



ANNUAL REPORT 2019/20

FIRM FOUNDATIONS





CONTENTS

PART A: GENERAL INFORMATION	2	PART C: GOVERNANCE	41
1. Public Entity's General Information	3	1. Introduction	42
2. List of Abbreviations / Acronyms	4	2. Portfolio Committee on Higher Education and Training	42
3. Foreword by the Outgoing Chairperson	6	3. Executive Authority	42
4. Overview by the Chief Executive Officer	9	4. Accounting Authority	42
5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report	13	5. Risk Management	51
6. Strategic Overview	14	6. Internal Control Unit	51
6.1 Vision	14	7. Internal Audit and Audit and Risk Committee	52
6.2 Mission	14	8. Compliance with Laws and Regulations	53
6.3 Values	14	9. Fraud and Corruption	53
7. Legislative and Other Mandates	15	10. Minimising Conflict of Interest	55
7.1 Constitutional Mandate	15	11. Code of Conduct	55
7.2 Legislative Mandate	15	12. Health Safety and Environmental Issues	55
8. Organisational Structure	17	13. Secretary	55
PART B: PERFORMANCE INFORMATION	19	14. Social Responsibility	55
1. Auditor-General's Report: Predetermined Objectives	19	15. Audit and Risk Committee Report	55
2. Situational Analysis	20	16. B-BBEE Compliance Performance Information	58
2.1 Service Delivery Environment	20	PART D: HUMAN RESOURCE MANAGEMENT ...	59
2.2 Organisational Environment	22	1. Introduction	60
2.3 Key Policy Developments and Legislative Changes	25	2. Human Resource Oversight Statistics	61
2.4 Strategic Outcome Oriented Goals	25	PART E: FINANCIAL INFORMATION	65
3. Performance Information by Programme	32	1. Accounting Authority's Responsibilities and Approval	66
3.1 Programme 1: Administration	32	2. Report of the Council	67
3.2 Programme 2: Occupational Qualifications	33	3. Report of the External Auditor	69
3.3 Programme 3: Quality Assurance	36	4. Statement of Financial Position	73
4. Revenue Collection	40	5. Statement of Financial Performance	74
		6. Statement of Changes in Net Assets	75
		7. Cash Flow Statement	76
		8. Statement of Comparison of Budget and Actual Amounts	77
		9. Accounting Policies	78
		10. Notes to the Annual Financial Statements	93



PART A

GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME Quality Council for Trades and Occupations

REGISTRATION NUMBER Not applicable

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COUNCIL SECRETARY Ms Adri Solomon

2. LIST OF ABBREVIATIONS / ACRONYMS

AGSA	Auditor-General South Africa
APP	Annual Performance Plan
APPETD	Association of Private Providers for Education, Training and Development
AQP	Assessment Quality Partner
BBBEE	Broad-Based Black Economic Empowerment
CAT	Credit Accumulation Transfer
CEO	Chief Executive Officer
CD	Chief Directorate
CET	Community Education and Training
CFO	Chief Financial Officer
CIPPT	Chartered Institute for Professional Practitioners and Trainers
CHE	Council on Higher Education
COIDA	Compensation for Occupational Injuries and Diseases Act
CGICTPF	Corporate Governance of Information Communication Technology Policy Framework
DBE	Department of Basic Education
DG	Director-General
DHET	Department of Higher Education and Training
DoL	Department of Labour
EISA	External Integrated Summative Assessment
ETQA	Education and Training Quality Assurance
FBO	Faith-Based Organisations
FET	Further Education and Training
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GRC&S	Governance, Risk, Compliance and Secretariat
HR	Human Resources
IT	Information Technology
ITC	Information Technology and Communication
IQ	Institute for Quality
INDLELA	Institute for the Development of Learnerships, Employment Skills and Labour Assessments
LQDF	Learner Qualifications Development Facilitator
MHET	Minister of Higher Education and Training
MIS	Master Information System
MOA	Memorandum of Agreement
MoL	Minister of Labour
MSP	Master Systems Plan
MTEF	Medium Term Expenditure Framework
N/A	Not applicable
NAMB	National Artisan Moderation Body
NATED	National Accredited Technical Education Diploma

NCPDPSA	National Council for Persons with Physical Disabilities in South Africa
NCV	National Certificate Vocational
NEET	Individuals not in education, employment or training
NLRD	National Learner Records Database
NPO	Non-Profit Organisation
NPPSET	National Plan for Post-School Education and Training
NQF Act	National Qualifications Framework Act (No. 67 of 2008)
NSA	National Skills Authority
NSDP	National Skills Development Plan
OQA	Occupational Quality Assurance
OQLMS	Occupational Qualifications Learner Management System
OQM	Occupational Qualifications Management
OQSF	Occupations Qualifications Sub-Framework
PAIA	Promotion of Access to Information Act
PAYE	Pay As You Earn
PFMA	Public Finance Management Act
POPI Act	Protection of Personal Information Act
PPPFA	Preferential Procurement Policy Framework Act
PSET	Post School Education and Training
QA	Quality Assurance
QAP	Quality Assurance Partner
QC	Quality Council
QCTO	Quality Council for Trades and Occupations
QDF	Qualifications Development Facilitator
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SAQAN	Southern African Quality Assurance Network
SASCE	Southern African Society for Cooperative Education
SCM	Supply Chain Management
SDA	Skills Development Act (No. 97 of 1998)
SD4GE	Skills Development for a Green Economy
SDG4E	Sustainable Development Goal for Education
SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SOP	Standard Operating Procedure
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
Umalusi	Council for Quality Assurance in General and Further Education and Training
WBL	Work-Based Learning
WEL	Work Experience Learning
WIL	Work Integrated Learning
WPPSET	White Paper for Post-School Education and Training



3. FOREWORD BY THE OUTGOING CHAIRPERSON

PROF. PELIWE P. LOLWANA
Chairperson of the Council

As the outgoing Chairperson of the second QCTO Council, it is my pleasure to present to you the 2019/2020 Annual Report on the work of the Quality Council for Trades and Occupations (QCTO). The QCTO is now in existence for ten years and has over the years sought to carve out its niche mandate in the education and training landscape of the country. The road has certainly not been an easy one, as quality assurance is required in the QCTO and skills sector. It is not always easy to align this with the current legislative policies and frameworks governing education and training. However, having had the opportunity to serve as the Chairperson of the Council for the better part of its ten-year history, I am confident that the QCTO has over the last ten years laid the “FIRM FOUNDATIONS” required to fulfil its legislative mandate.

At the time of writing this report, the country was facing the looming crisis being brought about by the COVID-19 pandemic which brought many countries to a “standstill” as the battle to contain the spread of the virus intensified. There is no doubt that the pandemic will have far reaching consequences for our country. In my foreword in the 2018/19 Annual Report, I indicated that “it is expected that the 2020/2021 year will see a number of key changes being implemented to accelerate the economic growth of South Africa and that education and training remain one of the main mechanisms to address the country’s triple challenges of poverty, inequality and unemployment”. I now add that the 2020/21 year will have to contend with the many challenges and disruptions brought about by the COVID-19 pandemic. The education and training space will not be immune to these disruptions.

This report is the fifth and final annual report against the Strategic Plan 2015/16 to 2019/20 which focused on two Strategic Outcomes Goals:

1. Competent people in priority trades and occupations
2. Create a sustainable organisation

As you scrutinise this report, you will appreciate that this year has been yet another of improved performance and noteworthy achievements. The QCTO has worked consistently and with resolute purpose towards establishing a “firm foundation” by revising the Occupational Qualifications Sub-Framework (OQSF) of qualifications for the Post School Education and Training (PSET) sector. The Revised OQSF policy, will give further impetus to the PSET sector by providing a range of qualification types and skills programmes. This will no doubt assist learners to identify potential progression routes (options), like entry, exit and learning pathways, particularly in the context of lifelong learning. It will also facilitate the articulation of occupational qualifications and part qualifications (including skills programmes) within the OQSF, and between the OQSF and the other two sub-frameworks. The QCTO has also cemented its position as a key role player in the PSET Sector, a sector that is often criticised for its bureaucratic complexities and inefficiencies. The establishment of a firm foundation for a national quality assurance system has not been without challenge. Having to conceptualise, form, manage and build a robust organisation in an ever evolving political and economic environment proved to be quite challenging, yet rewarding.

Creating an agile organisation that is able to adapt to the disruptions in areas of health, agriculture, environment, education and technology, will ensure that the QCTO remains relevant and ready to mitigate the potential impact of among others the Fourth Industrial Revolution (4IR), automation, machine and online learning, Globalisation 4.0, etc.

The 2019/20 Annual Report will provide more detail on

“One of the greatest challenges faced by the Council was to secure approval of the QCTO Business Case which sought to realise a more realistic and stable funding model for the QCTO.”

the achievement of targets for the reporting period. The QCTO Council, management and staff have ensured that they carried out the QCTO's quality assurance mandate with the necessary dedication and integrity.

The organisation continues to forge working partnerships with international and national stakeholders. The QCTO is working closely with the GIZ (through the SDG4E programme) in the Dual System Pilot Project (DSPP) and is now engaging with GIZ and the Federal Institute for Vocational Education and Training BIBB to improve the QCTO qualifications development model. The QCTO is also initiating work with the UK Prosperity Fund to improve the provisioning of TVET. The QCTO is partnering with various Ministries, SETAs and Professional Bodies in South Africa to ensure the provisioning of qualifications that respond to the needs of the different sectors.

One of the greatest challenges faced by the Council was to secure approval of the QCTO Business Case which sought to realise a more realistic and stable funding model for the QCTO. The Business Case was not approved and hence the QCTO remains largely funded through the Skills Levy. Over the years the amount allocated to the QCTO fell far short of the requested amounts which meant that the organisation had to scale down on its planned activities and implement more risk-based quality assurance processes.

Being mindful of the road that still lies ahead, the process to develop the Strategic Plan 2020/21 to 2024/25 required the QCTO to reflect on its mission and vision; as well as the beneficiaries of its products and services, the learners, the employers, employees and institutions of learning of our country. The important work we do at the QCTO must endeavour to address the triple challenge of poverty, unemployment and inequality in our nation. The youth is looking to us to ensure the decisions we

make today will benefit them; the rising NEET (Not in Education, Employment and Training) population and youth unemployment and the impact of job insecurity as highlighted in the International Labour Organisation's - Global Employment Trends for Youth 2020: Technology and the future of jobs, further highlights this challenge and opportunity. This report notes that vocational training is more likely to lead to employment in jobs that are at risk of automation.

The new five-year Strategic Plan gears the QCTO towards increasing access and uptake to world-class occupational qualifications and skills programmes that will meet current and future aspirational and socio-economical needs of the country. The development and quality assurance of occupational qualifications that are responsive to labour market and developmental state initiatives, remain paramount to our strategic intent over the medium term, as part of our contribution to ensure the improved quality of provisioning within the PSET sector and with a particular focus on TVET and CET Colleges.

I believe we have established an organisation that is built on a firm foundation to adequately address the present and future challenges, and to embrace the opportunity to contribute to the reduction and alleviation of these challenges.

I would like to express our sincere thanks and appreciation to:

- All the esteemed members of the second QCTO Council who have given freely and so generously of their time, expertise and support to ensure that the QCTO remains true to its mission, vision and mandate.
- The Honourable Minister of Higher Education, Science and Technology: Dr Blade Nzimande,

“The QCTO Council, management and staff have ensured that they carried out the QCTO’s quality assurance mandate with the necessary dedication and integrity. ”

MP, the Director-General of Higher Education and Training: Mr Gwebinkundla Qonde, and departmental staff for their unwavering support for the work of the QCTO.

- The Chairperson, Mr Mohlopi Philemon Mapulane, and respected members of the Portfolio Committee on Higher Education, Science and Technology for their vision, guidance and oversight to the QCTO Council.
- All members of various Committees of Council for their valuable contribution to the work of the QCTO.

My appreciation also goes to:

- The QCTO’s Chief Executive Officer: Mr Vijayen Naidoo, Chief Financial Officer: Mr Innocent Gumbochuma, Chief Directors: Mr Thomas Lata, Ms Ndivhudzanyi Madilonga-Khondowe and

Mr Emmanuel Mbuwe for providing visionary leadership, prowess and perseverance for the QCTO during trying times.

- All staff of the QCTO for their commitment to improved service delivery, service excellence and dedication.

I thank you,



Prof. Peliwe P. Lolwana
Outgoing Chairperson
Quality Council for Trades and Occupations
Date: 29/09/2020



4. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

MR VIJAYEN NAIDOO
Chief Executive Officer

The 2019/20 financial year marks a significant milestone in the history of the QCTO. It marked the tenth year of the organisation's existence. Unfortunately, the planned activities to celebrate this milestone were curtailed due to the lockdown resulting from the President's declaration of a National State of Disaster on 15 March 2020 to manage the spread of the Covid-19 virus.

In looking back over the last ten years, and notwithstanding the challenges faced by the QCTO as well as the challenges still confronting the QCTO, we believe that the QCTO has come of age and has cemented its position as a critical role player in the PSET system. In this regard, the reach of the QCTO now extends across the TVET, CET and Higher Education Sectors. The theme for this report "Firm Foundations" captures the essence of the confidence of the organisation that it has laid the foundations on which to build a world-class Skills development sector. The platforms laid are as a result of research and interrogation of best practice from international systems whilst creating a system that is designed to address the unique challenges facing our country.

The revised Occupational Qualifications Sub-framework (OQSF) provides the "firm foundation" by providing a suite of qualification types that extend from levels 1 to 8 of the NQF and qualifications at levels 5 to 8 will have parity of esteem with qualifications registered on the HEQSF. The OQSF ensures a framework of qualifications that covers the entire spectrum of skills training, from low-level skills to high-level skills. These qualifications are being offered across a range of accredited institutions. The QCTO has therefore in the year under review commenced with the development of Skills programmes to address issues of sustainability and self-employment. The Centres of Specialisation (COS) project has also seen the implementation of 13 Occupational Qualifications across

TVET Colleges. The NDP, WPPSET and NSDP calls for the significant expansion of access to CET and TVET Colleges. The QCTO, in collaboration with the DHET, supports this policy intention through the development of a suite of qualifications which will become an important part of the offerings in TVET and CET Colleges. The QCTO has to date registered 416 Occupational Qualifications, many of which can be implemented at TVET Colleges. The QCTO has therefore in its Strategic Plan 2020/21 to 2024/25 prioritised TVET and CET Colleges in an endeavour to ensure a more substantial uptake of Occupational Qualifications which are industry-endorsed. The DHET, together with the QCTO, is also finalising guidelines that will enable universities to offer qualifications on the OQSF. It is expected that these interventions will address in particular the mid-level skills gap in the country.

The QCTO is also working closely with other National Departments in the roll out of Occupational Qualifications. Amongst others these include the Department of Environment, Forestry and Fisheries (DEFF), Department of Rural Development and Land Reform (DRDLR), National Rural Youth Service Corps (NARYSEC), Department of Tourism, and Department of Basic Education. The work of the QCTO will be enhanced through the MoUs entered into with SETAs to ensure that the shared responsibilities lead a simplification of processes for SDPs whilst ensuring that the quality assurance mandate of the QCTO is implemented. Going forward the QCTO will follow the same strategy with Professional Bodies (statutory and non-statutory bodies).

The organisation also hosted delegations from the Botswana Qualifications Authority, Examination Council for Lesotho, Ministry of Technical Education of Sierra Leone, AHK delegation from Germany and the German Office for International Cooperation in Vocational

Education and Training. In addition, QCTO staff participated in international trips which included training at the ILO in Turin on quality apprenticeships. The QCTO continues to engage with International Partners to ensure that the suite of qualifications is comparable with international standards. Curriculum review processes are being implemented to ensure that Occupational Qualifications include soft skills, meet requirements to support the Green Economy, respond to 4IR, etc. The process to review qualifications is being undertaken with GIZ and BIBB (piloting the Electrician Qualification).

The QCTO has not discontinued any of its planned activities for the year under review but sought to forge stronger links with its Quality Assurance Partners (SETAs and Professional Bodies) to ensure that quality assurance activities are maintained and strengthened. The QCTO has come to accept that the fiscal constraints will be with us for a long time and has therefore fully embraced the deployment of risk-based quality assurance and digital technologies to ensure business continuity. There are however challenges with the adoption of this strategy. The first relates to the implementation of a robust Monitoring and Evaluation mechanism to ensure close monitoring of the risk-based strategies. The other challenge is the development of a robust Management Information System (MIS). The QCTO has already commenced work in these two areas and will have to ensure adequate resources to develop and implement the systems to support the strategy.

The implementation of the National Skills Development Plan (NSDP), gazetted by the Minister of Higher Education and Training on 7 March 2019 for implementation as from 1 April 2020, provides the much needed clarity on the roles and responsibilities of key stakeholders in the education and training and skills development landscape as well as provision for the adequate funding of the QCTO. The NSDP together with the imminent approval of the National Plan for Post-School Education and Training (NPPSET) will provide the trajectory for skills development. The vision of the NSDP is ***'An Educated, Skilled and Capable Workforce for South Africa'***. This resonates well with the long established vision statement of the QCTO which is ***'to qualify a skilled and capable workforce'***.

The QCTO continued in its efforts towards the attainment of a single national quality assurance framework for all qualifications on the OQSF. Activities engaged in this effort included the development of occupational qualifications and part qualifications, managing the re-alignment of

historically registered qualifications, accreditation of providers (including managing the accreditation of skills development providers for historical qualifications), the development and management of the External Integrated Summative Assessments (EISA), implementation of a Final Summative Assessment for historically registered qualifications and the external verification of learner achievements. These activities are reported on substantially in Part B: Performance Information.

During 2019/20 the QCTO continued to implement its organogram. All posts in Phase 1 have been filled. Critical posts from Phases 2 and 3 will be filled depending on availability of adequate and sustainable funding.

The organisation has experienced a steady rise in expenditure due to efforts to ensure that the organisation fully realises its mandate. Over the past three years in spite of vigorous cost-cutting measures in line with National Treasury cost-cutting instructions, the organisation has seen its expenditure growing by an average of 12% from the 2017/18 to 2019/20 financial years. Expenditure grew from R72,3 million in 2018, R92,6 million in 2019 and R119,2 million in 2020. This growth trajectory is against the backdrop of an increase in revenue of only 4% from 2018/19 to 2019/20. This places the organisation under financial constraints as the revenue base is growing at a much slower rate than expenditure.

For the 2019/20 financial year the QCTO's total available revenue was R135,563 million. The total revenue consisted of the fiscal grant from the DHET (R26,056 million), approved accumulated surplus (R19,159 million) and the Sector Education and Training Authorities' levy grant allocation (R90,348 million), other income (R10,626 million) and Conditional Grant from NSF (R1,451 million). Other income relates to interest generated from the positive cash balances as well as fees levied for certification, certificate verifications and accreditation of SDPs. The QCTO has been able to reduce its surplus funds from R30,482m in the previous reporting cycle to R9,502m for the current reporting period. The surplus funds resulted from management efforts to spend frugally by instituting some cost-cutting measures. The reduction in the surplus from the prior year is as a result of significantly improved spending patterns within the various programmes of the QCTO.

Approval will be sought from National Treasury for surplus funds to be retained by the organisation to fund strategic projects related to the quality assurance of assessments, accreditation of SDPs, completion of the Management

“The performance of the organisation also improved significantly, achieving 75% of its targets as compared with 59% in the previous reporting period.”

Information System (MIS) as well as the remodelling of the QCTO premises to accommodate the anticipated growth in staff.

The performance of the organisation also improved significantly, achieving 75% of its targets as compared with 59% in the previous reporting period. The QCTO will continue to strengthen its internal control processes to ensure accurate performance reporting.

There is no significant threat to the economic viability of the organisation for the 2020/21 financial year. However, the economic viability of the organisation going forward is under threat due to the economic crisis in the country and now exacerbated by the COVID-19 pandemic. The QCTO receives the major part of its budget from the Skills Levy, and it is anticipated that the income generated through the Skills Levy will be significantly lower in 2020/21 and subsequent years. This will have a major knock-on impact on the QCTO budget unless a more stable funding model for the QCTO is realised.

The Organisation did not conclude any unsolicited bid proposals for the year under review.

The QCTO has received an “unqualified with no findings” audit outcome from the AGSA for the period under review. This is the fourth consecutive clean audit achieved by the organisation. The QCTO is committed to good governance and frugal expenditure patterns. Despite the limited resources and pressurised delivery environment, the organisation was able to ensure achievement of 75% of its targets.

Two subsequent events have occurred after the closure of the financial year on 31 March 2020. Since 31 March

2020, the increased spread of COVID-19 has severely impacted many local economies around the globe and South Africa has been no exception. In South Africa, businesses are being forced to cease or limit operations for long or indefinite periods. Measures taken to contain the spread of the virus, in terms of the Risk Adjusted Strategy implemented by Government triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The South African Government and Reserve Bank have responded with monetary and fiscal interventions to stabilise economic conditions. The QCTO has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. However, it is worth noting that due to the impact of COVID-19, the DHET Fiscal Grant allocation to the QCTO for the 2020/21 financial year has been reduced by R1,9 million. The organisation has adjusted the annual performance plans and re-tabled the budget for 2020/21. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the QCTO for future periods.

