

# isettseta

COMMITTED TO SKILLS DEVELOPMENT IN THE ICT SECTOR



Isett Seta Annual Report 2008/9



## Vision

The Isett Seta seeks to develop South Africa into an ICT knowledge-based society by encouraging more people to develop skills in this sector as a means of contributing to economic growth.

## Mission

The Isett Seta will generate, facilitate and accelerate the processes of skills development for workers at all levels in the Isett sector by linking future technology trends with new skills development programmes.

## Objectives

- Develop a sector skills plan within the framework of the national skills development strategy.
- Allocation of grants in the prescribed manner to employers, education and training providers and workers.
- Quality assure and monitor education and training in the sector.
- Promote Learnerships by identifying workplaces for practical work experience, in terms of the Skills Development Amendment Act of 2004. It is the mandate of the Isett Seta to achieve the following National Skills Development Strategy (NSDS) objectives:
  - Prioritising and communicating critical skills for sustainable growth, development and equity.
  - Promoting and accelerating quality training for all in the workplace.
  - Promoting employability and sustainable livelihoods through skills development.
  - Assisting designated groups, including new entrants to participate in accredited work integrated learning and work-based programmes to acquire critical skills to enter the labour market and self-employment.
  - Improving the quality and relevance of provision.

## Values

- As an organisation and individuals within the organisation we value honesty and integrity.
- We are eager to take on challenges and see them through.
- We have a passion for developing people.
- We hold ourselves accountable to our customers and partners by honouring commitment and striving to ensure quality service delivery in line with Batho-Pele principles.

## Principles

- Our customers' interests always come first.
- Our goal is to provide quality service to our customers and therefore take pride in the quality of our work.
- We make an effort to recruit the very best person for every job.
- We conduct our business ethically with openness and honesty.
- We will ensure compliance with the Public Finance Management Act (PFMA) and other pieces of relevant legislation.





labour

Department:  
Labour  
REPUBLIC OF SOUTH AFRICA

**isett seta**  
COMMITTED TO SKILLS DEVELOPMENT IN THE ICT SECTOR

Information Systems, Electronics and Telecommunications  
Technologies Sector Education and Training Authority

## Annual Report of the Isett Seta 1 April 2008 to 31 March 2009

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Minister MMS Mdladlana, MP  
Minister of Labour

Honourable Minister

It is my pleasure and privilege to present to you this annual report of the Isett Seta for the period 1 April 2008 to 31 March 2009.

I thank you and your Ministry for the support we have received during the reporting period and trust you will find this report in order and share in our successes for the reporting period.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Oupa Mopaki', written in a cursive style.

**Oupa Mopaki**  
Chief Executive Officer, Isett Seta

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## Introduction

On behalf of the Isett Seta Board and its Standing Committees, it is an honour to present this report for the financial year 2008/9 to all our stakeholders.

The Isett Seta has indeed continued to live up to its mission statement by providing learning and employment opportunities to 1,319 unemployed learners during the year under review. This is in addition to 4,365 unemployed learners who were skilled in the first three years of the National Skills Development Strategy II. A wide range of employer initiated learnership and graduate internship programmes were funded by the Seta to address the sector skills needs in various occupational categories.

## Re-organisation

In view of operational challenges that confronted the Seta in the year under review, particularly with regard to financial administration and legislative compliance requirements, the Board and management embarked on a process of re-organisation and streamlined the administration of the Seta. This intervention yielded positive results and most of the controls were rectified and function as intended.

## Pay as you earn (PAYE) interest and penalties

It is regrettable that the loss of computer hardware and software through burglary a while ago has subsequently led to payment of interest and penalties on PAYE to the South African Revenue Service (SARS) and has been classified as fruitless and wasteful expenditure.

I however welcome the unqualified Audit Opinion of the Auditor General on the state of affairs of the Isett Seta.

## Stakeholder participation

I am grateful to the members of the Board and Standing Committees for the collective and individual leadership in positioning the Isett Seta as a key skills development partner in the ICT Sector. I would also like to thank the CEO, management and staff for their selfless dedication and outstanding performance in the implementation of the National Skills Development Strategy Objectives.

## Conclusion

The Isett Seta is in good stead to make a further contribution in the new Seta landscape. Changing the lives of employed people and unemployed youth for the better, through skills development, has always been a rewarding experience.

I thank you all and best wishes in the year ahead.

A handwritten signature in black ink, appearing to read 'Lesaiye Chiloane', written over a horizontal line.

**Lesaiye Chiloane**

Chairperson: Isett Seta Board



The year 2008/9 brought about new insights and learning experience as the Isett Seta continued to find better ways and means of implementing the National Skills Development Objectives congruent to the skills needs of the Information and Communication Technologies (ICT) Sector.

In the year under review, the Isett Seta had an overwhelming participation of ICT companies in both learnership and graduate internship programmes. These programmes provided opportunities for further training and development and experiential workplace exposure to learners and graduates and a further opportunity for placement in full time employment. The details are provided elsewhere in this report.

Without the commitment of the ICT companies to skills development, the landmark performance achievements of the Isett Seta would not have been possible.

The Isett Seta has again posted extraordinary performance results in the year under review, as evidenced in this report. What remains is to raise the bar further and to endeavour achieving even greater performance levels.

The loss of the organisation's computer hardware and software through burglary is regrettable. This led to SARS imposing penalties and interest on overdue PAYE taxes. The Isett Seta had hoped for an amicable and less punitive approach by SARS in resolving this matter, which has been pending over the years.

The Isett Seta has been prudent at all levels of administration. All the funds allocated to the Seta in the year under review have been disbursed accordingly and set performance targets were reached, if not exceeded.

The Isett Seta is well positioned to continue to carry out its mandate: The implementation of the National Skills Development Strategy III.

I wish to extend my gratitude to management and staff of the Isett Seta, the Board and Standing Committee members for the job well done and decisive leadership.

A handwritten signature in black ink, appearing to read 'Oupa Mopaki', written over a horizontal line.

**Oupa Mopaki**  
Chief Executive Officer  
Isett Seta





### Management Team

Left to right: Arabang Ramakau (Learning Programmes), Neville Nicholas (Sector Skills Planning), Naledi Kgofelo (Supply Chain Management), Jabu Sibeko (Learning Programmes), Oupa Mopaki (Chief Executive Officer), Talfryn Davies (Administration), Victoria Ngoasheng (Human Resources), Hendrik Rheeder (Quality Management Systems), Mariki Legodi (Corporate Office) and Charlton Philiso (Education and Training Quality Assurance).



## Sector Skills Planning and Research

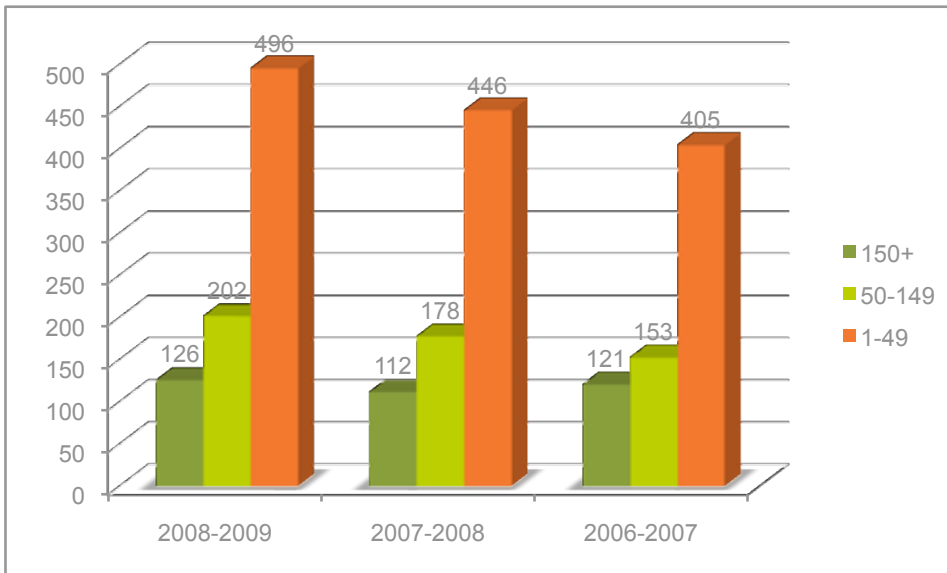
The Sector Skills Planning & Research Division is responsible for:

- Mandatory Grant assessments and approvals;
- Promoting skills development participation of Small, Medium and Micro Enterprises (SMMEs) in the sector;
- Developing and updating the Isett Seta Sector Skills Plan; and
- Providing ICT skills development research information to internal and external stakeholders.

The Isett Seta's continued efforts to maintain stakeholder participation have again paid off. In particular, participation by small and medium sized companies has continued to grow, as depicted in the figure below. The Isett Seta is continuing to sustain this achievement. The increase in participation of large companies is mostly attributed to a few companies growing slightly in size.

The figure below indicates the number of companies, categorised by number of employees, that submitted Workplace Skills Plans (WSPs).

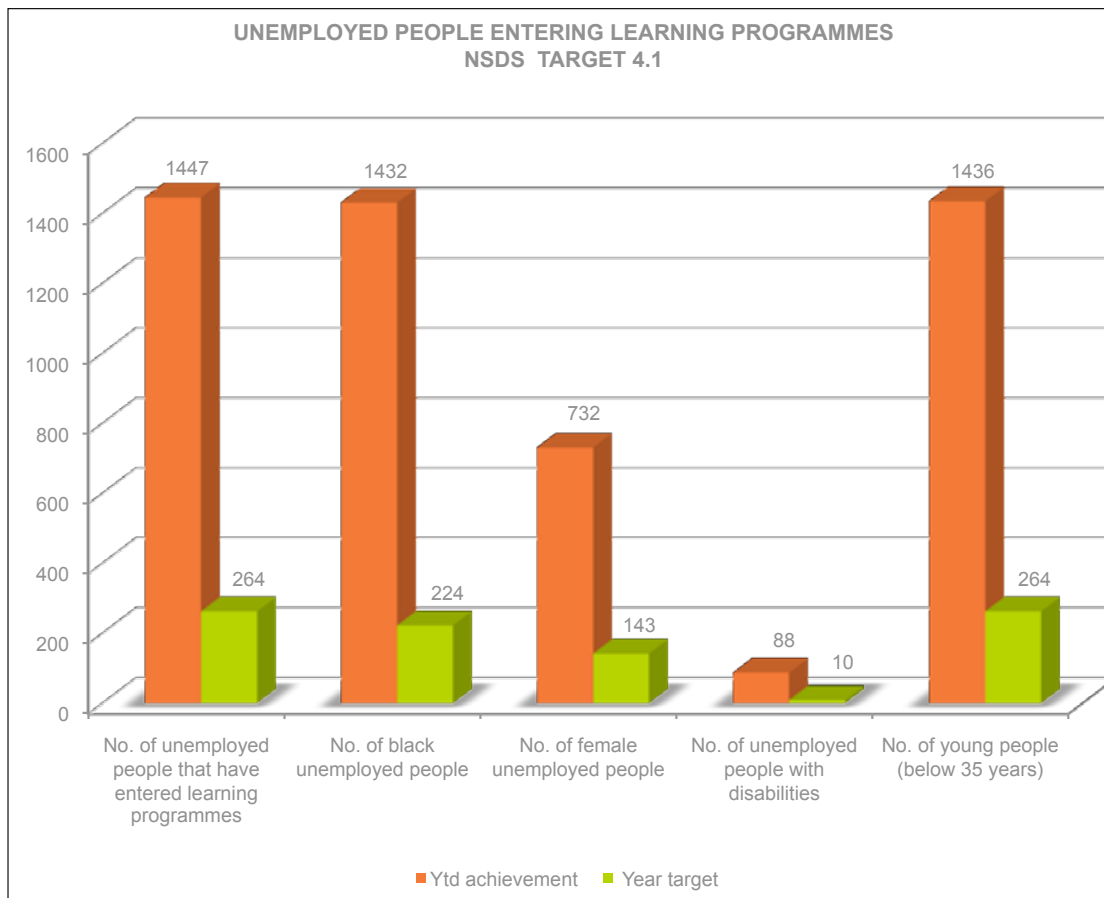
*Number of companies that submitted WSPs, categorised by number of employees, during 2008-2009, 2007-2008 and 2006-2007*



## Learnerships

During the financial year under review, the Seta has trained 1,447 unemployed youths through Learnership Programmes. The Seta has once more exceeded its National Skills Development Strategy target by over 120% as set out by the Department of Labour 2008/09 financial year. That is 1,447 unemployed learners entered National Qualifications Framework (NQF) programmes from level 3 to level 5 as part of the learnership training and some of them will complete their training in the new financial year. Thereafter, they will be placed in different companies, government departments and local municipalities.

