



Council for Quality Assurance in  
General and Further Education and Training

# Annual Report 2018 - 2019




The 2018/19 Annual Report of Umalusi is presented to the Minister of Basic Education in accordance with section 55(1)(d) of the Public Finance Management Act (Act No. 1 of 1999) and Chapter 28 of the Treasury Regulations. The report reflects the performance information outputs, the human resources management outputs as well as the financial performance of Umalusi.

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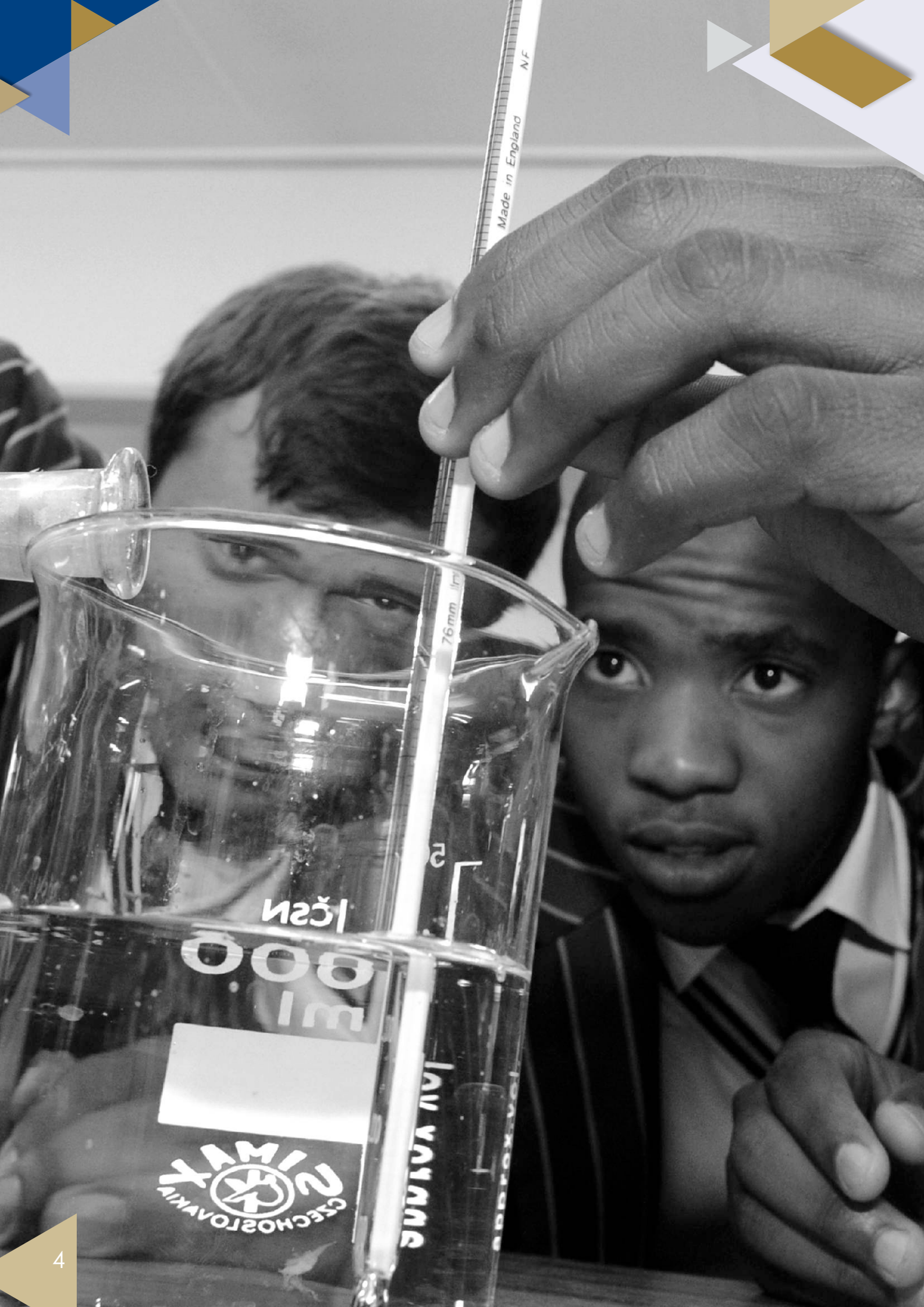
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UMALUSI





**PART A:**  
**GENERAL**  
**INFORMATION**



# 1. GENERAL INFORMATION

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**EXTERNAL AUDITORS** Nexia SAB&T

**BANKERS** Absa Bank Limited

## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AET</b>	Adult Education and Training
<b>ABET</b>	Adult Basic Education and Training
<b>ACC</b>	Accreditation Committee of Council
<b>APP</b>	Annual Performance Plan
<b>ASC</b>	Assessment Standards Committee
<b>AVE</b>	Advertising Value Equivalency
<b>BAA</b>	Benchmark Assessment Agency
<b>CAPS</b>	Curriculum and Assessment Policy Statements
<b>CAT</b>	Common Assessment Tasks
<b>CCFO</b>	Critical Cross-Field Outcomes
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CHE</b>	Council on Higher Education
<b>CS</b>	Colleges and Schools
<b>DBE</b>	Department of Basic Education
<b>DeafSA</b>	Deaf Federation of South Africa
<b>EETC</b>	Employment Equity and Training Committee
<b>DHET</b>	Department of Higher Education and Training
<b>E&amp;A</b>	Evaluation and Accreditation
<b>ECD</b>	Early Childhood Development
<b>EGD</b>	Engineering Graphics and Design
<b>EoR</b>	Examinations on Request
<b>EXCO</b>	Executive Committee of Council
<b>FAL</b>	First Additional Language
<b>FET</b>	Further Education and Training
<b>FMPPI</b>	Framework for Managing Programme Performance Information
<b>F&amp;SCM</b>	Finance and Supply Chain Management
<b>GETC</b>	General Education and Training Certificate
<b>GETCA</b>	General Education and Training Certificate for Adults
<b>GENFET</b>	General and Further Education and Training
<b>GFETQSF</b>	General and Further Education and Training Qualifications Sub-framework
<b>GOCEO</b>	Governance and Office of the Chief Executive Officer
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HRM&amp;D</b>	Human Resources Management and Development
<b>IAEA</b>	International Association for Educational Assessment
<b>ICASS</b>	Internal Continuous Assessment
<b>ICT</b>	Information and Communication Technology
<b>IEB</b>	Independent Examinations Board
<b>IGRAP</b>	Interpretations of Generally Recognised Accounting Practice
<b>MIE</b>	Managed Integrity Evaluation

<b>MTSF</b>	Medium-Term Strategic Framework
<b>NATED</b>	National Education (Report 190/191)
<b>NASCA</b>	National Senior Certificates for Adults
<b>NC(V)</b>	National Certificate (Vocational)
<b>NDP</b>	National Development Plan
<b>NLRD</b>	National Learners' Records Database
<b>NQF</b>	National Qualifications Framework
<b>NSC</b>	National Senior Certificate
<b>NT</b>	National Treasury
<b>NTCE</b>	National Tourism Careers Expo
<b>PAT</b>	Practical Assessment Task
<b>PED</b>	Provincial Education Department
<b>PFMA</b>	Public Finance Management Act
<b>PMDS</b>	Performance Management and Development System
<b>PR&amp;COMMS</b>	Public Relations and Communications
<b>Q&amp;R</b>	Qualifications and Research
<b>QAA</b>	Quality Assurance of Assessment
<b>QAA-PSQ</b>	Quality Assurance of Assessment for Post-School Qualifications
<b>QAA-SQ</b>	Quality Assurance of Assessment for School Qualifications
<b>QAM</b>	Quality Assurance and Monitoring
<b>QC</b>	Quality Council
<b>QCC</b>	Qualifications, Curriculum and Certification
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>S&amp;G</b>	Strategy and Governance
<b>SBA</b>	School-/Site-Based Assessment
<b>SACAI</b>	South African Comprehensive Assessment Institute
<b>SACE</b>	South African Council for Educators
<b>SAFCERT</b>	South African Certification Council
<b>SAQA</b>	South African Qualifications Authority
<b>SASL</b>	South African Sign Language
<b>SC</b>	Senior Certificate
<b>SC(a)</b>	Senior Certificate (amended)
<b>SCM</b>	Supply Chain Management
<b>SDG</b>	Sustainable Development Goals
<b>SIR</b>	Statistical Information and Research
<b>SITA</b>	State Information Technology Agency
<b>STEAM</b>	Science, Technology, Engineering, Arts and Mathematics
<b>TVET</b>	Technical and Vocational Education and Training
<b>VAT</b>	Value Added Tax
<b>WSP</b>	Workplace Skills Plan





It is my singular honour to report that Umalusi Council has once again obtained an unqualified audit report during the year under review

for the organisation by the former Council at the beginning of the 2014 - 2019 Medium-Term Strategic Framework (MTSF). It is Council's fiduciary responsibility to ensure that the organisation is run effectively and efficiently. I am also delighted to report that after the appointment of the new Council, all committees of Council are now fully constituted to do work on behalf of Council. The current Council will serve a four-year term, from June 2018 until June 2022. I wish all members of the new Council, together with members of the new Council committees, a successful tenure.

For brevity, given the constraints of publication space in this report, I will attempt to outline some of Council's achievements in broad terms. Council continued to strengthen its strategic relationships with relevant associations in the Southern African Development Community (SADC) across the continent and beyond. To this end, Umalusi hosted the 12th annual conference of the Southern Africa Association for Educational Assessment, on 14-16 May 2018 in Tshwane. The conference brought together assessment practitioners and academics from across the SADC region with the purpose of providing an ideal platform for cross-pollination of ideas. Council is aware that systems of education across the globe are constantly changing and therefore shape the direction that assessment systems should also take.

This dynamism compels a quality council like ourselves to continually search for new ways to conduct our business so that we can remain relevant. Relevance is undoubtedly one of the important success factors in a rapidly changing educational environment. Furthermore, Umalusi officials continued to participate in conferences and forums organised by the Association for Educational Assessment in Africa (AEAA) and the International Association for Educational Assessment (IAEA), respectively. Council also fulfilled its legislative obligation to Parliament by honouring all meetings of the two portfolio committees, namely the Portfolio Committee on Basic Education and the Portfolio Committee on Higher Education and Training. Similarly, Council worked in collaboration with other quality councils to address areas of common interest. In spite of the strides made in fulfilling its mandate, Council was faced with the following challenges: (1) limited

As a Council for Quality Assurance in General and Further Education and Training, Umalusi occupies a very special place in the South African education landscape. The quality of the education outputs produced by private and public education institutions is an important performance indicator for our education system in South Africa, in particular basic education. As a custodian of quality in basic education (Grades 1-12 / NQF 1-4), Umalusi is faced with a mammoth task of assuring the quality of qualifications and curricula offered at private and public institutions. In addition, Umalusi is mandated to quality assure exit-point assessments and evaluate private institutions for accreditation. The work and mandate of Umalusi would not be complete without the research component, one of Umalusi's core functions.

I am delighted to report to our stakeholders that during the period under review, financial year 2018/2019, the Umalusi Council has worked diligently to deliver on its mandate. The new Umalusi Council, which started its work in June 2018, was appointed and mandated by the Minister of Basic Education and attendant legislation to exercise its fiduciary and oversight role on the work done by the organisation. Council intends to achieve this by ensuring that management attains the goals and objectives set

funding from its annual budget allocation, which resulted in the organisation not being able to fully respond to the demands of its growing mandate; and (2) a proliferation of foreign qualifications, which are not registered on the National Qualifications Framework [NQF].

All qualifications that are offered to learners at private and public institutions must be registered on the NQF. The resultant impact of unregistered qualifications is that Umalusi cannot vouch for the quality of the education provided by institutions that offer these qualifications. As we prepare for the new five-year term for planning and reporting, for 2020–2024, the organisation will be engaging in the formulation of a five-year strategic plan to chart a new trajectory for its work. Among others, Council will be looking to align the work of the organisation with national imperatives derived from the National Development Plan (NDP), Sustainable Development Goals (SDG) and the 2020–2024 MTSF.

In the same vein, Council will be focusing on how the organisation can respond to the demands of its growing mandate. For example, Council will be looking to guide management in creating systems to accommodate foreign qualifications, quality assuring new subjects in the curriculum and assessment policy statements (CAPS) and quality assuring the roll-out of new qualifications, namely the National Senior Certificate for Adults (NASCA) and the General Education and Training Certificate for Adults (GETCA).

It is my singular honour to report that Umalusi Council has once again obtained an unqualified audit report during the year under review. This is largely due to the capable leadership of Umalusi management and the diligent and meticulous work of the Audit and Risk Committee, under the chairpersonship of Mr Philip Benadé. Likewise, the Council has fulfilled its commitment to the Department of Basic Education (DBE) and the Department of Higher Education and Training (DHET) in maintaining the standards of general and further education and training in the country. By

maintaining high standards in basic education, Umalusi seeks to ensure that our nation's children and young adults have access to the education and training that is as good as the best in the world.

In conclusion, I would like to express our sincere thanks and appreciation to:

- All members of Umalusi Council who have given so freely and so generously of their time, energy and wisdom to ensure that Umalusi remains true to its mission;
- The Honourable Minister of Basic Education, Mrs Angie Motshekga, MP; the Honourable Minister of Higher Education and Training, Dr Naledi Pandor, MP; the Director-General of Basic Education, Mr Mathanzima Mwel; and the Director-General of Higher Education and Training, Mr Gwebinkundla Qonde, whose support for the work of Umalusi is a source of inspiration and strength;
- Mesdames Nomalungelo Gina and Cornelia September – chairpersons of the Portfolio Committees on Basic Education and Higher Education and Training respectively – as well as members of both Portfolio Committees for their unwavering support and guidance to Umalusi Council;
- All members of various committees of Council for their excellent contribution to the work of Umalusi;
- All staff of Umalusi for their continued dedication, loyalty, professionalism and hard work. Their commitment to service excellence and dedication fills us with pride;
- Umalusi's Chief Executive Officer, Dr Mafu Rakometsi, and his executive management team, for providing steady, dynamic and visionary leadership for Umalusi.



**Professor John Volmink**  
Chairperson of Umalusi Council  
31 July 2019

By maintaining high standards in basic education, Umalusi seeks to ensure that our nation's children and young adults have access to the education and training that is as good as the best in the world





It is my great privilege to write this report on the work of Umalusi, with specific reference to the period under review, financial year 2018/2019. As usual, Umalusi has once again delivered on its legislative mandate as the Council for Quality Assurance in the General and Further Education and Training sector. Umalusi's mandate is derived from two of its founding Acts, namely the General and Further Education and Training Quality Assurance (GENFETQA) Act No. 58 of 2001, as amended in 2008; and the National Qualifications Framework (NQF) Act No. 67 of 2008, as amended. Due to the ever-changing socio-political environment, Umalusi is constantly required to interpret its mandate in line with the educational demands of the 21st century. In other words, the organisation needs to be adaptable, dynamic and innovative. It is important for Umalusi to adapt to change so that the organisation can remain relevant.

To us, relevance means, inter alia, our ability to respond to the needs of policy beneficiaries such as learners, teachers, adult learners and out-of-school youth. These stakeholders are very important to Umalusi because they are on the receiving end of the work done by the organisation. Therefore, we exercise extreme caution and diligence in assuring the quality of our qualifications so that parents, employers,

I am pleased to report that Umalusi has achieved numerous milestones during the year under review

universities and other relevant stakeholders can have confidence in the standards of quality in our education system. For us as a quality council, the promise of a good quality education is non-negotiable. Thus, the qualifications that fall under our sub-framework of qualifications, and their concomitant curricula, must comply with certain quality standards before Umalusi can put its stamp of approval on the output.

As I reflect on the work done in 2018/2019, I am truly encouraged to see the strides that the organisation has made towards the achievement of its strategic objectives. For the purpose of reporting, Umalusi's work is divided into three programmes, namely Administration (Programme 1), Qualifications and Research (Programme 2) and Quality Assurance and Monitoring (Programme 3). Each programme has sub-programmes whose work is performed by various units. Programme 1 is made up of the following sub-programmes: Finance and Supply Chain Management, Human Capital Management, Information and Communication Technology, Public Relations and Communications and Strategy and Governance. Programme 2 is constituted by the following sub-programmes: Qualifications, Curriculum and Certification, as well as Statistical Information and Research. The following sub-programmes fall under Programme 3: Quality Assurance of Assessment: School Qualifications, Quality Assurance of Assessment: Post-School Qualifications and Evaluation and Accreditation. It is worth noting that Umalusi's legislative mandate finds expression in the work of various sub-programmes, especially programmes 2 and 3. This Annual Report covers the work of all programmes and sub-programmes.

I am pleased to report that Umalusi has achieved numerous milestones during the year under review and I will attempt to highlight some of them in this brief narrative. First, Umalusi hosted a very successful 12th annual conference of the Southern Africa Association for Educational Assessment (SAAEA) in the city of Tshwane in May 2018. The conference attracted more than 200 delegates from the SADC region who presented thought-provoking papers about various aspects of educational assessment under the aptly conceptualised theme: "Local context in global

context: encouraging diversity in assessment." Second, the two Quality Assurance of Assessment Units, namely School Qualifications and Post-School Qualifications, managed to deliver on their disparate mandates in quality assuring the 2018 national examinations. Quality assurance of assessment is a crucial component of Umalusi's quality assurance regime.

The process starts with the quality assurance of question papers about 18 months before examinations are written. Other processes include the monitoring of the system's state of readiness to administer national examinations, monitoring of the conduct of examinations, verification of marking and the standardisation of the results. One of the notable features of the 2018 national examinations was that the Department of Basic Education (DBE) administered its first examinations in a number of new subjects, e.g. South African Sign Language – Home Language. Also, there was a notable absence of systemic irregularities in the examinations.

This augurs well for our education system because it means that assessment bodies have put tight systems in place to ensure that examinations are secure, fair and credible.

Third, the Evaluation and Accreditation sub-programmes did a sterling job of covering a wide scope of private institutions, despite challenges of an extended mandate and limited resources. To this end, the sub-programme managed to process 418 accreditation outcomes during the period under review and this achievement was 8% more than the targeted number for the year. Furthermore, due to grey areas in our founding legislation, the organisation was faced with the challenge of trying to understand the role of foreign qualifications and foreign curricula on the GFETQSF, by organising round-table discussions with the institutions that offer these qualifications.

Fourth, the organisation continued to put systems in place to improve its supply chain management, which is a crucial function for procurement of goods and services.

Fifth, Umalusi has remained faithful to its research mandate by developing a research agenda that seeks to respond to the challenges posed by its expanded legislative mandate.

Lastly, I am delighted to welcome members of the new Umalusi Council who were appointed by the Minister of Basic Education, the honourable Ms Angie Motshekga. The new Council commenced with its four-year tenure in June 2018, which will end in June 2022. I have no doubt that under the capable leadership of the returning chairperson, Professor John Volmink, the new Council will dutifully discharge its fiduciary responsibility to ensure that Umalusi continues on its trajectory of growth. I am therefore fully persuaded that the calibre of men and women appointed by the Minister is the right fit for the ethos and strategic positioning of the organisation. I look forward to a successful and fruitful tenure by the current Council and wish them well in the task that lies ahead. I wish to thank the Chairperson, Professor Volmink, and members of Council for their sustained support to the executive and senior management of the organisation. I also thank the staff of Umalusi for their hard work and loyalty to the organisation. May the organisation grow from strength to strength.



**Dr Mafu Rakometsi**  
Chief Executive Officer - Umalusi  
31 July 2019

I am delighted to welcome members of the new Umalusi Council who were appointed by the Minister of Basic Education, the honourable Ms Angie Motshekga

## STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the external auditors.

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board applicable to Umalusi.

The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.


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

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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2019.



**Prof J Volmink**  
Chairperson of the Board  
31 July 2019



**Dr M Rakometsi**  
Chief Executive Officer  
31 July 2019

### 6.1 VISION

To be a trusted authority in quality assurance of education provision, recognised locally and internationally.

### 6.2 MISSION

To meet educational and societal needs, we shall assure the provision of valid, reliable and equitable examinations and a range of assessment services in a professional, innovative, efficient and effective manner. This will be done through:

- Developing and managing a sub-framework of qualifications for general and further education and training that is benchmarked internationally;
- Quality assuring qualifications and curricula;
- Confirming that assessment is fair, valid and reliable;
- Quality assuring the provision of education and training, and assessment providers; and
- Grounding its work in research to ensure informed positions and approaches.

### 6.3 VALUES

As an organisation we are guided by the following values, which are important to us:

<b>Leadership</b>	Umalusi values leadership in directing the performance of others in the sector and leading the way.
<b>Decisiveness</b>	Umalusi is decisive in making decisions that are firm and beyond doubt, leading to conclusiveness.
<b>Diversity</b>	Umalusi embraces difference, variety and innovation within the various services in the sector.
<b>Transparency/ Fairness</b>	Umalusi programmes and services are easy to access and understand. Our decisions and actions are clear, reasonable and open to examination.
<b>Professionalism</b>	Umalusi employees are professionals; we are trained in our specialties, committed to service excellence and dedicated to the successful accomplishment of our mission.
<b>Quality</b>	Umalusi constantly seeks opportunities to improve our services and products. Quality and continuous improvement is an integral part of our daily operations.
<b>Teamwork</b>	Employees work as a team and value the contributions of each individual. We know that our people are our most important resource.
<b>Integrity</b>	Umalusi strives to be honest in its operations, conduct and discipline in the organisation's actions that have integrity.
<b>Equity</b>	Umalusi commits to treat all its stakeholders equally in an equitable way.

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 CONSTITUTIONAL MANDATES

The Constitution of the Republic of South Africa (Act No. 108 of 1996).

### 7.2 LEGISLATIVE MANDATES

Umalusi is founded on the following two Acts, namely:

- a. The National Qualifications Framework Act (NQF) (Act No. 67 of 2008);
- b. The General and Further Education and Training Quality Assurance Act (GENFETQA); (Act No. 58 of 2001) as amended;

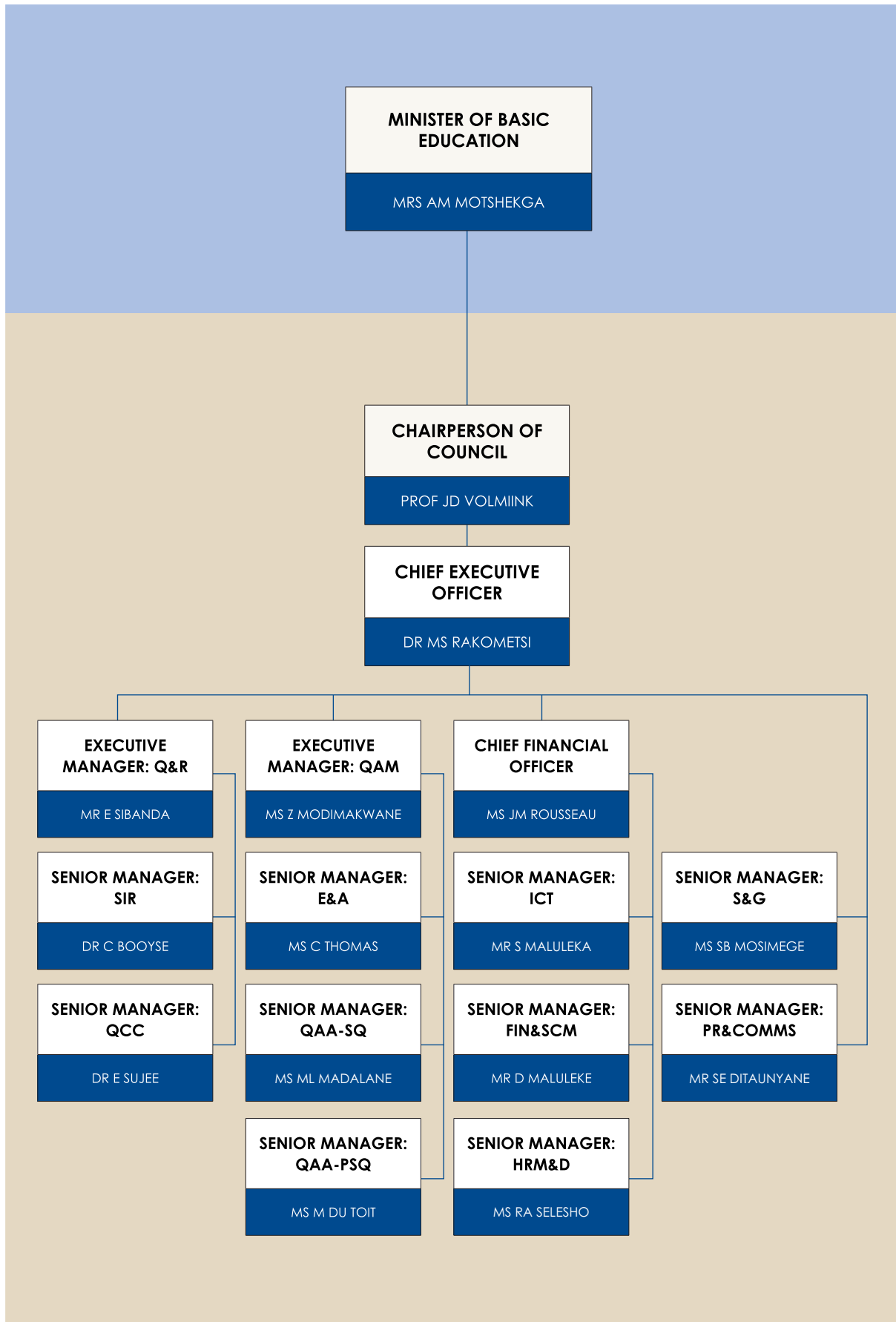
Other relevant legislation in the education sector affecting Umalusi operations includes the following:

- c. The South African Schools Act (SASA) (Act No. 84 of 1996);
- d. Continuing Education and Training Act, 2006 (Act No. 16 of 2006);
- e. The Adult Basic Education and Training Act, (Act No. 52 of 2000) as amended in 2010.

