



ANNUAL REPORT

2021 / 22



UMALUSI



Quality Council for General and Further
Education and Training

CONTENTS

PART A: GENERAL INFORMATION	2
1. General Information	4
2. List of Abbreviations/Acronyms	5
3. Foreword by the Chairperson	8
4. Chief Executive Officer's Overview	10
5. Statement of Responsibility and Confirmation of Accuracy for the Annual Report	12
6. Strategic Overview	13
7. Legislative and Other Mandates	14
8. Organisational Structure	16
PART B: PERFORMANCE INFORMATION	17
1. Auditor's Report: Predetermined Objectives	18
2. Overview of Performance	18
Institutional Programme Performance Information	23
3. Programme 1: Administration	23
4. Programme 2: Qualifications and Research Programme	31
5. Programme 3: Quality Assurance and Monitoring Programme	36
6. Revenue Collection	46
7. Capital Investment	46
PART C: GOVERNANCE	47
1. The Accounting Authority — Council	48
2. Committees of the Council	52
3. Risk Management	57
4. Internal Control Unit	58
5. Internal Audit and Audit Committees	58
6. Compliance with Laws and Regulations	59
7. Fraud and Corruption	59
8. Minimising Conflict of Interest	60
9. Code of Conduct	60
10. Health and Safety Statement	60
11. Audit and Risk Committee Report	62
12. B-BBEE Compliance Performance Information	64
PART D: HUMAN RESOURCES OVERSIGHT REPORT	65
1. Introduction	66
2. Human Capital Oversight Statistics	68
PART E: FINANCIAL REPORT	72



PART A: GENERAL INFORMATION



The 2021/22 Annual Report of Umalusi is presented to the Minister of Basic Education in accordance with section 55(1) (d) of the Public Finance Management Act (Act No. 1 of 1999) and Chapter 28 of the Treasury Regulations. The report reflects the performance information outputs, the human resources management outputs, as well as the financial performance of Umalusi.



1. GENERAL INFORMATION

REGISTERED NAME:	Umalusi – Quality Council for General and Further Education and Training
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EMAIL ADDRESS:	info@umalusi.org.za
WEBSITE ADDRESS:	www.umalusi.org.za
EXTERNAL AUDITORS:	RAiN Chartered Accountants incorporated
BANKERS:	Absa Bank Limited

2. LIST OF ABBREVIATIONS/ACRONYMS

AAC	Accreditation Appeals Committee
ABET	Adult Basic Education and Training
ACC	Accreditation Committee of Council
AET	Adult Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIPF	Associated Institutions Pension Fund
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ASC	Assessment Standards Committee
ASSA	Actuarial Society of South Africa
BSC	Balanced Scorecards
CAT	Credit Accumulation and Transfer
CEO	Chief Executive Officer
CET	Continuing Education and Training
CFO	Chief Financial Officer
CGICTPF	Corporate Governance of Information and Communication Technology Policy Framework
CIE	Cambridge International Examination
COID	Compensation for Occupational Injuries and Diseases
CPD	Corporation For Public Deposits
DBE	Department of Basic Education
DHET	Department of Higher Education and Training
DPME	Department of Monitoring and Evaluation
DPSA	Department of Public Service Administration
DNS	Domain Name System
EAP	Economically Active Population
ECD	Early Childhood Development
EE	Employment Equity
ERM	Enterprise-wide Risk Management
ERP	Enterprise Resource Planning
ETQA	Education and Training Quality Assurer
EoR	Examination/s on Request
EWP	Employee wellness programme
EXCO	Executive Committee of Council
E&A	Evaluation and Accreditation
FET	Further Education and Training
F&SCM	Finance and Supply Chain Management

GBV	Gender-Based Violence
GBVF	Gender Based Violence and Femicide
GEC	General Education Certificate
GENFETQA	General and Further Education and Training Quality Assurance
GETCA	General Education and Training Certificate for Adults
GETC	General Education and Training Certificate
GFETQSF	General and Further Education and Training Qualifications Sub-Framework
GRAP	Generally Recognised Accounting Practice
HCM	Human Capital Management
IaaS	Infrastructure as a Service
IB	International Baccalaureate
ICASS	Internal Continuous Assessment
ICT	Information and Communication Technology
ICTOC	Information and Communication Technology Oversight Committee
IEB	Independent Examinations Board
IPSAS	International Public Sector Accounting Standards
IRP	Item Response Theory
IS	Independent Schools
ISAs	International Standards on Auditing
ISAT	Integrated Summative Assessment Task
LGBTQIA	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex and Asexual
MIS	Management Information System
MTSF	Medium Term Strategic Framework
NASCA	National Senior Certificate for Adults
NATED	National Education Report 190/191
NC(V)	National Certificate (Vocational)
NCS	National Curriculum Statement
NEPA	National Education Policy Act
NLRD	National Learners' Records Database
NOSA	National Occupational Safety Association
NQF	National Qualifications Framework
NSC	National Senior Certificate
NT	National Treasury
OCEO	Office of the Chief Executive Officer
PAA	Public Audit Act
PAT	Practical Assessment Task
PEA	Post-Examination Analysis
PED	Provincial Education Department
PFMA	Public Finance Management Act
PHD	Doctor of Philosophy
PIE	Perspectives-in-Education