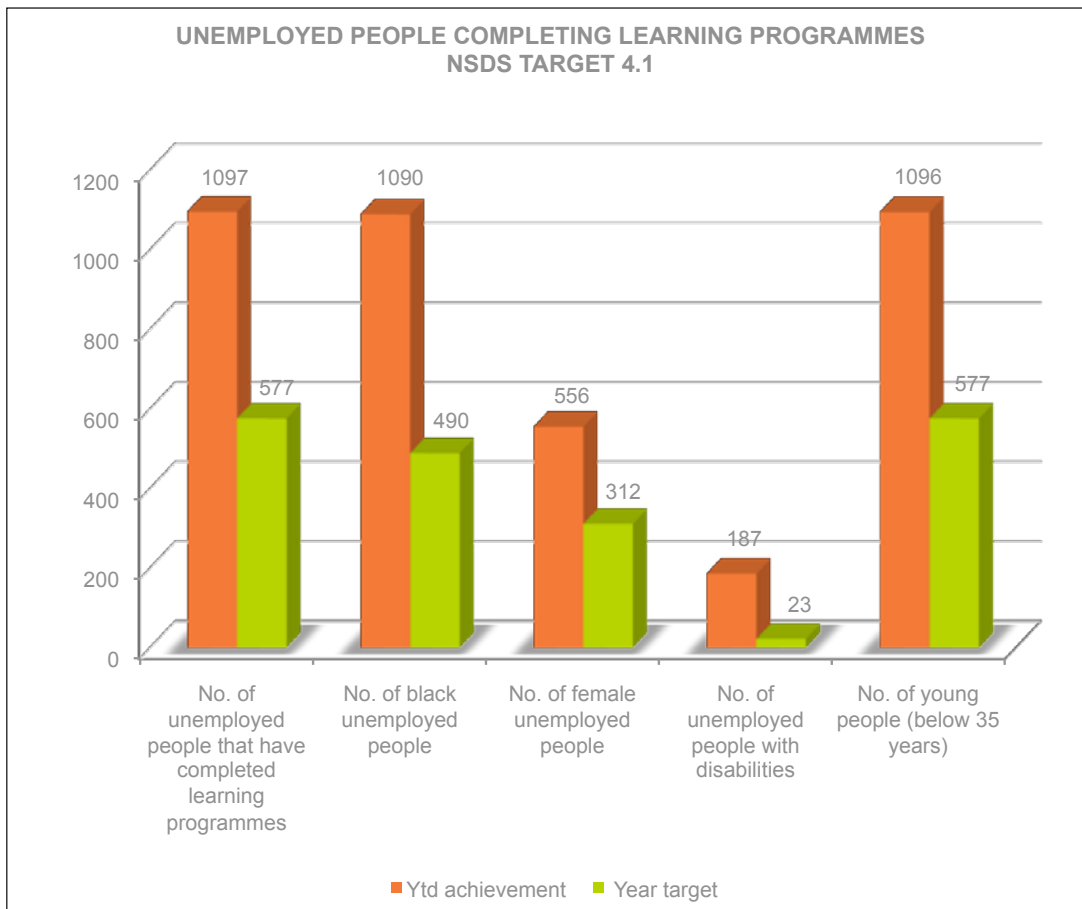
*NSDS Target 4.1: Unemployed people entering learning programmes*



## Learner Statistics Provincially

Province	Number
Gauteng	1,053
Freestate	39
KwaZulu-Natal	50
Western Cape	90
Limpopo	65
North West	140
Mpumalanga	1
Eastern Cape	9
<b>Total</b>	<b>1,447</b>

NSDS Target 4.1: Unemployed people completing learning programmes



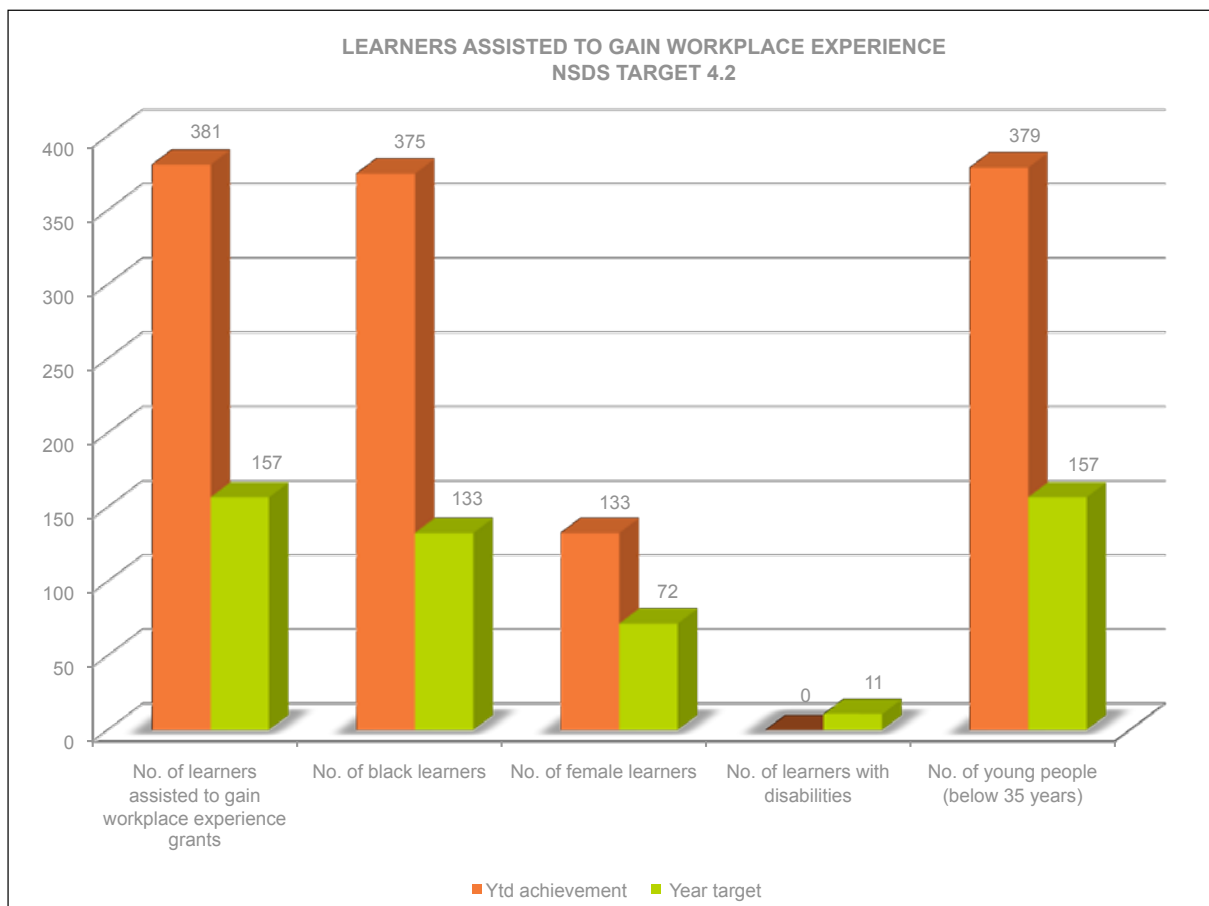
During the year under review, 1,097 learners from the previous year successfully completed their programmes.



## Graduate Internship Programmes

Isett Seta supported a total of 381 interns through Graduate Internship Programmes. This supports the fact that Isett Seta is committed to assisting unemployed graduates to enter the world of work.

*NSDS Target 4.2: Learners assisted to gain workplace experience*



The Internship Programme is directed at developing graduates and furnishing them with the knowledge and skills that will enable them to use a variety of technical, business, managerial and personal skills and strategies in the creation of and sustaining added value to products, processes or systems in the workplace.

## Intern Statistics Provincially

Province	Number
Gauteng	248
Western Cape	63
Eastern Cape	36
Mpumalanga	3
Free State	10
KwaZulu-Natal	21
<b>Total</b>	<b>381</b>

In total, 222 of the 381 interns were placed in permanent employment at the end of the internship.

### The Isett Seta and DoC are Building ICT Capacity in Public FET Colleges

The second phase of the Further Education and Training (FET) ICT capacity building project, in partnership with the Isett Seta, Department of Communication (DoC), Department of Education (DoE) and CISCO, was implemented. This programme involved training 66 lecturers to deliver networking programmes in the FET Colleges. Sixty six (66) lecturers were deployed to these FET colleges and are being trained by Cisco. Once they have completed their training, they will maintain the FET ICT laboratories and also support the FET colleges with all ICT related activities.

### Provincial Spread of the 14 FET College Partnerships

No.	NAME OF NLPEs	PROVINCE
1	Capricorn	Limpopo
2	College of Cape Town	Western Cape
3	East Cape Midlands	Eastern Cape
4	Ehlanzeni	Mpumalanga
5	Esayidi	KwaZulu-Natal
6	Goldfields	Free State
7	Ingwe	Eastern Cape
8	Lephalale	Limpopo
9	Majuba	KwaZulu-Natal
10	Sedibeng	Gauteng
11	South West	Gauteng
12	Taletso	North West
13	Umgungundlovu	KwaZulu-Natal
14	West Coast	Western Cape



## Education and Training Quality Assurance (ETQA)

The Education and Training Quality Assurance (ETQA) Division is responsible for Quality Assurance. The Isett Seta is currently enjoying a Full Accreditation status as an ETQA for the period 26 September 2008 to 26 September 2011. This status was awarded by the South African Qualifications Authority (SAQA) after an extensive compliance and performance audit which was conducted in 2008.

### Qualifications

As at 30 March 2009, the Isett Seta ETQA had quality assurance duties for the following qualifications:

Qualification Title / Learning Programme Title	Qualification ID	NQF Level	Min Credits
Certificate: Telecommunications for Customer Premises Equipment	21798	Level 2	120
Certificate in Telecommunications for Customer Premises Equipment	21799	Level 3	135
National Certificate: Electronics	59569	Level 3	120
National Certificate: Information Technology: End User Computing	61591	Level 3	130
Certificate: Telecommunications for Customer Premises Equipment	21797	Level 4	152
Further Education and Training Certificate: Electronics	63849	Level 4	122
Further Education and Training Certificate: Information Technology: Systems Development	24294	Level 4	165
Further Education and Training Certificate: Telecommunication Network Operations	59057	Level 4	132
National Certificate: Information Technology: Technical Support	24293	Level 4	163
National Certificate: Business Analysis Support Practice	63769	Level 5	138
National Certificate: Information Technology (Systems Development)	48872	Level 5	131
National Certificate: Information Technology: Systems Support	48573	Level 5	147
National Certificate: Business Analysis	63909	Level 6	149

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

The Isett Seta is committed to easing the transition from a SAQA-based quality assurance system to the new Quality Council for Trades and Occupations-based (QCTO) system to ensure ongoing support and buy-in from the industry. The ETQA has participated in all Quality Learning Forums and is also piloting the registration of one qualification as requested by industry.

The QCTO is scheduled to operate in April 2010.

### Institutions of Sectoral or Occupational Excellence (ISOE)

The SmartXchange and the Durban University of Technology have been recognised and appointed as Institutions of Sectoral or Occupational Excellence. SmartXchange is eThekweni's ICT Hub and Small Business Incubator, with its key strategic objective being to work with the city towards the vision of Durban becoming the ICT Hub of Africa and to grow the ICT BEE Small Business Sector.

The Durban University of Technology is appointed to run the New Venture Creation Programme.

Both projects will be complete in the next financial year.

## Training Provider Accreditation

The table below details the number of accreditation decisions reached/taken during the 2008-2009 financial year. Processes implemented in the previous year have allowed for an improved turnaround time regarding the processing of applications.

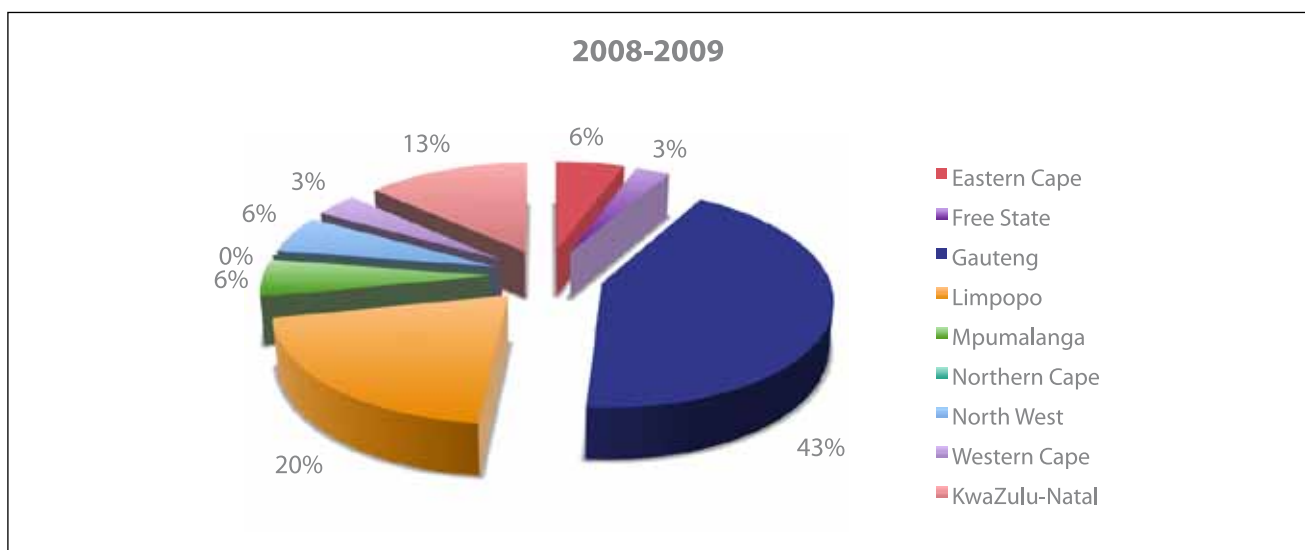
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Grand Total
<b>Full Accreditation</b>	19	25	76	84	110	314
<b>Provisional Accreditation</b>	9	101	155	50	32	347
<b>TOTALS</b>	<b>28</b>	<b>126</b>	<b>231</b>	<b>134</b>	<b>142</b>	<b>661</b>

## Training Provider Profile

Category	Description	Number Of Accredited Training Providers		
		Full Accreditation	Provisional Accreditation	Grand Total
1 - 49	Small & Micro	59	39	98
50 -149	Medium	17	13	30
150+	Large	11	3	14
<b>Total</b>		<b>87</b>	<b>55</b>	<b>142</b>

## Geographic Representation of Accredited Training Providers

Province	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Grand Total
<b>Eastern Cape</b>	0	7	11	4	8	30
<b>Free State</b>	1	7	11	3	4	26
<b>Gauteng</b>	17	67	134	79	61	358
<b>Limpopo</b>	4	18	20	11	29	82
<b>Mpumalanga</b>	4	6	6	2	8	26
<b>Northern Cape</b>	0	2	3	1	0	6
<b>North West</b>	0	2	5	7	8	22
<b>Western Cape</b>	0	7	16	16	5	44
<b>KwaZulu-Natal</b>	2	10	25	11	19	67
<b>Total</b>	<b>28</b>	<b>126</b>	<b>231</b>	<b>134</b>	<b>142</b>	<b>661</b>



### Quality Management Systems

The Quality Management Systems Unit facilitates implementation of all the Isett Seta's Quality Management Systems, to support quality assurance of skills development by its stakeholders.

Quality Management Systems must provide sufficient evidence that the Isett Seta's Quality Management Systems (QMS) are specified, designed, constructed, maintained and continually improved to satisfy their critical requirements throughout their development and operational life-cycles.

The Isett Seta's Quality Management Systems comprise processes, hardware, software, facilities and staff, which provide the capability to satisfy the Isett Seta's contribution to the National Skills Development Strategy (NSDS) objectives.

### Achievements

The Isett Seta's conformance to the SABS ISO 9001 Quality Management System Standard was re-assessed by an independent Registrar. Audits took place over a three year period. We are happy to report that the Isett Seta was re-registered and again certificated after successful re-assessment, for a new three year cycle of surveillance audits.

- In striving for continuous improvement, our information systems were upgraded with enhanced information communication technology (ICT) services, hardware and software.
- Policies and procedures were extensively updated and documented where risks were identified from the previous Auditor-General's and internal audit reports.