During the 2017/18 financial year, Umalusi noted that the DHET initiated a process of reviewing the NQF.

### 7.3 POLICIES

- The national policies governing existing qualifications (including their assessment) currently certificated by Umalusi;
- The guidelines on strategy and priorities for the NQF 2011/2012 (Minister of Higher Education and Training);
- The General and Further Education and Training Qualifications Sub-framework (GFETQSF) 2014;
- Standard Setting and Quality Assurance of the General and Further Education and Training Qualifications Sub-framework, Umalusi, 2014;
- Policy documents and guidelines pertaining to the National Senior Certificate and the National Curriculum Statements; and any other qualification on the GFETQSF as applicable;
- Council policies and directives on the conduct, administration and management of the assessments for the qualifications on the GFETQSF;
- The regulations pertaining to qualifications on the GFETQSF that are developed by the departments of Basic and Higher Education and Training and gazetted by the Minister of Basic Education on assessment and certification, including those promulgated by provincial legislatures; and
- Any other relevant policies and directives issued by the Council.







**UMALUSI**





**PART B:**  
**PERFORMANCE**  
**INFORMATION**

# 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The external auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being

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

Refer to page 96 to 99 of the Auditor's Report, published as Part E: Financial Information.

## 2. SITUATIONAL ANALYSIS

### 2.1 SERVICE DELIVERY ENVIRONMENT

Umalusi has been mandated to quality assure education in the general and further education and training sector of the education system in the country. Its focus is, therefore, mainly on basic education and partly on post-school education up to Level 4 of the NQF. This overview of Umalusi's performance reflects the outputs and outcomes of the organisation, as delegated by the Umalusi Council, in terms of what is set out in the GENFETQA Act. The overview also reflects Umalusi's role in advising government, through the two Ministries of Education, on key outcomes and challenges of the education system, thereby indirectly contributing towards the achievement of National Outcomes 1 and 5.

#### Maintenance of education standards

As a quality council, some of the quality assurance and control activities unravel a number of serious challenges faced by the education system at large. The growing privatisation of the Technical and Vocational Education and Training (TVET) sector is overwhelming for the organisation to monitor, hence a number of examination irregularities are observed in the system every year.

#### Legislative gaps on accreditation and verification

The education landscape in the country is changing rapidly, especially in the provision of private education. To maintain the quality of qualifications on the GFETQSF, Umalusi must ensure all private institutions are evaluated to ascertain whether they are fit to offer these qualifications. To the contrary, Umalusi does not have the same assurance on thousands of public institutions offering the same qualifications, because public institutions are deemed accredited. The organisation has to rely on information provided by the nine provincial education departments (PED) as to how quality teaching, learning and assessment processes are undertaken.

In the basic education sector, there is a degree of misalignment of systems and processes in the

registration and accreditation of private institutions. Umalusi is faced with challenges of institutions that have been de-accredited yet remain registered with provincial education departments. At the moment, Umalusi cannot act against independent schools that operate without accreditation and/or do not meet the requirements for accreditation. The unfortunate reality is that parents and learners/students are often affected by bad decisions taken by the non-compliant institutions. The entire education system would benefit if there was legislation in place that links a "no accreditation" status, or withdrawal of accreditation, to a withdrawal of registration of an independent school. The sector is, however, developing protocols and processes that would allow for the application of uniform disciplinary measures against institutions that do not comply.

#### Foreign qualifications and alternate curricula

The South African education and training system is experiencing a proliferation of foreign qualifications and foreign-awarding bodies, some accredited or recognised in their countries of origin, mostly developed countries. The influx of foreign-awarding bodies has resulted in an escalating number of private providers of education and training offering foreign qualifications that may be equivalent to NQF level 1-4 qualifications on the South African NQF. The fundamental problem is that these offerings of foreign qualifications are unregulated. This leaves Umalusi with the dilemma of not fulfilling its mandate and not protecting the South African learner against exploitation from providers of foreign qualifications.

#### Electronic quality assurance systems in private assessment bodies

Some private assessment bodies have begun using online marking systems and Umalusi is not at the same level in terms of technology. This presents challenges of access to these systems for purposes of moderating question papers. The organisation has started a process of acquiring its own system for its quality assurance of assessment processes, lest it

experience problems of access to such systems.

### **NQF review and its impact on Umalusi**

The recently revised NQF Act has implications for Umalusi, in terms of verification processes that have become an important source of revenue for the organisation. Umalusi is mandated to maintain a certification system and infrastructure, including appropriate security arrangements. To effect this, Umalusi also verifies certificates. However, the verification function is not stated in the Act; yet Umalusi has been performing this function since 2001. In this regard, it would serve the organisation well to have the Act amended to include the verification function.

### **Legislation gaps in terms of online/distance education**

Accreditation is linked to an independent school registered in terms of the Continuing Education and Training Act, 2006 (Act No. 16 of 2006) or a private college registered in terms of the Continuing Education and Training Act. The GENFETQA Act does not include other centres such as distance and online providers and 'matric' rewrite centres. The challenge is that the Act is silent on the accreditation of such distance or online providers and 'matric' rewrite centres, which are not independent schools. The NSC qualification is being offered at these institutions; however, the providers are excluded from the mandate of Umalusi because they are not independent schools. It would be beneficial to include other types of institutions that offer qualifications registered on the GFETQSF in the quality assurance mandate. As a quality council, Umalusi is looking at ways of regularising this type of education provision while a proposal to revise the Act is being considered.

### **Fraudulent matric certificates for sale**

The country's challenge of joblessness and unemployment has created desperation and an increase in fraudulent activities. Umalusi has fallen victim to acts of crime where NSC certificates are faked and sold through unscrupulous websites. Innocent and unsuspecting citizens needing access to tertiary education and employment are defrauded through unlawful sale of NSC certificates. This corrupt landscape poses a serious risk to the credibility of qualifications on the GFETQSF and the impact of such in the economy of this country. In this respect, the organisation has gone out of its way to use different communication platforms to sensitise the public on the basic security features of Umalusi certificates.

### **NSC outside South African borders**

The NSC has become a popular qualification in the southern Africa region and is offered by some

neighbouring countries. The challenge is that Umalusi is not able to quality assure such institutions that offer this qualification. Another challenge is that these institutions do not pay for services undertaken by Umalusi. On one hand, it gives an impression that this qualification is under high demand; unfortunately, these countries are getting our qualification for free. Umalusi is working with the Ministry of Basic Education to consolidate how to move forward, e.g. to have at least memoranda of understanding between South Africa and the neighbouring countries' Ministries of Education.

## **2.2 ORGANISATIONAL ENVIRONMENT**

### **2.2.1 APPARENT INCREASE IN UMALUSI MANDATE**

Umalusi's mandate has changed over the years, in recognition of the fact that the organisation has moved from being a quality assurer to a quality council. The mandate of the organisation demands a focus on functions that enable the organisation to maintain standards of qualifications in the sub-framework. Therefore, there has been more emphasis on qualification and curriculum reviews, which are research based; quality assurance of assessment; and evaluation; and accreditation of private institutions. These functions are labour-intensive; hence the organisation has more than 300 externally contracted people, whereas the internal structure has a staff complement of only 140. Discussions are ongoing, both internally and with the DBE, to clarify the roles in terms of the mandate.

### **2.2.2 STAFF WORKLOAD AND RETENTION CHALLENGES**

Based on the interpretation of the Umalusi mandate, Umalusi staff work under much pressure and long working hours. This has led, during the year under review, to a loss of middle managers seeking better working conditions. The aspect of working conditions includes remuneration concerns, where Umalusi professional staff and in particular, College and School Educators, leave the organisation for departments of education, for better salary packages and benefits. Management has presented this challenge to the DBE and a number of options are being considered to help Umalusi retain staff, including changing the professional staff salary structure to align with those the departments of education offer.

### **2.2.3 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SUPPORT SERVICES**

An in-depth situational analysis of the organisation and its systems revealed aging ICT infrastructure, e.g. servers. In addition, staff capacity became a challenge during the year, when filling ICT positions was difficult. This created gaps in systems

development to support core business functions. The State Information Technology Agency (SITA) worked with Umalusi to develop business process mapping, to determine service delivery standards and improve the efficiency of processes within the organisation. This process was not concluded by the end of the financial year. In terms of ICT infrastructure, management is considering the option of a Cloud solution in the new financial year.

#### 2.2.4 OFFICE ACCOMMODATION

This organisation started the process of refurbishing the second Umalusi building four years ago to address office space challenges. However, in 2017/18, the approved tender did not go according to plan and was therefore terminated. In the last financial year, a new, two-phased tender process began, with the procurement of the services of a professional team to assess the state of the building and provide management with a report that will inform the construction phase of the project. By the end of the financial year, the professional team of experts had been appointed for the first phase. Parallel to this, the organisation reported the problematic tender case to National Treasury (NT) and the South African Police Services (SAPS) in pursuit of a criminal and civil case against the service provider. At this point, staff continue to be overcrowded in the building; management has agreed to seek alternative office accommodation in the meantime.

### 2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The following policy developments took place during the period under review:

- 2.3.1. Umalusi developed the Policy for the Re-issue of National Certificates in 2018, which was gazetted by the Minister of Basic Education in June 2018.
- 2.3.2 Umalusi has recommended the development of a General Education Certificate (GEC) for all learners at NQF level 1. The DBE is finalising the draft GEC qualification and will submit it to Umalusi for appraisal.
- 2.3.3 The Minister of Higher Education and Training has approved the phasing out of the National Senior Certificate (NSC) (Colleges) qualification, with effect from January 2021; and Umalusi has taken the necessary steps to ensure that the public is informed of the status of this qualification.
- 2.3.4 The Minister of Higher Education and Training has also approved the implementation of the NASCA and GETCA qualifications. The NASCA, in particular,

will be piloted in 54 continuing education and training (CET) centres, with 30 000 learners in 2021 and the first examination to be written in May/June 2022.

- 2.3.5 The Minister of Higher Education and Training has agreed to a request by Umalusi to transfer the quality assurance of the N1–N3 programmes to the Quality Council for Trades and Occupations (QCTO), by approving the formation of a task team to oversee the transfer process.
- 2.3.6 Umalusi made inputs to the National Qualifications Framework Amendment Bill. One of the main objections was the omission of the verification function by Umalusi.
- 2.3.7 The Policy for the Quality Assurance of Private Colleges for Continuing Education and Training Offering Qualifications Registered on the General and Further Education and Training Qualifications Sub-framework and the Accreditation of Private Assessment Bodies was gazetted on 7 September 2018, Government Gazette No. 41887, Notice No. 926. This replaces the Policy for the Quality Assurance of Private Adult Learning Centres, Private Further Education and Training Colleges and the Accreditation of Private Assessment Bodies, Government Gazette 33237, Notice No. 528 of 28 May 2010.
- 2.3.8 The Regulations for the Quality Assurance of Private Colleges for Continuing Education and Training offering Qualifications Registered on the General and Further Education and Training Qualifications Sub-framework and the Accreditation of Private Assessment Bodies were gazetted for public comment in Government Gazette 41970, Notice No. 633, of 12 October 2018 and Correction Notice in Government Gazette 41996 of 26 October 2018.

### 2.4 STRATEGIC OUTCOME-ORIENTED GOALS

**Strategic Goal 1:** Improved organisational management, governance and financial viability, to ensure high quality, effective and efficient delivery of Umalusi's mandate.

**Strategic Goal 2:** Improved assessment and quality assurance that is relevant and internationally benchmarked, and which supports the nation's strategic interests for a highly skilled workforce and well-qualified citizens.

The contribution of these goals towards the National Outcomes is highlighted at the end of

## SUMMARY OF PERFORMANCE

The table below summarises the overall annual performance for all indicators.

Programme	Indicator	Target	Output	Status
1	1.1.1	2019/20 Annual Performance Plan approved by March 2019	2019/20 APP approved by the DBE Minister in February 2019	Achieved
	1.1.2	4 quarterly reports submitted to the NT and DBE 30 days after end of quarter	4 quarterly reports submitted to NT and DBE 30 days after end of quarter	Achieved
	1.1.3	7	7	Achieved
	1.1.4	92%	92%	Achieved
	1.1.5	90%	99%	Achieved
	1.1.6	99%	97%	Not Achieved
2	2.1.1	3	3	Achieved
	2.1.2	A report on curriculum-related work	A report produced on the status of curriculum-related work	Achieved
	2.1.3	100%	88%	Not Achieved
	2.1.4	100%	100%	Achieved
	2.1.5	95%	99%	Achieved
	2.2.1	8	9	Achieved
3	3.1.1	10	10	Achieved
	3.1.2	100%	100%	Achieved
	3.1.3	14	14	Achieved
	3.1.4	86	95	Achieved
	3.1.5	135	145	Achieved
	3.2.1	80%	88%	Achieved
	3.2.2	90%	97%	Achieved

Table 1: Summary of Performance

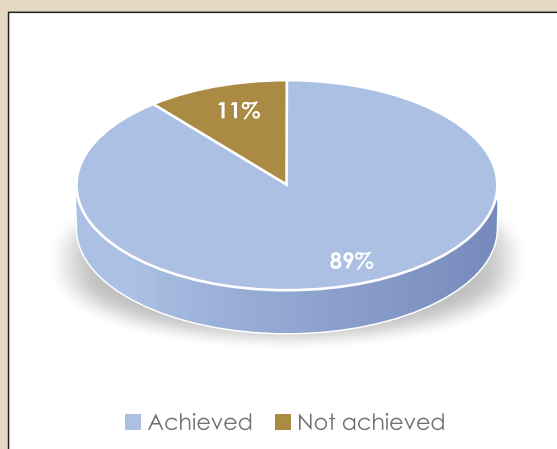


Figure 1: Overall performance

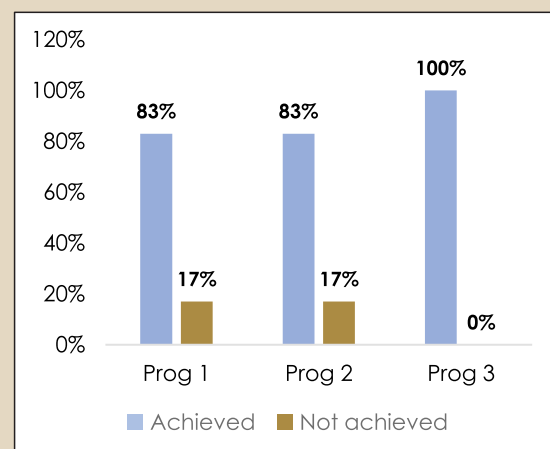


Figure 2: Performance by programme







**Programme purpose:**

Provide strategic leadership, management and administrative support services to the entity.

This programme is comprised of five sub-programmes:

Governance and Office of the Chief Executive Officer  
Public Relations and Communications  
Information and Communication Technology  
Finance and Supply Chain Management  
Human Resource Management and Development

GOCEO  
PR&COMMS  
ICT  
F&SCM  
HRM&D

**STRATEGIC OBJECTIVES**

Strategic Objectives	Actual Achievement 2018/19	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target 2018/19	Comment on deviations
To improve the effectiveness of Corporate Governance	Unqualified audit	Unqualified audit	Unqualified audit	None	None



Executive Management

L to R: Mr Emmanuel Sibanda, Ms Jacomien Rousseau, Ms Zodwa Modimakwane, Dr Mafu Rakometsi





*Stella Mosimege, Senior Manager: Strategy and Governance*

## PURPOSE

The purpose of the GOCEO sub-programme is to provide good corporate governance to the organisation, render support functions to the Council and guide and facilitate the development of organisational strategy and reporting.

## OVERVIEW OF WORK DONE

In compliance with the requirements of the Public Finance Management Act (PFMA) (Act No. 1 of 1999) and the Framework for Management of Programme Performance Information (FMPPPI), the 2017/18 Annual Report was completed and tabled in Parliament. Furthermore, to ensure ongoing accountability by the organisation, four quarterly reports for the 2018/19 financial year were compiled and submitted to oversight bodies within the prescribed timelines. Submitting financial and non-financial information to Parliament promotes accountability for, and transparency of, the efficiency and effectiveness of government departments. This will improve trust and confidence in government service delivery. The reported information must be accurate and balanced, reporting the successes and explaining the shortcomings.

A Performance Information Verification Committee (PIVC) was established to improve the management of performance information by quality assuring the organisational performance reports, on a quarterly basis, before submission to oversight structures. The committee has been useful during the financial year in identifying challenges in performance information management and providing corrective measures for implementation. The organisation reviewed its policy for the management of performance information to ensure alignment with the organisation's strategic planning and reporting processes. A combination of the established control structure and the performance policy provides a system that can be tested to ascertain whether information reported to the public is accurate and credible.

During the course of the financial year, executive management continued to ensure that the organisational risk register was properly managed and monitored. Managing organisational risk is a critical component of corporate governance in which the organisation facilitates prudent management. This mitigates adverse impacts on Umalusi's strategic objectives and has helped the organisation avoid interruptions that could have hindered the execution of its mandate. One of the key risks that the organisation was able to swiftly attend to was the emergence of websites selling bogus certificates. Umalusi ensured that its prescribed control measures, such as reporting matters to the SAPS and conducting public awareness, were implemented.

All new Council members and Council committee members were inducted into their different portfolios. This was done to ensure compliance with the principles of good corporate governance and proper execution of Council mandates. The Office of the Chief Executive Officer (OCEO) ensured that all scheduled organisational and stakeholder meetings were held to ensure integration of functions.

One of the highlights of stakeholder relations' management in the OCEO was the hosting and facilitation of the Southern Africa Association for Educational Assessment (SAAEA) strategic planning workshop. The workshop reviewed the vision, mission and goals and the outcome will enable SADC member states to harmonise their qualifications, improve educational assessment in these countries and enhance portability of qualifications in the region and at international level. As a quality council, an understanding of the broader, regional vision on assessment directs Umalusi to strengthen its own strategic direction.

**KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
1.1.1: Annual Performance Plan approved by 31 March	N/A	2017/18 APP approved by March 2017	2018/19 APP approved by March 2018	2019/20 APP approved by March 2019	2019/20 APP approved by March 2019	None	None
1.1.2: Quarterly reports submitted to NT and DBE 30 days after end of quarter	N/A	4 quarterly reports submitted to the NT and DBE 30 days after end of quarter	4 quarterly reports submitted to the NT and DBE 30 days after end of quarter	4 quarterly reports submitted to the NT and DBE 30 days after end of quarter	4 quarterly reports submitted to the NT and DBE 30 days after end of quarter	None	None

**STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE**

There was no under-performance in this sub-programme.

**CHANGES TO PLANNED TARGETS**

There were no target changes during the year.



L to R: Ms Matlhodi Mathebula, Mr Edward Mokhwelepa, Ms Tandokazi Mbelani



*Lucky Ditaunyane, Senior Manager: PR&COMMS*

## **PURPOSE**

The purpose of the Public Relations and Communications (PR&COMMS) sub-programme is to communicate key organisational messages about the work and mandate of Umalusi to staff and external stakeholders.

## **OVERVIEW OF WORK DONE**

Umalusi used various communication channels to manage perceptions and strategic relationships with its stakeholders. During the financial year, the organisation used seven designated platforms to carry out its mandate of communicating organisational messages to stakeholders: website, social media, bulk email, newsletters, radio, promotional material and video. Most stakeholders used social media (Facebook and Twitter) to communicate with Umalusi. This was confirmed by the growth in the number of followers on Umalusi's social media accounts. For example, on Facebook the number of followers increased from 12 316 in April 2018 to 15 711 in March 2019, while on Twitter the number of followers increased from 1 994 in April 2018 to 3 772 in March 2019. The use of these platforms resulted in the organisation being able to identify gap areas in the delivery of Umalusi's mandate, such as a lack of information on what stakeholders need to do if they lose their certificates. Consequently, a brochure was

developed to share this information with stakeholders at career expos and exhibitions.

Regarding advocacy, the organisation attended 11 exhibitions targeting senior secondary school learners in the following provinces: Gauteng, Mpumalanga, Limpopo, Free State, Eastern Cape and North West. The following key messages were shared with stakeholders at these exhibitions: promotion requirements for the NSC; and frequently asked questions regarding certification and subject combinations. In addition, the Chief Executive Officer (CEO) undertook four visits as part of his roadshow to universities, namely North West University, Nelson Mandela University, Sol Plaatje University and Durban University of Technology. The purpose of these advocacy campaigns was to clarify Umalusi's legislative mandate to the abovementioned stakeholders. Members of education faculties at these institutions attended the CEO's information sessions and most expressed appreciation to the CEO for clarifying Umalusi's standardisation process, which is usually a subject of negative coverage by the media. In January and February 2019, Umalusi joined the DHET in its multi-stakeholder advocacy campaign, which focused on 'bogus institutions'. Two institutions that were found to be non-compliant in the North West and Limpopo were immediately shut down.

Umalusi conducted a radio campaign on YFM in January and February 2019, focusing on qualifications, assessment and accreditation. The campaign created a platform for YFM listeners to ask questions about the content presented through the other communication platforms. Due to the timing of the campaign, most stakeholders were more interested in knowing about the accreditation status of various private further education and training (FET) colleges and they were given the necessary information after the radio show via email, social media or telephonically. Two media briefings were organised in October and December 2018 to communicate the national education system's state of readiness to administer the 2018 examinations; and Umalusi approval of the 2018 national examination results.

Regarding events management, the organisation managed to successfully organise and host events that were relevant to disparate mandates of various core function units. More significantly, the organisation organised and hosted a very successful 12th SAAEA conference in May 2018.

During the period under review, Umalusi issued seven media statements. Some 11 publications of the internal newsletter, What's Up @ Umalusi, were compiled and circulated to staff. Four publications of the external newsletter were compiled and circulated to various stakeholders.



**KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
1.1.3: Number of communication platforms used to communicate to stakeholder clusters within the GFET Sub-framework to access information	5	7	8	7	7	None	None

**STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE**

There was no under-performance in this sub-programme.

**CHANGES TO PLANNED TARGETS**

There were no target changes during the year.



L to R: Mr Lucky Ditaunyane, Ms Mpho Radingwane, Ms Lesego Ndala, Mr Sphiwe Mtshali, Ms Lydia den Heyer, Mr Kgaugelo Sekokotla



*Simon Maluleka, Senior Manager: ICT*

#### **PURPOSE**

The ICT sub-programme provides for Umalusi's ICT needs and requirements.

#### **OVERVIEW OF WORK DONE**

In the last three years Umalusi has worked tirelessly towards compliance with the implementation of the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF). All targeted policies, plans and procedures have been developed and approved. The deliverables included the ICT Operational Plan for 2018/19, ICT Security Assessment Report, ICT Security Assessment Implementation Plan, ICT Backup Policy, ICT Disaster Recovery Policy and Incident Management Procedure. These deliverables are intended to coordinate and implement Umalusi's capacity and information security and bring about a reduction in ICT security incidents.

During the financial year, the organisation made strides towards the streamlining, standardisation and automation of manual business processes to improve efficiency and effectiveness. In this regard, management embarked on the Enterprise Content Management (ECM) solution for business requirements with the SITA to address management information system challenges, such

The organisation  
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as non-compliance, manual processes, delays and risks, among others. The ECM is meant to benefit the entity by automating online accreditation applications and qualification instruments; online certificate verification; e-submissions; e-recruitment; and online claims. By the end of the financial year, the ECM User Requirements Specification (URS) had been developed. The implementation and maintenance of the ECM solution will be considered in the 2019/20 fiscal year.

ICT infrastructure and user support services have been updated and maintained throughout. However, a challenge with the incident log process has been identified, whereby users were not closing logged incidents. The incident log procedure will be revised to address these challenges. Umalusi experienced downtime on email services in the first quarter of 2018/19. However, because of the existing high-availability servers, the entity was able to reconnect the affected services in less than four hours.

The organisation experienced high staff turnover in the ICT Unit during the financial year under review. The resignations included the Senior Manager; Manager: Systems Development; and two Systems Development Assistant Managers. However, the impact of this challenge was mitigated through the appointment of a new Senior Manager in the fourth quarter, one Assistant Manager in the third quarter and a Manager for ICT Risk and Security in the fourth quarter.

**KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
1.1.4: Percentage compliance against the requirements of the ICT Governance Framework	N/A	N/A	84%	92%	92%	None	None

**STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE**

There was no under-performance in this sub-programme.

**CHANGES TO PLANNED TARGETS**

There were no target changes during the year.



L to R: Mr Nathi Mabinza, Mr Takalani Tshivhenga, Ms Sibongile Mahlangu, Ms Matilda Mohlala, Mr Lesiba Phokela, Ms Tebogo Kabai, Ms Mikateko Baloyi, Mr Simon Maluleka, Mr Gerrit Jansen van Vuuren





*Refilwe Selesho, Senior Manager: HRM&D*

#### **PURPOSE**

The purpose of the HRM&D sub-programme is to ensure optimum and efficient utilisation and development of human capital. It is required to provide an advisory service on matters pertaining to organisational effectiveness and development, individual performance management, sound employee relations, employee health and wellness, as well as effective and efficient recruitment, selection and placement services. This includes research, development and implementation of policies and practices pertaining to human resources.