PIVC	Performance Information Verification Committee
PMDS	Performance Management and Development System
PR&COMMS	Public Relations and Communications
PSET	Post-School Education and Training
POPI	Protection of Personal Information
QAA	Quality Assurance of Assessment
QAA:SQ	Quality Assurance of Assessment: School Qualifications
QAA:PSQ	Quality Assurance of Assessment: Post-School Qualifications
QAM	Quality Assurance and Monitoring
QCC	Qualifications, Curriculum and Certification
QCTO	Quality Council for Trades and Occupations
QSC	Qualifications Standards Committee
Q&R	Qualifications and Research
RF	Research Forum
RMC	Risk Management Committee
RPL	Recognition of Prior Learning
SACAI	South African Comprehensive Assessment Institute
SAQA	South African Qualifications Authority
SASA	South African Schools Act
SAG	Subject Assessment Guidelines
SARAECE	South African Research Association for Early Childhood Education
SBA	School-Based Assessment/Site-Based Assessment
SC(a)	Senior Certificate, as amended
SCM	Supply Chain Management
SEIAS	Socio-Economic Impact Assessment System
SIR	Statistical Information and Research
SITA	State Information Technology Agency
SOR	State of Readiness
SWOT	Strengths, Weaknesses, Opportunities, Threats
S&G	Strategy and Governance
TID	Technical Indicator Descriptions
ToR	Terms of Reference
TVET	Technical and Vocational Education and Training
VPNra	Virtual Private Network Remote Access

3. FOREWORD BY THE CHAIRPERSON



(QCTO). The NQF Act changed the shape of Umalusi's original formulation as an Education and Training Quality Assurer (ETQA), which focused mainly on the maintenance of education standards, to that of a standard-setting quality council.

During the year under review, the education sector continued to be negatively affected by the COVID-19 pandemic. However, I am pleased to report that despite the challenges imposed on the entity's work by the pandemic, Umalusi staff managed to weather the storm through hard work, determination and innovative thinking. For a considerable time, Umalusi staff worked remotely, from home, due to lockdown regulations and as a safety measure. Thus, staff were required to adjust to new ways of doing their work, using technology. This meant, among other things, that the use of IT equipment such as Wi-Fi routers, laptops and interaction with fellow staff members and stakeholders happened online. As a result of precautionary measures taken by management, the organisation was fortunate not to lose any member of staff to the pandemic.

High Level Overview of The Entity

As Chairperson of Umalusi Council, the Accounting Authority, I am delighted to report to our stakeholders that the organisation has once again fulfilled its legislative mandate as a Quality Council in General and Further Education and Training. Umalusi's quality assurance mandate contributed to the achievement of Priority 3 (Education, Skills and Health) of the MTSF, and specifically, Outcome 2, which states, "Ten-year-old learners enrolled in publicly funded schools read for meaning", and Outcome 3, "Youths better prepared for further studies and the world of work beyond Grade 9".

Through its quality assurance of the official curriculum, Umalusi supported the gradual attainment of both Outcomes 2 and 3, by ensuring that the intended curriculum meets the needs of the 21st century learner in the context of South Africa as a developing country. The report on the work done to appraise the curriculum is provided under Programme 2 of this Annual Report. Furthermore, through its quality assurance of assessment and evaluation and accreditation mandates, Umalusi has contributed towards the progressive achievement of Outcome 5, "Expanded access to Post-School Education and Training (PSET) opportunities".

The PSET is an essential component of the education system in South Africa. Umalusi has continued to

The 2021/22 financial year was the last for the current Umalusi Council, also referred to as the fifth Council. In the past eight years, I have had the immense honour of leading both the fourth and fifth Umalusi Councils, as Chairperson. It has been an enjoyable journey because of the calibre of people I served with in both Councils. My role as Chairperson of the fifth Council was made easier by the dedication and diligence of my fellow Council members, who selflessly offered their expertise in Council despite their numerous work commitments. The fifth Council started its work on 8 June 2018 shortly before the beginning of the term of the current government, in 2019. The term of the fifth Council also coincided with the beginning of the 2019–2024 Medium-Term Strategic Framework (MTSF).

As indicated in the CEO's overview, the work of the fifth Council overlapped with Umalusi's 20th anniversary, which is a significant moment in the history of the organisation. It means the organisation has come of age as a Quality Council for General and Further Education and Training. From its humble beginnings, Umalusi has grown to be a recognised brand in the basic and post-school education sector in South Africa. The growth was largely driven by the organisation's expanding legislative mandate. The promulgation of the National Qualifications Framework (NQF) Act No. 67 of 2008, as amended, assigned new responsibilities to Umalusi as one of the three quality councils, alongside the Council on Higher Education (CHE) and the Quality Council for Trades and Occupations



quality assure the assessment of Technical Vocational Education and Training (TVET) qualifications, such as NATED N2–N3, National Certificate (Vocational) (NC(V)) and the General Education and Training Certificate (GETC). In line with Outcome 5, Umalusi assures the quality of the programmes offered at independent colleges in fulfilling its accreditation mandate. The performance report of Programme 3 in this Annual Report outlines the processes followed to quality assure the work of institutions operating within the PSET sector.

During the year under review, Umalusi has made a real effort to achieve its outcomes as set out in the Annual Performance Plan (APP). As a result, the entity has managed to achieve all its targets reflected in the revised APP. 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 all Executive Committee of Council (EXCO) and Council meetings.

Strategic Relationships

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 Innovation, to report on its work as the Accounting Authority. At its online workshops, Council interacted with other strategic stakeholders, such as the Department of Basic Education (DBE) and the Department of Higher Education and Training (DHET). Council has also kept its finger on the pulse of the organisation through its committees, most of which are chaired by Council members.