The QCTO Council's term expired on 31 March 2020. The QCTO was without an appointed Council as at 1 April 2020. In these instances, Section 49(2)(b) of the PFMA was applied where the Chief Executive Officer is deemed to be the Accounting Authority. As required by the PFMA, the Auditor-General South Africa (AGSA), the National Treasury and the DHET were notified. This subsequent event has no impact on the Annual Financial Statements

“A COVID-19 Management Team and Compliance Officer is in place and all necessary risk plans and registers are in place and reported on as required. ”

for the year ended 31 March 2020. The QCTO is committed to building on the “Firm Foundations” laid over the past ten years. The QCTO Office was informed of the appointment of the new and third Council on 10 September 2020. At the time of the finalisation of this report the new Council is in the process of becoming operational.

QCTO RESPONSE TO COVID-19 PANDEMIC

In response to the COVID-19 pandemic and the declaration of a National State of Disaster on 15 March 2020 the QCTO has implemented structures and processes to ensure business continuity in line with risk-adjusted strategy declared by Government. The QCTO has embraced the “stay at home” campaign and capacitated all staff to work remotely through the provision of tools of trade and connectivity. Interruptions to QCTO services were limited due to automating processes and services which the QCTO had begun to deploy in the previous years. The QCTO Calendar remains operational via Microsoft Teams.

A COVID-19 Management Team and Compliance Officer as well as all necessary risk plans and registers are in place and reported on as required.

In order to ensure minimum disruption to teaching and learning in the Skills Development Sector, the QCTO issued Memorandum 1 on 4 May 2020 to facilitate multi-modal learning for qualifications on the OQSF. QCTO Memorandum 2 issued on 7 May 2020 granted the extension of accreditation for Assessment Centres / Trade Test Centres and Skills Development Providers to March 2021. The QCTO also made a presentation

to the Ministerial Task Team on the Draft Criteria and Guidelines for the Gradual Opening of Activities within the OQSF which resulted in the Minister for Higher Education Science and Technology issuing the gazette:

- Disaster Management Act (57/2002): Directions for reopening of institutions offering qualifications registered on the Occupational Qualifications Sub-Framework (OQSF) Notice 355 of 2020 Gazette No. 43486.

This was an important step to ensure that providers of skills training including industry training to continue to operate in order to assist the country to mitigate some of the economic challenges facing it.

Going forward and with the understanding that this pandemic may be with us for a longer term than initially anticipated, the QCTO will continue in its efforts to ensure business continuity through the deployment of more risk-based and technologically innovative quality assurance initiatives. It is envisaged that this will improve efficiencies while also containing costs.

Sincerely,



Mr Vijayen Naidoo

Chief Executive Officer

Quality Council for Trades and Occupations

Date: 29/09/2020

5. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

The annual report is complete, accurate and free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the standards applicable to the public entity.

The accounting authority is responsible for the preparation

of the annual financial statements and for the judgements made in this report.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2020.

Yours faithfully



Mr Vijayen Naidoo
CHIEF EXECUTIVE OFFICER
Quality Council for Trades and Occupations
Date: 29/09/2020



Prof. Peliwe P. Lolwana
CHAIRPERSON OF THE COUNCIL
Quality Council for Trades and Occupations
Date: 29/09/2020

6. STRATEGIC OVERVIEW

This Annual Report for 2019/20 is the last of five annual reports in terms of the QCTO Strategic Plan to cover the five-year period from 2015/16 to 2019/20. As such it presents the opportunity for the QCTO to reflect on the achievements and progress over the five years to fully execute the Strategic Plan. Throughout the previous five-year planning period, the focus was on establishing the organisation and defining operations. This five-year period is characterised by refining indicators, activities and baselines as the QCTO mandate becomes clearer. The QCTO achieved 75% (15 out of 20) of its targets this year which is viewed as a substantial improvement. The achievement for 2018/19 was 59% (13 out of 22 targets). This achievement of set targets will improve as the organisation starts to unpack its full mandate and set clear targets that adequately demonstrate performance.

6.1 VISION

The QCTO's vision is to qualify a skilled and capable workforce.

6.2 MISSION

The QCTO's mission is to effectively and efficiently manage the occupational qualifications sub-framework in order to set standards, develop and quality assure national occupational qualifications for all who want a trade or occupation and, where appropriate, professions.

6.3 VALUES

VALUES

INNOVATION AND EXCELLENCE

We rise to opportunities and challenges, we continuously learn, we are innovative and we consistently produce work of distinction and fine quality, on time, and in line with our clients' needs

EMPOWERMENT AND RECOGNITION

We enable people to make things happen, we encourage and support one another when and where needed, and we celebrate successful accomplishment of work

RESPECT AND DIGNITY

We value and show consideration for all the people we work with, treat one another with kindness and thoughtfulness, and embrace inclusivity

ETHICS AND INTEGRITY

We embrace and practice a moral code of trustworthiness, honesty and truthfulness in everything we say and do, and we honour our promises and commitments

OWNERSHIP AND ACCOUNTABILITY

We take ownership of our responsibilities and we answer for our decisions and actions

AUTHENTICITY

We protect the public by issuing authentic, quality qualifications

7. LEGISLATIVE AND OTHER MANDATES

The QCTO is established in terms of the Skills Development Act (Act 37 of 2008) and was listed as a Schedule 3A Public Entity under the Public Finance Management Act, effective from 1 April 2010 (Gazette Notice 33900). The NQF Act (Act 67 Of 2008) repositioned the QCTO as a Quality Council responsible for the development and management of the QQSF.

7.1 CONSTITUTIONAL MANDATE

The QCTO is not directly referenced in the Constitution. However, there are two sections in the Bill of Rights to which its functions relate:

22. Freedom of trade, occupation and profession

Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law.

29. Education

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.

In ensuring the quality of occupational qualifications, which include qualifications leading to trades, other occupations and professions, the QCTO contributes to Section 22.

In developing and quality assuring occupational qualifications that augment the menu of qualifications in the various sub-frameworks of the National Qualifications Framework, it also contributes to Section 29(1)(b).

7.2 LEGISLATIVE MANDATE

National Qualifications Framework Act and Skills Development Act

The QCTO has been established in order to ensure the development of Occupational Standards and qualifications for building occupational competence. In this regard the QCTO is responsible for occupational qualifications development, quality assurance of provisioning and certification.

Both the National Qualifications Framework (NQF) Act, No. 67 of 2008 and the Skills Development Act, No. 97 as amended in 2008, outline the functions of the QCTO.

The NQF Act specifies that the QCTO should:

- Develop and manage its sub-framework, make recommendations and advise the Minister on matters relating to its sub-framework;
- Consider and agree level descriptors ensuring that they remain current and appropriate;
- Develop and recommend qualifications to SAQA for registration;
- Develop and implement quality assurance policy for registered qualifications;
- Maintain a database of learner achievements and submit learners' achievement data to SAQA for recording on the National Learner Records Database (NLRD);
- Conduct or commission and publish research; and
- Inform the public about its sub-framework.

The Skills Development Act (SDA), in Chapter 6C (Sections 26F – J), stipulates that the QCTO must:

- Advise the Minister on all matters of policy concerning occupational standards and qualifications;
- Perform its functions in terms of the Skills Development Act and the National Qualifications Framework Act; and
- Subject to any policy issued by the Minister in terms of Section 26F:

- Design and develop occupational standards and qualifications and submit them to the South African Qualifications Authority for registration on the National Qualifications Framework;
- Establish and maintain occupational standards and qualifications;
- Ensure the quality of occupational standards and qualifications and learning in and for the workplace;
- Promote the objectives of the National Qualifications Framework;
- Liaise with the National Skills Authority on the suitability and adequacy of occupational standards and qualifications and on the quality of learning in and for the workplace; and
- Perform any other prescribed function.

PUBLIC FINANCE MANAGEMENT ACT

The QCTO also complies with the Public Finance Management Act (PFMA), Treasury Regulations, Preferential Procurement Policy Framework Act (PPPFA) and the Framework for Supply Chain Management.

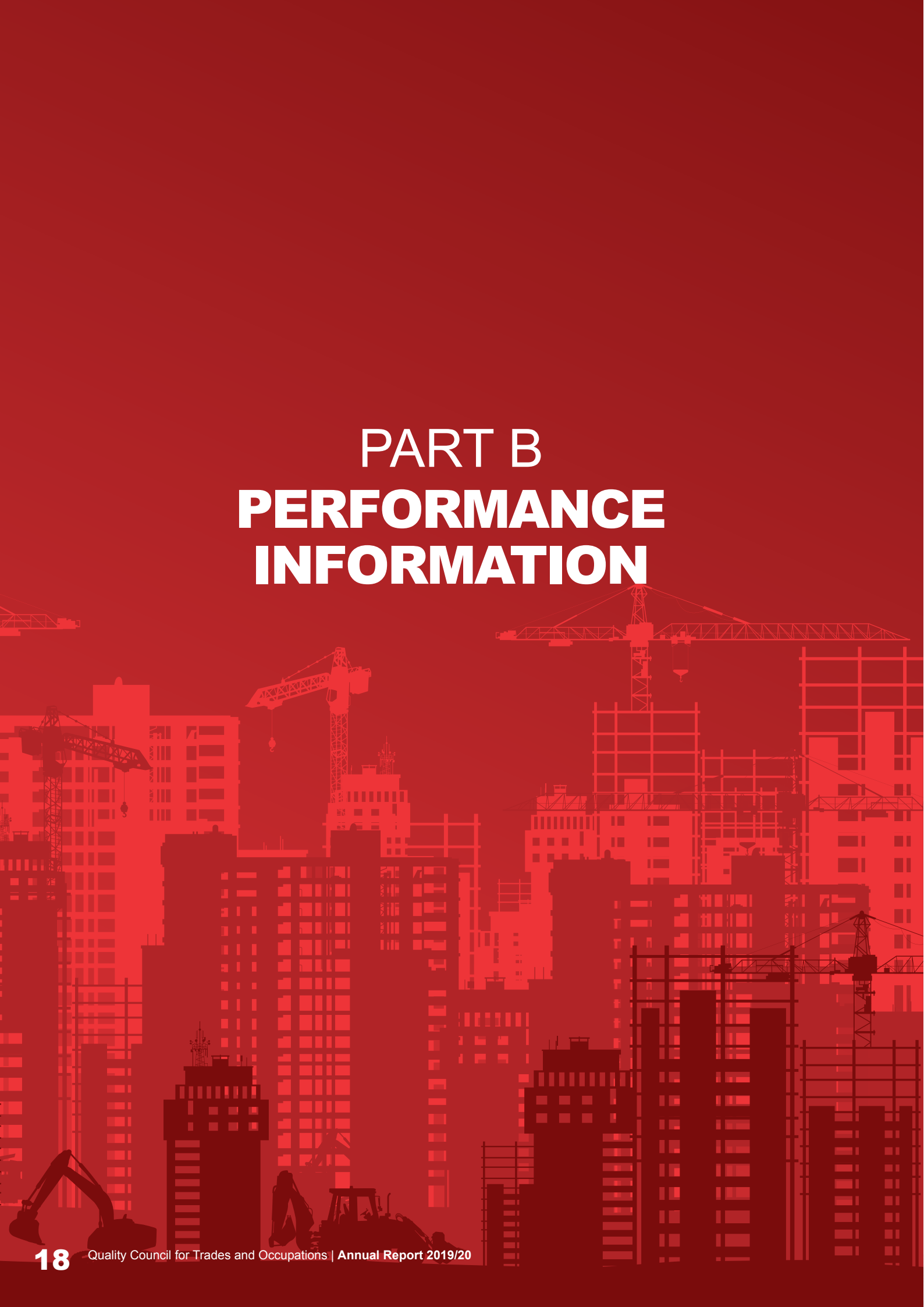
GOVERNMENT POLICY FRAMEWORKS

The overall policy mandate of the QCTO has been further clarified through the publication of the Government Gazette 36003 and 36803 on the determination of the three sub-frameworks that comprise the National Qualifications Framework (NQF). In terms of Gazette 36803 the QCTO is to focus on the development of qualifications on levels 1 to 8 of the NQF and consider qualifications at level 9 and 10 should the need arise. Based on the content of the two Gazettes, the QCTO finalised the Occupational Qualifications Sub-Framework (OQSF) policy, which was approved and published by Council in July 2014. The Minister of Higher Education, Science and Technology approved the revised OQSF Policy on 16 February 2020. The revised OQSF Policy provides new opportunities to the QCTO which will be dealt with in the 2020/21 financial year.

The QCTO mandate is also driven in response to the imperatives of the National Development Plan, NSDP III as well as the White Paper on Post-School Education and Training (WPPSET). The WPPSET's focus on the expansion of TVET Colleges has been a significant driver of the QCTO's operations. Significant work has been performed on converting the NATED qualifications into occupational qualifications that have significant relevance to industry. The QCTO also developed a strategy (called Vision 2020) to respond to the need to simplify the NQF and provide a more streamlined quality assurance model.

8. ORGANISATIONAL STRUCTURE





PART B

PERFORMANCE

INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with

material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 69 of the Report of the AGSA, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 SERVICE DELIVERY ENVIRONMENT

The overall mandate of the QCTO is to develop and manage the OQSF of the NQF. This includes the development and quality assurance of occupational qualifications (including trades) and part qualifications registered on the OQSF (including skills programmes) with a specific focus on occupational qualifications that addresses the national demand. This encompasses:

- Developing, reviewing and recommending occupational qualifications to SAQA for registration on the NQF;
- Overseeing the NATED Report 190/1 part qualifications (N4 to N6 and National N-Diploma) along with the reconstruction of these qualifications;
- Overseeing the historically registered qualifications (unit standard-based and provider-based) and expire or realign them as the case may be;
- Realigning historically registered qualifications into occupational qualifications;
- Accreditation and ensuring quality of Skills Development Providers and Assessment Centres including skills developed and assessed at the workplace;
- Approval and monitoring the work of Quality Assurance Partners (Sector Education and Training Authorities and some Professional Bodies);
- Monitoring the work of Assessment Quality Partners (for example the National Artisan Moderation Body – NAMB);
- Quality Assurance of Assessments;
- Quality Assurance and approval of workplaces; and
- Certification of Learners.

In performing these duties, the organisation takes cognisance of the various national policy initiatives, including the:

- White Paper for Post-School Education and Training (WPPSET);
- National Development Plan (NDP);

- Industrial Policy Action Plan (IPAP);
- National Skills Development Strategy (NSDS) III;
- National Plan for Post-School Education and Training (NPPSET); and
- Ministerial Guidelines on the Implementation of the National Qualifications Framework.

2.1.1 SIMPLIFICATION - TOWARDS A SINGLE NATIONAL QUALITY ASSURANCE SYSTEM.

Key priorities in the Ministerial Guidelines on Strategies and Priorities for the National Qualifications Framework 2015/16 included proposals contained in the White Paper on Post School Education and Training (WPPSET). Important proposals include the simplification of the NQF and the Quality Assurance responsibilities of the Quality Councils.

In order to address these issues the QCTO developed a model that will culminate into a Single National Quality Assurance System for Qualifications on the OQSF. The QCTO currently manages two Quality Assurance Systems. The one relates to the new Occupational Qualifications and the other relates to all other legacy qualifications including NATED, old trades, historically registered qualifications and skills programmes. The QCTO takes full responsibility for the quality assurance of this category of qualifications. To this end, the QCTO has a full suite of Council approved policies and processes. With respect to the historically registered qualifications, the QCTO conducts ongoing monitoring of the SETAs' level of compliance and performance with respect to the delegated functions with quarterly monitoring and reporting. The monitoring includes provider site visits.

The strategy towards the implementation of the Single National Quality Assurance System is captured in the QCTO strategic document called "Vision 2020" and is based on the alignment of the systems in place for the historically registered qualifications, the NATED programmes and the Occupational Qualifications. The alignment of the systems would have to be phased in

over a period and is contingent on resource availability and finalisation of policy positions.

The outcome of the realignment process would ensure:

- All qualifications being transformed into Occupational Qualifications that address national demand;
- Simplification of the OQSF and the Quality Assurance processes;
- Quicker turnaround time;
- Stakeholder involvement;
- Reviewed Qualifications;
- Articulation to and Parity of Esteem with qualifications on the HEQSF; and
- Quality, trusted Occupational Qualifications.

The work of the QCTO over the reporting period was giving effect to this strategy, which was issued as QCTO Circular 1 of 2017, which provided directives on managing the realignment of qualifications, taking over the accreditation of skills development providers for historical qualifications, the implementation of a Final Summative Assessment for historically registered qualifications and the external verification of learner achievements. Working closely with the SETAs, the QCTO assisted in resolving issues related to the delegated functions. These related mainly to backlogs in the accreditation of providers and verification of learner achievements, registration of assessors and moderators, as well as certification of learners.

2.1.2 SIMPLIFICATION – RATIONALISATION OF THE OQSF

The development and rationalisation of qualifications is a major focus of the QCTO. The QCTO is required to develop occupational standards and qualifications and to register these on the NQF. At the same time, the QCTO is required to simplify the OQSF. In order to achieve this, the QCTO embarked on the process to rationalise the OQSF by identifying 56 historically registered qualifications with no uptake in the last two years and recommended to SAQA to deactivate these qualifications. A hundred historically registered qualifications with uptake and still relevant in industry were identified by Development Quality Partners for realignment. Three-hundred-and-three Occupational Qualifications are registered which replace 164 historically registered qualifications. A consultative process to deactivate these qualifications

has begun and some historically registered qualifications will be deactivated in the next financial year. It has to be noted that the registration date of historically registered qualifications will end in 2023, and given this, the QCTO will start to deactivate historically registered qualifications, after a consultative process, in the next financial year.

2.1.3 STRENGTHEN AND EXPAND THE TVET COLLEGE SYSTEM

The QCTO is a key partner in the Dual Systems Pilot Project and the Centres of Specialisation (CoS) Project undertaken by the DHET. Both these projects aim to enable TVET Colleges to implement the QCTO qualifications, using the dual apprenticeship model. The QCTO has thus far developed Occupational Qualifications for 87 of the 125 listed trades. Of the registered trades, the DHET has identified 13 Trades which are being piloted in some TVET Colleges.

The reconstruction of the NATED Report 190/1 part qualifications to occupational qualifications was completed for all the Business and General Studies (N4-N6 programmes). The Engineering Studies programmes are being reconstructed in consultation with the Engineering Council of South Africa (ECSA), TVET Colleges and Universities of Technology to ensure articulation within the OQSF and across the sub-frameworks of the NQF. Some of the Engineering Studies have been incorporated in the development of Trades qualifications.

The list of registered occupational qualifications that replaces the N4 – N6 programmes, as well as all registered occupational qualifications, is forwarded quarterly to the DHET to be registered as Learnerships. All registered occupational qualifications submitted to the DHET can be utilised as learnerships by SETAs and accredited skills development providers.

2.1.4 CORE OPERATIONS

Regarding the accomplishment of its mandate, the work of the QCTO over the past four years and coming year can be encapsulated into two main strategic goals:

- Establishing an organisation that has a sound foundation enabling its sustainability for years to come; and

- Ensuring that South African citizens have access to credible skills training that supports both industrial and social development.

To create credible skills training opportunities, there is a need for qualifications that employers find acceptable. These qualifications must be seen as credible, thus the need to structure a quality assurance system that fosters strict oversight and monitoring of learning provision.

A total of 303 occupational qualifications were evaluated, approved by the QCTO Council and registered on the OQSF of the NQF. Although these qualifications cut across the NQF Levels, they are mostly between NQF Levels 2 and 6. Those on NQF Levels 7 and 8 are qualifications that articulate to HEQSF; such qualifications require of a person to have either completed a degree or be busy with a postgraduate qualification. An example is an Occupational Certificate: Tax Professional which some HEIs use as a requirement to complete an accounting degree.

Underpinning the availability of qualifications, there should be a reliable quality assurance system consisting of properly approved assessment quality partners, assessment centres and skills development providers, all of which require proper monitoring. During the year under review the QCTO increased its capacity of the Quality Assurance Unit in order to strengthen the QCTO quality assurance activities.

In addition to registering Occupational Qualifications and part qualifications, the QCTO also accredits skills development providers. Despite experiencing difficulties with the appointment of part-time QCTO verifiers, the accreditation system is operational. By the end of the 2019/20 financial year, 701 skills development providers applications were processed of which 499 applications were new and 202 were part of a backlog. A total of 42 registered occupational qualifications have learner uptake to date.

The QCTO also engaged various key stakeholders such as the South African Airways, Electricity Supply Commission, Maritime on Phakisa Project, Transnet, Sport Development Institute on Physical Training Education, the Department of Agriculture, Fisheries and Forestry, the Department of Rural Development and Land Reform and other key entities of the government, as part of information sharing on qualifications, accreditation and quality assurance.

