3 448	5.50
<b>Sub total</b>	<b>209 839</b>	<b>136 409</b>	<b>65.01</b>	<b>3 305</b>	<b>1.58</b>	<b>5 221</b>	<b>2.49</b>	<b>8 552</b>	<b>4.08</b>
NSF	12 553	8 877	70.72	17	0.14	277	2.21	686	5.46
<b>Total</b>	<b>222 392</b>	<b>145 286</b>	<b>65.33</b>	<b>3 322</b>	<b>1.49</b>	<b>5 498</b>	<b>2.47</b>	<b>9 238</b>	<b>4.15</b>

*Note:* Personnel costs for the 11 staff members of the Quality Council for Trades and Occupations (QCTO) are included under Programme 5

**TABLE 1.4 – Salaries, Overtime, Home Owner’s Allowance and Medical Assistance by salary bands, 1 April 2010 to 31 March 2011**

Salary band	Salaries			Overtime		Home Owner’s Allowance		Medical Assistance	
	Personnel costs (R’000)	Amount (R’000)	Salaries as a % of personnel cost	Amount (R’000)	Overtime as a % of personnel cost	Amount (R’000)	HOA as a % of personnel cost	Amount (R’000)	Medical assistance as a % of personnel cost
Lower skilled (Levels 1-2)	2 758	4 520	163.89	1 482	53.72	1 142	41.40	2 099	76.12
Skilled (Levels 3-5)	37 009	18 129	48.99	0	0.00	211	0.57	565	1.53
Highly skilled production (Levels 6-8)	43 047	26 262	61.01	0	0.00	491	1.14	774	1.80
Highly skilled supervision (Levels 9-12)	99 657	67 380	67.61	750	0.75	1 379	1.38	2 077	2.08
Senior Management (Levels 13-16)	39 921	28 995	72.63	1 091	2.73	2 276	5.70	3 723	9.33
<b>Total</b>	<b>222 392</b>	<b>145 286</b>	<b>65.33</b>	<b>3 322</b>	<b>1.49</b>	<b>5 498</b>	<b>2.47</b>	<b>9 238</b>	<b>4.15</b>

## 2. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 2.1), salary band (Table 2.2) and critical occupations (Table 2.3). Table 2.3 provides establishment and vacancy information for the key critical occupations of the Department.

The vacancy rate reflects the percentage of posts that are not filled.

**TABLE 2.1 – Employment and vacancies by programme, 31 March 2011**

Programme	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
1	253	190	24.90	8
2	96	42	2.38	2
3	108	65	39.81	0
4	225	166	26.22	0
5	3945	310	21.51	2
<b>Total</b>	<b>1077</b>	<b>773</b>	<b>28.23</b>	<b>12</b>

*Note:* Due to the fact that the Department was newly established, it was necessary to implement additional posts to the staff establishment in which to appoint officials to perform the related tasks. Once the vacant posts have been filled the posts will be removed from the establishment.



**TABLE 2.2 – Employment and vacancies by salary bands, 31 March 2011**

Salary band	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	42	29	30.95	0
Skilled (Levels 3-5)	350	292	16.57	1
Highly skilled production (Levels 6-8)	270	178	34.07	0
Highly skilled supervision (Levels 9-12)	340	219	35.59	5
Senior Management (Levels 13-16)	75	55	26.67	6
<b>Total</b>	<b>1077</b>	<b>773</b>	<b>28.23</b>	<b>12</b>

**TABLE 2.3 – Employment and vacancies by critical occupation, 31 March 2011**

Critical occupation	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Educators (Level 9-12)	16	16	0.00	0
<b>Total</b>	<b>16</b>	<b>16</b>	<b>0.00</b>	<b>0</b>

The information in each case reflects the situation as at 31 March 2011. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

*Note:* The Department was created with effect from 1 April 2010. During 2010/11 the Department was in a process of filling critical posts. The main functions of the Department are policy formulation and implementation where different kinds of skills are necessary at different stages. The specialised nature of work in most of the areas of the Department necessitates the use of highly skilled people who are at some stages not readily available for permanent appointment and have to be appointed on contract for periods as may be required. The Department also seconds highly skilled professionals from tertiary institutions and other organisations to address specific needs that arise. These people are appointed against posts on the fixed staff establishment of the Department for short periods, for example three to six months. The above practice might create the impression of a higher than normal staff turnover which is in fact not the case.

### 3. JOB EVALUATION

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisations. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table (Table 3.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**TABLE 3.1 – Job Evaluation, 1 April 2010 to 31 March 2011**

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	42	3	7.14	3	100.00	0	0.00
Skilled (Levels 3-5)	350	35	10.00	35	100.00	0	0.00
Highly skilled production (Levels 6-8)	270	1	0.37	0	0.00	0	0.00
Highly skilled supervision (Levels 9-12)	340	0	0.00	0	0.00	0	0.00
Senior Management Service Band A (Level 13)	48	0	0.00	0	0.00	0	0.00
Senior Management Service Band B (Level 14)	19	0	0.00	0	0.00	0	0.00
Senior Management Service Band C (Level 15)	7	0	0.00	0	0.00	0	0.00
Senior Management Service Band D (Level 16)	1	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>1077</b>	<b>39</b>	<b>3.62</b>	<b>38</b>	<b>97.44</b>	<b>0</b>	<b>0.00</b>

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded.