## Human Resources Employment Equity Report

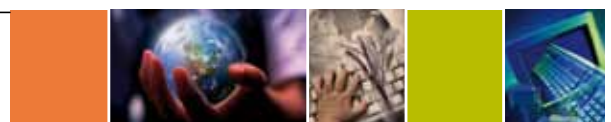
### Expenditure

Overtime paid as a percentage of total staff costs for this period comprises:

- Finance and Administration department – 3.68% out of a staff complement of eleven employees;
- Sector Skills Planning department – 0.38% out of a staff complement of three employees; and
- Education and Training Quality Assurance (ETQA) department – 0.60% out of a staff complement of ten employees.

### Employment, Recruitment, Terminations and Vacancies per Department

Department	Salary Bands (xR1 000 p/a)	Critical Occupations	Total No. of Critical Staff per dept.	Recruitment	Terminations	Vacancies (As % of Total no. of Critical Staff posts)
Finance (Outsourced)	701-800 401-500	Senior Manager: Finance Manager: Finance	-	-	2	-
ETQA	701-800 301-400 301-400 201-300	Senior Manager: ETQA Manager: Provider Accreditation Manager: Assessment, Monitoring and Certification 1 Regional Coordinator - Durban	4	-	1	7%
Administration	401-500	Manager: Administration	1	-	-	-
Supply Chain Management	101-200	Supply Chain Officer	1	-	-	-
Operations	701-800 401-500	Senior Manager: Operations Manager: Operations	2	-	-	-
Sector Skills Planning	701-800	Senior Manager: SSP	1	-	-	-
Human Resources	501-600	Manager: Human Resources	1	-	1	7%
Marketing & Communications	401-500	Manager: Marketing & Communications	1	-	1	7%
Quality Management Systems	401-500	Manager: Quality Management Systems	1	-	-	-
CEO's Office	1,000-1,200	Chief Executive Officer	1	-	-	-
<b>Totals</b>			<b>13</b>	<b>-</b>	<b>5</b>	<b>21%</b>



## Employment Equity as at end March 2009

Salary Bands (xR1 000 p/a)	African		Coloured	White
	Male	Female	Female	Male
001-100	-	2	-	-
101-200	3	5	-	-
201-300	5	4	1	-
301-400	-	-	1	-
401-500	-	-	-	1
501-600	-	-	-	1
701-800	2	-	-	-
1,000-1,200	1	-	-	-
<b>Totals</b>	<b>11 (42.3%)</b>	<b>11 (42.3%)</b>	<b>2 (7.7%)</b>	<b>2 (7.7%)</b>
<b>Grand Total</b>	<b>26 (100%)</b>			

**Note:** Salary Bands represent the "Total Cost to Company", excluding performance rewards.

## Performance Rewards 2008-9

Salary Bands (xR1 000 p/a)	African		Coloured	Asian	White	Totals
	Male	Female	Female	Female	Male	Number of Staff
001-100		2	-		-	2 (5.1%)
101-200	3	7	-	1	-	11 (28.2%)
201-300	7	3	1	-	-	11 (28.2%)
301-400	2	2	1	-	-	5 (12.8%)
401-500	2	1	-	-	1	4 (10.3%)
501-600	-	1	-	-	1	2 (5.1%)
701-800	2	1	-	-	-	3 (7.7%)
1,000-1,200	1	-	-	-	-	1 (2.6%)
<b>Equity Totals</b>	<b>17 (43.6%)</b>	<b>17 (43.6%)</b>	<b>2 (5.1%)</b>	<b>1 (2.6%)</b>	<b>2 (5.1%)</b>	<b>39 (100%)</b>

**Note:** All staff members (including 13 attrites) received performance bonuses.

## Leave Utilisation for the Period 1 April 2008 to 31 March 2009

Department	Total Accumulated Leave Days	No. of Sick Leave Days Taken	No. of Annual Leave Days Taken
Finance & Administration	239.00	43	134
ETQA	266.00	3	115
Operations	107.50	5	59
Sector Skills Planning	69.25	11	45
Human Resources	42.75	15	16
Marketing & Communications	15.75	1	4
Quality Management Systems	31.50	7	18
CEO's Office	110.00	1	34
<b>Total Days</b>	<b>881.75</b>	<b>86</b>	<b>425</b>

**Note:** Annual leave taken by staff in this period equates to 48.19% of total accumulated leave.

## Labour Relations

The Finance Division was outsourced and staff members were offered alternative placement within the company. Three employees were redeployed and four opted for a severance package.

Only one disciplinary hearing was held in the period and the staff member was dismissed for gross misconduct.



## Report on Operational Performance

### Key Result Area 1 – NSDS 2005 – 2010 Success Indicators

The Annual Strategic Plan format below is as per Treasury Regulation 30.1.3(b) and (d)

No	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators (National Targets)	SETA Plan for 2008 - 2009 Annual Targets and Output / Outcome	Achievements	Challenges	Remarks
1	<b>1. Prioritising and communicating critical skills for sustainable growth, development and equity.</b>	<b>Indicator 1.1</b> Skills development supports national and sectoral growth, development and equity priorities.	Signed updated SSP (annual) is submitted to DoL on the 31 August 2007.  a) Signature of SETA Board Chairperson.  b) SETA agreed growth, development and equity strategy drivers and skills development bodies at national level.  c) DoL Executive Manager responsible for quality assurance of SSP.	The SSP Annual Update was signed Off and submitted on time.	None	Target achieved
2	1. Prioritising and communicating critical skills for sustainable growth, development and equity.	<b>Indicator 1.2</b> Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.	SETA develops an annual sector guide which includes the scarce and critical skills needs by the end of June 2008 and ensures it is widely disseminated to learners.  <b>387</b> SDFs or Sector Specialists who carry out skills development facilitation in the sector trained in the use of the annual updated guide.	An annual guide was developed and available to learners.  <b>994</b> SDFs and Sector Specialists were trained.	None	Target over achieved.  The Career Guide was widely distributed. The Guide contained a section on how to use the guide, with sub-sections addressing each of the stakeholder groups.

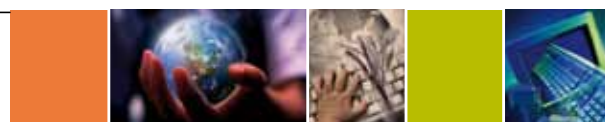
# Report on Operational Performance

No	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators (National Targets)	SETA Plan for 2008 - 2009 Annual Targets and Output / Outcome	Achievements	Challenges	Remarks
3	2. Promoting and accelerating quality training for all in the workplace.	<b>Indicator 2.1</b> By March 2010 at least 80% of large firms' and at least 60% of medium firms' employment equity targets are supported by skills development. Impact on overall equity profile assessed.	Total number of large levy paying firms in the sector is <b>111</b> (baseline).  Target for the large firms is (80%) <b>89</b> supported through the payment of mandatory grants.  Total number of medium levy paying firms in the sector is <b>171</b> (baseline).  Target for medium firms is (80%) <b>137</b> supported through the payment of mandatory grants.  Performance measurement of large and medium firms will be scored separately.	Payment of mandatory grants was made to <b>113</b> approved large firms.  Payment was made to <b>185</b> approved medium firms.	None	These targets have been over achieved through improved liaison with old and new participating stakeholders.
4	2. Promoting and accelerating quality training for all in the workplace.	<b>Indicator 2.2</b> By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured.	Total number of small levy paying firms in the sector is <b>2,005</b> (baseline).  Target for the different number of small levy paying firms receiving WSP / ATR grants (368), free courses and support (434) is <b>802</b> .	<b>483</b> small firms have received WSP/ ATR approval and have been paid mandatory grants. Support was provided to a further <b>819</b> non-participating SMEs by providing them access to Isett Seta's placement database for the purposes of finding suitable employee candidates at no cost to the SMEs, making a total of <b>1,302</b> .	Getting levy contributors to claim their mandatory grants.	Target over achieved.



No	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators (National Targets)	SETA Plan for 2008 - 2009 Annual Targets and Output / Outcome	Achievements	Challenges	Remarks
6	2. Promoting and accelerating quality training for all in the workplace.	<b>Indicator 2.5</b> Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the sector from the second year onwards. Impact of support measured.	Total Target for Small BEE firms and / or BEE co-operatives supported is <b>6</b> .  Target for Small BEE firms supported is <b>6</b> .  Target for BEE co-operatives supported is <b>0</b> .	<b>7</b> Small BEE firms were supported by skills development.	None	Target over achieved through close and improved collaboration with small BEE firms.
7	2. Promoting and accelerating quality training for all in the workplace.	<b>Indicator 2.7</b> By March 2010 at least 700 000 workers have achieved at least ABET Level 4.	Total TARGET for the sector is <b>771</b> Learners to enter ABET level 4.  Total TARGET for the sector is <b>1,567</b> Learners to achieve ABET level 4.	<b>1,904</b> Learners entered End User Computing NQF level 1-3: Equivalent to ABET Level 4.  <b>1,904</b> Learners achieved End User Computing NQF level 1-3: Equivalent to ABET Level 4.	None	Target overachieved.  More workers were trained than was anticipated because of an unexpected market demand.
8	2. Promoting and accelerating quality training for all in the workplace.	<b>Indicator 2.8</b> By March 2010 at least 125,000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	Target for the sector is <b>1,273</b> Workers to enter learning programmes.  Target for the sector is <b>913</b> Workers to successfully complete learning programmes.	<b>1,644</b> Workers have entered learning programmes.  <b>1,488</b> Workers have completed learning programmes.	Setting this target is very dependent on ever-changing employer needs and technology, therefore difficult to forecast.	Target over-achieved.

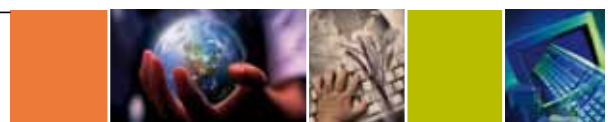
No	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators (National Targets)	SETA Plan for 2008 - 2009 Annual Targets and Output / Outcome	Achievements	Challenges	Remarks
9	Promoting employability and sustainable livelihoods through skills development.	<b>Indicator 3.2</b> By March 2010, at least 2000 non-levy paying enterprises, NGOs, CBOs, and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.	Total Target for non-levy paying enterprises, NGOs, CBOs, and community-based co-operatives is <b>7</b> .	<b>14</b> NLPEs were supported.	None	This over achievement was due to collaboration and joint funding with DoC.
10	Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work based programmes to acquire critical skills to enter the labour market and self employment.	<b>Indicator 4.1</b> By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	Target for the sector is <b>294</b> Unemployed people to enter learning programmes.  Target for the sector is <b>819</b> Unemployed people to successfully complete learning programmes.	Actual number of learners that entered learning programmes during the year was <b>1,447</b> .  Actual number of learners that completed learning programmes was <b>1,097</b> .	None	Target over achieved due to a joint funding model with companies.
11	Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work based programmes to acquire critical skills to enter the labour market and self employment.	<b>Indicator 4.2</b> 100% of learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.	Target for the number of learners assisted to gain work experience opportunities is <b>157</b>  Target of students / graduates who find placement in employment or self-employment is <b>85</b> .	Actual number of learners assisted to gain workplace experience was <b>381</b> .  Actual number of learners to find placement in employment or self-employment was <b>222</b> .	None	This target was over achieved through collaboration with our larger firms.



No	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators (National Targets)	SETA Plan for 2008 - 2009 Annual Targets and Output / Outcome	Achievements	Challenges	Remarks
12	Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work based programmes to acquire critical skills to enter the labour market and self employment.	<b>Indicator 4.3</b> By March 2010, at least 10,000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme.	Target for the sector is <b>54</b> young persons trained and mentored to form new ventures.  Target for the sector is <b>82</b> new ventures are sustainable and in operation 12 months after the completion of the programme.	<b>67</b> Young people were trained and mentored.  <b>123</b> New ventures in operation.	The lack of NSF top-up funding keeps target estimates down.	Over achieved.  This number of "still operating" new ventures is based on new ventures started in previous years.
13	Improving the quality and relevance of provision.	<b>Indicator 5.1</b> By March 2010 each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOE) within public & private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.	Target for the sector is <b>1</b> institute.  Geographical spread of institutes.  Provide information on learners successfully placed in the sector.	<b>2</b> Institutes (SmartXchange and Durban University of Technology t/a Centre for Skills) were evaluated and accepted as ISOEs.	None	Target achieved.



No	NSDS 2005 - 2010 Objectives	NSDS 2005 - 2010 Success Indicators (National Targets)	SETA Plan for 2008 - 2009 Annual Targets and Output / Outcome	Achievements	Challenges	Remarks
14	Improving the quality and relevance of provision.	<b>Indicator 5.2</b> By March 2010, each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success.	Target for the sector is <b>4</b> provider institutions.  Geographical spread of provider institutions.  Provide information on new ventures still operating after 12 months.	<b>7</b> new provider institutions in place.	None	This is an over achievement resulting from synergy through a MoU with Services Seta that is in place.





We are pleased to present our report for the financial year ended 31 March 2009.

## Audit Committee Responsibility

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

## The Effectiveness of Internal Control

The system of internal control was not entirely effective for three quarters of the year under review, in relation to certain reconciliations not being performed. During the year under review, deficiencies in the system of internal control and / or deviations there from were reported by the internal auditors and the Auditor-General South Africa. The audit process identified two instances where the internal controls were defective as detailed on points 9 and 11 of the audit report.

The quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA, the Skills Development Levies Act and Skills Development Act.

We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Isett Seta during the year under review.

## Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the Accounting Officer;
- Reviewed the Auditor-General South Africa's management report and management's response thereto;
- Reviewed the accounting policies and practices;
- Reviewed the Isett Seta's compliance with legal and regulatory provisions and;
- Reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

## Internal Audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Isett Seta in its audits.

## Auditor-General South Africa

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

A handwritten signature in black ink, appearing to read 'Christine Syamah', written over a horizontal line.

**Christine Syamah**  
Chairperson of the Audit Committee

31 July 2009

## Report of the Auditor-General to parliament on the financial statements and performance information of the Information Systems, Electronics and Telecommunications Technologies Sector Education and Training Authority (Isett Seta) for the year ended 31 March 2009

### Report on the Financial Statements

#### Introduction

1. I have audited the accompanying financial statements of the Information Systems, Electronics and Telecommunications Technologies Services Sector and Training Authority (ISETT SETA) which comprise the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 68.

#### The Accounting Authority's Responsibility for the Financial Statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (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.

#### The Auditor-General's Responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 14(6)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

7. In my opinion the financial statements of the ISETT SETA at 31 March 2009 have been prepared, in all material respects, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the PFMA.

#### Emphasis of Matters

Without qualifying my opinion, I draw attention to the following matters:

#### Basis of Accounting

8. The ISETT SETA's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.

#### Fruitless and Wasteful Expenditure

9. As disclosed in note 24 to the financial statements, fruitless and wasteful expenditure has been disclosed to the amount of R341 000 as a result of various desktop computers being stolen during a burglary. As a consequence of the loss of these computers, historical payroll data was lost. An outstanding amount of PAYE was only identified in the current year and paid to SARS, resulting in additional penalties and interest being paid and therefore being disclosed.