2.1.5 E-LEARNING AND RECOGNITION OF PRIOR LEARNING

Conceptualisation of E-learning as a mode of delivery for the achievement of occupational qualifications received attention during the year which resulted in the development of a draft policy. An E-Assessment policy was developed and approved by Council. This was in response to the Minister's call for attention to be given to "open learning" models in order to increase opportunity and participation. This is an area in which the QCTO will see significant growth due to the impact of COVID-19 on teaching and learning.

Recognition of Prior Learning (RPL) is being used extensively in the occupational space as there are a significant number of workers who are functioning in certain occupations and jobs but are without formal recognition (certification). This is most prevalent in the trade sector. Through the implementation of the RPL toolkit, a number of candidates took the trade test and were certificated accordingly. The NQF Impact study report acknowledges the success of RPL for qualifications on the OQSF.

2.1.6 CERTIFICATION

Virtually all certification backlogs that plagued the system for a number of years have been eliminated. Any of the historical backlogs that come to the attention of the QCTO are assigned to a project team to be addressed speedily. Since the QCTO took over the task of issuing trade certificates, it has achieved its target of a 21-day turnaround time. This means that no backlog exists in the issuing of trade certificates on the side of the QCTO.

2.2 ORGANISATIONAL ENVIRONMENT

2.2.1 POLICY ENVIRONMENT

The QCTO derives its mandate from the Skills Development and the NQF Acts as well as the other key policy documents and Ministerial Directives. The QCTO was unable to give full effect to its quality assurance mandate due to the delay in the finalisation of key policy positions such as the SETA landscape, the National Skills Development Plan and the National Plan for Post School Education and Training. The delay in the gazetting of the NSDP had a knock-on effect on the implementation

of the QCTO Vision 2020 which outlined the strategy for the revoking of the quality assurance functions delegated to the SETAs. To support the implementation of the strategy, the Council was requested by the DHET to develop and submit a Business Case which argued for a revised funding model for the QCTO. The Business Case was not approved, pending the finalisation of the NSDP. This meant that the QCTO continued to monitor the SETA performance with respect to the delegated quality assurance functions while implementing aspects of Vision 2020 which did not require additional funding and which aligned with some APPs set for the year. However, this situation resulted in the QCTO not achieving on the particular performance indicator regarding the revoking of quality assurance functions delegated to SETAs. It is envisaged that the gazetting of the NSDP in March 2019 will provide the basis for the QCTO to implement Vision 2020 albeit in a measured way as the NSDP is implemented only from 1 April 2020. The QCTO did however respond to key considerations of the WPPSET as highlighted under the Service Delivery section above. This process was further strengthened by the approval for implementation of the QCTO's plan for the revoking of quality assurance functions delegated to SETAs by Minister Nzimande on 24 February 2020. The QCTO will implement the revoking plan while paying careful attention to the recommendations made by the Minister to ensure minimal disruption to the system.

2.2.2 FUNDING

The QCTO's main sources of funding for the reporting period were the Government Grant (R26 056 000) and the SETA Grant (R90 348 000). The QCTO has to apply annually for the SETA Grant. The amount requested for the 2019/20 financial year was R134 million. The QCTO further applied for a surplus retention of R19 159 000 which was approved by National Treasury to fund unfinished projects as well as office remodelling. Since the amount requested for the SETA Levy Grant was not granted in full, it meant that the QCTO had to scale down on its targets. Apart from funding operations, the QCTO requires funding for the development of its systems and capacity to implement a single national quality assurance system for the OQSF. Due to the uncertainty of the funding year-on-year and taking into consideration the fiscal constraints of the country, the QCTO has adopted a frugal approach to its expenditure patterns. This has realised in savings that will fund further development of

the QCTO Management Information System (MIS) and IT systems which are critically needed due to the effects of the COVID-19 pandemic and the need to access our systems remotely.

2.2.3 INFORMATION AND COMMUNICATION TECHNOLOGY

The QCTO took major steps in the digital transformation of the organisation with the deployment of remote collaboration tools and secure offsite virtual private network access. The organisation also deployed an Intranet solution to disseminate information to all staff. In order to build resilience, the QCTO successfully tested its critical systems for offsite work area recovery and operation. The QCTO systems also passed an ICT security vulnerability analysis and penetration test. These two test successes give the organisation confidence that they are prepared for any cybersecurity incidents that may threaten to disrupt the business operations of the QCTO. The QCTO awarded a tender for the deployment of an enterprise content management (ECM) system which will automate the approved file plan. The ECM system will make it easier for the organisation to store, retrieve and dispose of records in a way that will make the organisation compliant with among others, the POPI and PAIA Acts.

2.2.4 HUMAN RESOURCES

The QCTO continues to operate and fill positions in terms of the revised organisational structure that was approved by the Council in 2016. The QCTO's total staff complement for 2019/20 was 119.

Of the six Clusters in the approved structure, only two clusters are functioning, i.e. Cluster 1 – Engineering and Trades, and Cluster 2 - Business and General. The number of clusters will increase incrementally over the years as the QCTO continues to build its capacity.

In addition to the already approved revised organisational structure, the Council approved the following additional posts to support the QCTO's critical functions:

- Two TVET Specialists - to manage the implementation and quality assurance of occupational qualifications and part qualifications in TVET Colleges. The recruitment of these posts is in progress.

- Deputy Director: Legal Services that existed on the structure was approved to ensure provision of first line internal legal services on legal matters. Recruitment of the post is in progress.
- Practitioner: Transport and Fleet Management - the QCTO purchased its own fleet of vehicles for utilisation by employees, especially when they conduct the monitoring function nationally, and this necessitated the creation and approval of the post of Practitioner: Transport and Fleet Management to manage the fleet.
- Senior Secretary to the Chief Financial Officer - was created and approved to provide support to the CFO's office. This position has been filled.

2.2.5 MARKETING

During the financial year under review, the Marketing and Communication Unit developed an Annual Marketing and Communication Plan with an adopted theme 'Creating intense, active and loyal friendships with our stakeholders'.

Central to this plan was the Integrated Marketing Communication (IMC) concept, which aimed at combining various marketing communications mixes into a unified whole to create synergy in our marketing communications efforts.

To build genuine relationships with our stakeholders, the unit managed to segment and to prioritise its target audience in the process of developing a Marketing and Communication Strategy. Stakeholder analysis helped the unit to have a focused communication message in all its marketing products. The key message was – nine years of qualifying a skilled and capable workforce and in January 2020 onwards – it was replaced by ten years of qualifying a skilled and capable workforce.

As part of building loyal relationships, the unit actively joined forces with the Department of Higher Education and Training in its Public Awareness Campaign against Bogus Colleges. The unit also participated at some of the partners' career exhibitions as part of creating awareness about the QCTO and its Occupational Qualifications. There were initiatives that were successfully implemented such as coordinating meetings with Public Schools' Life Orientation Teachers to expose them to the benefits of the QCTO's qualifications because teachers play a significant role in influencing learners' career choices. The unit also

embarked on a drive to build relationships with Sector Education and Training Authorities' (SETAs) Marketing and Communications teams. The unit continued to play an active role as a member of the National Qualifications Framework (NQF) Advocacy Sub-Committee, led by the South African Qualifications Authority (SAQA).

A number of creative marketing products were produced to ensure that the QCTO's services are understood and the targeted beneficiaries are aware of the QCTO's services. These marketing products include the following but are not limited to:

- Approved Marketing and Communication strategy
- Approved Communication Policy
- Publications such as Career Guide 2nd edition, Ulwazi (Knowledge) External Newsletter and Inside QCTO (Internal Newsletter)
- Explainer video marketing products (Content Marketing Videos)
- Infographics to give an easy to understand overview of certain topics
- Targeted events such as Blitz Campaigns, Career Expos, Bogus Colleges Awareness Campaigns, TVET Awareness Campaigns, Conferences and Symposiums
- Promotion of Recognition of Prior Learning
- Radio slots (Promoting Occupational Qualifications through SABC Public Radio Stations)
- Creation of the QCTO Facebook Page as part of amplifying the QCTO's Marketing and Communication Strategies

2.2.6 COMPLIANCE, RISK MANAGEMENT AND FRAUD PREVENTION

With the staff establishment having stabilised, performance planning and management aligned to strategy have taken centre stage facilitated through rigorous operational planning at unit level. The new Framework for Short- and Medium-Term Planning from the Department of Planning, Monitoring and Evaluation was implemented and adhered to. The Strategic Plan 2020/21 to 2024/25, the Annual Performance Plan 2020/21 and the Operational Plans for 2020/21 have all been developed and were submitted per compliance due dates. The Minister approved the Strategic Plan and Annual Performance Plan on 6 March 2020.

Performance planning and management will continue to assist the organisation in its effort to focus on its mandate while the implementation of plans and policies related to staff development will enable all levels of the staff establishment to reach the desired capability to deliver on the QCTO's strategy. The QCTO has been working with staff to embed better strategic planning processes along with risk management and fraud prevention, the latter strengthened by the services of the QCTO's Internal Auditors.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

No new policy developments or legislative changes were experienced this year; however, the four initiatives below still have significant impact on the QCTO's operations:

- 2.3.1 The Government Gazette No. 34932 R20 2 (5) that makes provision for SETAs to: "monthly from 1 October 2012 transfer as part of its administration costs as contemplated in sub regulation (1) and approved in the annual SETA strategic plan, a maximum of 0,5% of the total levy received by the SETA to QCTO for quality

assurance functions as contemplated in section 26H of the Act";

- 2.3.2 A Government Gazette published in August 2013 on Amendments to the Determination of the National Qualifications Framework's Sub-frameworks (Gazette No. 36 803 published on 30 August 2013);
- 2.3.3 The White Paper for Post-School Education and Training launched on 16 January 2014 by the Minister; and
- 2.3.4 The approval of the revised QQSF Policy on 16 February 2020.

2.4 STRATEGIC OUTCOME ORIENTED GOALS

- 2.4.1 The QCTO started to implement its Strategic Plan 2015/16 to 2019/20 as from 1 April 2015. Although the Council has reviewed the Strategic Plan, it held the opinion that the Plan was still valid and did not need changes.

The QCTO made the following progress in terms of its Strategic Outcomes Oriented Goals:

STRATEGIC OUTCOMES ORIENTED GOAL 1	COMPETENT PEOPLE IN PRIORITY TRADES AND OCCUPATIONS
GOAL STATEMENT	Contribute to the creation of a skilled and capable workforce in priority trades and occupations for employment opportunities that are available in the labour market.
INDICATOR	Number of certificates issued in priority occupational qualifications (trades and non-trades) after recommendation by Assessment Quality Partner.
PROGRESS	<p>OCCUPATIONAL QUALIFICATIONS</p> <ul style="list-style-type: none"> The QCTO approved 153 occupational qualifications for recommendation to SAQA for registration. This figure is slightly above the previous year's figure of 126. The QCTO was able to achieve its set targets for this financial year in the areas of Normal development and Realignment respectively with achievement as outlined below: <ul style="list-style-type: none"> Normal development: 89 occupational qualifications were recommended to SAQA for registration. This number is made up of 64 full qualifications and 25 part qualifications. Realignment: 64 occupations qualifications were recommended to SAQA for registration. This number is made up of 18 full qualifications and 46 part qualifications. As part of simplifying the National Qualifications Framework (NQF), the QCTO is working with its stakeholders in transforming historically registered qualifications still in demand into occupational qualifications before the current registration date ends.

PROGRESS (cont.)

- The realignment of historically registered qualifications to occupational qualifications is on track and is being closely monitored by the QCTO. A number of Historically Registered Qualifications will be recommended to SAQA for deregistration in the next financial year.
- Another focus area in this financial year has been on repackaging qualifications with part qualifications that were returned by SAQA. Part qualifications that have a credit value of above 120 have been repackaged as stand-alone qualifications. All Qualifications should at least have 120 credits in order to be considered for registration and Part Qualifications should have less than 120 credits. This is in accordance with the latest Criteria and Regulations to Register Qualifications and Part Qualifications which was published by SAQA.
- The approval and publication of the Revised Occupational Qualifications Sub-Framework Policy has provided clarity on the distinction between full qualifications, part qualifications and skills programmes.
- In the ten years of the QCTO's existence, new qualifications and skills programmes have emerged as a response to skills development requirements for the formal, non-formal and informal economies. This development highlights the value brought by the QCTO in contributing towards ensuring availability of skills required to support South Africa's developing economy.
- The QCTO embarked on a project of developing qualifications internally by appointing Facilitators that reported directly to qualifications Managers on the development process of occupational qualifications. In this project, the QCTO coordinated the development of 15 trade qualifications and 13 occupations in high demand. Valuable lessons have been learnt from this exercise and a detailed plan will be shared with stakeholders in the next financial year. Besides, such learning has been utilised to further streamline qualifications development processes and the QCTO is in a position to account on how, when and what regarding the development of qualifications. Furthermore, reduced turnaround time is the main expected outcome for future development of qualifications.
- The Revised Occupational Qualifications Sub-Framework (OQSF) Policy was approved for publication by the Minister of Higher Education, Science and Technology. Such an approval then culminated in the gazetting of the Revised OQSF Policy by the Chairperson of QCTO Council.
- The Revised OQSF Policy makes provision for different qualification types and improved qualifications requirements which goes a long way in positioning occupational qualifications to enjoy parity of esteem comparable to that of other qualifications on the National Qualifications Framework.
- The new nomenclature for these qualifications is outlined below:

NQF Level	Qualification Type
NQF Level 1	General Occupational Certificate
NQF Level 2	Elementary Occupational Certificate
NQF Level 3	Intermediate Occupational Certificate
NQF Level 4	National Occupational Certificate
NQF Level 5	Higher Occupational Certificate
NQF Level 6	Occupational Diploma
NQF Level 7	Advanced Occupational Diploma
NQF Level 8	Specialised Occupational Diploma

PROGRESS (cont.)	<ul style="list-style-type: none"> • The implementation of the Revised QQSF Policy will be discussed with stakeholders so that less or no confusion is experienced when the policy is implemented. The policy will be implemented in phases so that stakeholders do not experience negative impacts and if they do, it will be minimal and manageable. • According to SAQA records 416 occupational qualifications were registered by SAQA by the end of the 2019/20 financial year. As soon as SAQA registers qualifications and part qualifications, QCTO prepares a revised list of registered qualifications and submits the list to the DHET. This is to ensure that the DHET has enough occupational qualifications that they can choose from as it reviews its Programme Qualifications Mix (PQM) for both Private FET and Public TVET/CET Colleges. • One-hundred-and-fifty full qualifications and 169 part qualifications are in the process of registration. These are between SAQA and the QCTO. During bilateral meetings between SAQA and the QCTO these qualifications are discussed at length to ensure that they are correctly registered. • Registered qualifications and part qualifications will be reviewed and realigned to the requirements stipulated in the revised QQSF Policy. • Following the Minister's directive, the QCTO has developed and approved 22 priority Skills Programmes. The purpose of developing these Skills Programmes was to have them delivered by Community and Education (CET) Colleges. These 22 Skills Programmes which are available for use by any Skills Development Provider are on the QCTO website. The Skills Programmes that comply with the Criteria and Regulations policy of SAQA to register qualifications and part qualifications will be recommended to SAQA for registration but Skills Programmes that are useful and needed but do not fully comply with SAQA prescripts, will be recorded and kept on the QCTO MIS. Learners using recorded Skills Programmes will have their information kept on the QCTO MIS for future reference. During the quarterly visits to both private FET and public TVET/ CET Colleges it was observed that some colleges implement skills programmes which are similar but implemented differently by different colleges and not accredited. The QCTO will market its Skills Programmes but also invite Skills Development Providers that seek to develop Skills Programmes, to do so by using an approved template and guideline to develop Skills Programmes. • The QCTO collaborated with the DHET's various projects like the Centres of Specialisation (CoS) Project. The DHET applied for accreditation of 23 TVET Colleges to implement 13 Trade Occupational Qualifications in piloting the delivery of these qualifications. This project will reach its third year in the next financial year which will culminate in some of the 23 TVET Colleges conducting EISA. The QCTO has begun developing EISA for these colleges. The following Trades, which are registered Occupational Qualifications, are utilised for the CoS Pilot Project: <ol style="list-style-type: none"> Rigger; Electrician; Plumber; Welder; Bricklayer; Fitter and Turner; Mechanical Fitter; Millwright; Mechanic including automotive mechanic; Boilermaker;
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PROGRESS (cont.)	<ul style="list-style-type: none"> k. Pipe Fitter; l. Carpenter and Joiner; and m. Diesel Mechanic. <ul style="list-style-type: none"> • Another collaborative project with the DHET is the Dual System Pilot Project (DSPP) wherein two trade qualifications are being implemented, i.e. Electrician and Plumber. Current challenges and successes of the DSPP will be reported on the next financial year as some learners in this project are not doing well due to delivery of the programme as well human resources capacity. • Focused stakeholder engagements were held on skills programmes with the Department of Public Work's Extended Public Works, as well as with Transnet's Maritime School of Excellence. These engagements will be taken forward in the next financial year, given that the QCTO Council has approved a mechanism for the development and recording of skills programmes. • Accreditation of Skills Development Providers (SDPs) that seek to offer occupational qualifications continued during this financial year. The average turnaround time of 90 days could not be achieved in 2019/20. There had been an increase in the number of applications received for accreditation, while on the other hand the number of QCTO staff processing these applications had not increased. The QCTO has received additional funding from the NSF to assist with the backlog of 100 SDP applications, and the QCTO has increased a database of verifiers to be used for site visits. The QCTO is still experiencing challenges in getting verifiers for some specialised qualifications areas such as mining and aviation. All of these factors impacted on the turnaround time not being achieved. • During 2019/20 499 SDPs were accredited to offer occupational qualifications. During this period, the QCTO processed 199 applications for historical/legacy qualifications. • As the White Paper made it emphatically clear that Technical and Vocational Education and Training (TVET) Colleges are central to the post-school expansion strategy and as the NATED Report 190/1 (N4 to N6 programmes) part qualifications make up an essential part of the TVET Colleges' programme mix, the QCTO's reconstruction of N4 – N6 programmes is still in progress. The Engineering Studies N4-N6 have been part of the development of Trades qualifications. Together with ECSA, TVET Colleges and Universities of Technology (UoTs), engineering studies will be reconstructed into occupational qualifications and registered occupational qualifications pegged at NQF Levels 5 or 6. This will ensure articulation possibilities for learners who may struggle to complete their engineering qualifications on the Higher Education Qualifications Sub -Framework (HEQSF) or learners studying engineering related occupational qualifications on the OQSF of the NQF can articulate to other qualifications on the HEQSF of the NQF. • The QCTO continued to engage other government departments, private and public entities to support the development of occupational qualifications processes. The QCTO has been, and continues to be in partnership with the:
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PROGRESS (cont.)

- Department of Tourism;
- Department of Agriculture Forestry and Fisheries;
- South African Maritime Safety Authority;
- South African Sports Confederation and Olympics Committee;
- Financial Sector Conduct Authority;
- Department of Water and Sanitation;
- Municipalities;
- Water Institute of Southern Africa; and
- Sector Education and Training Authorities.

QUALITY ASSURANCE

- During the 2019/20 reporting period the QCTO continued to apply its full quality assurance for the new Occupational Qualifications. In the year under review 31 final External Integrated Summative Assessments (EISAs) were administered, which shows a steady growth in the number of EISAs that have been conducted since November 2014 for the following Occupational Qualifications:

- a. Electrical Line Mechanic;
- b. Toolmaker;
- c. Electrician;
- d. Financial Markets Practitioner;
- e. Tax Technician;
- f. Tax Professional;
- g. Professional Principal Executive Officer;
- h. Compliance Officer;
- i. Chef;
- j. Health Promotion Officer;
- k. Insurance Agent (Insurance Underwriter);
- l. Organisational Risk Practitioner; and
- m. Insurance Claims Administrator.

The QCTO is continually evaluating its policies, procedures and systems used in the setting of standards for assessment instruments and the approval of results.

- As at the end of the 2019/20 reporting period, there were 39 approved Assessment Quality Partners (AQPs) to develop and manage assessments for registered Occupational Qualifications. This includes the National Artisan Moderation Body (NAMB) as the AQP for trades as well as Sector Education and Training Authorities (SETAs), Professional Institutions and Professional Bodies. There has been an increase in the number of Assessment Centres that have been accredited for Occupational Qualifications. For the period 2019/20, 196 Assessment Centre applications were processed for Occupational Qualifications. The turnaround time for processing all assessment centre accreditation applications was well within the 30-day period, as specified in the Assessment Centre Accreditation Policy. Of these applications, 190 were approved and six declined. Out of the 196 Assessment Centre applications that were processed, the QCTO verified 109 by means of site visits.