**TABLE 3.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2010 to 31 March 2011**

Beneficiaries	African	Indian	Coloured	White	Total
Female	11	0	0	0	11
Male	17	0	0	0	17
<b>Total</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28</b>

<b>Employees with a disability</b>	<b>1</b>
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The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation.

**TABLE 3.3 – Employees whose salary level exceeds the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation in 2010/11				0
<b>Percentage of total employment</b>				<b>0</b>

Table 3.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

**TABLE 3.4 – Profile of employees whose salary level exceeds the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)**

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with a disability					0

#### 4. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (Table 4.1) and by critical occupations (Table 4.2). (These “critical occupations” should be the same as those listed in Table 2.3)

**TABLE 4.1 – Annual turnover rates by salary band for the period 1 April 2010 to 31 March 2011**

Salary band	Number of employees per band as on 1 April 2010	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Lower skilled (Levels 1-2)	24	16	30	125.00
Skilled (Levels 3-5)	290	36	21	7.24
Highly skilled production (Levels 6-8)	168	23	23	13.69
Highly skilled supervision (Levels 9-12)	215	20	10	4.65
Senior Management Service Band A (Level 13)	32	5	0	0.00
Senior Management Service Band B (Level 14)	12	11	4	33.33
Senior Management Service Band C (Level 15)	3	3	0	0.00
Senior Management Service Band D (Level 16)	1	0	1	100.00
<b>Total</b>	<b>745</b>	<b>114</b>	<b>89</b>	<b>11.95</b>

**TABLE 4.2 – Annual turnover rates by critical occupation for the period 1 April 2010 to 31 March 2011**

Occupation	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Educators (Level 9-12)	16	0	0	0.00
<b>Total</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

Table 4.3 identifies the major reasons why staff left the Department.

**TABLE 4.3 – Reasons why staff are leaving the Department**

Termination Type	Number	% of total
Death	5	5.62
Resignation	14	15.73
Transfers to other Public Service Departments	5	5.62
Expiry of contract	57	64.04
Employee initiated severance packages	0	0.00
Discharge due to ill health	0	0.00
Dismissal – misconduct	0	0.00
Retirement	8	8.99
<b>Total</b>	<b>89</b>	<b>100.00</b>
Total number of employees who left as a % of the total employment		11.95

**TABLE 4.4 – Promotions by critical occupation**

Occupation	Employees as on 1 April 2010	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Educators (Level 9-12)	16	0	0	16	0
<b>Total</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>

**TABLE 4.5 – Promotions by salary band**

Salary band	Employees as on 1 April 2010	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	24	0	0.00	11	45.83
Skilled (Levels 3-5)	290	7	2.41	251	86.55
Highly skilled production (Levels 6-8)	168	5	2.98	129	76.79
Highly skilled supervision (Levels 9-12)	215	3	1.39	166	77.21
Senior Management (Levels 13-16)	48	5	10.41	33	68.75
<b>Total</b>	<b>745</b>	<b>20</b>	<b>2.68</b>	<b>590</b>	<b>79.19</b>

## 5. EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

**TABLE 5.1- Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011**

Occupational category (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Managers (Level 13-16)	19	5	1	8	13	0	3	6	55
Educators and Middle Managers (Level 9-12)	84	6	4	27	67	3	2	26	219
Officers and Senior Clerks, Machine Operators (Level 4-8)	107	4	0	7	142	6	1	51	318
Elementary occupations (Cleaners, Messengers, Food Services Aids, Security) (Level 1-3)	100	3	0	2	76	0	0	0	181
<b>Total</b>	<b>310</b>	<b>18</b>	<b>5</b>	<b>44</b>	<b>298</b>	<b>9</b>	<b>6</b>	<b>83</b>	<b>773</b>
Employees with disabilities	5	0	0	2	2	0	0	2	11

**TABLE 5.2- Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2011**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	1	1	2	0	0	1	5
Senior Management (Level 13-14)	19	5	0	7	11	0	3	5	50
Educators and Middle Managers (Level 9-12)	84	6	4	27	67	3	2	26	219
Skilled and academically qualified workers (Level 6-8)	47	4	0	5	72	5	1	44	178
Semi-skilled and discretionary decision making (Level 3-5)	143	3	0	4	134	1	0	7	292
Unskilled and defined decision making (Level 1-2)	17	0	0	0	12	0	0	0	29
<b>Total</b>	<b>310</b>	<b>18</b>	<b>5</b>	<b>44</b>	<b>298</b>	<b>9</b>	<b>6</b>	<b>83</b>	<b>773</b>