## Other Matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Re-licensing

- SETA's were established for a five-year period until 31 March 2010. The ISETT SETA has applied for the renewal of its certificate of establishment. It is expected that the legislated renewal process will be concluded by 31 March 2010.

### Non-compliance with Applicable Legislation

- Section 51(1)(a)(i) of the PFMA states that the accounting authority must ensure that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control. During the interim audit it was identified that a breakdown of controls arose in the form of bank reconciliations,

creditors reconciliations, DoL download reconciliations and fixed asset reconciliations not being performed on a monthly basis, while controls surrounding journals were not consistently applied. This has subsequently been rectified by management, as most of the controls reviewed at year-end were functioning as intended.

### Governance Framework

- The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

### Key Governance Responsibilities

- The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
<b>Quality of financial statements and related management information</b>			
2.	The financial statements were not subject to any material amendments resulting from the audit.	✓	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
<b>Timeliness of financial statements and management information</b>			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 55 of the PFMA).	✓	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	✓	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	<ul style="list-style-type: none"> <li>The ISETT SETA had an audit committee in operation throughout the financial year.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The audit committee operates in accordance with approved, written terms of reference.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.</li> </ul>	✓	
7.	Internal audit		
	<ul style="list-style-type: none"> <li>The ISETT SETA had an internal audit function in operation throughout the financial year.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.</li> </ul>	✓	

No.	Matter	Y	N
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.	✓	
12.	Powers and duties have been assigned, as set out in section 56 of the PFMA.	✓	
<b>Issues relating to the reporting of performance information</b>			
13.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
14.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
15.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the ISETT SETA against its mandate, predetermined objectives, outputs, indicators and targets (Treasury Regulation 30.1).	✓	
16.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

14. The overall governance framework of the ISETT SETA was adequate.

The procedures selected depend on the auditor's judgement.

19. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

## Report on other Legal and Regulatory Requirements

### Report on Performance Information

15. I have reviewed the performance information as set out on pages 5 to 21.

The accounting authority's responsibility for the performance information

16. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

### Appreciation

20. The assistance rendered by the staff of the ISETT SETA during the audit is sincerely appreciated.

*Auditor - General*

Pretoria

31 July 2009

### The Auditor-General's Responsibility

17. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

18. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures.



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*



**Information Systems, Electronics and Telecommunications  
Technologies Sector Education and Training Authority**

**Financial Statements  
for the year ended 31 March 2009**

AUDITED

The Annual Financial Statements for the year ended 31 March 2009, set out on pages 26 to 68, have been approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act (PFMA), No 1 of 1999 on the 28th of May 2009 and are signed on their behalf by:



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**Oupa Mopaki**  
Chief Executive Officer: Isett Seta



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**Lesaiye Chiloane**  
Chairperson: Isett Seta Board

### Corporate Governance

The Isett Seta is committed to sound and transparent governance that will enhance its relationship with all stakeholders, build a productive culture of good corporate governance and leadership and embrace corporate practices based on values, integrity, excellence and equity within the organisation. The Isett Seta endorses the Code of Corporate Practices and Conduct as contained in the King II Report.

### Risk Assessment and Internal Controls

The Accounting Authority endeavours to minimize risk by ensuring that appropriate systems, policies, personnel and controls are in place throughout the entity. The Accounting Authority is accountable for the process of risk management and the system of internal control. The processes are being regularly reviewed for effectiveness and for establishing appropriate risk and control policies and these have been communicated to staff.

There has been, through the internal auditors and the audit committee, an ongoing process where significant risks faced by the entity were identified, evaluated and managed for the period under review up to date of approval of the annual report and financial statements.

There is also an adequate system of internal control that has been put in place to reduce the significant risks faced by the entity to an acceptable level, but the system can only provide reasonable, not absolute, assurance.

### Post Balance Sheet Events

Management is not aware of any other event subsequent to 31 March 2009 that may cast doubt on Isett Seta's ability to continue as a going concern or that may impact these annual financial statements.

### Composition of the Board

A structured approach is followed for delegation, reporting and accountability, which includes reliance on board committees. The Board has an approved constitution that provides guidance to the members in discharging their duties and responsibilities.

The composition of the Isett Seta Board is in line with the provisions of Section 11 of the Skills Development Act, 1998 which requires that the Setas should carry out their mandate in consultation and co-operation with stakeholders. The Isett Seta Board has been constructed as per the Isett Seta Constitution as approved by the Department of Labour.

In compliance with the Isett Seta constitution, new members of the Board were elected at the AGM held on the 21st of November 2008. As a result, the old Board served their term until the end of November 2008.



The old Board consisted of the following members:

**Representative of Labour**

Employee Organisation	Principal Member	Capacity	Capacity
Communications Workers Union	Lesaiye Chiloane (Chairperson)	Non- executive	Non - independent
Communications Workers Union	Stanford Smith	Non- executive	Non - independent
Communications Workers Union	Vuyisile Mlambo	Non- executive	Non - independent
Communications Workers Union	Lucas Maseko	Non- executive	Non - independent
Communications Workers Union	Gallant Roberts	Non- executive	Non - independent
Communications Workers Union	Sbongile Maphalala	Non- executive	Non - independent

**Representative of Employer**

Employee Organisation	Principal Member	Capacity	Capacity
Information Technology Association	Denzil Bennett	Non- executive	Non - independent
Information Technology Association	Keith Anderson	Non- executive	Non - independent
Information Technology Association	Noel Goodall	Non- executive	Non - independent
Electronic Industries Federation	Theo Bohnen	Non- executive	Non - independent
Electronic Industries Federation	Andile Tlhoale (Deputy Chairperson)	Non- executive	Non - independent
Telecommunications Skills Development Forum	Trevor Ndlazi	Non- executive	Non - independent
Telecommunications Skills Development Forum	Matimba Mbungela	Non- executive	Non - independent
Telecommunications Skills Development Forum	Bonisile Gantile	Non- executive	Non - independent

**Special interest Group representative**

Black Information Technology Forum	Tumelo More	Non- executive	Non - independent
South African Communication Forum	Malerato Nkone-Tshwete	Non- executive	Non - independent
Computer Society of South Africa	Pieter Waker	Non- executive	Non - independent

**Record of Meetings**

Isett Seta Structure	Board
No. of meetings	4



Name of Member	Attendance
Chiloane L (Chairperson)	4
Tlhoale A (Deputy)	4
Anderson K	4
Bohnen T	4
Bennett D	4
Gantile B	4
Goodall N	0
Maseko L	4
Maphalala S	3
Mbungela M	4
Mlambo V	4
More T	4
Ndlazi T	2
Nkone-Tshwete M	1
Roberts G	3
Smith S	4
Waker P	4

The new Board consisted of the following members:

#### Representative of Labour

Employee Organisation	Principal Member	Capacity	Capacity
Communications Workers Union	Lesaiye Chiloane (Chairperson)	Non- executive	Non - independent
Communications Workers Union	Stanford Smith	Non- executive	Non - independent
Communications Workers Union	Lucas Maseko	Non- executive	Non - independent
Communications Workers Union	Gallant Roberts	Non- executive	Non - independent
Communications Workers Union	Sbongile Maphalala	Non- executive	Non - independent

#### Representative of Employer

Employee Organisation	Principal Member	Capacity	Capacity
Information Technology Association	Denzil Bennett	Non- executive	Non - independent
Information Technology Association	Keith Anderson	Non- executive	Non - independent
Information Technology Association	Adam Rabie	Non- executive	Non - independent
Electronic Industries Federation	Theo Bohnen	Non- executive	Non - independent
Electronic Industries Federation	Andile Tlhoale (Deputy)	Non- executive	Non - independent
Telecommunications Skills Development Forum	Trevor Ndlazi	Non- executive	Non - independent
Telecommunications Skills Development Forum	Matimba Mbungela	Non- executive	Non - independent

#### Special Interest Group Representatives

Black Information Technology Forum	Tumelo More	Non- executive	Non - independent
Computer Society of South Africa	Pieter Waker	Non- executive	Non - independent



#### Record of meetings of the old Executive Committee

Isett Seta Structure	Executive Committee
No. of meetings	3

#### Record of Meetings

Isett Seta Structure	Board
No. of meetings	1

Name of Member	Attendance
Chiloane L (Chairperson)	1
Tlhoale A (Deputy)	1
Rabie A	1
Bennett D	1
Roberts G	1
Anderson K	1
Maseko L	1
Mbungela M	1
Waker P	1
Maphalala S	1
Smith S	1
Bohnen T	1
Ndlazi T	0
More T	1

The Isett Seta has four (4) board committees, which assist the Board in discharging its responsibilities. Each committee operates within the ambit of its defined terms of reference and delegated responsibilities.

#### Audit Committee

The Isett Seta Audit Committee has been established and is chaired by an independent member. The majority of the members are independent non-executive members and are also financially literate. In discharging their responsibilities, the Audit Committee was guided by the audit charter that was adopted by the committee and approved by the Board. The Audit Committee function was to provide additional assurance regarding the quality and reliability of the financial information used by the Accounting Authority and the financial statement issued.

The committee had four meetings during the year under review and considered the following:

- Reviewed the Audit Plan, Audit Charter, Audit Committee Charter;
- Reviewed risk assessment results conducted by the internal

auditors and ensured that management followed up on the recommended remedies;

- Reviewed the Audit Report and Management Letter issued by Auditor General and ensured that management rectified issues that were raised;
- Reviewed reports from the internal audit and ensured that where breakdowns in controls were identified, management followed up to remedy the situation;

Examined, reviewed and made recommendations with reference to the annual financial statements, the interim reports, focusing particularly on:

- Implementation of effective financial systems and internal controls;
- Any changes in accounting policies and compliance to accounting standards and legal requirements;
- The efficiency of major adjustments processed at year end and reviewing the adequacy, reliability and accuracy of financial information provided to the Accounting Authority, management and users of Isett Seta financial information.
- Monitoring compliance with the Code of Corporate Practice and Conduct.

### Internal Audit

In line with the PFMA and the King II Report requirements, the Audit Committee ensured that there was an internal audit that functioned throughout the year. Together with the Auditor General, the internal auditors were invited to participate in all audit committee meetings.

During the period under review, the internal audit assisted the Accounting Authority and management with the following:

- Through consultation and facilitation, identified, evaluated and assessed significant organisational risks and provided an independent assurance to the adequacy of the risk management process;
- Reviewed and implemented financial internal control systems for its effective operation;
- Provided an objective overview of the operational effectiveness of the financial internal control systems and recommended improvement where necessary;
- Reviewed the efficiency and effectiveness of operations of non financial controls of the Isett Seta;
- Provided an objective overview of the operational effectiveness of the non financial internal controls and recommended improvement where necessary;
- Reviewed compliance with laws, regulations and other external requirements, management policies and directives.

In compliance with the Isett Seta constitution, new members of the Board were elected at the AGM held on the 20th of November 2008. As a result the old audit committee served until the end of November 2008.

#### Record of meetings of the previous Audit Committee

Isett Seta Structure	Audit Committee
No. of meetings	4

Name of Member	Attendance
Syamah C (Chairperson)	4
Braithwaite-Kabosha L	3
Gantile B	3
More T	4
Pillay K	4

#### Record of meetings of the new Audit Committee

Isett Seta Structure	Audit Committee
No. of meetings	1

Name of Member	Attendance
Syamah C (Chairperson)	1
Roberts G	1
Pillay K	0
Braithwaite-Kabosha L	0
Gantile B	1

### Executive Committee

The committee is responsible for transacting business between the Board meetings and report to the Board, ensuring the following:

- The establishment of strategies in compliance with the legislation;
- Being responsible for the oversight of the operational affairs of the Authority;
- Advise on matters affecting the effectiveness and efficiency of the Management team and;
- Assist the Chief Executive Officer in the performance of his duties.

The Executive Committee consists of seven (7) members appointed by the Board with representatives from both the employer and labour; the Chairperson of the Board, Chief Executive Officer, and Senior Management.

In compliance with the Isett Seta constitution, new members of the Board were elected at the AGM held on the 20th of November 2008.

As a result the old committee served until the end of November 2008.



#### Record of meetings of the old Executive Committee

Name of Member	Attendance
Chiloane L	3
Tlhoale A	3
Mopaki O	3
Anderson K	2
Tshwete M	2
Smith S	3
Mlambo V	3
Maphalala S	2
Ndlazi T	2

#### Record of meetings of the new Executive Committee

Isett Seta Structure	Executive Committee
No. of meetings	1

#### Record of meetings of the old Executive Committee

Name of Member	Attendance
Chiloane L	1
Tlhoale A	1
Mopaki O	1
Anderson K	0
Smith S	1
Maphalala S	1
Ndlazi T	1

### Remuneration Committee

This committee is responsible for remuneration policies of the organisation. The Remuneration Committee consists of members appointed by the Board with representatives from both the employer and labour, and the Chief Executive Officer.

In compliance with the Isett Seta constitution, new members of the Board were elected at the AGM held on the 20th of November 2008.

As a result the old committee served until the end of November 2008.

#### Record of meetings of the old Remuneration Committee

Isett Seta Structure	Remuneration Committee
No. of meetings	1

Name of Member	Attendance
Chiloane L	1
Thoale A	1
Anderson K	0
Mbungela M	1
Maseko L	1

#### Record of meetings of the new Remuneration Committee

Isett Seta Structure	Remuneration Committee
No. of meetings	2

Name of Member	Attendance
Chiloane L	2
Thoale A	2
Anderson K	0
Mbungela M	2
Maseko L	2
Thoale A	2

### Finance and Investment Committee

The committee had four meetings during the year to consider the Isett Seta's Annual Budget and Isett's investment portfolio. The committee consisted of four members of which one resigned during the year.

In compliance with the Isett Seta constitution, new members of the Board were elected at the AGM held on the 20th of November 2008.

As a result, the old committee served until the end of November 2008.

#### Record of meetings of the old Finance Committee

Isett Seta Structure	Finance and Investment committee
No. of meetings	4

Name of Member	Attendance
Anderson K	2
Bohnen T	4
Smith S	4
Roberts G	3
Ndlazi T	0

No meetings were held for the period 1 Dec 2008 - 31 March 2009.

#### New Finance Committee

Name of Member
Anderson K
Bohnen T
Smith S
Roberts G

### Functional Committees

The Board had decided to defer functional committees in terms of Clause 10.3 of the Isett Seta Constitution. The Board further decided that these committees would be *ad hoc* committees and would meet as and when required. The implementation and monitoring of these committees was the responsibility of the Executive Committee.