Challenges

Despite the positive achievements outlined above, the organisation has continued to operate within a very tight fiscal environment, a result of the ripple effects of budget cuts and an expanding mandate. As a result, Umalusi has had to reprioritise its work while maintaining a balance on the attainment of its strategic imperatives. Consequently, staff members in some units have experienced an increase in their workload. Furthermore, the impact of the COVID-19 pandemic in the early parts of the financial year grossly affected some key activities, such as site visits for the evaluation and accreditation of independent institutions.

By maintaining high standards in basic education, Umalusi seeks to ensure that our nation's children and young adults have access to 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 once again obtained an unqualified audit report with no material findings for the year under review.

Acknowledgements and for Appreciation

This achievement is the result of the sheer dedication and capable leadership of 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.

In conclusion, I wish to express my sincere thanks and appreciation to:

- All members of the outgoing 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 Innovation: Dr Blade Nzimande, MP, the Director-General of Basic Education, Mr Mathanzima Mweli, and the Director-General of Higher Education and Training, Dr Nkosinathi Sishi, whose support for the work of Umalusi is a source of inspiration and strength.
- Ms Bongiwé Mbinqo-Gigaba and Mr MP Mapulane – chairpersons of the Portfolio Committees on Basic Education and Higher Education, Science and Innovation, respectively – as well as members of both Portfolio Committees, for their unwavering support and guidance to Umalusi Council.
- All members of various committees of Council for their excellent contribution to the work of Umalusi.
- All staff of Umalusi for their continued dedication, loyalty, professionalism and hard work. Their commitment to service excellence and dedication fills us with pride.
- Umalusi's Chief Executive Officer, Dr Mafu Rakometsi, and his Executive Management team, for providing steady, dynamic and visionary leadership to Umalusi.

Professor John Volmink
Umalusi Council Chairperson
Date: 31 July 2022

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Introduction

It gives me great pleasure to write this overview of the work done by Umalusi during the 2021/22 financial year. The Annual Report gives the staff of Umalusi and me an opportunity to reflect on the work we have done, identify the gaps in our work and formulate strategies to strengthen our work going forward. This review of our work is happening at a time when Umalusi is celebrating 20 years of its existence, in the 2022 calendar year. Umalusi took over from the now defunct South African Certification Council (SAFCERT) in 2002. I have been fortunate to witness the steady growth of the organisation since I became its Chief Executive Officer many years ago. I am glad to report that Umalusi's growth was not based on the contribution of a few people, but the sacrifices of many who have walked through its doors, either as members of staff or Council.

As a result, Umalusi is planning to use 2022 as a year of celebrations, but will also take the opportunity to pull up the handbrake and reflect on its 20-year journey. Umalusi considers itself to be a learning organisation. One of the salient characteristics of a learning organisation is its staff's ability to think metacognitively about their work and find innovative ways to improve the quality of their work. We do this in response to the huge responsibility entrusted to us by the South African government, namely, quality assurance of the various facets of basic education in our beloved country.

In my role as the Accounting Officer and as a public servant, I am constantly aware of the responsibility

bestowed on me to use public resources judiciously and in the best interest of the people of our country. I am particularly aware of the gravitas of this responsibility in the economic context of our country, which is characterised by disproportionate levels of inequality, unemployment and poverty. Therefore I owe it to Umalusi Council and the people of South Africa to exercise prudence in managing the resources given to Umalusi to discharge its legislative mandate.

General Financial Review of the Public Entity

Similar to the previous financial year, our operations during the period under review continued to be affected by the scourge of the COVID-19 pandemic. Undoubtedly, the pandemic forced us to think innovatively about how we conduct our business as a public entity. One of the significant adjustments we had to make was to learn how to do some of our work effectively on online platforms. For example, we resorted to holding online meetings with some of our key stakeholders, due to national lockdown regulations. While this saved us some money on travel and accommodation, our financial resources were redirected to other areas of our work that required sufficient funding.

Regarding the organisation's financial status during the year under review, it became clear that apart from government-wide budget cuts, COVID-19 negatively impacted our additional streams of income, such as evaluation and accreditation, verification of qualifications, among others. In total, the organisation received a baseline grant of R157,404,000 compared to R136,404,000 in 2020/21. Even though the revenue generated by our evaluation and accreditation function was below budget by 33% because of the impact of COVID-19 restrictions, it was much better when compared to the same period in the previous year. This was a result of the lifting of lockdown restrictions, which enabled the organisation to execute some of its activities under normal operating conditions, especially towards the end of the financial year.

On the other hand, revenue generated through the verification of qualifications continued at stable levels, with a 4% variance, considered to be within the expected range. Other income, that related to the fees charged for quality assurance of assessment and recoverable from private assessment bodies, was below budget. This was because of high certification fees during the current financial year, compared to those of the previous financial year. This resulted in 56% income below budget.



Spending Trends of the Public Entity

The organisation started with the refurbishment of one of its two buildings, namely, the Thuto-Mfundo building, located at 41 General van Ryneveld Street in Pretoria. The refurbishment of the building commenced during the third quarter of the financial year. Umalusi handed over the site to the contractor on 6 December 2021. The project was at 32% completion at year end, and 15% of the total project cost (R36-million) was incurred. We consider the renovation of the Thuto-Mfundo building to be a vital investment in improving the quality of the organisation's work.