**TABLE 5.3- Recruitment for the period 1 April 2010 to 31 March 2011**

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	0	0	0	0	0	0
Senior Management (Level 13-14)	4	0	0	0	4	0	0	1	9
Educators and Middle Managers (Level 9-12)	0	0	0	0	2	0	0	0	2
Skilled and academically qualified workers (Level 6-8)	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making (Level 3-5)	11	0	0	0	5	0	0	0	16
Unskilled and defined decision making (Level 1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>29</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**TABLE 5.4- Promotions for the period 1 April 2010 to 31 March 2011**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	0	0	0	0	0	0
Senior Management (Level 13-14)	2	0	0	0	2	0	0	1	5
Educators and Middle Managers (Level 9-12)	0	0	0	0	2	0	0	0	2
Skilled and academically qualified workers (Level 6-8)	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making (Level 3-5)	3	0	0	0	1	0	0	0	4
Unskilled and defined decision making (Level 1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>13</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**TABLE 5.5 Terminations for the period 1 April 2010 to 31 March 2011**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	1	0	0	0	0	1
Senior Management (Level 13-14)	1	1	0	0	0	0	1	1	4
Educators and Middle Managers (Level 9-12)	6	0	0	2	1	0	0	1	10
Skilled and academically qualified workers (Level 6-8)	6	1	0	0	12	1	0	3	23
Semi-skilled and discretionary decision making (Level 3-5)	11	0	0	0	10	0	0	0	21
Unskilled and defined decision making (Level 1-2)	19	0	0	0	11	0	0	0	30
<b>Total</b>	<b>43</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>34</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>89</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**TABLE 5.6- Disciplinary action for the period 1 April 2010 to 31 March 2011**

Type of disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	3	0	0	0	1	0	0	0	4
Suspension with pay	2	0	0	0	0	0	0	0	2
Dismissal	1	0	0	0	1	0	0	0	2
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>

**TABLE 5.7-Skills development for the period 1 April 2010 to 31 March 2011**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Managers (Level 13-16)	4	0	0	1	2	0	0	2	9
Educators and Middle Managers (Level 9-12)	34	1	0	3	31	1	2	3	75
Officers and Clerks (Level 4-8)	38	3	0	0	43	4	2	11	101
Elementary occupations (Cleaners, Messengers, Food Services Aids, Security) (Level 1-3)	36	1	0	1	31	0	0	0	69
<b>Total</b>	<b>112</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>107</b>	<b>5</b>	<b>4</b>	<b>16</b>	<b>254</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

## 6. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

The following tables indicate the numbers and percentages of SMS members who signed performance agreements as on 31 July 2010 (Table 6.1), reasons for not having concluded performance agreements (Table 6.2) and disciplinary steps taken against SMS members for not having concluded performance agreements (Table 6.3).

**TABLE 6.1 – Signing of performance agreements by SMS members as on 31 July 2010**

SMS Level	Total number of funded SMS posts per level	Total number of SMS members per level	Total number of signed performance agreements per level	Signed performance agreements as % of total number of SMS members per level
Director-General (Level 16)	1	1	0	0.00
Deputy Director-General (Level 15)	7	2	2	100.00
Chief Director (Level 14)	19	10	10	100.00
Director (Level 13)	48	33	33	100.00
<b>Total</b>	<b>75</b>	<b>46</b>	<b>45</b>	<b>97.83</b>



**TABLE 6.2 – Reasons for not having concluded performance agreements for all SMS members as on 31 July 2010**

1. The Senior Management System Member's job descriptions were changed and redefining the responsibilities was not finalised as at 31 July 2010

**TABLE 6.3 – Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 July 2010**

1. None

## 7. FILLING OF SMS POSTS

The following tables indicate the number of SMS posts filled and vacant as on 31 March 2011 (Table 7.1), as on 30 September 2010 (Table 7.2), advertising and filling of SMS posts as on 31 March 2011 (Table 7.3), reasons for not having filled vacant posts (Table 7.4) and disciplinary steps taken for not complying .

**TABLE 7.1 – SMS posts information as on 31 March 2011**

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100.00	0	0.00
Deputy Director-General (Level 15)	7	4	57.14	3	42.86
Chief Director (Level 14)	19	14	73.68	5	26.32
Director (Level 13)	48	36	75.00	12	25.00
<b>Total</b>	<b>75</b>	<b>55</b>	<b>73.33</b>	<b>20</b>	<b>27.00</b>

**TABLE 7.2 – SMS posts information as on 30 September 2010**

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100.00	0	0.00
Deputy Director-General (Level 15)	7	4	57.14	3	42.85
Chief Director (Level 14)	19	10	52.63	9	47.36
Director (Level 13)	48	33	68.75	15	31.25
<b>Total</b>	<b>75</b>	<b>48</b>	<b>64.00</b>	<b>27</b>	<b>36.00</b>