### Materiality Framework

The Isett Seta has, in line with the Public Finance Management Act, developed the materiality framework which was approved by the Board.

The materiality framework is reviewed and updated annually and submitted to DoL and National Treasury. No instances occurred that necessitated the application of the policy.

### Remuneration of Accounting Authority and Key Management

#### Members of the ISETT SETA Board and Board Committees were remunerated as follows:

A Board Member was paid an honorarium of R1,320 per meeting for attending Board meetings. The Chairperson of the Board was paid an honorarium of R2,180 and Deputy Chairperson was paid R1,910 per meeting. During the year, the Remuneration Committee reviewed the honorarium payments to the members effective from May 2008 as follows:

	Old	Revised
Board Member	R1,320	R1,508
Deputy Chairperson	R1,910	R2,174
Chairperson	R2,180	R2,484

Members of the Audit Committee by exception were remunerated R2,500 per meeting including the Chairperson. Audit committee payments remained unchanged.



2008/9

**Remuneration and Reimbursement**

Name of Member	Board Fees	Executive Committee	Remuneration Committee	Audit Committee	Functional Committee	Finance Committee	Training	Travelling	Total per Member
	R	R	R	R	R	R	R	R	R
Anderson K	8,296	2,828	-	-	-	2,828	-	-	13,952
Bennette D R	8,296	-	-	-	-	-	-	-	8,296
Bohnen T	8,296	-	-	-	-	4,148	-	-	12,444
Braithwaite-Kabosha L	5,000	-	-	12,500	-	-	-	362	17,862
Chiloane L	13,688	9,024	4,664	2,484	-	-	-	-	29,860
Gantile B	9,616	-	-	8,296	-	-	-	-	17,912
Roberts G	5,656	-	-	1,508	-	5,468	-	9,145	21,777
Kalane S	-	-	-	-	263	-	-	-	263
Keswa L	-	-	-	-	818	-	-	-	818
Maphalala S	6,788	4,148	-	-	-	-	-	3,806	14,742
Maseko L	8,296	-	2,828	-	-	-	-	12,437	23,561
Masemola D	-	-	-	-	1,256	-	-	-	1,256
Mbungela M	6,976	-	2,828	-	-	-	-	993	10,797
Mlambo V	8,296	5,468	-	-	-	-	-	30,236	44,000
More T	8,296	1,508	-	6,788	-	-	-	1,862	18,454
Ndlanzi T	4,336	4,148	-	-	-	-	-	-	8,484
Nkosi J	-	-	-	-	1,168	-	-	-	1,168
Pillay K	-	-	-	18,820	-	-	-	7,489	26,309
Rabie A	1,508	-	-	-	-	-	-	-	1,508
Sello J	-	-	-	-	759	-	-	-	759
Smith S	8,296	6,788	-	-	-	5,468	-	52,508	73,060
Syamah C	5,000	-	-	27,500	-	-	-	2,641	35,141
Thlaoela A	11,988	7,904	4,084	-	-	-	-	-	23,976
Tshwete N	2,640	1,320	-	-	-	-	-	461	4,421
Waker P	4,148	-	-	-	-	-	-	453	4,601
Mofokeng T	-	-	-	-	1,778	-	-	-	1,778
<b>TOTAL</b>	<b>135,416</b>	<b>43,136</b>	<b>14,404</b>	<b>77,896</b>	<b>6,042</b>	<b>17,912</b>	<b>-</b>	<b>122,393</b>	<b>417,199</b>

2007/8

**Remuneration and Reimbursement**

Name of Member	Board Fees	Executive Committee	Remuneration Committee	Audit Committee	Training	Travelling	Total per Member
	R	R	R	R	R	R	R
Anderson K	7,920	-	1,320	-	-	-	9,240
Bennett DR	3,960	-	-	-	-	-	3,960
Bohnen T	7,920	-	-	-	-	-	7,920
Braithwaite-Kabosha L	-	-	-	2,500	-	-	2,500
Chauke J	3,820	-	-	-	-	-	3,820
Chiloane L	3,500	-	2,180	-	-	-	5,680
Gantile B.	7,920	-	-	7,780	-	-	15,700
Goodall N.	6,600	-	-	-	3,650	-	10,250
Maheneza N	4,960	1,320	-	-	-	17,002	23,282
Maphalala S I	2,640	-	-	-	-	7,263	9,903
Maseko L S	2,640	-	1,320	-	-	8,855	12,815
Masilela L	10,900	-	-	-	-	11,192	22,092
Mbungela M	1,320	-	1,320	-	-	-	2,640
Mgidini C	2,640	-	-	-	-	9,263	11,903
Mlambo V G	1,320	-	-	-	-	3,274	4,594
More T	2,640	-	-	1,320	-	-	3,960
Naidoo D	-	-	-	10,000	-	8,091	18,091
Naidoo N D	2,640	-	-	-	-	9,246	11,886
Ndlazi T	1,320	-	-	-	-	-	1,320
Nkone-Tshwete M	5,280	-	-	-	3,650	-	8,930
Pillay K	5,280	-	-	8,960	-	41,460	55,700
Poulton R	1,320	-	-	-	-	11,717	13,037
Roberts G	1,320	-	-	-	-	-	1,320
Roper P R	2,640	-	-	-	-	-	2,640
Sithole J Z	-	-	-	10,000	-	-	10,000
Smith S	2,640	-	-	-	-	10,360	13,000
Stephen M	1,320	-	-	-	3,650	-	4,970
Syamah C	-	-	-	2,500	-	434	2,934
Tanton P	3,960	-	-	-	-	-	3,960
Tlhoale A	8,190	1,320	1,910	-	-	-	11,420
Watkins M	-	-	-	7,500	-	-	7,500
<b>Subtotal</b>	<b>106,610</b>	<b>2,640</b>	<b>8,050</b>	<b>50,560</b>	<b>10,950</b>	<b>138,157</b>	<b>316,967</b>
<b>Other</b>	<b>45,663</b>	-	-	-	-	-	<b>45,663</b>
<b>TOTAL</b>	<b>152,273</b>	<b>2,640</b>	<b>8,050</b>	<b>50,560</b>	<b>10,950</b>	<b>138,157</b>	<b>362,630</b>



# Report of the Accounting Authority

## Annual Financial Statements for the year ended 31 March 2009

During the financial year (2008/2009), the Seta Executive Management comprised of the CEO and four (4) Senior Managers. They were tasked with implementing strategies, policies, decisions and views of the Board.

### 2008/2009

Position	Date of Appointment	Basic Salary R	Allowance R	Basic + Allowance R	Medical Aid R	Performance Bonus R	Provident R	13th Cheque R	Total Package R
Chief Executive Officer	01 November 2002	719,389	105,000	824,389	41,916	222,153	109,128	58,376	1,255,961
Chief Financial Officer (Resigned September 2008)	01 June 2006	387,661	24,000	411,661	9,456	133,577	41,792	10,890	607,375
Senior Manager: Learnerships	01 September 2003	471,920	78,000	549,920	34,440	117,862	71,655	39,109	812,986
Senior Manager: ETQA	01 April 2007	429,789	84,000	513,789	-	106,080	76,218	35,689	731,776
Senior Manager: SSP	1 April 2007	504,000	96,000	600,000	-	-	-	-	600,000
		<u>2,512,759</u>	<u>387,000</u>	<u>2,899,759</u>	<u>85,812</u>	<u>579,672</u>	<u>298,792</u>	<u>144,064</u>	<u>4,008,099</u>

### 2007/2008

Position	Date of Appointment	Basic Salary R	Allowance R	Basic + Allowance R	Medical Aid R	Performance Bonus R	Provident R	13th Cheque R	Total Package R
Chief Executive Officer	01 November 2002	644,831	105,000	749,831	38,294	201,959	96,697	49,640	1,136,421
Chief Financial Officer	01 June 2006	486,939	53,000	539,939	-	84,082	74,840	37,696	736,557
Senior Manager: Learnerships	01 September 2003	432,299	78,000	510,299	40,781	98,920	63,326	33,148	746,474
Senior Manager: ETQA	01 April 2007	397,700	84,000	481,700	-	-	68,234	28,224	578,158
Senior Manager: SSP	1 April 2007	444,000	96,000	540,000	-	-	-	-	540,000
		<u>2,405,769</u>	<u>416,000</u>	<u>2,821,769</u>	<u>79,075</u>	<u>384,961</u>	<u>303,097</u>	<u>148,708</u>	<u>3,737,610</u>

13th cheque provision is calculated based on total cost of employment and accrued evenly throughout the year. The 13th cheque is paid out during December.



## Sustainable Development

### Health and Safety Management Policies and Practices

Isett Seta has policies on Occupational Health and Safety, Health Care and HIV/AIDS. The policies aim to address issues of safety at work, ensuring that all staff members are medically covered and that employees understand the extent of issues on HIV and AIDS. Programmes continue to be implemented, including educational talks. The safety of employees is ensured by adhering to the afore-mentioned policies.

### Human Capital Development

Isett Seta has a staff compliment of twenty seven (27) members. Of this number eleven (11) are African females, two (2) are coloured females, three (3) are white males and eleven (11) are African males. In order for Isett Seta to stay relevant and maintain a competitive edge, training programmes are based on customised learning, which is informed by in-depth analysis and organisational challenges.

### Going Concern

The Isett Seta is dependant on skills development levies that are contributed by employers from the ICT Sector as per the Skills Development Levies Act, 1999.

At the time of the preparation of the Annual Financial Statements for the period under review, the Board members believed that the Isett Seta will be a going concern in the foreseeable future. For this reason they continue to adopt a going concern basis in the preparation of the Annual Financial Statements.

Setas were established for a five year period until 31 March 2010. Isett Seta has applied for the renewal of its certificate of establishment. It is expected that the legislated renewal process will be concluded by 31 March 2010. In the event that the Isett Seta certificate of establishment is not renewed, the Executive Authority will decide on the transfer of all assets and liabilities of the Seta.

### Responsibility for the Annual Financial Statements

The members of the Accounting Authority are responsible for the preparation of the Annual Financial Statements.

### Approval of Isett Seta Annual Financial Statements

The Annual Financial Statements for the year ended 31 March 2009 were approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 on 29 May 2009, and are signed on their behalf by:



**Oupa Mopaki**  
Chief Executive Officer: Isett Seta



**Lesaiye Chiloane**  
Chairperson: Isett Seta Board



# Statement of Financial Performance

for the year ended 31 March 2009

	Notes	2008/9 R'000	2007/8 R'000
<b>Revenue</b>			
Skills Development Levy: income from non-exchange transactions	2	<b>319,742</b>	277,705
Skills Development Levy: interest from non-exchange transactions		<b>767</b>	662
Skills Development Levy: penalties from non-exchange transactions		<b>1,200</b>	699
National Skills Fund income from non-exchange transactions	15	<b>1,283</b>	533
Donor funding income recognised from non-exchange transactions	16	<b>16</b>	29
Investment income from exchange transactions	3	<b>17,730</b>	11,006
Other income from exchange transactions	4	-	122
<b>Total Revenue</b>		<b>340,738</b>	290,756
<b>Expenses</b>			
Employer grant and project expenses	5	<b>228,143</b>	244,271
Administration expenses	7	<b>28,859</b>	25,127
Finance costs	6	<b>124</b>	159
National Skills Fund expenses	15	<b>1,283</b>	533
Donor funding expenses	16	<b>16</b>	29
<b>Total Expenses</b>		<b>258,425</b>	270,119
<b>Net Surplus for the Year</b>	1	<b>82,313</b>	20,637

# Statement of Financial Position

as at 31 March 2009

	Notes	2008/9 R'000	2007/8 Restated R'000
<b>Assets</b>			
Non-current Assets			
Property, plant and equipment	8.1	1,982	2,854
Intangible assets	8.2	175	587
<b>Total non-current assets</b>		<b>2,157</b>	3,441
Current Assets			
Other receivables from exchange transactions	10	288	475
Accounts receivable from non-exchange transactions	11	1,349	2,120
Cash and cash equivalents	12	193,494	130,658
Inventories	9	26	21
<b>Total current assets</b>		<b>195,157</b>	133,274
<b>Total Assets</b>		<b>197,314</b>	136,715
<b>Liabilities</b>			
Non-Current Liabilities			
Finance lease liability	14	447	429
Current Liabilities			
Grants and transfers payable from non-exchange transactions	13.1	37,639	58,042
National skills fund received in advance	15	1,555	2,733
Government grants and donor funding received in advance	16	60	76
Trade and other payables from exchange transactions	13.2	1,449	1,963
Provisions	17	577	47
Short term portion of finance lease liability	14	188	339
<b>Total current liabilities</b>		<b>41,468</b>	63,200
<b>Total Liabilities</b>		<b>41,915</b>	63,629
<b>Net Assets</b>		<b>155,399</b>	73,086
<b>Net Assets represented by:</b>			
Administration reserve		2,157	3,441
Employer grant reserve		447	149
Discretionary reserve		152,795	69,496
		<b>155,399</b>	73,086



# Statement of changes in Net Assets

for the year ended 31 March 2009

	Notes	Administration Reserve R'000	Employer grant Reserve R'000	Discretionary Reserve R'000	Total R'000
<b>Balance at 1 April 2007</b>		3,665	417	48,416	52,498
Net surplus for the year per statement of financial performance		9,529	34,377	(23,318)	20,588
<b>Allocation of surplus for the year</b>					
Net deficit per statement of financial performance (previously reported)	1	9,578	34,377	(23,318)	20,637
Prior period error	22	(49)	-	-	(49)
Excess transfer to discretionary reserve		(9,753)	(34,645)	44,398	-
<b>Restated Balance at 31 March 2008</b>		3,441	149	69,496	73,086
Net surplus for the year per statement of financial performance	1	11,026	44,354	26,933	82,313
Excess transfer to discretionary reserve		(12,310)	(44,056)	56,366	-
<b>Balance at 31 March 2009</b>		2,157	447	152,795	155,399

# Cash Flow Statement

for the year ended 31 March 2009

	Notes	2008/09 R'000	2007/08 R'000
<b>Cash Flows from Operating Activities</b>			
Operating activities			
Cash receipts from stakeholders		322,668	280,379
Levies, interest and penalties received		322,668	278,528
Other cash receipts from stakeholders		-	1,851
Less: Cash paid to stakeholders, suppliers and employees		277,400	274,321
Grants and project payments		247,728	248,987
Special projects		1,195	562
Compensation of employees		15,052	13,670
Payments to suppliers and other		13,425	11,102
Cash generated in operations	18	45,268	6,058
Investment income		17,730	10,982
<b>Net cash inflow from Operating Activities</b>		<b>62,998</b>	17,040
<b>Cash Flow from Investing Activities</b>			
Purchase of property, plant and equipment and intangible assets	8.3 & 8.4	(268)	(446)
Proceeds from disposal of property, plant and equipment		-	7
<b>Net Cash Outflow from Investing Activities</b>		<b>(268)</b>	(439)
<b>Cash Flow from Financing Activities</b>			
Grants, transfers and funds received	15	106	27
Proceeds from borrowings/loans		-	2,000
Repayment of borrowings/loans		-	(439)
<b>Net Cash Inflow from Financing Activities</b>		<b>106</b>	1,588
<b>Net increase in cash and cash equivalents</b>		<b>62,836</b>	18,189
<b>Cash and cash equivalents at beginning of year</b>	12	<b>130,658</b>	112,469
<b>Cash and cash equivalents at end of year</b>	12	<b>193,494</b>	130,658



## Accounting Policies

The principle accounting policies adopted in the preparation of these Annual Financial Statements are set out below and are, in all material aspects, consistent with those of the prior year.

