

UMALUSI



Quality Council for General and Further
Education and Training



ANNUAL REPORT

2019/20



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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

ABET	Adult Basic Education and Training
ACC	Accreditation Committee of Council
AET	Adult Education and Training
AGSA	Auditor-General of South Africa
AP(s)	Advanced Programme(s)
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ASC	Assessment Standards Committee
BAA	Benchmark Assessment Agency
B-BBEE	Broad-Based Black Economic Empowerment
CCFO	Critical Cross-field Outcomes
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICTPF	Corporate Governance of Information and Communication Technology Policy Framework
CHE	Council on Higher Education
CS	Colleges and Schools
DBE	Department of Basic Education
DHA	Department of Home Affairs
DHET	Department of Higher Education and Training
E&A	Evaluation and Accreditation
EASA	Education Association of South Africa
ECD	Early Childhood Development
EE	Employment Equity
ELO	Exit-Level Outcomes
EXCO	Executive Committee of Council
F&SCM	Finance and Supply Chain Management
FET	Further Education and Training
FMPPI	Framework for Managing Programme Performance Information
GEC	General Education Certificate
GENFETQA	General and Further Education and Training Quality Assurance Act
GETCA	General Education and Training Certificate for Adults
GETC	General Education and Training Certificate
GFETQSF	General and Further Education and Training Qualifications Sub-framework
HRM&D	Human Resource Management and Development
ICASS	Internal Continuous Assessment (for NCV)
ICT	Information and Communication Technology
ICTOC	Information and Communication Technology Oversight Committee
ISAT	Integrated Summative Assessment Tasks
IEB	Independent Examinations Board
MEC	Member of Executive Council
MIS	Management Information System

MTEF	Medium Term Expenditure Framework
NASCA	National Senior Certificate for Adults
NATED	National Education (Report 190/191)
NC(V)	National Certificate (Vocational)
NDP	National Development Plan
NQF	National Qualifications Framework
NSC	National Senior Certificate
PAT	Practical Assessment Task
PED(s)	Provincial Education Department(s)
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System Policy Framework
PR&COMMS	Public Relations and Communications
QAA	Quality Assurance of Assessment
QCC	Qualifications, Curriculum and Certification
QSC	Qualifications Standards Committee
S&G	Strategy and Governance
SAAEA	Southern Africa Association for Educational Assessment
SACAI	South African Comprehensive Assessment Institute
SADC	Southern African Development Community
SASA	South African Schools Act
SAQA	South African Qualifications Authority
SBA	School-Based Assessment
SCM	Supply Chain Management
SEIAS	Socio-Economic Impact Assessment System
SIR	Statistical Information and Research
SMME	Small, Medium and Micro Enterprises
TR	Treasury Regulations
TVET	Technical and Vocational Education and Training
WHO	World Health Organisation

3. FOREWORD BY THE CHAIRPERSON



“ I am delighted to report that Umalusi Council has for the first time obtained an unqualified audit report with no material findings.

I am extremely honoured to write this foreword to the 2019/20 Annual Report. The 2019/20 financial year marked the end of a five-year term that started in 2014. The year also coincided with national elections in South Africa, which was a significant moment in our country's political landscape. So much has happened in our country since the dawn of democracy in 1994. On the one hand, as a country we have achieved some remarkable milestones in the past 25 years of our young democracy, albeit with much determination, resilience and hard work. On the other hand, our country has also gone through some of its worst challenges and pitfalls. Going forward, we can only learn from our drawbacks and continue to build a stronger country on the solid foundation laid by the founders of our cherished democracy.

Since the advent of democracy, the transformation of our education system has provided some indication of the extent to which the citizens of this country have managed to rise from the ashes of a past riddled with oppression, inequality and injustices, to a bright future defined by Ubuntu, non-racialism, non-sexism and the affordance of equal opportunities for all citizens of our beloved country. The aspirations of our nation, and by extension our education system, are captured aptly in the preamble to the Constitution (Act 108 of 1996), which is the supreme law of the country.

The preamble to the Constitution states that the aims of the Constitution are the following: (1) to heal the divisions of the past and establish a society based on

democratic values, social justice and fundamental human rights; (2) to improve the quality of life of all citizens and free the potential of each person; and (3) to lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law. In its role as a quality council, Umalusi must play its part, in collaboration with other government agencies, to fulfil the aspirations expressed in the preamble to the Constitution.

The work of all public entities, including Umalusi, is influenced by numerous macro-environmental factors, such as economic, sociocultural, political, technical and environmental considerations. Umalusi is part of a broader education system, which operates within the context of other societal systems that impact directly or indirectly on the work of the organisation. This presents a unique opportunity for Umalusi to respond to societal demands by maintaining high standards in fulfilling its mandate as the Quality Council for General and Further Education and Training.

To fulfil its national mandate, Umalusi has a moral and a legislative obligation to respond to relevant national imperatives identified by government in its solicitous vision for 2030, as encapsulated in the National Development Plan (NDP). Of particular significance to Umalusi is the assertion made by the NDP that “quality education encourages technology shifts and innovation that are necessary to solve present-day challenges” (SA, 262). In light of society's need for a responsive education system, Umalusi is ideally placed, as a quality council, to play a crucial role, by setting and maintaining high quality standards in the general and further education and training sector.

Part of the responsibility of the Umalusi Council is to strengthen internal governance systems with the aim of steering the organisation to the achievement of its vision, which is to position itself as “a trusted authority in quality assurance of education provision, recognised locally and internationally”. We intend to achieve this by constantly reviewing the organisation's policy framework so that we can identify and eliminate unnecessary fissures in our quality assurance

processes. We will also endeavour to find innovative and progressive ways to use the meagre financial resources that government has entrusted to us to do our work within the limitations of our baseline budget.

During the year under review, Umalusi has undoubtedly fulfilled its mandate as a quality council. Unfortunately, due to the brevity of publication space in this report, I will only attempt to outline some of Council's achievements in broad terms. It is worth noting that Council always strives to act with fidelity, honesty, integrity and in the best interest of the public entity in managing the financial affairs of the entity. In terms of its fiduciary responsibility, Council has continued to hold the management of Umalusi accountable for its management of organisational resources. This was achieved through the interrogation of reports submitted by the executive management at EXCO and Council meetings. Regarding its own accountability to government, Council has appeared on numerous occasions before the Portfolio Committee on Basic Education and the Portfolio Committee on Higher Education, Science and Technology, to report on its work as the accounting authority. Council has also kept its finger on the pulse of the organisation through its committees, which are chaired by Council members.

Despite the positive attainments outlined above, a major challenge has been that the organisation continued to operate under a very tight fiscal environment, due to the ripple effects of budget cuts in government amid a sluggish economy. As a result, Umalusi's budget was cut by approximately 2% in 2019/20. This situation requires agile leadership and lateral thinking from Council and management. Put simply, we need to tighten the belt while we find other innovative ways to do our work within these constraints. Furthermore, 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.

I am delighted to report that, true to its reputation as a trusted authority in general and further education and training, Umalusi Council has for the first time obtained an unqualified audit report with no material findings.

This achievement is the result of sheer dedication and capable leadership by Umalusi management and the diligent and meticulous work of the Audit and Risk Committee, under the chairpersonship of

Mr P Benadè. As Council commits to diligently carrying out its oversight role, it is conscious of the fact that it cannot fulfil its function without the continued hard work and excellent service of Umalusi staff.

Lastly, towards the end of the financial year in March 2020, South Africa registered new, confirmed cases of the new coronavirus of 2019 (COVID-19), which was later declared a global pandemic by the World Health Organization (WHO). Umalusi's swift response to the threat of COVID-19 was informed by the need to safeguard the lives of its employees as the overriding priority. Therefore, several safety regulations were put in place by management to minimise possible infections. I wish to express my appreciation to Umalusi management for showing that they care about the wellbeing of Umalusi staff.

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, Science and Technology: Dr Blade Nzimande, 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.
- Ms Bongiwwe Mbinqo-Gigaba and Mr MP Mapulane – chairpersons of the Portfolio Committees on Basic Education and Higher Education, Science and Technology respectively – as well as members of both Portfolio Committees for their unwavering support and guidance to Umalusi Council.
- Mr ME Nchabeleng, chairperson of the Select Committee on Education and Technology, Sports, Arts and Culture.
- 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 to Umalusi.



Professor John Volmink

Chairperson of Umalusi Council
30 September 2020

4. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER



As we submit this Annual Report for the 2019/20 financial year, I am encouraged by the sacrifice and sheer commitment displayed every financial year by Umalusi staff in making it possible for Umalusi to deliver on its legislative mandate as a quality council. Since the beginning of my tenure as CEO at Umalusi, I have had the pleasure of working with people of high calibre who are completely committed to their work, despite the numerous challenges imposed on the organisation by a growing mandate. Every challenge calls on all of us at Umalusi to “think outside the box” as we look for new ways to do things in our quest to remain relevant in an ever-changing environment.

During the year under review, Umalusi has remained true to its quality assurance mandate by focusing on the achievement of its targets, in line with the 2019/20 Annual Performance Plan and the 2014–2019 Strategic Plan. The achievement of our targets has, primarily, been made possible by the steadfast support of the Chairperson of Council, Professor John Volmink, and the members of Council who continue to lead and give direction to the organisation through regular Council and committee meetings. Council keeps management on its toes by demanding nothing less than excellence from each Umalusi employee.

Some members of Council serve on the following committees of Council as chairpersons and Council representatives: Assessment Standards Committee (ASC), Accreditation Committee of Council (ACC),

“ I also had the opportunity to visit various universities as part of our advocacy campaign, to share information about Umalusi's mandate and services.

Qualifications Standards Committee (QSC), Audit and Risk Committee (ARC), Information and Communication Technology Oversight Committee (ICTOC) and the Research Forum, all of which have made valuable input to the work of the organisation. These are structures through which Council keeps its fingers on the pulse of the organisation to ensure that the resources entrusted to Umalusi are used efficiently and effectively.

Umalusi Council has received regular reports from the management of the organisation and from the committees named above. Such comprehensive reporting has ensured that the organisation runs in an effective, efficient and economic manner, as postulated in the Public Finance Management Act (PFMA). Furthermore, given the changing education landscape and its implications for the organisation, the scope of Umalusi's work continues to grow as propounded by its founding Act, the General and Further Education and Training Quality Assurance (GENFETQA) Act, which states: “The Council, with the approval of the Minister, may assume its functions progressively, depending on its capacity.” Therefore, the growth of the organisation has necessitated internal reorganisation through the creation of new positions at assistant manager and manager levels, to spread some of the workload of employees whose units are directly affected by the expanding mandate. We successfully recruited key personnel to add to these teams and this has benefited the organisation immensely. Success in this area will go a long way to stabilising and strengthening the organisation.

Umalusi manages and develops the General and Further Education and Training Qualifications Sub-framework (GFETQSF). The publication of government gazettes during this financial year has contributed much towards the strengthening and regulation of qualifications on our sub-framework. For example, the Policy for the Re-Issue of National Certificates on the General and Further Education and Training Qualifications Sub-framework, Gazette No. 43145, was issued on 27 March 2020.

The organisation has contributed immensely to the reduction in the number of serious examination irregularities by introducing stringent quality assurance measures. To this end, Umalusi deployed its officials to the provinces to monitor all assessment bodies, to ensure that their systems were ready to administer examinations according to the policies, directives and guidelines issued by both Umalusi and the assessment bodies. As a result, on 3 January 2020, Umalusi Council was able to pronounce that it was satisfied that there were no systemic irregularities that could have compromised the integrity or credibility of the 2019 national examinations process, and that examinations run by the different assessment bodies were fair, valid and credible.

Umalusi continued to fulfil its mandate of evaluating and accrediting independent schools, technical and vocational education and training (TVET) colleges and adult centres, as well as private assessment bodies. Early in the financial year, the organisation organised a series of certificate award ceremonies across the country to award accreditation certificates to deserving independent institutions. These events are, indeed, an inspiration to those institutions that are still in the process of applying for their accreditation. Umalusi conducts and commissions research projects to enhance its systems and processes of quality assurance, and to inform its strategic direction.

To this end, the organisation has embarked on ground-breaking research on, inter alia, the National Education Certificate for Adults (NASCA) and General Education and Training Certificate for Adults (GETCA) qualifications, the National Qualifications Framework (NQF) impact study, a benchmark study of the National Senior Certificate (NSC) against selected international qualifications, post-examination analyses in selected NSC and National Certificate (Vocational) (NC(V)) subjects and empirical research on Early Childhood Development (ECD). Umalusi organised seminars and public events to enhance public debate on key educational matters, to share our research findings in important areas and to contribute to a growing understanding of the complexities of quality in education in South Africa. During the year under review, the organisation organised thought-provoking seminars on school-based assessment and conceptual exploration of decolonisation of language pedagogy, learning and assessment.

Umalusi continued to maintain sound professional relationships with the Department of Basic Education (DBE), Department of Higher Education and Training (DHET), the higher education sector, the South African Qualifications Authority (SAQA), Quality

Council for Trades and Occupations (QCTO) and the Council on Higher Education (CHE), through regular meetings on issues of mutual strategic benefit to our organisations. I also had the opportunity to visit various universities as part of our advocacy campaign, to share information about Umalusi's mandate and services. I visited the following universities, where I had fruitful and robust discussions with members of Education faculties: University of Pretoria, University of Zululand, University of KwaZulu-Natal, University of the Free State and the Central University of Technology.

As mentioned by the Chairperson of Council in his report, South Africa experienced the onset of the COVID-19 pandemic towards the end of the 2019/20 financial year. Unfortunately, this disrupted some of the outstanding activities before the financial year was completed. That said, our main concern during this period was the safety of staff and we did all we could, as executive management, in the early stages of this pandemic to minimise the potential for infections among our staff members. More details on Umalusi's response to COVID-19 will be given in the 2020/21 Annual Report.

Lastly, I owe a huge debt of gratitude to the Honourable Minister of Basic Education, Mrs Angie Motshekga; the Director-General of the DBE, Mr Mathanzima Mwel; the Minister of Higher Education, Science and Technology, Dr Blade Nzimande; as well as the Director-General of DHET, Mr Gwebinkundla Qonde, for their constant support. I also wish to express my heartfelt appreciation to Umalusi Council, under the leadership of Professor John Volmink; members of the different committees of Council; and Umalusi staff, for their persistent support and hard work.



Dr Mafu Rakometsi

Chief Executive Officer - Umalusi
30 September 2020

5. STATEMENT OF RESPONSIBILITY

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 Auditor-General.

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

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

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

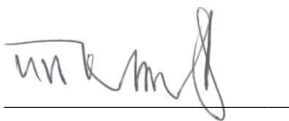
The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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 2020.

Yours faithfully



Dr Mafu Rakometsi
Chief Executive Officer
30 September 2020



Professor John Volmink
Chairperson of Council
30 September 2020

6. STRATEGIC OVERVIEW

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:

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

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATES

Umalusi is a Schedule 3A public entity, as encapsulated in 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:

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

The NQF Act No. 67 of 2008 mandates Umalusi to:

- develop and implement policy for quality assurance;
- ensure the integrity and credibility of quality assurance.

The NQF Act of 2008 provides for the establishment of Umalusi as a quality council that is responsible for the development and management of a sub-framework of qualifications at levels 1–4 of the NQF and related quality assurance processes. In terms of Paragraph 27 of the NQF Act, Umalusi must, in respect of quality assurance:

- ensure that quality assurance, as is necessary for the sub-framework, is undertaken.

The GENFETQA Act No. 58 of 2001, as amended in 2008:

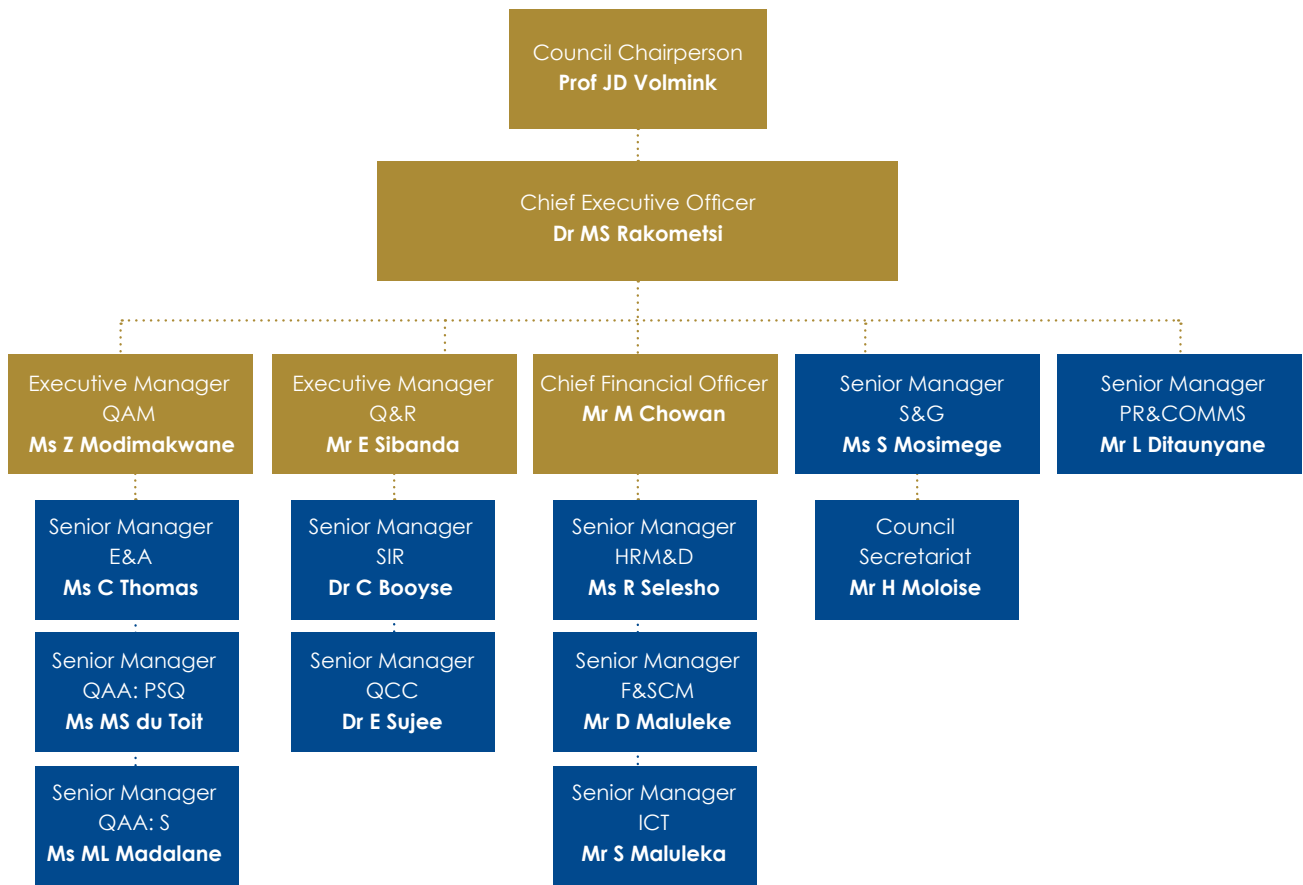
- Assigns Umalusi responsibility for quality assurance of general and further education and training. Umalusi was established with the purpose of maintaining norms and standards in general and further education and training. Its mandate is confirmed through other relevant legislation and policies in the education sector that affect Umalusi operations. These include:
 - The South African Schools (SASA) Act No. 84 of 1996;
 - The Further Education and Training (FET) Colleges Act No. 16 of 2006, as amended in 2010; and
 - The Adult Basic Education and Training (ABET) Act No. 52 of 2000, as amended in 2010.