**TABLE 7.3 – Advertising and filling of SMS posts as on 31 March 2011**

SMS Level	Advertising	Filling of posts	Number of vacancies per level not filled in 6 months but filled in 12 months
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months after becoming vacant	
Director-General (Level 16)	0	0	0
Deputy Director-General (Level 15)	4	2	2
Chief Director (Level 14)	8	5	3
Director (Level 13)	11	8	6
<b>Total</b>	<b>23</b>	<b>15</b>	<b>11</b>

**TABLE 7.4 – Reasons for not having complied with the filling of funded vacant SMS posts – advertised within 6 months and filled within 12 months after becoming vacant**

Reasons for vacancies not being advertised within 6 months:

1. Candidates were short-listed and interviewed but were not found to be suitable for the particular posts. The posts were re-advertised.

Reasons for vacancies not being filled within 12 months:

1. None

**TABLE 7.5 – Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months**

1. None

## 8. PERFORMANCE REWARDS

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 8.1), salary bands (Table 8.2) and critical occupations (Table 8.3).

**TABLE 8.1 – Performance rewards by race, gender, and disability, 1 April 2010 to 31 March 2011**

Race	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
<b>African</b>					
Male	213	310	68.71	2 113	10
Female	210	298	70.47	2 072	10
<b>Indian</b>					
Male	4	5	80.00	91	23
Female	3	6	50.00	107	36
<b>Coloured</b>					
Male	11	18	61.11	167	15
Female	7	9	77.78	101	14
<b>White</b>					
Male	31	44	70.45	515	17
Female	68	83	81.93	1 323	19
<b>Total</b>	<b>547</b>	<b>773</b>	<b>70.76</b>	<b>6 487</b>	<b>12</b>

**TABLE 8.2 – Performance rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011**

Salary band	Total personnel expenditure for level (R'000)	Beneficiary profile			Cost		
		Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R,000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	2 757	12	29	41.38	41	3	1.49
Skilled (Levels 3-5)	36 992	217	292	74.32	865	4	2.34
Highly skilled production (Levels 6-8)	43 027	136	178	76.40	1 331	10	3.09
Highly skilled supervision (Levels 9-12)	99 610	187	219	85.39	3 934	21	3.95
<b>Total</b>	<b>182 386</b>	<b>552</b>	<b>718</b>	<b>76.88</b>	<b>6 171</b>	<b>11</b>	<b>3.38</b>

**TABLE 8.3 – Performance related rewards (cash bonus), by salary band, for Senior Management Service**

*Note: This task has not been finalised for the 2010/11 assessment year and only the following figures are currently available.*

Salary band	Total personnel expenditure for level (R'000)	Beneficiary profile			Cost		
		Number of beneficiaries	Number of employees	% of total within band	Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
(Level 13- 16)	39 903	7	55	12.73	316	45	0.79
<b>Total</b>	<b>39 903</b>	<b>7</b>	<b>55</b>	<b>12.73</b>	<b>316</b>	<b>45</b>	<b>0.79</b>

## 9. FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

**TABLE 9.1 – Foreign workers, 1 April 2010 to 31 March 2011, by salary band**

Salary band	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% change
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 9.2 – Foreign workers, 1 April 2010 to 31 March 2011, by major occupation**

Major Occupation	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% change
Educators	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

## 10. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2010 TO 31 DECEMBER 2010

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 10.1) and disability leave (Table 10.2). In both cases, the estimated cost of the leave is also provided.

**TABLE 10.1 – Sick leave, 1 January 2010 to 31 December 2010**

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification
Lower skilled (Levels 1-2)	115	84.5	26	4.3	4	22	97
Skilled (Levels 3-5)	1 880	72.6	238	39.2	8	521	1511
Highly skilled production (Levels 6-8)	1 198	77.1	155	25.5	8	650	920
Highly skilled supervision (Levels 9-12)	1 091	73.5	168	27.7	6	1 403	864
Senior Management (Levels 13-16)	78	58.3	20	3.3	4	212	42
<b>Total</b>	<b>4 362</b>	<b>73.2</b>	<b>607</b>	<b>100</b>	<b>7</b>	<b>2 808</b>	<b>3434</b>

**TABLE 10.2 – Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010**

Salary band	Total days taken	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certificate
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	106	100	1	25	106	26	106
Highly skilled production (Levels 6-8)	9	100	1	25	9	6	9
Highly skilled supervision (Levels 9-12)	92	100	2	50	46	123	92
Senior Management (Levels 13-16)	0	0	0	0	0	0	0
<b>Total</b>	<b>207</b>	<b>100</b>	<b>4</b>	<b>100</b>	<b>52</b>	<b>155</b>	<b>207</b>

Table 10.3 – Summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**TABLE 10.3 – Annual leave, 1 January 2010 to 31 December 2010**