#### **OVERVIEW OF WORK DONE**

During the period under review, the organisation strengthened its compliance with HRM&D best practices. In this regard, three new policies were developed and 14 were reviewed. These policies have enabled Umalusi to realign and improve its HRM&D systems and processes. Of significant importance is the Performance Management and Development System (PMDS) policy, which was reviewed to improve the processes involved in assessing individual employees and submitting reports. The revised policy resulted in the timely

Umalusi appointed  
a new  
service provider  
to provide a  
proactive and  
balanced  
wellness service  
to staff members  
during the year

submission of PMDS instruments for the financial year.

The staff complement in the unit was increased by one permanent post, that of Payroll Practitioner, to alleviate pressure in the payroll office. The vacancy rate for the organisation increased slightly, to 8%, compared with 5% at 31 March 2018. The staff turnover rate at Umalusi during the period under review was 11.5%, compared with 16% at the end of the 2017/18 financial year. Voluntary resignations and retirements were the main reasons for the exits. The staff turnover rate affected all organisational programmes and in some cases service delivery was compromised. In an effort to improve staff retention, the organisation has introduced plans that include counter-offers.

Umalusi, as a designated employer, is required to develop and submit an Employment Equity (EE) plan to monitor progress in achieving its EE targets. The organisation reviewed and approved its new EE plan in March 2019 for the period 2019/20 to 2021/22. In addition, an action plan has been developed to address barriers that were identified during the review process.

Umalusi appointed a new service provider to provide a proactive and balanced wellness service to staff members during the year. As part of its ongoing responsibility to encourage a healthy lifestyle, Umalusi hosted two staff wellness days.



**KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
1.1.5: Percentage of performance agreements and assessment reports submitted on time	N/A	N/A	79%	90%	99% (98% [120/122] +99% [98/99] +100%[125/125] /3)	+9%	Adherence to PMDS policy and submission deadlines

**STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE**

There was no under-performance in this sub-programme.

**CHANGES TO PLANNED TARGETS**

There were no target changes during the year.



L to R: Ms Annelize Ferreira, Ms Boitumelo Nkosi, Ms Ansie Enslin, Ms Olga Matlala, Mr Tumisho Manaka, Ms Dineo Mokholwane, Mr Realebaha Moloi, Ms Shakuntla Khari, Mr Carleb Nxumalo, Ms Refilwe Selesho



*Dumisani Maluleke, Senior Manager: F&SCM*

#### **PURPOSE**

The sub-programme renders effective and efficient financial management and administrative support to Umalusi and ensures the management of the flow of goods and services. In addition, it safeguards and ensures that all supply chain management (SCM) regulations are adhered to and that there is no fruitless and wasteful expenditure.

#### **OVERVIEW OF WORK DONE**

During the year under review, Umalusi continued to successfully implement the organisation's programmes under a tight budget, particularly against a backdrop of a 2.5% budget cut. This was attributable to strategic financial leadership in managing and directing the finances of the organisation. This included proper financial planning, financial reporting, safeguarding of assets and enforcing adherence to applicable legislation. The organisational procurement plan, as approved by the Accounting Officer, was implemented. However, capacity constraints remained a significant challenge in drafting appropriate technical bid specifications, particularly for ICT-related tenders.

Umalusi continued to successfully implement the organisation's programmes under a tight budget, particularly against a backdrop of a 2.5% budget cut

Other successes in financial management included compiling the Annual Financial Statements for 2017/18 and attaining an unqualified audit opinion for the same year. Audit findings emanating from the external audit were managed through an Audit Action Plan, to mitigate identified risks and gaps. Finance and SCM policies were reviewed to close gaps identified while implementing the previously approved policy. The organisation benefits from the implementation of an online requisition system, intended to improve efficiency and effectiveness in managing requisitions. Umalusi has a very high regard for compliance with SCM laws, regulations, policies and other legislative prescripts. However, during the year, there were significant challenges to maintaining a balance between business needs, compliance and ensuring delivery of quality goods and services to the entire organisation. Stringent quality control measures, therefore, need to be put in place to ensure that service providers chosen through the SCM processes have the capacity to deliver quality goods and services.

As a result of staff capacity in the beginning of the financial year, a number of tenders were finalised and approved in the third quarter, including the Principal Agent for Umalusi Building No. 41. A health and safety risk assessment was conducted for the occupied Umalusi building and some non-compliance issues were identified.

**KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
1.1.6: Percentage of service providers paid within 30 days	100%	100%	99%	99%	97% (1 698/1 752)	-2% (36 based on 99%)	There were invoices not paid within 30 days due to late approval of requisitions and reconciliation of creditors' payments

**STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE**

The internal controls for managing all received invoices, as well as the reconciliation of invoices to supplier statements, were partially ineffective as not all invoices were paid in 30 days. The F&SCM Unit has embarked on a process of redesigning internal controls to be more preventative in nature and in line with the technical indicator description.

**CHANGES TO PLANNED TARGETS**

There were no target changes during the year.



L to R: Ms Thabiso Zondo, Mr Elton Chirowamhangu, Ms Luisa Nomatye-Kasinda, Ms Jacqueline Chaka, Ms Kgabo Mmola, Ms Stephina Munyai, Mr Philemon Letlape, Ms Adelaide Cholo, Mr Kenneth Makena, Ms Sebongile Mkhathswa, Ms Thembi Choba, Ms Josephine Moloi, Mr Lebohlang Tsotetsi

L to R: Ms Nthabiseng Mofokeng, Mr Bongani Mankwane, Mr Dumisani Maluleke, Ms Rabelani Maombe, Ms Pinky Pule

## PROGRAMME 1: CONTRIBUTION TO UMALUSI'S STRATEGIC GOALS

Programme 1 is comprised of units that provide support to the operations of the organisation. The office of the CEO ensures the smooth operation of Umalusi Council and its sub-committees, through the Strategy and Governance Unit. The same unit ensures the development of Umalusi's strategy and ensures monitoring of implementation.

The PR&COMMS Unit, through its communication strategy, manages the branding of Umalusi. The unit drives advocacy campaigns and programmes throughout the country. It utilises various platforms to communicate and share information about the Umalusi sub-framework of qualifications to different types of Umalusi stakeholders and beneficiaries.

The F&SCM Unit manages the budget and makes sure the budget is used efficiently, effectively and economically. The unit ensures that all other units comply with the PFMA and other supporting regulations and policies.

The ICT Unit provides and maintains the IT infrastructure for use by all employees. This unit is critical for developing systems, used by all units, to improve business processes and to automate such processes to improve efficiency and effectiveness.

The HRM&D Unit is a strategic partner in implementing Umalusi's strategy. The unit develops employee-based policies that cover recruitment, capacity development, performance management, retention and wellness.

### LINKING PERFORMANCE WITH BUDGETS

Programme 1: Administration	2017/2018*			2018/2019		
	Budget	Actual	(Over)/Under Expenditure	Budget	Actual	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Actuarial losses / (gain)	-	1,056	(1,056)	-	(947)	947
Certification expenses	6,000	3,324	2,676	6,071	7,243	(1,172)
Communication expenses	5,588	6,269	(681)	1,267	682	585
Consulting and professional fees	1,000	1,327	(327)	6,154	1,029	5,125
Depreciation and amortisation	-	3,372	(3,372)	-	3,219	(3,219)
Employee costs	29,754	28,063	1,691	33,276	31,147	2,129
Loss on sale of property, plant and equipment	-	38	(38)	-	5	(5)
Other operating expenses	13,965	1,511	12,454	15,766	22,921	(7,155)
Printing and stationery	1,074	987	87	1,029	751	278
Travel and accommodation - local	1,143	1,318	(175)	1,634	1,321	313
<b>Total</b>	<b>58,524</b>	<b>47,265</b>	<b>11,259</b>	<b>65,197</b>	<b>67,371</b>	<b>(2,174)</b>

\* Figures for 2017/2018 restated



**Programme purpose:**

To develop and manage an efficient and effective GFETQSF within the NQF and to undertake strategic research in support of that goal.

This programme consists of the following sub-programmes:

Qualifications, Curriculum and Certification  
Statistical Information and Research

QCC  
SIR

Strategic Objectives	Actual Achievement 2018/19	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target 2018/19	Comment on deviations
2.1: To effectively manage the General and Further Education and Training Qualifications Sub-Framework	N/A	3 reports on the management of qualifications, curriculum and certification	3 reports on the management of qualifications, curriculum and certification were developed	None	None
2.2: To undertake research projects annually as informed by the needs of the quality council and the GFET sector	N/A	Research conducted as informed by sector needs	9 research reports were completed in various formats, in line with sector needs	None	None



Senior and Executive Management

L to R: Mr Emmanuel Sibanda, Mr Lucky Ditaunyane, Ms Mary-Louise Madalane, Mr Simon Maluleka, Ms Zodwa Modimakwane, Dr Celia Boooyse, Ms Jacomien Rousseau, Dr Mafu Rakomeksi, Ms Marisa du Toit, Dr Eva Sujee, Ms Refilwe Selesho, Mr Dumisani Maluleke



*Dr Eva Sujee, Senior Manager: QCC*

## PURPOSE

- To ensure and enhance the status and quality of qualifications on the sub-framework that Umalusi develops, manages and reviews;
- To evaluate curricula to ensure that they are of acceptable quality;
- To certificate candidate performance for all qualifications on the GFETQSF;
- To verify all qualifications Umalusi and its predecessor, the South African Certification Council (SAFCERT), have issued since 1992.

## OVERVIEW OF WORK DONE

### Qualifications

There were a number of developments affecting qualifications on the GFETQSF in the past financial year. Umalusi has recommended the development of a General Education Certificate (GEC) for all learners at NQF level 1. The development of the qualification has been referred to a Ministerial Task Team set up to deal with issues affecting the conceptualised Three-Streams Model. The DBE's plan, announced on 10 January 2016, is to revamp South Africa's education system into three different streams, namely Academic, Vocational and Occupational

streams. Umalusi is serving on the task team that is contributing to the development of the qualification.

The NSC (Colleges) qualification was found to lack articulation with other qualifications on the sub-framework and the NQF. The Minister of Higher Education and Training has, consequently, approved the phasing out of the qualification, with effect from January 2021. Umalusi has taken the necessary steps to ensure that the public is informed of the status of the qualification.

Umalusi was involved in discussions with the DHET and the QCTO on the future of the quality assurance of the N1–N3 programmes. The Minister of DHET has honoured the request by Umalusi to transfer quality assurance of the N1–N3 programmes to the QCTO and has approved the formation of a task team to oversee the transfer process.

In accordance with the Constitution of South Africa (1996), the NQF Act, 2008 (Act No. 67 of 2008), as amended, and the GENFETQA Act, 2001 (Act No. 58 of 2001), as amended, it is stipulated that any qualification offered in South Africa must be registered on the NQF. To this end, Umalusi has engaged providers of foreign qualifications and alternate curricula through meetings and a round-table discussion during the year.

### Curriculum

In 2017, Umalusi quality assured the curriculum and assessment policy statement (CAPS) for the newly introduced Technical and Technology subjects offered in technical high schools. The main aim of the curriculum appraisal was to inform Umalusi's quality assurance processes. The Marine Sciences curriculum was finalised in 2018 and a detailed communication containing the findings and recommendations was sent to the Minister of Basic Education.

An appraisal of the intended curricula (Phase 1) of the Advanced Programmes (AP) took place in July 2018. These programmes are AP Mathematics, AP English, AP Afrikaans and AP Physics. The main purpose for the appraisal was to inform Umalusi's quality assurance processes and to determine the level at which these programmes are pitched in terms of the NQF. The AP Mathematics, AP English and AP Afrikaans have been implemented and assessed.

### Certification

A re-issue policy on certificates issued by Umalusi was developed during the year and this was gazetted by the Minister of Basic Education in June 2018. The policy provides guidelines for the re-



issuing of a certificate where the information on the original certificate requires amendment. It specifies the required documents or evidence required for re-issues within specified timeframes and the responsibility of the requesting assessment body. The reasons for re-issues are mark changes and changes to personal details due to administrative errors or due to legal changes in the national population register. Training of PED on the re-issue policy has been done. An internal Certification Committee, which approves or rejects all re-issue applications, holds weekly meetings to deal with all cases submitted to Umalusi. Implementation of the re-issue policy contributed to an achievement of 5 649 re-issues in 2018/19, compared to 1 535 in 2017/18. This was due to the number of candidates who requested changes in their certificates.

During the year Umalusi received a large number of requests for certification from the DHET in their effort to issue all outstanding certificates for the N3 National Education Report 190/191 (NATED) and National Certificate (Vocational) (NC(V)) qualifications. There is currently a backlog in certification for the General Education and Training Certificate (GETC) qualification. Only five provinces submitted data for certification for the June 2018 examinations. Umalusi is assisting the DHET with the backlog. Umalusi cannot attest to the number of outstanding certificates.

The table below shows the number of certificates issued per qualification in the last financial year.

Qualification	2018/2019
National Senior Certificate	827 889
National Certificate(Vocational)	191 043
Senior Certificate (SC)	29 702
NATED (Report 190/191) (including NSC(Colleges))	41 746
General Education and Training Certificate (GETC): Adult Basic Education and Training	33
General Education and Training Certificate (GETC)	90 583
Senior Certificate (amended) (SC(a))	61 283
<b>TOTAL</b>	<b>1 242 279</b>

**Table 2: Number of certificates issued in 2018/2019**

### Verification

Umalusi verifies all certificates that it and its predecessor, SAFCERT, have issued since 1992. Umalusi submitted its input to the amendment of the National Qualifications Framework Bill. Emphasis was on verification services provided by the quality councils for the qualification under their sub-frameworks. The number of verifications processed for the financial year was 23 224. From these verifications, an amount of R10 659 182 was generated for the period under review.

### Advocacy

Umalusi has the responsibility to inform the public about the qualifications offered on the GFETQSF. Advocacy workshops held during the current financial year covered the following areas:

- Qualifications, quality assurance and certification processes;
- The reviewed NC(V) qualification, affecting the TVET sector;
- Dissemination of the South African Sign Language (SASL) Home Language (HL) report to two schools (De Labat and Dominican School for the Deaf) in the Western Cape, provincial education officials and sign language teachers in KwaZulu-Natal, as well as a presentation at the SAAEA conference in May 2018;
- Dissemination of findings also took the form of conference papers that were presented at the AEEA conference in Lesotho during the week of 6–10 August 2018.

## KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
2.1.1: Number of reports produced on the management of qualifications in the sub-framework	N/A	N/A	3	3	3	None	None
2.1.2: Number of curricula evaluated annually	N/A	N/A	N/A	2	2	None	None
2.1.3: Percentage of datasets processed and feedback provided within the turnaround time of 21 days	N/A	N/A	92% (2 450 / 2 671)	100%	88% (3 254 / 3 714)	-12% (460 / 3 714)	Incomplete data submitted and delays in submission of additional data by assessment bodies
2.1.4: Percentage of error-free learner records for which a certificate is printed annually	N/A	N/A	99.9% (1 017 949 / 1 018 136)	100%	100% (1 242 279 / 1 242 279)	None	None
2.1.5: Percentage of verification requests received that are processed in terms of service level agreement (two working days)	N/A	N/A	86% (1 198 475 / 1 387 118)	95%	99% (23 224 / 23 447)	+4% (949 / 23 447)	None

### STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

Standard operating procedures (SOP) were developed and implemented to process the datasets received from the assessment bodies. The aim of the SOP is to assist certification officials to adhere to the timeframes for processing the datasets. System changes and enhancements to the IT certification system were made to support the business rules and to implement the SOP. These changes included capturing the due dates for assessment bodies to submit supporting documentation for re-issuing of certificates, reporting modules and reports for monitoring and controlling the processing of the datasets. Furthermore, the technical indicator description (TID) from the APP has been defined in detail to ensure a standard, clear calculation of

performance.

Assessment bodies were informed about specific problem areas when submitting their datasets and solutions were provided to ensure that datasets were processed within 21 days.

### CHANGES TO PLANNED TARGETS

There were no targets changed during the year.

A re-issue policy on  
 certificates issued by  
 Umalusi was developed  
 during the year and this  
 was gazetted by the  
 Minister of Basic Education  
 in June 2018



L to R: Ms Samkelisiwe Xulu, Mr Obakeng Babe, Ms Lillygirl Bodila, Mr Zolile Hlabeni, Mr Bob Rikhotso, Ms Dorah Thape, Ms Salphina Magoro, Ms Rene Diergaardt, Ms Lerato Molai, Ms Makoena Zikhali, Ms Katlego Leshabane, Mr Mohau Kekana, Dr Eva Sujee, Dr Stephan Mchunu, Mr Duma Sithebe



*Dr Celia Booyse, Senior Manager: SIR*

One of the highlights  
of the financial year  
was the hosting  
of the  
SAAEA conference,  
from 13 – 16 May 2018  
at The Capital Hotel,  
Pretoria

#### **PURPOSE**

Umalusi is mandated to conduct research and report on quality within the GFETQSF. This includes to:

- Conduct research that is informed by the emerging needs of the education system so as to encourage stakeholders towards innovative thinking;
- Report on the key indicators of quality and standards in general and further education and training;
- Establish and maintain databases; and
- Provide statistical support and information across Umalusi;
- Manage standardisation and resulting processes.

#### **OVERVIEW OF WORK DONE**

In the 2018/19 financial year, the work done included: designing, conducting and managing research; accessing and maintaining adequate databases for the extensive analysis of assessment results; providing statistical support to all units in Umalusi, external stakeholders and committees of Council; and managing all standardisation, statistical moderation and resulting processes.

Regarding research highlights, the organisation conducted a longitudinal study to track continuity and coherence from Early Childhood Development through the four phases of schooling, to the final exit in Grade 12. The research was aimed at establishing the relationship between expected attainment levels at the end of a phase (exit-level outcomes) and the entry-level requirements that are presupposed by the curriculum in the following phase. The extent of preparation towards critical cross-field outcomes (CCFO) and developmental outcomes were also established. Four subject field reports have been finalised for Natural Sciences (Life Sciences, Physical Sciences); Social Sciences (Geography, History); Mathematics & Mathematical Literacy; and Economic and Business Sciences (Accounting, Economics, Business Studies).

Umalusi performed an investigation and produced three reports on the 2018 NSC examination papers set by the IEB on nine subjects; the South African Comprehensive Assessment Institute (SACAI) on nine subjects; and the DBE on 15 subjects. The investigation included an analysis of NC(V) Level 4 question papers in English (First Additional Language), Life Orientation, Mathematical Literacy and Mathematics. The research question guiding the study focused on what significantly distinguishes the standards between the question papers of the 2017–2018 examinations. The report contained reference to the coverage of examinable curriculum content, difficulty levels and cognitive demand weighting. In addition to presenting to the Assessment Standards



Committee (ASC) during its standardisation meetings, the findings were shared with the external moderators on 21 February 2019.

Research was done into the use of shell questions for standardising results, aimed at determining whether shell questions exhibit similar characteristics to anchor items. This research was necessitated by the difficulties experienced in standardising adult education and training (AET) examinations on request. The 2018 research focused on data collected in the subject Communication in English and, for the sake of completeness, included a data analysis of the subject Mathematical Literacy. The report defined some statistical processes such as equating and provided information on the methodology and analytical procedures followed.

Additional research, based on the ecological systems and complexity theory of Bronfenbrenner, has been done in the subject, Design. The investigation aims to provide answers towards guiding principles in curriculum reviews and innovation.

Research of a qualitative and quantitative nature was done in the case of the Business Studies examination results of 2018. The findings pointed to contributing factors for the decline in performance.

Questions about the nature and application value of the NATED, or N-programmes, also known as the Report 191 programmes, in relation to the NC(V), called for an investigation to establish factors that motivate stakeholders (such as students and employers) to prefer one qualification over the other. The guiding research question informed the development of questionnaires that aimed to provide answers to the factors and reasons for a specific preference. Approximately 2 700 students and 300 lecturers participated in the survey. A report on the findings was shared internally as well as with the QCTO and DHET.

One of the highlights of the financial year was the hosting of the SAAEA conference, from 13–16 May 2018 at The Capital Hotel, Pretoria. A reflection report, prepared by Umalusi, includes suggestions towards research-based conferences and academic engagement.

Due to support offered by the Research Unit, Umalusi presented eight papers at the 12th SAAEA conference, eight papers at the AEA conference, one paper at the International Association for Educational Assessment (IAEA) conference at Oxford University, and another paper at the World Educational Research Association (WERA) World Congress held in Cape Town. Umalusi contributed four articles for the December 2018 edition of the DHET Research Bulletin. The organisation has used expertise in the Research Unit to review 27 articles proposed for publication in the AEA journal.

The newly constituted Research Forum deliberated at two meetings on matters pertaining to managing the GFET Sub-framework of qualifications and the functions of Umalusi. The Research Forum recommended the establishment of a Research Colloquium to advance the dissemination of Umalusi's research work and facilitate dialogue and the sharing of information in the sector relevant to Umalusi's mandate, and to establish ongoing research collaboration.

In terms of external stakeholder support, Umalusi led discussions on the harmonisation of qualifications in the SADC environment at the SAAEA Research Forum meetings and made recommendations to the SAAEA Forum on how to approach the mapping at subject level.

The provision of statistical information to strengthen work done within Umalusi and the work of the committees of Council is critical at all times. The statistics provided include, among others, data on certificates issued, pass rates in various subjects, enrolment in new subjects and the behaviour of norms over the years.

All standardisation and resulting processes were efficiently and effectively managed. These included the development and enactment of standardisation plans and resulting processes for each assessment body, per qualification and per examination period. All datasets received were processed, verified and completed. The readiness of systems was ensured through dry runs and feedback provided on any errors detected.

## KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
2.2.1: Number of research reports completed in various formats	N/A	8	10	8	9	+1	One additional research report was completed

### STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

There was no under-performance in this sub-programme.

### CHANGES TO PLANNED TARGETS

There were no target changes during the year.



L to R: Dr Celia Boooyse, Ms Bridget Mthembu, Mr Thapelo Rangongo, Mr Matome Sebola, Mr Nthabeleng Lepota, Ms Paulina Masemola, Mr Biki Lepota

Programme 2 is comprised of units that are responsible for qualifications, curriculum, certification and research. The second strategic goal of the organisation refers to quality assurance of the qualifications in the GFET Sub-framework. The QCC Unit reviews qualifications on the sub-framework and their related curricula. The SIR Unit conducts research relating to the implementation of curricula associated with Umalusi qualifications.

The results and recommendations are communicated to the national Ministers of Education. This relationship is critical, since Umalusi must ensure that education departments comply with all standards and criteria that Umalusi sets for qualifications in the sub-framework. The work done in this programme contributes directly to the standard of South African qualifications at NQF levels 1-4 in the GFET sub-framework.

**LINKING PERFORMANCE WITH BUDGETS**

Programme 2: Qualifications and Research	2017/2018*			2018/2019		
	Budget	Actual	(Over)/Under Expenditure	Budget	Actual	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Certification expenses	3,490	2,490	1,000	1,605	1,252	353
Consulting and professional fees	2,598	1,922	676	3,823	3,969	(146)
Employee costs	15,267	15,719	(452)	19,111	17,336	1,775
Moderator and verifier costs	695	744	(49)	562	830	(268)
Other operating expenses	2,171	1,062	1,109	2,301	2,702	(401)
Printing and stationery	1,797	871	926	1,062	574	488
Travel and accommodation - local	1,679	1,564	115	1,461	1,951	(490)
<b>Total</b>	<b>27,697</b>	<b>24,372</b>	<b>3,325</b>	<b>29,925</b>	<b>28,614</b>	<b>1,311</b>

\* Figures for 2017/2018 restated

The work done in this programme contributes directly to the standard of South African qualifications at NQF levels 1-4 in the GFET sub-framework

## PROGRAMME 3: QUALITY ASSURANCE AND MONITORING

### Programme purpose:

To ensure that providers of education and training have the capacity to deliver and assess qualifications and learning programmes; and are doing so to expected standards of quality.

This programme consists of the following sub-programmes:

Quality Assurance of Assessment – School Qualifications	QAA-SQ
Quality Assurance of Assessment – Post-School Qualifications	QAA-PSQ
Evaluation and Accreditation	E&A

### STRATEGIC OBJECTIVES

Strategic Objectives	Actual Achievement 2018/19	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target 2018/19	Comment on deviations
3.1: To ensure the credibility of the examination results of the qualifications registered on the GFETQSF	QAA reports produced per qualification, per assessment body per examination cycle	QAA reports produced per qualification, per assessment body per examination cycle	QAA reports were produced per qualification, per assessment body per examination cycle	None	None
3.2: To quality assure the private provisioning and assessment of the qualifications registered on the GFETQSF	3 comprehensive reports, one each for private assessment bodies, independent schools and private colleges	Accreditation of private education institutions and private assessment bodies in line with specified targets	Applications for accreditation from private education institutions and private assessment bodies were evaluated and processed in line with targets	None	None









*Mary-Louise Madalane, Senior Manager: QAA-SQ*



*Marisa du Toit, Senior Manager: QAA-PSQ*

## **PURPOSE**

The function of these sub-programmes is to establish, maintain and improve standards in assessment in general and further education and training, through the following quality assurance processes:

- External moderation of question papers;
- External moderation of internal assessment;
- Verification of monitoring of the assessment systems;
- Monitoring the conduct, administration and management of assessment and examination processes;
- Management of concessions and assessment and examination irregularities;
- External moderation of the marking processes; and
- Approval for the release of examination results.