Capacity Constraints and Challenges Facing the Public Entity

In addition to financial constraints, the organisation continued to face serious challenges with the reality of an expanding mandate. Unavoidably, additional responsibilities require additional resources. Given the dynamic nature of the education system, which is constantly in a state of flux, it is not surprising that Umalusi's mandate keeps on expanding. For example, the introduction of new subjects as part of the national curriculum and assessment policy statement (CAPS) puts a strain on the organisation's financial and human resources. It means, inter alia, that Umalusi must employ more contract personnel to moderate question papers, monitor the conduct of national examinations and verify the marking of these subjects.

Furthermore, the reality of Early Childhood Development (ECD) becoming part of the mainstream school system will have resource implications for Umalusi. For example, more capacity will be needed to conduct the evaluation and accreditation of independent institutions that intend to offer Grade R as part of the ECD programme. Other planned qualifications, such as the General Education Certificate (GEC), National Senior Certificate for Adults (NASCA), and the General Education and Training Certificate for Adults (GETCA) will also put a strain on the organisation's current meagre resources, resulting in a dire need for additional funding.

Supply Chain Management

Umalusi has put very solid supply chain management (SCM) systems in place to ensure fairness, integrity, cost-effectiveness and efficiency in the procurement of goods and services. We have fully functional Bid Specification Committees (BSC), Bid Evaluation Committees (BEC) and a Bid Adjudication Committee (BAC), with senior managers serving in all of them rotationally. This is important to me as the Accounting Officer because it means that management remains accountable to Council, as the Accounting Authority,

in terms of how the organisation dispenses its financial resources. While we need to remain frugal and vigilant in utilising public resources, we should also be careful not to stifle innovation and growth. One of the essential checks and balances in the organisation's SCM system is that the Accounting Officer is not part of any procurement processes, to avoid conflict of interest and related issues.

Audit Report Matters

After many years of obtaining unqualified audits with some material findings, I am happy to report that since the 2019/20 financial year, the organisation has once again obtained an unqualified audit with no material findings (a clean audit) in the 2021/22 financial year, as confirmed by the Chairperson of Council, Professor John Volmink. This achievement was undoubtedly made possible by the hardworking and dedicated staff members of Umalusi, who are always willing to go the extra mile in carrying out their duties. It remains part of my vision to ensure that we do not revert to anything less than a clean audit.

Economic Viability

The ability of the entity to continue as a going concern is dependent on a statutory grant allocation from the Department of Basic Education (DBE). At the time of the approval of the annual financial statements (AFS) in this report, the DBE had committed in the Medium-Term Expenditure Framework (MTEF), published by the National Treasury (NT), to funding the entity for the period 2021/22 to 2023/24. This will help to keep the organisation afloat in the short to medium term.

Acknowledgement/s or Appreciation

Lastly, I am hugely indebted to the Honourable Minister of Basic Education, Mrs Angie Motshekga; the Director-General of the DBE, Mr Mathanzima Mweli; the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande; as well as the Director-General of the Department of Higher Education and Training (DHET), Dr Nkosinathi Sishi, for their constant support. I also wish to express my heartfelt appreciation to the outgoing Umalusi Council under the leadership of Professor John Volmink, whose tenure ends on 7 June 2022, members of the different committees of Council, and Umalusi staff, for their continued support and hard work.

Dr MS Rakometsi

Umalusi Chief Executive Officer

Date: 31 July 2022

5. 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 is 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.

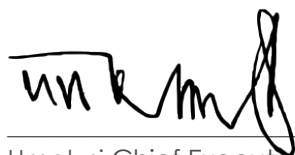
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 entity for the financial year ended 31 March 2022.

Yours faithfully



Umalusi Chief Executive Officer
Dr MS Rakometsi
31 July 2022



Umalusi Chairperson of the Council
Professor John Volmink
31 July 2022



6. STRATEGIC OVERVIEW

6.1 Vision

A trusted authority in fostering high education standards in general and further education and training.

6.2 Mission

We are the Quality Council that assures education standards in the General and Further Education and Training Qualifications Sub-framework.

6.3 Values

Values	Explanation
Transparency	Our processes are available for public scrutiny.
Professionalism	Umalusi employees provide services and interact with stakeholders with great rapport.
Integrity	Umalusi conducts its operations honestly and ethically.
Reliability	Umalusi uses consistent procedures in its quality assurance.
Impartiality	We maintain equal treatment of standards for all stakeholders.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional Mandate

Umalusi is the Quality Council for General and Further Education and Training. It is obliged to embrace the provisions of Chapter 2 of the Constitution of the Republic of South Africa, 1996. In terms of section 29(1), everyone has a right to a basic education, including adult basic and further education and training. In relation to this section, Umalusi is obligated to ensure the quality assurance of the provision of education within the General and Further Education and Training Qualifications Sub-framework (GFETQSF) to citizens. This obligation is fulfilled to ensure the realisation of the requirements stipulated in section 29(3), which promotes the establishment of private education institutions that:

- a) do not discriminate on the basis of race;
- b) are registered with the state; and
- c) maintain standards that are not inferior to standards at comparable public education institutions.

7.2 Legislative Mandate

National Qualifications Framework (NQF) (Act No. 67 of 2008)

The NQF Act 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 do the following in respect of quality assurance:

- a) develop and implement policy for quality assurance;
- b) ensure the integrity and credibility of quality assurance; and
- c) ensure that quality assurance as is necessary for the sub-framework is undertaken.