Salary band	Total days taken	Average per employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	417	9	44
Skilled (Levels 3-5)	4 178	14	307
Highly skilled production (Levels 6-8)	2 156	12	183
Highly skilled supervision (Levels 9-12)	2 897	13	222
Senior Management (Levels 13-16)	489	10	50
<b>Total</b>	<b>10 137</b>	<b>13</b>	<b>806</b>

**TABLE 10.4 – Capped leave, 1 January 2010 to 31 December 2010**

Salary band	Total days of capped leave taken	Average number of days taken per employee	Number of employees who took capped leave
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	55	4	15
Highly skilled production (Levels 6-8)	22	2	11
Highly skilled supervision (Levels 9-12)	43	3	13
Senior Management (Levels 13-16)	5	5	1
<b>Total</b>	<b>125</b>	<b>3</b>	<b>40</b>

**TABLE 10.5 – Leave payouts for the period 1 April 2010 to 31 March 2011**

The following table summarises payments made to employees as a result of leave that was not taken.

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave payout due to non-utilisation of leave and termination of service	64	1	64 000
Capped leave payout on termination of service	164	15	10 933
<b>Total</b>	<b>228</b>	<b>16</b>	<b>14 250</b>

## 11. HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

**TABLE 11.1 – Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	Education awareness and prevention programmes
	Distribution of universal precautions
	First aid kits installed on all floors of the building
	Condom distribution

**TABLE 11.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms Pilane: Director: Humn Resources Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		1 official
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		To assist employees with task-related and personal problems.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Each Branch is represented in the committee.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		Leave Policy Employee Assistance Programme Policy Recruitment Policy
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		HIV and Aids and TB management Policy HIV and Aids Workplace programme Condom distributions
7. Does the Department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	Yes		Through HCT campaign the uptake of officials underwent pretest counseling was 177 and those who tested were 99. HCT campaign is conducted quarterly, which will ensure that officials keep their status and be able to live a healthy life.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Training in First Aid Programmes Distribution of condoms Protective gloves distribution Awareness campaign Information session Distribution of booklets and pamphlets on HIV and Aids Introduced wellness programmes i.e.soccer, and netball

## 12. LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

**TABLE 12.1 – Collective agreements, 1 April 2010 to 31 March 2011**

Subject matter	Date
-None	-

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.



**TABLE 12.2 – Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0.00
Verbal warning	0	0.00
Written warning	0	0.00
Final written warning	4	50.00
Suspended without pay	2	25.00
Fine	0	0.00
Demotion	0	0.00
Dismissal	2	25.00
Not guilty	0	0.00
Case withdrawn	0	0.00
<b>Total</b>	<b>8</b>	<b>100.00</b>

**TABLE 12.3 – Types of misconduct addressed at disciplinary hearings for the period 1 April 2010 to 31 March 2011**

Type of misconduct	Number	% of total
Mismanagement of funds	0	0.00
Negligently cause loss of state property	0	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>

**TABLE 12.4 – Grievances lodged for the period 1 April 2010 to 31 March 2011**

	Number	% of total
Number of grievances resolved	10	83.33
Number of grievances not resolved	2	16.67
<b>Total number of grievances lodged</b>	<b>12</b>	<b>100.00</b>

**TABLE 12.5 – Disputes lodged with Councils for the period 1 April 2010 to 31 March 2011**

	Number	% of total
Number of disputes upheld	1	33.33
Number of disputes dismissed	1	33.33
Number of dispute outstanding	1	33.34
<b>Total number of disputes lodged</b>	<b>3</b>	<b>100.00</b>

**TABLE 12.6 – Strike actions for the period 1 April 2010 to 31 March 2011**

Total number of person working days lost	521
Total cost (R'000) of working days lost	117
Amount (R'000) recovered as a result of no work no pay	117

**TABLE 12.7 – Precautionary suspensions for the period 1 April 2010 to 31 March 2011**

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

### 13. SKILLS DEVELOPMENT

This section highlights the efforts of the department with regard to skills development.

**TABLE 13.1- Training needs identified 1 April 2010 to 31 March 2011**

Occupational category	Gender	Number of employees as at 1 April 2010	Number of employees identified for training	Training needs identified at start of reporting period		
				Skills Programmes and other short courses	Other forms of training	Total number of courses
Senior Managers (Level 13-16)	Female	19	3	Supply Chain Management; Project Management; Project KHAEDU		3
	Male	29	4			
Educators and Middle Managers (Level 9-12)	Female	91	36	Project Management; Mentoring & Coaching; Management Leadership in the Public Sector; Finance for Non Financial Managers; Monitoring & Evaluation; Econometrics; Policy Management; Media Liaison; Professional Office Management; Skills Development Facilitation; Strategic Planning; Asset & Event Management; Train the Trainer; Fleet & Transport Management;	Ms Access	27
	Male	124	44			
Officers, Clerks and Machine Operators (Level 3-8)	Female	271	39	Project Management; Finance for Non Financial Managers; Monitoring & Evaluation;	Advance Excel; Ms Power point; Ms Word	7
	Male	187	16	Policy Management; Supervisory; Professional Office Management;		
Elementary occupations (Cleaners, Messengers, Food services Aids, Security, Interns) (Level 1-2)	Female	10	54	Public Service Induction PRISA Grade A (Security Training)		12
	Male	14	20		Forklift	
Sub Total	Female	391	132			
	Male	354	84			
<b>Total</b>		<b>745</b>	<b>216</b>			<b>49</b>