7.3 POLICIES

These include:

- National policies governing existing qualifications (including their assessment) currently certificated by Umalusi;
- Guidelines on strategy and priorities for the NQF 2011/2012 (Minister of Higher Education and Training);
- 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 NSC 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 assessments for qualifications on the GFETQSF;
- 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 Council.

8. ORGANISATIONAL STRUCTURE









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 98 of the Report of the Auditors, published as Part E: Financial Report.

2. SITUATIONAL ANALYSIS

2.1. Service delivery environment

This section presents the environmental factors that Umalusi has been operating under in the last financial year. Therefore, this narrative covers positive and negative factors that Umalusi encountered in the delivery of its mandate.

2.1.1 Reflection on the previous five-year term

Politically, 2019 was the election year, ushering in a new five-year term for the ruling party to steer the country in a particular direction. As a norm, government had to develop its Medium Term Strategic Framework (MTSF) to guide all sectors on how the National Development Plan (NDP) is to be implemented in the new five-year electoral term. Umalusi used 2019 as a year of reflecting on the work done in the previous term in implementing the first phase of the NDP (i.e. MTSF 2014–2019). During this term, 50 research reports on issues affecting basic education and post-school education were completed and disseminated to relevant stakeholders. Five curricula were appraised while two qualifications were reviewed. In ensuring that quality assurance standards were maintained, Umalusi developed and reviewed policies that had guided its mandate during this period. Private education institutions were assessed and granted accreditation accordingly; and certificates of accreditation were issued. Certificates of results were issued to qualifying candidates. The quality assurance of standards was consistently implemented through monitoring the conduct of examinations, auditing assessment bodies for their state of readiness to conduct examinations and the management of examination irregularities, in collaboration with assessment bodies.

2.1.2 Economic impact

As a small organisation, Umalusi is withstanding the worst of the current economic climate in which the country is experiencing slow economic growth. This has affected all sectors of the economy and funding of departments and public entities has been dwindling over the years. In 2019, Umalusi experienced a budget cut of 2.5%, which may seem small, but had a negative impact on the delivery of Umalusi's quality assurance mandate. This loss of revenue has necessitated an alternative funding model to supplement the government grant. Umalusi already suffers staff losses because of its inability to offer employees salaries that can compete with those of government education departments.

2.1.3 Maintenance of education standards

The 2019 examinations results were approved amid issues of non-compliance of institutions with quality assurance standards. Some institutions knowingly administered examinations in centres that were not accredited. This is a matter that demands that both Umalusi and departments be vigilant and put in place measures to ensure that all institutions that register learners for various examinations are, firstly, registered with provincial departments; and secondly, are accredited by Umalusi. Such behaviour by private institutions undermines the credibility of qualifications on the Umalusi sub-framework and it is ultimately the learners who must bear the brunt of not being certified for completed qualifications. Umalusi has put measures in place to make sure that such institutions are identified early enough and barred from administering examinations. This phenomenon is rife among private technical and vocational education and training (TVET) colleges. Another

vexing issue that compromises the qualifications on the Umalusi sub-framework is the sale of fraudulent NSC certificates. Because of the high demand for the NSC certificate, these fraudsters are defrauding desperate South Africans.

2.1.4 Foreign qualifications

Umalusi has taken note of a number of qualifications that were not developed in South Africa – foreign qualifications. The current landscape neither empowers Umalusi to perform quality assurance nor have an idea of how the qualifications are quality assured by the foreign awarding bodies in the respective countries. These qualifications exist side-by-side with the NSC and some are perceived, without evidence, to be of better quality than the NSC. Some are not even registered with the South African Qualifications Authority (SAQA) as part of the Umalusi sub-framework of qualifications. As a result, Umalusi has begun a process of developing/reviewing the existing criteria for managing applications to offer foreign qualifications as well as to regularise the management of existing qualifications.

2.1.5 The amended National Qualifications Framework (NQF) Act

The first round of amendments to the NQF Act resulted in the recent publication of the NQF Amendment Act, 2019 (Act No. 12 of 2019). These amendments address issues relating to the misrepresentation of qualifications and fraudulent processes by education and training providers who are operating illegally. In addition, the Act gives SAQA responsibility for the verification of qualifications. These initial amendments to the NQF Act will be implemented on a date to be announced by the President. During the year under review, Umalusi submitted comments to the Consultative Paper on the proposed amendments to the NQF Act, 2008 (Act No. 67 of 2008) as amended, to initiate the second round of amendments to the NQF Act. The external evaluation of the implementation of the NQF Act (2008), commissioned by the Department of Planning, Monitoring and Evaluation, concluded that the NQF Act needs to be reviewed. This Consultative Paper invites the public to comment on the issues that have been identified for review in the NQF Act.

This paper includes, among others, definitions, the object and application of the Act, the role of the Minister of Basic Education in relation to the NQF and implementation of the Act, clarification of the roles and responsibilities of the DBE and DHET, streamlined registration and accreditation processes in relation to qualifications and programmes and private education and training providers. It includes alignment of the appointment of members and chairpersons of boards/councils of SAQA and the quality councils, and that all legislation establishing the SAQA and quality councils be reviewed to align, inter alia, the appointment processes, size and term of office of the boards/councils. The further amendment of this Act will close significant gaps that often hinder Umalusi in performing its roles effectively.

2.1.6 The NSC across South African borders

The NSC continues to be offered by some countries in the SADC region with three countries having requested an extension to offer the NSC qualification. Umalusi is perturbed by the informal arrangement between South Africa and the countries, where quality assurance is not stipulated in the agreements. This compromises the qualification and, at the same time, potentially undermines qualifications at the same level as the NSC in these countries. For Umalusi, this is a reverse of how the organisation views foreign qualifications in the country: as things stand, the NSC has become a foreign qualification in these countries yet no clear decision has been taken at a higher level to offer the NSC as a “foreign qualification” in those countries. Some of the recommendations by Umalusi Council include, firstly, permission being granted by the DBE and, secondly, the signing of a Memorandum of Understanding (MoU) with South Africa. Umalusi continues to lose revenue because the institutions offering this qualification do not pay Umalusi for its quality assurance services. The MoU would, therefore, stipulate all operational requirements, including payment for services.

2.1.7 The impact of COVID-19

Even though COVID-19's effect on organisations came at the end of the financial year, the impact has been disastrous for the organisation. Umalusi's quality assurance service involves travelling and working with large

groups of people, which could not be done in the last month of the financial year. This has had an impact on some processes that will affect the 2020 examinations.

2.2. Organisational environment

This section presents internal factors that enabled or impeded the optimal functioning of Umalusi in the 2019/20 financial year.

2.2.1 Inadequate funding

Umalusi may appear a very small organisation but its service is widespread throughout the country. In 2018/19, the organisation shared the impact of the inadequate budget with the Minister of Basic Education, especially the budget needed to employ more staff to carry out the Umalusi mandate. Currently more than 80% of Umalusi's revenue comes from the DBE grant. The balance is raised from certification, accreditation, quality assurance of assessment and verification services. These Umalusi-based sources of revenue are not sufficient to top up the grant and provide for staff salaries, which is critically needed. The country's budget allocations are also being reduced on a year-to-year basis and this worsens Umalusi's staff shortages. As a result, the organisation began a process of attempting to identify alternative sources of funding, the details of which are still explored, in collaboration with the DBE.

Linked to the budget constraints is the fact that in 2019, Umalusi began the evaluation of the General Education Certificate (GEC), a qualification with 26 subjects. The curricula for each subject must be evaluated, a massive task for which Umalusi does not have sufficient internal capacity. This matter emanates from a proper understanding of Umalusi's role as a quality council, which must ensure that standards for all qualifications on the sub-framework are maintained in terms of curricula and examinations. This part of the mandate is thinly resourced. Research is central to performing evaluations and understanding how the quality of Umalusi qualifications can be improved for South Africa to remain competitive in the general and further education sector.

2.2.2 Staff retention challenges

The loss of staff in critical middle management service roles continued at Umalusi in 2019. Even though the vacancy rate has been reduced compared to previous years, the organisation is still prone to loss of staff. Some measures were implemented in 2019 as an incentive to retain professional staff, many of whom leave Umalusi to go to departments of education because of better salaries. The solutions offered by Umalusi are not sustainable if the budget of the organisation does not increase. The organisation also lost two chief financial officers in seven months because of workload pressures. Despite these unfortunate occurrences, the organisation has not compromised service delivery to the public.

2.2.3 Information and Communication Technology (ICT) support services

The ICT function at Umalusi has been strengthened with the appointment of developers during the last financial year. This has improved the systems that were hampering operations. A number of new ICT initiatives have been implemented, due to the strengthened capacity. ICT security has been strengthened and governance policies have been developed and implemented. New technologies have been considered, e.g. the utilisation of the cloud solution for the organisation, which is under way. Just before the COVID-19 lockdown, Umalusi introduced virtual meetings to avoid contact meetings, a decision that has gone a long way to indicate that the organisation needs to operate differently in the future. A number of automated services have been institutionalised and this has improved efficiency of services in the organisation.

2.2.4 Office accommodation

The process of refurbishing the second Umalusi building has been delayed significantly by the legal case brought against the service provider appointed in 2017. During the year under review Umalusi began a new process, resulting in a new company and experts being appointed as a project management team. Plans have been reviewed, finalised and submitted to the Tshwane Municipality for approval. The process of

appointing a service provider responsible for construction was curtailed by the COVID-19 lockdown. In the interim, contracts with two tenants were not renewed, which allowed for two units, F&SCM and ICT, to move to the vacated offices in Building 41. This opened some space in Building 37 to ease overcrowding.

2.3. Key policy developments and legislative changes

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

- 2.3.1** The Policy for the General and Further Education and Training Qualifications Sub-framework has been reviewed in response to the Minister's directive (Priority 5 of 2019/2020 Ministerial Guidelines) to include part-qualifications. This policy outlines the mandate and responsibilities of Umalusi in relation to all qualifications, including quality assurance, under its custodianship.
- 2.3.2** The Policy on the Management of Qualifications on the GFETQSF and the Policy on the Management of Curricula on the GFETQSF have been reviewed, which resulted in a fusion of both to become one policy, namely, the Policy and Criteria for the Development, Registration and Publication of Qualifications and Part-qualifications for the GFETQSF. The policy provides direction in respect of responsibilities and procedures associated with the development, registration and publication of qualifications; as well as responsibilities associated with reviewing and introducing new curricula for the sub-framework, respectively. The policy was approved by Council and will be gazetted for public comments.
- 2.3.3** The directives and the standard operating procedures for the management of qualifications and curricula on the GFETQSF were subsequently reviewed and approved by Council for implementation.
- 2.3.4** Review of the Umalusi Recognition of Prior Learning (RPL) Policy. The review of the policy entails ensuring that the Umalusi RPL Policy aligns with the Ministerial RPL Coordination Policy and the SAQA National Policy and Criteria for the Implementation of RPL (amended in 2019).
- 2.3.5** The Internal Certification and Verification Policy has been reworked and converted to become external policies that will be gazetted. The policies will be presented to management, the Qualifications Standards Committee (QSC) and to Council for approval.
- 2.3.6** The Policy for the Re-issue of National Certificates was gazetted in July 2018 and implemented at the end of July 2018. This policy provides a mechanism for candidates to correct personal information on certificates, according to prescribed requirements and procedures. With implementation, certain gaps and shortfalls were identified for correction through amending the policy: on 27 March 2020, the amended Policy for the Re-issue of National Certificates was gazetted for public comments.
- 2.3.7** Umalusi commented on the NQF Amendment Bill, mainly in terms of the verification function assigned to SAQA. In addition, the Bill failed to distinguish clearly between qualification and certification. It also addresses issues of the misrepresentation of qualifications, fraudulent processes by education and training providers and the verification of qualifications. The NQF Amendment Act, 2019 (Act 12 of 2019) was published and will come into operation on a date to be determined by the President by proclamation in the Gazette. These amendments will only be implemented on a date to be announced by the President.
- 2.3.8** The regulations for the quality assurance of private colleges for continuing education and training, offering qualifications registered on the GFETQSF, and the accreditation of private assessment bodies, were submitted to the new Minister in June 2019. However, these were returned with input from the legal services chief directorate of the Department of Higher Education and Training (DHET), and need to be reworked accordingly. The matter is still in process.
- 2.3.9** Section 1.4 of the Instructions for the Conduct and Administration of Examinations in TVET Programmes, on late arrivals at examinations, has been revised. Beginning with the February 2020 NC(V) supplementary examinations, candidates will no longer be permitted to enter an examination venue late; previously candidates would be allowed in, up to an hour after the start of an examination.

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 each programme.

3. PERFORMANCE INFORMATION BY PROGRAMME/OBJECTIVE

Summary of performance

Programme	Indicator	Target	Output	Status
1	1.1.1	2020/21 APP approved by March 2020	2020/21 APP approved by the DBE Minister in March 2020	Achieved
	1.1.2	Four quarterly reports submitted to the NT and DBE 30 days after end of quarter	Four quarterly reports submitted to NT and DBE 30 days after end of quarter	Achieved
	1.1.3	7	7	Achieved
	1.1.4	98%	98%	Achieved
	1.1.5	98%	99.9%	Achieved
	1.1.6	99%	100%	Achieved
2	2.1.1	1	1	Achieved
	2.1.2	2	4	Achieved
	2.1.3	100%	100%	Achieved
	2.1.4	95%	98%	Achieved
	2.2.1	3	3	Achieved
3	3.1.1	10	10	Achieved
	3.1.2	100%	100%	Achieved
	3.1.3	13	13	Achieved
	3.1.4	80	90	Achieved
	3.1.5	150	208	Achieved
	3.2.1	82%	89%	Achieved
	3.2.2	92%	95.7%	Achieved

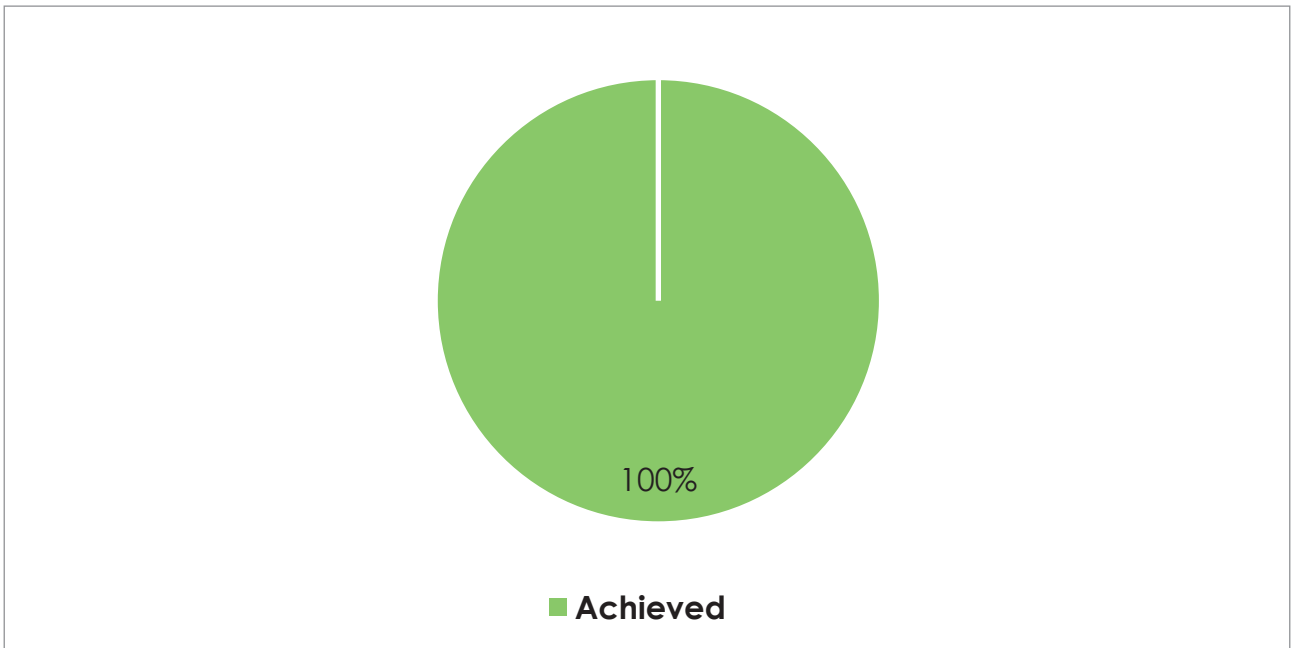


Figure 1: Overall annual performance

3.1 PROGRAMME 1: ADMINISTRATION

PROGRAMME PURPOSE

The purpose of the Administration programme is to provide strategic leadership, management and administrative support services to the entity. The programme is comprised of five sub-programmes:

- Strategy and Governance (S&G)
- Public Relations and Communications (PR & COMMS)
- Information and Communication Technology (ICT)
- Finance and Supply Chain Management (F&SCM)
- Human Resource Management and Development (HRM&D)

Programme/activity/objective:					
Strategic objective	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
To improve the effectiveness of corporate governance	Unqualified audit	Unqualified audit with no material findings	Unqualified audit with no material findings	None	None

SUB-PROGRAMME: STRATEGY AND GOVERNANCE (S&G)



Stella Mosimege, Senior Manager:
S&G

Purpose

The purpose of the S&G sub-programme is to provide good corporate governance to the organisation; support Council functions; and provide guidance in and facilitation of the development of organisational strategy and reporting.

Overview of work done

The financial year 2019/20 was the last year of government's five-year Medium Term Strategic Framework (MTSF 2014-2019). It also signalled the final year of Umalusi's Strategic Plan for 2015/16-2019/20. The year marks the introduction of new government administration, priorities and a revised Framework for Strategic Plans and Annual Performance Plans. In this year, public institutions were, therefore, required to develop new plans aligned with new government priorities according to the revised framework. As such, in order to comply with the

framework and the Public Finance Management Act (PFMA) (Act No. 1 of 1999), Umalusi developed its Strategic Plan for 2020-2024 and the first Annual Performance Plan for 2020/21.

In compliance with the requirements of the PFMA (Act No. 1 of 1999) and the Framework for Managing Programme Performance Information (FMPPi), the 2019/20 quarterly reports were compiled and submitted to the Accounting Authority and the Executive Authority every quarter to ensure accountability. The 2018/19 Annual Report of Umalusi was audited, finalised and submitted to the Minister of Basic Education for tabling in Parliament. The organisation improved its achievement of targets compared to the previous three years, and there were no material audit findings on predetermined objectives.

All Council, stakeholder and Executive Management meetings were facilitated as planned to ensure good performance monitoring of the plan. The S&G unit facilitated the management of organisational risks and risks pertaining to the management of performance information. Furthermore, a number of organisational policies and strategies were approved by the Council to ensure the implementation of seamless administrative processes that facilitate service delivery and the realisation of organisational goals.

During the financial year, the S&G Unit in collaboration with Botswana Examinations Council's Planning Unit completed the development of the Southern Africa Association for Educational Assessment (SAAEA) Strategic Plan.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
1.1.1: APP approved by 31 March	2017/18 APP approved by March 2017	2018/19 APP approved by March 2018	2019/20 APP approved by March 2019	2020/21 APP approved by March 2020	2020/21 APP was approved by March 2020	None	None
1.1.2: Quarterly reports submitted to NT and DBE 30 days after end of quarter	Four quarterly reports submitted to the NT and DBE 30 days after end of quarter	Four quarterly reports submitted to the NT and DBE 30 days after end of quarter	Four quarterly reports submitted to the NT and DBE 30 days after end of quarter	Four quarterly reports submitted to the NT and DBE 30 days after end of quarter	Four quarterly reports were submitted to the NT and DBE 30 days after end of quarter	None	None

Strategy to overcome areas of underperformance

There was no underperformance in the sub-programme.