General and Further Education and Training Quality Assurance (GENFETQA) Act No. 58 of 2001, as amended in 2008

The GENFETQA Act, as amended, 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 as follows:

- a) developing and maintaining a sub-framework of qualifications for general and further education and training;
- b) quality assurance of all exit-point assessments of such qualifications;
- c) certification of learner achievements;
- d) quality assurance of private education institutions; and
- e) accreditation of private assessment bodies.

Further, the Act assigns responsibility to Umalusi for the quality assurance of independent schools, through Chapter 3, 23 (2) (a). With respect to private provision, Umalusi is required to undertake the following accreditation responsibilities:

- a) develop policy, which must be regulated by the Minister, for the accreditation of private assessment bodies other than departments of education, and accredit assessment bodies accordingly;
- b) develop policy and criteria for the quality assurance of private education institutions, including independent schools, private colleges and private adult education and training (AET) centres;
- c) ensure that any institution required to register as an independent school, private further education and training (FET) college and private adult basic education and training (ABET) centre complies with the quality assurance policy and criteria determined by Umalusi; and
- d) affirm, or withdraw, accreditation status of the private education institution concerned.

7.3 Other Legislation

- National Education Policy (NEPA) Act No. 27 of 1996;
- South African Schools (SASA) Act No. 84 of 1996, as amended; and
- Continuing Education and Training (CET) Act No. 16 of 2006, as amended.

7.4 Institutional Policies and Strategies

The sub-framework is guided by the following policy documents:

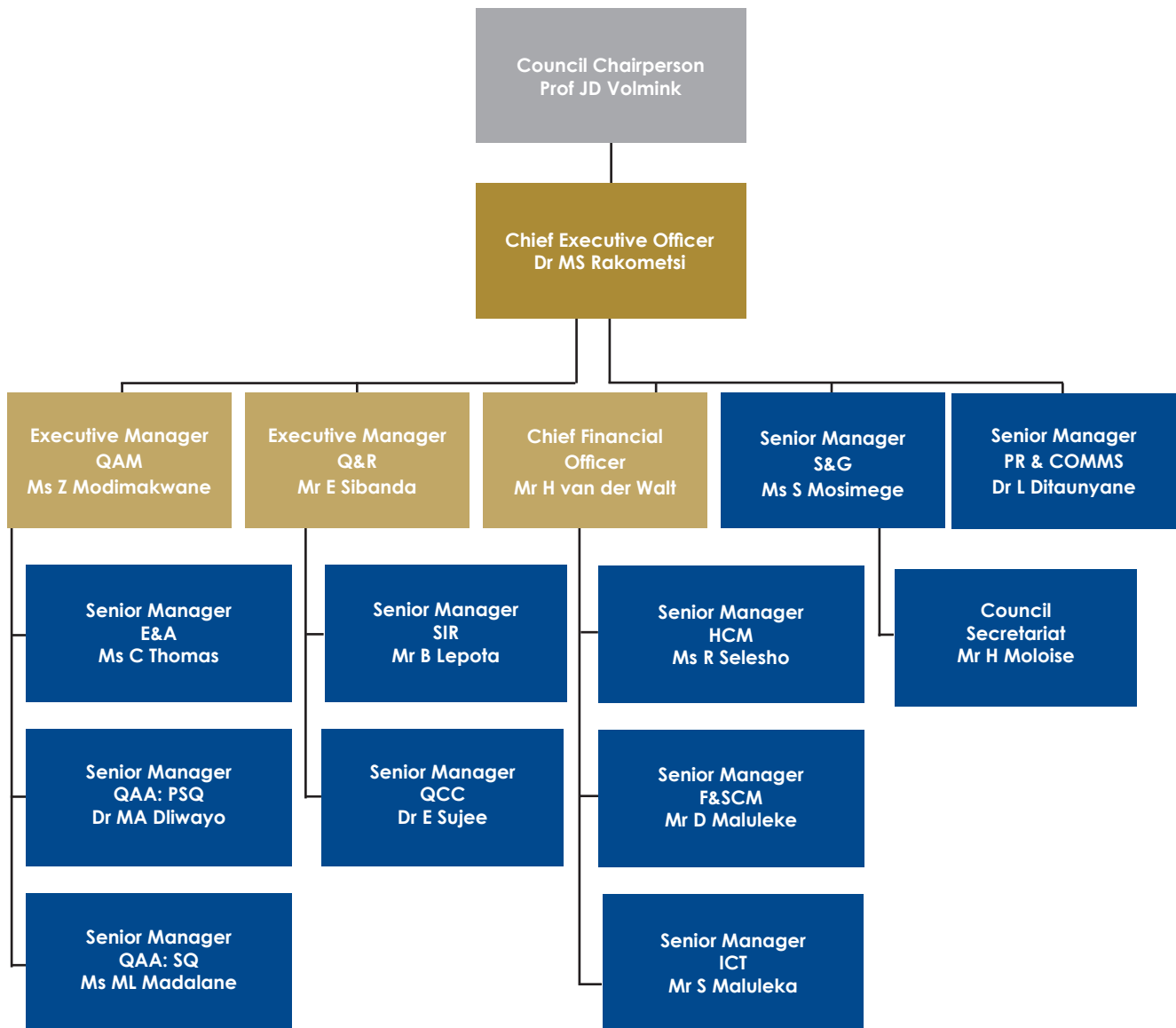
- Guidelines on Strategy and Priorities for the NQF 2011/2012: Minister of Higher Education and



Training;