**TABLE 13.2- Training provided 1 April 2010 to 31 March 2011**

Occupational category	Gender	Number of employees as at 1 April 2010	Training provided within the reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total
Senior Managers (Level 13-16)	Female	19	3	Supply Chain Management;		3
	Male	29	4	Project Management; Management Leadership in the Public Sector		
Educators and Middle Managers (Level 9-12)	Female	91	36	Project Management; Mentoring & Coaching; Finance for Non Financial Managers; Monitoring & Evaluation; Econometrics; Policy Management; Media Liaison; Professional Office Management	Ms Access	8
	Male	124	44			
Officers, Clerks and Machine Operators (Level 3-8)	Female	271	39	Project Management; Finance for Non Financial Managers; Monitoring & Evaluation;	Advance Excel; Ms Power point; Ms Word	6
	Male	187	16	Policy Management; Supervisory; Professional Office Management;		
Elementary occupations (Cleaners, Messengers, Food Services Aids, Security, Interns) (Level 1-2)	Female	10	54	Breaking Berries to Entry Public Service Induction	Forklift	2
	Male	14	20			
Sub total	Female	391	132			
	Male	354	84			
<b>Total</b>		<b>745</b>	<b>216</b>			<b>19</b>

#### 14. INJURY ON DUTY

The following table provides basic information on injuries on duty.

**TABLE 14.1 – Injury on duty, 1 April 2010 to 31 March 2011**

Nature of injury on duty	Number	% of total
Required basic medical attention only	6	100.00
Temporary Total Disablement	0	0.00
Permanent Disablement	0	0.00
Fatal	0	0.00
<b>Total</b>	<b>6</b>	<b>100.00</b>

## 15. EMPLOYEE INITIATED SEVERANCE PACKAGES

The Minister for the Public Service and Administration (MPSA) has with effect from 1 January 2006 in terms of section 3(3)(c) of the Public Service Act, 1994, as amended, issued a determination on the introduction of an employee initiated severance package (EISP) for employees. The procedure relevant to the granting of an EISP to an employee entails that the comments of the MPSA must first be obtained before departments make a final decision in this regard. The following table provides information in respect of EISP granted during the period 1 April 2010 to 31 March 2011.

**TABLE 15.1- Granting of employee initiated severance packages, 1 April 2010 to 31 March 2011**

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior Management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 16. UTILISATION OF CONSULTANTS

**TABLE 16.1– Report on consultant appointments using appropriated funds for the period 1 April 2010 to 31 March 2011**

*Note:* In cases where companies were granted the tender, the number of consultants and duration of work days spent on the tasks is unknown and is indicated as unknown in the following tables.

Project title/ description of task	Total number of consultants that worked on the project	Duration: Work days	Contract value In Rand (R,000)	Responsibility Manager
Conduct forensic investigation at Indlela	O.M.A. Chartered Accountants	1546	467	CFO
Conversion from the cash basis of accounting to the accrual basis of accounting	PriceWaterhouse Coopers	430	*3 085	CFO
Application assistance for the SDLIS System	Dimension Data	122	100	S NGCOBO
Legal advice and guidance on the amalgamation of CTFL-SETA, FIETA & sub sectors of the MAPPSETA	Cheadle Thompson &Haysom cc	39	490	MS P MOLEKE
McAfee total protection for endpoint, monthly maintenance support (annual report), professional services	Business Connexion	9	238	S NGCOBO
Managing, monitoring of computer programme and labour (technicians)	Nkqubela Technologies(6)	70	144	S NGCOBO
Advisory consulting services: Risk Assessment	YMG & Associates	280	223	CFO/P DU TOIT
Assist NSA/DHET with the analysis and drafting of reports for NSA on SETA Landscape and NSDIII Framework 2011-2016	LMS Consulting	30	248	MS P MOLEKE
Advisory consulting services: Administration support of the National Skills Fund bursary for critical skills	Career Wise Empowerment Ventures (Pty) Ltd	Full year	548	MS P MOLEKE
Administration fee to support bursaries and scholarships for scares and critical skills for the 2010/11 academic year	Career Wise Empowerment Ventures (Pty) Ltd	Full year	4 917	MS P MOLEKE
Expert panel assist and advise on SETA performance agreements	Prof Haroon Borhat	7	40	MS P MOLEKE
Legal Advisory Consultancy Services: Recertification of SETAs	Bulumko Consulting Services and Mashazi Mathibela Inc	30	550	MS P MOLEKE
Review the role of the NSA in terms of the SDA and the DHET mandate (draft the repositioning report)	Profler interact	30	93	MS P MOLEKE

\* This amount reflects the full contract amount, only R 571 303.89 was paid in the 2010/11 financial year.