Changes to planned targets

There were no target changes during the year.

SUB-PROGRAMME: PUBLIC RELATIONS AND COMMUNICATIONS (PR&COMMS)



Purpose

The purpose of the PR&COMMS sub-programme is to communicate key organisational messages about the work and mandate, strategy and services of Umalusi to stakeholders.

Overview of work done

In terms of Section 27 (ii) of the NQF Act 67 of 2008, Umalusi should inform the public about developments and matters related to the sub-framework. During the financial year the organisation used seven designated platforms to communicate organisational messages to stakeholders: website, social media (Facebook and Twitter), bulk email, newsletters, radio, promotional material and video. The use of these platforms enabled the organisation to assess the impact of its mandates, communicate this to stakeholders and improve service delivery.

A new organisational website was developed and launched. The fresh, user-friendly website makes it easy for stakeholders to search for information. The website is used as the main external communication platform to communicate key organisational messages to external stakeholders. An events web page is embedded in the main website as a tool to provide useful information on Umalusi events. The number of followers on Umalusi's official digital media platforms, Facebook and Twitter, has continued to increase on both platforms. On Facebook the number of followers increased from 15 711 in March 2019 to 18 737 in March 2020, while on Twitter the number of followers increased from 3 772 in March 2019 to 4 606 in March 2020.

Regarding advocacy, the organisation attended ten exhibitions targeting senior secondary school learners and teachers in the following provinces: Mpumalanga, Limpopo, Gauteng, KwaZulu-Natal and North West. Key messages shared with stakeholders at the exhibitions included NSC promotion requirements and frequently asked questions about certification and subject combinations. In addition, the Chief Executive Officer (CEO) undertook six visits as part of his roadshow to the universities of Free State, Pretoria, KwaZulu-Natal, Zululand, Tshwane University of Technology and the Central 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 media coverage. In January and February 2020, Umalusi joined the DHET in its multi-stakeholder advocacy campaign, which focused on bogus institutions.

Umalusi also conducted a radio campaign on Yfm in February and March 2020, 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. Because of 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 and telephonically. Two media briefings were held in October 2019 and January 2020 to communicate the education system's state of readiness to administer 2019 examinations; and to announce the approval of the release of the 2019 national examinations results, respectively. Regarding events management, the organisation successfully organised and hosted events that were relevant to disparate mandates of various core function units. During the period under review, Umalusi issued seven media statements. Twelve publications of the internal newsletter, What's Up @ Umalusi, were compiled and circulated to staff. Four publications of the external newsletter, Makoya, were compiled and circulated to various stakeholders.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
1.1.3: Number of communication platforms used to communicate to stakeholder clusters within the GFETQSF to access information	7	8	7	7	7	None	None

Strategy to overcome areas of underperformance

There was no underperformance in the sub-programme.

Changes to planned targets

There were no target changes during the year.

SUB-PROGRAMME: INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)



Purpose

The purpose of the ICT sub-programme is to manage and maintain Umalusi's ICT systems and infrastructure to support operations.

Overview of work done

The organisation worked tirelessly to have in place ICT systems and infrastructure that continue to optimise efficiency and effectiveness in business processes. During the year Umalusi developed an electronic submission system, redeveloped the organisational website, developed an events website, stabilised the online accreditation system and migrated applications to a new version of the Microsoft.NET platform that improves ICT security. The organisation also continued to ensure compliance with the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF) through developing the following ICT

deliverables: Five-year ICT Strategy and Implementation Plan, Three-year ICT Security Strategy, Cloud Computing Policy, Incident Management Policy and a Service Charter. Furthermore, terms of reference for the Information Technology Operational Committee (ICTOC) were revised to streamline membership and functions. Umalusi established an ICT Enterprise Architecture Committee that will guide the organisation to ensure business value of ICT investments.

Other key achievements intended to improve business process operations include the implementation of Mimecast (cloud cyber-security services) email service, the rollout of Virtual Private Network (VPN) remote access for end-users and conducting cloud readiness assessment. The unit also procured a vulnerability management tool. This is a security initiative implemented to ensure the identification and management of ICT system vulnerabilities. The ICT Unit has also developed and deployed an e-submission system to improve efficiency in composing and managing electronic submissions in the organisation. An electronic end-user survey was conducted for feedback from end-users on ICT responses to logged requests and incidents. This indicated positive results on the unit's quick response to logged requests and incidents.

ICT infrastructure and user support services have continued to be maintained throughout the year, with the network health score and availability (servers and applications) above a 95% target, throughout all quarters. The one challenge the unit had was on-site storage of backup tapes, which was addressed by partnering with a credible service provider for off-site storage and retrieval of backup tapes.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
1.1.4: Percentage compliance against the requirements of the ICT Governance Framework	N/A	84%	92%	98%	98%	None	None

Strategy to overcome areas of underperformance

There was no underperformance in the sub-programme.

Changes to planned targets

There were no target changes during the year.

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT (HRM&D)



Purpose

The purpose of the HRM&D sub-programme is to manage records; the recruitment and selection processes and job design, performance of employees through a performance management and development system (PMDS); administration of employee benefits; to provide training and development opportunities; and to coordinate wellness programmes.

Overview of work done

During the year, Umalusi commenced with overseeing the development of an online PMDS. The appointed service provider developed the system and presented a demonstration to management. The system is now ready to be loaded with 2020/21 performance agreements and will be piloted in the 2020/21 financial year, using the annual performance agreements submitted for 2020/21.

During March 2020, Umalusi implemented a rotation schedule for staff at lower levels in an attempt to manage the spread of the coronavirus, which resulted in having fewer staff members reporting for duty.

During the year, Umalusi implemented an increased remuneration scale to enhance staff retention of College and School (CS) educators. The CS educators are staff members with a teaching qualification, appointed in National Operations and performing core business, whose job requirements require a teaching qualification. In addition, an annual cost of living adjustment for staff members on salary levels 1-12 was implemented in April 2019 to improve the standard of living for Umalusi staff. A total of 14 training interventions were conducted to capacitate staff to perform their duties optimally. Umalusi awarded nine new financial study assistance packages to qualifying staff members to further their studies at institutions of their choice during the period under review.

The organisation has managed to maintain its vacancy rate below 10%. By the end of March 2020, the vacancy rate was sitting at 4%. This is an improvement, compared to 8% at end of March 2019. However, the organisation continued to lose employees at executive and middle management levels due to voluntary resignations. Efforts have been made to fill the vacated positions within the prescribed timelines to alleviate pressure experienced in different units. This year has been a difficult one in which the organisation bid farewell to one of its senior managers who retired. The organisation also lost a Chief Financial Officer, and the position was filled but vacated at the end of March by the new appointee. The organisation intends expediting the filling of this position in the 2020/21 financial year.

Umalusi could not conduct a wellness programme scheduled for March 2020 due to the COVID-19 national lockdown. The main purpose of wellness days is to promote a healthy lifestyle for employees, both in the workplace and in their personal space.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
1.1.5: Average Percentage of performance agreements and assessment reports submitted on time	N/A	79%	99%	98%	99.9%	+1.9%	None

Strategy to overcome areas of underperformance

There was no underperformance in the sub-programme.

Changes to planned targets

The quarterly targets were changed to ensure alignment with the amended PMDS Policy by including the reporting of 2020/21 performance agreements in Quarter 4 of 2019/20 financial year.

SUB-PROGRAMME: FINANCE AND SUPPLY CHAIN MANAGEMENT (F&SCM)



Dumisani Maluleke, Senior Manager:
F&SCM

Purpose

The purpose of this sub-programme is to ensure transparent, accountable and sound financial management, as well as to maintain a procurement system that is fair, equitable, transparent, competitive and cost-effective.

Overview of work done

During the year, the organisation managed to pay 2780 of 2781 invoices within 30 days, to comply with the PFMA on payment of service providers within the prescribed period. Achieving the target highlights a significant improvement from prior years and can be attributed to adequacy and effectiveness of internal controls. The unit continued to experience poor quality service and failure to perform by service providers, particularly for once-off purchases, where service providers are not contractually bound to the organisation. The non-performance will be addressed by identifying reliable service

providers that are capable of delivering a quality service to the organisation; and sourcing is to be done on a targeted basis. The collection of quality assurance fees from private assessment bodies has been challenging, owing to a dispute with one assessment body. The matter has since been taken to court for dispute resolution. Full implementation of the procurement plan was challenged by the quality of specifications, particularly for ICT tenders. Collaboration with public institutions that have procured similar services is being considered. The building tender project has suffered significant delays as a result of the slow pace of the building plan approval by the municipality; and a contractual dispute with the service provider, which has since been resolved. Umalusi continued to implement its budget under tight financial constraints, with a budget cut of R2.8 million by National Treasury implemented during the year.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
1.1.6: Percentage of service providers paid within 30 days	100%	99%	97%	99%	100% (2780/2781)	+1%	Improved controls for payment of service providers

Strategy to overcome areas of underperformance

There was no underperformance in this sub-programme.

Changes to planned targets

There were no target changes during the year.

Programme 1: Contribution to Umalusi's strategic goals and the national mandates

Programme 1 is an administrative programme that contributes to National Outcome 12: An efficient, effective and development-oriented public service. At Umalusi, this programme is comprised of units that provide support to the operations of the organisation.

Through the Strategy and Governance Unit, the office of the CEO ensures the smooth operation of Umalusi Council and its sub-committees. This unit ensures the development of Umalusi's strategy and ensures the monitoring of strategy implementation.

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

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. In addition, the unit manages physical facilities to ensure that the organisation complies with occupational health and safety prescripts.

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. Information and communication technologies have become a real necessity for modern organisations to enhance process flow and make daily operations easy to manage.

The Human Capital Management 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 and many other critical policies, for maintaining order in the organisation. Human resource systems and processes are central to the efficient functioning of the organisation since these directly impact the most critical resource of Umalusi, its employees.

Linking performance with budgets

Umalusi has three programmes that implement the key strategic objectives of the organisation. The following tables reflect the financial resource allocations and their utilisation towards the key objectives during the year under review.

Expenses	2018/19			2019/20		
	Budget	Audited outcome	(Over)/ Under expenditure	Budget	Audited outcome	(Over)/ Under expenditure
Compensation of employees	33 276	31 147	2 129	36 165	38 606	(2 441)
Goods and services	29 617	37 587	(7 970)	31 080	30 625	455
Administrative fees	288	362	(74)	318	250	68
Advertising	433	544	(111)	529	375	154
Audit costs: external	384	483	(99)	513	333	180

Expenses Rand thousand	2018/19			2019/20		
	Budget	Audited outcome	(Over)/ Under expenditure	Budget	Audited outcome	(Over)/ Under expenditure
Catering: internal activities	159	200	(41)	272	138	134
Communication	1 522	1 913	(391)	2 084	1 320	764
Computer services	7 201	9 053	(1 852)	10 030	6 248	3 782
Consultants: business and advisory services	1 670	2 100	(430)	3 568	1 449	2 119
Legal services	261	328	(67)	841	226	615
Maintenance and repair of other fixed structures	943	1 186	(243)	2 032	818	1 214
Property payments	3 009	3 783	(774)	4 331	2 611	1 720
Travel and subsistence	1 599	2 010	(411)	2 467	1 387	1 080
Training and development	494	621	(127)	1 691	429	1 262
Operating payments	7 905	10 292	(2 387)	1 061	10 442	(9 381)
Venues and facilities	1 176	1 478	(302)	343	1 020	(677)
Depreciation	2 561	3 219	(658)	1 000	3 578	(2 578)
Losses from sale of fixed assets and other	12	15	(3)	-	-	-
Total Expenditure	62 893	68 734	(5 841)	67 245	69 231	(1 986)

The Administration programme provides administrative support to the other two programmes, Qualifications and Research and Quality Assurance and Monitoring, ensuring effective administration. The unit provides ICT connectivity, governance, financial and human capital support. The programme achieved 93% expenditure on compensation of employees for the year under review. The 7% underspending is attributed to vacancies that occurred during the year and savings that were realised as a result of a timing lag in filling the positions. The budget for goods and services was used to defray expenses relating to hosting the mainframe at SITA and maintenance of two Umalusi administrative buildings: water, electricity and property rates contributed a significant portion and resulted in a 3% underspend.



3.2 PROGRAMME 2: QUALIFICATIONS AND RESEARCH

PROGRAMME PURPOSE

The purpose of the Qualification and Research programme is to develop and manage an efficient and effective GFETQSF within the NQF and to undertake strategic research in support of that goal. The programme consists of the following sub-programmes:

- Qualifications, Curriculum and Certification (QCC)
- Statistical Information and Research (SIR)

Strategic objective	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
2.1: To effectively manage the GFETQSF	Three reports on the management of QCC were developed	One report on the management of QCC	One report on the management of QCC was developed	None	None
2.2: Conduct research on an annual basis to inform strategy	Nine research reports were completed in various formats in line with sector needs	Research conducted as informed by sector	Three research reports were completed in various formats in line with sector needs	None	None

SUB-PROGRAMME: QUALIFICATIONS, CURRICULUM AND CERTIFICATION (QCC)



Dr Eva Sujee, Senior Manager:
QCC

Purpose

The purpose of the QCC sub-programme is to provide for the development and/or review of qualifications; formulate policy related to the management of the GFETQSF and the NQF; review and evaluate the curricula associated with national qualifications; certification of candidates; and verification of qualifications.

Overview of work done

Umalusi conducted a preliminary appraisal of the GEC qualification policy to determine compliance with Umalusi criteria for inclusion of the qualification on the GFETQSF. To this end, Umalusi is working in collaboration with the DBE to finalise the approval of the policy. The policy and criteria for the development, registration and publication of qualifications and part-qualifications for the GFETQSF was developed to replace the erstwhile policy on the management of

qualifications for the GFETQSF, to ensure alignment with SAQA policy and the NQF Act.

A comprehensive report was compiled, detailing matters on the management of qualifications in the sub-framework. The report highlighted annual key achievements, such as progress on the evaluation of the GEC; phasing out of qualifications that do not articulate with other NQF qualifications; the implementation of the National Senior Certificate for Adults (NASCA); issuing of certificates; and verification of certificates for registered qualifications.

On curriculum, Umalusi appraised four Advanced Programmes (APs): English, Afrikaans, Mathematics and Physics. The appraisal was to ensure that the APs were pitched above NQF Level 4. Council has recommended the inclusion of the APs in the NSC qualification as subjects to be offered by all schools with capacity and resources. The APs will be additional to the seven subjects required of a learner to enrol for from Grade 10 – 12 and will not form part of the promotion requirements for the NSC. Subsequently, the recommendation was submitted to the Minister of Basic Education for consideration. The directives for quality assurance of curricula were finalised during the year.

Umalusi entered into an agreement with the Department of Home Affairs (DHA) to grant access to the online personal database to improve the verification process when candidates want to change personal details, and to ensure the credibility of certificates on approval of the Internal Certification Committee. Umalusi has issued certificates to all qualified learners. Umalusi conducted certification workshop across the country to address certification matters, the implementation of the Policy for the Re-issue of National Certificates and to clarify matters of uncertainties.

The appraisal of qualifications and development of policies are by their very nature daunting tasks that have proved overwhelming, since they require a high level of expertise and intensive development of personnel. More support, in the form of training and/or additional human resources, is required to strengthen the work of the sub-unit. There have been positive developments, however, in the form of assistance from the Curriculum sub-unit, albeit on an ad hoc basis.

The major challenge that not only the unit but the entire sector faces is a lack of understanding of roles and responsibilities. This contributed to the delayed submission of the GEC: TO curricula for appraisal. The curricula were piloted before the appraisal by Umalusi because there was no clarity on what responsibilities were to be borne by which entity. This matter is receiving attention and Umalusi is driving advocacy on roles and responsibilities.

Umalusi is currently reviewing its RPL Policy. The challenge, or complication, lies in the nature and context of the GFETQSF. The sub-framework comprises qualifications in formal education offered by institutions. The qualifications on the GFETQSF are mainly academic and general vocational, which are discipline-based. All the qualifications require mastery of a body of (disciplinary) knowledge and related skills. Exceptions would include qualifications that, by design and intent, could be obtained without attending formal classes (e.g. National Senior Certificate for Adults (NASCA)). Within the context of the GFETQSF, recognition of prior learning is the evaluation and acknowledgement of knowledge and skills a candidate has gained to enable access to qualifications on the GFETQSF, or to further education and training. Currently, Umalusi's RPL Policy is one dimensional, that is, RPL through formal learning. An investigation on improving the RPL practice within the GFETQSF is in progress.

Umalusi is at the end of the certification value chain and issues certificates upon successful requests for certification by assessment bodies. The challenge experienced is to report on the certification backlog that exists within the NC(V), GETC and NATED sectors.

The phasing out of the NSC supplementary examination from March and moving the examination to June posed certification problems for the provincial education departments, which in turn affect Umalusi. Problems still exist with certification of candidates who wrote the June examination. Umalusi is assisting the provinces in order to issue certificates to candidates who wrote examinations in November 2018 and June 2019.

Amendments to the Policy for the Re-issue of National Certificates were gazetted for public comments. Public comments are expected in the next financial year.

The NQF Amendment Act, 2019, brought in new measures to protect the NQF and to ensure the integrity of the qualifications registered on the GFETQSF. However, it also highlighted areas of uncertainty regarding the verification of qualifications and the roles of the different entities.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
2.1.1: Number of reports produced on the management of qualifications in the sub-framework	N/A	3	3	1	1	None	None
2.1.2: Number of curricula evaluated annually	N/A	N/A	2	2	4	+2	Two APs were also evaluated to inform the quality assurance process
2.1.3: Percentage of error-free learner records for which a certificate is printed annually	N/A	99.9%	100%	100%	100% (87 0931 / 87 0931)	None	None
2.1.4: Percentage of verification requests received that are completed within service level agreement (two working days)	N/A	86%	99%	95%	98% (27 152 / 27 575)	+3% (956)	Improved verification processes and lack of system interruptions

Strategy to overcome areas of underperformance

There was no underperformance in this sub-programme.

Changes to planned targets

There were no target changes during the year.

SUB-PROGRAMME: STATISTICAL INFORMATION AND RESEARCH (SIR)



Dr Celia Booyse, Senior Manager:
SIR

Purpose

The purpose of the SIR sub-programme is to provide a platform for research, statistical support and maintenance of the learner databases, to inform the Council's professional work and organisational strategy.

Overview of work done

The work done during the year under review included designing, conducting and managing research; accessing and maintaining adequate databases for 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. Umalusi completed the following annual, targeted research projects, to ensure informed decisions by Umalusi. The sub-programme also advised the two Ministers of Education.

Standardisation of subjects with practical components

This research was aimed at determining the level of performance in practical subjects. It included an analysis of the subject structures, five-year statistics and learner performance in individual components that contributed to the final promotional marks. The following subjects with a practical component were included in the study: Agricultural Management Practice, Agricultural Technology, Dance Studies, Design, Dramatic Arts, Music, Visual Arts, Computer Applications Technology, Information Technology, Technical Science, Consumer Studies, Hospitality Studies, Tourism, Civil Technology, Electrical Technology, Mechanical Technology and Engineering Graphics and Design.