- National policies governing existing qualifications (including their assessment) that are currently certificated by Umalusi;
- Standards and Quality Assurance of the General and Further Education and Training Qualifications Sub-framework: Umalusi 2014;
- Policy documents and guidelines pertaining to the National Senior Certificate (NSC), Senior Certificate (amended) (SC(a)), General Education and Training Certificate (GETC), National Certificate (Vocational) (NC(V)), National Education Report 190/191 (NATED) (N1–N3) and the National Curriculum Statements (NCS); and any other qualifications on the GFETQSF, as applicable;
- Council policies and directives on the conduct, administration and management of the assessments for qualifications on the GFETQSF;
- The regulations pertaining to qualifications on the GFETQSF developed by the Department of Basic Education (DBE) and gazetted by the Minister on assessment and certification. These include those promulgated by provincial legislatures and the policy framework that applies to all technical and vocational education and training (TVET) colleges declared, or established by, the Minister under the CET Act, Act No. 16 of 2006;
- The Policy and Criteria for the development, registration and publication of qualifications for the GFETQSF;
- The Policy for the Re-issue of National Certificates;
- The Recognition of Prior Learning (RPL) Policy;
- National Treasury Regulations; and
- Any other related legislation as appropriate to the various education and training sectors with whom Umalusi is mandated to work.

8. ORGANISATIONAL STRUCTURE





PART B:
PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'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 73-74 of the Auditor's Report, published as Part E: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 Service Delivery Environment

a. Umalusi's overall performance

The 2021/22 financial year is the second year of the implementation of Umalusi's five-year Strategic Plan. In this financial year Umalusi has strived to strengthen its processes to deliver on its mandate effectively and efficiently.

The organisation focused on the following strategic issues:

- reviewing the quality assurance approach in view of budget cuts and the impact of COVID-19;
- continued evaluation of qualifications on the Umalusi sub-framework and appraisal of the relevant curricula;
- actively participating in the process of amending the founding Acts to accommodate new qualifications;
- intensifying research on educational developments to provide evidence-based advice to the Ministers of Education; and
- intensifying advocacy to communicate accurate and relevant messages to all stakeholders on issues relating to qualifications on the sub-framework.

Qualifications, Certification and Verification

Qualifications

As a result of the Ministerial determination of the sub-frameworks, Umalusi has been involved in the process of ensuring alignment of qualifications in the GFETQSF. The providers of GFETQSF qualifications, the Department of Basic Education (DBE) and the Department of Higher Education and Training

(DHET), were informed about the phasing out of pre-2009 qualifications from the education and training system. Umalusi has been working with the departments to manage this phasing-out process. In addition, Umalusi provided guidelines to all providers of qualifications on the GFETQSF on specific areas required for alignment of qualifications that will be registered on the GFETQSF. This alignment included the General Education and Training Certificate for Adults (GETCA) and the National Senior Certificate for Adults (NASCA) qualifications. To this end, the DHET submitted the associated assessment criteria for both qualifications to align them with the South African Qualifications Authority (SAQA) Policy and Criteria for the Registration of Qualifications on the NQF.

During the year the Committee of Chief Executive Officers of all quality councils established a task team to investigate the current legislation on offerings of foreign qualifications. The aim was to recommend a common approach to the delivery of foreign qualifications in the country. The draft recommendations were presented to the Qualifications Standards Committee and Council for consideration and approval.

Certification

Umalusi fulfilled its mandate and issued a total of 1 515 793 certificates to all candidates who qualified and complied with the requirements for a qualification. Certification is the formal recognition of a qualification, or part-qualification, awarded to a successful candidate.

Verification

Verification is the process followed by Umalusi to establish the authenticity of qualifications/certificates.



Verification includes authenticating the qualification document and verifying that the qualification was awarded to the individual in question; and that the content corresponds with the details on the Umalusi certification database. Requests for verifications are completed in two working days, including feedback to the verification clients. Of the 23 750 requests, Umalusi processed 23 000 (96.84%) verifications, exceeding its target by 0.84%.

Quality Assurance of Assessment

Quality assurance of assessment is one of Umalusi's core mandates. Umalusi has quality assured assessment processes for all qualifications on its sub-framework throughout the year. This function takes on many forms. It includes moderating question papers, monitoring institution-based assessment, monitoring the writing of examinations at various centres, monitoring marking, the verification of marking, auditing the state of readiness of assessment bodies to conduct examinations, as well as other related quality assurance activities. Umalusi performs these activities for all qualifications on the General and Further Education and Training Qualifications Sub-Framework (GFETQSF) across all assessment bodies, i.e., DBE, DHET, Independent Examinations Board (IEB), and South African Comprehensive Assessment Institute (SACAI). During the 2021/22 financial year, Umalusi moderated and approved all 982 question papers presented by assessment bodies for external moderation. The organisation continued to monitor marking centres and verified marking for a total of 93 subjects. Internal assessment moderation was conducted on 198 subjects.

All accreditation outcomes for private institutions were finalised within 12 months of a site visit. In addition, 336 identified private education institutions were monitored after being granted accreditation, achieving a target of 90%.