**TABLE 16.2 – Report on consultant appointments using Donor funds**

Project title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand (R,000)
None			

**TABLE 16.3: Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None			







# SECTION 5

## OTHER INFORMATION



## SECTION 5 OTHER INFORMATION

## ACRONYMS

ABET	Adult Basic Education and Training
ADEA	Association for the Development of Education in Africa
ADTTT	Artisan Development Technical Task Team
AET	Adult Education and Training
AG	Auditor-General
ALCs	Adult Learning Centres
BAS	Basic Accounting System
BNC	Bi-National Commission
CA	Collective Agreement
CAO	Centralised Applications Office
CC	Closed Corporation
CD	Chief Director
CEO	Chief Executive Officer
CEPD	Centre for Education Policy Development
CESM	Classification of Educational Subject Matter
CETA	Construction Education and Training Authority
CEM	Council of Education Ministers
CFO	Chief Financial Officer
CHE	Council on Higher Education
COL	Commonwealth of Learning
COSE	Collaboration for Occupational Skills Excellence
CPIX	Consumer Price Index
CPUT	Cape Peninsula University of Technology
CSIR	Council for Scientific and Industrial Research
CUT	Central University of Technology
DBE	Department of Basic Education
DDG	Deputy Director-General
DG	Director-General

DBC	Departmental Bargaining Chamber
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Cooperation
DST	Department of Science and Technology
DTI	Department of Trade and Industry
ECM	Enterprise Content Management
EFA	Education for All
ELRC	Education Labour Relations Council
ENE	Estimates of National Expenditure
ESDA	Employment and Skills Development Agency
ETQA	Education and Training Quality Assurance
EXCO	Executive Council
FET	Further Education and Training
FETC	Further Education and Training Certificate
FETMIS	Further Education and Training Management Information System
FMS&G	Financial Management Systems and Guidelines
FETCBU	Further Education and Training Colleges Bargaining Unit
GENFETQA	General and Further Education and Training Quality Assurance
GETC	General Education and Training Certificate
GIS	Geographical Information System
GITO	Government Information Technology Officer
GPSSBC	General Public Service Sector Bargaining Council
HE	Higher Education
HEAIDS	Higher Education HIV/Aids Programme
HEDCOM	Heads of Education Departments Committee
HEI	Higher Education Institution
HELA	Higher Education Laws Amendment Act, 2010
HEMIS	Higher Education Management Information System
HEQF	Higher Education Qualifications Framework
HESA	Higher Education South Africa

HIV/Aids	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HRD	Human Resource Development
HRDC-SA	Human Resource Development Council of South Africa
HRDSA	Human Resource Development Strategy for South Africa
HRMIS	Human Resource Management Information System
IBSA	India-Brazil-South Africa
ICASS	Intergrated Continuous Assessment
ICT	Information and Communication Technology
IEC	Independent Electoral Commission
ILO	International Labour Organisation
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments
IPAP	Industrial Policy Action Plan
ISOE	Institute of Sectoral or Occupational Excellence
IT	Information Technology
LAN	Local Area Network
MIS	Management Information System
MMM	Minister's Management Meeting
MTSF	Medium Term Strategic Framework
NAMB	National Artisan Moderating Body
NASCA	National Senior Certificate for Adults
NATED	National Accredited Technical Diploma
NC(V)	National Certificate (Vocational)
NGP	New Growth Path
NIPF	National Industrial Policy Framework
NMOS	National Macro Organisation of the State
NQF	National Qualifications Framework
NRF	National Research Foundation
NSA	National Skills Authority
NSC	National Senior Certificate
NSDS	National Skills Development Strategy

NSF	National Skills Fund
NSF ALC	National Norms and Standards for Funding Adult Learning Centres
NSFDIS	National Skills Fund Disbursement Information System
NSF FET	National Norms and Standards for funding Further Education and Training Colleges
NSFAS	National Student Financial Aid Scheme
NYDA	National Youth Development Agency
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OFO	Organising Framework for Occupations
PALCs	Public Adult Learning Centres
PCs	Personal Computers
PEDs	Provincial Education Departments
PERSAL	Personnel Salary System
PIVOTAL Prog.	Professional, Vocational and Technical, as well as Academic Learning Programmes
PME	Performance Management and Evaluation
PQM	Programme Qualification Mix
QCTO	Quality Council for Trades and Occupations
SACE	South African Council of Educators
SADC	Southern African Development Community
SAGAAP	The South African Generally Accepted Accounting Practice
SAIDE	South African Institute of Distance Education
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SAUS	South African Union of Students
SDA	Skills Development Act (No. 97 of 1998)
SDI	Skills Development Institute
SDL	Skills Development Levy
SESD	Support to Education and Skills Development
SET	Science, Engineering and Technology
SETA	Sector Education and Training Authority