PROGRESS (cont.)	<ul style="list-style-type: none"> • The QCTO trade certification system has been maintained and enhanced to ensure that the electronic upload of learner information is maintained. The QCTO has uploaded legacy Trades information to the NLRD. The development of a fully-fledged certification system for all qualifications on the QQSF was prioritised within the broader MIS system development project and completed for implementation on 1 April 2020. Much of the backlog in the issuing of trade certificates has been resolved. A few outstanding certificates, which were identified with SETAs were addressed with a specific focus on the EWSETA backlog. The turnaround time for producing certificates is now well within the 21-day period as specified in the policy. In addition, the Certification Unit also conducts the verification of certificates within a five working day turnaround time. The QCTO continues to provide this service through formal service level agreements with its verification clients. A total of 11 547 requests for verification of trade certificates were processed. • The QCTO reported misrepresentation of Trade Certificates to SAQA on a quarterly basis. SAQA received a report of 608 trade certificates being misrepresented. • The Certification Unit processed 100% (18 887 records) of the certification recommendations for trade certificates within a 21 working day turnaround time received from NAMB. • The QCTO issued 277 Occupational Certificates in 11 occupational qualifications in the 2019/20 financial year. The Council approved the fee structure for certification and verification was reviewed and successfully implemented. • The Quality Assurance Unit continued monitoring visits to Quality Assurance Partners (QAPs), however, in line with the QCTO 2020 Vision Takeover Strategy. The QAPs included the 21 SETAs and 12 professional bodies. A special focus was on the monitoring of SETA accredited Skills Development Providers (SDPs), status of qualifications with regard to their lifespan, implementation of assessments and readiness; and the monitoring of assessments for historically registered qualifications. During this period, the Quality Assurance Unit also began to monitor the implementation of new occupations by accredited SDPs with specific focus on those that already reported learner enrolments.
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STRATEGIC OUTCOMES ORIENTED GOAL 2	CREATE A SUSTAINABLE ORGANISATION
GOAL STATEMENT	Create a sustainable organisation to deliver on the QCTO's mandate.
INDICATOR	Management systems developed, implemented and maintained by March 2020.
PROGRESS	<ul style="list-style-type: none"> The QCTO has developed very strong systems of internal controls in its Finance and Supply Chain Management areas which have resulted in the effective and efficient use of the financial resources of the organisation. The QCTO has matured in the development and implementation of support systems. All management support systems (Human Resources, Information Technology, General Administration, Marketing and Communication) are in place and are constantly monitored and reviewed, where necessary. In order to start reducing dependence on external software developers, the QCTO hired its first developer to build in-house capability. More developers will be hired in due course to enhance the team. The approved multiyear Master Systems Plan (MSP) guides implementation of ICT projects. The plan has yearly determined implementation milestones and deliverables dependent on business priorities and the availability of funds. During the year under review, the following elements of the MSP were implemented: <ul style="list-style-type: none"> The ICT Continuity Plan to support the enterprise-wide BCM (Business Continuity Management) Plan was successfully tested and documented. BCM Champions were appointed per business unit and trained in BCM procedures. The QCTO intranet portal for staff was launched. The ICT governance processes were carried out as mandated by the DPSA CGICTPF framework. The hard drives of QCTO laptops deemed to carry sensitive information were encrypted to prevent unauthorised access in the event of loss of those laptops. A follow-up vulnerability analysis and penetration test showed that the QCTO ICT systems were secure.

3. PERFORMANCE INFORMATION BY PROGRAMME

The QCTO hereby reports against its Annual Performance Plan 2019/20 as approved by the Minister on 6 February 2019.

3.1 PROGRAMME 1: ADMINISTRATION

THE PURPOSE OF PROGRAMME 1

To enable QCTO performance through strategic leadership and reliable delivery of management support services.

THE FOLLOWING STRATEGIC OBJECTIVE LINKS TO PROGRAMME 1

Strategic objective 1.1: Institutional capability in place to enable QCTO to deliver its products and services.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Programme 1: Administration in the QCTO performed as follows:

Significant achievements include timeous development and approval of both the ICT Implementation Plan 2019/20 and the Marketing and Communications Plan 2019/20. The greatest achievement was to see the full implementation of all planned activities in the Marketing and Communications Plan 2019/20. The said achievement has strengthened and contributed to the QCTO's Strategic Outcome Oriented Goal 2 (Create a sustainable organisation) in that it has strengthened the QCTO's presence and ultimately fostered collaborations and relationships with stakeholders.

Moreover, the mandate of the QCTO as per the National Qualifications Framework Act, includes, informing the public about its sub-framework, and it was through the achievement of the Marketing and Communications Plan that this outcome could be realised.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
PROGRAMME 1: ADMINISTRATION					
Strategic objective 1.1: Institutional capability in place to enable the QCTO to deliver its products and services					
1.1.1 ICT MSP Implementation Plan fully implemented annually	Not achieved Annual ICT Implementation Plan approved but not fully implemented. Not all activities as per the approved plan were executed.	Implementation Plan for 2019/20 approved by the ICT Steering Committee and implemented.	Not achieved The Annual ICT Implementation Plan was approved by the ICT Steering committee, but not fully implemented.	Not all activities as per the approved plan were executed. Fourteen out of 21 projects/activities in the approved ICT Implementation Plan were not yet concluded by the end of the financial year.	Tendering processes that were not yet implemented and the National Lockdown delayed implementation of some of the scheduled projects. These projects will be prioritised in the new financial year.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
1.1.2 Annual Marketing and Communications Plan fully implemented	Not achieved Implementation Plan approved and activities were executed in line with the approved plan, however not all activities were executed (Implementation Plan not fully implemented).	Annual Marketing and Communications Plan approved by MANCOM and fully implemented.	Achieved Annual Marketing and Communications Plan was approved by MANCOM and fully implemented.	None	N/A

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The Annual ICT Implementation Plan was approved by the ICT Steering Committee, however not fully implemented. Not all activities as per the approved plan were executed, and this was attributed to tendering processes that were not yet concluded at year-end and the National Lockdown, which impacted and delayed implementation of some of the scheduled projects.

The outstanding activities and projects will be prioritised in the 2020/21 financial year.

LINKING PERFORMANCE WITH BUDGETS

Hereunder is an analysis of the 2019/20 budget for Programme 1:

PROGRAMME 1: ADMINISTRATION

CLASSIFICATION	ADJUSTED BUDGET 2019/20 R'000
Compensation	19 638
Goods and services	31 619
Capital expenditure	21 056
TOTAL	72 313

3.2 PROGRAMME 2: OCCUPATIONAL QUALIFICATIONS

THE PURPOSE OF PROGRAMME 2

To ensure that occupational qualifications registered on the Occupational Qualifications Sub-Framework are available and Skills Development Providers (SDPs) that offer occupational qualifications are accredited within a reasonable period and ensure credibility of providers.

THE FOLLOWING STRATEGIC OBJECTIVE LINKS TO PROGRAMME 2

Strategic objective 2.1.: Ensure prioritised occupational qualifications recommended to SAQA for registration on the Occupational Qualification Sub-Framework which are utilised and effectively managed.

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Programme 2: Occupational Qualifications in the QCTO performed as follows:

Programme 2 can be broken down into three main strategic objectives which are to ensure that occupational qualifications registered on the QSF are available. This objective was achieved through indicators 2.1.1 and 2.1.2.

The second objective of ensuring that Skills Development Providers (SDPs) that offer occupational qualifications are accredited within a reasonable period was partially achieved through indicators 2.1.3 (a) and 2.1.3 (b).

The third objective of ensuring the credibility of providers was not achieved as shown by indicators 2.1.4 (a) and 2.1.4 (b) due to an increasing number of providers, as a result of QCTO revoking previously delegated quality assurance functions from 21 Sectoral Education and Training Authorities (SETAs) and the National Artisan Moderation Body (NAMB). This has resulted in insufficient resources being available to quality assure providers in line with the annual target. The QCTO will be adopting an online self-quality assurance approach by providers coupled with risk based onsite quality assurance in the next financial year.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
PROGRAMME 2: QUALIFICATIONS MANAGEMENT					
Strategic objective 2.1: Ensure prioritised occupational qualifications recommended to SAQA for registration on the Occupational Qualification Sub-Framework which are utilised and effectively managed					
2.1.1 Number of prioritised occupational qualifications (full/part/skills programmes) recommended to SAQA for registration on the QSF	Achieved A total of 76 prioritised occupational qualifications (35 full and 41 part) recommended. Note: Revised indicator. Skills programmes not applicable in 2018/19.	Fifty prioritised occupational qualifications (full/ part/ skills programmes) recommended.	Achieved Eighty-nine prioritised occupational qualifications (64 full and 25 part) were recommended to SAQA for registration on the QSF.	Deviation of 39 above the planned target.	The QCTO received a higher number of qualifications for evaluation than the target set.
2.1.2 Number of historically registered qualifications realigned to occupational qualifications and part qualifications recommended to SAQA for registration on the QSF	Achieved Fifty historically registered qualifications realigned.	Fifty historically registered qualifications realigned.	Achieved Sixty-four historically registered qualifications realigned to occupational qualifications and part qualifications recommended to SAQA for registration on the QSF.	Deviation of 14 above the planned target.	The QCTO received a slightly higher number of qualifications for evaluation than the target set.
2.1.3 (a) % of Skills Development accreditation applications offering occupational qualifications and part qualifications processed within the turnaround time (90 working days) Revised indicator for 2019/20	Not achieved 63% A total number of 250 SDPs were accredited during this time. A total of 158 SDPs were accredited within the 90 working days turnaround time, and 92 outside the turnaround time.	90%	Not achieved 39% A total of 275 out of 701 processed SDPs accreditation applications were processed within the turnaround time of 90 working days.	51%	Not able to appoint adequate suitably qualified verifiers on time as well as increasing number of applications due to revoking functions from the SETAs and NAMB.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
2.1.3 (b) % of Skills Development Providers offering historically registered qualifications processed within the turnaround time of 90 days Revised indicator for 2019/20	Achieved A baseline of 74 days was established based on the 52 accreditation applications processed.	80%	Achieved 100% A total of 198 out of 198 SDP applications for Historically Registered Qualifications were processed within the turnaround time of 90 days.	20%	Improved process efficiency.
2.1.4 (a) % of occupational qualifications and part qualifications with learner uptake quality assured against QCTO compliance standards Revised indicator for 2019/20 Indicator in 2018/19 read: % of accredited Skills Development Providers that reported on learner uptake for occupational qualifications are monitored against QCTO compliance standards	Not achieved A total number of 191 SDPs reported learner uptake through the year, of which 84 were monitored against QCTO compliance standards (44%).	80%	Not achieved 38% Fifty-five occupational qualifications with reported learner uptake were monitored out of 145 occupational qualifications.	42%	Increasing uptake on occupational qualifications makes this target resource intensive. Online monitoring with a risk-based approach will be adopted.
2.1.4 (b) % of historically registered qualifications with learner uptake quality assured against QCTO compliance standards Revised indicator for 2019/20 Indicator in 2018/19 read: % of accredited Skills Development Providers that reported on learner uptake for historically registered qualifications that are monitored against QCTO compliance standards	Not achieved 23% A total of 184 SDPs were monitored out of 793 SDPs who reported learner uptake for historically registered qualifications.	50%	Not achieved 18% A total of 186 historically registered qualifications with reported learner uptake were quality assured out of 1 028 qualifications counted quarterly.	32%	Large number of uptake on historical qualifications makes this target resource intensive. Online monitoring with a risk-based approach will be adopted.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The following strategy will be put in place to address areas of underperformance:

- SDPs applying for accreditation for Occupational Qualifications not processed within 90 days. The QCTO has established a verifier databank of industry experts which has increased the QCTO capacity to process accreditation applications within the stipulated timeframes. This database is still insufficient and QCTO is still in a search for subject matter experts.
- Although qualifications that have been implemented were reported on quarterly, this target [2.1.5(a)] was not achieved, as this was always reported to Council in the following quarter.
- The monitoring of SDPs with learner uptake (both for Occupational Qualifications and historically registered qualifications) will be greatly improved with the implementation of the online monitoring system which would include the electronic monitoring of SDPs. The implementation of Annual Monitoring Reports will also be implemented as from 2020/21.

LINKING PERFORMANCE WITH BUDGETS

Below is an analysis of the 2019/20 budget for Programme 2:

PROGRAMME 2: OCCUPATIONAL QUALIFICATIONS

CLASSIFICATION	ADJUSTED BUDGET 2019/20 R'000
Compensation	19 529
Goods and services	9 492
TOTAL	29 021

3.3 PROGRAMME 3: QUALITY ASSURANCE

THE PURPOSE OF PROGRAMME 3

To establish and maintain standards for the Quality Assurance of Assessments and Certification for Occupational Qualifications on the QOSF

THE FOLLOWING STRATEGIC OBJECTIVES LINK TO PROGRAMME 3

Strategic objective 3.1: To ensure that the Quality Assurance System for the implementation of registered occupational qualifications is functional, effective and efficient

Strategic objective 3.2: Learner achievements for qualifications on the QOSF quality assured and certificated as prescribed in QCTO policies

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Programme 3: Quality Assurance in the QCTO performed as follows:

Programme 3 can be broken down into two main strategic objectives which are to establish and maintain standards for the Quality Assurance of Assessments in the QOSF. This objective was achieved through indicators 3.1.1 (a), 3.1.1 (b), 3.1.2, 3.1.3 (a), 3.1.3 (b) and 3.1.4 (a) to 3.1.4 (c).

The second objective of establishing and maintaining standards for the Quality Assurance of Certification in the QOSF was largely achieved through indicators 3.2.1 (a), 3.2.1 (b), 3.2.2 and 3.2.3. This objective was not fully achieved due to indicator 3.2.3. This was because of the service provider for digitisation not appointed. The project was delayed and the NSF change request is in place.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
PROGRAMME 3: QUALITY ASSURANCE					
Strategic objective 3.1: To ensure that the Quality Assurance System for the implementation of registered occupational qualifications is functional, effective and efficient					
3.1.1 (a) % of assessment centre accreditation applications processed (accreditation granted or declined) within the turnaround time (30 working days) Revised indicator	Achieved 100% A total of 173 of 173 Assessment Centre accreditations were processed within 30 working days.	95%	Achieved 100% A total of 196 out of 196 Assessment Centre accreditation applications were processed within 30 working days.	5%	Process efficiency has been improved.
3.1.1 (b) % of assessment centre accreditation approvals verified within the 30-day turnaround time of processing accreditation applications	Achieved 29% A total of 50 Assessment Centres out of 173 accredited assessment centres were verified.	50%	Achieved 56% A total of 109 out of 196 Assessment Centre applications were verified.	6%	Process efficiency has been improved.
3.1.2 % of Assessment Quality Partner (AQP) quality assured against QCTO compliance standards Revised indicator for 2019/20 Indicator in 2018/19 read: % of Assessment Quality Partner (AQP) delegation approvals processed	Achieved 100% Three out of three AQP approvals were processed. Two new ones: SAPC and SA Hindu Maha Sabha, and one extension of scope: HWS SETA.	90%	Achieved 99% A total of 155 out of 156 AQPs were quality assured.	9%	Process efficiency has been improved.
3.1.3 (a) % of assessments for occupational qualifications and part qualifications quality assured against QCTO standards	Achieved 100% Sixteen EISAs were quality assured against 16 that were conducted in ten different occupational qualifications.	100%	Achieved 100% A total of 31 EISAs were quality assured against 31 that were conducted in ten different occupational qualifications.	None	N/A
3.1.3 (b) % of assessments for historically registered qualifications quality assured against QCTO standards (excluding skills programmes)	Achieved 100% A total of 268 out of 268 assessments for historically registered qualifications were quality assured.	50%	Achieved 100% A total of 202 out of 202 assessments for historically registered qualifications were quality assured.	50%	The number of assessments were lower than anticipated and the Office decided to quality assure all of them in order to gather more insights.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
3.1.4 (a) The number of SETA QAP delegations revoked	Not achieved The QA functions for the 14 identified SETAs have not been fully revoked. However, the following QA functions have been taken over across the 21 SETAs - Accreditation - Monitoring	7	Achieved 100% Seven out of seven AQP delegations revoked. A total of 21 out of 21 SETA's have been consulted for revoking and SLAs accepted by SETAs. Signing of SLA's with SETAs in progress.	None	N/A
3.1.4 (b) % of Quality Assurance Partners (QAPs) whose delegations have not been revoked monitored and found compliant with QCTO compliance standards	Achieved 100% A total of 33 out of 33 QAPs (21 SETAs and 12 Professional Bodies) have been monitored by the QCTO and found compliant with QCTO standards.	100%	Achieved 100% A total of 132 QAP Reports; 132 QCTO Evaluation Reports compiled.	None	N/A
3.1.4 (c) % of NAMB quality assurance functions incorporated into the QCTO as per approved Council Plan	Achieved 50% There are four broad QCTO quality assurance functions: i) Accreditation of Skills Development Providers and Assessment Centres (TTCs) ii) Monitoring iii) Development and quality assurance of Assessments iv) Certification Of which the QCTO has taken over the following two: i) Accreditation of SDPs and TTCs ii) Certification	75%	Achieved 75% Achieved (three out of four for QA functions taken over) Accreditations, Certification, Assessment of OQ and Monitoring via the National Artisan Development Quality Assurance Committee (NADQAC) taken over.	None	N/A
Strategic objective 3.2: Learner achievements for qualifications on the QQSF quality assured and certificated as prescribed in QCTO policies					
3.2.1 (a) % of certificates (occupational and legacy trades) issued within the turnaround time (21 working days)	Achieved 100% A total of 19 972 of 19 972 certificate (Legacy trades) applications approved and issued within the 21 working day turnaround time. A total of 725 of 725 Occupational certificate applications and approved issued within the 21 working day turnaround time.	95%	Achieved 100% A total of 18 887 of 18 887 certificate (Legacy trades) applications approved and issued within the 21 working day turnaround time. A total of 277 of 277 Occupational certificate applications approved and issued within the 21 working day turnaround time.	5%	The unit processed and issued all certificates within the 21 working days as per timeframe in policy.

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
3.2.1 (b) % of certificates for historical registered qualifications issued within the turnaround time (21 working days)	Not achieved	Certification system for historically registered qualifications developed and implemented by March 2020.	Achieved Certification system for historically registered qualifications maintained at SETAs and QCTO monitored in line with Service Level Agreement.	None	Agreements with regard to approved revoking strategy by the Minister of DHEST. The QCTO developed a certification system for occupational qualifications.
3.2.2 % of verification of authenticity of certificates requests received and verified within turnaround time (five working days)	Achieved 100% A total of 10 944 requests verified within turnaround time of five working days.	95%	Achieved 100% 11 547 of 11 547 requests verified within turnaround time of five working days.	5%	The unit processed all verification requests within the five working days as per timeframe in policy.
3.2.3 % of learner records digitised against number agreed on the project plan	Not achieved 0% records digitised.	60%	Not achieved 0% records digitised.	100%	Service provider for digitisation not appointed. Project delayed and NSF change request in place. Project plan for actual digitisation to commence to follow when service provider is appointed.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The following strategy will be put in place to address areas of underperformance:

- In the 2019/20 cycle, the revoking of the functions delegated to QAPs was prioritised by subsuming this under the broader function mandate of the QCTO viz the quality assurance of qualifications and part qualifications registered on the Occupational Qualifications Sub-Framework (OQSF).
- The QCTO has strengthened relationships and communication with the QAPs and related stakeholders to enable a meaningful and seamless transition to the new occupations.
- The QCTO has started to implement the necessary control processes to manage the upload of learner achievements to the NLRD.
- Upskilling of employees and process improvements have been prioritised to improve overall efficiency.
- Appointment of a suitable service provider for digitisation to be prioritised.