Research

Umalusi continued to conduct research projects to enhance its systems and processes of quality assurance, and to inform its strategic direction. In the 2021/22 financial year, the organisation conducted, among others, three post-examination analyses (PEAs); two General Education Certificate (GEC) appraisals on 35 vocational occupational-oriented subjects in three phases and Schools of Skills' seven Fundamental subjects; appraisal of the NC(V) Level

2–4 Robotics, Programming, Electronics and Digital Concepts for Robotics; appraisal of the Coding and Robotics, Grade R–9 curriculum and assessment policy statements (CAPS) curriculum for the DBE; and international benchmarking of the National Senior Certificate (NSC).

b. Challenges

During this financial year Umalusi was unable to complete projects such as the NASCA, GETCA and the GEC, including the assessment of curricula, as the assessment bodies had not submitted their documents. The organisation must find ways to enforce the implementation of directives for quality assurance, including ensuring that all intended and assessed curricula are submitted 18 months prior to implementation. The lockdown restrictions have made it difficult for Umalusi to conduct empirical investigations and as a result, some studies have focused on theoretical aspects only.

COVID-19 and the impact on Umalusi

COVID-19 lockdown restriction impacted negatively on the procurement of goods and services due to staff members working from home. Two monitors passed away due to COVID-19-related illness, while nine monitors could not be deployed, also due to ill-health. The moderation of DBE question papers was also delayed due to adherence to COVID-19 regulations, which dictated a limitation on office space to be utilised during the on-site moderation of question papers. As a result, 48 question papers for the June 2022 examinations were yet to be approved. During the financial year, the organisation recorded 22 cases of COVID-19 among staff members. The Department of Public Service Administration (DPSA) and the National Department of Health regulations were applied, as dictated by the various Circulars and Government Gazettes.

Measures to mitigate the impact of COVID-19

With respect to quality assurance services, the organisation had to review monitoring and deployment plans due to the impact of COVID-19. Internally, the organisation established a COVID-19 task team which met monthly to discuss the impact of the pandemic on employees and services. This team made recommendations to executive management for decision-making relating to ensuring a safe working environment: screening, provision of

sanitising stations in the buildings, social distancing of workstations, percentage occupancy in the building and operating remotely during peak periods.

c. Significant developments

The organisation has seen the commencement of the construction project of the Thuto-Mfundo building, which had been stalled by a court case since 2018. The project is anticipated to be completed in the 2022/23 financial year. The occupancy of the building will contribute significantly to creating more space, supporting COVID-19 regulations on social distancing in the workplace.

2.2 Organisational Environment

Umalusi is a Schedule 3A entity with 138 funded positions. The organisation is comprised of the CEO, three Executive Managers and ten senior managers. It is divided into three branches, namely Corporate Services, which is responsible for administrative functions; Qualifications and Research; and Quality Assurance and Monitoring. The organisation performed under the conditions expressed below in the year under review.

Financial capacity of the organisation

Umalusi obtained a second unqualified audit opinion with no material findings (clean audit) for the 2020/21 financial year. This was the first step in maintaining the gains realised in the previous year and was made possible by the collective efforts of the organisation's staff members.

Financial constraints remained one of the challenges during the period under review. This resulted in a reduction in quality assurance operations and some Information Communication Technology (ICT) projects being put on hold.

Staff matters

The workload of Umalusi remained heavy on some employees due to capacity constraints. The organisation prioritised the filling of vacant positions in this period. A total of five employees resigned from Umalusi during the financial year; four of the five being at middle and junior management levels. Four vacant positions were filled to relieve pressure on the organisation's workload. The vacancy rate for

the reporting period was at 6%, with a total of nine vacancies, inclusive of the four positions that were frozen in 2020/21. By the end of the financial year the process of filling these positions had commenced, to ensure that the organisational mandate is delivered.

ICT environment

The organisation's ICT system continued to create an enabling environment for service delivery and protection of the organisation's information during the 2021/22 financial year. The migration of the firewall, Domain Name System (DNS) and proxy to a virtual, or cloud-based, environment with State Information Technology Agency (SITA) was concluded in this financial year. This ensures that the organisation operates using the latest firewall software and hardware that is within warranty. The ICT health score was maintained above 95% in the period under review, ensuring smooth operations throughout the year.

Office accommodation

The Thuto-Mfundo building is under construction. This project commenced in the third quarter and is progressing well, despite rain interruptions from December 2021 to February 2022. The adverse weather caused a small delay; however, the project is back on track.

2.2.1 Key Policy Developments

The following policy developments were achieved during the 2021/22 financial year:

Acts

None.

Policies

- Policy for the Quality Assurance of Assessment of Qualifications Registered on the General and Further Education and Training Qualifications Sub-Framework. This policy was approved by Council in February 2022 for submission to the Department of Planning, Monitoring and Evaluation (DPME) for evaluating the Socio-Economic Impact Assessment Systems (SEIAS). On approval by the DPME, the policy will be gazetted for implementation.



- The Guideline for implementation of the policy and criteria for the quality assurance, accreditation and monitoring of private assessment bodies.

Regulations

- Council has approved the draft Regulations for the accreditation of private assessment bodies assessing qualifications registered on the General and Further Education and Training Qualifications Sub-Framework offered at private colleges, made under the General and Further Education and Training Quality Assurance Act, 2001, for submission to the Minister of Higher Education, Science and Innovation as a guideline for the development of the regulations.

2.3 Progress Towards Achievement of Institutional Impacts and Outcomes

MTSF contribution

The Medium-Term Strategic Framework (MTSF) 2019–2024 has prioritised education and skills and Umalusi is at the centre of quality education in this regard. The organisation continued to manage the qualifications on the GFETQSF to ensure that learners and students gain lifelong skills.