The study also aimed to establish the quality and consistency of assessment in the subjects. In so doing, the characteristics of good rubrics as assessment tools were established. The researchers then determined to what degree the assessment tools adhered to the qualities of a good rubric, and the consistency and reliability of the assessment tools. The findings called for further empirical investigation to determine current practice. The latter is planned for the 2020/21 financial year.

Shells: a form of pre-standardised items

The research aimed at determining whether shell questions exhibited characteristics similar to those of anchor items. The difficulties experienced in standardising adult education and training (AET) examinations on request necessitated the research. The study explored the use of shell items in the Independent Examinations Board (IEB) General Education and Training Certificate (GETC) NQF Level 1 examinations, for standardisation purposes. The study was divided into two phases: an in-depth literature review and descriptive study of items; and a test-equating technique to compare examinations. A Rasch Unidimensional Measurement Model (RUMM2030) and ConQuest software were used and the Partial Credit Model was fitted to the data. The findings point to an enhancement of standardisation of smaller cohorts.

Post-examination analysis 2019

A post-examination analysis was conducted in selected subjects. The aim of the 2019 study was to evaluate the extent to which the 2019 NSC examinations compared with examinations written in the previous comparator year. The analysis included NSC examination papers set by the IEB on three subjects; the South African Comprehensive Assessment Institute (SACAI) on three subjects; and the DBE on nine subjects. The report includes 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 have been shared at various forums and will be shared with internal and external moderators in the near future. Due to the national lockdown, the workshops planned for the month of March 2020 were postponed to June 2020.

Cross-mapping of phase transitions from Early Childhood Development (ECD) to exit Grade 12 (Longitudinal study)

This research was continued from the previous financial year, with the contracts of the teams extended to March 2020 to finalise the work and to enable the preparation of advice to the Minister of Basic Education. The magnitude of the research in English (Home Language and First Additional Language), Natural Sciences (Life Sciences, Physical Sciences); Social Sciences (Geography, History); Mathematics and Mathematical Literacy; Economic and Business Sciences (Accounting, Economics, Business Studies); Technology and Design, required that the research span two financial years.

This financial year's focus was on the finalisation of research on the subject, Technology, the subject, Design; preparation of an overview report; and a document on educational principles to guide curriculum reviews and development. The Technology report focused mainly on early learning to the end of the Senior Phase and the role of process thinking in the Technology field. The report on the subject, Design, provided information on an alternative approach to curriculum development framed in eco-systemic thinking. The study in its entirety was aimed at tracking continuity and coherence from ECD through the four phases of schooling to the final subject outcomes. The research aimed at establishing the relationship between expected attainment levels at the end of a phase, exit-level outcomes (ELO), 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 was also established. The research findings informed advice to the Minister of Basic Education. The advice included reference to research findings on the importance of ECD, curriculum structure and design, pedagogy and assessment matters. Language issues will be addressed separately in a position paper that will be tabled internally before further dissemination.

Umalusi hosted a seminar on the decolonisation of pedagogy, learning and assessment in the school environment. In addition, it hosted a research colloquium on school-based assessment (SBA). The reports on both events were widely disseminated to delegates and stakeholders and led to further investigations and discussions. The research colloquium prompted further investigations to inform the review of Umalusi's SBA moderation model. The study includes a case study analysis of four international educational systems, an in-depth literature study on SBA practices and an investigation pertaining to the predictive value of the SBA.

One of the key mandates of the organisation is the provision of statistical information to strengthen the functions of Umalusi and the work of committees of Council. The statistical information provided during this year include, among others, data on pass rates in various subjects; enrolment in new subjects; the behaviour of norms; the performance in Mathematics and Mathematical Literacy over the past 11 years; and trends analyses of learner performance in various subject fields.

All standardisation and resulting processes have been efficiently and effectively managed. This 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. This included the verification and processing of mop-up datasets as well as re-mark and re-check processes. System-readiness was ensured through dry runs and feedback provided on errors detected.

Umalusi presented eight papers at the 2019 SAAEA conference, two papers at the International Association for Educational Assessment (IAEA) conference and two papers at the Education Association of South Africa (EASA) conference. Additionally, Umalusi led discussions on the harmonisation of qualifications in the Southern African Development Community (SADC) environment at the SAAEA Research Forum meetings and guided the comparison of curriculum and assessment standards at Grade 9 level across eight SADC member countries. The final report on the findings was submitted to the Chairperson of the SAAEA Research Forum and the member countries and was tabled at the SAAEA Executive Committee of Council (EXCO) meeting.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
2.2.1: Number of research reports completed in various formats	8	10	9	3	3	None	None

Strategy to overcome areas of underperformance

There was no underperformance in this sub-programme.

Changes to planned targets

There were no target changes during the year.

Programme 2: Contribution to Umalusi's strategic goals and the national mandates

Programme 2 directly contributes to National Outcome 1: Quality basic education and Outcome 5: A skilled and capable workforce to support an inclusive growth path. This programme is comprised of units that are responsible for qualifications, curriculum, certification, verification of qualifications and research. The second strategic goal of the organisation refers to quality assurance of qualifications in the GFETQSF. The Qualifications, Curriculum and Certification (QCC) Unit reviews qualifications on the sub-framework and their related curricula. These qualifications are offered through the two education departments, the Department of Basic Education (DBE) and DHET. Based on the reviews, Umalusi is in a position to advise the two Ministers of Education on issues that need to be addressed to keep the qualifications at the right standard. The Statistical Information and Research (SIR) Unit conducts research on various matters pertaining to the management of a sub-framework of qualifications. The research findings and recommendations inform advice to the relevant Minister. The relationship between Umalusi and the departments is critical since Umalusi must ensure that education departments comply with all standards and criteria that Umalusi sets for qualifications in the sub-framework. While Umalusi may not have direct targets in the NDP, its work done in this programme contributes directly to the quality of education in South Africa.

Linking performance with budgets

Expenses Rand thousand	2018/19			2019/20		
	Budget	Audited outcome	(Over)/ Under expenditure	Budget	Audited outcome	(Over)/ Under expenditure
Compensation of employees	19 111	17 335	1 776	20 382	18 031	2 351
Goods and services	10 831	11 425	(594)	11 632	6 633	4 999
Communication	675	703	(28)	1 935	1 092	843
Consultants: Business and advisory services	3 812	3 969	(157)	3 522	1 819	1 703
Travel and subsistence	1 888	1 966	(78)	1 720	981	739
Operating payments	2 087	2 321	(234)	2 616	1 659	957
Venues and facilities	2 369	2 466	(97)	1 839	1 082	757
Total Expenditure	29 942	28 760	1 182	32 014	24 664	7 350

This programme manages the qualifications in the sub-framework that are informed by research. The programme was allocated R32-million for the current financial year for qualification management, printing certificates and research-related activities. Of the budget, 67% was used to defray expenses that related mainly to the standardisation of the National Senior Certificate (NSC) results and post-examination analysis. The underspending can be attributed to printing certificates for the November 2019 examination, which was delayed due to the impact of COVID-19 towards the end of the financial year.

The unit realised a saving of 12% in employee compensation, as a result of a delay in filling some vacancies.

3.3 PROGRAMME 3: QUALITY ASSURANCE AND MONITORING

PROGRAMME PURPOSE

The purpose of the Quality Assurance and Monitoring programme is to ensure that the providers of education and training have the capacity to deliver and assess qualifications registered on the GFETQSF and are doing so to the expected standards and quality. This programme consists of the following sub-programmes:

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

Strategic objective	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
3.1: To ensure the credibility of the examination results of the qualifications registered on the GFETQSF	QAA reports were produced per qualification, per assessment per examination cycle	Produce 10 QAA reports	10 QAA reports were produced	None	None
3.2: To quality-assure the private provisioning and assessment of qualifications registered on the GFETQSF	Comprehensive reports on provisioning and assessment of private education institutions completed	Accredit private education institutions and private assessment bodies in line with specified targets	Private education institutions and private assessment bodies were accredited accordingly	None	None

SUB-PROGRAMME: QUALITY ASSURANCE OF ASSESSMENT: SCHOOL QUALIFICATIONS (QAA: SQ)



Mary-Louise Madalane, Senior Manager:
QAA-SQ

Purpose

The function of the sub-programme is to establish, maintain and improve standards in assessment of school qualifications registered on the GFETQSF through quality assurance of assessment processes in general and further education and training, through quality assurance processes as noted below.

Overview of work done

Umalusi met its targets to conduct quality assurance of all the processes leading to the NSC qualification administered by three assessment bodies offering the NSC qualification, namely, DBE, IEB and SACAI. The following are some of the notable achievements:

Moderation of question papers

The question papers and accompanying marking guidelines for the various examinations were moderated and approved ahead of the commencement of the examinations, ensuring that the assessment bodies were ready to conduct the examinations. The approved question papers met the set standards, thus candidates who sat for the examinations were neither advantaged nor disadvantaged.

Moderation of SBA

The moderation of SBA, practical assessment tasks (PAT) and orals across assessment bodies was conducted successfully and the set targets were met. The verification of PAT was done for the first time in this financial year. Umalusi observed that different assessment bodies approached the conduct and management of orals and PAT differently. One distinct difference observed was that the different provincial education departments adjusted marks differently: some adjusted learners' marks during moderation, while others did not. This inconsistency was noted and brought to the attention of the assessment body, which was advised to develop a policy that can be implemented nationally. A common approach may increase the validity and reliability of the moderation process.

Standardisation of marking guidelines

Umalusi participated in the standardisation of marking guidelines for all question papers for DBE and for a sample of subjects for private assessment bodies for all examinations conducted. The standardisation of marking guidelines improved the quality of the marking guidelines and ensured that all possible responses to questions were accommodated.

Monitoring the conduct, administration and management of examination processes

The monitoring of the state of readiness of the assessment bodies to conduct examinations is another quality assurance process which was managed successfully and the findings were presented to the Basic Education Portfolio Committee and at a media briefing. Umalusi conducted the monitoring of the writing and marking of examinations and was able to report on improved conduct of examinations by the different assessment bodies, due to stringent security measures having been put in place. As a result, there were no systemic examination irregularities reported in the year under review.

Verification of marking

Umalusi conducted the verification of marking for all examinations undertaken by SACAI, IEB and DBE, except for the SACAI March 2020 supplementary examinations, scheduled to take place on 27 and 28 March 2020.

Owing to the national lockdown, this was postponed to a later date. Improvements in the quality of marking across assessment bodies were observed. This was ascribed to the standardisation of marking guidelines and determination and insistence on compliance to the tolerance ranges determined and approved by Umalusi during the standardisation of marking guidelines.

Although Umalusi met all its set quality assurance targets, challenges were noted. Some were addressed immediately while others were brought to the attention of the assessment bodies, through articulation as directives for compliance and improvement to be addressed. Subsequent to the issuing of these directives, the assessment bodies were directed to develop improvement plans to indicate how they would address these. All assessment bodies complied and submitted improvement plans, as directed. The improvement plans will be monitored to ensure full compliance going forward.

The following challenges were noted during the process of quality assurance conducted by Umalusi:

- Unscheduled load-shedding interrupted the smooth running of some examination sessions, which required the development, external moderation and approval of replacement question papers in a short space of time. To avoid hasty development of question papers in future, the assessment bodies were encouraged to have at least two sets of question papers prepared before the start of the examination session, from 2020.
- Though the examinations were free from systemic irregularities, there were reported irregularities involving acts of dishonesty. In all the cases, measures to deal with irregularities were implemented and relevant sanctions were imposed on candidates and officials who were found guilty.
- In the process of verifying/moderating internal assessment, it was evident that there was a lack of policy guiding the adjustment of marks during oral moderation, across all levels of moderation. Poor use/application of rubrics in marking essay type questions and verbatim use of questions from past question papers, without modification, subdued innovation and impacted on the quality of the assessment tasks.
- There was a shortage of markers to mark Afrikaans versions of scripts for various subjects. This shortage was mitigated by increasing the number of days for marking; consequently, the shortage did not have any material effect/bearing on the standard and quality of marking.

SUB-PROGRAMME: QUALITY ASSURANCE OF ASSESSMENT: POST-SCHOOL QUALIFICATIONS (QAA: PSQ)



Marisa du Toit, Senior Manager:
QAA-PSQ

Purpose

The function of this sub-programme is to establish, maintain and improve standards in the assessment of post-school qualifications registered on the GFETQSF, through quality assurance of assessment processes.

Overview of work done

The QAA: PSQ sub-programme recorded achievements as noted below.

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 that 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. All received question papers for all qualifications in the post-school sector that were moderated for the year were approved, which led to 100% achievement. Question paper moderation is conducted in line with Umalusi's criteria and are approved only after meeting all criteria. Question papers that did not meet all the criteria were either conditionally approved, or rejected. Conditionally approved and rejected question papers must undergo further quality assurance until the external moderators are satisfied that they meet the required standard.

Moderation of SBA/ internal continuous assessment (ICASS)

Umalusi verifies compliance of ICASS and SBA with the stipulations of the ICASS Instructions/SBA guidelines for different qualifications and programmes. Through the moderation process Umalusi identifies problem areas in implementing 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 the General Education and Training Certificate: Adult Basic Education and Training (GETC: ABET), SBA portfolios of the Benchmark Assessment Agency (BAA) were moderated in seven learning areas in June 2019 and November 2019. A total of 16 DHET portfolios for 16 learning areas were moderated in June 2019 and 26 learning areas in November 2019. For the IEB, Umalusi moderated 19 learning areas (seven for June 2019, two in September 2019, eight in November 2019 and two in March 2020). Umalusi did not sample one IEB learning area for this process in June 2019.
- In the National Certificate (Vocational) (NC(V)), Umalusi moderated the ICASS of 49 subjects, of which 25 were at Level 4 as per the annual target during May and November 2019. In addition, five orals, three of which were English and two, Afrikaans, were moderated. For the Report 190/191 NATED: Engineering Studies N2-N3, the internal continuous assessment of 49 subjects, of which 25 were at Level 4 as per the annual target during May and November 2019, were moderated. In addition, five orals, three English and two Afrikaans, were moderated.

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 QAA reports.

Standardisation of marking guidelines

It is essential that marking guidelines be discussed with markers to ensure that all possible responses and

corrections are agreed to and that any amendments to the marking guidelines are approved. This process ensures that all markers have a common understanding of how to mark candidates' responses effectively and, furthermore, eliminates any inconsistencies in marking. During the year, a sample of standardisation of marking guideline discussion meetings were attended and the marking guidelines were approved as indicated below:

- In the GETC: ABET, standardisation of marking guidelines of 14 learning areas of BAA were monitored in June and November 2019. A total of 52 learning areas of DHET were monitored for June and November 2019, and 19 learning areas of IEB were monitored in June 2019, September 2019, November 2019 and March 2020. One learning area in June 2019 was not sampled.
- For NC(V), the standardisation of marking guidelines of 41 Level 4 and two each of Level 2 and Level 3 question papers of the November 2019 examinations were monitored.
- The marking guidelines of instructional learning in NATED Report 190/191 Engineering Studies N2-N3 were monitored for the April 2019, August 2019 and November 2019 examinations.

The standardisation of marking guidelines was conducted as per the unit's plans and was reported on in terms of Umalusi's reporting instruments for this process. Consolidated reports were prepared and shared with the assessment bodies.

Verification of marking

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

- The verification of marking of GETC: ABET examinations was conducted in 14 learning areas for June and November 2019. For the DHET, verification of marking was conducted in 26 learning areas of the June 2019 examinations, and 24 learning areas of the November 2019 examinations. For IEB, 19 learning areas were verified for the June 2019, September 2019, November 2019 and March 2020 examinations.
- In the NC(V): Levels 2–4, verification of marking was conducted for 69 subjects. Umalusi thus verified the marking of 69 of the 260 subjects in which examinations were conducted for the November 2019 examinations. The marking of nine of the 2020 NC(V) supplementary examination question papers was verified.
- In relation to NATED Report 190/191 Engineering Studies N2-N3, the marking of 24 subjects for the April and August 2019 examinations was verified. Verification of marking was conducted for 40 out of 58 instructional offerings for the November 2019 examinations, as planned.

External moderators conducted verification of marking according to Umalusi's criteria for this quality assurance of assessment process. Consolidated reports were prepared and shared with the assessment bodies.

Moderation of integrated summative assessment tasks (ISAT)/PAT and SBA tasks

The moderation of ISAT and the SBA tasks 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 GETC: ABET, the SBA tasks of BAA in seven learning areas were quality assured and approved; for the DHET, the SBA tasks for 26 learning areas each for the June and November 2019 examinations were quality assured and approved (a total 52 learning areas); and SBA for three learning areas of the IEB were quality assured and approved.

- For NC(V), 18 Level 3 ISAT and PAT and 43 Level 2 ISAT were reviewed in 2019. The conduct of the ISAT was moderated in 44 subjects at 55 sites in October 2019.

The moderation of ISAT and SBA was conducted as per the year plan and reported in terms of Umalusi's reporting instruments for this process. Consolidated reports were prepared and shared with the assessment bodies.

Approval of results

The EXCO approved the release of the examination results of the 2019 supplementary, April 2019, June 2019, August 2019 and November 2019 examinations of the assessment bodies on the dates indicated below:

- For GETC: ABET, the release of examination results of BAA was approved on 24 July and 29 December 2019 respectively; that of the DHET on 12 August and 29 December 2019; and the IEB on 2 August and 30 December 2019.
- The release of results of the 2019 NC(V) supplementary examination was approved on 10 April 2019. The EXCO approved the release of results of the November 2019 examinations on 29 December 2019.
- The NATED Report 190/191 Engineering Studies N2-N3 April 2019 and August 2019 examination results were approved for release on 9 May 2019 and 30 August 2019 respectively. The EXCO approved the release of results of the November 2019 examinations on 29 December 2019. The release of results of the N3 Business Languages of the November 2019 examinations was also approved on 29 December 2019.

Quality assurance of assessment reports

Six QAA reports for post-school qualifications were developed and published.

QAA sub-programmes: key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
3.1.1: Number of quality assurance of assessment reports published for qualifications registered on the GFETQSF	N/A	GETC: 6 NSC: 6 NATED: 2 SC: 1 NATED/ NC(V): 1	10	10	10	None	None

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
3.1.2: Percentage of question papers approved per assessment body per qualification per exam cycle	N/A d	GETC DHET: 96% IEB: 100% BAA: 100% NSC DBE: 100% IEB: 100% SACAI: 100% SC DBE: 100% NC(V) DHET: 100% NATED DHET: 132%	100%	100%	100% (963/963)	None	None
3.1.3: Number of assessment bodies audited for their state of readiness to conduct examinations	N/A	N/A	14	13	13	None	None
3.1.4: Number of subjects for which verification of marking is conducted	N/A	N/A	95	80	90	+10	Additional subjects were sampled for verification of marking

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	Comment on deviations
3.1.5: Number of offerings where moderation of SBA/ICASS is conducted and monitored per assessment body per qualification per examination cycle	N/A	N/A	GETC- March IEB 2 GETC-June BAA 5 DHET 16 IEB 7 GETC- Sept. IEB 1 GETC-Nov. BAA 7 DHET 26 IEB 8 Report 190/191 -April DHET 15 Report 190/191-Aug DHET 16 Report 190/191-Nov DHET 17 NC(V)- Nov DHET 25	150	208	+58	More subjects included in the sample than targeted due to problems identified, e.g. where there was non-compliance identified during monitoring of examinations

Strategy to overcome areas of underperformance

There was no underperformance in this sub-programme.

Changes to planned targets

There were no target changes during the year.