LINKING PERFORMANCE WITH BUDGETS

Hereunder is an analysis of the 2019/20 budget for Programme 3:

PROGRAMME 3: QUALITY ASSURANCE

CLASSIFICATION	ADJUSTED BUDGET 2019/20 R'000
Compensation	22 963
Goods and services	8 566
TOTAL	31 529

4. REVENUE COLLECTION

SOURCES OF REVENUE	2018/19			2019/20		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER) / UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER) / UNDER COLLECTION R'000
Government Grant	27 380	27 380	-	26 056	26 056	-
Finance Income	-	4 008	(4 008)	-	5 425	(5 425)
Other Income	-	2 582	(2 582)	-	6 654	(6 654)
SETA Grant	86 700	86 700	-	90 348	90 348	-
Total	114 080	120 670	(6 590)	116 404	128 483	(12 079)

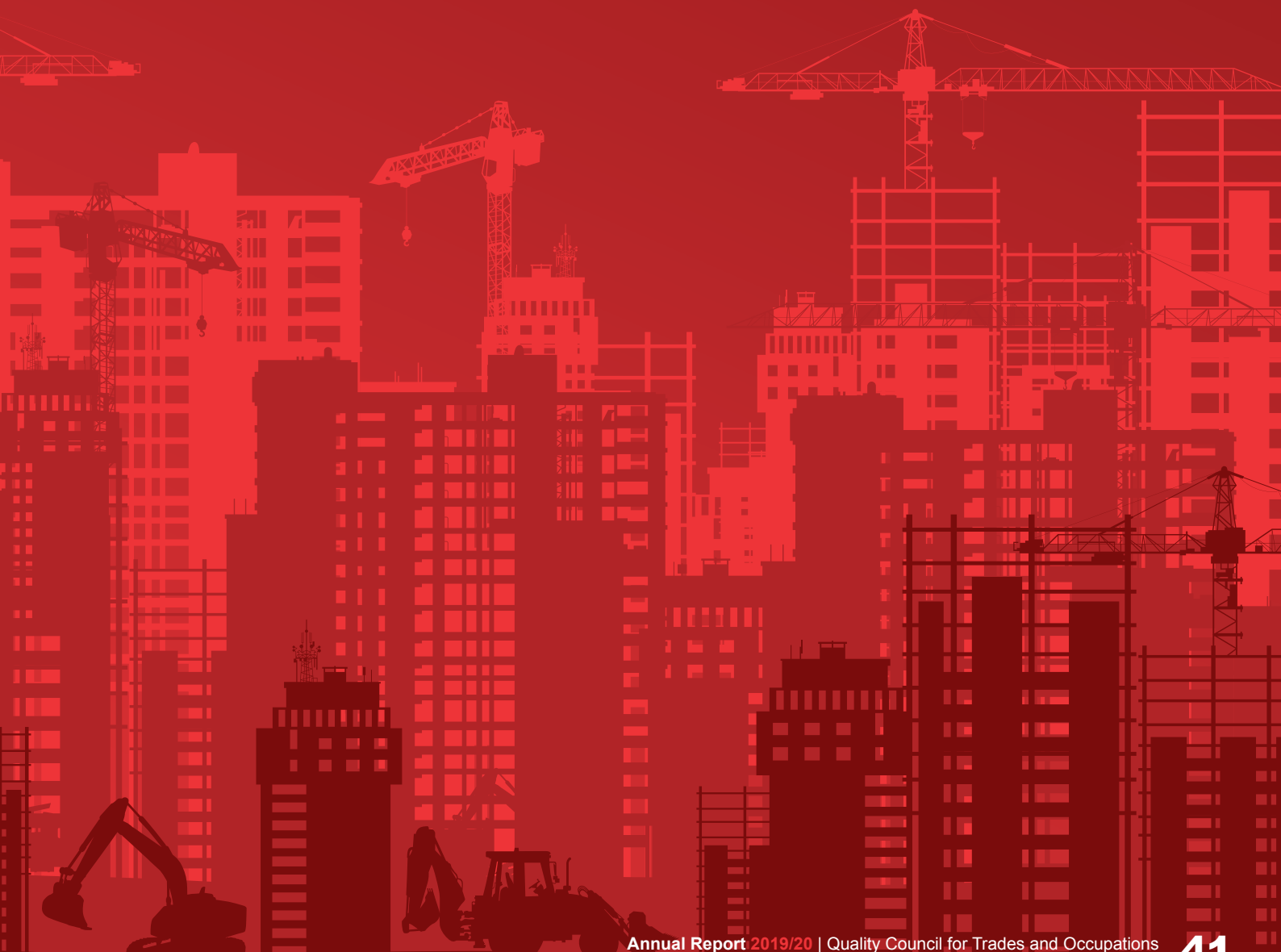
NOTES

The overcollection was due to:

- Certification, verification and accreditation services that were introduced in the prior year that were not budgeted for in the current financial year. These services are not yet budgeted for, as there is no guarantee of this income.
- Interest was earned from excess funds saved in the ABSA account as the SETA Grant is now received at the beginning of the year as well as some interest earned from funds invested with the Corporation for Public Deposits at the Reserve Bank.

PART C

GOVERNANCE



1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, corporate governance regarding public entities is applied through the precepts of the PFMA and National Treasury notices.

Parliament, the Executive and the Accounting Authorities of the QCTO are responsible for corporate governance.

2. PORTFOLIO COMMITTEE ON HIGHER EDUCATION AND TRAINING

The QCTO's Deputy Chairperson, Dr Tholsia Naidoo as well as the CEO and CFO, Mr Innocent Gumbochuma attended a meeting with the Portfolio Committee on 16 October 2019 to present the QCTO's Annual Report for the financial year 2018/19. The Report was well received and the Portfolio Committee acknowledged the QCTO's clean audit outcome. The Portfolio Committee raised two main concerns, namely the under-expenditure by the QCTO and the relatively low achievement of performance targets.

3. EXECUTIVE AUTHORITY

The QCTO submitted the final 2018/19 Annual Report to the Minister via the Department of Higher Education and Training on 31 July 2019. It was delivered to Parliament on 27 August 2019 and tabled in Parliament on 25 September 2019.

The QCTO has also submitted all four of its Quarterly Performance Reports for the 2019/20 financial year to the Minister via the Director-General: Higher Education and Training as required by the Department. Submission dates were as follows:

- a. Quarter 1 Performance Report: 30 July 2019
- b. Quarter 2 Performance Report: 25 October 2019
- c. Quarter 3 Performance Report: 27 January 2020
- d. Quarter 4 Performance Report: 6 May 2020

The Minister granted approval on 6 March 2020 for the Strategic Plan 2020/21 to 2024/25 and the Annual Performance Plan 2020/21 as well as the budget of R124.635 million for the 2020/21 financial year, which includes a government grant of R27.435 million.

4. ACCOUNTING AUTHORITY

INTRODUCTION

The purpose of the QCTO is to establish, maintain and quality assure occupational standards and qualifications, as well as learning in and for the workplace as referred to in its mandate and legislative requirements. The QCTO is one of three Quality Councils (QCs) tasked with the role of standards setting and quality assurance.

ROLE OF THE COUNCIL

- It holds absolute responsibility for the performance of the QCTO;
- It retains full and effective control over the QCTO;
- It has to ensure that the QCTO complies with applicable laws, regulations and government policy;
- It has unrestricted access to information of the QCTO;
- It formulates, monitors and reviews corporate strategy, major plans of action, risk policy, annual budgets, strategic and annual performance plans;
- It ensures that the QCTO's performance objectives are achieved;
- It manages potential conflicts of interest;
- It develops a clear definition of levels of materiality;
- It ensures financial statements are prepared;
- The Council must appraise the performance of the Chairperson;
- It must ensure effective Council induction; and
- It must maintain integrity, responsibility and accountability.

COUNCIL CHARTER

The requirements of the QCTO's Constitution are provided for in the SDA. The third Constitution was approved by the Minister on 14 November 2018.

COMPOSITION OF THE COUNCIL

The second Council was appointed for the term from 1 April 2015 to 31 March 2020 by the Executive Authority. The Council held its last meeting on 17 March 2020. A Close-out Report was prepared by Council for the incoming Council. By 31 March 2020 the new Council had not been appointed.

The Council held four ordinary meetings and a strategic planning workshop during the financial year under review.

QCTO COUNCIL



Back: (left to right): Mr Willy Matthiae (co-opted expert), Mr Gordon Louw, Dr Julie Reddy, Mr Thembinkosi Josopu and Mr Moeketsi Rakgosi

Front: (left to right): Dr Mafu Rakometsi, Ms Gerda Magnus, Prof. Peliwe Lolwana (Chairperson), Ms Stella Carthy and Mr Amon Teteme

Absent: Mr Vijayen Naidoo, Dr Thabo Mashongoane, Prof. Narend Baijnath, Dr Tholsia Naidoo (Deputy Chairperson), Ms Sibongile Antony and Ms Happy Sibande.

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	
Prof Peliwe Lolwana	Chairperson	26 September 2011	N/A	PhD	
Dr Tholsia Naidoo	Deputy Chairperson Member nominated by the private providers of education and training to represent the interests of private education and training providers, accredited providers in terms of the SDA.	19 March 2015	N/A	<ul style="list-style-type: none"> • Doctorate • Master's in Education • Bachelor of Education • Higher Diploma in Education • Bachelor of Arts • Diploma in Human Resources Management • Certificate in Finance for Non-Financial Managers • Certificate in Total Quality Management 	
Mr Vijayen Naidoo	CEO: QCTO	1 June 2017	N/A	<ul style="list-style-type: none"> • B Paed Sc. • National Dip (Mech Eng) • B. Ed (Hons) 	
Mr Joe Samuels	CEO: SAQA	1 March 2012	30 Nov 2019	<ul style="list-style-type: none"> • BSc Hons (Physiology), • MPhil (Adult Education) 	
Dr Julie Reddy	Acting CEO: SAQA	January 2020	N/A	<ul style="list-style-type: none"> • BA • MSc • PhD 	
Prof Narend Baijnath	CEO: CHE	1 October 2015	N/A	<ul style="list-style-type: none"> • BA • UHDE • B Ed • MA • PhD 	
Dr Mafu Rakometsi	CEO: Umalusi	20 January 2010	N/A	<ul style="list-style-type: none"> • PhD 	
Dr Thabo Mashongoane	Acting Executive Officer: NSA	1 April 2015	N/A	<ul style="list-style-type: none"> • PhD Educational Management 	
Mr Gordon Louw	Nominated by NEDLAC to represent organised labour	19 March 2015	N/A	<ul style="list-style-type: none"> • N5 Electrical Engineering • Coaching/Counselling for RPL • Certificate in Quality Management System: ISO 9001:2000 • Labour Arbitration Workshop 	

	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES IN QCTO	NO. OF MEETINGS (4 ORDINARY COUNCIL MEETINGS HELD)
	<ul style="list-style-type: none"> Knowledge of education and training Research Policy development Leadership and Management Governance 	<ul style="list-style-type: none"> Human Resources Development of SA Council Hotazel Manganese Mines Education Trust East Cape Midlands TVET College Conservation South Africa Board 	<ul style="list-style-type: none"> Executive Committee (Chairperson) 	4 present
	<ul style="list-style-type: none"> Training strategy in South Africa Quality assurance Strategic business management 	<ul style="list-style-type: none"> Board of Institute of Quality (IQ) Board of Chartered Institute for Professional Practitioners and Trainers (CIPPT) Board of Association of Private Providers for Education, Training and Development (APPETD) 	<ul style="list-style-type: none"> Executive Committee Occupational Quality Assurance Committee 	3 present 1 apology
	<ul style="list-style-type: none"> Technical and vocational education and training as well as quality assurance 	<ul style="list-style-type: none"> SAQA CHE Umalusi NSA 	<ul style="list-style-type: none"> Executive Committee 	3 present 1 apology
	<ul style="list-style-type: none"> Qualifications framework, policy, adult education 	<ul style="list-style-type: none"> CHE Umalusi QCTO SAQA and NSA 	<ul style="list-style-type: none"> None 	1 present 2 apologies
	<ul style="list-style-type: none"> Education and training, NQFs Policy and implementation Leadership and management of parastatal agencies 	<ul style="list-style-type: none"> CHE Umalusi SAQA NSA and HRDC 	<ul style="list-style-type: none"> None 	1 present
	<ul style="list-style-type: none"> Higher Education 	<ul style="list-style-type: none"> CHE SAQA Umalusi Commonwealth of Learning (CoL) RohMoh National Council for Persons with Physical Disabilities in South Africa (NCPDPSA) Harmonisation of African Higher Education Quality Assurance and Accreditation (HAQAA) Southern African Quality Assurance Network (SAQAN) 	<ul style="list-style-type: none"> None 	4 apologies
	<ul style="list-style-type: none"> History of education Curriculum, examinations and assessment 	<ul style="list-style-type: none"> SAQA QCTO CHE Member of Helderberg College Council 	<ul style="list-style-type: none"> None 	4 present
	<ul style="list-style-type: none"> Skills development 	<ul style="list-style-type: none"> NCP – HRD Council, Public Sector Trainers Forum Southern African Society for Cooperative Education (SASCE) 	<ul style="list-style-type: none"> None 	1 present 3 apologies
	<ul style="list-style-type: none"> Worker education, training and labour relations 	<ul style="list-style-type: none"> SAQA 	<ul style="list-style-type: none"> Occupational Qualifications Committee 	4 present

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	
Mr Amon Teteme	Nominated by NEDLAC to represent organised labour	19 March 2015	N/A	<ul style="list-style-type: none"> Practitioner Certificate 	
Ms Stella Carthy	Nominated by NEDLAC to represent organised business	20 January 2010 and 19 March 2015	N/A	<ul style="list-style-type: none"> Qualified teacher IPM Diploma - HR Labour Relations Training 	
Ms Sibongile Antoni	Nominated by NEDLAC to represent organised business	11 October 2019	N/A	<ul style="list-style-type: none"> National Higher Diploma in Human Resources – Cape Peninsula University of Technology (CPUT) Strategic Retail Business Management – (Part-time) UCT Graduate School of Business Process Facilitation – The South African College of Applied Psychology Advanced Certificate in Leadership - (UCT Business School) Future Executive Programme – Bain Academy 	
Mr Moeketsi Rakgosi	Nominated by NEDLAC to represent organisations of community and development interests	19 March 2015	N/A	<ul style="list-style-type: none"> Bachelor of Arts Degree in Economics and Political Science Post Graduate Diploma in Project Management 	
Mr Thembinkosi Josopu	Nominated by NEDLAC to represent organisations of community and development interests	11 October 2019	N/A	<ul style="list-style-type: none"> Higher Certificate in Public Management Bachelor of Arts 	
Ms Happy Sibande	Appointed by the Minister to represent the interests of public education and training providers	19 March 2015	N/A	<ul style="list-style-type: none"> Secondary Teachers Diploma Certificate in Effective People Management Certificate in Corporate Governance Certificate in Risk Management Certificate in Thinking and Planning Strategically Certificate in Project Management 	
Ms Gerda Magnus	Member to represent the interests of the state	19 March 2015	N/A	<ul style="list-style-type: none"> BA Honours: Human Resource Development MBA 	
Ms Qondani Rwigema	Member to represent the interests of the state	13 December 2017	13 November 2019 (retired)	<ul style="list-style-type: none"> M Ed English Applied Linguistics M Com Business Management BA Honours Post Graduate Diplomas: in Education Advanced Business Management Marketing Management Post Graduate Certificate in Public Administration 	
Mr Willy Matthiae	Financial expert	12 April 2019	N/A	<ul style="list-style-type: none"> National Technical Diploma Mechanical Engineering B Com. (Business Management & Industrial Psychology) Management Development Diploma 	

	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES IN QCTO	NO. OF MEETINGS (4 ORDINARY COUNCIL MEETINGS HELD)
	<ul style="list-style-type: none"> Education and Training Skills Development Employment Equity Other Labour-related Legislation 	<ul style="list-style-type: none"> Mining Qualifications Authority (MQA) Board MQA Executive Committee 	<ul style="list-style-type: none"> Executive Committee Audit and Risk Committee Occupational Quality Assurance Committee 	4 present
	<ul style="list-style-type: none"> Skills Development 	<ul style="list-style-type: none"> NSA 	<ul style="list-style-type: none"> Executive Committee Occupational Quality Assurance Committee (Chairperson) 	4 present
	<ul style="list-style-type: none"> Strategist Skills Development Facilitation Digital learning Corporate Academies Transformation - BBBEE Skills Development 			1 present 1 apology
	<ul style="list-style-type: none"> Skills Development and Training Programmes and Project Management 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	3 present 1 absent
	<ul style="list-style-type: none"> Youth Development Skills Development 	<ul style="list-style-type: none"> National Skills Authority 		2 present
	<ul style="list-style-type: none"> Teaching, Management and Administration 	<ul style="list-style-type: none"> Lepharo Metal Incubator Human Resource Development Council of South Africa 	<ul style="list-style-type: none"> N/A 	1 present 1 absent 2 apologies
	<ul style="list-style-type: none"> Skills Development HR Education Training 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	4 present
	<ul style="list-style-type: none"> Industry Skills Development Business Development Marketing Lecturing: Business Management, Entrepreneurship, Project and Marketing Management and all modalities of English (Linguistics, Literature, curriculum studies, commercial) 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	1 present 2 apologies
	<ul style="list-style-type: none"> Engineering Management Project management Training Development 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Executive Committee Qualifications Committee (Chairperson) 	4 present

STANDING COMMITTEES

The Council had appointed the Standing Committees below. Quarterly reports from the Standing Committees are presented to Council.

The roles and functions of the Standing Committees are as follows:

EXECUTIVE COMMITTEE

Purpose

The Executive Committee (EXCO) of the Quality Council for Trades and Occupations (QCTO) is responsible for the supervision and control of the performance of the functions of the QCTO between Council meetings. The EXCO mainly debates internal policies of the QCTO and recommends same for Council approval. Council debates and approves external policies. The EXCO also deals with any urgent matter between Council meetings.

Functions

Subject to the directions of the QCTO, the EXCO has the following functions:

- Supervise the proper management of all financial matters;
- Coordinate and supervise the implementation of the policies of the QCTO;
- Monitor national policy issues and developments, and make recommendations on the development and/or

adoption of policies by the QCTO;

- Oversee the functioning of committees and structures of the QCTO, and monitor their activities to ensure that they are acting within the terms of any powers delegated to them by the QCTO;
- Advise on the management of staff employment issues;
- Consider and monitor budgets and strategic and annual performance plans;
- Monitor and advise the relations and interactions of the QCTO with the NSA, Umalusi, the CHE, SAQA and other relevant regulatory government departments; and
- Perform any other function or duty delegated to it by the QCTO Council or conferred by the QCTO constitution.

OCCUPATIONAL QUALIFICATIONS COMMITTEE

Purpose

The Occupational Qualifications Committee provides, guides and makes recommendations to the QCTO Council on matters relating to occupational qualifications development and registration on the National Qualifications Framework.

Functions

In collaboration with the Occupational Qualifications Management (OQM) Unit of the QCTO, the Occupational Qualifications Committee assumes the following functions and responsibilities as a committee accountable to the QCTO Council:

EXECUTIVE COMMITTEE

From left to right: Ms Stella Carthy, Mr Amon Teteme and Prof. Peliwe Lolwana (Chairperson).

Absent: Dr Tholsia Naidoo and Mr Vijayen Naidoo.



OCCUPATIONAL QUALIFICATIONS COMMITTEE

Back row (from left to right): Mr Sifiso Mkhonza, Mr Louis Coetzer and Mr Willy Matthiae.

Seated (from left to right): Mr Gordon Louw (Chairperson) and Dr Allison Lawless.

Absent: Mr Malesela Maleka, Mr Thomas Lata and Prof. Paul Beard.



- Recommend to the QCTO Council inputs on policy matters regarding the development of new occupational qualifications, realignment of historically registered qualifications into occupational qualifications, reconstruction of NATED Report 191 Part 2 qualifications and review of occupational qualifications and part qualifications;
- Consider evaluated qualifications and part qualifications for recommendation to the QCTO Council for approval;
- Provide guidance to the Occupational Qualifications Management Unit on matters relating to the registration of occupational qualifications in accordance with the

- National Qualifications Framework requirements;
- Advise on appeals; and
- Participate in Joint Committee meetings.

OCCUPATIONAL QUALITY ASSURANCE COMMITTEE

Purpose

The Occupational Quality Assurance Committee oversees the quality assurance of all occupational qualifications on the Occupational Qualifications Sub-Framework (QSF) ensuring that it is functional and effective.

OCCUPATIONAL QUALITY ASSURANCE COMMITTEE

Back row (from left to right): Mr Phineas Sibanyoni, Mr Amon Teteme, Ms Diane Kemp, Mr Johannes Riekert and Mr Emmanuel Mbuwe.

Seated (from left to right): Prof. Joy Papier, Dr Marina Le Grange, Dr Tholsia Naidoo (Chairperson), Ms Marry Peters and Ms Stella Carthy.

Absent: Dr Caroline Selepe.



Functions

In collaboration with the Occupational Quality Assurance Unit of the QCTO, the Occupational Quality Assurance Committee assumes the following functions and responsibilities as a committee accountable to Council:

- Provide guidance to the Occupational Quality Assurance Unit on matters relating to its work in establishing, maintaining and improving the standard and quality of accreditation, provisioning, assessments and certification for qualifications on the QQSf;
- Advise the Council on all matters related to Occupational Quality Assurance aimed at establishing and improving the standard and quality of accreditation, provisioning, assessments and certification for qualifications on the QQSf;
- Receive and consider reports on the quality of accreditation, provision, assessments and certification

for qualifications on the QQSf and report on the same to Council;

- Where applicable, the sub-committee will report and advise Council on issues pertaining to statistical research studies planned and/or carried out by Quality Assurance matters;
- Approve recommendations regarding Assessment Partners;
- Provide guidance to the management regarding achieving QCTO strategic objectives for example the Vision 2020 Strategy;
- Recommend to the QCTO Council policy input; and
- Act as the Appeals Committee on matters relating to quality assurance.