### 1. Basis of Preparation

The annual financial statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards. The annual financial statements have been prepared in accordance with Statements of General Accepted Accounting Practice and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended, including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

#### Standard of GRAP

GRAP 1: Presentation of financial statements  
GRAP 2: Cash flow statements  
GRAP 3: Accounting policies, changes in accounting estimates and errors

#### Replaced Statement of GAAP

AC101: Presentation of financial statements  
AC118: Cash flow statements  
AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

#### 1. Terminology differences:

##### Standard of GRAP

Statement of financial performance  
Statement of financial position  
Statement of changes in net assets  
Net assets  
Surplus/deficit for the period  
Accumulated surplus/deficit  
Contributions from owners  
Distributions to owners  
Reporting date

##### Replaced Statement of GAAP

Income statement  
Balance sheet  
Statement of changes in equity  
Equity  
Profit/loss for the period  
Retained earnings  
Share capital  
Dividends  
Balance sheet date

#### 2. The cash flow statement can only be prepared in accordance with the direct method.

#### 3. Specific information has been presented separately on the statement of financial position such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable;
- (c) trade and other payables from non-exchange transactions.

#### 4. Amount and nature of any restrictions on cash balances is required.

Paragraph 11 - 15 of GRAP 1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

## 2. Currency

These financial statements are presented in South African Rands since that is the currency in which the majority of the entity transactions are denominated.

## 3. Revenue Recognition

### 3.1 Levy income

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act No 97 of 1998 and the Skills Development Levies Act, Act No 9 of 1999.

Skills Development Levy (SDL) transfers are recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Labour (DoL) either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999). The new policy is effective from 1st April 2007.

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

80% of skills development levies are paid over to the Seta (net of the 20% contribution to the National Skills Fund). The Seta was not in a position to verify that SARS has collected all potential skills levy income.

Levy income is recognised on the accrual basis.

Revenue is adjusted for inter-Seta transfers due to employers changing Seta's. Such adjustments are separately disclosed as inter-Seta transfers. The amount of the inter Seta adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department of Labour.

When a new employer is transferred to the Seta, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

### 3.2 Interest and penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

### 3.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

### 3.4 Government grants and other donor income

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

### 3.5 Investment income

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

## 4. Grants and Project Expenditure

A registered employer may recover a maximum of 50% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 Seta Grant Regulations regarding monies received and related matters (The Seta Grant Regulations).

### Mandatory grants

Grants are equivalent to 50% of the total levies contributed by employers to the Seta during the corresponding financial period.

### Discretionary grants

A Seta may, out of any surplus monies, and in accordance with the criteria as defined in the Seta Grant Regulations, determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved.



### Project expenditure

Project expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Project costs are recognised as expenses in the period in which they are incurred.

### Retrospective adjustments by SARS

The Seta refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the Seta is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts.

## 5. Irregular and Fruitless and Wasteful Expenditure

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

- The PFMA,
- The Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred.

## 6. Property, Plant and Equipment

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairment. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating profit.

## 7. Intangible Assets

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairment. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating profit.

## 8. Leasing

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and are recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.



## 9. Provisions

Provisions are recognised when the Seta has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for 13th cheque (based on the current salary rates).

Termination benefits are recognised and expensed only when the payment is made.

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

## 10. Grants and Projects

### Mandatory and discretionary grant payments

A liability is recognised for grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that the Seta will approve the payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

### Discretionary projects

Where a project has been approved, but has not been accrued for, it is disclosed as commitments in the notes to the financial statements.

## 11. Financial Instruments

### Recognition

Financial assets and financial liabilities are recognised on the Seta's Statement of Financial Position when the Seta becomes a party to the contractual provisions of the instrument.

### Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets of the Seta were categorised as loans and receivables.

### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.



## Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Account and other payables do not bear interest and are stated at their nominal value.

## Financial liabilities at FVTPL

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

All financial liabilities of the Seta were classified as other financial liabilities.

## Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

## 12. Reserves

Net assets is classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2008/09	2007/08
	%	%
Administration costs of the Seta	10	10
Employer Grant Fund Levy	50	50
Discretionary grants and projects	20	20
Received by the Seta	80	80
Contribution to the National Skills Fund	20	20
	<b>100</b>	100

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund its administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

## 13. Comparative Figures

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

## 14. Taxation

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

## 15. Consumable Inventory

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of the acquisition. It is subsequently recognised in surplus or deficit as it is consumed.

## 1. Allocation of Net Surplus for the Year to Reserves: 2008/2009

	Total per Statement of Financial Performance	Administration	Employer Grants	Discretionary		Total Discretionary
			Mandatory Skills Grant	Discretionary Grants	Special Projects	
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total revenue</b>	<b>340,738</b>	40,009	199,692	99,738	1,299	101,037
Skills Development Levy: income						
Admin levy income (10%)	<b>40,009</b>	40,009	-	-	-	-
Mandatory grant levy income (50%)	<b>199,692</b>	-	199,692	-	-	-
Discretionary grant levy income (20%)	<b>80,041</b>	-	-	80,041	-	80,041
Skills Development Levy: penalties and interest	<b>1,967</b>	-	-	1,967	-	1,967
National Skills Fund income	<b>1,283</b>	-	-	-	1,283	1,283
Investment income	<b>17,730</b>	-	-	17,730	-	17,730
Donor funding income recognised	<b>16</b>	-	-	-	16	16
<b>Total expenses</b>	<b>258,425</b>	28,983	155,338	72,805	1,299	74,104
Administration expenses	<b>28,859</b>	28,859	-	-	-	-
National Skills Fund expenses	<b>1,283</b>	-	-	-	1,283	1,283
Employer grants and project expenses	<b>228,143</b>	-	155,338	72,805	-	72,805
Finance costs	<b>124</b>	124	-	-	-	-
Donor funding expense	<b>16</b>	-	-	-	16	16
<b>Net surplus per Statement of Financial Performance allocated</b>	<b>82,313</b>	<b>11,026</b>	<b>44,354</b>	<b>26,933</b>	<b>-</b>	<b>26,933</b>



## Allocation of Net Deficit for the Year to Reserves: 2007/2008

	Total per Statement of financial performance	Administration	Employer Grants	Discretionary		Total Discretionary
			Mandatory Skills Grant	Discretionary Grants	Special Projects	
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total revenue</b>	<b>290,756</b>	34,893	173,457	81,844	562	82,406
Skills Development Levy: income						
Admin levy income (10%)	<b>34,771</b>	34,771	-	-	-	-
Mandatory grant levy income (50%)	<b>173,457</b>	-	173,457	-	-	-
Discretionary grant levy income (20%)	<b>69,477</b>	-	-	69,477	-	69,477
Skills Development Levy: penalties and interest	<b>1,361</b>	-	-	1,361	-	1,361
National Skills Fund income	<b>533</b>	-	-	-	533	533
Investment income	<b>11,006</b>	-	-	11,006	-	11,006
Donor funding income recognised	<b>29</b>	-	-	-	29	29
Other income	<b>122</b>	122	-	-	-	-
<b>Total expenses</b>	<b>270,119</b>	25,315	139,080	105,191	533	105,724
Administration expenses	<b>25,127</b>	25,127	-	-	-	-
National Skills Fund expenses	<b>533</b>	-	-	-	533	533
Employer grants and project expenses	<b>244,271</b>	-	139,080	105,191	-	105,191
Finance costs	<b>159</b>	159	-	-	-	-
Donor funding expense	<b>29</b>	29	-	-	-	-
Net deficit per Statement of Financial Performance allocated	<b>20,637</b>	<b>9,578</b>	<b>34,377</b>	<b>(23,347)</b>	<b>29</b>	<b>(23,318)</b>

Notes	2008/9 R'000	2007/8 R'000
<b>2. Skills Development Levy Income</b>		
The total levy income per statement of financial performance is as follows:		
Levy income: Administration	40,009	34,771
Levies received	40,121	34,659
Levies received from SARS	39,644	34,460
Government levies received	113	105
InterSeta transfers in	393	127
InterSeta transfers out	(29)	(33)
Levies accrued	(112)	112
Levy income: Employer Grants	199,692	173,457
Levies received	200,257	172,892
Levies received from SARS	198,434	172,419
InterSeta transfers in	1,966	637
InterSeta transfers out	(143)	(164)
Levies accrued	(565)	565
Levy income: Discretionary Grants	80,041	69,477
Levies received	80,323	69,195
Levies received from SARS	79,593	69,008
InterSeta transfers in	787	253
InterSeta transfers out	(57)	(66)
Levies accrued	(282)	282
	<b>319,742</b>	<b>277,705</b>

### 3. Investment Income

#### 3.1 Interest income

Bank deposits	17,730	11,006
	<b>17,730</b>	<b>11,006</b>



# Notes to the Annual Financial Statements

for the year ended 31 March 2009

	Notes	2008/9 R'000	2007/8 R'000
<b>4. Other Income</b>			
Net profit on disposal of property plant and equipment		-	122
<b>5. Employer Grant and Project Expenses</b>			
Mandatory grants		155,338	139,080
Disbursed		159,655	163,116
Movement in provisions and accruals		(4,317)	(24,036)
Discretionary grants		72,805	105,191
Disbursed		91,284	85,870
Movement in provisions and accruals		(18,479)	19,321
		228,143	244,271
<b>6. Finance Costs</b>			
Lease finance costs		124	159
		124	159
<b>7. Administration Expenses</b>			
Depreciation		1,118	1,117
Loss on write off of property, plant and equipment		22	-
Amortisation		412	142
Operating lease rentals		2,463	2,084
Buildings		2,057	1,959
Plant, machinery and equipment		406	125
Maintenance, repairs and running costs of property and buildings		46	87
Advertising, marketing and promotions, communication		678	1,105
Entertainment expenses		99	-
Consultancy and service provider fees		2,153	96
Legal fees		588	697
Cost of employment	7.1	15,052	13,670
Travel and subsistence		489	792
Staff training and development		360	272
Remuneration to Board and Board Committees		417	363
Auditor's remuneration		1,109	777
External audit		600	430
Internal audit		509	347
Other		3,853	3,925
Telephone and cell phones		632	650
General Expense		1,703	1,580
IT Support		1,518	1,695
		28,859	25,127

# Notes to the Annual Financial Statements

for the year ended 31 March 2009

Notes	2008/9 R'000	2007/8 R'000
<b>7.1 Cost of Employment</b>		
Salaries and wages	11,734	11,085
Basic salaries	9,222	9,333
Performance awards	1,596	574
Other non-pensionable allowance	808	1,063
Temporary staff	108	115
Social contributions	1,899	1,941
Medical aid contributions	592	609
Pension contributions: defined contribution plans	1,256	1,274
UIF	51	58
Leave payments and 13th cheque	1,419	644
	<b>15,052</b>	<b>13,670</b>
<b>Allocation of Cost of Employment</b>		
Administration expenses	15,052	13,670
	<b>15,052</b>	<b>13,670</b>
Average number of employees	32	34
Total number of employees at year end	27	38

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the accounting authority, the Chief Executive Officer; the Chief Financial Officer and Senior Managers.

## 8.1 Property, Plant and Equipment

	Cost R'000	Accumulated Depreciation R'000	Closing Carrying Amount R'000
<b>Year ended 31 March 2009</b>			
Computer equipment	1,301	(1,064)	237
Office furniture and fittings	2,404	(1,568)	836
Office equipment	802	(694)	108
Leased equipment	1,175	(615)	560
Motor vehicles	1,926	(1,685)	241
Balance at end of period	<b>7,608</b>	<b>(5,626)</b>	<b>1,982</b>
<b>Year ended 31 March 2008</b>			
Computer equipment	1,130	(829)	301
Office furniture and fittings	2,428	(1,376)	1,052
Office equipment	845	(621)	224
Leased equipment	1,175	(380)	795
Motor vehicles	1,926	(1,444)	482
Balance at end of period	<b>7,504</b>	<b>(4,650)</b>	<b>2,854</b>



# Notes to the Annual Financial Statements

for the year ended 31 March 2009

## 8.2 Intangible Assets

	Cost R'000	Accumulated Amortisation R'000	Closing Carrying Amount R'000
<b>Year ended 31 March 2009</b>			
Computer software	2,064	(1,889)	175
Balance at end of period	<b>2,064</b>	<b>(1 889)</b>	<b>175</b>
<b>Year ended 31 March 2008</b>			
Computer software	2,064	(1,477)	587
Balance at end of period	<b>2,064</b>	<b>(1,477)</b>	<b>587</b>
<b>Total Assets 31 March 2009</b>	<b>9,672</b>	<b>(7,515)</b>	<b>2,157</b>
Made up as follows:			
- Owned assets	8,497	(6,900)	1,597
- Leased assets	1,175	(615)	560
<b>Total Assets 31 March 2008</b>	<b>9,568</b>	<b>(6,127)</b>	<b>3,441</b>
Made up as follows:			
- Owned assets	8,393	(5,747)	2,646
- Leased assets	1,175	(380)	795

## 8.3 Property, Plant and Equipment

	Carrying Amount 2008 R'000	Additions R'000	Disposals R'000	Depreciation Charge R'000	Write-off R'000	Carrying Amount 2009 R'000
<b>Movement summary 2009</b>						
Computer equipment	301	220	-	(277)	(6)	238
Office furniture and fittings	1,052	44	-	(251)	(9)	836
Office equipment	224	4	-	(114)	(7)	107
Leased equipment	795	-	-	(235)	-	560
Motor vehicles	482	-	-	(241)	-	241
Balance at end of period	<b>2,854</b>	<b>268</b>	<b>-</b>	<b>(1,118)</b>	<b>(22)</b>	<b>1,982</b>



# Notes to the Annual Financial Statements

for the year ended 31 March 2009

	Carrying Amount 2007	Additions	Disposals	Depreciation Charge	Write-off	Carrying Amount 2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Movement summary 2008</b>						
Computer equipment	398	96	(13)	(180)	-	301
Office furniture and fittings	1,232	66	-	(246)	-	1,052
Office equipment	296	2	-	(74)	-	224
Leased equipment	520	793	(141)	(377)	-	795
Motor vehicles	722	-	-	(240)	-	482
Balance at end of period	<b>3,168</b>	<b>957</b>	<b>(154)</b>	<b>(1,117)</b>	-	<b>2,854</b>

## 8.4 Intangible Assets

	Carrying Amount 2008	Additions	Disposals	Amortisation Charge	Write-off	Carrying Amount 2009
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Movement summary 2009</b>						
Computer software	587	-	-	(412)	-	175
Balance at end of period	<b>587</b>	-	-	<b>(412)</b>	-	<b>175</b>

	Carrying Amount 2007	Additions	Disposals	Amortisation Charge	Write-off	Carrying Amount 2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Movement summary 2008</b>						
Computer software	447	282	-	(142)	-	587
Balance at end of period	447	282	-	(142)	-	587
Total assets movement summary 2009	<b>3,441</b>	<b>268</b>	-	<b>(1,530)</b>	<b>(22)</b>	<b>2,157</b>
Total assets movement summary 2008	3,615	1,239	(154)	(1,259)	-	3,441

	Notes	2008/9	2007/8
		R'000	R'000
<b>9. Inventories</b>		<b>26</b>	21

Inventory comprises stationery and other consumables.