## **OVERVIEW OF WORK DONE**

### **A. School Qualifications**

#### **Moderation of question papers**

Umalusi must ensure that the moderation processes conducted for each examination are fair, valid and reliable. To perform this function,

Umalusi is required to ensure that the quality or standards, of the assessment practices in relation to question papers are maintained. Considering the above, public and accredited private assessment bodies must comply with Umalusi's moderation requirements, as stipulated in section 18(c) and (d) of the GENFETQA Act.

In the period reported on, Umalusi moderated and approved 246 NSC question papers for the DBE, 123 NSC question papers were moderated for the IEB and 126 NSC question papers were moderated for the SACAI.

The entity also moderated 26 Senior Certificate (amended) (SC(a)) question papers for the DBE and four Advanced Programme question papers for the IEB.

The moderation of question papers for the three assessment bodies met the set standards for all the examinations scheduled for the year; however, the assessment bodies were still encouraged to improve in terms of timeframes for finalisation of moderation of question papers.

All the question papers that were moderated and approved by Umalusi met the prescribed curriculum requirements, thus ensuring that no candidate was unfairly advantaged or disadvantaged.

### **Moderation of school-based assessment (SBA)**

Umalusi conducts moderation of SBA to ensure that assessments conducted and moderated at schools and by the assessment body meet the required standards and comply with stipulated assessment requirements, as outlined in the Curriculum Assessment Policy Statements (CAPS)/assessment guidelines. For this financial year, moderation of SBA for DBE was conducted in two phases, in July to August and October 2018. Three of 12 new subjects introduced by the DBE were included in the sample of subjects selected for moderation: SASL HL; Mechanical Technology: Fitting and Machining; and Mechanical Technology: Welding and Metal Work.

The moderation of the SACAI-administered SBA was conducted in two phases: in August in five subjects, and in October, in six subjects. The moderation of IEB-administered SBA was conducted in October for 10 subjects in three regions.

Umalusi conducted moderation of SBA, provided feedback to assessment bodies at the end of the moderation process and developed a consolidated report. The report is included as a chapter in the annual quality assurance reports.

The challenges that were picked up during moderation and verification of SBA evidence were widespread and not specific to any one assessment body. They included, among others, a lack of capacity among assessors to develop quality assessment tasks and to assess learner evidence; a lack of rigorous internal moderation of SBA tasks, or evidence of assessment; and lack of compliance with policy requirements. These challenges have been brought to the attention of the assessment bodies through feedback sessions, which were held after the moderation session. The Quality Assurance of Assessment reports are shared during the approval of results meetings.

### **State of readiness (SOR) reviews**

Umalusi, as required by its founding mandate, undertakes and pronounces on the readiness of assessment bodies to conduct, administer and manage examinations. In the year under review, Umalusi audited the assessment bodies accredited, or deemed accredited, for their state of readiness to conduct examinations. Fourteen assessment bodies were audited and all were found to be ready to conduct the November examination. The SOR reports from Umalusi add value to the conduct, administration and management of examinations, since assessment bodies are able to address any issues identified as

risks to the process before the commencement of examinations.

### **Monitoring the conduct, administration and management of examination processes**

Umalusi monitors the writing of the examinations, and the marking process, to ensure that the examinations and the marking are conducted in accordance with the Regulations pertaining to the conduct, administration and management of the National Senior Certificate examinations.

The writing of the DBE June 2018 SC(a) examinations was monitored at 60 examination centres and their marking was monitored at 11 marking centres.

During the writing of the November NSC examinations, the monitoring was conducted as follows:

- I. 261 examination centres for the DBE;
- II. 26 examination centres for the IEB; and
- III. 17 examination centres for the SACAI.

The marking of the November NSC examinations was monitored as follows:

- I. 38 marking centres for the DBE;
- II. Two marking centres for the IEB; and
- III. One marking centre for SACAI.

Monitoring was conducted on the writing of the April NATED Report 109/191: Engineering Studies (N2–N3) conducted by the DHET at 25 examination centres, while the monitoring of marking was conducted at five marking centres.

Umalusi also monitored the writing of the June 2018 GETC: ABET examinations conducted by the DHET at 40 examination centres; the IEB at 10 examination centres and the Benchmark Assessment Agency (BAA) at 10 examination centres.

The marking of the June 2018 GETC: ABET examinations was monitored at seven DHET marking centres, one IEB marking centre and one BAA marking centre.

Umalusi monitored the writing and marking of the DHET, IEB and BAA November 2018 GETC: ABET examinations as follows:

- I. DHET: 34 examination centres and 12 marking centres;
- II. IEB: 10 examination centres and one marking centre;
- III. BAA: 10 examination centres and one marking centre.

Furthermore, Umalusi monitored 26 NATED Report 190/191: Engineering Studies (N2–N3) writing centres; 20 NC(V) writing centres; and 14 marking centres.

In 2019, Umalusi monitored the writing of the February/March 2019 supplementary examinations of the IEB, SACAI and the DHET, at:

- I. 15 IEB NSC examination centres;
- II. Five SACAI examination centres; and
- III. 15 DHET NC(V) examination centres.

Marking was monitored at one marking centre each for the IEB and SACAI; and for the DHET, two marking centres were monitored.

Monitoring the conduct of examinations is crucial. The following were challenges identified:

- Inconsistency in the levels of preparations by centres to administer examinations;
- There was evidence of a lack of attentiveness by some invigilators and as a result examination irregularities have continued to occur.

To ensure the credibility of examination results, Umalusi is committed to ensuring that candidates and/or centres implicated in acts of wrongdoing do not receive results.

### **Marking guideline standardisation**

A major challenge has been a lack of consistency in marking across marking centres within a subject. However, the standardisation of marking guidelines has ensured that the same marking guideline is used across marking centres, thus guaranteeing the same standard of marking is upheld across different marking centres.

During this financial year, Umalusi participated in the marking guideline standardisation meetings held by assessment bodies prior to the commencement of marking. This process adds value to the marking process, since the external and internal moderators can revisit each marking guideline to make sure that all possible responses have been included in the final, approved marking guidelines.

Umalusi took part in the marking guideline standardisation meetings for the DBE June 2018 SC(a) examination and the DBE, IEB and SACAI November 2018 NSC examinations. Umalusi moderators participated in the marking guideline discussion meetings for 105 question papers for the June SC(a) examination and 129 question papers for the DBE November 2018 NSC examination. Umalusi also took part in the marking guideline discussion meetings for 15 subjects for the IEB and

10 subjects for SACAI for the November 2018 NSC examinations.

### **Verification of marking**

Verification of marking is a quality assurance process used by Umalusi to verify the marking process of all assessment bodies offering the NSC. The rationale is to ensure that examination scripts are marked, across all marking centres, in alignment with a common, accepted and signed-off marking guideline. Umalusi uses this quality assurance process to assure/ascertain adherence to the marking guidelines and consistency in marking across marking centres.

Marking of the DBE March 2018 supplementary examinations took place in April 2018 and Umalusi verified 10 subjects. The verification of 12 subjects for the June 2018 SC(a) examination was conducted in July 2018. For the November 2018 NSC examination, external moderators were deployed to the marking centres across the nine provinces to conduct on-site verification of marking in 27 selected NSC subjects at 94 marking centres, soon after the commencement of marking.

Umalusi verified the marking of 13 subjects for the November 2018 NSC examination and 12 subjects for the March 2019 NSC supplementary examination for the IEB. Umalusi also verified the marking of 10 subjects for the November 2018 NSC examination and eight for the March 2019 NSC supplementary examination for SACAI. Challenges identified included the following:

- Markers were unable to use a rubric in marking open-ended questions, which resulted in numerous variations in allocated marks; and
- A lack of rigorous internal moderation was evident.

Umalusi's verification of marking brought about the following improvements, among others:

- Discussed and approved marking guidelines were adhered to for most subjects;
- The quality of marking improved and a determination of, and adherence to, a marking tolerance range for examination scripts made marking more reliable; and
- Variance in marks allocated were mostly within the agreed tolerance range.

### **Approval of results**

As stipulated in section 17A (5) of the GENFETQA Act, the Council must approve the publication of the results of candidates if the Council is satisfied that the assessment body or education institution



conducted, administered and managed the examination according to the Act.

On 26 April 2018, the Executive Committee of Council (EXCO) approved the release of results of the NSC supplementary examination administered by the DBE. The release of the results of the DBE June 2018 SC(a) examination was approved on 8 August 2018.

On 27 December 2018, the EXCO approved the November 2018 DBE, IEB & SACAI NSC examination results. The 2019 IEB and SACAI NSC supplementary examination results were approved on 28 March 2019.

All the results were approved, based on the following:

- I. The NSC and SC(a) examinations were administered in terms of the applicable examination policies and regulations; and
- II. The evidence presented to Umalusi suggested that there were no systemic irregularities reported. None of the incidents reported might have jeopardised the credibility and integrity of the examinations administered by the DBE, IEB and SACAI.

### Quality Assurance of Assessment reports

The organisation conducts quality assurance processes and details the findings in the QAA reports. The QAA reports, among others, provide details about areas of good practice and areas of non-compliance, based on the findings of the monitoring of the different quality assurance processes. Umalusi issues directives for compliance and improvement to the assessment bodies, based on the areas of non-compliance identified. The assessment bodies, in turn, submit improvement plans, which Umalusi monitors on a continuous basis. The monitoring is intended to support the assessment bodies in improving the quality and standard of the assessment of qualifications that they assess.

The organisation produced three quality assurance reports for the NSC examinations and assessment in the period 2018–2019. Three reports for the November 2018 examinations – one per assessment body, the DBE, IEB and SACAI – and one report on the June 2018 DBE SC(a) examination were developed. The reports were shared with the assessment bodies for their use in improving their processes.

### B. Post-School Qualifications

#### Moderation of question papers

Umalusi conducts external moderation of question papers and marking guidelines to ensure that

standards are maintained. The moderation of question papers is a critical quality assurance process. The moderation process ensures that question papers are relatively fair, valid and reliable. It also ensures that question papers are presented in the appropriate format and are technically correct. During the 2018/19 financial year, the moderation of question papers was undertaken as follows:

- For GETC: ABET Level 4, 93 question papers were quality assured and approved: 52 from DHET, 20 from IEB and 21 from BAA;
- Umalusi approved 299 question papers for the NC(V);
- Umalusi approved 90 NATED Report 190/191 Engineering Studies N2–N3 question papers.

The moderation of question papers was conducted in line with Umalusi's criteria. The question papers were approved after meeting all the criteria. Where the question papers did not meet all the criteria, they were either conditionally approved or rejected. Conditionally approved and rejected question papers underwent further quality assurance until the external moderators were satisfied that they were of the required standard. Umalusi, as a quality council and in line with its mandate, ensured that question papers were fair, valid and reliable, thus ensuring that the candidates were not unfairly advantaged or disadvantaged. Umalusi assured that question papers were set in line with the relevant policies, were not predictable, covered a substantial percentage of the content, were in line with the prescribed weightings of the required cognitive demand; and that marking guidelines were aligned with the question papers and that they would facilitate effective marking. This is one of the most important quality assurance of assessment processes in ensuring the credibility of examinations.

#### Moderation of Site Based Assessment (SBA)/ internal continuous assessment (ICASS)

Umalusi verifies that ICASS and SBA are compliant with the stipulations of the ICASS instructions/SBA guidelines for the different qualifications and programmes. Through the moderation process, Umalusi identifies problem areas in the implementation of ICASS/SBA, recommends solutions to the challenges identified and reports on the quality of ICASS/SBA to the assessment bodies. The moderation of ICASS/SBA during this period of reporting was as follows:

- For GETC: ABET Level 4, the SBA portfolios for six learning areas were moderated in June and seven learning areas in November for BAA; for DHET it was 16 learning areas in June and 26 learning areas in November; and for IEB it was seven learning areas in June and

- eight learning areas in November 2018.
- For NC(V), Umalusi moderated the ICASS of 49 subjects, of which 25 were at Level 4, as per the annual target.
- For Report 190/191 NATED Engineering Studies N2-N3, 16 instructional offerings were moderated for the examinations in April and August 2018, and 19 for the November 2018 examination.

The moderation of internal assessment was conducted in line with Umalusi's criteria for this quality assurance process. Consolidated reports on the findings were finalised and communicated to the assessment bodies as part of the quality assurance of assessment report. Through this process, Umalusi built relationships with regional staff and identified discrepancies in the approach to the moderation of the GETC: ABET Level 4 SBA portfolios across the different provincial education departments. In line with section 17A (5)(i), (ii) and (iii) of the GENFETQA Act, Umalusi (in the TVET sector) identified centres where ICASS requirements were not met. Through this process, Umalusi protects the integrity of qualifications; and will only approve the release of results if satisfied that stipulated requirements have been met.

#### **Standardisation of marking guidelines**

It is essential that marking guidelines be discussed with markers to ensure that all possible responses and corrections are agreed upon and that any amendments to marking guidelines are approved. This process ensures that all markers have a common understanding of how to mark candidates' responses effectively. The purpose of this is to eliminate any inconsistencies in marking. During the period under review, the standardisation meetings of a sample of marking guidelines were attended and monitored as follows:

- For GETC: ABET Level 4, the standardised marking guidelines of six learning areas for BAA were approved in June and seven learning areas in November; for DHET it was 26 learning areas in June and 26 learning areas in November; and for IEB it was seven learning areas in June and eight learning areas in November 2018.
- In the NC(V) qualification, Umalusi monitored standardisation and approved the final marking guidelines of 54 Level 4 and two question papers each at Level 2 and Level 3 for the November 2018 examinations. The marking guideline discussions of two NC(V) supplementary examination question papers were monitored and the finalised marking guidelines approved.
- In terms of the NATED Report 190/191 Engineering Studies N2-N3, the

standardisation of marking guidelines of 12 instructional offerings and 20 instructional offerings of the April 2018 and August 2018 examinations respectively were monitored and the marking guidelines were approved as planned.

The standardisation of marking guidelines was conducted and reported in terms of Umalusi's reporting instruments for this process. Consolidated reports were prepared and shared with the assessment bodies. The assessment bodies were alerted to areas where improvements were required, for example, inadequate preparation for marking guideline discussions (lack of sample marking); ineffective communication across marking centres to finalise marking guidelines; non-attendance at marking guideline discussions; and/or late arrival of marking personnel at these discussions.

#### **Verification of marking**

Marking is verified to ensure that it is credible and accurate; to determine whether the approved marking guidelines were adhered to and applied consistently; to ascertain that effective internal moderation took place; to identify possible irregularities having occurred; and to confirm that marking was fair, reliable and valid. Verification of marking was conducted for the following qualifications and assessment bodies:

- For GETC: ABET Level 4, the verification of marking was conducted for six learning areas for BAA in June and seven learning areas in November; for DHET it was 17 learning areas in June and 24 learning areas in November; and for IEB it was seven learning areas in June and eight learning areas in November 2018.
- Umalusi verified the marking of 61 of the 260 subjects in which examinations were conducted for the November 2018 NC(V) Levels 2-4 examinations. The marking of seven of the 2019 NC(V) supplementary examination question papers was verified.
- For the NATED Report 190/191 Engineering Studies N2-N3, the marking of 14 instructional offerings each for the April and August 2018 examinations was verified. Verification of marking was conducted for 40 instructional offerings for the November 2018 examinations as planned.

External moderators conducted the verification of marking according to Umalusi's criteria for this quality assurance of assessment process. This was to ensure that effective marking, and consistent implementation of marking guidelines, took place; and that internal moderation was of appropriate standard and scope.

### **Moderation of integrated summative assessment tasks (ISAT) and SBA**

The moderation of ISAT and SBA is conducted by Umalusi to ensure that tasks are of a good quality and standard. The moderation process is conducted in line with Umalusi's criteria for this quality assurance process. External moderators report on the findings using an instrument for the moderation of ISAT and/or SBA. The moderation process was conducted as follows:

- For the GETC: ABET Level 4, Umalusi quality assured and approved the SBA tasks of 26 learning areas for DHET; and four learning areas for IEB.
- For NC(V), 20 ISAT were reviewed in Quarter 3 and 52 ISAT were moderated in October 2018.

The moderation of ISAT and SBA was conducted as per the unit plans and reported on in terms of Umalusi's reporting instruments for this process. Umalusi assured that tasks were set in accordance with the relevant policies, covered appropriate content and were of the required cognitive demand. Umalusi also ensured that the marking guidelines would facilitate consistent marking across the different sites of teaching and learning.

### **Approval of results**

As stipulated in section 17A (5) of the GENFETQA Act, the Council must approve the publication of the results of candidates if the Council is satisfied that the assessment body or education institution conducted, administered and managed the examination according to the Act.

The EXCO approved the release of the BAA and IEB GETC: ABET Level 4 examination results of the June 2018 examination on 24 July 2018. The November 2018 examinations for the two assessment bodies were approved on 27 December 2018. Approval for the release of the DHET examination results was given on 2 August and 27 December 2018. The release of results of the 2018 supplementary examination for NC(V) was approved on 19 April 2018.

For the NATED Report 190/191 Engineering Studies N2-N3 examinations, approval was given for the release of the April 2018 and August 2018

examination results on 8 May 2018 and 3 September 2018 respectively.

On 27 December 2018, EXCO approved the release of results of the NATED Report 191 Engineering Studies N2-N3, N3 Business Languages and NC(V) Levels 2, 3 and 4 results.

Assessment bodies received letters of approval of the release of results, which stipulate all requirements and conditions for the release of results, as well as all directives for compliance.

### **Quality assurance of assessment reports**

The organisation conducts quality assurance processes and details these in QAA reports, in order to share with the assessment bodies the successes and observations of the Post-School Qualifications quality assurance processes. These reports provide a detailed account of each quality assurance process and include areas of compliance and non-compliance, as well as directives for compliance. The reports are used by the assessment bodies to develop improvement plans, to improve their systems and processes and to address areas of non-compliance during training.

Umalusi produced and published six reports for Post-School Qualifications. Three were for the GETC: ABET Level 4; two for the Report 190/191 NATED: Engineering Studies N2-N3 for the April 2018 and August 2018 examinations; and one report for NC(V), Report 190/191 NATED: Engineering Studies N2-N3; Business English; and Sake Afrikaans November 2018 examinations.

### **STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE**

There was no under-performance in this sub programme.

### **CHANGES TO PLANNED TARGETS**

There were no target changes during the year.

## KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
3.1.1: Number of quality assurance of assessment reports published for qualifications registered on the GFETQSF	N/A	N/A	16	10	10	None	None
3.1.2: Percentage of question papers submitted that are approved per assessment body per qualification per exam cycle	N/A	N/A	<b>GETC</b> DHET: 96% IEB: 100% BAA: 100% NSC: 100% SC: 100% NC(V): 100% NATED: 132%	100%	100% (1 006/ 1 006)	None	None
3.1.3: Number of assessment bodies audited for their state of readiness to conduct examinations	N/A	N/A	N/A	14	14	None	None
3.1.4: Number of subjects where verification of marking is conducted per qualification	N/A	N/A	N/A	86	95	+9	New subjects introduced during the financial year were also verified
3.1.5: Number of learning areas / subjects where moderation of SBA/ICASS is conducted and monitored per assessment body per qualification per examination cycle				<b>GETC- March</b> IEB 2	2	-	-
				<b>GETC-June</b> BAA: 2 DHET: 16 IEB: 8	5 16 7	+3 - -1	BAA offered 3 additional learning areas. IEB did not have candidates for 1 subject (Technology)
				<b>GETC-September</b> IEB: 2	1	-1	Umalusi external moderator was not available
				<b>GETC-November</b> BAA: 2 DHET: 26 IEB: 8	7 26 8	+5 - -	BAA offered examinations in 5 additional learning areas
				<b>REPORT 190/191 April</b> DHET: 14	15	+1	One additional instructional offering was added
				<b>REPORT 190/191 August</b> DHET: 14	16	+2	Two additional instructional offerings were added
				<b>REPORT 190/191 November</b> DHET: 16	17	+1	One additional instructional offering was added
				<b>NC (V) November</b> DHET: 25	25	-	None
				<b>135</b>	<b>145</b>	<b>+10</b>	More learning areas and instruction offerings were added during the financial year





### QAA School Qualifications

Seated L to R: Mr Andy Thulo, Mr William Chauke, Ms Mary-Louise Madalane, Mr Doctor Phokwani

Standing L to R: Mr Sthembiso Mhlongo, Ms Sinikiwe Sibanyoni, Mr Mafori Makgahlela, Mr Nhluvuko Maluleke, Ms Sarah Madigo, Ms Nomaswazi Shabalala, Ms Mathoro Netshitongwe



### QAA Post School Qualifications

L to R: Mr Timothy Mokalaka, Ms Marble Shirilele, Mr Nyaku Phasha, Mr Aluwani Ndambakuwa, Ms Helen Koorzen, Mr Selephane Molekwa, Mr Nhluvuko Maluleke, Mr Mafori Makgahlela, Dr Nkoloyakhe Mpanza, Mr Sthembiso Mhlongo, Ms Nomaswazi Shabalala, Ms Lizeka Mamane,



*Cindy Thomas, Senior Manager: E&A*

## **PURPOSE**

The function of this sub-programme is to provide for quality assurance of provision and assessment through evaluation and accreditation of private education institutions and private assessment bodies.

This entails ensuring that:

- Standards for provision are determined, maintained and strengthened;
- Systems are in place to quality assure the capacity of private education and training institutions seeking accreditation to implement qualifications registered on the GFETQSF, through an accreditation and monitoring process;
- Systems are in place to quality assure the capacity of private assessment bodies seeking accreditation to assess qualifications registered on the GFETQSF.

## **OVERVIEW OF WORK DONE**

Institutions submit a self-evaluation report indicating their compliance with the minimum

Umalusi conducted training of evaluators, subject specialists and report writers to enhance the quality of the evaluation and accreditation processes

requirements for accreditation. During the financial year, Umalusi assessed 421 self-evaluation reports: 351 for schools and 70 for private FET colleges.

Site verification visits are conducted to verify implementation of the evidence submitted by private education institutions during the self-evaluation process. In total, 315 site verification visits were conducted (i.e. 289 to independent schools, 25 to private FET colleges, and one to a private AET college).

A total of 268 desktop evaluations of improvement reports were conducted (i.e. 147 for independent schools, 103 for private FET colleges, and 18 for private AET colleges). In addition, 163 site visits to verify implementation of evidence submitted in improvement reports were conducted (110 to independent schools, 50 to private FET colleges, and three to private AET centres).

To facilitate the provisional registration of private colleges, 52 joint site visits were conducted in conjunction with the DHET to private FET colleges.

During the year under review, 169 accredited private education institutions were monitored to ensure continued meeting of the standards against the accreditation criteria. This involved monitoring 150 independent schools, 13 private FET colleges and six private AET centres.

There were 527 reports submitted to the ACC for consideration on the outcome of their application for accreditation. These were comprised of 254 accreditation reports and 143 improvement reports for independent schools; 27 accreditation reports and 78 improvement reports for private FET colleges; and 25 improvement reports for private AET colleges.

In terms of stakeholder engagement, 33 quality promotion meetings were conducted for independent schools around the country and eight for private colleges. This was to ensure that the applicants were fully aware of the requirements for, and the process involved, in accreditation.

Accreditation certificate presentation ceremonies were held in three provinces in April 2018, and combined accreditation certificate presentation ceremonies and accreditation forums were held in three provinces in March 2019, to provide an opportunity for engagement with stakeholders.

Umalusi conducted training of evaluators, subject specialists and report writers to enhance the quality of the evaluation and accreditation processes undertaken by officials employed on a contract basis by the organisation.

Umalusi accreditation outcomes for independent schools in 2018/19:

- Accreditation:  
129 schools
- Two years' provisional accreditation:  
60 schools
- No accreditation:  
47 schools

A window period to improve was given to 102 independent schools.

Accreditation outcomes for private colleges:

- Seven years' accreditation:  
37 FET colleges and three AET centres
- Two years' provisional accreditation:  
52 FET colleges and 11 AET centres
- No accreditation:  
Four FET colleges and five AET centres

A window period to improve was given to 33 private FET colleges and six private AET colleges.

During the financial year under review, one assessment body was granted an extension of provisional accreditation.

The purpose of the accreditation process is to improve the quality of the provision of the qualifications offered by private colleges and independent schools that offer qualifications registered on the GFETQSF. This process has led to an increase in the provision of teaching and learning materials in independent schools, greater focus on the safety provided at facilities and more professionally qualified teachers employed at independent schools. Additionally, policies and procedures have been implemented to improve the management and quality of curriculum delivery and assessment practices in private education institutions.

The main challenges independent schools faced in gaining accreditation were:

- Not having current health and safety certificates;
- Insufficient professionally qualified personnel;
- Principals who do not hold professional teaching qualifications; and
- Schools operating outside the conditions of registration with PED.

At private FET colleges, the main challenge in attaining accreditation was implementation of the curriculum; and assessment to the required standards. This was also the challenge encountered by private AET centres; however, for these centres, the key problem was that of obtaining contracts that would enable them to implement a qualification, yet without first being accredited.