SIC	Standard Industrial Classification
SITA	State Information Technology Agency
SSP	Sector Skills Plan
SLA	Service Level Agreement
SRC	Student Representative Council
SSS	Student Support Services
SWEP	Social Work Exchange Programme
TWG	Technical Working Group
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VCET	Vocational and Continuing Education and Training
VPN	Virtual Private Network
WAN	Wide Area Network
WITS	Witwatersrand University
WSU	Walter Sisulu University for Technology and Sciences



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### OTHER USEFUL CONTACTS

**Career advice helpline:** 0860 111 673

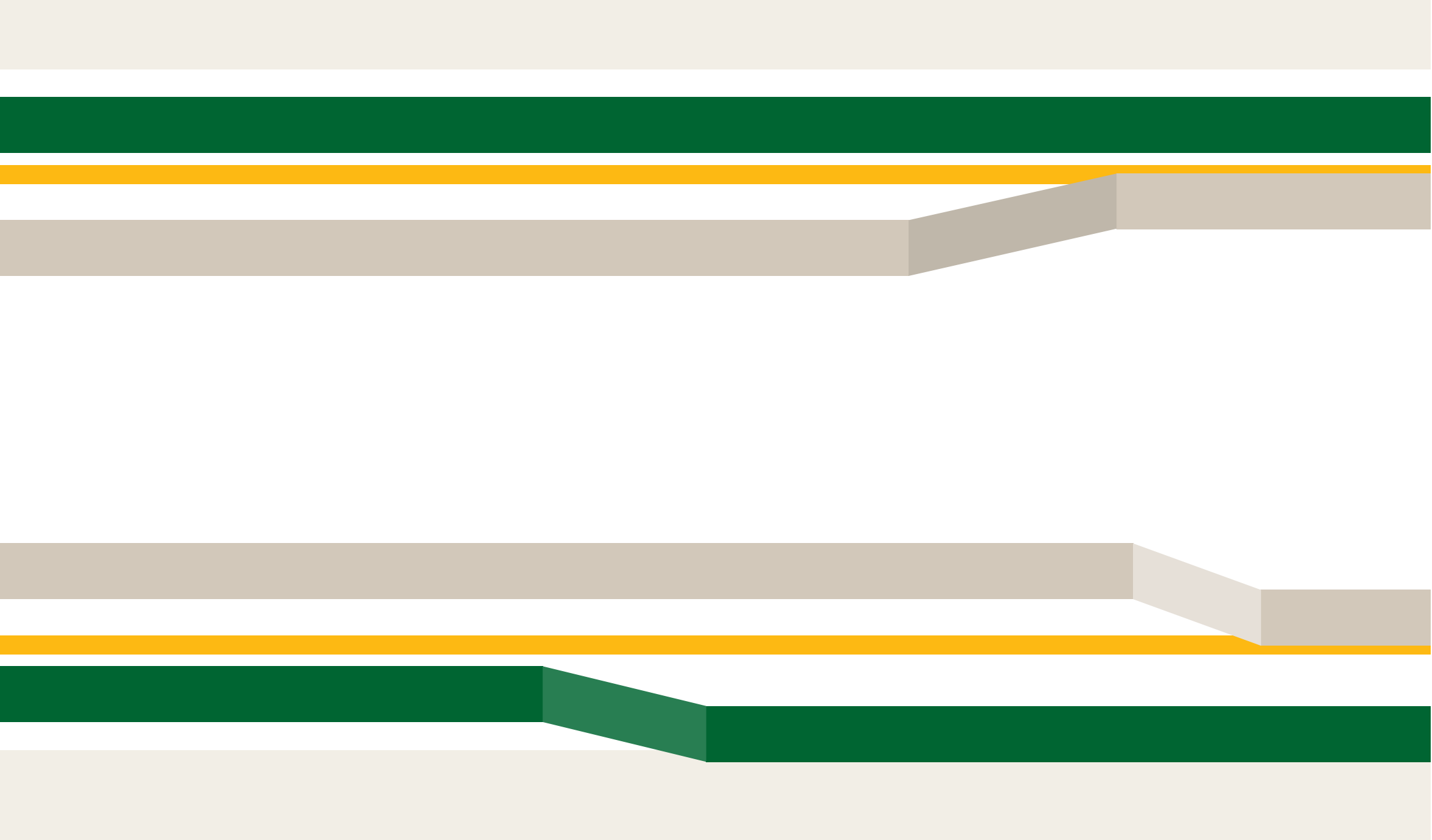
**Website:** [www.careerhelp.org.za](http://www.careerhelp.org.za)

**Presidential hotline:** 17737

**National fraud hotline:** 0800 801 801

**Toll Free:** 0800 872 222

**Website:** [www.dhet.gov.za](http://www.dhet.gov.za)



**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

ISBN: 978-1-77018-766

RP 217/2011