The following table indicates details per Standing Committee of Council:

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAMES OF MEMBERS	NO. OF MEETINGS ATTENDED	NO. OF APOLOGIES RECEIVED
Executive Committee	4	6 members (1 vacant)	Prof. Peliwe Lolwana (Chairperson) Dr Tholsia Naidoo (Deputy Chairperson) Mr Vijayen Naidoo (CEO) Ms Stella Carthy Mr Amon Teteme	4 3 3 4 4	0 1 1 0 0
Occupational Qualifications Committee	4	7 members	Mr Gordon Louw (Chairperson) Mr Willy Matthiae Dr Allyson Lawless Mr Malesela Maleka Mr Louis Coetzer Prof. Paul Beard Dr Henri Jacobs	4 4 3 0 3 0 1	0 0 1 4 1 4 3
Occupational Quality Assurance Committee	4	10 members (1 vacant)	Dr Tholsia Naidoo (Chairperson) Ms Stella Carthy Mr Phineas Sibanyoni Mr Amon Teteme Ms Mary Peters Dr Marina le Grange Prof. Joy Papier Dr Caroline Selepe	3 4 3 3 2 3 4 0	1 0 1 1 2 1 0 4

NAME	REMUNERATION R	OTHER RE-IMBURSEMENT R	TOTAL R
Dr Peliwe Lolwana (Chairperson)	46 460.00	1 165.82	47 625.82
Mr Gordon Louw	36 690.00	28 014.32	64 704.32
Mr Amon Teteme	36 690.00	1 724.70	38 414.70
Ms Stella Carthy	36 690.00	2 548.43	39 238.43
Mr Thembinkosi Josopu	14 676.00	2 388.50	17 064.50
Mr Moeketsi Rakgosi	29 352.00	325.06	29 677.06
Ms Sibongile Antoni	7 338.00	-	7 338.00
Dr Tholsia Naidoo	31 544.00	1 603.80	33 147.80
Mr Vijayen Naidoo (CEO)	N/A	N/A	N/A
Mr Joe Samuels	N/A	N/A	N/A
Prof. Narend Baijnath	N/A	N/A	N/A
Dr Mafu Rakometsi	N/A	N/A	N/A
Dr Thabo Mashongoane	N/A	N/A	N/A
Ms Gerda Magnus	N/A	N/A	N/A
Ms Qondani Rwigema	N/A	N/A	N/A
Total	239 440.00	37 685.12	37 770.63

*The above amounts include remuneration, subsistence and travelling allowances for attending Council meetings.

REMUNERATION OF COUNCIL MEMBERS

The QCTO Council members were remunerated as per National Treasury rates. Reimbursement was in accordance with the Remuneration Policy of the QCTO Council and Council Committees. Members from the public sector did not receive remuneration.

independently monitors the effectiveness of the system of risk management. The QCTO has seen progress in the management of risks and also maintains a system of evidence for risk mitigation. According to a review on the maturity of the implementation of risk management, the organisation is doing well. A Combined Assurance Framework is in place which assists Council to monitor the level of assurance provided by different assurers per the top 20 risks.

5. RISK MANAGEMENT

The Council reviewed and continued to implement the Risk Management Policy, Risk Management Framework and Risk Management Strategy. The CEO serves as the Chief Risk Officer. All milestones of the Risk Management Strategy for 2019/20 were achieved. Various risk assessments were conducted which have culminated in a reviewed strategic risk register and operational risk registers for all Chief Directorates. A Risk Management Committee is in place which also considers new and emerging risks. Progress on the mitigation of risks is continually monitored and reported to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee advises the Council on risk management and

6. INTERNAL CONTROL UNIT

Continued progress was made to improve internal controls. Audit Action Plans with findings raised by the AGSA as well as Internal Audit are in place and are closely monitored by the Audit and Risk Committee. These findings are also followed up by Internal Audit on a regular basis and reported to the Audit and Risk Committee.

The QCTO management together with Internal Audit conduct quarterly meetings on the QCTO's internal control checklist and present the outcomes to the Audit and Risk Committee.

7. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

KEY ACTIVITIES AND OBJECTIVES OF INTERNAL AUDIT

The objective of the Internal Audit function is to provide independent, objective assurance designed to add value and improve the QCTO's operations. It assists the QCTO to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

The scope of the Internal Audit function includes, but is not limited to an evaluation of:

- The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- The systems established to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports;
- The means of safeguarding assets and, where appropriate, verification of the existence of such assets;
- The economic and efficient management of the company's financial, human and other resources, and the effective conduct of its operations; and
- Operations or programmes to ascertain whether or not results are consistent with established objectives and goals and whether or not the operations are being carried out as planned.

The objectives of the Internal Audit function, defined in terms of audit focus areas, are:

- Financial auditing: which aims to ensure that reliable information is produced for both management purposes and external publication and that adequate controls exist to safeguard assets;
- Operational auditing: which focuses on the effectiveness and efficiency of the substructure's operations;
- Compliance auditing: which addresses compliance with relevant national laws and regulations, best practice and the QCTO's established policies and procedures;
- IT auditing: which reviews the controls over information technology and whether IT supports the QCTO's objectives; and

- Performance auditing: to evaluate measures instituted by management to ensure economic acquisition and efficient and effective utilisation of resources.

AUDIT WORK

The QCTO has outsourced the function of internal audit to O.M.A. Chartered Accountants.

The following reviews/activities as per audit plan were completed for the 2019/20 financial period and presented to the Audit and Risk Committee:

- Internal Audit and Audit and Risk Committee Charters – Approved
- Internal Audit Plans for 2020/21 and Rolling Plans for 2020/21 to 2022/23 – Approved
- Compilation and assessment of Risk Profile detailed in a Process and Risk Overview Report for planning purposes
- Facilitated a Strategic and Operational Risk Assessment Workshop
- Facilitated an Annual Root Cause Workshop to assist management in their preparation of an "Audit Action Plan"
- Facilitated a Fraud Risk Assessment Workshop
- Participation in Quarterly Risk Management Committee Meetings
- Participation in Quarterly Internal Dashboard Meetings
- Conducted the following internal audit reviews:
 - Performance Information for Quarter 4 of 2018/19 and Unaudited Annual Performance Information for 2018/19 financial year
 - Unaudited Annual Financial Statements for 2018/19
 - Draft Strategic Plan and Annual Performance Plan for 2020/21
 - Performance Information for Quarters 1-3 of 2019/20
 - Information Technology – Application Controls Review
 - Occupational Qualifications Management
 - Supply Chain and Expenditure Management
 - Human Resource and Payroll
 - Financial Discipline Review
 - Occupational Quality Assurance

- Conducted the following Follow-Up reviews:
 - Management Action Plans – External and Internal Audit Findings including all findings raised by the AGSA for the 2018/19 period
 - Internal Audit Findings (These were carried out during the review of all components)

OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

- The objective of the Audit and Risk Committee is to assist the QCTO in the discharge of its responsibilities for financial and management reporting, corporate governance and corporate control, including the review of internal controls and the management and mitigation of risks.
- It should also review the QCTO's policies in complying with relevant laws, regulations and ethics.
- The Committee has an advisory role to the Council.

KEY ACTIVITIES OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee should assist the Council in carrying out its responsibilities as they relate to the QCTO's:

- financial, management and other reporting practices;
- internal controls and management of risks; and
- compliance with laws, regulations, and ethics;

Furthermore, the Audit and Risk Committee should:

- report to the Council any matter identified during the course of carrying out its duties that it considers significant; and
- perform or undertake on behalf of the Council any such other tasks or actions as the Council may from time to time authorise.

A further breakdown of activities is:

- Consider the effectiveness of the internal control and risk management system;
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations together with management's responses;

- Review the QCTO risk profile on an annual basis and ensure management is effectively managing the risks;
- Review the Materiality and Significance Framework and Fraud Prevention Plan of the QCTO;
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management' investigation and follow-up (including disciplinary action) of any instances of non-compliance; and
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information and annually review the Annual Financial Statements.

The current Audit and Risk Committee was appointed in 2015 for a three-year term until 31 July 2018. The Committee was re-appointed in August 2018 to serve a second term of three years. All members of the Audit and Risk Committee are external to the QCTO.

The table overleaf discloses relevant information on the QCTO Audit and Risk Committee members.

8. COMPLIANCE WITH LAWS AND REGULATIONS

To date, the QCTO has ensured that it complied with all required documentation in terms of the PFMA and Treasury Regulations, as required by the DHET's Compliance Calendar.

The QCTO also attends various other meetings to keep abreast of laws and regulations that need to be complied with. The QCTO works closely with the DHET to ensure it is continuously updated with the latest laws and regulations. The QCTO has developed checklists against its founding legislation and monitors compliance on a quarterly basis.

The CFO also attends the CFO Forum and meetings arranged by National Treasury to keep abreast with new developments.

9. FRAUD AND CORRUPTION

The QCTO has implemented and reviewed its Fraud Prevention Policy and Plan. A comprehensive fraud risk assessment was conducted and the fraud risk register

NAME	QUALIFICATIONS	DATE APPOINTED / RE-APPOINTED	DATE RESIGNED	NO. OF MEETINGS
Ms René van Wyk (Chairperson)	<ul style="list-style-type: none"> • B. Com (Accounting) • B. Com (Hons) • Certificate in the Theory of Accounting (CTA) • CA (SA) • MBA • Diploma in Advanced Banking 	3 September 2015 14 June 2018	N/A	4 present
Ms Thobeka Njozela	<ul style="list-style-type: none"> • B. Com • B. Compt (Hons) • MBA • Executive Development Programme • CIA, CCSA, CRMA • Certificate in Management Practice 	15 April 2014 Re-appointed: 21 September 2018	N/A	4 present
Mr Theuns Tredoux (Alternate: Ms Amelia Poolman)	<ul style="list-style-type: none"> • B.Com (Hons) Acc • MBL (Unisa) 	3 September 2015 14 June 2018	N/A	3 present 1 apology
Mr Dumisani Dlamini	<ul style="list-style-type: none"> • Chartered Director (SA) IODSA • Professional Accountant (SA) SAIPA • Masters of Commerce Degree • Bachelor of Technology (Taxation) • Post graduate Diploma in Business Management • National Diploma in Accounting 	3 September 2015 14 June 2018	N/A	4 present
Mr Thilivali Ramawa	<ul style="list-style-type: none"> • B. Com (Accounting) • CTA • CA (SA) • RA 	3 September 2015 14 June 2018	N/A	3 present 1 apology
Mr Amon Teteme (Council representative)	<ul style="list-style-type: none"> • Education and Training, Skills Development and Employment Equity and other Labour-related Legislation 	29 November 2016	N/A	3 present 1 apology
Adv. Collen Weapond (co-opted expert)	<ul style="list-style-type: none"> • B. Com Hons (IT) • M.Tech (Forensic Investigations coursework) • LLB • B. IURIS • B. Tech Policing • Postgraduate Diploma in Computer Forensics (course work) • Diploma in Education SP III • Diploma in Compliance Management • Programme in Fraud Management (UP) • Certificate in Policing (TUT) • Diploma in Business Management (BMTC) 	15 January 2016 14 June 2018	N/A	4 present

was updated. It is reported on every quarter at the Audit and Risk Committee Meeting.

The QCTO launched its own Fraud and Ethics Hotline in March 2016. Continued awareness raising is conducted with staff and stakeholders. The contact details of the QCTO Fraud and Ethics Hotline are as follows:

0800 322 322

FreeFax 0800 00 77 88

qcto@tip-offs.com

www.tip-offs.com

Although a small number of alleged cases of fraud were reported and investigated, no actual fraud was detected during the course of the financial year reported via the Hotline. Neither was any other actual fraud detected through other QCTO processes.

10. MINIMISING CONFLICT OF INTEREST

In the past year no conflicts of interest were declared.

11. CODE OF CONDUCT

The QCTO has its own approved Code of Conduct for employees which is signed by every employee.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The QCTO has been renting its own office space since mid-December 2013. The building is compliant to health and safety imperatives as assessed by the landlord and therefore there are no major issues of concern identified thus far. Moreover, the QCTO has established health and safety structures and systems, including a committee to handle any emerging Health and Safety issues in compliance with the Health and Safety legislation.

The unprecedented times of COVID-19, followed by the announcement of the National Lockdown by the President on 26 March 2020 has necessitated the need for the organisation to respond quickly and have an understanding of the impact that the virus may have on how health and safety is managed.

As at the end of year under review, several health and safety precautionary measures were implemented. These include: closure of walk-in at the offices, working from home, cancellations of all large gatherings and external meetings, disablement of the biometric system and replacing it with access cards, as well as providing the necessary Personal Protective Equipment such as sanitizers, masks and gloves. Furthermore, routine cleaning of high risk areas and surfaces (e.g. door handles, taps, stairs, work surfaces) was increased. Through an official statement issued by the Office of the CEO, staff members have also been reminded to comply with health directives.

13. SECRETARY

The QCTO does not fall under the Companies Act and therefore this section is not applicable to the QCTO (no Company Secretary). The QCTO does have a Director: Governance, Risk, Compliance and Secretariat and staff that perform the secretariat function to Council and its Committees.

14. SOCIAL RESPONSIBILITY

Not applicable to the QCTO for the 2019/20 financial year.

15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

AUDIT AND RISK COMMITTEE

From left to right: Ms René Van Wyk (Chairperson), Mr Thilivhali Ramawa, Mr Theuns Tredoux, Mr Dumisani Dlamini, Mr Amon Teteme (Council rep.), Ms Thobeka Njozela and Adv. Johannes Weapond (Co-opted expert).



SUMMARY OF MAIN ACTIVITIES UNDERTAKEN BY AUDIT AND RISK COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

The Audit and Risk Committee met four times during the year under review and performed, among other activities, the following key responsibilities:

- Approved the strategic and coverage plans of Internal Audit
- Reviewed the audit strategy of the Auditor-General South Africa (AGSA) and their audit report to the entity for the financial year ended 31 March 2020
- Reviewed and updated the Audit and Risk Committee Charter and Internal Audit Charter
- Reviewed the in-year management reporting relating to financial management, risk management and performance management
- Reviewed the Risk Management Policy, Framework and Strategy
- Reviewed the Fraud Prevention Policy and Plan
- Noted the review reports and outcomes from Internal Audit
- Reviewed the remedial actions implemented by management to address control weaknesses reported by Internal Audit and the AGSA
- Noted the quarterly and annual performance reports
- Noted the Annual Performance Plan 2019/20

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls applied by the entity over financial and risk management is effective and transparent. In line with the PFMA requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal controls, although there were areas where control weaknesses were noted. Accordingly, we report that the system of internal controls for the period under review was effective for most areas tested. It should be noted, however, that in certain areas controls were found to be only partially effective, and these require further improvement. We have received assurance that these are being addressed, and we will continue to monitor the implementation of remedial actions as a result of findings from both the Internal Audit and the Auditor-General South Africa.

THE QUALITY OF IN YEAR MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the QCTO during the year under review.

- Follow-up audits on previous audits to evaluate the effective implementation of Internal Audit recommendations that management had agreed to implement;
- Advisory services; and
- Follow-up on implementation of previous years' audit recommendations by the AGSA.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the annual report, with the Auditor-General South Africa and the Chief Executive Officer;
- Reviewed the Auditor-General South Africa's management report and management's response thereto;
- Reviewed any changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives to be included in the annual report; and
- Reviewed significant adjustments resulting from the audit.

INTERNAL AUDIT

The Audit and Risk Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

The following Internal Audit work was completed during the year under review:

- Adequacy and effectiveness audits on various internal control and governance processes;
- Review of the Annual Financial Statements for the financial year ended 31 March 2020;
- Reviews of the quarterly performance information reports for the financial year ended 31 March 2020, including annual performance information;

AUDITOR-GENERAL SOUTH AFRICA

The Audit and Risk Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.

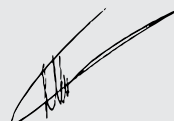
RISK MANAGEMENT

The Audit and Risk Committee closely monitored the identification of risks in the QCTO and received quarterly progress reports on the mitigation of risks. No major incidents/losses were reported by Management.

CONCLUSION

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General South Africa 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 South Africa.

The Audit and Risk Committee commends Management on achieving a clean audit for the fourth year in succession, and urges the organisation to maintain the standard. We commend management on their commitment to good governance within the organisation.



Ms René van Wyk

Chairperson of the Audit and Risk Committee
Quality Council for Trades and Occupations
Date: 29/09/2020

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The QCTO does not issue any licences or concessions.
Developing and implementing a preferential procurement policy?	Yes	The QCTO procurement policy has fully adopted all the prescripts of the Preferential Procurement Policy Framework Act and the policy has been fully implemented.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to the QCTO.
Developing criteria for entering into partnerships with the private sector?	No	There has not been any project that required the QCTO to enter into a partnership with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment	No	The QCTO has no capacity to award grants and/or incentives as the organisation itself is a grant recipient.

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

OVERVIEW OF HR MATTERS AT THE QCTO

The QCTO's total staff complement for 2019/20 is 119, which consists of:

- A total of 98 permanent staff members as per approved organisational structure
- Two contract employees as per approved structure
- Nineteen contract employees for specific identified projects and these posts are not part of the approved organisational structure

The revised QCTO approved structure provides for 246 permanent posts to be filled in phases based on the availability of funds. However, not all of the approved posts can be filled, owing to limited funding. The 2019/20 approved budget and MTEF budgets permit for approximately 114 posts to be filled. The vacancy rate stands at 59% for the 2019/20 financial year, a slight decrease as compared to the previous financial year (2018/19) which was at 63%. For the year under review, the QCTO was able to fill 98 of all funded posts on a permanent basis and only two permanent posts were filled on contract. The result of filling posts on permanent capacities will to a greater extent bring stability within the organisation.

HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The main HR focus was to review the Human Resources Policies, Human Resources Procedures and to develop a Human Resources Strategy and Human Resources Strategy Implementation Plan.

WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

The QCTO's own Human Resources policies, procedures and systems were implemented as from 1 September 2014. These approved policies and procedures include elements of improved employee benefits, staff retention such as training and development, as well as bursaries for

staff. During 2019/20 a review of the Human Resources Policies and Procedures, and development of the Human Resources Strategy and Human Resources Strategy Implementation Plan was undertaken. The reviewed Human Resources Policies and developed Human Resources Strategy were approved by the Council in March 2020. The approval of the Human Resources Strategy Implementation Plan and Human Resources Procedures process is in progress. The enhancements brought onto the revised Human Resources Policies and Procedures were intended, among others, to improve employees' conditions of service as a drive to retain staff.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The QCTO reviewed the Performance Management Policy which was approved by the Council on 17 March 2020. The QCTO is in the process of implementing an electronic (ESS) Performance Management System in the 2020/21 financial year. This will enhance the monitoring and evaluation of the performance of employees. During the financial year under review, all QCTO employees were workshopped on the reviewed Performance Management System and Policy to ensure its effective implementation.

EMPLOYEE WELLNESS PROGRAMMES

An employee wellness day was held in December 2019. The focus was primarily on educating employees with regard to health matters. This marked the fifth employee wellness initiative to be undertaken since 2014. More programmes are planned for 2020/21 depending on the availability of funds.

POLICY DEVELOPMENT

- A review of the Human Resources Policies Manual was initiated and approved by the Council in March 2020 to ensure alignment with HR legislation, best practices, as well as the organisational needs. Consultation with staff members for their inputs took place in November 2018.

ACHIEVEMENTS

- The QCTO submitted the Employment Equity Report for 2019/20 to the Department of Labour. The Employment Equity Committee has been established to oversee the implementation of Employment Enquiry activities.
- The QCTO submitted the Workplace Skills Plan for 2019/20 and established the Training and Development Committee to oversee implementation of training and development activities of employees.
- As a result of continued compliance, the ETDP SETA offered the QCTO a discretionary bursary grant of R100 000, which was distributed equally to 15 employees who had made applications to the grant.
- The QCTO continued to successfully implement its own payroll system (VIP) and Employee Self Service (ESS) System. These modules enable the effective administration of payroll and management of leave.
- The Draft Human Resources Strategy Implementation Plan was developed.
- The Pension Fund Committee was established and is in place.

246 approved posts, the budget permits not more than 114 posts to be filled. These posts are funded mainly from the SETA grant; however, as these funds are allocated annually, based on a submission made to the DHET, the amount received (if any) can vary considerably. The uncertainty constrains the QCTO in fully implementing its mandate.

FUTURE HR PLANS /GOALS

- Implementation of the revised Human Resources Policies Manual
- Implementation of the approved Human Resources Strategy
- Approval and implementation of the revised Human Resources procedures
- Approval and implementation of the Draft Human Resources Strategy Implementation Plan
- Employment Equity initiatives
- Development and implementation of the Change Management strategies
- Implementation of the electronic (ESS) Performance Management System
- Facilitation of the following training programmes to all QCTO employees to enhance their skills:
 - Project Management
 - Finance for non-financial managers
 - Report writing skills
 - Supervisory skills

CHALLENGES FACED BY THE QCTO

The QCTO was able to fill 98 posts on a permanent basis and do away with contract positions, although funding remains a hindrance to fully capacitating the approved structure. The QCTO's compensation budget does not allow for all the approved posts (246) to be filled. Of the

2. HUMAN RESOURCE OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY R'000	PERSONNEL EXPENDITURE R'000	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R'000
QCTO	118 981	64 561	54%	119	543

PERSONNEL COST BY SALARY BAND

PROGRAMME	PERSONNEL EXPENDITURE R'000	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COSTS	NUMBER OF EMPLOYEES	AVERAGE COST PER EMPLOYEE R'000
Top Management	2 064	3%	1	2 064
Senior Management	17 783	28%	15	1 186
Professionally qualified	34 321	53%	56	613
Skilled	4 686	7%	13	360
Semi-Skilled	3 135	5%	13	241
Unskilled	2 572	4%	21	122
TOTAL	64 561	100%	119	543

PERFORMANCE REWARDS

Performance Rewards for 2019/20 financial year were finalised and paid as follows:

PROGRAMME	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management	R138	R2 064	7%
Senior Management	R935	R17 783	5%
Professionally qualified	R687	R34 321	2%
Skilled	R79	R4 686	2%
Semi-Skilled	R189	R3 135	6%
Unskilled	R20	R2 572	1%
TOTAL	R2 048	64 561	3%

TRAINING COSTS

PROGRAMME	PERSONNEL EXPENDITURE R'000	TRAINING EXPENDITURE R'000	TRAINING AS A % OF PERSONNEL COSTS	NUMBER OF EMPLOYEES	AVERAGE TRAINING COST PER EMPLOYEE
QCTO	64 561	292	0%	70	4

EMPLOYMENT AND VACANCIES

PROGRAMME	2018/19 APPROVED COSTS	2018/19 NUMBER OF EMPLOYEES	2018/19 VACANCIES	2018/19 % OF VACANCIES	2019/20 APPROVED COSTS	2019/20 NUMBER OF EMPLOYEES	2019/20 VACANCIES	2019/20 % OF VACANCIES
QCTO	243	89	154	63%	246	100	146	59%

NOTES

- Of the total of 246 posts approved by the Council, 197 are posts for the core business operations of the QCTO, and 49 posts are for the support structure.
- All approved positions and employees' appointments have been budgeted for accordingly throughout the MTEF period, with a total of 114 posts funded for the 2019/20 financial year.