It has been found that the majority of institutions maintained standards after accreditation. However, a high turnover in teaching staff in some independent schools and private colleges was a cause for concern.

All evaluation and accreditation work with respect to private colleges, private assessment bodies and independent schools undertaken by Umalusi has been captured in detailed reports.



## KEY PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Performance Indicator	Actual Achievement 2015/16	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from target 2018/19	Comment on deviations
3.2.1 Percentage of accreditation outcomes for private education institutions finalised within 12 months of site visit	N/A	N/A	N/A	80%	88% (369/418)	+8%	More accreditation outcomes of applications were finalised
3.2.2: Percentage of private education institutions monitored after being granted accreditation	N/A	N/A	N/A	90%	97% (115/118)	+7%	Institutions were followed up to ensure that they submitted the monitoring reports timeously

### STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

There was no under-performance in this sub-programme.

### CHANGES TO PLANNED TARGETS

There were no target changes during the year.



L to R seated: Ms Scholastic Mazibuko, Mr Klaus Lettau, Ms Mary Malia, Ms Cindy Thomas, Dr Gugu Nkambule, Ms Vani Chatty, Ms Meiva Theko

L to R standing: Dr Lawrence Ndou, Ms Anushka Moodley, Ms Gugu Chili, Ms Chwayita Finiza, Mr Thomas Magadze, Ms Tsholofelo Lesaane, Ms Grace Khokela, Ms Elsie Dippenaar, Ms Phumla Molusi, Mr Dawie Oberholster, Mr Eliazer Lechaba, Ms Alletah Nokaneng, Ms Louisa Marandela, Mr Mapaleng Lekgeu, Dr Nokuphiwa Mkhabela, Ms Reabetswe Mathebe, Ms Kholofelo Rabotho; Ms Vanessa Naidoo



To ensure that qualifications on the Umalusi sub-framework remain relevant locally and internationally, much work goes into ensuring that examination question papers are set in accordance with curriculum standards and other relevant criteria. The examination processes are

also monitored to ensure uniform application of standards by all assessment bodies. The credibility of qualifications on the GFETQSF depends on the vigilance of quality assurance of assessment processes undertaken within this programme.

#### LINKING PERFORMANCE WITH BUDGETS

Programme 3: Quality Assurance and Monitoring	2017/2018*			2018/2019		
	Budget	Actual	(Over)/Under Expenditure	Budget	Actual	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Consulting and professional fees	1,176	633	543	670	865	(195)
Employee costs	25,301	23,833	1,468	25,185	25,135	50
Moderator and verifier costs	33,384	34,326	(942)	35,132	40,713	(5,581)
Other operating expenses	4,282	2,653	1,629	2,494	1,488	1,006
Printing and stationery	202	201	1	312	113	199
Travel and accommodation - local	18,499	14,691	3,808	19,102	14,842	4,260
<b>Total</b>	<b>82,844</b>	<b>76,337</b>	<b>6,507</b>	<b>82,895</b>	<b>83,156</b>	<b>(261)</b>

\* Figures for 2017/2018 restated

#### 4. REVENUE COLLECTION

Sources of Revenue	2017/2018*			2018/2019		
	Budget	Actual	(Over)/Under Collection	Budget	Actual	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Grant: Department of Basic Education	124,612	124,612	-	128,543	128,543	-
Accreditation	12,779	8,668	4,111	13,674	9,502	4,172
Certification	5,443	5,388	55	5,770	6,030	(260)
Verification	11,509	9,692	1,817	10,774	10,660	114
Interest received	5,552	5,062	490	5,200	4,576	624
Rental income	2,399	1,473	926	1,675	1,416	259
Prescript income	-	7	(7)	-	105	(105)
Sundry income	1,153	3,161	(2,008)	1,425	4,269	(2,844)
Reserve funds	56,253	-	56,253	44,452	-	44,452
<b>Total</b>	<b>219,700</b>	<b>158,063</b>	<b>61,637</b>	<b>211,513</b>	<b>165,101</b>	<b>46,612</b>

\* Figures for 2017/2018 restated



**UMALUSI**



**PART C:**  
**GOVERNANCE**

## 1. INTRODUCTION

The Umalusi Council subscribes to the King III principles of good corporate governance. In this respect, the Council reviewed its systems and processes to ensure that the organisation is managed according to these principles and other legislative precepts. In this regard, the newly appointed Council reviewed its Charter and Governance Framework.

During the year under review the Minister of Basic Education appointed the 6th Umalusi Council.

Members of Council and of Council committees were inducted accordingly, to ensure efficiency and effectiveness while carrying out their duties in overseeing the performance of the organisation.

The old and new Councils carried out their fiduciary responsibilities with diligence by ensuring that management adheres to the legislative requirements set out in the Public Finance Management Act (PFMA).

## 2. PORTFOLIO COMMITTEES

Umalusi appeared before the Portfolio Committee on Basic Education, as highlighted below:

- On 25 April 2018 the Chairperson of Council led a team to present the Annual Performance Plan and Budget for 2018/19 to the Select Committee on Education and Recreation. The committee was grateful to interact with the team, and they accepted the plan and budget as realistic and in line with the mandate of the public entity.
- On 12 September 2018 Umalusi made a presentation to the Portfolio Committee on Basic Education on South African Sign Language. This was at the request of the Deaf Federation of South Africa (DeafSA), which had raised concerns regarding information in a report on research into this subject. DeafSA presented their concerns and Umalusi was granted an opportunity to inform the members of the readiness of Umalusi to quality assure the subject.
- On 9 October 2018 Umalusi presented the state of readiness to conduct, administer and manage the 2018 NSC examinations of the DBE to the Portfolio Committee on Basic Education. The challenges noted during the audit were shared with the members of the committee.
- On 10 October 2018 Umalusi presented its 2017/18 Annual Report to the Portfolio Committee on Basic Education. The committee advised Umalusi to move beyond repeated 10-year long unqualified audit reports to that of a clean audit.

## 3. EXECUTIVE AUTHORITY

Umalusi is a Schedule 3A public entity, as encapsulated in the Constitution. Administratively, Umalusi reports to the Minister of Basic Education as the Executive Authority. In this respect, Umalusi Council reported its performance progress to the Minister on a quarterly basis, as captured below:

- 30 April 2018
- 31 July 2018
- 31 October 2018
- 31 January 2019

Umalusi received positive feedback from the Minister on all reports submitted for the financial year.

The audited Annual Report was submitted to the Minister on 31 August 2018 to seek approval for tabling in Parliament. Approval was granted and the 2017/2018 Annual Report was tabled in Parliament accordingly.

The 2019/20 Annual Performance Plan from the Umalusi Council was submitted to the Minister on 31 January 2019 to approve it for tabling. The approval was granted but, owing to the national elections, tabling of strategic plans was deferred to the 6th Parliament.





#### 4.1 INTRODUCTION

The Umalusi Council is the Accounting Authority, according to Section 49 of the PFMA. This Council is established in terms of Section 4 of the General and Further Education and Training Quality Assurance Act (GENFETQA) (Act No. 58 of 2001, as amended). The Minister of Basic Education appoints the Council for a renewable period of four years. The Umalusi Council consists of 15 members and the CEOs of Umalusi, the South African Qualifications Authority (SAQA), Quality Council for Trades and Occupations (QCTO) and the Council on Higher Education (CHE).

As a governance structure, Council is responsible for the establishment of a risk management approach, provision of systems to enable effective execution of the entity's mandate, development of fraud prevention policies and/or strategies, monitoring the effectiveness of internal auditing and the Audit and Risk Committee, as well as other governance structures.

The Council has fiduciary responsibilities of ensuring that it discharges its mandate according to best practices in corporate governance. The Council performs an oversight function on the operations of Umalusi; therefore, it sets strategy for the organisation and monitors management's implementation of the strategy. By embracing the principles of good governance, Council drives fiscal discipline and ensures that management establishes and maintains systems and processes for internal controls and reporting, as well as monitoring and evaluation, to ensure organisational excellence at all levels.

The Council has developed a Charter that regulates how business is conducted, in accordance with the principles of good corporate governance. The Council Charter ensures that all Council members acting on behalf of the Authority are aware of their duties and responsibilities and the various legislation and regulations enacting their conduct. It also ensures that the principles of good corporate governance are applied in all their dealings in respect of, and on behalf of, the entity.

Four Council meetings were held during the year, in accordance with the annual schedule of meetings, and this allowed the Council to discharge its responsibilities properly. In addition, Council held two workshop meetings dedicated to considering and reviewing the organisation's policies.

Since this was a new Council, an induction session was held to familiarise incoming members with the operations of the entity. Council committee meetings were held and there were delegations to various committees of Council, to assist Council in its oversight role of monitoring, as directed by the Council Charter.

Umalusi's Council Charter encapsulates the duties and responsibilities of Council as the Accounting Authority. It provides for Council to provide strategic direction to management and to ensure continued good relations with beneficiaries and potential stakeholders. With respect to its role of formulating and reviewing the organisational strategy, Council monitored the organisation's annual plans and performance reports regularly. In providing oversight on compliance with laws and regulations, Council ensured that internal policies were in line with key legislative prescripts before approval. In terms of its fiduciary responsibilities, Council scrutinised financial reports every quarter, and ensured that annual reports were prepared and tabled in accordance with Section 40 of the PFMA. The finalisation of the Council Charter provides the foundation upon which the performance of Council will be evaluated. This should be finalised in the next financial year.

#### Composition of the Council

During the period under review, the term of the 5th Umalusi Council ended and the Minister appointed a new Council. This Annual Report reflects work carried out by the previous and current Councils and their respective committees, from 1 April 2018 to 31 March 2019.

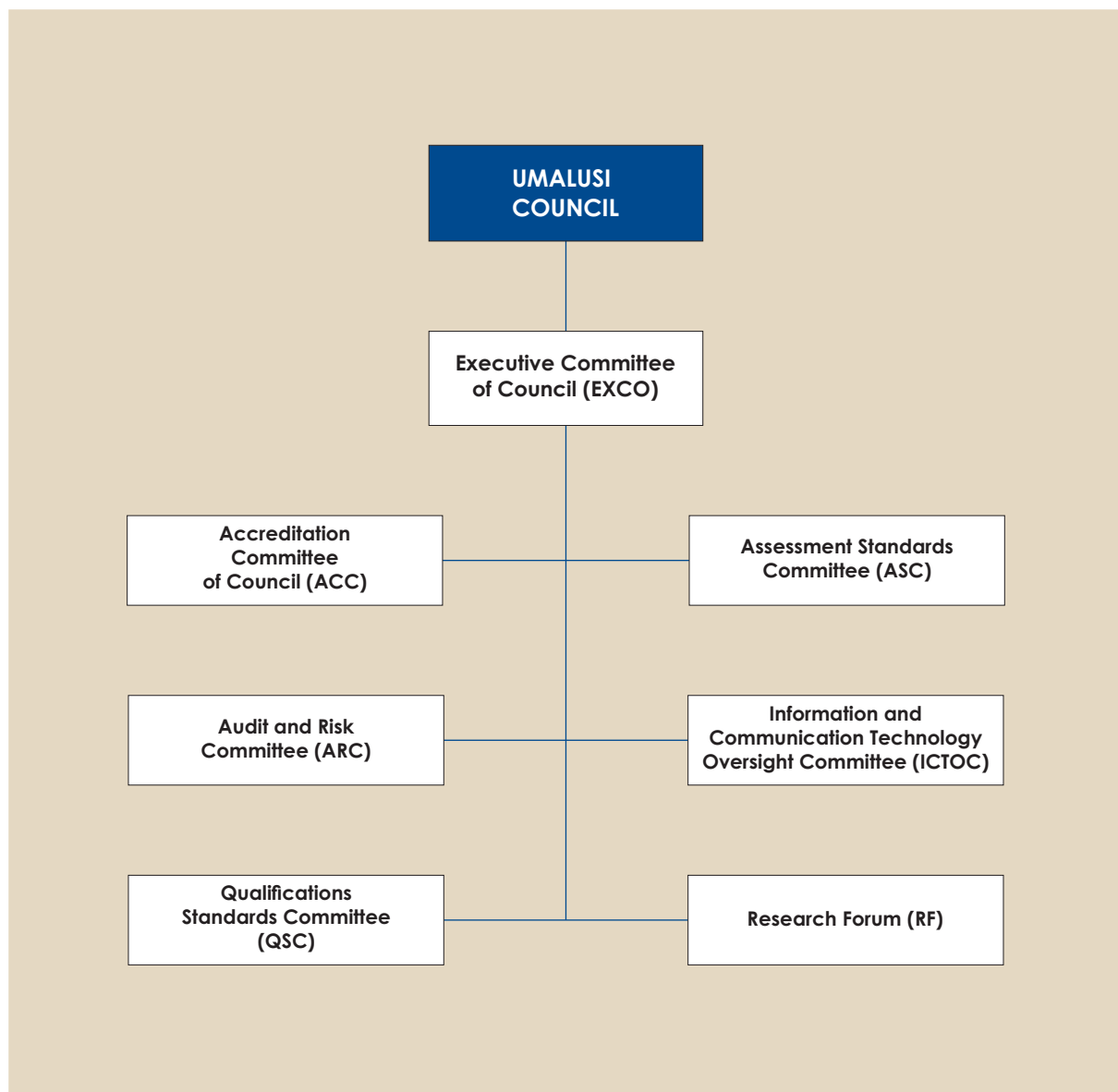
# COMPOSITION OF THE UMALUSI COUNCIL

## MEMBERS OF THE 5<sup>TH</sup> UMALUSI COUNCIL

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
1. Professor JD Volmink	Chairperson	8/06/2014	n/a	PhD	Mathematics Education	<ul style="list-style-type: none"> <li>Durban University of Technology (DUT)</li> <li>Juta &amp; Co (Pty) Ltd</li> <li>Towerstone (Pty) Ltd</li> </ul>	Executive Committee (EXCO)	1/1
2. Professor ND Kgwadi	Deputy Chairperson	8/06/2014	n/a	PhD	Physics Education	<ul style="list-style-type: none"> <li>Council and Senate of North West University</li> </ul>	EXCO	0/1
3. Dr MS Rakomefisi	CEO	1/01/2009	n/a	PhD	Education	<ul style="list-style-type: none"> <li>CHE</li> <li>Helderberg College Council</li> <li>QCTO</li> <li>SAQA</li> <li>Vaal University of Technology (VUT)</li> </ul>	Ex-officio member of all Council committees	1/1
4. Professor N Baijnath	Member	1/10/2015	n/a	PhD	Higher Education Policy, Planning and Educational Change	<ul style="list-style-type: none"> <li>CHE</li> <li>QCTO</li> <li>SAQA</li> </ul>	None	1/1
5. Dr PAD Beets	Member	8/06/2014	n/a	PhD	Curriculum Studies	None	Research Forum	1/1
6. Ms F Dada	Member	8/06/2014	n/a	BA	Education Policy Development	<ul style="list-style-type: none"> <li>Africa Ignite Rural Development Trust</li> <li>Media in Education Trust</li> <li>Oasis Asset Management</li> <li>Pearson South Africa</li> </ul>	EXCO Accreditation Committee of Council (ACC)	1/1
7. Mr MHW Ehrenreich	Member	8/06/2014	n/a	BA Hons	English Literature	<ul style="list-style-type: none"> <li>South African Principals Association (SAPA)</li> </ul>	Information and Communication Technology Oversight Committee (ICTOC)	1/1
8. Mr D Hindle	Member	15/12/2016	n/a	BEd Hons	Sociology & Comparative Education	<ul style="list-style-type: none"> <li>EDTP SETA</li> </ul>	EXCO Qualifications Standards Committee (QSC)	1/1
9. Mr NT Johnstone	Member	1 /09/ 2015	n/a	BSc	Physiology	<ul style="list-style-type: none"> <li>Catholic Institute of Education (CIE)</li> <li>IEB</li> <li>JET Education Services</li> <li>National Student Financial Aid Scheme (NSFAS)</li> </ul>	Audit and Risk Committee (ARC)	1/1
10. Dr MJ Maboya	Member	1/07/2016	n/a	PhD	Mathematics Education	None	None	1/1
11. Dr EB Mahlobo	Member	8/06/2014	n/a	PhD	Applied Linguistics	None	None	0/1
12. Professor MG Mahlomaholo	Member	8/06/2014	n/a	DEd	Cognitive Education	None	None	0/1
13. Professor L Makalela	Member	8/06/2014	n/a	PhD	English Studies, Literacy and Linguistics	None	EXCO	1/1
14. Professor R Mampane	Member	8/06/2014	n/a	PhD	Educational Psychology	None	EXCO Assessment Standards Committee (ASC)	1/1

**MEMBERS OF THE 5<sup>TH</sup> UMALUSI COUNCIL (continued)**

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
15. Advocate MJ Merabe	Member	15/12/2016	n/a	LLM	Education Law	None	None	1/1
16. Professor MLE Monnapula-Mapesela	Member	8/06/2014	n/a	PhD	Higher Education	• Council of Central University of Technology (CUT)	EXCO	1/1
17. Mr E Mosuwe	Member	24/10/2016	n/a	MSc	Physiology	None	None	0/1
18. Mr V Naidoo	Member	28/08/2017	n/a	BEd (Hon)	None	• CHE • QCTO • SAQA • NSA	None	1/1
19. Mr JS Samuels	Member	8/06/2014	n/a	None	Adult Education	• CHE • QCTO • SAQA	None	1/1



# COMPOSITION OF THE UMALUSI COUNCIL

## MEMBERS OF THE 6<sup>TH</sup> UMALUSI COUNCIL

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
1. Professor JD Volmink	Chairperson	8/06/2014	n/a	PhD	Mathematics Education	<ul style="list-style-type: none"> <li>Durban University of Technology (DUT)</li> <li>Juta &amp; Co (Pty) Ltd</li> <li>Towerstone (Pty) Ltd</li> </ul>	EXCO	5/5 <sup>1</sup>
2. Professor MLE Monnapula-Mapesela	Member	8/06/2014	n/a	PhD	Higher Education	<ul style="list-style-type: none"> <li>Council of Central University of Technology (CUT)</li> </ul>	EXCO	4/5
3. Dr MS Rakometsi	CEO	1/01/2009	n/a	PhD	Education	<ul style="list-style-type: none"> <li>CHE</li> <li>Helderberg College Council</li> <li>QCTO</li> <li>SAQA</li> <li>Vaal University of Technology (VUT)</li> </ul>	Ex-officio member of all Council committees	5/5
4. Professor N Baijnath	Member	1/10/2015	n/a	PhD	Higher Education Policy, Planning and Educational Change	<ul style="list-style-type: none"> <li>CHE</li> <li>QCTO</li> <li>SAQA</li> </ul>	None	3/5
5. Professor Y Ballim	Member	8/06/2018	n/a	PhD	Education and Leadership	None	None	5/5
6. Mr D Hindle	Member	15/12/2016	n/a	BEd Hons	Sociology & Comparative Education	<ul style="list-style-type: none"> <li>EDTP SETA</li> </ul>	EXCO Qualifications Standards Committee (QSC)	3/5
7. Mr NT Johnstone	Member	1/09/2015	n/a	BSc	Physiology	<ul style="list-style-type: none"> <li>Catholic Institute of Education (CIE)</li> <li>IEB</li> <li>JET Education Services</li> <li>National Student Financial Aid Scheme (NSFAS)</li> </ul>	Audit and Risk Committee (ARC)	2/5
8. Mr T Kojana	Member (HECOM representative)	8/06/2018	n/a	BA Hons	Education Management	None	None	1/5
9. Dr MJ Maboya	Member	1/07/2016	n/a	PhD	Mathematics Education	None	None	2/5
10. Professor L Makalela	Member	8/06/2014	n/a	PhD	English Studies, Literacy and Linguistics	None	EXCO	2/5
11. Professor R Mampane	Member	8/06/2014	n/a	PhD	Educational Psychology	None	EXCO Assessment Standards Committee (ASC)	3/5
12. Advocate MJ Merabe	Member	15/12/2016	n/a	LLM	Education Law	None	None	3/5
13. Professor M Metcalfe	Member	8/06/2018	n/a	MEd	Education	<ul style="list-style-type: none"> <li>PILO</li> <li>SAIDE</li> <li>PUKU</li> <li>OSFSA</li> <li>Claude Leon Trust</li> </ul>	Research Forum	2/5
14. Professor MP Mulaudzi	Member	8/06/2018	n/a	PhD	Educational Psychology	<ul style="list-style-type: none"> <li>University of Venda</li> </ul>	None	4/5
15. Ms C Myburgh	Member	8/06/2018	n/a	MCom	Industrial Psychology	None	Information and Communication Technology Oversight Committee (ICTOC)	5/5

<sup>1</sup> Five meetings include two workshops held a day before the February and August Council meetings



**MEMBERS OF THE 6<sup>TH</sup> UMALUSI COUNCIL (continued)**

NAME	DESIGNATION	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
18. Mr V Naidoo	Member	28/08/2017	n/a	BEd (Hon)	None	<ul style="list-style-type: none"> <li>• CHE</li> <li>• QCTO</li> <li>• SAQA</li> <li>• NSA</li> </ul>	None	2/5
17. Ms MDM Phutsisi	Member	8/06/2018	n/a	MEd	Education	None	Accreditation Committee of Council (ACC)	3/5
18. Mr JS Samuels	Member	8/06/2014	n/a	MPhil	Adult Education	<ul style="list-style-type: none"> <li>• CHE</li> <li>• QCTO</li> <li>• SAQA</li> </ul>	None	0/5
19. Ms A Singh	Member (DHET)	8/06/2018	n/a	MBA	Curriculum Studies	None	None	1/2 <sup>2</sup>
20. Professor PD Siyakwazi	Member	8/06/2018	n/a	PhD	Sociology of Education, Teacher Educational and Nutrition Education	None	None	5/5

<sup>2</sup> This Council member was appointed late in the year, therefore the total number of meetings for her is fewer than five



L to R seated: Mr Nathan Johnstone, Professor 'Mabokang Monnapula-Mapesela (Deputy Chairperson of Council), Professor John Volmink (Chairperson of Council), Dr Mafu Rakometsi, Professor Ruth Mampane

L to R standing: Ms Aruna Singh, Prof Peter Mulaudzi, Ms Cila Myburgh, Adv Jeremiah Merabe, Professor Leketi Makalela, Professor Yunus Ballim, Ms Dipiloane Phutsisi, Ms Peggy Siyakwazi

## 4.2 COUNCIL COMMITTEES

In line with the Umalusi Governance Framework, Council carries out its duties through a number of committees, as described below.

### 4.2.1 EXECUTIVE COMMITTEE OF COUNCIL (EXCO)

The EXCO is a committee of Council established in terms of section 8(1) (a) of the GENFETQA of 2001, as amended. Council has delegated its day-to-day oversight functions to the EXCO, in terms of section 8 of the GENFETQA Act.

In the year of reporting, EXCO achieved strides in clarifying its purpose and delegation through the development and approval of its Terms of Reference. These seek to ensure that high standards of corporate governance are maintained by its members in exercising EXCO functions.

The Committee further finalised the following, which are key achievements in line with its Terms of Reference:

- Appointment of the Deputy Chairperson of Council;
- Thoroughly considered the 2019/20 Annual Performance Plan, which was ultimately approved by Council;
- Approved Annual Performance reports for Quarters 1 to 4;
- Considered and approved various tenders on behalf of Council; and
- Considered emerging issues that were material to the business and affairs of the organisation.

EXCO discharged its responsibilities, as per delegation by Council, and reported all issues to Council during formal Council meetings.

### EXCO MEETINGS

Committee	No. of meetings held	No. of members	Names of members
<b>Executive Committee (EXCO)</b> 5th Umalusi Council	2 26 April 2018 26 July 2018	7	1. Professor JD Volmink 2. Professor ND Kgwadi 3. Dr MS Rakometsi 4. Professor MLE Monnapula-Mapesela 5. Mr D Hindle 6. Professor L Makalela 7. Ms F Dada
<b>Executive Committee (EXCO)</b> 6th Umalusi Council	3 23 August 2018 9 November 2018 24 January 2019	6	1. Professor JD Volmink 2. Professor MLE Monnapula-Mapesela 3. Dr MS Rakometsi 4. Mr D Hindle 5. Professor L Makalela 6. Professor R Mampane

#### 4.2.2 INFORMATION AND COMMUNICATION TECHNOLOGY OVERSIGHT COMMITTEE (ICTOC)

Umalusi established the Information and Communication Technology Oversight Committee (ICTOC) to oversee ICT governance. The strategic role of ICTOC is drawn from the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF), December 2012, which was developed by the Department of Public Service and Administration (DPSA). The committee, therefore, fulfils the following functions:

- Conceptualise and oversee CGICT, GICT and their strategic alignment to Umalusi's corporate strategic plan;
- Evaluate, direct and monitor the planning, implementation and execution of the CGICT, GICT and strategic alignment with Umalusi's strategic plan;
- Develop the CGICT Policy and Charter;
- Coordinate the development and implementation of CGICT, and the Governance and Management of the ICT Framework (G&M Framework), which should

address the following:

- The Risk Management Policy;
  - Internal audit;
  - ICT portfolio management;
  - An information policy (information plan);
  - An ICT security policy;
  - A business continuity plan (BCP);
  - ICT continuity policy and plan; and
  - A change management plan.
- Ensure the effective monitoring and evaluation of plans for improvement and the meeting of all objectives;
  - Ensure that its reports are available to the audit committee for input prior to reporting back to Council.