SUB-PROGRAMME: EVALUATION AND ACCREDITATION



Cindy Thomas, Senior Manager:
E&A

Purpose

The function of this sub-programme is to provide for quality assurance of provision and assessment of qualifications registered on the GFETQSF through evaluation and accreditation of private education institutions and private assessment bodies. This entails ensuring that standards for provision are determined, maintained and strengthened; and that systems are in place to quality-assure the capacity of private education and training institutions seeking accreditation to implement and assess qualifications registered on the GFETQSF.

Overview of work done

Umalusi conducted 14 Quality Promotion workshops for independent schools and one for private colleges. The workshops were instrumental in advising private education institutions of the requirements for accreditation and the accreditation processes. To ensure compliance with accreditation standards, approved private education institutions are monitored biennially. A total of 268 institutions were monitored in the year under review.

Accreditation certificates were presented at accreditation forums in Gauteng on 27 February 2020, Eastern Cape on 5 March 2020 and KwaZulu-Natal on 10 March 2020. The accreditation forum planned for the Western Cape on 26 March 2020 was cancelled due to the COVID-19 crisis.

During the financial year, necessary processes and procedures were enacted that resulted in reports on 478 independent schools, 99 private FET colleges and seven private AET centres being presented to the Accreditation Committee of Council (ACC) for recommendations on outcomes of the accreditation process. The following recommendations were made by the ACC:

The CEO approved the following with regard to independent schools in the 2019/20 financial year:

- Accreditation : 113 schools
- 2 years' provisional accreditation : 69 schools
- No accreditation : 23 schools

The senior manager signed off 199 window-period letters for independent schools.

The ACC made the following recommendations regarding private colleges in the 2019/20 financial year:

- 7 years' accreditation : 18 FET colleges and 1 AET centre
- 2 years' provisional accreditation : 35 FET colleges
- No accreditation : 24 FET colleges and 6 AET centres
- Window-period to improve : 22 FET colleges

The CEO approved the following with regard to private colleges in the 2019/20 financial year:

- 7 years' accreditation : 14 FET colleges and 1 AET centre
- 2 years' provisional accreditation : 27 FET colleges and 7 AET centres
- No accreditation : 16 FET colleges and 1 AET centre

The senior manager signed off 22 window-period letters for private FET colleges.

Two private assessment bodies were granted provisional accreditation, to 31 December 2022.

The management information system (MIS) continued to pose a major challenge to the evaluation and

accreditation processes. Not all accreditation processes are accommodated online, which leads to the system producing inaccurate statistics. Consequently, it is necessary to keep countless manual records to support the processes. This is labour intensive, time consuming and presents a risk of unreliable record-keeping. Improved ICT initiatives should solve these.

Another challenge faced during the year was heavy reliance on ad hoc contract workers to conduct the evaluation and verification functions in the accreditation process. Despite continual training, the same standards cannot be maintained if full-time staff are not deployed with site visit teams. To address this, a full-time staff member is assigned to each site visit team, as the team coordinator. Although this has raised the standard of the work of the ad hoc contract staff, it has incurred increased costs, as well as pressure on the full-time staff of the unit who are out of office more frequently.

The safety of field workers has also been a concern during the year, since some private education institutions are located in areas that are not entirely safe, such as inner-city buildings. There has also been an increase in the number of appeals from institutions that claim the word of a single evaluator is taken against that of the institution. To address this, the unit is implementing a system whereby at least two staff members conduct follow-up site visits together. In addition, institution representatives must sign the report to verify that on-site evidence aligns with what Umalusi evaluators record.

Although the number of initial site visits is decreasing, the number of follow-up evaluations has increased considerably. These are visits to institutions granted an opportunity to improve after not meeting the accreditation criteria fully in the first instance. The number of accredited private education institutions that must be monitored biennially has also increased substantially, placing a heavy load on the staff of the unit.

Key performance indicators, planned targets and actual achievements

Performance indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target 2019/20	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	88% (369/418)	82%	89% (482/541*100)	+7%	Efforts were made to finalise as many reports as possible before the financial year-end
3.2.2: Percentage of private education institutions monitored after being granted accreditation	N/A	N/A	97% (115/118)	92%	95.7% (268/280*100)	+3.7%	Every attempt is made to follow up with institutions needing to be monitored

Strategy to overcome areas of underperformance

There was no underperformance in this sub-programme.

Changes to planned targets

There were no target changes during the year.

Programme 3: Contribution to Umalusi's strategic goals and the national mandates

In the same manner as programme 2, this programme links directly with National Outcome 1: Quality basic education, and Outcome 5: A skilled and capable workforce to support an inclusive growth path. 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 by Umalusi through this programme.

Linking performance with budgets

Expenses Rand thousand	2018/19			2019/20		
	Budget	Audited outcome	(Over)/ Under expenditure	Budget	Audited outcome	(Over)/ Under expenditure
Compensation of employees	25 185	25 135	50	28 438	27 602	836
Goods and services	59 997	58 390	1 607	62 638	54 474	8 164
Communication	233	225	8	535	194	341
Consultants: Business and advisory services	894	864	30	639	824	(185)
Travel and subsistence	15 377	14 855	522	19 843	13 952	5 891
Operating payments	42 139	41 138	1 001	39 238	38 369	869
Venues and facilities	1 354	1 308	46	2 383	1 135	1 248
Total Expenditure	85 182	83 525	1 657	91 076	82 076	9 000

This programme, which accredits and monitors independent schools, received a budget allocation of R82-million for the year. The programme used 87% of its budget during the year, a significant portion of this allocation being to defray expenses for moderators, examiners, verification of marking, subject specialists, as well as travel and accommodation paid to independent contractors who conduct site visits on behalf of Umalusi. Compensation of employees in the units was well within budget, with a variance of 3%, attributed mainly to savings on cost of living adjustments. The organisation budgeted for a 6% increase in salary; however, employees were granted increases of 5.2% for the financial year ending 31 March 2020.

REVENUE COLLECTION

Revenue	2018/19			2019/20		
	Budget	Audited outcome	(Over)/ Under expenditure	Budget	Audited outcome	(Over)/ Under expenditure
Certification	5 770	6 030	260	5 926	2 075	(3 851)
Verification of certificates	10 774	10 659	(115)	10 661	12 388	1 727
Accreditation of providers	13 674	9 502	(4 172)	6 589	7 755	1 166
Interest	5 200	4 576	(624)	4 500	4 532	32
Reserve funds	13 959	-	(13 959)	52 192	-	(52 192)
Other income	3 099	6 737	3 638	8 470	5 574	(2 896)
Grant: Department of Basic Education	128 543	128 543	-	134 634	134 634	-
Total Revenue	181 019	166 048	(14 972)	222 972	166 958	(56 014)

Umalusi is mainly funded from four sources of income, i.e., accreditation, verification, certification fees and state grants in the form of transfers. As shown above, during the period under review the entity received just over R134-million, a marginal increase of 5% over that of the previous financial year (an inflationary adjustment from National Treasury).

The subdued economic activities in South Africa as a result of COVID-19 continued to threaten the financial viability of independent schools. Consequently, this negatively influenced Umalusi's ability to collect receivables. The income from verification, certification and accreditation accounts of 13% reflected a decline of 15% compared to that of the previous year. This significant decline can be attributed to slow demand for accreditation of independent schools and the discontinuation of the printing of subject certificates.

The revenue from accreditation is, however, expected to continue to decline significantly, to R5.6-million over the Medium Term Expenditure Framework (MTEF) period ending in the 2023/24 financial year. This will compel the scaling down of operations and constrain some crucial, planned activities, in line with available resources.







PART C:

GOVERNANCE

1. INTRODUCTION

The Umalusi Council subscribes to the King IV 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 appointed Council reviewed its Charter and Governance Framework.

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 Council members 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), the Companies Act and other relevant legislation.

2. PORTFOLIO COMMITTEES

Umalusi appeared before the Portfolio Committee on Basic Education, and the Select Committee on Education and Technology, Sports, Arts and Culture, as highlighted below:

- On 27 August 2019, the Chairperson of Council led the Umalusi team in presenting the Annual Performance Plan and Budget for 2019/20 to the Portfolio Committee on Basic Education. As this was the first briefing to the new Portfolio Committee appointed after the 2019 general elections and to provide context for new members, the presentation covered additional information on the mandate and structure of Umalusi. The committee was grateful to interact with the team and they accepted that the plan was in line with the mandate of Umalusi.
- On 9 October 2019, the Umalusi team met with the Portfolio Committee on Basic Education to present the 2018/19 Annual Report. Although the Committee welcomed the report, it expressed serious concern that Umalusi had failed to move beyond an unqualified audit report in the last 18 years. The organisation has been challenged to achieve a clean audit report in the 2019/21 financial year.
- On the same day, Umalusi briefed the committee on its readiness to quality assure the 2019 end-of-year examinations. The report was well received and the Portfolio Committee commended Umalusi on the quality assurance work that it performs in the country.
- On 5 November 2019, Umalusi presented a report on the certification backlog associated with the National Certificate (Vocational) (NC(V)), General Education and Training Certificate (GETC) and National Education Report 190/191(NATED) to the Portfolio Committee on Higher Education and Training. The presentation was done jointly with the Department of Higher Education and Training (DHET), and the State Information Technology Agency (SITA). The committee expressed its belief that this collaboration is key to clearing the outstanding certification backlog and to improving the overall examination process.
- The Portfolio Committee on Basic Education and the Select Committee on Education and Technology, Sports, Arts and Culture invited Umalusi to brief the members on the 2019 NSC examinations on 5 and 11 February 2020, respectively. The presentation focused on the following: the Umalusi mandate and regulatory framework, framework for quality assurance of assessment, the quality assurance processes undertaken in 2019, areas of improvement, tracking of directives for compliance 2017–2019, standardisation and resulting, and recommendations. Members of both committees were grateful for the information shared with them.

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 set out below:

- 30 April 2019
- 31 July 2019
- 31 October 2019
- 31 January 2020

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 2019 to seek approval for tabling in Parliament. Approval was granted and the 2018/19 Annual Report was tabled by the DBE in Parliament.

The Strategic Plan 2020–2024 and the 2020/21 Annual Performance Plan were submitted by Umalusi Council to the Minister on 31 January 2019 for approval for tabling. This was granted and tabling was done by the DBE on 13 March 2020.

4. THE ACCOUNTING AUTHORITY – COUNCIL

4.1 Introduction

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 (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).

The Council has a fiduciary responsibility to ensure 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 approves 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. Council also ensures, through the Audit and Risk Committee, that there is a clear risk management strategy, fraud prevention policy and strategy to ensure good governance.

The Umalusi Council has a Charter that encapsulates the duties and responsibilities of Council as the accounting authority. It also regulates how business is conducted, in accordance with the principles of good corporate governance, and enables Council to provide strategic direction to management and to ensure continued good relations with beneficiaries and potential stakeholders.

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. The meetings are a platform for Council to monitor the performance of the organisation, provide advice to management and recommend advice to the Ministers of Education. Policy was debated and discussed at two Council workshops before being adopted for approval at a Council meeting. In exercising 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.

Composition of the Council

The table below reflects members of the Umalusi Council from 1 April 2019 to 31 March 2020.

Members of the 6th Umalusi Council

Name	Designation (in terms of the public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Professor JD Volmink	Chairperson	8/06/2014	n/a	PhD	Mathematics Education	<ul style="list-style-type: none"> Durban University of Technology (DUT) Juta & Co (Pty) Ltd Towerstone (Pty) Ltd 	Executive Committee (EXCO)	6/6
Professor MLE Monnapula-Mapesela	Deputy Chairperson	8/06/2014	n/a	PhD	Higher Education	<ul style="list-style-type: none"> Rhodes University 	EXCO	3/6
Professor L Makalela	Member	8/06/2014	n/a	PhD	English Studies, Literacy and Linguistics	<ul style="list-style-type: none"> None 	EXCO	3/6
Professor R Mampane	Member	8/06/2014	n/a	PhD	Educational Psychology	<ul style="list-style-type: none"> None 	EXCO Assessment Standards Committee (ASC) Research forum	4/6
Mr D Hindle	Member	15/12/2016	n/a	BEd Hons	Sociology & Comparative Education	<ul style="list-style-type: none"> None 	EXCO Qualifications Standards Committee (QSC)	3/6
Dr MS Rakometsi	CEO	8/06/2014	n/a	PhD	Education	<ul style="list-style-type: none"> Board member of Pretoria Boys' High CHE Helderberg College Council QCTO SAQA Vaal University of Technology (VUT) 	Ex-officio member of all Council Committees	5/6
Professor Y Ballim	Member	8/06/2018	n/a	PhD	Education Leadership	n/a	None	2/6
Professor PD Siyakwazi	Member	8/06/2018	n/a	PhD	Sociology of Education	n/a	None	6/6
Professor MP Mulaudzi	Member	8/06/2018	n/a	PhD	Educational Psychology	<ul style="list-style-type: none"> University of Venda 	None	6/6
Mr NT Johnstone	Member	1/09/2015	n/a	BSc	Physiology	<ul style="list-style-type: none"> Catholic Institute of Education (CIE) Independent Examinations Board (IEB) JET Education Services National Student Financial Aid Scheme (NSFAS) 	Audit and Risk Committee (ARC)	5/6
Dr MJ Maboya	Member	1/07/2016	n/a	PhD	Mathematics Education	<ul style="list-style-type: none"> None 	None	3/6

Name	Designation (in terms of the public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Ms A Singh	Member (DHET)	22/11/2018	n/a	MBA	Curriculum Studies	<ul style="list-style-type: none"> DHET 	None	3/6
Advocate MJ Merabe	Member	15/12/2016	n/a	LLM	Education Law	<ul style="list-style-type: none"> None 	None	2/6
Ms M Metcalfe	Member	8/06/2018	Resigned as chairperson of the Research Forum from 26 February 2020	Master's in Education	Education	<ul style="list-style-type: none"> Provincial Initiative for the Improvement of Learning Outcomes (PILO) South African Institute of Distance Education (SAIDE) Puku Children's Literature Foundation (Puku) The Open Society Foundation for South Africa (OSF-SA) Claude Leon Trust 	Research Forum	0/6
Ms C Myburgh	Member	8/06/2018	n/a	PhD Human Resource Management	Industrial Psychology	<ul style="list-style-type: none"> None 	Information and Communication Technology Oversight Committee (ICTOC) ASC	6/6
Ms MMM Phutsisi	Member	8/06/2018	26/02/2020	Master's in Education	Education	<ul style="list-style-type: none"> None 	Accreditation Committee of Council (ACC)	1/6
Mr J Samuels	Member	8/06/2014	n/a	MPhil	Adult Education	<ul style="list-style-type: none"> CHE QCTO SAQA 	None	3/6
Dr J Reddy	*Member	December 2019	n/a	BA Higher Diploma MSc PhD	Education and Training Skills Development, Project Management NQF Policy and Implementation Leadership and Management of parastatal agencies	<ul style="list-style-type: none"> CHE National Skills Authority (NSA) QCTO Human Resource Development Council (HRDC) 	None	2/6
Professor N Baijnath	Member	1/10/2015	n/a	PhD	Higher Education Policy Planning and Educational Change	<ul style="list-style-type: none"> CHE QCTO SAQA 	CEO Committee	2/6

Name	Designation (in terms of the public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Mr V Naidoo	Member	28/08/17	n/a	BEd (Hon)	Quality Assurance TVET Skills Development	<ul style="list-style-type: none"> CHE QCTO SAQA 	Policy & Research (NSA Committee) Higher Education Quality Committee (HEQC) CEO Committee	5/6
Mr T Kojana	Member (HECOM representative)	1/12/2018	n/a	BA (Hons) Education Management	Education Management	n/a	None	1/6

* Dr Reddy became a Council member by virtue of her being the Acting CEO of SAQA in the interim

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 some of its oversight functions to the EXCO, in terms of section 8 of the GENFETQA Act. During the 2019/20 financial year, EXCO considered and recommended for approval by Council four quarterly performance reports, the Strategic Plan 2020–2024 and the 2020/21 Annual Performance Plan. EXCO also had an opportunity to deal with the Umalusi risk report, as recommended by the ARC. The committee has discussed four sets of management accounts and other financial reports; and recommended these to Council for ratification. During the year, EXCO approved all the tenders that were presented before it in terms of the delegations stated in the supply chain management policy.

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
Executive Committee (EXCO)	4 25 April 2019 26 July 2019 3 November 2019 29 January 2020	6	1. Professor JD Volmink (Chairperson) 2. Professor MLE Monnapula-Mapesela 3. Dr MS Rakometsi 4. Mr D Hindle 5. Professor L Makalela 6. Professor R Mampane

4.2.2 Accreditation Committee of Council (ACC)

During the 2019/20 financial year, the ACC considered and made recommendations on 586 applications for accreditation (two for private assessment bodies, 478 for independent schools, 99 for private FET colleges, and seven for private AET colleges).

The key functions of the ACC are to support the Quality Assurance of Assessment (QAA) Unit and sub-units and the Statistical Information and Research (SIR) Unit. The committee also provide guidance to Council on matters related to assessment standards and statistical research.

In the 2019–2020 financial year the committee held three meetings and addressed matters pertaining to the standard setting Umalusi is mandated to undertake.

ACC meetings

Committee	No. of meetings held	No. of members	Names of members
Accreditation Committee of Council	6 2 and 3 April 2019 6 and 7 May 2019 8 and 9 July 2019 17 and 18 Sept 2019 19 and 20 Nov 2019 17 and 18 Feb 2020	13	1. Dr Cila Myburgh* (Chairperson) 2. Ms Dipiloane Phutsisi** 3. Mr Stephen Lategan 4. Mr Jacob Abraham 5. Dr Shamrita Bhikha*** 6. Ms Marianne Cilliers 7. Dr Sydney Goshier 8. Dr Surendran Govender 9. Mr Jonathan Jensen 10. Dr Veronica Masuku 11. Mr Ralph Mehl 12. Dr Perumal Naicker 13. Advocate Bongani Ndlazi 14. Mr Jacob Pienaar

* Dr Cila Myburgh – was appointed on 25 February 2020

**Ms Dipiloane Phutsisi – resigned on 20 February 2020

***Dr Shamrita Bhikha – resigned on 30 August 2019

4.2.3 Audit And Risk Committee (ARC)

The full ARC report can be found under Section 13 (page 75) of this report.

ARC meetings

Committee	No. of meetings held	No. of members	Names of members
Audit and Risk Committee	5 23 April 2019 17 May 2019 22 July 2019 21 October 2019 21 January 2020	7	1. Mr P Benadè (Chairperson) 2. Mr NT Johnstone 3. Ms D Diale 4. Advocate WJ Lubbe 5. Mr M Mtshali 6. Mr P Khunou 7. Mrs F Dada*

*Ms Dada ceased to be a member of the committee on 11 February 2020

4.2.4 Assessment Standards Committee (ASC)

The ASC held meetings in July and October 2019 focusing on issues pertinent to the standardisation process. The ASC received updates on an investigation of the Business Studies, Languages; post-examination analysis; research on "shell items"; and an investigation into norm development, with specific reference to the GETC norms. At a workshop held in January 2020, the ASC reflected on standardisation meetings held in December 2019, a capacity-building workshop and evidence-based reporting.