EMPLOYMENT CHANGES

The table below provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the QCTO.

LEVEL	2018/19 APPROVED COSTS	2018/19 NUMBER OF EMPLOYEES	2018/19 VACANCIES	2018/19 % OF VACANCIES	2019/20 APPROVED COSTS	2019/20 NUMBER OF EMPLOYEES	2018/19 VACANCIES	2019/20 % OF VACANCIES
Top Management	1	1	0	0%	1	1	0	0%
Senior Management	20	12	8	40%	20	15	5	25%
Professionally qualified	150	51	99	66%	151	55	96	64%
Skilled	43	9	34	79%	45	12	33	73%
Semi-Skilled	25	12	13	52%	26	14	12	46%
Unskilled	4	4	0	0%	3	3	0	0%
TOTAL	243	89	154	63%	246	100	146	59%

REASONS FOR STAFF LEAVING

CATEGORY	NUMBER OF STAFF LEAVING	% OF STAFF
Death	0	0%
Resignation	6	7%
Dismissal	0	0%
Retirement	0	0%
Ill-health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	6	7%

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

There was one case of misconduct and the employee opted to resign during the hearing proceedings.

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	2
Written warning	0
Final written warning	0
Dismissal	0

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The Employment Equity Policy is in place and the Employment Equity Plan was developed and submitted to the Department of Labour.

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0	1	0	0	0
Senior Management	7	0	3	0	0	2	1	2
Professionally qualified	26	1	0	8	1	4	1	5
Skilled	3	5	0	5	0	5	0	3
Semi-Skilled	3	6	0	3	0	4	0	2
Unskilled	0	7	0	3	0	4	0	2
TOTAL	39	19	3	19	2	19	2	14

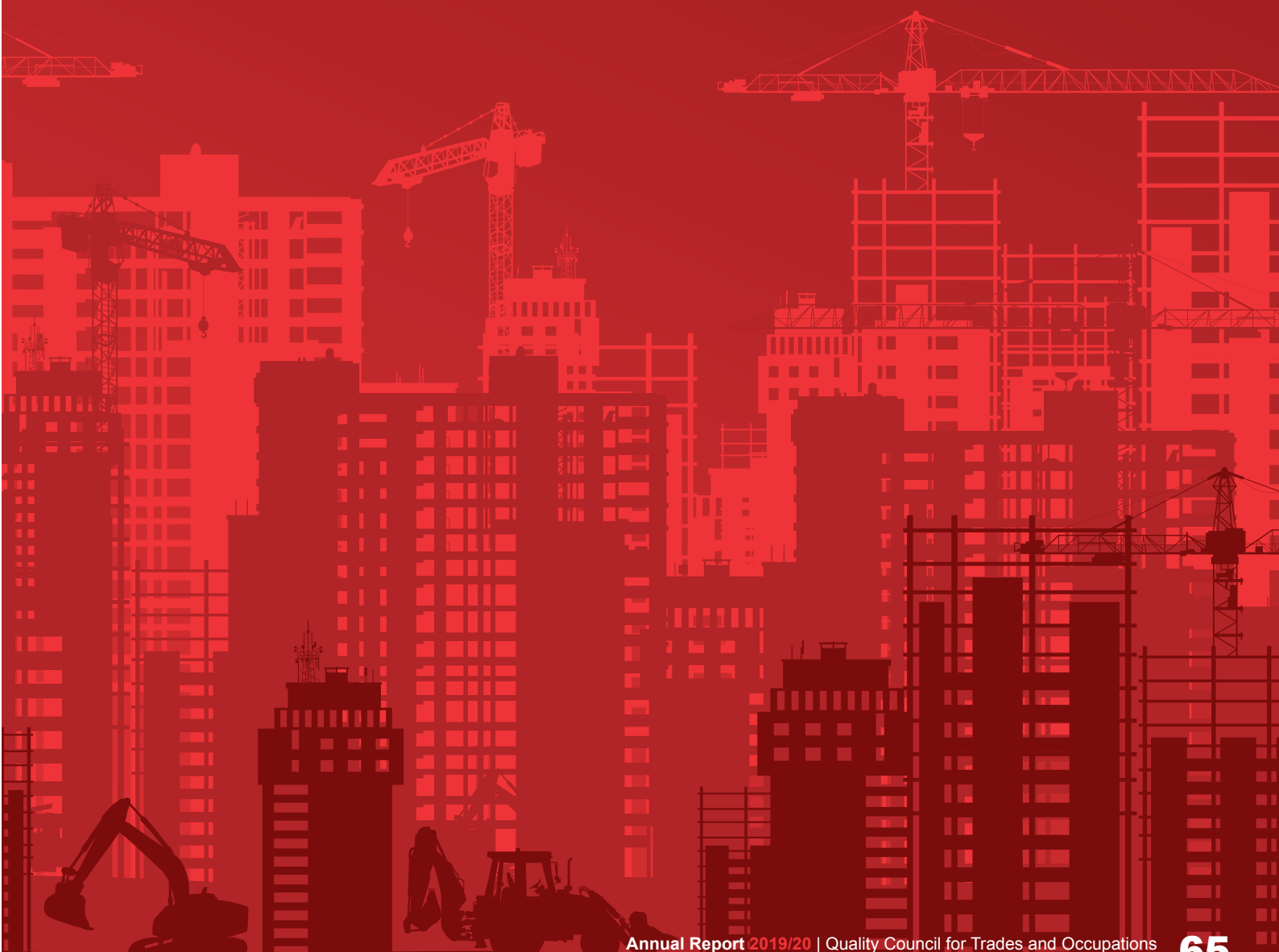
LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	5	0	3	0	3	3	2
Professionally qualified	26	1	0	6	0	5	1	3
Skilled	10	0	0	2	0	1	0	2
Semi-Skilled	10	6	0	3	0	1	0	2
Unskilled	3	4	0	2	0	1	0	2
TOTAL	50	16	0	16	0	11	4	11

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	2	0	2
Professionally qualified	0	3	0	3
Skilled	0	3	0	2
Semi-Skilled	0	2	0	2
Unskilled	0	1	0	1
TOTAL	0	11	0	10

The Employment Equity Plan for the 2019/20 was submitted to the Department of Labour, and an Employment Equity Committee was appointed to oversee the implementation of the plan. The recruitment process is currently based between the gaps the QCTO has on Employment Equity statistics.

PART E

FINANCIAL INFORMATION



1. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Council is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Council to ensure that the Annual Financial Statements fairly present the entity's Financial Position, Financial Performance and Cash Flows as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor-General are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The financial statements present fairly, in all material respects, the financial position of the Quality Council for Trades and Occupations as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no.1 of 1999) (PFMA).

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that it is ultimately accountable for the system of internal financial control established

by the entity and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the council sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The Annual Financial Statements set out on pages 73 to 107, which have been prepared on the going concern basis, were approved by the Council and were signed on its behalf by:



Mr Vijayen Naidoo
Chief Executive Officer
30 September, 2020



Prof. Peliwe Lolwana
Chairperson
30 September, 2020

2. REPORT OF THE COUNCIL

The Council submit its report for the year ended March 31, 2020.

1. INCORPORATION

On 31 December 2010, the QCTO was listed as a Schedule 3A Public Entity under the Public Finance Management Act, effective retrospectively from 1 April 2010 (Gazette Notice 33900), as per section 26 (G) (1) of the Skills Development Act.

2. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The QCTO has been established in order to accommodate the unique learning requirements for building occupational competence. The QCTO is responsible for Occupational Qualifications development and monitoring. Both the National Qualifications Framework Act, No. 67 of 2008 and the Skills Development Act, No. 97, as amended in 2008, outline the functions of the QCTO.

Net surplus of the entity was R9,502 000 (2019: surplus of R30,482 000). The current year's surplus was mainly as a result of the increase in unbudgeted revenue from exchange transactions. This revenue includes interest income, certification, verification and accreditation services. The surplus funds will be utilised to fund the budget cut for the 2020-21 financial year.

3. SUBSEQUENT EVENTS

The Council is aware of two subsequent events arising after the end of the financial year that would not require an adjustment to the annual financial statements. These events have been fully disclosed in note 26 of the Annual Financial Statements.

4. COUNCIL MEMBERS' INTERESTS

Where relevant conflict of interests was declared for the year under review.

5. ACCOUNTING AUTHORITY

The Council members of the entity during the year up to 31 March 2020 include:

NAME	CHANGES
Prof. Peliwe Lolwana	
Mr Vijayen Naidoo	
Prof. Narend Baijnath	
Dr Tholsia Naidoo	
Mr Gordon Louw	
Mr Moeketsi Rakgosi	
Mr Thabo Mashongoane	
Ms Mariane Tsoeu	
Ms Gerda Magnus	
Dr Mafu Rakometsi	
Mr Joe Samuels	
Ms Stella Carthy	
Mr Amon Teteme	
Ms Happy Sibande	
Ms Sibongile Sybil Antony	Appointed Friday, 11 October 2019
Mr Thembinkosi Josopu	Appointed Friday, 11 October 2019

6. SECRETARY

The secretary of the entity is Ms Adri H Solomon:

Business address 256 Glyn Street
Hatfield
Pretoria
0083

Postal address Private Bag X278
Pretoria
0001

7. MEMBERS AND EXECUTIVE MANAGERS' EMOLUMENTS

COUNCIL MEMBERS	COUNCIL AND OR COMMITTEE	REIMBURSABLE EXPENSES	TOTAL FEES 2020	TOTAL FEES 2019
Prof. Peliwe Lolwana (Chairperson)	144,026	5,099	149,131	143,101
Mr Gordon Louw	66,042	40,699	106,748	105,682
Mr Amon Tetema	106,410	7,306	113,724	104,715
Ms Stella Ruth Carthy	91,725	9,658	101,392	84,822
Mr Moeketsi Rakgosi	14,676	325	15,011	15,076
Mr Ntsie Malao	-	-	-	37,072
Dr Tholsia Naidoo	72,725	5,726	78,463	118,270
Mr Willy Matthiae	62,373	768	63,154	100,527
Ms Sibongile Antoni	11,007	-	11,021	-
Mr Thembinkosi Josopu	11,007	-	11,022	-
TOTAL	579,991	69,581	649,666	709,265

Council Members employed in the public sector are not remunerated. Included in the current year Council members' total fees include remuneration earned for participating in other council committees and *ad hoc* projects on behalf of the QCTO.

EXECUTIVE MANAGEMENT	DESIGNATION	BASIC SALARY	PENSIONS	SERVICE/ PERFORMANCE BONUSES	OTHER BENEFITS	TOTAL PACKAGE 2020	TOTAL PACKAGE 2019
Mr VD Naidoo	Chief Executive Officer	1,699,718	180,047	184,518	-	2,064,283	1,442,769
Mr I Gumbochuma	Chief Financial Officer	1,090,595	87,092	52,550	22,328	1,252,565	1,107,565
Ms N Madilonga	Chief Director: Corporate	1,243,618	99,312	64,064	25,427	1,432,421	1,398,376
Mr TM Lata	Chief Director: OQM	1,050,290	99,312	64,064	218,755	1,432,421	1,374,446
Mr ER Mbuwe	Chief Director: QQA	1,353,342	113,762	-	29,092	1,496,196	-
Ms A Solomon	Director: Governance	984,563	83,924	163,819	21,525	1,253,831	1,181,188
Ms B Langa-Mtintsilana*	Director: QQA	-	-	-	33,540	33,540	939,163
Mr S Mkhonza	Director: OQM	945,017	82,684	114,102	46,206	1,188,009	1,120,340
Ms AJ Van Rensburg	Director: Certification	941,556	80,259	156,663	20,595	1,199,073	1,129,690
Mr T Ramhewa	Director: IT	990,168	99,126	-	-	1,089,294	1,067,562
Ms D Kemp	Director: Assessment	913,582	76,751	36,727	30,505	1,057,565	160,730
Mr R Macpherson	Director: Quality	961,184	76,751	-	19,630	1,057,565	167,551
Mr T Gqili	Director: Non-Engineering	917,854	82,234	-	57,479	1,057,567	167,551
Mr M Marfalane	Director: Research & Analysis	961,109	76,751	-	19,705	1,057,565	83,777
Mr T Matjabe	Director: Accreditation	961,109	76,751	-	19,705	1,057,565	83,777
Mr J April	Director: Office of the	961,109	76,751	-	19,705	1,057,565	83,777
Mr S Davids	Director: Engineering	956,480	82,426	-	21,112	1,060,018	-
		16,931,290	1,473,933	836,507	605,309	19,847,043	11,508,262

* Ms B Langa-Mtintsilana retired on 31 March 2019 and the current year payment relates to the accumulated annual leave days.

3. REPORT OF THE EXTERNAL AUDITOR

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE QUALITY COUNCIL FOR TRADES AND OCCUPATIONS (QCTO)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Quality Council for Trades and Occupations set out on pages 73 to 107, which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Quality Council for Trades and Occupations as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Management Framework Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the type of auditee in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of

the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

EMPHASIS OF MATTER

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

EVENTS AFTER THE REPORTING PERIOD

7. We draw attention to note 26 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the public entity's future prospects, performance and cash flows. Management has also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.
8. We also draw attention to note 26 in the financial statements, which notes that the Council's term expired on 31 March 2020, and whilst the process of appointing a new Council is still in progress, the public entity is without an appointed Council as at 1 April 2020. In these instances, Section 49(2)(b) of the PFMA was applied where the Chief Executive Officer is deemed to be the Accounting Authority.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

13. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general

notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2020:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 3: Quality Assurance	36 – 39

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3 – Quality Assurance

OTHER MATTERS

18. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

19. Refer to the annual performance report on pages 32 to 39 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a significant number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

21. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report.. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and

compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE –

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council, which constitutes the accounting authority
- conclude on the appropriateness of the Council, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements.

I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Quality Council for Trades and Occupations to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

4. STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	NOTES	2020 R'000	2019 R'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	90,273	69,766
Receivables from exchange transactions	4	635	663
Receivables from non-exchange transactions	5	6	7
		90,914	70,436
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,275	10,401
Intangible assets	7	1,492	1,879
		9,767	12,280
Total Assets		100,681	82,716
CURRENT LIABILITIES			
Operating lease liability	8	1,264	430
Payables from exchange transactions	9	2,792	3,409
Payable from non-exchange transactions	10	8,008	2,436
Provisions	11	5,411	3,693
Unspent conditional grants and receipts	25	1,129	169
		18,604	10,137
Total Liabilities		18,604	10,137
Net Assets		82,077	72,579

5. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	2020 R'000	2019 R'000
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services		5,111	2,582
Other income		92	12
Interest received		5,425	4,008
Total revenue from exchange transactions		10,628	6,602
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Transfer revenue			
Government grants and subsidies		116,404	114,072
Other income - donations received		-	2,309
Conditional Grant (NSF)		1,451	117
Total revenue from non-exchange transactions		117,855	116,498
Total revenue	19	128,483	123,100
EXPENSES			
Administrative Expenses	20	(50,176)	(38,885)
Personnel costs	21	(64,561)	(49,742)
Depreciation and amortisation	6&7	(4,244)	(3,991)
Total expenses		(118,981)	(92,618)
Surplus for the year		9,502	30,482

6. STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2020

	Accumulated surplus R'000	Total net assets R'000
Balance at 1 April 2018	42,091	42,091
Surplus for the year	30,483	30,483
Total changes	30,483	30,483
Balance at 1 April 2019	72,574	72,574
Surplus for the year	9,503	9,503
Total changes	9,503	9,503
Balance at 31 March 2020	82,077	82,077

7. CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	2020 R'000	2019 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Sale of goods and services		5,094	2,375
Grants		113,980	114,469
Interest income		5,423	3,906
Other receipts		10,738	2,710
		135,235	123,460
PAYMENTS			
Employee costs		(62,843)	(46,059)
Suppliers		(50,152)	(45,021)
		(112,995)	(91,080)
Net cash flows from operating activities	12	22,240	32,380
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(1,600)	(6,523)
Purchase of other intangible assets	7	(132)	(29)
Net cash flows from investing activities		(1,732)	(6,552)
Net increase in cash and cash equivalents		20,508	25,828
Cash and cash equivalents at the beginning of the year		69,766	43,938
Cash and cash equivalents at the end of the year	3	90,274	69,766

8. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

BUDGET ON CASH BASIS

	Approved budget R'000	Adjustments R'000	Final budget R'000	Final budget Actual amounts comparable basis R'000	Difference between final and actual budget R'000	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
Revenue from exchange transactions						
Rendering of services	-	-	-	5,094	5,094	1
Interest received - investment	-	-	-	5,423	5,423	2
Total revenue from exchange transactions	-	-	-	10,517	10,517	
TRANSFERS FROM OTHER ENTITIES						
Transfer revenue						
Government grants and subsidies	116,404	19,159	135,563	113,980	(21,583)	3
Other transfer revenue	-	-	-	10,738	10,738	4
Total revenue from non-exchange transactions	116,404	19,159	135,563	124,718	(10,845)	
Total revenue	116,404	19,159	135,563	135,235	(328)	
EXPENSES						
Personnel costs	(63,130)	-	(63,130)	(62,843)	287	5
General expenses	(46,218)	(5,159)	(51,377)	(50,176)	1,201	6
Total expenses	(109,348)	(5,159)	(114,507)	(113,019)	1,488	
Surplus for the year	7,056	14,000	21,056	22,216	1,160	
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Non-current assets						
Property, plant and equipment	(6,556)	(14,000)	(20,556)	(1,600)	18,956	7
Intangible assets	(500)	-	(500)	(132)	368	
Total assets	(7,056)	(14,000)	(21,056)	(1,732)	19,324	
TOTAL NET ASSETS	-	-	-	20,508	20,508	

Reference

- The amount relates to certification and verification services that was introduced in prior years which was not budgeted for in the current financial year.
- Interest was earned from excess funds saved in the ABSA account as the SETA Grants are now received at the beginning of the year.
- The difference is due to approved accumulated surplus.
- Included in Other receipts is R7 984 515 received from W&RSETA, relating to the 2020/21 grant levy and the balance is conditional grants received from the National Skills Fund.
- The spending on personnel expenditure is below the budget due to late appointments of new staff as the organisation is implementing the new structure and phasing out of contract positions in the current financial year.
- The General expenses is slightly overspent due to an increased number of verifiers and monitors which were contracted to clear accreditation backlog.
- The capital expenditure budget was underspent due to delayed office space remodelling needed to create additional office space.

9. ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity.

1.2 GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared based on the going concern basis. In assessing whether the QCTO is a going concern, the Council has considered the fact that the QCTO receives State Contributions (Voted Funds) which classify the QCTO as a going concern for at least the next twelve months and the QCTO has also conducted a comprehensive going concern assessment.

1.3 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the QCTO accounting policies, management is required to make judgements, estimates 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

TRADE RECEIVABLES

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

IMPAIRMENT TESTING

Due to the nature of the QCTO, management considers property, plant and equipment and intangible assets to be non-cash generating assets and therefore impairment of cash-generating assets is not applicable.

PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

PROPERTY, PLANT AND EQUIPMENT

The useful lives of assets are based on management's estimation. Management considers the following factors to determine the optimum useful life expectation for each of the individual items of infrastructure, plant and equipment.

- Expected usage of the asset. Usage is assessed by reference to the assets expected capacity or physical output;
- Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used, the repair and maintenance programme and the care and maintenance of the asset while idle;
- Technical or commercial obsolescence arising from changes or improvement in production or from a change in the market demand for the product or service output of the asset, and
- Exit policy of the entity.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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. 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.

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fittings	Straight line	5-10 Years
Motor vehicles	Straight line	5 Years
Office equipment	Straight line	3-5 Years
Computer equipment	Straight line	3-5 Years
Leasehold improvements	Straight line	5 Years

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

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

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

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

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

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

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

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	2 - 5 Years

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

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

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

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

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

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

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

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

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

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

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

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

DERECOGNITION

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfers that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity will continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities

assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 LEASES

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

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

OPERATING LEASES - LESSEE

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

1.9 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

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

DESIGNATION

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that is expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of non-cash-generating assets.