Council approved the Terms of Reference for this governance committee in October 2016. For the period under review, ICTOC recommended the following policies for Council approval:

- Backup Policy; and
- ICT Disaster Recovery Policy.

#### ICTOC MEETINGS

Committee	No. of meetings held	No. of members	Names of members
<b>Information and Communication Technology Oversight Committee (ICTOC)</b> 5th Umalusi Council	2 17 April 2018 13 July 2018	3	1. Mr MHW Ehrenreich (Chairperson) 2. Mr C Baxter 3. Mr S Zungu
<b>Information and Communication Technology Oversight Committee (ICTOC)</b> 6th Umalusi Council	2 11 October 2018 17 January 2019	4	1. Ms C Myburgh (Chairperson) 2. Mr C Baxter 3. Mr C Motau 4. Mr M Mtshali





ICTOC

L to R seated: Ms Cila Myburgh (Chairperson), Dr Mafu Rakometsi

L to R standing: Mr Mhlonishwa Mtshali, Mr Charles Motau, Mr Claude Baxter



ACC

L to R seated: Dr Perumal Naicker, Dr Suren Govender, Ms Dipiloane Phutsisi (Chairperson), Mr Stephen Lategan, Mr Jonathan Jensen

L to R standing: Dr Sydney Goshier, Mr Jacob Abraham, Mr Ralph Mehl, Adv. Muziyabongwa Ndlazi, Mr Jacob Pienaar, Ms Marianne Cilliers, Dr Veronica Masuku.



#### 4.2.3 ACCREDITATION COMMITTEE OF COUNCIL (ACC)

The key functions of the ACC are to:

- Consider the recommendations of the Evaluation and Accreditation secretariat in respect of the accreditation of an institution;
- Recommend the accreditation status of a private education institution / private assessment body;

- Recommend withdrawal of accreditation status of a private education institution / private assessment body.

During the 2018/19 financial year, the ACC considered and made recommendations on 527 applications for accreditation: 397 for independent schools; 105 for private FET colleges; and 25 for private AET centres.

#### ACC MEETINGS

Committee	No. of meetings held	No. of members	Names of members
<b>Accreditation Committee of Council (ACC)</b> 5th Umalusi Council	2  19-20 May 2018 2-3 July 2018	12	1. Ms F Dada (Chairperson) 2. Mr B Phillips 3. Ms K Janssens 4. Mr T Basjan 5. Mr S Lategan 6. Dr S Bhikha 7. Mr J Jensen 8. Ms E Erasmus 9. Ms M Cilliers 10. Dr D Mampuru 11. Mr M Netshandama 12. Mr R Pettitt
<b>Accreditation Committee of Council (ACC)</b> 6th Umalusi Council	3  17-18 September 2018 19-20 November 2018 18-19 February 2019	13	1. Ms MDM Phutsisi (Chairperson) 2. Mr S Lategan 3. Adv M Ndlazi 4. Dr P Naicker 5. Dr S Bhikha 6. Dr S Govender 7. Dr S Goshier 8. Dr V Shilenge 9. Mr J Abraham 10. Mr J Pienaar 11. Mr J Jensen 12. Ms M Cilliers 13. Mr R Mehl

#### 4.2.4 AUDIT AND RISK COMMITTEE (ARC)

The full ARC report can be found under sections 6 and 14 of this report.

##### ARC MEETINGS

Committee	No. of meetings held	No. of members	Names of members
<b>Audit and Risk Committee (ARC)</b> 5th Umalusi Council	3 25 April 2018 17 May 2018 25 July 2018	6	1. Ms L Roussouw (Chairperson) 2. Mr NT Johnstone 3. Ms D Diale 4. Adv WJ Lubbe 5. Mr S Zungu 6. Ms N Molalekoa
<b>Audit and Risk Committee (ARC)</b> 6th Umalusi Council	2 22 October 2018 21 January 2019	7	1. Mr P Benadé (Chairperson) 2. Mr NT Johnstone 3. Ms D Diale 4. Adv WJ Lubbe 5. Mr M Mtshali 6. Mr P Khunou 7. Mrs F Dada



L to R seated: Mrs Dieketseng Diale, Mr Phillip Benadé (Chairperson), Mr Patrick Khunou

L to R standing: Advocate Jaco Lubbe, Mr Mhlonishwa Mtshali

#### 4.2.5 ASSESSMENT STANDARDS COMMITTEE (ASC)

The key functions of the ASC are to:

- Support the work of the Quality Assurance of Assessment (QAA) Unit and the Statistical Information and Research (SIR) Unit;
- Provide guidance to the QAA and SIR units on matters relating to their work;
- Provide guidance to Council on matters related to assessment standards and statistical research;
- Carry out the process of standardisation of internal assessment and examination results for all qualifications registered on the GFETQSF;

- Review, on a regular basis, the statistical and educational validity of moderation and standardisation policies, processes and procedures;
- Provide contributions to the development of policies on the quality assurance of assessment; and
- Where applicable, assist with identifying research needs to enhance the quality of assessments and examinations of qualifications registered on the GFETQSF.

During the 2018/19 financial year, the ASC standardised the results of 14 examinations conducted by six assessment bodies.

#### ASC MEETINGS

Committee	No. of meetings held	No. of members	Names of members
<b>Assessment Standards Committee (ASC)</b> 5th Umalusi Council	2 4 May 2018 1 August 2018	15	1. Professor M Mampane (Chairperson) 2. Professor P Rule 3. Professor M Moodley 4. Dr M Nthangeni 5. Professor PJ Sepeng 6. Professor LC Jita 7. Professor PL Fatti 8. Dr N Mrwetyana 9. Dr B Mofolo-Mbokane 10. Dr S Hansraj 11. Professor SJ Howie 12. Professor D North 13. Mr MJ Snelling 14. Dr M Naidoo 15. Dr MS Mosia
<b>Assessment Standards Committee (ASC)</b> 6th Umalusi Council	2 31 October 2018 31 January 2019	16	1. Professor Y Ballim (Chairperson) 2. Professor P Rule 3. Professor NS Zulu 4. Professor S Motala 5. Ms KB Samuel 6. Professor MA Lesaoana 7. Professor SM Maistry 8. Professor M Moodley 9. Professor SJ Howie 10. Professor PL Fatti 11. Dr S Hansraj 12. Professor LC Jita 13. Professor PJ Sepeng 14. Mr MJ Snelling 15. Dr M Naidoo 16. Dr MS Mosia





ASC

L to R seated: Prof Paul Fatti, Prof Moonsamy Moodley, Prof John Volmink, Prof Sarah Howie, Dr Mafu Rakometsi, Ms Brenda Samuel

L to R standing: Dr Moeketsi Mosia, Mr Matthew Snelling, Prof Percy Sepeng, Prof Suriamurthee Maistry, Prof Nogwaja Zulu, Prof Loyiso Jita, Dr Morganberry Naidoo



QSC

L to R seated: Ms Anne Oberholzer, Dr Caroline Long, Mr Duncan Hindle (Chairperson), Dr Mafu Rakometsi, Ms Stella Carthy

L to R standing: Dr Vuyelwa Toni-Penxa, Mr Hugh Amoore, Mr Timothy McBride, Mr Simon Maboya, Dr Jacobus Myburgh, Mr Mzamo Jacobs



#### 4.2.6 QUALIFICATIONS STANDARDS COMMITTEE (QSC)

The QSC is responsible for supporting the work Umalusi undertakes relating to the development, or amendment, of qualifications and/or the GFETQSF. The QSC is responsible for recommending draft qualifications to Council for approval and for advising Umalusi in planning for the implementation of qualifications to be introduced.

Since the standards of any qualification can only be more fully understood through the related curriculum, the QSC will also guide Umalusi in developments in curricula matters associated with the qualifications on the sub-framework.

All qualifications in the NQF space allocated to Umalusi lead to some form of certification that acknowledges and validates that a candidate has completed a prescribed programme or curriculum for an exit level. The QSC, to fulfil this mandate, therefore, plays a critical role in supporting and guiding Umalusi in strengthening its certification processes.

In 2018/2019 the following research projects were completed, with the guidance of the QSC:

- Comparative analyses of Mathematics and Technical Mathematics; and Physical Sciences and Technical Sciences. The purpose of the appraisals was to obtain a better understanding of the differences between the subjects;
- The Marine Sciences curriculum was finalised in 2018 and a detailed communication containing the findings and recommendations was sent to the Minister of Basic Education;
- The intended curricula of the Advanced Programmes were appraised in July 2018. These programmes are AP Mathematics, AP English, AP Afrikaans and AP Physics. The main purpose for the appraisal was to inform Umalusi's quality assurance processes and to determine the levels at which these programmes are pitched on the NQF; and
- The Policy for the Re-issue of National Certificates was gazetted in June 2018.

#### QSC MEETINGS

Committee	No. of meetings held	No. of members	Names of members
<b>Qualifications Standards Committee (QSC)</b> 5th Umalusi Council	1 19 July 2018	9	1. Mr D Hindle (Chairperson) 2. Mr H Amoore 3. Ms S Carthy 4. Ms A Oberholzer 5. Ms H Brown 6. Dr C Long 7. Dr M Madileng 8. Mr T McBride 9. Dr V Toni-Penxa
<b>Qualifications Standards Committee (QSC)</b> 6th Umalusi Council	2 2 November 2018 26 March 2019	11	1. Mr D Hindle (Chairperson) 2. Mr H Amoore 3. Ms S Carthy 4. Ms A Oberholzer 5. Mr M Jacobs 6. Dr C Long 7. Dr M Madileng 8. Mr T McBride 9. Dr J Myburgh 10. Mr S Maboya 11. Dr V Toni-Penxa

#### 4.2.7 RESEARCH FORUM

The aim of the Research Forum is to identify and discuss crucial strategic developments within the general and further education and training landscape and, ultimately, to provide advice to Umalusi on such issues. The Forum provides guidance to the organisation on issues such as curriculum changes, changes to policy, new qualifications and various pathways, among others. This includes guidance pertaining to possible policy changes and implications for managing the GFET Sub-framework of qualifications. Umalusi, as a research-guided organisation, has always relied on the valuable insights and advice that arise out of Research Forum meetings. Each meeting has far-reaching value in the work of Umalusi and in guiding its strategic direction.

In May 2018, a joint meeting was held with the ASC to discuss the possible impact of post-examination analysis of question papers on organisational and systemic learning. In October 2018, the newly constituted Research Forum dedicated discussion to an overview of Umalusi's mandate, the legislation that governs the organisation's operations and progress towards finalisation of research projects on the research agenda. At a meeting in February 2019, the Forum deliberated on the amended 2018/19 Research Agenda, the proposed revisions to Sections 3 and 4 of the CAPS, performance as possible indicators in the educational environment, as well as strategic dissemination of research.

#### RESEARCH FORUM MEETINGS

Committee	No. of meetings held	No. of members	Names of members
<b>Research Forum</b> 5th Umalusi Council	1  24 May 2018	14	1. Dr J Gamble** (Chairperson) 2. Dr A Badroodien 3. Professor P Rule 4. Professor M Maistry 5. Dr U Hoadley 6. Professor C Foxtrot 7. Professor A Mji 8. Professor N Yeld 9. Professor D Daniels 10. Dr J Papier 11. Mr V Schoer 12. Dr D Makhado 13. Professor L Makalela 14. Dr PAD Beets
<b>Research Forum</b> 6th Umalusi Council	2  25 October 2018 6 February 2019	11	1. Professor M Metcalfe (Chairperson) 2. Dr H Bolton 3. Professor A Kanjee 4. Professor M Maphalala 5. Dr V Schoer 6. Professor S Vandeyar 7. Professor S Gravett 8. Dr J Keevy 9. Dr A Saidi 10. Dr V Reddy 11. Dr T Sikhwari

*\*\*Dr Gamble resigned on 27 March 2018*

## REMUNERATION OF COUNCIL MEMBERS

The table below indicates the remuneration paid to each Council member, the Council members who were not remunerated, and other expenses, i.e. travel, that were reimbursed. Council members are remunerated in accordance with the National Treasury published rates.

Name	Remuneration R	Other allowance R	Other reimbursements* R	Total R
Professor JD Volmink	161,772	-	16,261	178,033
Professor MLE Monnapula-Mapesela	34,118	-	-	34,118
Dr PAD Beets – Term ended 7 June 2018	2,483	-	126	2,609
Professor MG Mahlomaholo – Term ended 7 June 2018	-	-	-	-
Professor MR Mampane	64,009	-	1,844	65,853
Professor L Makalela	32,394	-	164,909	197,303
Ms F Dada – Term ended 7 June 2018	25,210	-	776	25,986
Mr NT Johnstone	27,250	-	5,023	32,273
Mr MHW Ehrenreich – Term ended 7 June 2018	-	-	143	143
Mr D Hindle	47,568	-	15,740	63,308
Adv JM Merabe	12,685	-	-	12,685
Ms C Myburgh – Appointed 8 June 2018	10,204	-	-	10,204
Professor PD Siyakwazi – Appointed 8 June 2018	12,823	-	282	13,105
Professor MP Mulaudzi – Appointed 8 June 2018	12,823	-	3,036	15,859
Professor Y Ballim – Appointed 8 June 2018	39,358	-	1,629	40,987
Ms MDM Phutsisi – Appointed 8 June 2018	27,232	-	14,094	41,326
Professor ND Kgwadi – Term ended 7 June 2018	-	-	-	-
Professor ME Metcalfe – Appointed 8 June 2018	-	-	-	-
Dr MJ Moboya	-	-	-	-
Dr EB Mahlobo – Term ended 7 June 2018	-	-	-	-
Mr E Mosuwe – Term ended 7 June 2018	-	-	-	-
Mr T Kojana – Appointed 8 June 2018	-	-	-	-
Ms A Singh – Appointed 8 June 2018	-	-	-	-
Dr MS Rakometsi – Umalusi CEO	-	-	-	-
Mr JS Samuels – SAQA CEO	-	-	-	-
Mr V Naidoo – QCTO CEO	-	-	-	-
Professor N Baijnath – CHE CEO	-	-	-	-
<b>TOTAL</b>	<b>509,929</b>	<b>-</b>	<b>223,863</b>	<b>733,792</b>

\*Included in other reimbursements are consultancy fees and travel and subsistence reimbursements for attending meetings.

## 5. RISK MANAGEMENT

Umalusi Council recognises that risk management is a critical component of good corporate governance. Consequently, Council must ensure that management has a system in place to identify, define, assess, monitor and report all organisational risk. As a result, in 2016 the organisation developed a Risk Management Policy and Strategy.

Umalusi's risk management is comprised of four processes: identification and definition; assessment; monitoring; and reporting. In accordance with its risk strategy, at the beginning of each financial year the organisation meets to identify strategic and operational risks, under the guidance of internal auditors. The risks are disaggregated per unit and populated into an organisational risk register. Reputational risks are assigned to executive management. Each unit has a risk champion who ensures the integration of risk management in the daily operations of the organisation.

For the period under review, risk assessments were performed each quarter. Each unit assessed the likelihood and impact levels of their risks, gauged against the mitigating strategies in the plan. Identification of emerging risks was done every quarter during the risk assessment period. Internal auditors performed an analysis of the risk ratings and provided feedback to the Risk Management Committee on areas of concern. The Risk Management Committee is comprised of the CEO, executive managers and senior managers.

The Risk Management Committee presented a risk assessment report to the Audit and Risk Committee (ARC) every quarter.

The Risk Management Committee has been concerned with risks that have a rating of 16 to 25, especially those that have not changed over the course of the year. The committee analysed the impact of the control measures on the risks, and advised units to review and adjust the mitigating strategies to have an impact on some of the risks.

Umalusi's ARC brings together individuals competent in finance and ICT and in using predetermined objectives. This committee monitors the performance of the organisation by utilising the risk register. The committee has provided a valuable contribution to management on the effectiveness of risk management in the organisation.

The committee also ratifies financial and performance quarterly reports, the Annual Performance Plan and the Annual Report, prior to approval by the EXCO.

During the period under review, middle, senior and executive managers underwent risk training to strengthen risk management capacity at all levels in Umalusi. This confirmed the commitment of the organisation to embracing risk management as a crucial component of implementing corporate governance.

## 6. INTERNAL AUDIT AND AUDIT COMMITTEES

Due to the nature and size of Umalusi, the Council does not consider it economically feasible to establish an in-house internal audit function. The internal audit function is contracted out.

However, the Audit and Risk Committee is responsible for monitoring the internal audit function and for evaluating the effectiveness of the internal controls in place, including recommending improvements to Council where appropriate.

The internal audit work conducted during the year was in line with the approved Internal Audit Plan.

The role of the Audit and Risk Committee is to provide independent assurance and assistance to Council on control, governance and risk management. The committee does not assume any management responsibilities or perform any management functions. The Audit and Risk

Committee makes decisions on matters relating to the scope of its responsibilities and presents such decisions to the Council for ratification.

The Audit and Risk Committee is tasked with assisting the Council in discharging its duties relating to:

- The safeguarding of assets;
- Council's compliance with legal and regulatory requirements;
- The external auditors' independence; and performance of the entity's internal and external auditor functions;
- Preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards; and
- Overseeing the quality, integrity and reliability of Umalusi's risk management.



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

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	End of term	No. of meetings attended
<b>Ms L Rossouw</b>	BCompt; BCompt (Hons); MCom; CA(SA) & CIA	External	-	8 June 2014	29 August 2018	1 of 3
<b>Mr P Benadé</b>	BCom; National Diploma, State Accounting and Finance	External	-	29 August 2018	-	2 of 2
<b>Ms N Molalekoa</b>	BCom	External	-	8 June 2014	29 August 2018	2 of 3
<b>Mr S Zungu</b>	National Diploma (Elec Eng); Postgraduate Diploma (Management Practices)	External	-	1 June 2015	29 August 2018	0 of 3
<b>Mr NT Johnstone</b>	BSc Physiology	Internal	Council member	11 November 2015	-	5 of 5
<b>Ms D Diale</b>	BCom (Computer Science); Master's in Business Leadership	External	-	14 March 2017	-	4 of 5
<b>Adv WJ Lubbe</b>	Batchelor of Law; LLB; Postgraduate Diploma in Compliance	External	-	29 November 2017	-	4 of 5
<b>Mr M Mtshali</b>	National Diploma, Commercial Administration Executive Management Programme	External	-	29 August 2018	-	2 of 2
<b>Mr P Khunou</b>	BCom (Accounting); Senior Leadership Development Programme	External	-	29 August 2018	-	1 of 2
<b>Ms F Dada</b>	MBA	External	-	29 August 2018	-	1 of 2

## 7. COMPLIANCE WITH LAWS AND REGULATIONS

Umalusi has established and implemented various policies to consider compliance with applicable laws and regulations on a regular basis.

The entity provided confirmation of compliance to the Audit and Risk Committee and the Council. Furthermore, the external auditors test compliance

to laws and regulations during the annual external audit.

Ensuring compliance management has formed part of the performance agreements of senior and executive managers.

## 8. FRAUD AND CORRUPTION

Umalusi introduced a fraud and ethics hotline in 2014 with the aim of creating an open platform for the South African public, including stakeholders in education, to report incidents of fraud. The toll-free hotline and email service is accessible to the public at all times, including weekends and holidays.

The number of the hotline is 0800 000 889. In the year under review, 26 valid reports were received

via the hotline and Umalusi conducted various investigations to confirm all allegations made. Reports and allegations of fraud are submitted to the relevant units for further investigation and the outcome is tabled at a meeting of the executive management of Umalusi.

## 9. MINIMISING CONFLICT OF INTEREST

Council and staff members must avoid any material conflict between their own interests and the interests of the Council and, in particular:

- Must not derive any personal economic benefits to which they are not entitled; and
- Must notify the Council at the earliest possible opportunity, in the circumstances, of the nature and extent of any direct or indirect material conflict of interest which they may have in any dealings with the Council.

Should a member of Council, or a Council committee member, foresee a conflict of interest

at a meeting, he or she must not participate in any decision-making process that could affect their personal interests.

The member of Council or Council committee member must recuse himself or herself from deliberations and the Council/committee must take a decision that furthers the interests of the Council or committee. The recusal must be recorded.

There were no conflicts of interest identified during the financial year.

## 10. CODE OF ETHICS

The Council and employees are required to observe the highest ethical standards to ensure that business practices are conducted in a manner that is beyond reproach. These principles are incorporated in the approved and implemented

Code of Ethics. It provides clear guidelines for the expected behaviour of all employees on all levels. Management continuously ensures that employees abide by the Code of Ethics and the values encapsulated in the entity's strategic plan.

## 11. MATERIALITY AND SIGNIFICANCE FRAMEWORK

As required by the Treasury Regulations, the Council has developed a materiality and significance framework appropriate to its size and circumstances. It is submitted annually to, and

approved by, the Minister of Basic Education in the Annual Performance Plan.

## 12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Umalusi regards the health and safety of its employees and people affected by the entity's operations to be of vital importance. The primary objective is to achieve and maintain the highest practical level of health and safety control, as well as a good working environment that is safe and without risk to the health of its employees.

During the financial year under review, Umalusi made significant progress in institutionalising health and safety among employees by organising training to increase awareness of health and safety.

Umalusi sourced a service provider to conduct an Occupational Health and Safety (OHS) compliance audit at its offices, to measure the level of compliance with the Occupational Health and Safety Act, Act No. 85 of 1993. The level of compliance in general was good and any weaknesses identified were immediately corrected.

In making sure that Umalusi complies, to the highest standard, with health and safety, as well as environmental aspects, efforts have been made to provide all general workers with protective clothing.

While the health and safety of people is its top priority, Umalusi has an integrated approach to the safety of people and the environment, and the organisation has put in place the following:

- Recycling of used paper;
- Installation of energy-efficient light fittings inside and outside the building;
- Ensuring all lights and air-conditioning units are switched on and off when necessary; and
- Conserving energy by switching off all appliances at close of business each day.

## 13. SOCIAL RESPONSIBILITY

Part of Umalusi's constitutional obligation as a public entity is to bring about social justice and cohesion within the broader South African society. To this end, the organisation has formed a crucial partnership with a charity organisation based in Pretoria, with the aim of participating in the annual activities of Mandela Day on 18 July. On this day, Umalusi staff donate clothes, food and money

towards the upliftment of impoverished communities in and around Pretoria. On Mandela Day 2018, Umalusi staff visited homeless people in the Tshwane central business district to share warm clothes and food with them. Additionally, Umalusi staff donated more than R2 000 through the Casual Day campaign in September 2018.

## 14. AUDIT COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2019.

### TERMS OF REFERENCE

The committee adopted appropriate formal Terms of Reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all of its responsibilities as contained therein. The Council has approved the Charter.

### ROLE AND RESPONSIBILITIES

#### Statutory duties

The committee's role and responsibilities include the statutory duties set out in sections 76(4) (d) and 77 of the Public Finance Management Act (PFMA) 1999; and sections 3.1 and 27.1 of the Treasury Regulations issued in terms of that Act; and further responsibilities assigned to it by the Council. The committee also executed its duties in terms of the requirements of the applicable King Code on Corporate Governance.

#### External audit

The external auditor is Nexia SAB&T. The committee, in consultation with executive management, agreed to the engagement letter, audit plan and budgeted audit fees for the 2018/19 financial year. Nexia SAB&T was not requested to provide any non-audit services.

#### Evaluation of Annual Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements, to be included in the Annual Report, with the approved external auditor, Nexia SAB&T;
- Reviewed the external auditor's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The committee concurs with and accepts the auditor's report on the Annual Financial Statements, and holds the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the auditor, Nexia SAB&T.

### THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls applied by Umalusi over financial and risk management is effective, efficient and transparent. In line with the PFMA and the applicable King Code on Corporate Governance requirements, internal audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the Annual Financial Statements and the management report of the external auditor, Nexia SAB&T, it was noted that no matters were reported that indicated any material deficiencies in the system of internal controls.

Internal audit identified some weaknesses during the past financial year and these were reported to the Audit and Risk Committee. These items were added to the Audit Action Plan for continuous follow-up by executive management and internal audit as part of their regular fieldwork. The committee also considered the risk register and ensured that this informed the Internal Audit Plan. Ongoing monitoring of progress against the risk register was conducted quarterly.

Accordingly, the committee can report that the system of internal controls over financial reporting for the period under review was efficient and effective.

### DUTIES ASSIGNED BY THE COUNCIL

In addition to the statutory duties of the committee, as reported on above, the Council determined additional functions for the committee to be performed, as set out in the committee's charter. They include the following:

#### Combined assurance

The committee ensured that a combined assurance model was applied. The combined assurance received was appropriate to address all significant risks facing the entity and is in line with the applicable King Code on Corporate Governance.

#### Governance of risk

The Council assigned oversight of the risk management function to the committee. The committee reviewed the risk management process, the effectiveness of risk management activities, the key risks facing the entity and responses to address these. The committee is satisfied that it fulfilled its oversight role regarding



financial reporting risks, internal financial controls and fraud and information technology risks as they relate to financial reporting.

**Internal audit**

The committee ensured that the internal audit function was independent and had the necessary resources, standing and authority to enable it to discharge its duties. Furthermore, the committee oversaw cooperation between the internal and external auditors and served as the link between the Council and these functions.

The committee reviewed and approved the Internal Audit Charter and Annual Audit Plan.