Outputs of the task teams

Task teams that had been established in 2019 presented progress reports at the various standardisation meetings. These described their activities during the period under review, which included:

- A review of the standardisation of school-based assessment (SBA): the task team reviewed the statistical moderation formula and application, with special reference to the sudden high failure rate at one school. The findings revealed that this was due to a reduction in SBA marks during statistical moderation, a measure that is in place to ensure the reliability of the SBA.
- Review of evidence-based template for the DBE: members of the task team reviewed the DBE evidence-based report template. A new template was developed and submitted to the DBE. A decision was made not to implement the template for the December 2019 reports.
- ASC capacity-building workshop and evidence-based analysis: a workshop was conducted a day before the commencement of the end-of-year standardisation meetings. It focused on standardisation principles and their interpretation, to ensure consistency in adjustments across subjects and qualifications for all assessment bodies.

Standardisation meetings

The ASC attended eight standardisation meetings. These were in addition to the June and October/November examination standardisation meetings, which involved all ASC members. The additional meetings were attended based on availability and area of specialisation. During each pre-standardisation meeting ASC members interacted, presenting both qualitative and quantitative reports. The adjustments were informed by the principles of standardisation. All actions taken during these meetings are to ensure the credibility of data and that no learner is advantaged or disadvantaged.

ASC meetings

Committee	No. of meetings held	No. of members	Names of members
Assessment Standards Committee	4 Meetings and workshops: 23 January 2020 10 July 2019 08 October ASC Meeting 15 December 2019 Standardisation meetings for examinations: 8 9 April 2019 2 April 2019 17 July 2019 18 July 2019 1 August 2019 30 August 2019 20 September 2019 15 December–23 December 2019	16	1 Professor Yunus Ballim (Chairperson) 2. Professor Peter Rule (Deputy Chairperson) 3. Professor Moonsamy Moodley 4. Professor Sarah Howie 5. Professor Paul Fatti 6. Professor Sudan Hansraj 7. Professor Percy Sepeng 8. Dr Morgan Naidoo 9. Dr Moeketsi Mosia 10. Professor Shireen Motala 11. Dr Brenda Samuel 12. Professor Maseka Lesaoana 13. Professor Murthee Maistry 14. Mr Mathew Snelling 15. Professor Loyiso Jita 16. Professor Nogwaja Zulu

4.2.5 Information And Communication Technology Oversight Committee (ICTOC)

Umalusi established the 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, developed by the Department of Public Service and Administration (DPSA). The committee, therefore, fulfils the following functions:

- To conceptualise and oversee Corporate Governance of Information and Communication Technology (CGICT) and its strategic alignment with Umalusi's corporate Strategic Plan;
- To evaluate, direct and monitor the planning, implementation and execution of the CGICT and its strategic alignment with Umalusi's Strategic Plan;
- To coordinate the development and implementation of CGICT and the governance and management of the ICT framework (G&M Framework), which should address the Risk Management Policy; internal audit; management of the ICT portfolio: an information policy (information plan), an ICT security policy, a business continuity plan (BCP); ICT continuity policy and plan, and a change management plan;
- To ensure effective monitoring and evaluation of plans for improvement and the meeting of all objectives;
- To ensure that its reports are available to the audit committee for input, prior to reporting back to Council.

For the period under review, ICTOC recommended the following documents for CEO and Council approval:

- ICT Five-Year Strategy 2020/21 to 2024/25 and Implementation Plan
- ICT Security Strategy
- Cloud Computing Policy
- ICT Incident Management Policy
- ICT Service Charter

- Enterprise Architecture: Terms of Reference
- Information Technology Operational Committee: Terms of Reference

ICTOC meetings

Committee	No. of meetings held	No. of members	Names of members
Information and Communication Technology Oversight Committee	4	4	1. Dr Cila Myburgh (Chairperson) 2. Dr Charles Motau 3. Mr Claude Baxter 4. Mr Mhlonishwa Mtshali

4.2.6 Qualifications Standards Committee (QSC)

The QSC is a committee of Umalusi Council charged with the responsibility of providing advice and recommendations on matters related to developing qualifications registered on the GFETQSF and their associated curricula. During the 2019/20 financial year, the QSC has worked with zestful enthusiasm to recommend the approval of the Advanced Programmes to Council for inclusion in the NSC qualification. It has also provided much-needed guidance to the DHET on policies to enable the implementation of the NASCA, which had stalled for some time in the education system. It, further, provided guidance in appraising the General Education Certificate (GEC), a new qualification submitted by the DBE for consideration. The QSC made pertinent recommendations to Council to aid its registration on the NQF and its implementation in the education system. In addition, the QSC has successfully recommended to Council the phasing out of the NSC (Colleges) qualification, due to its poor uptake and lack of articulation. The important work, and contributions of the QSC to Umalusi Council, ensures the performance and currency of the qualifications registered on the GFETQSF.

The QSC also played a critical role in the development and approval of Umalusi policies. During this financial year the QSC recommended, for Council approval, an amended Policy on the Re-issue of National Certificates and Policy and Criteria for the Development, Registration and Publication of Qualifications and Part-qualifications on the GFETQSF. These policies have been vetted by the Socio-Economic Impact Assessment System (SEIAS) and are in the process of being gazetted for public comments. Without these policies, Umalusi would find it difficult to manage the developmental processes of the qualifications it oversees and issue credible certificates to learners who qualify; or need re-issues of certificates that have been lost or damaged due to factors beyond their control.

QSC meetings

Committee	No. of meetings held	No. of members	Names of members
Qualifications Standards Committee	3 11 July 2019 9 October 2019 7 February 2020	10	1. Mr Duncan Hindle (Chairperson) 2. Professor Caroline Long 3. Mr Hugh Amoore 4. Dr Jacobus Myburgh 5. Dr Mary Madileng 6. Mr Mzamo Jacobs 7. Mr Simon Maboya* 8. Ms Stella Carthy 9. Mr Timothy McBride 10. Dr Vuyelwa Toni Penxa** 11. Ms Anne Oberholzer 12. Dr Eric Mahlobo***

*Mr Simon Maboya resigned on 3 January 2020

**Dr Vuyelwa Toni Penxa resigned on 9 March 2020

***Dr Eric Mahlobo was appointed on 25 February 2020

4.2.7 Research Forum

The Research Forum, as a support and advisory committee to the Statistical Information and Research (SIR) Unit, engaged in several strategic and advisory roles in the financial year 2019/20. At the beginning of the period under review, two working groups were designated to:

- ensure that crucial issues in the education system were on the research agenda; and
- how best to disseminate findings.

In tandem with Umalusi's strategic position of engaging with crucial educational issues, a decolonisation seminar was conceptualised, together with the Research Forum. This seminar analysed what decolonisation means for pedagogy, learning and assessment and, in the context of Umalusi's work, on what curricula for teaching and assessing should be based; more so for African languages.

A research colloquium was held on school-based assessment (SBA) for learning, teaching and assessment. The colloquium engaged SBA in the assessment cycle as "learning as and learning for" to address evidence that SBA may, largely, be assessing skills that are also assessed during exams. The colloquium achieved consensus on the issue that continued SBA assessment should primarily prepare learners for lifelong learning and not for taking tests and examinations.

The strategic goal regarding dissemination of findings was achieved through crafting and disseminating a ministerial advice that scoped findings from a longitudinal study. Feedback was also provided on research done in 2018/19 on phase transitions; and the degree of alignment with critical cross-field and developmental outcomes that formed a continuum with earlier Umalusi curriculum research.

In its advisory capacity, the Research Forum was invited for a special sitting with the Qualification Standards Committee to engage the Draft General Education Policy, as presented by the DBE.

Research Forum meetings

Committee	No. of meetings held	No. of members	Names of members
Research Forum	2 5 October 2019 7 February 2020 (included QSC members)	11	<ol style="list-style-type: none"> 1. Professor Motlalepula R Mampane (Chairperson) 2. Ms Mary Metcalfe* 3. Dr James Keevy 4. Dr Heidi Bolton 5. Professor Anil Kanjee 6. Professor Volker Schöer 7. Professor Saloshna Vandeyar 8. Professor Sarah Gravett 9. Ms Elizabeth Zondi 10. Dr Vijay Reddy 11. Professor Mncedisi Maphalala

*Ms Metcalfe was replaced as Chairperson due to illness.

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 2019/20 the organisation continued reviewing its 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 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 quarterly performance reports, the Annual Performance Plan and the Annual Report, prior to approval by the EXCO.

Members of the Umalusi management team, as appropriate, participated in risk management training during the year, thereby enabling Umalusi to utilise this critical management tool to its full extent and confirming 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 thus contracted out. However, the ARC is responsible for monitoring the internal audit function, for evaluating the effectiveness of the internal controls in place and 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 ARC 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 ARC makes decisions on matters relating to the scope of its responsibilities and presents such decisions to the Council for ratification.

The ARC 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.

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

Umalusi provided confirmation of compliance to the ARC and the Council. Furthermore, the external auditors tested compliance with laws and regulations during the annual external audit.

Ensuring compliance management forms 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 are accessible to the public at all times, including weekends and holidays.

The number of the hotline is 17737. During the year under review, some ten valid reports were received via the hotline and Umalusi conducted various investigations to probe 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 and at the ARC.

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 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 a Council committee 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 at all levels. Management continuously ensures that employees abide by the Code of Ethics and the values encapsulated in the entity's Strategic Plan.

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

HEALTH AND SAFETY STATEMENT

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 levels of health and safety control: a working environment that is safe and without risk to the health of its employees.

In ensuring a safe and healthy working environment, Umalusi will work with employee representatives and other stakeholders in an appropriate forum to develop programmes and guidelines that provide for the health and safety of all stakeholders, as far as reasonably practicable.

ENVIRONMENTAL SUSTAINABILITY

In making sure that Umalusi complies with other environmental aspects, efforts have been made to ensure that we keep the environment as sustainable as possible. The following is in place in this regard:

- Recycling of used paper; and
- Making sure that all appliances are switched off at the end of each business day.

HEALTH AND SAFETY

The CEO has appointed individual employees to the Health and Safety Committee, which consists of 17 members: nine first aiders and eight fire monitors.

Umalusi appointed the National Occupational Safety Association (NOSA) to perform an audit of the organisation's overall health and safety matters. The audit included current infrastructure, lighting requirements, temperature control measures and safety and security, among others.

As a result of the audit, the following were achieved:

1. A commitment to strive for legal compliance;
2. Management and availability, as well as inspections and servicing, of firefighting equipment;
3. Provision of building structures in good condition;
4. Signage in place to indicate emergency exits and firefighting equipment; and
5. Continuous training of Health and Safety Committee members in firefighting, first aid and the Occupational Health and Safety (OHS) Act, among others.

12. SOCIAL RESPONSIBILITY

Umalusi's social responsibility initiatives are informed by the need to contribute to nation building through performing not only its core mandate of quality assurance in general and further education and training, but also in ensuring that Umalusi makes a difference in the immediate community in which the organisation operates.

In the 2019/20 financial year Umalusi took part in the annual Nelson Mandela Day activities on 18 July 2019. The aim was to contribute towards community upliftment and socio-economic development. The beneficiary of the Mandela Day activity for the 2019/20 financial year was Kitso-Lesedi Community Development NPO, which feeds impoverished and homeless communities in the inner city of the Tshwane Metropolitan area in Gauteng.

Umalusi refurbished the centre's pantry to the value of R6 650 and donated non-perishable food items, clothing, toiletries and blankets, which were formally handed over to Kitso-Lesedi on 17 July 2019. On 18 July 2019, Umalusi staff helped with distributing blankets and assisted in a clean-up campaign organised by Kitso-Lesedi.

Umalusi also participated in the national Casual Day initiative on 6 September 2019. All proceeds from the sale of stickers were donated to the Deaf Federation of South Africa (DeafSA).

13. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2020.

13.1 Terms of Reference

The committee adopted appropriate formal terms of reference in its Audit and Risk Committee Charter; regulated its affairs in compliance with this Charter; and discharged all responsibilities. The Council approved the Charter.

13.2 Role and Responsibilities

Statutory duties

The role and responsibilities of the ARC include 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 2019/20 financial year. Nexia SAB&T was not requested to provide any non-audit services.

Evaluation of Annual Financial Statements

The ARC has:

- Reviewed and discussed with the approved external auditor, Nexia SAB&T, the audited Annual Financial Statements included in this Annual Report;
- 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 ARC 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 ARC. 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 ARC, as set out in the committee's Charter. These include the following:

Combined assurance

The ARC ensured that a combined assurance model was applied. The combined assurance received is 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. 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 was 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; and 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 Benadè

Chairperson of the Audit and Risk Committee

Umalusi

30 September 2020





PART D: HUMAN RESOURCES OVERSIGHT REPORT

1. INTRODUCTION

The Human Resource Management & Development (HRM&D) Unit is a strategic partner of the organisation. It plays a vital role in ensuring that the organisational strategic objectives are achieved through the implementation of approved policies and adherence thereto. The unit provides an advisory service on matters pertaining to individual performance management and development, employee health and wellness, efficient and effective recruitment, selection and placement services, efficient administrative services, as well as sound employee relations. As the custodian of policies and compliance, the unit is also responsible for research, development and the review and implementation of human capital management policies and practices.

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

- Maintain the vacancy rate at under 10% in the organisation to ensure achievement of organisational mandate;
- Ensure compliance with performance management and development policy by adhering to submission deadlines and requirements;
- Implement Workplace Skills Plan (WSP) to enhance employees' skills and competencies to perform their duties;
- Promote sound employee relations by engaging with employees' union representatives regularly on issues that affect management and employees;
- Appoint a pool of presiding officers and employment relations advisors to ensure fair and transparent labour practices in the organisation; and
- Orientate and outline to newly appointed staff members the roles and responsibilities of the organisation by hosting two induction programmes.

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

- The employment equity (EE) targets and the action plan were reviewed and implemented during the period under review, to attract and recruit a suitably qualified and capable workforce.

<p>HR establishment and employee Performance Management and Development System (PMDS):</p> <ul style="list-style-type: none"> • Umalusi had 141 funded positions of which 136 were filled, i.e. 96% of positions were filled. The vacancy rate was at 4%, compared to 8% at the end of the previous financial year; • During the period under review there was a 100% submission of performance assessments for the 2018/19 financial year, reflecting adherence to submission dates and in accordance with the Annual Performance Plan; • PMDS workshops were held to assist employees with submission requirements for annual performance assessments, performance agreements and compliance with the PMDS policy; • A task team for an online PMDS was established, with representatives from all branches, to monitor and support implementation of the online system; and • Employees underwent training and development in line with the approved WSP to enhance their performance and contribute to the achievement of the strategic objectives of the organisation. 	<p>Employee wellness programmes:</p> <ul style="list-style-type: none"> • Two workshops for staff were conducted – 1. retirement; and 2. building healthy working relationships. The purposes were to promote healthy working relationships in the work environment; and to prepare staff approaching retirement on the emotional and mental aspects of retirement; and • The organisation conducted one integrated employee wellness and occupational health and safety programme to encourage a healthy lifestyle. A second wellness programme could not be held due to the COVID-19 national lockdown.
<p>Achievements:</p> <ul style="list-style-type: none"> • Implementation of College School (CS) educators (staff members with a teacher's qualification, appointed in National Operations, whose job requirements require a teacher's qualification); • Completion of a remuneration scale to enhance the organisation's retention strategy; • A service provider was appointed to ensure the effective and efficient implementation of the employee health and wellness programme, which promotes healthy lifestyles and improving employees' wellbeing. The programme helps staff navigate life issues that may impact their ability to be productive in the workplace; and • Medical aid allowances for employees on salary levels 1 to 12 were adjusted, as a strategy to increase staff morale. 	<p>Challenges:</p> <ul style="list-style-type: none"> • The organisation experienced a turnover rate of 7% during the period under review, including exits at executive and middle management levels; • COVID-19 pandemic presented a challenge regarding the submission deadline for performance agreements for the new financial year. This was severely affected.
<p>Policy development:</p> <ul style="list-style-type: none"> • The unit reviewed seven policies to ensure compliance and alignment with relevant legislations. 	<p>Future HRM&D plans /goals:</p> <ul style="list-style-type: none"> • Employment of people with disabilities; • Implementation of an online PMDS; and • Development of further strategies to attract and retain staff with scarce and critical skills.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

The following tables summarise 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	33,906	48%	58	555
2.1 Qualifications, Curriculum and Certification	15,459	10,902	61%	20	468
2.2 Statistical Information and Research	13,155	7,148	51%	9	742
3.1 Quality Assurance of Assessment	54,754	14,392	23%	21	612
3.2 Evaluation and Accreditation	28,401	15,102	43%	28	439
Total	179,140	81,450	41%	136	563

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	5,624	8%	4	1,406
Senior Management	12,985	17%	10	1,299
Professional qualified	39,705	49%	64	620
Skilled	5,607	7%	16	350
Semi-skilled	13,422	14%	38	353
Unskilled	4,107	5%	4	1,027
Total	81,450	100%	136	599

Personnel cost by salary band

Salary band	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	285	5,624	5%
Senior Management	147	12,985	1%
Professional qualified	442	39,705	1%
Skilled	512	5,607	10%
Semi-skilled	286	13,422	3%
Unskilled	26	4,107	1%
Total	1,698	81,450	2%

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	33,906	505	1.5%	57	9
2.1 Qualifications, Curriculum and Certification	10,902	63	0.6%	20	3
2.2 Statistical Information and Research	7,148	54	0.8%	6	9
3.1 Quality Assurance of Assessment	14,392	49	0.3%	21	2
3.2 Evaluation and Accreditation	15,102	72	0.5%	23	3
Total	81,405	743	1%	127	6

Employment and vacancies by programme

Programme	2018/2019 No. of employees	2019/2020 Approved posts	2019/2020 No. of employees	2019/2020 Vacancies	% of vacancies
1. Administration	54	61	58	3	5%
2.1 Qualifications, Curriculum and Certification	21	20	20	0	0%
2.2 Statistical Information and Research	8	10	9	1	10%
3.1 Quality Assurance of Assessment	21	22	21	1	5%
3.2 Evaluation and Accreditation	25	28	28	0	0%
Total	129	141	136	5	4%

Employment and vacancies by salary band

Salary band	2018/2019 No. of employees	2019/2020 Approved posts	2019/2020 No. of employees	2019/2020 Vacancies	% of vacancies
Top Management	4	4	4	-	0%
Senior Management	10	10	10	-	0%
Professional qualified	55	66	64	2	3%
Skilled	15	16	16	-	0%
Semi-skilled	41	41	38	3	7%
Unskilled	4	4	4	-	0%
Total	129	141	136	5	4%

The organisation realised a reduction in the vacancy rate to 4% at the end of the period under review, compared to 8% reported in March 2019.

Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	1	1	4
Senior Management	10	-	-	10
Professional qualified	55	13	4	64
Skilled	15	1	-	16
Semi-skilled	41	2	5	38
Unskilled	4	-	-	4
Total	129	17	10	136

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-%
Resignation	10	100%
Dismissal	-	-%
Retirement	-	-%
Ill-health	-	-%
Expiry of contract	-	-%
Promotions	-	-%
Total	10	

Umalusi had a turnover rate of 7% during the period under review. The major reason for employees exiting the organisation was outside employment opportunities. Succession and retention plans are continuously being implemented to reduce the turnover rate.