RECOGNITION AND MEASUREMENT

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 EMPLOYEE BENEFITS

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

SHORT-TERM EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

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

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

1.11 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 15.

1.12 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

INTEREST

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

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

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

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

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

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

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

RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

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

MEASUREMENT

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

TRANSFERS

Apart from services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

GIFTS AND DONATIONS, INCLUDING GOODS IN-KIND

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

1.15 INVESTMENT INCOME

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

1.16 COMMITMENTS

Commitments are disclosed where the QCTO has, in the normal course of its operations, entered into a contractual agreement with entities related to project and other expenses which are not yet due for payment.

1.17 COMPARATIVE FIGURES

Budget information in accordance with GRAP 24 has been provided in the Statement of Comparison of Budget Against Actual Amounts for the current financial year only, and forms part of the annual financial statements.

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.

1.18 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not 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.

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

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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

1.20 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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

1.21 BUDGET INFORMATION

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

The approved budget covers the fiscal period from 1 April 2019 to 31 March 2020.

The Annual Financial Statements and the budget are not on the same basis of accounting, therefore a reconciliation between the statement of financial performance and the budget has been included in the Annual Financial Statements. Refer to Statement of Comparison of Budget and Actual Amounts.

1.22 RELATED PARTIES

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.23 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. Two types of events can be identified:

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

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

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

1.24 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 shall restate 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.

10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2020 or later periods:

STANDARD/ INTERPRETATION	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
GRAP 104 (amended): Financial Instruments	April 1, 2019	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	April 1, 2019	Unlikely there will be a material impact
IGRAP 20: Accounting for Adjustments to Revenue	April 1, 2020	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	April 1, 2020	Unlikely there will be a material impact
GRAP 34: Separate Financial Statements	April 1, 2020	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	April 1, 2020	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	April 1, 2020	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	April 1, 2020	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	April 1, 2020	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	April 1, 2020	Unlikely there will be a material impact
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	April 1, 2020	Unlikely there will be a material impact
Directive 7 (revised): The Application of Deemed Cost	April 1, 2020	Unlikely there will be a material impact

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances

Short-term deposits

2020 R'000	2019 R'000
85,563	65,369
4,710	4,397
90,273	69,766

As required in Treasury Regulation 31.2, National Treasury approved the banks where the QCTO banking accounts are held. The weighted average interest rate on short-term bank deposits was approximately 6% for the year (2019: 7.28%).

+Cash includes cash with ABSA bank. Cash equivalents are short term, highly liquid investments that are held with the Corporation for Public Deposits (CPD) - SARB 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 comprises cash on hand and deposits held at call with CPD.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors

Deposits

Accrued income

350	333
-	50
285	280
635	663

Trade and other receivables past due but not impaired.

Trade and other receivables which are less than three months past due are not considered to be impaired. At March 31, 2020, R 30,490 (2019: R333 000) were past due but not impaired.

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

three months past due

30	333
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5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Sundry customers

6	7
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6. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	6,437	(3,636)	2,801	6,373	(2,981)	3,392
Motor vehicles	3,705	(1,208)	2,497	3,705	(533)	3,172
Office equipment	3,453	(2,509)	944	3,217	(1,608)	1,609
Computer equipment	6,409	(5,340)	1,069	5,109	(4,435)	674
Leasehold improvements	5,858	(4,894)	964	5,858	(4,304)	1,554
Total	25,862	(17,587)	8,275	24,262	(13,861)	10,401

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020

2020	Opening balance	Additions	Depreciation	Total
Furniture and fittings	3,392	64	(655)	2,801
Motor vehicles	3,172	-	(675)	2,497
Office equipment	1,609	236	(901)	944
Computer equipment	674	1,300	(905)	1,069
Leasehold improvements	1,554	-	(590)	964
Total	10,401	1,600	(3,726)	8,275

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019

2019	Opening balance	Additions	Depreciation	Total
Furniture and fittings	2,864	1,233	(705)	3,392
Motor vehicles	92	3,305	(225)	3,172
Office equipment	679	1,748	(818)	1,609
Computer equipment	1,153	237	(716)	674
Leasehold improvements	2,539	-	(985)	1,554
Total	7,327	6,523	(3,449)	10,401

7. INTANGIBLE ASSETS

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,804	(1,312)	1,492	2,672	(793)	1,879

RECONCILIATION OF INTANGIBLE ASSETS - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1,879	132	(519)	1,492

RECONCILIATION OF INTANGIBLE ASSETS - 2019

	Opening balance	Additions	Amortisation	Total
Furniture and fittings	81	2,338	(540)	1,879

8. OPERATING LEASE LIABILITY

	2020 R'000	2019 R'000
Operating lease liabilities	1,264	430

9. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	750	1,950
Accrued expenses	2,042	1,459
	2,792	3,409

10. PAYABLE FROM NON-EXCHANGE TRANSACTIONS

Payment received in advance	7,997	2,434
Other payables	11	2
	8,008	2,436

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2020	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	1,974	1,090	(145)	2,919
Bonus provision	1,719	3,864	(3,091)	2,492
	3,693	4,954	(3,236)	5,411

RECONCILIATION OF PROVISIONS - 2019	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	1,498	772	(296)	1,974
Bonus provision	1,334	2,912	(2,527)	1,719
	2,832	3,684	(2,823)	3,693

Leave is calculated based on leave days outstanding at year-end and quantified in terms of total cost of employment per employee. The service bonus and performance provisions relate to 13th cheque as well as approved performance bonus commitments due to QCTO employees at financial year-end.

12. CASH (USED IN) GENERATED FROM OPERATIONS

	2020 R'000	2019 R'000
Surplus	9,502	30,477
Non-cash movements:		
Depreciation and amortisation	4,244	3,991
Movements in operating lease assets and accruals	834	(63)
Movements in provisions	1,718	861
Donation of Intangible assets	-	(2,309)
Other non-cash items	-	7
Changes in working capital:		
Receivables from exchange transactions	28	(207)
Receivables from non-exchange transactions	-	390
Payables from exchange transactions	(618)	1,948
Payables from non-exchange transactions	5,572	(2,884)
Unspent conditional grants and receipts	960	169
	22,240	32,380

13. COMMITMENTS

Approved and contracted commitments		
Current expenditure commitments	3,934	2,970
Capital expenditure commitments	253	3
	4,187	2,973

The approved and contracted commitments relate to contracts and orders made by the Council for goods and services that are yet to be received.

AUTHORISED CAPITAL EXPENDITURE

Not yet contracted for and authorised by Council		
Property, plant and equipment	7,788	15,845
Total capital commitments		
Not yet contracted for and authorised by Council	7,788	15,845

AUTHORISED OPERATIONAL EXPENDITURE

Not yet contracted for and authorised by Council		
Expenditure	11,545	17,927
Total commitments		
Capital commitments	8,041	15,848
Operational expenditure	15,479	20,897
	23,520	36,745

13. COMMITMENTS (CONTINUED)

2020	2019
R'000	R'000

OPERATING LEASES - AS LESSEE (EXPENSE)

Minimum lease payments due

- within one year

- in second to fifth year inclusive

9,020 8,521

24,956 33,975

33,976 42,496

PHOTOCOPIERS

The QCTO leases six photocopy machines from Konica Minolta for a period of 36 months, effective from 1 May 2018. The monthly lease payments are R23 085 with no annual escalation. The organisation is also expected to pay 4.92 cents per page for black copies and 29.95 cents per page for colour copies during the duration of the contract.

OFFICE SPACE

The QCTO extended its original five years lease agreement for office space and parking with Izandla Property Fund by a further five years effective from 1 November 2018. The monthly lease payments for the office space is R573 028 with an annual escalation of 6.25% and R93 661 for parking space with an annual escalation of 5% per annum.

14. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

QCTO management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values except as detailed in the following table:

2020 FINANCIAL ASSETS

Receivables from exchange transactions

Receivables from non-exchange transactions

Cash and cash equivalents

At fair value	At amortised cost	Total
635	-	635
6	-	6
90,273	-	90,273
90,914	-	90,914

FINANCIAL LIABILITIES

Payables from exchange transactions

Payable from non-exchange transactions

At fair value	At amortised cost	Total
2,792	-	2,792
8,002	-	8,002
10,794	-	10,794

14. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

2019 FINANCIAL ASSETS	At fair value	At amortised cost	Total
Receivables from exchange transactions	663	-	663
Receivables from non-exchange transactions	7	-	7
Cash and cash equivalents	69,766	-	69,766
	70,436	-	70,436

FINANCIAL LIABILITIES	At fair value	At amortised cost	Total
Payables from exchange transactions	3,409	-	3,409
Payable from non-exchange transactions	2,436	-	2,436
	5,845	-	5,845

FINANCIAL INSTRUMENT RISK

In the course of the QCTO operations it is exposed to market, interest rate, credit, and liquidity risk. The Risk Management Policy was approved in May 2013 and is reviewed every second year. The approved Risk Management Framework and Strategy has been implemented and is reviewed after every two years or as required.

MARKET RISK

FOREIGN EXCHANGE RISK

The QCTO 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

The QCTO is not exposed to price or commodity price risk as they do not carry any investments. Cash includes cash with commercial banks. These cash equivalents are subject to an insignificant risk of change in value.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The QCTO does not carry any significant interest bearing assets, therefore the revenue and operating cash flows are not substantially depended on changes in market interest rates. As the QCTO does not have significant interest bearing liabilities, the expense and cash flows are not substantially depended on changes in market interest rates.

14. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The QCTO's exposure to interest rate risk and effective interest rates on financial instruments at reporting date is as follows:

MARCH 31, 2020	Effective interest rate R '000	Subject to interest rate movement: Floating R '000	Non-interest bearing R '000	Total R '000
CURRENT FINANCIAL ASSETS				
Cash and cash equivalents	6.69%	90,273	-	90,273
Receivable from exchange transactions	N/A	-	635	635
	6.69 %	90,273	635	90,908
CURRENT FINANCIAL LIABILITIES				
Payables from exchange transactions	N/A	-	2,792	2,792
	-	-	2,792	2,792

MARCH 31, 2019	Effective interest rate R '000	Subject to interest rate movement: Floating R '000	Non-interest bearing R '000	Total R '000
CURRENT FINANCIAL ASSETS				
Cash and cash equivalents	7.28%	69,766	-	69,766
Receivable from exchange transactions	N/A	-	663	663
	7.28 %	69,766	663	70,429
CURRENT FINANCIAL LIABILITIES				
Payables from exchange transactions	N/A	-	3,409	3,409
	-	-	3,409	3,409

CREDIT RISK

Financial assets, which potentially subject the QCTO to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

The QCTO management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury.

The QCTO does not have any material exposure to any individual or counter-party. The QCTO's concentration of credit risk is limited to the industry in which the QCTO operates. No events occurred in the industry during the financial year that may have an impact on the recovery of receivable from exchange transactions.

14. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The funds' maximum exposure to credit risk is equal to the total value of the following assets:

2020	Rated	Non-rated	Total
Cash and cash equivalents	90,273	-	90,273
Receivable from exchange transactions	639	-	639
	90,912	-	90,912

2019	Rated	Non-rated	Total
Cash and cash equivalents	69,766	-	69,766
Receivable from exchange transactions	663	-	663
	70,429	-	70,429

LIQUIDITY RISK

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

Forecast liquidity reserve as of March 31, 2020 is as follows:

	2021 R'000	2022 R'000	2023 R'000
Opening balance for the period	90,273	-	-
Operating proceeds	124,635	135,863	147,632
Operating outflow	(214,908)	(135,863)	(147,632)
Closing balance for the period	-	-	-

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:

MARCH 31, 2020	Less than 1 year R'000	Total R'000
Payables from exchange transactions	2,792	2,792

MARCH 31, 2019	Less than 1 year R'000	Total R'000
Payables from exchange transactions	3,409	3,409

15. CONTINGENCIES

The following contingent liabilities exist:

Litigation is in the process against the entity relating to a dispute with a service provider who donated the Management Information System (MIS) after the entity terminated the Service Level Agreement due to non-compliance with some prescripts of the PFMA, the service provider is seeking damages of R 7,057,402. The entity's lawyers and management are still considering the success likelihood of the action against the entity, and the case should be resolved within the next two years.

The QCTO has applied to National Treasury in terms of Section 53(3) of the PFMA for the retention of accumulated surplus of R48,570,000 for the 2019/20 financial year based on a National Treasury prescribed formula.

16. RELATED PARTIES

RELATIONSHIPS

Controlling Body

Department of Higher Education and Training (DHET)

Entities under the department

Agriculture Sector Education and Training Authority (AGRISETA)

Banking Sector Education and Training Authority (BANKSETA)

Culture, Arts, Tourism, Hospitality and Sports Educational and Training Authority (CATHSSETA)

Chemical Industries Education and Training Authority (CHIETA)

Construction Education and Training Authority (CETA)

Education, Training and Development Practices (ETDP)

Energy Sector Education and Training Authority (EWSETA)

Financial and Accounting Services Sector Education and Training Authority (FASSET)

Food and Beverages Manufacturing Industry Sector Education and Training Authority (FOODBEV)

Fibre Processing Manufacturing Sector Education and Training Authority (FP&M SETA)

Health and Welfare Sector Education and Training Authority (HWSETA)

Insurance Sector Education and Training Authority (INSETA)

Local Government Sector Education and Training Authority (LGSETA)

Media, Advertising, Information and Communication Technologies Sector Education and Training Authority (MICT)

Mining Qualifications Authority (MQA)

Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA)

Public Service Sector Education and Training Authority (PSETA)

Safety and Security Sector Education and Training Authority (SASSETA)

Services Sector Education and Training Authority (SERVICES)

Transport Education and Training Authority (TETA)

Wholesale and Retail Sector Education and Training Authority (W&RSETA)

National Skills Fund (NSF)

16. RELATED PARTIES (CONTINUED)

2020
R'000
2019
R'000

RELATED PARTY BALANCES

AMOUNTS INCLUDED IN PAYABLES FROM NON-EXCHANGE TRANSACTIONS REGARDING RELATED PARTIES

FP&MSETA	-	2,424
NSF	1,129	169
W&RSETA	7,984	-
	9,113	2,593

RELATED PARTY TRANSACTIONS

SETA GRANTS LEVIES RECEIVED

AGRISETA	2,787	2,455
BANKSETA	5,300	4,885
CATHSSETA	2,423	2,347
CETA	2,618	4,240
CHIETA	3,597	3,392
ETDP SETA	3,505	3,152
EWSETA	2,093	2,018
FASSET	3,702	3,451
FOODBEV SETA	2,427	2,513
FP&M SETA	2,423	2,325
HWSETA	3,114	2,864
INSETA	3,354	3,221
LGSETA	4,355	4,027
MERSETA	10,020	9,489
MICT SETA	5,925	5,462
MQA	6,714	6,487
PSETA	45	35
SASSETA	2,092	1,927
SERVICES SETA	10,964	10,590
TETA	5,139	4,749
W&R SETA	7,748	7,062
	90,345	86,691

TRANSFER FROM DEPARTMENT OF HIGHER EDUCATION AND TRAINING

DHET	26,056	27,380
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KEY MANAGEMENT INFORMATION

Refer to page 67 to 68

17. DEFINED CONTRIBUTION PLAN

2020	2019
R'000	R'000

The QCTO provides for retirement benefits for all of its permanent employees through defined contribution schemes. In terms of the Pension Funds Act, the funds are not required to be actuarially valued.

The QCTO's liability is limited to its contributions made. There are 99 employees who are members of both GEPP and Sanlam in which the QCTO's contribution is 13% of pensionable emoluments.

Contributions for the year included in employee cost	5,551	3,415
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18. IRREGULAR EXPENDITURE

Correction of prior period error	-	-
Opening balance as restated	862	-
Add: Irregular Expenditure - current	-	862
Add: Irregular Expenditure - prior period	862	-
Less: Amount written-off - prior period	(862)	-
	-	862

AMOUNTS WRITTEN-OFF

The Council approved the condonement of R 862 000 total irregular expenditure on 29 July 2019.

19. REVENUE

Rendering of services**	5,111	2,582
Other income	92	12
Interest received	5,425	4,008
Government grants and subsidies	116,404	114,072
Other income - donations received***	-	2,309
Conditional Grant (NSF)	1,451	117
	128,483	123,100

** Rendering of services include an amount of R2,104,410 for certification services and an amount of R2,510,000 for accreditation services.

*** Prior year other income - donations received include an amount of R2 309 242 for Management Information System (MIS) donation.

The amount included in revenue arising from exchanges of goods or services is as follows:

Rendering of services	5,111	2,582
Other income	92	12
Interest received	5,425	4,008
	10,628	6,602

19. REVENUE (CONTINUED)

2020 R'000	2019 R'000
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The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Government grants & subsidies	116,404	114,072
Other income - donations received	-	2,309
Conditional grant (NSF)	1,451	117
	117,855	116,498

20. ADMINISTRATIVE EXPENSES

Advertising	345	1,008
Audit fees - Internal	433	478
Bank charges	60	27
Cleaning	1,177	806
Audit fees - External	923	1,166
Consulting and professional fees	15,732	6,175
Office plants	145	112
Insurance	281	99
Conferences and workshops	1,834	1,893
IT expenses	3,598	3,622
Lease rentals	9,877	8,415
Motor vehicle expenses	313	11
Legal fees	482	1,385
Postage and courier	29	40
Printing and stationery	1,352	1,119
Security expenses	180	110
Staff welfare and refreshments	157	120
Subscriptions and membership fees	354	59
Telephone, internet and fax	383	233
Training	292	254
Travel, subsistence and accommodation	6,548	6,509
Water and electricity expenses	2,774	2,442
Council and committees' remuneration	1,075	1,098
Repairs and maintenance costs	1,065	1,369
Recruitment costs	691	273
Other expenses	76	62
	50,176	38,885

***The Repairs and maintenance costs consist of contracted services incurred to repair and maintain property, plant and equipment.*

****Included in the Consulting and professional fees are costs related to verifiers and monitors Additional.*

21. PERSONNEL COSTS

	2020 R'000	2019 R'000
Basic	45,291	34,003
UIF	190	152
SDL	539	427
Defined contribution plans	5,551	3,415
Car allowance	233	403
Housing benefits and allowances	811	513
Bargaining Council	-	113
Medical aid - company contributions	1,355	771
Other benefits	5,637	6,262
	59,607	46,059
Provision for bonus	3,864	2,911
Leave pay provision	1,090	772
	4,954	3,683
	64,561	49,742

22. BUDGET DIFFERENCES

DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS BASIS OF PREPARATION AND PRESENTATION

The budget/cash and the accrual accounting bases of preparation and presentation of the Annual Financial Statements differ. The Annual Financial Statements of the entity are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The Annual Financial Statements differ from the budget, which is approved on the cash basis and which deals only with the general Government sector that excludes Government business enterprises and certain other non-market Government entities and activities.

In addition, adjustments to amounts in the Annual Financial Statements for timing differences associated with the continuing appropriation and differences in the entity were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the Statement of Comparison of Budget and Actual Amounts.

23. CHANGES IN ESTIMATE

PROPERTY, PLANT AND EQUIPMENT

There were no changes in estimates in the current period. Changes in estimates for items of property, plant and equipment were effected in the prior financial years.

24. GOING CONCERN

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

The management has done a going concern assessment of the entity as at 31 March 2020 and based on the available information, management is satisfied that the entity will continue as a going concern in future.

25. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants and receipts comprise of:

Unspent conditional grants and receipts

Opening balance

Grants received

Utilised in the current year

2020 R'000	2019 R'000
169	-
2,411	286
(1,451)	(117)
1,129	169

The NSF conditional grants were awarded to QCTO for Digitisation of paper-based data and Accreditation of skills development service providers projects. The projects duration is three years starting from January 2019.

26. EVENTS AFTER THE REPORTING DATE

Two subsequent events have occurred after the closure of the financial year on 31 March 2020.

1. Since 31 March 2020, the increased spread of COVID-19 has severely impacted many local economies around the globe and South Africa has been no exception. In South Africa, businesses are being forced to cease or limit operations for long or indefinite periods. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The South African Government and Reserve Bank have responded with monetary and fiscal interventions to stabilise economic conditions. The QCTO has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020, have not been adjusted to reflect their impact. However, it is worth noting that due to the impact of COVID-19, R1.8 million will reduce the 2020/21 financial year revenue from the DHET fiscal Grant allocation. The organisation has adjusted the annual performance plans and re-tabled the budget in response to the budget allocation cuts. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and Central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the QCTO for future periods.
2. The QCTO Council's term expired on 31 March 2020, and whilst the process of appointing a new Council is still in progress, the QCTO is without an appointed Council as at 1 April 2020. In these instances, Section 49(2)(b) of the PFMA was applied where the Chief Executives is deemed to be the Accounting Authority. As required by the PFMA, the Auditor-General South Africa (AGSA) was notified as well as National Treasury and the DHET.

NOTES

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