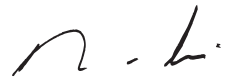
The internal auditor reported to the committee and the internal audit function reviewed and provided assurance on the adequacy of the internal control environment across all of Umalusi's operations. The head of the internal audit team had direct access to the committee, through its chairperson.

The committee assessed and is satisfied with the performance of the internal audit function in the last financial year.

**Evaluation of the expertise and experience of the Chief Financial Officer and finance function**

The committee satisfied itself that the Chief Financial Officer had appropriate expertise and experience.

The committee satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function, and the experience of the senior members of management responsible for the finance function.



**Mr P Benadé**  
 Chairperson of the Audit and Risk Committee  
 Umalusi  
 31 July 2019



**UMALUSI**



**PART D:**  
**HUMAN RESOURCES**  
**OVERSIGHT**  
**REPORT**

# 1. INTRODUCTION

The main objective of the Human Resource Management and Development (HRM&D) Unit is to ensure that the organisation is capacitated with competent, effective and adequate human resources, to ensure that the Umalusi mandate can be achieved. The unit seeks to implement HRM&D governance, attract top talent, develop staff, ensure a transparent performance and management system, offer attractive rewards and benefits; and retain the right people in the right positions within Umalusi.

## **HRM&D priorities for the year under review and the impact of these priorities:**

- Develop a Workplace Skills Plan to ensure the enforcement of the Skills Development Act in the organisation, by confirming that employees have the required skills and competencies to perform their duties.
- Review the Employment Equity (EE) Plan to ensure adherence to the EE Act.
- Maintain the vacancy rate at under 10% in the organisational structure to ensure work continuity to achieve the organisational mandate.
- Revise the Recognition Agreement with the labour union to regulate the relationship between management and the representative union in the organisation.
- Appoint a health and wellness service provider to render proactive and balanced wellness services to staff.

## **Employee Performance Management and Development System:**

- Review the Performance Management and Development Policy to adjust the submission timeframes for both performance agreements and performance assessments; and align these with the Annual Performance Plan.

## **Achievements:**

- The approved Workplace Skills Plan was implemented, to enhance staff members' performance in contributing towards the achievement of organisational strategic objectives.
- The EE Plan was reviewed and submitted to the Department of Labour.
- The Performance Management and

Development System was effectively implemented and the target met for the submission of both performance agreements and performance assessments.

- A service provider was appointed for the Employee Health Wellness Programme to take care of employees' wellbeing and promote healthy lifestyles, physically, emotionally and financially.

## **Policy development:**

- The HRM&D Unit embarked on a project to develop and review Umalusi policies to ensure alignment with all relevant legislation.
- The Change Management Strategic Framework was developed and approved to ensure the efficient management of change processes in the organisation.

## **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce:**

- Develop an Internship Programme Policy to provide interns with appropriate experience and increase their overall employability.
- Compile an EE target plan that outlines the distribution of the workforce and recruitment targets.

## **Employee wellness programmes:**

- The organisation conducted two employee wellness programmes to encourage healthy lifestyles.

## **Challenges:**

- High staff turnover in positions in the core business units that require critical and scarce skills.
- Inability to attract candidates with critical and scarce skills for vacant positions.

## **Future HRM&D plans /goals:**

- A review of the succession plan in core business units to retain staff with scarce and critical skills.
- The implementation of an online Performance Management and Development System.
- Employment of people with disabilities.



The following Table summarises the final, audited, personnel-related expenditure by programme and salary band. It indicates the amount spent on salaries, performance rewards and training.

#### PERSONNEL COST BY PROGRAMME

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
1. Administration	67,371	31,147	46%	54	577
2.1 Qualifications, Curriculum and Certification	15,459	10,846	70%	21	516
2.2 Statistical Information and Research	13,155	6,489	49%	8	811
3.1 Quality Assurance of Assessment	54,754	11,805	22%	21	562
3.2 Evaluation and Accreditation	28,401	13,330	47%	25	533
<b>Total</b>	<b>179,140</b>	<b>73,617</b>	<b>41%</b>	<b>129</b>	<b>571</b>

#### PERSONNEL COST BY SALARY BAND

Salary band	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	6,729	9%	4	1,682
Senior management	11,195	15%	10	1,120
Professional qualified	35,328	48%	55	642
Skilled	4,972	7%	15	331
Semi-skilled	12,803	17%	41	312
Unskilled	2,590	4%	4	648
<b>Total</b>	<b>73,617</b>	<b>100%</b>	<b>129</b>	<b>571</b>

#### PERFORMANCE REWARDS

Salary band	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	171	6,729	3%
Senior management	180	11,195	2%
Professional qualified	413	35,328	1%
Skilled	87	4,972	2%
Semi-skilled	111	12,803	1%
Unskilled	13	2,590	1%
<b>Total</b>	<b>975</b>	<b>73,617</b>	<b>1%</b>

## TRAINING COSTS

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost.	No. of employees trained	Average training cost per employee (R'000)
1. Administration	31,147	328	42%	54	6
2.1 Qualifications, Curriculum and Certification	10,846	68	15%	21	3
2.2 Statistical Information and Research	6,489	88	9%	8	11
3.1 Quality Assurance of Assessment	11,805	49	16%	21	2
3.2 Evaluation and Accreditation	13,330	88	18%	25	4
<b>Total</b>	<b>73,617</b>	<b>621</b>	<b>100%</b>	<b>129</b>	<b>5</b>

## EMPLOYMENT AND VACANCIES

Programme	2017/2018 No. of employees	2018/2019 Approved posts	2018/2019 No. of employees	2018/2019 Vacancies	% of vacancies
1. Administration	51	59	54	5	8%
2.1 Qualifications, Curriculum and Certification	22	22	21	1	5%
2.2 Statistical Information and Research	10	10	8	2	20%
3.1 Quality Assurance of Assessment	22	22	21	1	5%
3.2 Evaluation and Accreditation	26	27	25	2	7%
<b>Total</b>	<b>131</b>	<b>140</b>	<b>129</b>	<b>11</b>	<b>8%</b>

Salary band	2017/2018 No. of employees	2018/2019 Approved posts	2018/2019 No. of employees	2018/2019 Vacancies	% of vacancies
Top management	4	4	4	-	0%
Senior management	10	10	10	-	0%
Professional qualified	61	64	55	9	14%
Skilled	10	16	15	1	6%
Semi-skilled	42	42	41	1	2%
Unskilled	4	4	4	-	0%
<b>Total</b>	<b>131</b>	<b>140</b>	<b>129</b>	<b>11</b>	<b>8%</b>

The vacancy rate increased from 5% reported in March 2018, to 8% by the end of the financial year under review.

## EMPLOYMENT CHANGES

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	4	-	-	4
Senior management	10	1	1	10
Professional qualified	61	3	9	55
Skilled	10	6	1	15
Semi-skilled	42	3	4	41
Unskilled	4	-	-	4
<b>Total</b>	<b>131</b>	<b>13</b>	<b>15</b>	<b>129</b>

## REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	-	0%
Resignation	14	93%
Dismissal	-	0%
Retirement	1	7%
Ill-health	-	0%
Expiry of contract	-	0%
Promotions	-	0%
<b>Total</b>	<b>15</b>	

During the financial year, Umalusi had an 11.5% turnover rate. The major reason for employees exiting the organisation was outside employment opportunities. Succession and retention plans are being implemented to reduce the turnover rate.

## LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary action	Number
Verbal warning	-
Written warning	3
Final written warning	-
Dismissal	-

## EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Umalusi strives to prioritise employment equity and to achieve employment equity targets by appointing from the economically active population (EAP) of various race groups across all occupational levels and in line with the set targets. A concerted effort to appoint people representative of the EAP is pursued during the recruitment and selection process.

Salary band	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	-	-	-	-	-	-
Senior management	3	3	-	-	-	-	-	-
Professional qualified	29	30	-	2	-	2	4	6
Skilled	2	3	-	1	-	-	-	-
Semi-skilled	14	14	-	-	-	-	-	-
Unskilled	2	2	-	-	-	-	-	-
<b>TOTAL</b>	<b>52</b>	<b>54</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>2</b>	<b>4</b>	<b>6</b>

Salary band	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	-	-	-	-	1	1
Senior management	3	3	1	1	-	-	3	3
Professional qualified	19	22	1	2	2	3	4	4
Skilled	11	11	-	-	2	2	1	1
Semi-skilled	22	22	1	1	1	1	1	1
Unskilled	2	2	-	-	-	-	-	-
<b>TOTAL</b>	<b>55</b>	<b>61</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>10</b>



Umalusi is currently not targeting the employment of people living with disabilities, due to limitations in accessibility of the current building. The organisation is in the process of renovating the building to accommodate people living with disabilities.

Salary band	Staff living with disabilities			
	Male		Female	
	Current	Target	Current	Target
Top management	-	-	-	-
Senior management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	-	-
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
<b>TOTAL</b>	-	-	-	-



**UMALUSI**



## PART E:

# FINANCIAL INFORMATION

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

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

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

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a

manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

Although the Council is primarily responsible for the financial affairs of the entity, it is supported by the entity's internal auditors.

The Council has reviewed the entity's cash flow forecast for the year to 31 March 2020 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Umalusi is wholly dependent on the Department of Basic Education for continued funding of operations. The Annual Financial Statements are prepared on the basis that the Council is a going concern.

The Annual Financial Statements set out on pages 100 to 124 were approved by the Council on 31 July 2019 and were signed on its behalf by:



**Professor JD Volmink**  
Chairperson: Umalusi Council  
31 July 2019



**Dr MS Rakometsi**  
Chief Executive Officer: Umalusi  
31 July 2019



The Council submits its report for the year ended 31 March 2019.

## 1. INCORPORATION

Umalusi is listed as a national public entity in terms of Schedule 3A of the Public Finance Management Act (PFMA) of 1999, as amended. Umalusi was established in accordance with the General And Further Education and Training Quality Assurance Act (GENFETQA) of 2001.

## 2. REVIEW OF ACTIVITIES

### Main business and operations

Umalusi, Council for Quality Assurance in General and Further Education and Training, is the quality council, identified by the National Qualifications Framework Act, Act 67 of 2008, responsible for the management of the General and Further Education and Training Qualifications Sub-Framework of the National Qualifications Framework (NQF). The Council acts as an external and independent assurance body, mandated to set and maintain standards in general and further education and training through the development of the General and Further Education and Training Qualification Sub-Framework of the NQF.

The operating results and state of affairs of the entity are fully set out in the Annual Financial Statements and do not, in our opinion, require any further comment.

The net deficit of the entity for the financial year ended 31 March 2019 was R (14,039,121) (2018: deficit R (3,504,684)).

## 3. GOING CONCERN

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

The ability of the entity to continue as a going concern is dependent on it receiving a statutory grant. At the time of the approval of these Annual

Financial Statements, in the Medium-term Expenditure Framework published by National Treasury, the Department of Basic Education had committed to funding the entity for the period 2019/20 to 2022/2023.

## 4. SUBSEQUENT EVENTS

The Council is not aware of any matter or circumstance which has arisen between the end of the financial year and the date of approval of the financial statements that would require an adjustment of the financial statements.

## 5. RETENTION OF SURPLUS AND APPROVAL BY NATIONAL TREASURY

The entity applied to retain the cash surplus. At the time of the approval of the Annual Financial Statements, the approval for the retention of surplus funds had not yet been granted by National Treasury.

## 6. INTERNAL CONTROLS

In accordance with the PFMA, the Council is accountable for internal controls. The Council has the responsibility of maintaining a sound system of internal controls that supports the achievements of Umalusi's objectives and accordingly reviews the system's effectiveness on an ongoing basis through the internal audit function.

## 7. LOSSES THROUGH FRAUD, FRUITLESS AND WASTEFUL EXPENDITURE AND IRREGULAR EXPENDITURE

The Council has considered the provisions of the PFMA relating to fruitless and wasteful expenditure. In terms of the materiality framework, as agreed with the Executive Authority in terms of Section 55 (1)(d) of the PFMA, any material losses due to criminal conduct or irregular or fruitless and wasteful expenditure must be reported in the Annual Financial Statements.

In the current year the entity did not identify any internal or external related fraudulent activities.

No losses through fruitless and wasteful expenditure were incurred during the period under review. Refer to note 26 regarding irregular expenditure.

## 8. COUNCIL MEMBERS

The members of the Council during the year and to the date of this report are as follows:

Prof JD Volmink (Chairperson)	Reappointed 8 June 2018
Prof ND Kgwadi (Deputy Chairperson)	Term ended 7 June 2018
Dr MS Rakometsi (CEO)	Reappointed 8 June 2018
Prof Y Ballim	Appointed 8 June 2018
Dr PAD Beets	Term ended 7 June 2018
Ms F Dada	Term ended 7 June 2018
Mr MHW Ehrenreich	Term ended 7 June 2018
Prof ME Metcalfe	Appointed 8 June 2018
Mr NT Johnstone	Reappointed 8 June 2018
Dr MJ Maboya	Reappointed 8 June 2018
Dr EB Mahlolo	Term ended 7 June 2018
Prof MG Mahlomaholo	Term ended 7 June 2018
Prof L Makalela	Reappointed 8 June 2018
Prof MR Mampane	Reappointed 8 June 2018
Prof MP Mulaudzi	Appointed 8 June 2018
Adv MJ Merabe	Reappointed 8 June 2018
Prof MLE Monnapula-Mapesela (Deputy Chairperson)	Reappointed 8 June 2018
Mr E Mosuwe	Term ended 7 June 2018
Mr D Hindle	Reappointed 8 June 2018
Prof PD Siyakwazi	Appointed 8 June 2018
Mr T Kojana	Appointed 8 June 2018
Ms A Singh	Appointed 8 June 2018
Ms C Myburgh	Appointed 8 June 2018
Ms MM Phutsisi	Appointed 8 June 2018
Mr JS Samuels ( SAQA - CEO )	Reappointed 8 June 2018
Mr V Naidoo ( QCTO - CEO )	Reappointed 8 June 2018
Prof N Baijnath ( CHE - CEO )	Reappointed 8 June 2018

## 9. SECRETARY

The Council secretary of the entity is Ms S Mngoma of:

Business address

37 General van Reyneveld Street  
Persequor Technopark  
Pretoria, 0121

Postal address

P O Box 151  
Persequor Technopark  
Pretoria, 0121

## 10. AUDITORS

NEXIA SAB&T conducted the audit in accordance with Section 25(2) of the Public Audit Act.

**11. COUNCIL AND EXECUTIVE MANAGEMENT EMOLUMENTS**

Non-Executive Members	Salary or Fee	Bonuses and performance related payments	Retirement Fund contributions	Medical contributions	Other*	Total package 2019	Total package 2018
Prof JD Volmink - Chairperson	161,772	-	-	-	16,261	178,033	172,241
Prof MLE Monnapula-Mapesela	34,118	-	-	-	-	34,118	52,386
Dr PAD Beets	2,483	-	-	-	126	2,609	3,345
Prof MG Mahlomaholo	-	-	-	-	-	-	5,112
Prof MR Mampane	64,009	-	-	-	1,844	65,853	110,907
Prof L Makalela	32,394	-	-	-	164,909	197,303	26,944
Ms F Dada	25,210	-	-	-	776	25,986	61,950
Mr NT Johnstone	27,250	-	-	-	5,023	32,273	30,548
Mr MHW Ehrenreich	-	-	-	-	143	143	758
Mr DB Hindle	47,568	-	-	-	15,740	63,308	38,870
Adv MJ Merabe	12,685	-	-	-	-	12,685	17,239
Mrs C Myburgh	10,204	-	-	-	-	10,204	-
Prof PD Siyakwazi	12,823	-	-	-	282	13,105	-
Prof MP Mulaudzi	12,823	-	-	-	3,036	15,859	-
Prof Y Ballim	39,358	-	-	-	1,629	40,987	-
Ms MM Phutsisi	27,232	-	-	-	14,094	41,326	-
	<b>509,929</b>	-	-	-	<b>223,863</b>	<b>733,972</b>	<b>520,300</b>

\* Included in other expenses are consultancy fees, travel and subsistence reimbursement for attending meetings

Executive Members	Salary or Fee	Bonuses and performance related payments	Retirement Fund contributions	Medical contributions	Other*	Total package 2019	Total package 2018
CEO: Dr MS Rakometsi	1,943,268	80,328	289,196	-	211,860	2,524,652	2,421,555
CFO: Ms JM Rousseau	1,089,433	-	162,344	-	-	1,251,777	1,127,334
EM: Q&R - Mr E Sibanda	1,107,087	45,093	164,781	-	-	1,316,961	1,173,169
EM: QAM - Ms Z Modimakwane	1,194,053	46,457	182,194	34,268	177,671	1,634,643	1,191,065
SM: QCC Ms EM Burroughs (Retired 31/05/2017)	-	-	-	-	-	-	197,501
SM: PR&COMMS - Mr SE Ditaunyane	1,022,988	20,736	152,263	-	-	1,195,987	1,085,214
SM: QAA-SQ - Ms ML Madalane	940,117	19,248	151,435	-	-	1,110,800	986,972
SM: QAA-PSQ - Ms M Du Toit	902,918	18,963	149,198	39,716	-	1,110,795	948,174
SM: HRM&D - Ms RA Selesho	927,397	19,248	141,339	45,738	-	1,133,722	1,026,885
SM: E&A - Ms C Thomas	934,460	37,927	139,251	-	-	1,111,638	948,174
SM: ICT - Mr I Makgoka (Resigned 31/11/2018)	680,996	-	94,226	-	66,361	841,583	986,972
SM: SPR - Ms SB Mosimege	1,083,243	44,017	161,606	-	-	1,288,866	1,128,503
SM: SIR - Dr C Booyse	928,337	18,963	149,198	-	-	1,096,498	948,174
SM: F&SCM - Mr D Maluleke	920,638	-	137,191	-	-	1,057,829	523,101
SM: QCC - Dr E Sujee	921,744	-	137,191	-	-	1,058,935	790,145
SM: ICT - Mr S Maluleka (Appointed 01/02/2019)	156,752	-	23,910	8,460	-	189,122	-
	<b>14,753,431</b>	<b>350,980</b>	<b>2,235,323</b>	<b>128,182</b>	<b>455,892</b>	<b>17,923,808</b>	<b>15,482,938</b>
	<b>15,263,360</b>	<b>350,980</b>	<b>2,235,323</b>	<b>128,182</b>	<b>679,755</b>	<b>18,657,600</b>	<b>16,003,238</b>

\* Included in other expenses is leave encashment for long service award.

## INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON UMALUSI (COUNCIL FOR QUALITY ASSURANCE IN GENERAL AND FURTHER EDUCATION AND TRAINING)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

1. We have audited the financial statements of Umalusi set out on pages 100 to 124 which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Umalusi as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Standards (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.
4. We are independent of the entity in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for

Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of accounting authority for the financial statements

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

#### Auditor's responsibilities for the audit of the financial statements

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



## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.
11. Our procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.
12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2019:

13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. We did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
  - Programme 1: Administration
  - Programme 2: Qualifications and Research
  - Programme 3: Quality Assurance and Monitoring

### Other matter

15. We draw attention to the matter below. Our opinions are not modified in respect of this matter.

### Achievement of planned targets

16. Refer to the annual performance report on pages 21 to 57 for information on the achievement of planned targets for the year and explanations provided for the under / over achievement of a number of targets.

Programmes	Pages in the annual performance report
Programme 1: Administration	23 - 43
Programme 2: Qualifications and Research	35 - 43
Programme 3: Quality Assurance and Monitoring	44 - 57

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
18. The material findings on compliance with specific matters in key legislations are as follows:

### Annual Financial Statements

19. Certain aspects of the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. There were material misstatements in the submitted financial statements regarding receivables and revenue recognition that were identified by the external auditors. The entity subsequently corrected the financial statements, resulting in an unqualified audit opinion issued.

### OTHER INFORMATION

20. The accounting authority is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
21. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
22. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. We did not receive the other information prior to the date of this auditor's report. When we receive and read this information, and if based on the work we have performed, we

conclude that there is a material misstatement in this other information, we are required to report that fact. No other material inconsistencies were identified in the other information. We have nothing to report in this regard.

### INTERNAL CONTROL DEFICIENCIES

24. We considered internal controls relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

### Leadership

25. Certain adequate internal control measures were not implemented in a timely manner to prevent and detect material misstatements in the submitted Annual Financial Statements, as well as to prevent and detect non-compliance with legislation. Executive management's oversight responsibility over financial reporting, compliance with legislation, as well as the related internal controls, were not always adequate and effective. These misstatements were as a result of error and not fraud.

### Financial and performance management

26. Misstatements were identified on the financial statements that resulted in material adjustments to the financial statements submitted for audit. Senior management did not ensure that the financial statements were accurately and completely prepared in all aspects. These misstatements were as a result of error and not fraud.

### AUDITOR TENURE

27. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T have been the auditors of Umalusi for two years.

*Nexia SAB&T*

### Nexia SAB&T

Per. A. Darmalingam  
Engagement Director  
Registered Auditor  
31 July 2019

119 Witch Hazel Avenue  
Highveld Technopark  
Centurion  
0146

## ANNEXURE – AUDITOR'S RESPONSIBILITY FOR THE AUDIT

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

### Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:
  - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council, which constitutes the accounting authority.
  - Conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Umalusi's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease continuing as a going concern.

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

### Communication with those charged with governance

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

# STATEMENT OF FINANCIAL POSITION as at 31 March 2019

	Note(s)	2019	2018 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	52,305,745	59,849,806
Receivables from exchange transactions	5	5,029,763	5,158,620
Prepayments	6	409,612	-
		<b>57,745,120</b>	<b>65,008,426</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	34,737,049	36,054,348
Intangible assets	8	20,329	34,685
Prepayment	6	-	6,554,335
		<b>34,757,378</b>	<b>42,643,368</b>
<b>Total Assets</b>		<b>92,502,498</b>	<b>107,651,794</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	16,610,579	17,619,061
<b>Non-Current Liabilities</b>			
Operating lease liability		10,375	7,071
Employee benefit obligation	10	4,661,000	4,766,000
		<b>4,671,375</b>	<b>4,773,071</b>
<b>Total Liabilities</b>		<b>21,281,954</b>	<b>22,392,132</b>
<b>Net Assets</b>			
Reserves			
Revaluation reserve	11	8,484,261	8,484,261
Accumulated surplus		62,736,283	76,775,401
<b>Total Net Assets</b>		<b>71,220,544</b>	<b>85,259,662</b>



	Note(s)	2019	2018 Restated*
Revenue	12	154,734,523	148,360,132
Other income	13	5,790,277	4,641,507
Other operating expenses		(27,136,358)	(18,821,030)
Loss on sale of property, plant and equipment		(4,687)	(37,637)
Certification expenses		(8,183,342)	(5,814,393)
Communication expenses		(1,044,341)	(6,269,384)
Consulting and professional fees		(5,861,070)	(3,882,141)
Depreciation and amortisation	7 & 8	(3,218,644)	(3,371,847)
Moderator and verifier costs		(41,542,669)	(35,069,781)
Employee costs	15	(73,617,488)	(67,614,409)
Printing and stationery		(1,438,026)	(2,059,703)
Travel and accommodation		(18,040,573)	(17,572,407)
<b>Operating deficit</b>	16	<b>(19,562,398)</b>	<b>(7,511,093)</b>
Investment revenue	14	4,576,277	5,062,409
Actuarial gain/ ( loss)	10	947,000	(1,056,000)
<b>Deficit for the period</b>		<b>(14,039,121)</b>	<b>(3,504,684)</b>

## STATEMENT OF CHANGE IN NET ASSETS

	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	8,484,261	78,143,687	86,627,948
Adjustments			
Prior year adjustments ( note 3)	-	2,136,398	2,136,398
<b>Balance at 01 April 2017 as restated*</b>	<b>8,484,261</b>	<b>80,280,085</b>	<b>88,764,346</b>
Changes in net assets			
Deficit for the period	-	(3,504,684)	(3,504,684)
Total changes	-	(3,504,684)	(3,504,684)
Opening balance as previously reported	8,484,261	78,143,687	86,627,948
Adjustments			
Prior year adjustments ( note 3)	-	(1,368,283)	(1,368,283)
<b>Restated* Balance at 01 April 2018 as restated*</b>	<b>8,484,261</b>	<b>76,775,404</b>	<b>85,259,665</b>
Changes in net assets			
Deficit for the period	-	(14,039,121)	(14,039,121)
Total changes	-	(14,039,121)	(14,039,121)
<b>Balance at 31 March 2019</b>	<b>8,484,261</b>	<b>62,736,283</b>	<b>71,220,544</b>