Labour relations: misconduct and disciplinary action

Labour relations: misconduct and disciplinary action	Number
Verbal warning	4
Written warning	7
Final written warning	1
Dismissal	-

Equity targets and employment equity status

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

Employment equity status: males

Salary band	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	-	-	1	1	-	-
Senior Management	3	3	-	-	-	-	-	-
Professional qualified	34	34	-	-	-	-	4	4
Skilled	4	4	-	-	-	-	-	-
Semi-skilled	13	14	-	1	-	1	-	-
Unskilled	2	2	-	-	-	-	-	-
TOTAL	58	59	-	1	1	2	4	4

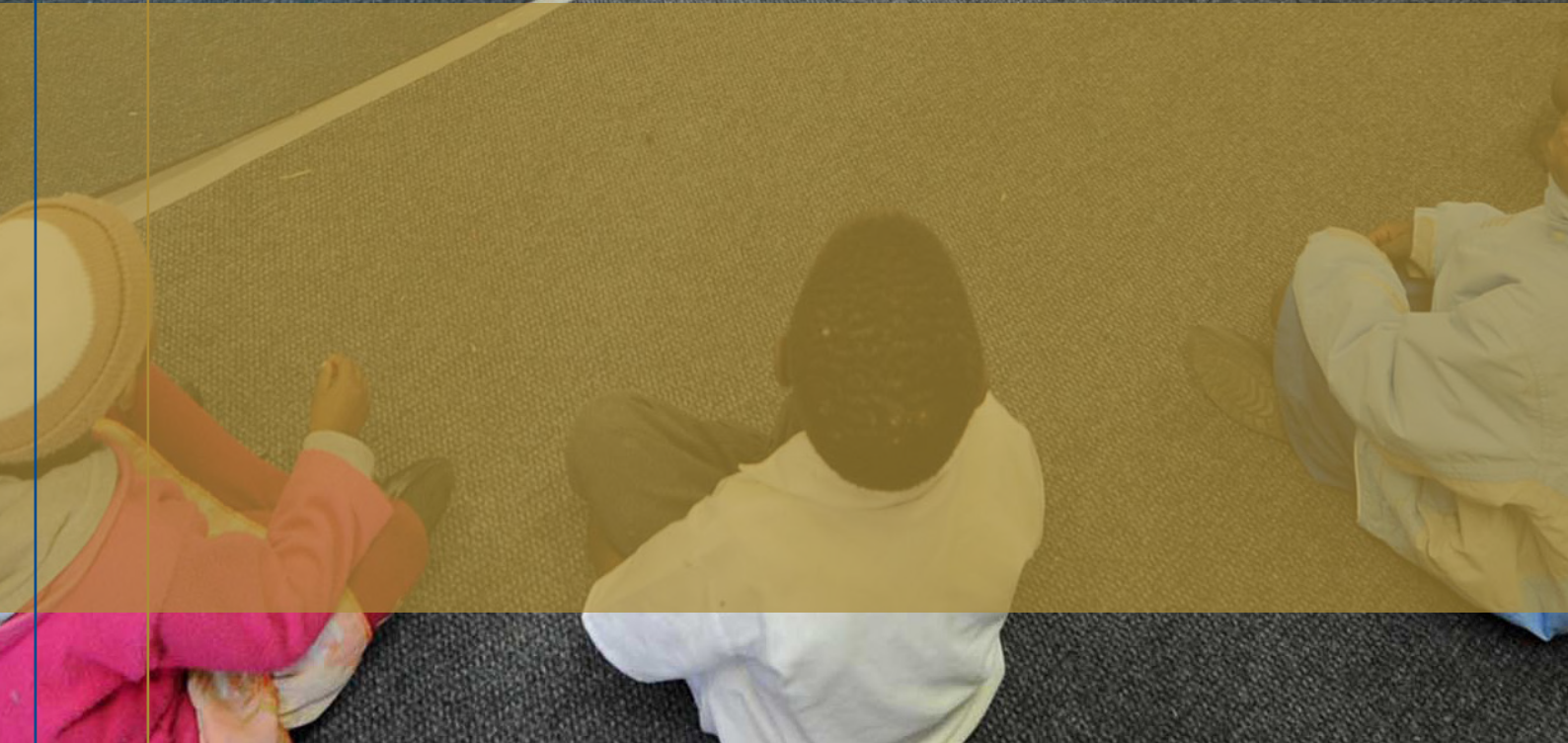
Employment equity status: females

Salary band	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	-	-	-	-	-	-
Senior Management	3	3	1	1	-	-	3	3
Professional qualified	19	21	1	1	2	2	4	4
Skilled	9	9	-	-	2	2	1	1
Semi-skilled	22	22	1	1	1	1	1	1
Unskilled	2	2	-	-	-	-	-	-
TOTAL	56	58	3	3	5	5	9	9

Currently, Umalusi is not targeting the employment of people living with disabilities, due to the current building's inaccessibility. The process of renovating the building to accommodate people living with disabilities is in progress.

Employment equity status: 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	-	-	-	-
TOTAL	-	-	-	-





PART E: FINANCIAL REPORT



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COUNCIL'S RESPONSIBILITIES AND APPROVAL

The Council is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Council to ensure that the Annual Financial Statements fairly present the 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) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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.

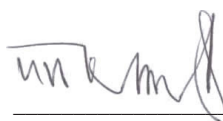
The Council has reviewed the entity's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The Annual Financial Statements set out on page 102 to 128, were approved by the Council on 28 September 2020. and were signed on its behalf by:



Professor John Volmink
Chairperson of Council
30 September 2020



Dr Mafu Rakometsi
Chief Executive Officer
30 September 2020

REPORT OF THE COUNCIL

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

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 Qualifications 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.

Net deficit of the entity was R 9,651,322 (2019: deficit R 14,039,121).

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 2020/21 to 2023/25.

4. SUBSEQUENT EVENTS

The Council is not aware of any matter or circumstances which have 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 approval of the Annual Financial Statements, the approval for the retention of surplus 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 achievement of Umalusi's objectives and, accordingly, reviews the effectiveness on an ongoing basis through the internal audit function.

REPORT OF THE COUNCIL continued

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.

Losses through fruitless and wasteful expenditure were incurred during the period under review (refer to note 24 regarding fruitless and wasteful/irregular expenditure). The Council is committed to the eradication of the culture of fruitless and wasteful expenditure within the organisation.

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)	
Prof MLE Monnapula-Mapesela (Deputy Chairperson)	
Dr MS Rakometsi (CEO)	
Prof Y Ballim	
Mr D Hindle	
Mr NT Johnstone	
Dr MJ Maboya	
Prof L Makalela	
Prof MR Mampane	
Prof ME Metcalfe	
Prof MP Mulaudzi	
Dr C Myburgh	
Ms M Phutsisi	Resigned 13 February 2020
Prof PD Siyakwazi	
Ms A Singh	
Adv MJ Merabe	
Mr T Kojana	
Mr J Samuels (South African Qualifications Authority – CEO)	Until 31 December 2019
Dr J Reddy (South African Qualifications Authority – Acting CEO)	From 24 January 2020
Mr V Naidoo (Quality Council for Trades and Occupations – CEO)	
Prof N Baijnath (Council on Higher Education – CEO)	

9. SECRETARY

The Secretary of the entity is Mr H Moloise of:

Business address	37 General Van Reyneveld Street Persequor Technopark Pretoria, 0121
Postal address	PO 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.

REPORT OF THE COUNCIL continued

11. MEMBERS' AND EXECUTIVE MANAGERS' EMOLUMENTS

Non-executive members	Salary or fee	Bonuses and performance related payments	Retirement fund contributions	Medical contributions	Long service awards	Other	Total package 2020	Total package 2019
Prof JD Volmink – Chairperson	213,969	–	–	–	–	11,374	225,343	178,033
Prof MLE Monnapula-Mapesela (Deputy Chairperson)	39,240	–	–	–	–	83	39,323	34,118
Dr PAD Beets	–	–	–	–	–	–	–	2,609
Prof MR Mampane	31,428	–	–	–	–	1,273	32,701	65,853
Prof L Makalela	23,571	–	–	–	–	3,729	27,300	197,303
Ms F Dada	–	–	–	–	–	–	–	25,986
Mr NT Johnstone	23,571	–	–	–	–	4,214	27,785	32,273
Mr MHW Ehrenreich	–	–	–	–	–	–	–	143
Mr DB Hindle	49,253	–	–	–	–	15,890	65,143	63,308
Adv MJ Merabe	18,798	–	–	–	–	8,882	27,680	12,685
Dr C Myburgh	43,560	–	–	–	–	393	43,953	10,204
Prof D Siyakwazi	18,333	–	–	–	–	439	18,772	13,105
Prof MP Mulaudzi	15,714	–	–	–	–	4,654	20,368	15,859
Prof Y Ballim	4,520	–	–	–	–	4,635	9,155	40,987
Ms M Phutsisi	18,288	–	–	–	–	4,338	22,626	41,326
	500,245	–	–	–	–	59,904	560,149	733,792

Executive & senior members	Salary or fee	Bonuses and performance related payments	Retirement fund contributions	Medical contributions	Long service awards	Other	Total package 2020	Total package 2019
CEO: Dr MS Rakometsi	1,916,230	127,119	304,234	10,141	–	222,888	2,580,612	2,524,652
CFO: Ms JM Rousseau (Resigned 30/09/2019)	549,198	23,787	86,675	–	5,643	75,658	740,961	1,251,777
Acting CFO: Mr B Keet (Contracted 23/09/2019 – 31/01/2020)	372,135	–	–	–	–	64,664	436,799	–
CFO: Mr M Chowan (Appointed 01/01/2020, Resigned 31/03/2020)	279,843	–	42,858	–	–	24,413	347,114	–
EM: Q&R – Mr E Sibanda	1,107,197	48,287	175,951	6,462	–	–	1,337,897	1,316,961
EM: QAM – Ms Z Modimakwane	1,150,675	55,212	201,181	34,038	–	90,000	1,531,106	1,634,643
SM: PR & COMMS – Mr SE Ditaunyane	1,030,296	44,619	162,585	–	–	–	1,237,500	1,195,987
SM: QAA (Schools) – Ms ML Madalane	937,850	20,709	161,700	4,488	7,358	62,821	1,194,926	1,110,800
SM: QAA (Post-School Education) – Ms M Du Toit	804,963	40,806	159,309	39,450	–	123,783	1,168,311	1,110,795
SM: HRM&D – Ms RA Selesho	895,656	20,709	150,920	50,850	–	10,000	1,128,135	1,133,722
SM: E & A – Ms C Thomas	942,390	40,806	148,689	–	2,451	–	1,134,336	1,111,638
SM: ICT – Mr I Makgoka (Resigned 31/11/2018)	–	–	–	–	–	–	–	841,583
SM: SG – Ms S Mosimege	1,078,561	47,357	170,787	–	–	–	1,296,705	1,288,866
SM: SIR – Dr C Booyse	931,925	40,806	159,153	–	5,643	41,261	1,178,788	1,096,498
SM: F & SCM – Mr D Maluleke	928,495	20,101	146,492	–	–	–	1,095,088	1,057,829
SM: QCC – Dr E Sujee	927,170	20,101	146,492	–	–	–	1,093,763	1,058,935
SM: ICT – Mr S Maluleka	808,842	–	150,920	47,664	–	100,000	1,107,426	189,122
	14,661,426	550,419	2,367,946	193,093	21,095	815,488	18,609,467	17,923,808
	15,161,671	550,419	2,367,946	193,093	21,095	875,392	19,169,616	18,657,600

REPORT OF THE AUDITORS

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of Umalusi set out on pages 99 to 125 which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Umalusi as at 31 March 2020, and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

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 sections 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.

Emphasis of matter

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

Events after the reporting date – COVID-19

7. We draw attention to note 26 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of COVID-19 on entity's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

Responsibilities of accounting authority for the financial statements

8. 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

10. 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.

11. 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

12. In accordance with the Public Audit Act of South Africa of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

13. Our procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the entity enabled service delivery. Our procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

14. 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 programme presented in the annual performance report of the entity for the year ended 31 March 2020: Programme 3: Quality Assurance and Monitoring 46 - 57.

15. 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.

16. We did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:

Programme 3: Quality Assurance and Monitoring

Other matter

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

Achievement of planned targets

18. Refer to the annual performance report on pages 24 to 59 for information on the achievement of planned targets for the year and explanations provided for the under / over achievement of targets.

Report on the audit of compliance and legislation

Introduction and scope

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

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

Other information

21. 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.

22. Our opinion on the financial statements and our

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.

23. 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.
24. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Auditor tenure

25. We report that Nexia SAB&T has been the auditors of Umalusi for 3 years.

Nexia SAB&T

Nexia SAB&T
Per. A. Darmalingam
Engagement Director
Registered Auditor
30 September 2020

Nexia SAB&T

Per. A. Darmalingam Engagement Director
Registered Auditor

STATEMENT OF FINANCIAL POSITION as at 31 March 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Cash and cash equivalents	3	43,232,315	52,305,745
Receivables from exchange transactions	4	5,326,330	5,029,763
Prepayments	5	1,822,445	409,612
		50,381,090	57,745,120
Non-Current Assets			
Property, plant and equipment	6	60,298,872	34,737,049
Intangible assets	7	13,119	20,329
		60,311,991	34,757,378
Total Assets		110,693,081	92,502,498
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	14,943,233	16,610,579
Non-Current Liabilities			
Operating lease liability		40,577	10,375
Employee benefit obligation	9	7,820,000	4,661,000
		7,860,577	4,671,375
Total Liabilities		22,803,810	21,281,954
Net Assets			
Reserves: Revaluation reserve	10	34,804,310	8,484,261
Accumulated surplus		53,084,961	62,736,283
Total Net Assets		87,889,271	71,220,544

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2020	2019
Revenue	11	156,852,803	154,734,523
Other income	12	5,539,508	5,790,277
Other operating expenses		(16,821,200)	(27,136,358)
Certification expenses		(9,714,642)	(8,183,342)
Communication expenses		(1,450,866)	(1,044,341)
Consulting and professional fees		(3,071,402)	(5,861,070)
Depreciation and amortisation	7&6	(3,578,279)	(3,218,644)
Employee costs	14	(81,449,835)	(73,617,488)
Moderator and verifier costs		(39,125,152)	(41,542,669)
Printing and stationery		(1,635,634)	(1,438,026)
Profit/(Loss) on sale of property, plant and equipment		20,377	(4,687)
Travel and accommodation		(17,282,233)	(18,040,573)
Operating deficit	17	(11,716,555)	(19,562,398)
Investment revenue	13	4,532,233	4,576,277
Actuarial (losses)/gains	9	(2,467,000)	947,000
Deficit for the year		(9,651,322)	(14,039,121)

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2018	8,484,261	76,775,404	85,259,665
Changes in net assets			
Deficit for the year	–	(14,039,121)	(14,039,121)
Total changes	–	(14,039,121)	(14,039,121)
Balance at 01 April 2019	8,484,261	62,736,283	71,220,544
Changes in net assets			
Revaluation of building	26,320,049	–	26,320,049
Net income (losses) recognised directly in net assets	26,320,049	–	26,320,049
Deficit for the year	–	(9,651,322)	(9,651,322)
Total recognised income and expenses for the year	26,320,049	(9,651,322)	16,668,727
Total changes	26,320,049	(9,651,322)	16,668,727
Balance at 31 March 2020	34,804,310	53,084,961	87,889,271

Note

10

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
From exchange transactions		21,563,713	26,078,501
Grant: Department of Basic Education		134,634,000	128,543,000
Interest income		4,532,233	4,576,277
		160,729,946	159,197,778
Payments			
Employee costs		(80,761,687)	(73,722,488)
Suppliers		(86,249,089)	(91,127,676)
		(167,010,776)	(164,850,164)
Net cash flows from operating activities	18	(6,280,830)	(5,652,386)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2,844,853)	(1,947,260)
Proceeds from sale of property, plant and equipment	6	52,253	55,585
Net cash flows from investing activities		(2,792,600)	(1,891,675)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		52,305,745	59,849,806
Cash and cash equivalents at the end of the year	3	43,232,315	52,305,745

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Revenue						
Revenue from exchange transactions						
Accreditation fees	11,375,000	(4,786,000)	6,589,000	7,754,892	1,165,892	1
Certification fees	5,926,000	–	5,926,000	2,075,881	(3,850,119)	2
Verification fees	10,661,000	–	10,661,000	12,388,030	1,727,030	3
Rental income	–	–	–	903,541	903,541	
Sundry	3,685,000	4,785,000	8,470,000	4,635,967	(3,834,033)	4
Interest received- investment	4,500,000	–	4,500,000	4,532,233	32,233	
Reserves	13,435,000	38,757,000	52,192,000	–	(52,192,000)	5
Total revenue from exchange transactions	49,582,000	38,756,000	88,338,000	32,290,544	(56,047,456)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	134,634,000	–	134,634,000	134,634,000	–	
Total revenue	184,216,000	38,756,000	222,972,000	166,924,544	(56,047,456)	
Expenditure						
Employee costs	(80,939,000)	–	(80,939,000)	(81,449,835)	(510,835)	
Depreciation and amortisation	–	–	–	(3,578,279)	(3,578,279)	6
Lease rentals on operating lease	–	–	–	(173,058)	(173,058)	
Debt Impairment	–	–	–	(425,218)	(425,218)	6
Moderator and verifier costs	(40,724,000)	–	(40,724,000)	(39,125,152)	1,598,848	7
Repairs and maintenance	(5,238,000)	–	(5,238,000)	(1,988,319)	3,249,681	8
Administrative expenses	(57,315,000)	–	(57,315,000)	(47,389,382)	9,925,618	9
Contingent and capital-approved project related	–	(38,756,000)	(38,756,000)	–	38,756,000	5
Total expenditure	(184,216,000)	(38,756,000)	(222,972,000)	(174,129,243)	48,842,757	
Operating deficit	–	–	–	(7,204,699)	(7,204,699)	
Gain on disposal of assets and liabilities	–	–	–	20,377	20,377	
Actuarial loss	–	–	–	(2,467,000)	(2,467,000)	
	–	–	–	(2,446,623)	(2,446,623)	
Deficit for the year	–	–	–	(9,651,322)	(9,651,322)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	–	–	–	(9,651,322)	(9,651,322)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS continued

1. Accreditation services are only rendered on request (demand) by the service provider. Umalusi only provides services when the services have been paid for in advance. These services are demand driven and difficult to forecast during the budgeting stage.
2. The decline in certification income is a result of the change in processing of subject certificates. Due to the financial impact that the subject certificates were having on private providers, the Council took a decision to print the subject certificates only on request by the student and once approved by the institution's principal, hence the significant decline in the certification revenue.
3. This is income 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. Included in sundry income budget is the revenue expected to be received from the billing of private assessment bodies. Umalusi provides quality assurance and certification services to the assessment bodies and recovers the costs from them. The recovery is based on the net difference between the quality assurance costs and the certificate revenue received from the private assessment body.
5. Reserve funds not utilised mainly due to the cancellation of the building renovation contract. The reserve funds are currently invested in the Corporation for Public Deposits – CPD (Reserve Bank of South Africa).
6. Costs not budgeted for as they are non-cash items.
7. Due to the effects of COVID-19 pandemic, some quality assurance activities scheduled for the last quarter of the financial year were deferred, resulting in savings on costs of honorarium payable to subject specialists and report writers contracted for these services.
8. The underspending is due to budgeted maintenance costs for the Umalusi building that has not been completed as a result of the termination of the contract. Refer to notes 5 & 24 for additional information.
9. The organisation realised a 21% savings against budget on administrative expenses because of cancellation of scheduled workshops aimed at training moderators, verifiers and markers, due to the impact of the COVID-19 pandemic. The accreditation ceremony planned for the last quarter was cancelled due to the pandemic, resulting in savings on costs of flights, car hire, accommodation and venue hire. The organisation planned to undertake the following projects: salary benchmarking, job evaluation and the work-study; these projects did not happen due to high costs.

ACCOUNTING POLICIES

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the 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 represented 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 entity 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 reporting date. Refer to note 4.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring

ACCOUNTING POLICIES *continued*

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 made 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. The land and buildings are revalued independently every four years.