# Notes to the Annual Financial Statements

for the year ended 31 March 2009

Notes	2008/9 R'000	2007/8 R'000
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## 10. Other Receivables from Exchange Transactions

<b>Prepayments and deposits</b>	<b>288</b>	298
Prepayments	-	5
Deposits	<b>288</b>	293

Deposits relate to lease deposits which are refundable at the end of the lease terms.

<b>Employee receivables</b>	-	11
<b>Accrued interest</b>	-	166
	<b>288</b>	<b>475</b>

## 11. Accounts Receivable from Non-Exchange Transactions

<b>Skills development levy debtors</b>	-	958
Admin levy debtors	-	111
Employer grant levy debtors	-	565
Discretionary grant debtors	-	282
<b>Other debtors</b>	<b>31</b>	-
<b>Inter-Seta debtors</b>	<b>846</b>	1,035
	<b>23</b>	
<b>Employer receivables</b>	<b>472</b>	127
Overpayment of employer grants	<b>472</b>	127
<b>Total Accounts Receivable from Non-Exchange Transactions</b>	<b>1,349</b>	2,120

## 12. Cash and Equivalents

Cash at bank and on hand	<b>65,549</b>	30,094
Cash at bank	<b>65,537</b>	30,084
Cash on hand	<b>12</b>	10
Short term investments	<b>127,945</b>	100,564
Cash and cash equivalents at end of year	<b>193,494</b>	130,658

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 9.6% (2008: 10.2%).

# Notes to the Annual Financial Statements

for the year ended 31 March 2009

	Notes	2008/9 R'000	2007/8 R'000
<p>The Skills Development Act Regulations state that a seta may, if not otherwise specified by the PFMA, invest the monies in accordance with the investment policy approved by the relevant seta. Treasury regulation:31.3 requires that , unless exempted by the National Treasury, the seta as a public entity that is listed in schedule 3A of the Act, must invest surplus funds with the corporation of public deposits. As the seta was exempted by the National Treasury from the requirements of Treasury Regulation 31.3 to invest surplus funds with the corporation for public deposits, surplus funds were invested in line with an investment policy as required by the Treasury Regulation 31.3.5.</p> <p>Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change in value.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments.</p> <p>There are limitations on the use of cash and cash equivalents of R1 615 000 (2007/08: R2 809 000) as it represents funds received from National Skills Fund and from Vodacom to be used for specific conditions as per agreement.</p>			

## 13. Payables

### 13.1 Grant and Transfers Payable from Non-Exchange Transactions

Skills development grants payable - mandatory		19,870	24,188
Skills development grants payable - discretionary		9,058	27,586
Inter-Seta payables	23	381	263
NSF Payable		1,283	-
<b>Total grants and transfers payable</b>		<b>30,592</b>	<b>52,037</b>
<b>Exempt employers payables</b>			
Opening balance		6,005	4,938
Exempt employer raised during current year		1,042	1,067
Closing balance		7,047	6,005
<p>This balance relates to amounts to be repaid to all employers exempted from SDL (below threshold of R500,000 payroll per annum) who have however contributed.</p>			
		<b>37,639</b>	<b>58,042</b>

### 13.2 Trade and other Payables from Exchange Transactions

Service provider fees outstanding		1,449	1,963
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Notes	2008/9 R'000	2007/8 R'000
<b>14. Finance Lease Liability</b>		
Finance lease liability	635	768
Less short term portion disclosed under current liabilities	(188)	(339)
Non-current lease liability	447	429

## 15. National Skills Fund Received in Advance

Opening balance	2,733	3,239
Bank costs	(1)	-
Received during the year	106	27
Interest received	106	27
Utilised and recognised as revenue-conditions met: ISSA / Leanerships	(1,283)	(533)
	(1,283)	(533)
Closing balance	1,555	2,733

During the year project expenses of R1,283,000 (07/08: R533,000) was incurred and a corresponding amount was recognised as revenue in compliance to the accounting policy. At year end, R1,555,000 (07/08: R2,733,000) continues to be accounted for as a liability until expenses are incurred and a corresponding revenue is recognised. This balance does not agree to the bank balance due to creditor balances of R1,283,000 (2007/08: R358,000) included in trade and other payables from exchange transactions balance in note 13.1.

## 16. Government Grants and Donor Funding Received in Advance

Opening balance	76	105
Utilised	(16)	(29)
Mobile bus	(16)	(29)
Closing balance	60	76

Isett Seta received funds from Vodacom that may only be utilised for expenditure relating to the Isett Seta technology bus. The balance of these funds is recognised as revenue received in advance. During the year, technology bus expenses of R16,000 (07/08: R29,000) were incurred and a corresponding amount was recognised as revenue in compliance to the accounting policy. At year end, R60,000 (07/08: R76,000) continues to be accounted for as a liability until expenses are incurred and a corresponding revenue is recognised.

# Notes to the Annual Financial Statements

for the year ended 31 March 2009

	13th Cheque 2008/09 R'000	Performance Bonus 2008/9 R'000	Total 2008/9 R'000	Total 2007/08 R'000
Opening carrying amount	47	-	47	415
Amounts utilised	588	1,185	1,773	(183)
Additional amount provided	(471)	(772)	(1,243)	(185)
Closing carrying amount	<b>164</b>	<b>413</b>	<b>577</b>	<b>47</b>

13th cheque provision is calculated based on total cost of employment and accrued evenly throughout the year. The 13th cheque bonus is paid out during December.

Performance bonuses are paid during the month of September and the amount is dependent on the outcome of individual performance evaluations.

	2008/09 R'000	2007/08 R'000
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## 18. Reconciliation of Net Cash Flow from Operating Activities to Net Surplus

Net surplus as per statement of financial performance	<b>82,313</b>	20,637
Adjusted for non-cash items:		
Depreciation	<b>1,118</b>	1,117
Amortisation	<b>412</b>	142
Loss on disposal/write off of property, plant and equipment	<b>22</b>	7
Finance costs	<b>124</b>	159
Profit on settlement of lease	-	(127)
Increase/(Decrease) in provisions	<b>250</b>	(292)
Relating to employment	<b>400</b>	(292)
Relating to other	<b>(150)</b>	-
Special project income recognised	<b>(1,299)</b>	(562)
Adjusted for items separately disclosed		
Investment income	<b>(17,730)</b>	(11,007)
Adjusted for working capital changes:		
Increase in receivables	<b>835</b>	637
Decrease in payables	<b>(20,772)</b>	(4,653)
Increase in inventory	<b>(5)</b>	-
<b>Cash generated by operations</b>	<b>45,268</b>	6,058



## 19. Contingencies

### 19.1 Surplus Funds

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury, should an application for retention of surplus funds be denied. On 31 May 2009 Isett Seta submitted an application for retention of the surplus funds, via the DoL to National Treasury.

### 19.2 Pending Litigations

Service Providers	Reason	Status
<b>Equadoor (Pty) Ltd</b>	Breach of contract	The application for summary Judgement in this matter was opposed and an Answering Affidavit was served and filed. Leave to defend the matter was subsequently granted. A notice of Exception has been served.

### 19.3 Contingent Asset

A judgement was granted in favour of Isett Seta in respect of a court case with former Chief Financial Officer (Mr Motaung). Mr Motaung is liable to repay Isett Seta all salaries paid to him by the entity from date of his suspension, totalling R917,283.

A judgement was granted in favour of Isett Seta in respect of a court case with a former employee (Z Zondi). Mr. Zondi is liable to reimburse Isett Seta for legal cost incurred by them, totalling R2,000.

## 20. Commitments

### 20.1 Discretionary Reserve

Of the balance of R152,983,000 (2007/08: R69,496,000) available in the discretionary reserve at the end of March 2009, R90,940,000 (2007/08: R55,963,000) has been approved and allocated for future projects and skills priorities as set out below.

		Opening Balance	Adjustment to Opening Balance	New Projects Approved	Utilised	Closing Balance
2008/9		R'000	R'000	R'000	R'000	R'000
NSDS Target						
Approved by Accounting Authority 2008/2009						
Workers Trained On ABET Programmes	2.7	10,287	-	4,054	(4,000)	10,341
Workers Trained On Learnership Programmes	2.8	-	-	8,460	(2,301)	6,159
Non-Levy Paying Enterprises	3.2	978	-	950	-	1,928
Unemployed Youths Trained On Learnership Programmes	4.1	26,614	-	53,310	(35,629)	44,295
Unemployed Youths Trained On Workplace Programmes	4.2	10,853	-	37,493	(27,004)	21,342
Unemployed Youths Trained On Venture Creation Programmes	4.3	7,105	-	2,700	(3,124)	6,681
Institute of Sectoral or Occupational Excellence	5.1	-	-	815	(693)	122
Other Projects-Quality Assurance	5.3	200	-	-	(54)	146
Other - subsistence and travel		(74)	-	-	-	(74)
<b>Total</b>		<b>55,963</b>	<b>-</b>	<b>107,782</b>	<b>(72,805)</b>	<b>90,940</b>

		Opening Balance	Adjustment to Opening Balance	New Projects Approved	Utilised	Closing Balance
2007/8		R'000	R'000	R'000	R'000	R'000
NSDS Target						
Approved by Accounting Authority 2007/2008						
Workers Trained On ABET Programmes	2.7	257	-	11,268	(1,238)	10,287
Workers Trained On Learnership Programmes	2.8	50	-	15,660	(15,710)	-
Non-Levy Paying Enterprises	3.2	-	-	978	-	978
Unemployed Youths Trained On Learnership Programmes	4.1	70,940	3,362	21,795	(69,483)	26,614
Unemployed Youths Trained On Workplace Programmes	4.2	10,735	-	17,007	(16,889)	10,853
Unemployed Youths Trained On Venture Creation Programmes	4.3	616	-	7,810	(1,321)	7,105
Other Projects-Quality Assurance	5.3	-	-	676	(476)	200
Other - subsistence and travel		-	-	-	(74)	(74)
<b>Total</b>		<b>82,598</b>	<b>3,362</b>	<b>75,194</b>	<b>(105,191)</b>	<b>55,963</b>



	2008/09 R'000	2007/08 R'000
<b>20.2 Operating Leases Commitments</b>		
Total of future minimum lease payments under non-cancellable leases:		
Not later than one year	1,860	1,825
Later than one year and not later than five years	792	2,646
	<b>2,652</b>	<b>4,471</b>

The operating leases are for non-cancellable leases the organisation has entered into respect of office buildings for Midrand and the regional offices in Cape Town, East London and Durban. The average escalation rates for these leases is in the region of 8% per annum.

## 20.3 Finance Lease Commitments

Reconciliation of total future minimum lease payments and their present value:

	Present Value R'000	Interest R'000	Payment R'000
Due not later than one year (current liabilities)	447	74	521
Due later than one year and not later than five years (non current liabilities)	188	25	213
	<b>635</b>	<b>99</b>	<b>734</b>

The organisation has entered into finance lease agreements for rental of photocopying and printing equipment for all the above centres which are due to expire before 31 March 2010 with average escalation rate varying between 12% and 15%. These have been accounted for in terms of IAS 17. No provision was made for an option to renew the leases on expiry.

## 21. Financial Instruments

In the course of the Seta operations, it is exposed to interest rate, credit, liquidity and market risk. The Seta has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

### Interest rate risk

The Seta manages its interest rate risk by effectively investing Seta surplus cash in term deposits with different financial institutions according to the Seta's investment policy.



# Notes to the Annual Financial Statements

for the year ended 31 March 2009

The Seta's exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

	Floating Rate		Non-Interest Bearing		Total
	Amount	Effective Interest Rate	Amount	Weighted Average Period until Maturity in years	
	R'000		R'000		R'000
<b>Year ended 31 March 2009</b>					
<u>Assets</u>					
Cash	193,482	9.6%	12		193,494
Accounts receivable	-		288	0.08 years	288
<b>Total financial assets</b>	<b>193,482</b>	<b>9.6%</b>	<b>300</b>		<b>193,782</b>
<u>Liabilities</u>					
Accounts payable	-		1,449	0.08 years	1,449
<b>Total financial liabilities</b>	<b>-</b>		<b>1,449</b>		<b>1,449</b>
	<b>193,482</b>		<b>(1,149)</b>		<b>192,333</b>
<b>Year ended 31 March 2008</b>					
<u>Assets</u>					
Cash	130,648	9.7%	10		130,658
Accounts receivable	-		476	0.08 years	476
<b>Total financial assets</b>	<b>130,648</b>	<b>9.7%</b>	<b>486</b>		<b>131,134</b>
<u>Liabilities</u>					
Accounts payable	-		1,963	0.08 years	1,963
<b>Total financial liabilities</b>	<b>-</b>		<b>1,963</b>		<b>1,963</b>
	<b>130,648</b>		<b>(1,477)</b>		<b>129,171</b>

**Financial instruments have not been discounted as they will all be settled or recovered within 3 months. Effect of discounting was considered and found not to be material.**

## Credit risk

Financial assets, which potentially subject the Seta to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

The Seta limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation TR 28. The Seta's exposure is continuously monitored by the Executive Committee.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The Seta does not have any material exposure to any individual or counter-party. The Seta's concentration of credit risk is limited to the industry (ICT and related Industries) in which the Seta operates. No events occurred in the industry (ICT and related Industries) during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt.