Note

11

# CASH FLOW STATEMENT

	Note(s)	2019	2018 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
From exchange transactions		26,078,501	28,085,196
Grant : Department of Basic Education		128,543,000	124,612,000
Investment income		4,576,277	5,062,409
		<b>159,197,778</b>	<b>157,759,605</b>
<b>Payments to</b>			
Employee costs		(73,722,488)	(67,465,942)
Suppliers		(91,127,676)	(90,858,564)
		<b>(164,850,164)</b>	<b>(158,324,506)</b>
<b>Net cash flows from operating activities</b>	20	<b>(5,652,386)</b>	<b>(564,901)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1,947,260)	(5,992,051)
Proceeds from sale of property, plant and equipment		55,585	(12,693)
<b>Net cash flows from investing activities</b>		<b>(1,891,675)</b>	<b>(6,004,744)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7,544,061)</b>	<b>(6,569,645)</b>
Cash and cash equivalents at the beginning of the year		59,849,806	66,419,451
<b>Cash and cash equivalents at the end of the year</b>	4	<b>52,305,745</b>	<b>59,849,806</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Accreditation fees	21,281,000	-	<b>21,281,000</b>	9,502,174	<b>(11,778,826)</b>	1
Certification fees	5,770,000	-	<b>5,770,000</b>	6,030,167	<b>260,167</b>	2
Verification fees	12,200,000	-	<b>12,200,000</b>	10,659,182	<b>(1,540,818)</b>	3
Rental income	2,400,000	-	<b>2,400,000</b>	1,416,119	<b>(983,881)</b>	4
Prescript income	-	-	-	105,262	<b>105,262</b>	
Sundry income	-	-	-	4,268,896	<b>4,268,896</b>	5
Interest received - investment	4,500,000	-	<b>4,500,000</b>	4,576,277	<b>76,277</b>	6
<b>Total revenue from exchange transactions</b>	<b>46,151,000</b>	-	<b>46,151,000</b>	<b>36,558,077</b>	<b>(9,592,923)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grant: Department of Basic Education	128,543,000	-	<b>128,543,000</b>	128,543,000	-	
<b>Total revenue</b>	<b>174,694,000</b>	-	<b>174,694,000</b>	<b>165,101,077</b>	<b>(9,592,923)</b>	
<b>Expenditure</b>						
Employee costs	(77,421,779)	-	<b>(77,421,779)</b>	(73,617,488)	<b>3,804,291</b>	7
Depreciation and amortisation	-	-	-	(3,218,644)	<b>(3,218,644)</b>	8
Lease rentals on operating lease	-	-	-	(340,649)	<b>(340,649)</b>	
Debt impairment	-	-	-	(8,947,551)	<b>(8,947,551)</b>	8
Moderator and verifier costs	(35,584,011)	-	<b>(35,584,011)</b>	(41,542,689)	<b>(5,958,678)</b>	9
Repairs and maintenance	(980,645)	-	<b>(980,645)</b>	(1,181,900)	<b>(201,255)</b>	10
Administrative expenses	(66,446,565)	-	<b>(66,446,565)</b>	(51,233,591)	<b>15,212,974</b>	11
<b>Total expenditure</b>	<b>(180,433,000)</b>	-	<b>(180,433,000)</b>	<b>(180,082,512)</b>	<b>350,488</b>	
(Loss)/Gain on disposal of assets	-	-	-	(4,686)	<b>(4,686)</b>	
Actuarial gains/losses	-	-	-	947,000	<b>947,000</b>	12
	-	-	-	<b>942,314</b>	<b>942,314</b>	
<b>Deficit for the year</b>	<b>(5,739,000)</b>	-	<b>(5,739,000)</b>	<b>(14,039,121)</b>	<b>(8,300,121)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(5,739,000)</b>	-	<b>(5,739,000)</b>	<b>(14,039,121)</b>	<b>(8,300,121)</b>	

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## COMMENTS:

- 1.** The Accreditation process was revised during the 2016/17 financial period to allow for private providers to pay in advance for each stage of the accreditation process. Umalusi is currently monitoring the trends for accurate budgeting. The services are only rendered on demand and after payment by the private providers to Umalusi.
- 2.** Certification income from the private providers and assessment bodies was above expectations and this can be attributed to the increase in volumes of printing certificates. The demand is difficult to forecast during the budget preparation as it is beyond the control of Umalusi.
- 3.** Verification income is derived from the verification of qualifications issued by Umalusi and is dependent on demand. The demand is difficult to forecast during budget preparation as these factors are beyond the organisation's control.
- 4.** The actual rental income is reported on the straight-lining of the rental income over the period of the contract, in accordance with the requirement of the GRAP. The rental income budget was based on the total cash contractual payments, including the cost of recovery of expenses.
- 5.** Included in sundry income is revenue recovered from the costs incurred for the services rendered to private assessment bodies. The recovery is based on the net difference between the quality assurance costs and the certificate revenue received from the private assessment body. Umalusi is still monitoring the trends to be able to budget accordingly.
- 6.** Reserve funds not utilised mainly due to cancellation of the building renovation contract. The reserve funds are currently invested in the Corporation for Public Deposits - CPD (Reserve Bank of South Africa).
- 7.** The under-spending is due to the time delay in filling vacant positions.
- 8.** Costs not budgeted for as it is a non-cash item.
- 9.** The expansion in the organisation's mandate in the quality assurance processes resulted in increases in related quality assurance costs.
- 10.** Unforeseen necessary repairs and maintenance were conducted on the building and these had not been budgeted for.
- 11.** The budget for administrative expenses included costs for goods and services for the other building that were not incurred as the building was not occupied as anticipated due to the cancellation of the tender.
- 12.** The actuarial gain relates to the adjustment of post-retirement medical aid liability.



## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except for the cash flow statement, which was prepared on a cash basis; and land and buildings, which are measured according to fair value, unless specified otherwise.

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

### 1.1 Presentation currency

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

### 1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts presented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Annual Financial Statements. Significant judgements include:

#### Trade receivables

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

The impairment for trade receivables is based on the individual assessment of long-outstanding debtors and other indicators present at the reporting date. Refer to note 5.

### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially

measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses; except for land and buildings which is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are done with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity relates to a specific item of property, plant and equipment and will be transferred directly to retained earnings when the asset is derecognised.

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

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

Item	Depreciation method	Average useful life
Land	None	Indefinite
Buildings	Straight-line	20 years
Plant and equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	4-6 years
Motor vehicles	Straight-line	7 years
Office equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Other equipment	Straight-line	5 years

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

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 16).

## 1.5 Intangible assets

An intangible asset is recognised when:

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

Item	Useful life
Computer software	2 years

## 1.6 Financial instruments

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

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

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

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

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

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

### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial asset measured at amortised cost

### Initial recognition

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

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

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

### Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost - recognised at amortised costs.

### 1.7 Leases

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

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

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

#### Operating leases - lessee

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

### 1.8 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

### **1.9 Employee benefits**

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

#### **Short-term employee benefits**

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service, and ;
- bonus-, incentive- and performance-related payments, payable within twelve months after the end of the reporting period in which the employees render the related service.

#### **Post-employment benefits**

Post-employment benefits are employee benefits which are payable after the completion of employment.

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

#### **Defined contribution plans**

Umalusi contributes to the Associated Institutions Pension Funds (AIPF), classified as a defined contribution plan for its employees, and is not liable for any actuarial loss sustained by the fund. Accordingly, no provision has been made for any such losses and contributions paid are expensed.

#### **Other post-retirement obligations**

Umalusi provides post-retirement medical aid subsidy benefits upon retirement to some retirees. The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a 10-year service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:



- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately; and
- past service cost, which shall all be recognised immediately.

## 1.10 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

## 1.11 Revenue from exchange transactions

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

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

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

### Measurement

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

### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified timeframe unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Certification and verification revenue is measured when the services have been provided to the requester.

Due to the length of time it takes for the service provider to be accredited, the accreditation process is

broken down into various stages that build up to the accreditation of the institution. Accreditation revenue is therefore recognised when the services have been rendered at each stage of completion.

### **1.12 Revenue from non-exchange transactions**

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

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

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

#### **Recognition**

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

#### **Measurement**

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

### **1.13 Investment income**

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

### **1.14 Comparative figures**

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

### **1.15 Fruitless and wasteful expenditure**

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

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

### **1.16 Irregular expenditure**

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

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

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

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

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

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

## 1.17 Budget information

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 01/04/2018 to 31/03/2019.

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

The Annual Financial Statements are on an accrual basis, while the budget is on a cash basis of accounting; therefore a comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.

## 1.18 Related parties

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

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

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

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

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

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances, and terms and conditions are within the normal

operating parameters established by that reporting entity's legal mandate.

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

### **1.19 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

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

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IGRAP 20: Accounting for adjustments to revenue	01 April 2020	Unlikely there will be a material impact
• GRAP 104 (revised): Financial Instruments	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact

## 3. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

### Statement of financial position

#### 2017

Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	5,746,107	2,136,398	7,882,505
Accumulated surplus	(78,143,687)	(2,136,398)	(80,280,085)
	-	-	-

#### 2018

Note	As previously reported	Correction of error	Restated
Cash and cash equivalents	59,842,376	7,428	59,849,804
Receivables from exchange transactions	1,840,145	3,318,475	5,158,620
Payables from exchange transactions	(17,230,514)	(388,545)	(17,619,059)
Accumulated surplus	(73,838,043)	(2,937,358)	(76,775,401)
	-	-	-

### Statement of financial performance

#### 2018

Note	As previously reported	Correction of error	Restated
Other income	(3,482,694)	(1,158,812)	(4,641,506)
Other operating expenses	18,783,464	37,567	18,821,031
Communication expenses	6,255,071	14,313	6,269,384
Consulting and professional fees	3,876,464	5,677	3,882,141
Travel and accommodation	17,272,110	300,297	17,572,407
<b>Surplus for the year</b>	-	<b>(800,958)</b>	-



### 3. PRIOR-YEAR ADJUSTMENTS (CONTINUED)

2019

2018

#### Errors

During the current financial year Umalusi corrected an error relating to revenue recognition and accrual of expenses. The revenue correction was necessary to comply with GRAP 9 and was accounted for retrospectively and comparative amounts have been appropriately restated. For the expenses only comparative figures were corrected.

### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	-	4,731
Bank balances	899,492	1,258,439
Short-term deposits	51,406,253	58,586,636
	<b>52,305,745</b>	<b>59,849,806</b>

### 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables	4,838,035	4,617,453
Conference Fund	-	461,797
Deposits	15,520	15,520
Operating lease receivables	60,266	63,850
Sundry debtors	115,942	-
	<b>5,029,763</b>	<b>5,158,620</b>

#### Trade and other receivables impaired

As of 31 March 2019, trade and other receivables of R 7,604,825 (2018: R 5,634,921) were impaired and provided for. The movement amount in the provision is R 1,969,904 as of 31 March 2019 (2018: R 1,253,104). The ageing of these receivables is as follows:

Over 120 days	<b>7,604,825</b>	<b>5,634,921</b>
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The provision for bad debts relates to institution debtors whose debts are more than 120 days overdue. With the approval of both the Council and the Department of Basic Education, Umalusi blocks debtors with long-outstanding debt and certification services will not be rendered. Future services will be provided only after the debt has been settled.

### 6. PREPAYMENT

The prepayment for the current year relates to a VoiP telephone system paid for before year end with delivery taking place after year end.

In the 2017/18 financial year a contract awarded for the refurbishment of the Umalusi property 41 Van Reyneveld Street was cancelled due to fraudulent allegations amongst the members of the Joint Venture. At the time of cancellation, Umalusi had paid for longlead items and these have not been delivered, to date. The matter has been reported to law enforcement to recover the amount and the matter is still under investigation.

Over 120 days                      2019 R6,690,860 (2018: NIL)

The cancelled JV contract prepayment of R6,690,860 has been provided as bad debt.

## 7. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5,800,000		5,800,000	5,800,000		5,800,000
Buildings	32,477,294	(11,155,616)	21,321,678	32,061,736	(9,338,549)	22,723,187
Plant and machinery	605,349	(593,616)	11,733	605,349	(570,854)	34,495
Furniture and fixtures	2,157,213	(1,544,996)	612,217	2,071,616	(1,380,746)	690,870
Motor vehicles	360,445	(48,247)	312,198	360,445	-	360,445
Office equipment	1,626,320	(1,150,961)	475,359	1,623,548	(1,138,784)	484,764
Computer equipment	6,553,144	(4,858,179)	1,694,965	6,332,148	(4,905,607)	1,426,541
Other equipment	518,850	(445,023)	73,827	518,850	(419,876)	98,974
Work in progress	4,435,072	-	4,435,072	4,435,072	-	4,435,072
<b>Total</b>	<b>54,533,687</b>	<b>(19,796,638)</b>	<b>34,737,049</b>	<b>53,808,764</b>	<b>(17,754,416)</b>	<b>36,054,348</b>

### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land	5,800,000	-	-	-	5,800,000
Buildings	22,723,187	415,558	-	(1,817,067)	21,321,678
Plant and machinery	34,495	-	-	(22,762)	11,733
Furniture and fixtures	690,870	223,673	(917)	(301,409)	612,217
Motor vehicles	360,445	-	-	(48,247)	312,198
Office equipment	484,764	201,322	-	(210,727)	475,359
Computer equipment	1,426,541	1,106,707	(59,354)	(778,929)	1,694,965
Other equipment	98,974	-	-	(25,147)	73,827
Work in progress	4,435,072	-	-	-	4,435,072
	<b>36,054,348</b>	<b>1,947,260</b>	<b>(60,271)</b>	<b>(3,204,288)</b>	<b>34,737,049</b>

### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	5,800,000	-	-	-	5,800,000
Buildings	24,499,339	-	-	(1,776,152)	22,723,187
Plant and machinery	57,215	-	-	(22,720)	34,495
Furniture and fixtures	803,885	71,099	(1,080)	(183,034)	690,870
Motor vehicles	-	360,445	-	-	360,445
Office equipment	557,746	126,792	-	(199,774)	484,764
Computer equipment	1,663,081	914,953	(23,864)	(1,127,629)	1,426,541
Other equipment	56,885	83,690	-	(41,601)	98,974
Work in progress	-	4,435,072	-	-	4,435,072
	<b>33,438,151</b>	<b>5,992,051</b>	<b>(24,944)</b>	<b>(3,350,910)</b>	<b>36,054,348</b>

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Revaluations

The effective date of the revaluations was 2 May 2016. Revaluations were performed by independent valuers, Mr PT Schnetler [registered professional valuer (SA) Reg. No. 2374, member of the Professional Valuers Association Reg. No. 201202 and member of the South African Institute of Valuers], of Mahoney Schnetler Valuers. Mahoney Schnetler Valuers is not connected to the entity.

Land and buildings are revalued independently every four years.

The valuation was performed using the income approach to determine the current market value of the building. The approach considers the income an asset will generate over its remaining useful life and estimates value through a capitalisation process.

The land and buildings acquired in June 2007, described as Van Reyneveld Street 37, Portion 2 of Erf 2, Persequor Township, Gauteng, and measuring 5,721 square metres, was valued at R20,200,000. It is owner-occupied.

Land and buildings acquired in January 2014, described as Van Reyneveld Street 41, Portion 1 of Erf 2, Persequor Township, Gauteng, and measuring 5,879 square metres, was valued at R11,700,000 and is partially occupied.

### Property, plant and equipment in the process of being constructed and assets with zero values still in use

Umalusi is currently in the process of refurbishing the property described as Van Reyneveld Street 41, Portion 1 of Erf 2, for internal office use. Umalusi cancelled the contract that had been awarded due to fraudulent allegations amongst members of the Joint Venture. The amount capitalised under work in progress relates to invoices paid for work completed up to the time of cancellation.

## 8. INTANGIBLE ASSETS

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	216,900	(196,571)	20,329	216,900	(182,215)	34,685

### Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	34,685	(14,356)	20,329

### Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	55,620	(20,935)	34,685

## 9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2019	2018
Trade payables	4,673,003	5,099,097
Unknown deposits	169,612	230,088
Income received in advance	5,180,175	3,746,564
Other accrued expenses	696,127	2,172,985
Sundry creditors	1,457,976	1,735,029
Leave pay liability	3,668,351	3,840,035
Payroll accrual	765,335	795,263
	<b>16,610,579</b>	<b>17,619,061</b>

The payroll accrual amount relates to an optional employees' 13th cheque amount, scheduled to be paid in the next financial year.

## 10. EMPLOYEE BENEFIT OBLIGATIONS

### Defined benefit plan

#### Post-retirement medical aid plan

The Council offers members and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, a member may continue membership of the medical aid scheme. Umalusi will provide a contribution of R1,014 to retirees who retired before 1 April 2016, and belonged to a medical aid scheme, and R1,850 to employees retiring after 1 April 2016 and who belong to a medical aid scheme. These amounts remain fixed and do not increase with inflation. The post-retirement health care liability is not a funded arrangement. No separate assets have been set aside to meet this liability.

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation - wholly unfunded	(4,661,000)	(4,766,000)
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#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(4,192,000)	(3,136,000)
Contributions by plan participants	(661,000)	(420,000)
Exchange differences	(382,000)	(313,000)
Benefits paid	201,000	159,000
Actuarial gain /( loss)	947,000	(1,056,000)
Net expense recognised in the statement of financial performance	842,000	574,000
	<b>(3,245,000)</b>	<b>(4,192,000)</b>

#### Net expense recognised in the statement of financial performance

Contributions by plan participants	661,000	420,000
Exchange differences	382,000	313,000
Benefits paid	(201,000)	(159,000)
	<b>842,000</b>	<b>574,000</b>

	2019	2018
<b>10. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)</b>		

**Key assumptions used**

Assumptions used at the reporting date:

Discount rates used	9.17 %	8.18 %
Expected increase in salaries	6.06 %	6.08 %
Expected increase in healthcare costs	7.06 %	7.08 %

**11. REVALUATION RESERVE**

Revaluation surplus relating to property, plant and equipment.

Balance	8,484,261	8,484,261
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**12. REVENUE**

Accreditation	9,502,174	8,668,263
Certification	6,030,167	5,387,642
Verification	10,659,182	9,692,227
Grant: Department of Basic Education	128,543,000	124,612,000
	<b>154,734,523</b>	<b>148,360,132</b>

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

Accreditation	9,502,174	8,668,263
Certification	6,030,167	5,387,642
Verification	10,659,182	9,692,227
	<b>26,191,523</b>	<b>23,748,132</b>

**The amount included in revenue arising from non-exchange transactions is as follows:**

<b>Transfer revenue</b>		
Grant: Department of Basic Education	128,543,000	124,612,000

**13. OTHER REVENUE**

Rental income	1,416,119	1,472,836
Prescript	105,262	7,382
Sundry	4,268,896	3,161,289
	<b>5,790,277</b>	<b>4,641,507</b>

**14. INVESTMENT REVENUE**

<b>Interest revenue</b>		
Corporation for Public Deposits	4,576,277	5,062,409



## 15. EMPLOYEE RELATED COSTS

	2019	2018
Basic	62,149,215	57,265,532
Medical aid	1,804,421	1,661,704
UIF	475,677	464,043
Post-retirement medical aid - change in defined benefit obligation	842,000	574,000
Pension	8,346,175	7,649,130
	<b>73,617,488</b>	<b>67,614,409</b>

## 16. OPERATING DEFICIT

Operating deficit for the year is stated after accounting for the following:

### Operating lease charges

	2019	2018
Equipment		
• Contractual amounts	340,649	330,814
Amortisation on intangible assets	14,356	20,935
Debt impairment movement	1,969,904	1,253,104
Depreciation on property, plant and equipment	3,204,288	3,350,912
Employee costs	73,617,488	67,614,409
Loss on sale of property, plant and equipment	(4,686)	(37,637)
Repairs and maintenance	1,238,173	911,391

## 17. OPERATING LEASE ASSET

### Minimum lease payments due

	2019	2018
- within one year	1,164,837	1,127,964
- in second to fifth year inclusive	1,031,790	1,795,380
<b>Present value of minimum lease payments</b>	<b>2,196,627</b>	<b>2,923,344</b>

The entity is leasing out a portion of the building (Portion 1 of Erf 2) described in note 7 above, on a lease term ranging between 1-5 years at an average escalation of 7% per annum.

## 18. AUDITORS' REMUNERATION

	2019	2018
External audit fees	482,724	588,139
Internal audit fees	624,931	542,440
	<b>1,107,655</b>	<b>1,130,579</b>

## 19. TAXATION

The entity has obtained approval for exemption from income tax in terms of Section 10(1)(cA)(i)(bb) of the Income Tax Act.

Umalusi is exempt from the payment of Value Added Tax (VAT) on the transfer received. As a result, any VAT paid by the entity is also not refundable by SARS. Accordingly, some of the items of revenue, expenditure, assets and liabilities include VAT.

	2019	2018
<b>20. CASH USED IN OPERATIONS</b>		
Deficit	(14,039,121)	(3,504,684)
<b>Adjustments for:</b>		
Depreciation and amortisation	3,218,644	3,371,847
Loss/(Gain) on sale of assets	4,686	37,637
Movements in operating lease assets and accruals	3,304	24,231
Movements in retirement benefit assets and liabilities	(105,000)	1,630,000
<b>Changes in working capital:</b>		
Receivables from exchange transactions	128,857	2,723,884
Prepayments	6,144,723	(6,554,335)
Payables from exchange transactions	(1,008,479)	1,706,519
	<b>(5,652,386)</b>	<b>(564,901)</b>

## 21. FINANCIAL INSTRUMENTS DISCLOSURE

### Categories of financial instruments

#### 2019

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	4,969,497	4,969,497
Cash and cash equivalents	52,305,745	52,305,745
	<b>57,275,242</b>	<b>57,275,242</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	10,665,069	10,665,069

#### 2018

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	5,094,770	5,094,770
Cash and cash equivalents	59,854,806	59,854,806
	<b>64,949,576</b>	<b>64,949,576</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	13,077,232	13,077,232

## 22. COMMITMENTS

### Authorised operational expenditure

#### Already contracted for but not provided for

- Operational expenditure

2019

2018

29,554,609

8,363,751

#### Total operational commitments

Already contracted for but not provided for

29,554,609

8,363,751

### Operating leases - as lessee (expense)

#### Minimum lease payments due

- within one year
- in second to fifth year inclusive

105,598

274,760

94,408

77,028

200,006

351,788

Operating lease payments represent rentals payable by the entity for certain office equipment. The leases are negotiated for an average term of two years with no escalation clause.

## 23. RELATED PARTIES

Accounting authority  
Associated institution  
Council members  
Executive and Senior Management

Department of Basic Education  
Associated Institutions Pension Fund (AIPF)  
Refer to note 11 of the Council Report  
Refer to note 11 of the Council Report

### Related party transactions

Department of Basic Education  
Associated Institutions Pensions Fund (AIPF)

(128,543,000)

(124,612,000)

8,346,175

7,649,130

Council members - Refer to note 11 of the Council Report  
Executive and Senior Management - Refer to note 11 of the Council Report

733,792

520,300

17,923,808

15,482,938

## 24. RISK MANAGEMENT

### Financial risk management

The entity's activities expose it to credit risk and liquidity risk.

#### Liquidity risk

The entity is only exposed to liquidity risk with regards to the payments of its payables. These payables are all due within the short term. The entity manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in investment accounts at the CPD.

#### At 31 March 2019

- Payables from exchange transactions

Less than  
yearBetween 1  
and 2 yearsBetween 2  
and 5 years

Over 5 years

11,260,792

-

-

-

#### At 31 March 2018

- Payables from exchange transactions

Less than 1  
yearBetween 1  
and 2 yearsBetween 2  
and 5 years

Over 5 years

13,642,407

-

-

-

2019

2018

## 24. RISK MANAGEMENT (CONTINUED)

### Credit risk

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

The bank balances are held with a registered banking institution and are regarded as having an insignificant credit risk. The short-term deposit is held at the CPD, which has the same rating as the South African Reserve Bank. Cash in investment accounts is kept at maximum in order to maximise interest earned. Rates on funds deposited with the CPD are higher than those earned on funds on the short-term money market.

Credit risk with respect to accounts receivables is limited as major customers are government departments and local authorities. Trade receivables have been adequately assessed for impairment.

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

Financial instrument		
Receivables from exchange transactions	4,969,497	5,094,770
Cash and cash equivalents	52,305,745	59,849,806

## 25. GOING CONCERN

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

The ability of the entity to continue as a going concern is dependent on it receiving a statutory grant. As at the time of the approval of these Annual Financial Statements, in the Medium-term Expenditure Framework published by Treasury, the Department of Basic Education had committed to funding the entity for the period 2019/20 to 2022/23.

## 26. IRREGULAR EXPENDITURE

Opening balance	11,388,702	579,509
Add: Irregular Expenditure - current year	1,863,861	11,068,727
Less: Amounts condoned	(11,309,382)	(259,534)
	<b>1,943,181</b>	<b>11,388,702</b>

### Analysis of expenditure awaiting condonation per age classification

Current year	183,442	11,068,727
Prior years	1,759,739	319,975
	<b>1,943,181</b>	<b>11,388,702</b>

### Details of irregular expenditure – current year

	<b>Disciplinary steps taken/criminal proceedings</b>	
Supplier paid without a valid signed contract	Investigation in progress	1,863,861

**Details of irregular expenditure condoned**

Building renovation tender not in full compliance with the Construction Industry Development Board (CIDB) Regulations  
Contract awarded to non-tax compliant supplier.

**Condoned by**  
Council - Accounting authority

10,989,407

Council - Accounting authority

319,975

**11,309,382**

**Details of irregular expenditure not condoned**

Renewal of contract without going through a competitive process of sourcing three quotations

79,320

**27. CONTINGENT LIABILITY**

Umalusi has not been assessed by the Compensation Commissioner since 2010 despite submitting the returns of earnings from 2010 to 2018. Several follow ups have been made with the Department of Labour to finalise the return of earnings for the same period. Umalusi may be required to pay all outstanding amounts to the Department of Labour once assessment is completed. Both the timing of the payment as well as the amount to be paid were unknown at the time the financial statements were prepared.





UMALUSI



Council for Quality Assurance in  
General and Further Education and Training

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