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 entity or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in entity or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in entity 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 related to a specific item of property, plant and equipment is 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 machinery	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.

ACCOUNTING POLICIES *continued*

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 depreciation charge for each period is recognised in entity 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 entity 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 17).

The entity discloses relevant information relating to assets under construction as work in progress, in the notes to the financial statements (see note 6).

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 or fair value 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.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	2 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 uncollectibility.

ACCOUNTING POLICIES *continued*

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 for exchange transactions	Financial liability 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.

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

ACCOUNTING POLICIES *continued*

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable); impairment losses; and
- amounts derecognised.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and those amounts recognised are recognised in equity or deficit in the period of the transfer.

ACCOUNTING POLICIES *continued*

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 both land and buildings elements, 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 are 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.

ACCOUNTING POLICIES *continued*

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

Short-term employee benefits include items such as: wages, salaries and social security contributions;

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

Post-employment benefits: 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 losses 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 minimum 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;
- Past service cost, which shall all be recognised immediately.

ACCOUNTING POLICIES *continued*

1.10 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.11 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 time frame 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.

ACCOUNTING POLICIES continued

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. 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.

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 expenditure means expenditure that was incurred needlessly 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 is defined in section 1 of the PFMA as 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.

ACCOUNTING POLICIES *continued*

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

Entities are 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 2019/04/01 to 2020/03/31.

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

The audited Annual Financial Statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have 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.

ACCOUNTING POLICIES *continued*

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 audited 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation: Years beginning on or after	Effective date:	Expected impact:
GRAP 105: Transfers of functions between entities under common control	01 April 2019	Unlikely there will be a material impact.
GRAP 108: Statutory receivables	01 April 2019	Unlikely there will be a material impact.

3. CASH AND CASH EQUIVALENTS

	2020	2019
Cash and cash equivalents consist of:		
Cash on hand	103	–
Bank balances	2,090,208	899,492
Short term deposits	41,142,004	51,406,253
	43,232,315	52,305,745

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits held at ABSA Bank and the Corporation of Public Deposits (CPD), a subsidiary of the South African Reserve Bank, excluding cash on hand, that are neither past due nor impaired, can be assessed by reference to external credit ratings as prescribed by the financial institutions. The entity's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2020	2019
Trade receivables	5,250,396	4,838,035
Deposits	69,820	15,520
Operating lease receivables	2,434	60,266
Sundry debtors	3,680	115,942
	5,326,330	5,029,763

Trade and other receivables impaired

As of 31 March 2020, trade and other receivables of R8,030,043 (2019: R7,604,825) were impaired and provided for.

The movement in the amount of the provision was R425,518 as of 31 March 2020 (2019: 1,969,904).

The ageing of these receivables is as follows:

	2020	2019
Over 120 days	8,030,043	7,604,825

The provision for bad debts relates to private institutional debtors that 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 certification debt and services are only resumed when the balance has been settled.

5. PREPAYMENTS

The prepayment amount for the current year relates to software licenses paid before the year end with delivery of services taking place in the following financial year.

In the 2017/18 financial year a contract was awarded for the refurbishment of the Umalusi property 41 Van Reyneveld Street. This contract was cancelled due to fraudulent allegations amongst the members of the Joint Venture. At the time of cancellation, Umalusi had paid for long lead items and these have not been delivered, to date. The matter has since been reported to law enforcement to recover the amount and the matter is still under investigation. Umalusi has instituted legal action against the parties of the Joint Venture to recover the outstanding amount. All the parties in the Joint Venture and Umalusi have now agreed to take the matter to arbitration to resolve the situation.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

6. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	10,000,000	–	10,000,000	5,800,000	–	5,800,000
Buildings	54,597,343	(13,032,414)	41,564,929	32,477,294	(11,155,616)	21,321,678
Plant and machinery	605,349	(605,349)	–	605,349	(593,616)	11,733
Furniture and fixtures	2,324,544	(1,583,282)	741,262	2,157,213	(1,544,996)	612,217
Motor vehicles	360,445	(99,740)	260,705	360,445	(48,247)	312,198
Office equipment	1,559,921	(855,748)	704,173	1,626,320	(1,150,961)	475,359
Computer equipment	6,760,007	(4,499,792)	2,260,215	6,553,144	(4,858,179)	1,694,965
Other equipment	475,927	(193,378)	282,549	518,850	(445,023)	73,827
Work in progress – building	4,485,039	–	4,485,039	4,435,072	–	4,435,072
Total	81,168,575	(20,869,703)	60,298,872	54,533,687	(19,796,638)	34,737,049

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	5,800,000	–	–	4,200,000	–	10,000,000
Buildings	21,321,678	–	–	22,120,049	(1,876,798)	41,564,929
Plant and machinery	11,733	–	–	–	(11,733)	–
Furniture and fixtures	612,217	348,499	(9,222)	–	(210,232)	741,262
Motor vehicles	312,198	–	–	–	(51,493)	260,705
Office equipment	475,359	411,931	(2,735)	–	(180,382)	704,173
Computer equipment	1,694,965	1,777,740	(20,053)	–	(1,192,437)	2,260,215
Other equipment	73,827	256,716	–	–	(47,994)	282,549
Work in progress – building	4,435,072	49,967	–	–	–	4,485,039
	34,737,049	2,844,853	(32,010)	26,320,049	(3,571,069)	60,298,872

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 – building	4,435,072	–	–	–	4,435,072
	36,054,348	1,947,260	(60,271)	(3,204,288)	34,737,049

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

Revaluations

The effective date of the revaluations was 31 March 2020. Revaluations were performed by independent valuers, Lutendo Group. Mr Mailula, a member of the South African Institute of Valuers, registration no 4791/1, performed the valuation and both Lutendo Group and the valuer are not connected to the entity.

Land and buildings are revalued independently every four years.

The valuation was performed using the income capitalisation method. This method determines the net normalised annual income of the property, assuming the property is fully let at market-related rentals and market escalations, with an allowance made for vacancies (where applicable).

The land and buildings acquired in June 2007, described as Van Reyneveld Street 37, Portion 2 of Erf 2, Persekor Township, Gauteng, and measuring 5,721 square metres, was valued at R25,000,000. It is owner occupied,

The land and buildings acquired in January 2014, described as Van Reyneveld Street 41, Portion 1 of Erf 2, Persekor Township, Gauteng, and measuring 5,879 square metres, was valued at R31,000,000. This property is 95 % owner occupied.

Property, plant and equipment in the process of being constructed or developed

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 the Joint Venture members. The amount capitalised under work in progress relates to invoices paid for work completed up to the time of cancellation.

7. INTANGIBLE ASSETS

	2019			2020		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	216,900	(203,781)	13,119	216,900	(196,571)	20,329

Reconciliation of intangible assets – 2020

	Opening balance	Amortisation	Total
Computer software	20,329	(7,210)	13,119

Reconciliation of intangible assets – 2019

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

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

8. PAYABLES FROM EXCHANGE TRANSACTIONS

	2020	2019
Trade payables	2,877,021	4,673,003
Unknown deposits	183,567	169,612
Income received in advance	4,975,554	5,180,175
Other accrued expenses	863,293	696,127
Sundry creditors	1,672,077	1,457,976
Leave pay liability	3,664,498	3,668,351
Payroll accrual	707,223	765,335
	14,943,233	16,610,579

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

9. 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 R 2 900 (2019 = R1 850) per month to the retirees who belong to a medical aid scheme. The contribution is fixed and does not increase with inflation. From time to time Council will increase the level of the contribution if necessary. 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:

	2020	2019
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(7,820,000)	(4,661,000)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	(4,661,000)	(4,766,000)
Current service cost	(481,000)	(661,000)
Current interest cost	(425,000)	(382,000)
Benefits paid	214,000	201,000
Actuarial (loss)/gain	(2,467,000)	947,000
	(7,820,000)	(4,661,000)
Net expense recognised in the statement of financial performance		
Current service cost	481,000	661,000
Current interest cost	425,000	382,000
Actuarial (loss)/gain	2,467,000	(947,000)
	3,373,000	96,000

The actuarial valuation was done by One Pangaea Expertise and Solutions whose director is a Fellow of the Actuarial Society of South Africa (ASSA). In accordance with GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to the ASSA guidelines, in particular, the Advisory Practice Note 301, and is consistent with the requirements of GRAP 25.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

10. REVALUATION RESERVE

The reserve relates to the revaluation surplus of the properties owned by Umalusi as documented in note 6.

	2020	2019
Balance	8,484,261	8,484,261
Movement in the reserve for the year	26,320,049	–
	34,804,310	8,484,261

11. REVENUE

Accreditation	7,754,892	9,502,174
Certification	2,075,881	6,030,167
Verification	12,388,030	10,659,182
Grant: Department of Basic Education	134,634,000	128,543,000
	156,852,803	154,734,523

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

Accreditation	7,754,892	9,502,174
Certification	2,075,881	6,030,167
Verification	12,388,030	10,659,182
	22,218,803	26,191,523

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

Transfer revenue

Grant: Department of Basic Education	134,634,000	128,543,000
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12. OTHER REVENUE

Rental income	903,541	1,416,119
Prescript	–	105,262
Sundry	4,635,967	4,268,896
	5,539,508	5,790,277

13. INVESTMENT REVENUE

Interest revenue

Corporation for Public Deposits	4,532,233	4,576,277
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14. EMPLOYEE-RELATED COSTS

Basic	69,238,227	62,149,215
Medical aid.	2,065,315	1,804,421
UIF	483,430	475,677
Post-retirement medical aid – change in defined benefit obligation	692,000	842,000
Pension	8,970,863	8,346,175
	81,449,835	73,617,488

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

15. AUDITORS' REMUNERATION

	2020	2019
External audit fees	511,687	482,724
Internal audit fees	697,055	624,931
	1,208,742	1,107,655

16. TAXATION

Major components of the tax expense

The entity is exempt from income tax in terms of section 10(1) (c A)(i)(bb) of the Income Tax Act.

17. OPERATING DEFICIT

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

Operating lease charges

Equipment

Contractual amounts	173,058	340,649
Gain/(loss) on sale of property, plant and equipment	20,377	(4,687)
Amortisation on intangible assets	7,210	14,356
Depreciation on property, plant and equipment	3,571,069	3,204,288
Employee costs	81,449,835	73,617,488
Repairs and maintenance	1,988,319	1,181,900

18. CASH USED IN OPERATIONS

Deficit	(9,651,322)	(14,039,121)
Adjustments for:		
Depreciation and amortisation	3,578,279	3,218,644
(Gain)/loss on sale of assets	(20,377)	4,687
Movements in operating lease assets and accruals	30,202	3,304
Movements in retirement benefit assets and liabilities	3,159,000	(105,000)
Changes in working capital:		
Receivables from exchange transactions	(296,567)	128,856
Prepayments	(1,412,834)	6,144,723
Payables from exchange transactions	(1,667,211)	(1,008,479)
	(6,280,830)	(5,652,386)

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

19. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2020

Financial assets	At amortised cost	Total
Trade and other receivables from exchange transactions	5,323,896	5,323,896
Cash and cash equivalents	43,232,315	43,232,315
	48,556,211	48,556,211
Financial liabilities		
Trade and other payables from exchange transactions	14,943,233	14,943,233

2019

Financial assets	At amortised cost	Total
Trade and other receivables from exchange transactions	4,969,497	4,969,497
Cash and cash equivalents	52,305,745	52,305,745
	57,275,242	57,275,242
Financial liabilities		
Payables from exchange transactions	16,610,579	16,610,579

20. COMMITMENTS

Figures in Rand	2020	2019
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	3,087,269	–
Not yet contracted for and authorised by Council		
• Property, plant and equipment	37,432,757	–
Total capital commitments		
Already contracted for but not provided for	3,087,269	–
Not yet contracted for and authorised by members	37,432,757	–
	40,520,026	–
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational expenditure	19,173,166	29,554,609
Total operational commitments		
Already contracted for but not provided for	19,173,166	29,554,609
Operating leases – as lessee (expense)		
Minimum lease payments due		
• within one year	94,408	105,598
• in second to fifth year inclusive	–	94,408
	94,408	200,006

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

Figures in Rand	2020	2019
Operating lease payments represent rentals payable by the entity for certain of its office equipment. The leases are negotiated for an average term of two years with no escalation clause.		
Operating leases – as lessor (income)		
Minimum lease payments due		
• within one year	463,174	1,164,837
• in second to fifth year inclusive	568,616	1,031,790
	1,031,790	2,196,627

The entity is leasing out a portion of the building (Portion 1 of Erf 2) described in note 6 above, on lease terms ranging between 1–5 years at an average escalation of 7 % per annum

21. RELATED PARTIES

Financial assets	2020	2019
Relationships		
Accounting authority		Department of Basic Education Associated Institutions Pension Fund (AIPF)
Associated institution		
Council members		Refer to note 11 of the Council Report
Executive and Senior Management		Refer to note 11 of the Council Report
Related party transactions		
Department of Basic Education	(134,634,000)	(128,543,000)
Associated Institutions Pensions Fund (AIPF)	8,970,863	8,346,175
Council members – Refer to note 11 of the Council Report	560,149	733,792
Executive and Senior Management – Refer to note 11 of the Council Report	18,609,467	17,923,808

22. 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 Corporation for Public Deposits (CPD).

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions.	9,784,112	–	–	–
At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions.	11,260,792	–	–	–

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS 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	2020	2019
Loans and receivables	5,323,896	4,969,947
Cash and cash equivalents	43,232,212	52,305,745

23. 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 2020/21 to 2023/24.

24. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as restated	2020	2019
Add: expenditure identified – current	6,981,040	–
Less: amount written off – current	(290,180)	–
Closing balance	6,690,860	–
Expenditure identified in the current year includes those listed below:		
Cancelled contract ¹	6,690,860	–
SARS penalty ²	290,180	–
	6,981,040	–

1 The amount relates to payment made to a Joint Venture contract that has since been cancelled. The parties involved have agreed to take the matter to arbitration and the matter has not yet been finalised. Refer to note 5 for additional information.

2 Once off, SARS late payment penalty as a result of breakdown of internal controls and corrective measures have been implemented to ensure timeous remittance of SARS statutory deductions.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

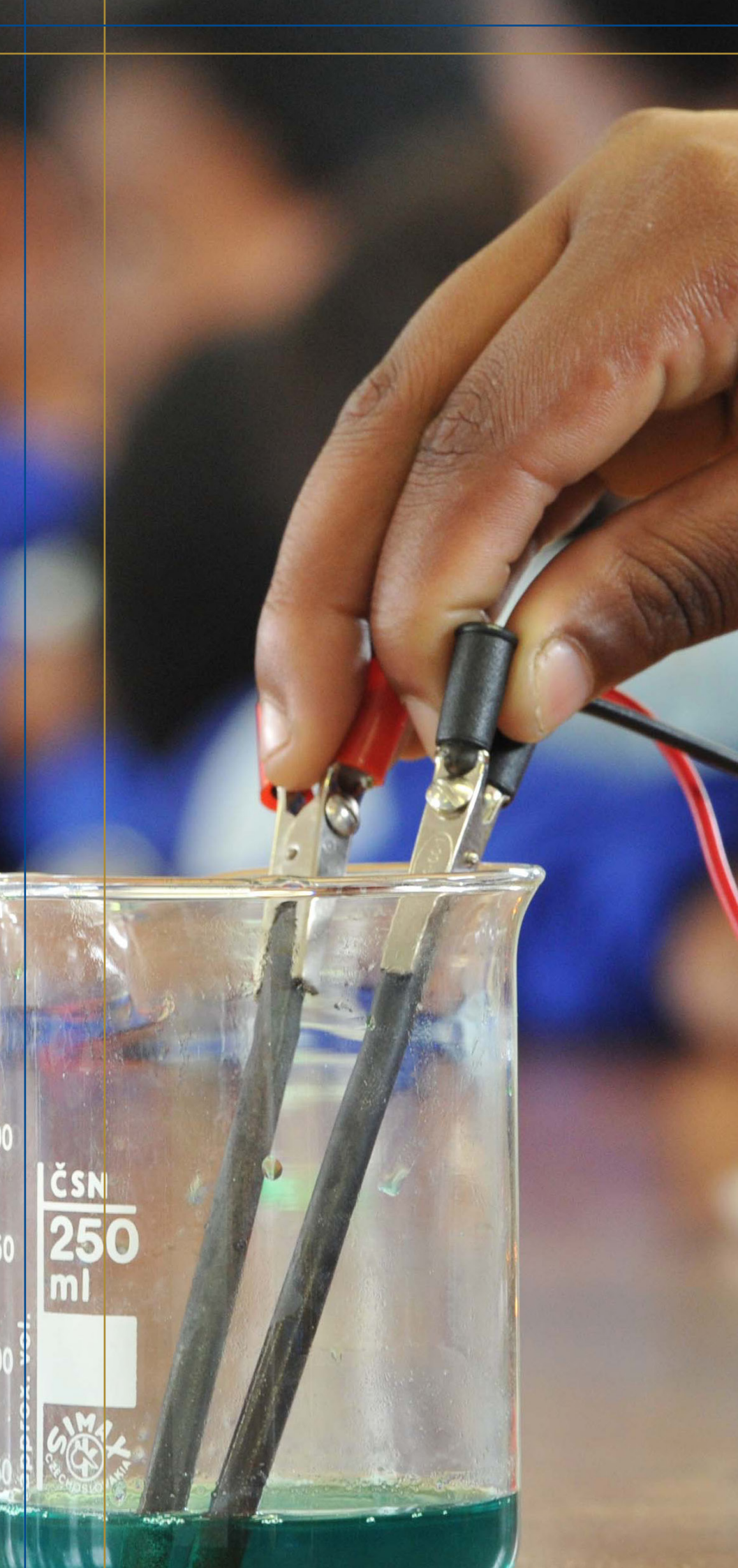
25. IRREGULAR EXPENDITURE

	2020	2019
Opening balance	1,943,181	11,388,702
Opening balance as restated	1,943,181	11,388,702
Add: irregular expenditure – current	–	1,863,861
Less: amounts condoned	(1,943,181)	(11,309,382)
Closing balance	–	1,943,181
Details of irregular expenditure condoned by the Council		
Building renovation tender not in full compliance with the Construction Industry Development Board (CIDB) Regulations	–	10,989,407
Contract awarded to a non-tax compliant supplier	–	319,975
Supplier paid without a valid signed contract (services rendered and value for money received)	1,863,861	–
Renewal of contract without going through competitive process of sourcing three quotations	79,320	–
	1,943,181	11,309,382
Details of irregular expenditure not condoned		
Renewal of contract without going through competitive process of sourcing three quotations	–	79,320
Supplier paid without a valid signed contract (services rendered and value for money received)	–	1,863,861
	–	1,943,181

26. EVENTS AFTER THE REPORTING DATE

As a result of the global pandemic due to the magnitude and severity of the COVID-19 outbreak, it was declared a national disaster as designated under Section 3 of the Disaster Management Act, 2002 (Act No. 57 of 2002) on 15 March 2020. The President announced a lockdown to contain the spread of the coronavirus.

It is anticipated that there will be a knock-on effect of COVID-19 post-lockdown affecting the economy and both the operational and strategic plans of the organisation and sector at large. Whilst there have been no indications to cut the 2020/21 budgets, the impact of COVID-19 might be felt in the long run (post 2020/21). Continuous engagement with both internal and external stakeholders will continue to take place to timeously identify the impact of COVID-19 and implement mitigating measures.



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