## The ageing of other receivables from exchange transactions:

	2008/09	2007/08
Not past due	288	-
Past due 0 - 30 days	-	169
Past due 31 - 120 days	-	17
Past due 120 - 365 days	-	290



# Notes to the Annual Financial Statements

for the year ended 31 March 2009

## Liquidity risk

The Seta manages liquidity risk through proper management of working capital and capital expenditure. Adequate reserves and liquid resources are maintained.

2008/9	Carrying Amount	Contractual Cash Flows	6 Months or less	6 - 12 Months	1 - 2 Years	More than 2 Years
Trade and other Payables from exchange transactions	(1,449)	(1,449)	(1,449)	-	-	-

2007/8	Carrying Amount	Contractual Cash Flows	6 Months or less	6 - 12 Months	1 - 2 Years	More than 2 Years
Trade and other Payables from exchange transactions	(1,963)	(1,963)	(1,924)	(39)	-	-

In case of liquidity problems, funding resources might be available in terms of DoL and National Treasury approval for borrowing requirements in the open market.

## Market risk

The Seta is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the Seta is aware of.

## Fair values

The Seta's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instrument was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

### Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

### Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to relatively short-term maturity of these financial assets. The effect of discounting was considered and found to be immaterial.

### Accounts payable

#### Borrowings

The fair value of interest-bearing borrowings is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows (only if applicable). The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts.

The carrying amount of account and other payables approximates fair value due to relatively short-term maturity of these financial assets. The effect of discounting was considered and found to be immaterial.

## 22. Prior Period Error

### 22.1 Background on Prior Year error Relating to Property Plant and Equipment

During the year it was noted that various expenditure with regards to assets incurred in previous years had been capitalised in the fixed asset register even though they were not of a capital nature. These payments should have been expensed and not capitalised in the year that the payment took place. This adjustment was effected in the current year and the fixed asset register agrees with the general ledger.

The effect of this is that the 2007/08 fixed asset balance and depreciation were overstated by this amount.

The amounts disclosed in 2007/08 have been restated to correct this error.

#### Impact of prior period adjustment

Decrease in retained earnings 2007/8  
Decrease in property, plant and equipment 2007/8

R '000

49

(49)

## 23. Related Party Transactions

Transactions are disclosed as other related party transactions where the Seta has in the normal course of its operations, entered into certain transactions with entities either related to the Department of Labour (DoL) or which had a nominated representative serving on the Seta's accounting authority .



# Notes to the Annual Financial Statements

for the year ended 31 March 2009

## Transactions with other Setas

Transactions are disclosed as other related party transactions where Inter-Seta transactions arise due to the movement of employers from one Seta to another.

The balances at 31 March included in receivables and payables are:

	Notes	2008/09 R'000		2007/08 R'000	
		Transfers in/(out) during the Year	Amount Receivable / (Payable)	Transfers in/(out) during the Year	Amount Receivable / (Payable) Restated
<b>Receivables</b>	11	<b>3,151</b>	<b>846</b>	1,017	1,035
W&RSeta		74	158	150	151
SERVICES Seta		656	191	618	618
MERSeta		647	-	-	-
HWSeta		1	1	-	45
FASSET		154	70	70	70
INSETA		393	393	21	-
CETA		12	-	108	108
THETHA		33	33	21	21
MQA Seta		1,181	-	3	-
BANKSETA		-	-	26	22
<b>Payables</b>	13.1	<b>(214)</b>	<b>(381)</b>	(263)	(263)
INSETA		-	-	(21)	(21)
E SETA		(23)	(23)	-	-
ETDPSeta		(12)	(12)	-	-
SERVICES Seta		(127)	(266)	(139)	(139)
FASSET		(20)	-	(55)	(55)
W&RSeta		(7)	(7)	-	-
SASSETA		-	(5)	(5)	(5)
CETA		-	(18)	(18)	(18)
MERSETA		(14)	(14)	-	-
MAPPP Seta		(11)	(36)	(25)	(25)
<b>Total</b>		<b>2,937</b>	<b>465</b>	754	772

# Notes to the Annual Financial Statements

for the year ended 31 March 2009

		2008/2009	2007/2008
		R'000	R'000
<b>Transactions with other Departments</b>			
Department of Communication	Voluntary Levies Received	113	105

Type of transaction	2008/2009	2008/2009	2007/2008	2007/2008
	R'000	R'000	R'000	R'000
	Transactions during the year	Amount Payable	Transactions for the year	Amount Payable

## Transactions with members of the Accounting Authority

### Telkom

L Maseko, S Maphalala	Mandatory Grant	29,497	2,864	23,654	-
S Smith, L Chiloane	Discretionary Grant	3,940	-	114	-
<b>Total</b>		<b>33,437</b>	<b>2,864</b>	<b>23,768</b>	<b>-</b>

### Nokia Siemens Networks

S Nkosi	Mandatory Grant	204	313	3,624	-
	Discretionary Grant	-	-	513	3,378
<b>Total</b>		<b>204</b>	<b>313</b>	<b>4,137</b>	<b>3,378</b>

### Bytes People Solutions

T Bohnen	Mandatory	123	10	5,239	-
	Discretionary Grant	957	256	1,042	3,823
<b>Total</b>		<b>1,080</b>	<b>266</b>	<b>6,281</b>	<b>3,823</b>

### Bytes Systems Integration

A Rabie	Mandatory	685	54	-	-
	Discretionary Grant	-	-	-	-
		<b>685</b>	<b>54</b>	<b>-</b>	<b>-</b>

### Vodacom

M Matimba	Mandatory Grant	9,045	550	5,821	-
	Discretionary Grant	2,080	-	220	1,412
<b>Total</b>		<b>11,125</b>	<b>550</b>	<b>6,041</b>	<b>1,412</b>

### Alcatel Lucent

T Ndlazi	Mandatory Grant	540	45	-	-
	Discretionary Grant	-	-	-	-
<b>Total</b>		<b>540</b>	<b>45</b>	<b>-</b>	<b>-</b>

### Terms and conditions

Discretionary and Mandatory grants were granted under normal conditions relating to grants. No special terms and conditions were given to members of the Accounting Authority. The transactions were conducted at arms-length and no provision for doubtful debts has been recognised from these transactions.



## 24. Material Losses through Criminal Conduct, Irregular, Fruitless and Wasteful Expenditure

To the best of our knowledge no material losses through criminal conduct or irregular expenditure occurred during the period ended 31 March 2009.

The following fruitless and wasteful expenditure was incurred during the period ended 31 March 2009.

	2008/9 R'000	2007/2008 R'000
SARS penalties and interest	341	-

R200,000 is a result of the following:

Various desktop computers were stolen during a burglary which occurred in 2002. As a consequence of the loss of these computers historical payroll data was lost. The outstanding amount was only identified in the current year in spite of PAYE reconciliations having been compiled and submitted since 2002. In October 2008 SARS informed Isett Seta of the outstanding PAYE and related penalties and interest.

R141,000 is a result of PAYE being paid one day later than required.

The following preventative procedures have been put in place:

- server back ups are done daily and stored off-site
- PAYE payments are monitored and paid to SARS prior to month end

No amounts have been recovered and no disciplinary action has been taken as the responsible employees are no longer employed by Isett Seta.

## 25. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Seta's 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 historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

### The following critical judgements and estimates were applied:

The following average useful lives are used in the calculation of depreciation:

Computer equipment	4.25 years
Office furniture and fittings	10 years
Office equipment	7.11 years
Leased equipment	5 years
Motor vehicles	8 years

The following average useful lives are used in the calculation of amortisation:

Computer software	4.41 years
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## 26 . New Accounting Pronouncements

At the date of authorisation of these financial statements there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that are applicable to the Seta and may have an impact on future financial statements.

		Effective date, commencing on or after
The Effects of changes in Foreign Exchange Rates	GRAP 4	'01 April 2009
Borrowing Costs	GRAP 5	'01 April 2009
Revenue from exchange transactions	GRAP 9	'01 April 2009
Financial Reporting in Hyperinflationary Economies	GRAP 10	'01 April 2009
Inventories	GRAP 12	'01 April 2009
Leases	GRAP 13	'01 April 2009
Events after the reporting date	GRAP 14	'01 April 2009
Property, plant and equipment	GRAP 17	'01 April 2009
Segment Reporting	GRAP 18	'01 April 2009
Provisions, Contingent Liabilities and Contingent Assets	GRAP 19	'01 April 2009
Revenue from Non-exchange Transactions (Taxes and Transfers)	GRAP 23	'01 April 2009
Presentation of Budget Information in Financial Statements	GRAP 24	not yet effective
Non current assets held for sale and discontinued operations	GRAP 100	'01 April 2009
Intangible assets	GRAP 102	'01 April 2009

The Seta shall apply Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA. This date has not yet been published as at the date of this set of financial statements.

### GRAP 4 : The Effects of changes in Foreign Exchange Rates

The standard prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency in instances where it has transactions in foreign currency, has foreign operation or receives foreign donor funding. The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements. It is not expected that this standard will significantly impact future disclosures due to the legislative limitations on its operations and limited volume of foreign transactions that the Seta is expected to account for.

### GRAP 5 : Borrowing costs

This standard prescribes the accounting treatment for borrowing costs and generally requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The standard also permits, the expensing of borrowing costs where it is inappropriate to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Other borrowing costs are recognised as an expense. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of qualifying assets that the Seta is expected to account for.

### GRAP 9 : Revenue from exchange transactions

The standard provide additional South African public sector specific examples of revenue transactions, however, it does not significantly differ from IAS 29 (AC111) - Revenue. It is not expected that this standard will significantly impact future disclosures due to the limited nature and volume of exchange transactions for which the Seta is expected to account for.

### GRAP 10 : Financial Reporting in Hyper-inflationary Economies

The standard applies to entities that operate in hyper-inflationary economies and gives examples of indicators for a hyper-inflationary economy. The standard prescribes that entities whose functional currencies are currencies of a hyper-inflationary economy shall state



their financial Statement at measuring unit prevailing at the reporting date and restate the comparatives at measuring unit prevalent at the reporting date. It is not expected that this standard will significantly impact future disclosures as there is currently no reason to believe that the economy will be hyper-inflationary in the near future.

#### **GRAP 12 : Inventories**

The standard provide additional guidance on the recognition and the initial measurement of inventories, including recognising inventories acquired at no cost, or for nominal consideration, at fair value as at the date of acquisition. It is not expected that this standard will significantly impact future disclosures due to the limited nature and volume of inventory for which the Seta is expected to account for.

#### **GRAP 13 : Leases**

The standard clarifies that the leases standard should still be applied even where legislation may prohibit an entity from entering into certain types of lease agreements. It further adds an additional requirement to disclose the depreciation and finance charge relating to the leased asset under accounted for as a finance lease by the lessee.

#### **GRAP 14 : Events after the reporting date**

The standard prescribes when an entity should adjust its financial statements for events after the reporting date and the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting date. The standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting date indicate that the going concern assumption is not appropriate. It is not expected that the standard will significantly impact future disclosures due to its similarity to IPSAS 14 & IAS 10 - Events after the Reporting Date except for some terminology changes.

#### **GRAP 17 : Property, plant and equipment**

On initial application, the standard requires that assets which were acquired at no cost, or for a nominal cost, are accounted for at their fair values at the date of acquisition. This treatment is different to the current treatment which accounts for such assets at cost. We do not expect this to significantly impact the carrying value of assets.

#### **GRAP 18 : Segment Reporting**

The standard establishes principles for reporting financial information by segments. It is not expected that the standard will significantly impact future disclosure due to the limited nature and volume of transactions for which the Seta is expected to account for.

#### **GRAP 23 : Revenue from Non-exchange Transactions (Taxes and Transfers)**

The standard prescribes requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination. The standard deals with issues that need to be considered in recognising and measuring revenue from non-exchange transactions, including the identification of contributions from owners. It is not expected that the standard will significantly impact future disclosures as current practice is within the requirements of the standard.

#### **GRAP 24 : Presentation of Budget Information in financial Statements**

The standard prescribes the presentation of a comparison of budget and actual amounts in the financial statements of entities that are publicly accountable for the use of their funds. The presentation may be in the form of additional financial statement or additional budget columns in their financial statements. The standard will significantly impact future disclosures as budget information will be presented, compared with actuals and explanations of material differences will be made.

#### **GRAP 100 : Non-Current Assets Held for Sale and Discontinued Operations**

The standard provides public sector examples and refer to non-cash generating assets that are relevant to the public sector, however, it does not significantly differ from IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of such transactions for which the Seta is expected to account for.

#### **GRAP 102 : Intangible assets**

The standard is drawn primarily from the International Accounting standard on Intangible Assets (IAS 38). The standard provide additional public sector examples and also expands the identifiability criterion in the definition of an intangible asset to include contractual rights arising from binding arrangements, and to exclude rights granted by statute. The standard will also require, where an intangible asset is acquired at no cost or for a nominal consideration, that its cost is recorded as its fair value as at the date it is acquired.

Guidance on web site costs, together with an appendix to illustrate the relevant accounting principles have been included in this standard from SIC Interpretation 32 - Intangible Assets - Web site costs.



## Glossary / Abbreviations

<b>Abbreviation</b>	<b>Full Words</b>
ABET	Adult Basic Education and Training
AG	Auditor-General
ATR	Annual Training Report
BEE	Black Economic Empowerment
BITF	Black Information Technology Forum
CBO	Community Based Organisation
CEO	Chief Executive Officer
CSSA	Computer Society of South Africa
CWU	Communications Workers Union
DDG	Deputy Director General
DoC	Department of Communication (Republic of South Africa)
DoL	Department of Labour (Republic of South Africa)
the dti	Department of Trade and Industry (Republic of South Africa)
EIF	Electronic Industries Federation
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
GAAP	Generally Accepted Accounting Principles
GRAP	Generally Recognised Accounting Principles
ICT	Information and Communications Technology
Isett	Information Systems, Electronics and Telecommunications Technologies
Isett Seta	Information Systems, Electronics and Telecommunications Technologies Sector Education and Training Authority
ISOE	Institution of Sectoral or Occupational Excellence
ITA	Information Technology Association
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
NLP	Non-levy Paying
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NVC	New Venture Creation
NQF	National Qualifications Framework
PFMA	Public Finance Management Act
PPP	Public Private Partnership
QMS	Quality Management Systems
SABS	South African Bureau of Standards
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SETA	Means the same as Information Systems, Electronics and Telecommunications Technologies Sector Education and Training Authority
SDF	Skills Development Facilitator
SMME	Small, Medium, Micro Enterprise
SSP	Sector Skills Plan
WSP	Workplace Skills Plan



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