Impact statement

Umalusi’s impact statement on the five-year Strategic Plan is as reflected below:

Impact statement	Relevant and credible qualifications.
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Umalusi continued its quality assurance of assessment activities as part of its mandate. Ten quality assurance of assessment reports were published in the 2021/22 financial year to provide stakeholders with information on the quality assurance work of Umalusi. The organisation accredited, and monitored, qualifying private education institutions offering qualifications in the GFETQSF. When private education institutions are awarded accreditation status, it is an indication that these institutions have systems in place to offer and examine qualifications on the Umalusi sub-framework.

The appraisal of 35 vocational- and occupation-oriented subjects for the GEC qualification was conducted to determine the degree of acceptability of the intended curriculum of the GEC (Grades 8 and 9 and Years 1–4). The appraisal process provides assurance that the education sector offers curricula

that is not only relevant to the capabilities of the learners but also supports the new qualification in addressing the technical and vocational needs of the country.

The benchmarking of the NSC against qualifications of other countries – Cambridge International Examinations (CIE), International Baccalaureate (IB), Kenya (Kenyan Certificate of Secondary Education), Australian New South Wales Higher School Certificate and Zimbabwean grade 5-6 Advanced level – tested this critical South African qualification against similar qualifications in both well-established countries and countries of comparable economic status in the region and abroad. Such benchmarking enables Umalusi to keep the NSC qualification credible, relevant and competitive locally and internationally.

Outcome statements

The Umalusi five-year Strategic Plan reflects the following outcome statements:

Programme	Outcome statement
Programme 1	Efficient and effective administrative systems
Programmes 2 and 3	Enhanced educational standards

Progress made on the outcome: efficient and effective administrative systems

Umalusi reviewed governance documents to ensure alignment with the strategy of the organisation. This allows the organisation to operate in accordance with its service delivery mandate. The organisation obtained a clean audit on performance information for the 2020/21 financial year. This indicates that Umalusi’s management is on the right track in maintaining its systems and processes for managing predetermined objectives as the organisation’s strategy is implemented.

The organisation reviewed some policies and procedures to ensure good ICT governance and closed the gaps that were identified in the audit process. These included the ICT Change Management policy and procedure, intended to ensure that all ICT changes be authorised prior to implementation to minimise disruption or risks to the organisation and to provide the necessary actions to assess, build, test and implement changes; the Information Security Incident management procedure, to guide how Umalusi responds to information security breaches or incidents; the Backup procedure, to ensure the continuation of

system availability and restoration from backups in case of failure or data loss; and the ICT Digital Transformation Strategy, to promote and facilitate the use and re-use of data and information at the organisation's disposal.

The organisation reviewed its Employment Equity (EE) Plan to address barriers that were identified during the EE Plan consultation, to create a conducive work environment and to promote diversity, equity and inclusion. New EE targets were also set in the period under review for the 2022/23 to 2024/25 financial years, to ensure compliance with legislation.

Continuous training and development programmes were implemented to enhance the skills and knowledge so employees may be efficient and effective in executing their duties. Umalusi implemented and monitored the Performance Management and Development System (PMDS) to ensure that the strategic objectives of the organisation are met in the set time frames by all employees.

The organisation also paid all its suppliers within 30 days, which shows effective and efficient financial and supply chain management processes in Umalusi.

Progress made on the outcome: enhanced educational standards

Much research was conducted this financial year to enhance educational standards; and the use of platforms such as webinars and social networks provided stakeholders with insight into Umalusi's services.

Umalusi has, in the 2021/22 financial year, appraised and approved the GEC qualification, with conditions. The appraisal of the GEC policy was done in tandem with the appraisal of GEC Year 1–4 curricula. The appraisals were required to ensure that this new qualification meets not only high education standards, but also the needs of South African learners, in offering them alternative career streams for the future.

The amended NSC policy was approved and the qualification registered with the SAQA on the NQF. SAQA has approved the registration of the NSC policy with conditions, and Umalusi has addressed all outstanding issues. This amendment enhances the implementation of the NSC qualification towards maintaining high education standards. Several other

policies were either developed or reviewed for the same purpose, guiding implementation of Umalusi qualifications.

The level of compliance with Umalusi's criteria in the moderation of the NSC question papers is at an average of 98% for the DBE, IEB and SACAI. This percentage was achieved during the first two levels of moderation, and it reflects a significant improvement in the quality and standard of the development of the question papers. There were thus no major changes/amendments required after the first level of moderation. The assessment bodies did their best to maintain the quality of work, despite the challenges imposed by the COVID-19 lockdown. The registered improvement indicates that the assessment bodies considered most of the directives for compliance and improvement in training their examining panels.

Eighty-seven percent of the DHET question papers that Umalusi moderated for the 2021 examinations were of an acceptable standard. This was an improvement of 4% from the 83% of the 2020 examinations. The approval status of question papers has shown an upward trend from the previous and current examination periods: most question papers were conditionally approved at first moderation, a negligible number required resetting and approximately 20% gained immediate approval. Umalusi was satisfied with the evidence presented in the verification and evaluation processes, which determined the assessment bodies' readiness to conduct the 2021 examinations. The evidence presented was acceptable and showed clear readiness measures were in place to manage the 2021 examinations.

It was evident that assessment bodies were continuing to implement effective systems to prevent systemic irregularities in the conduct, administration and management of the national examinations. The findings from the evaluation conducted on the four assessment bodies to determine their state of readiness to conduct the national examinations correlated with the acceptable standards set by Umalusi. The 2021/22 examinations were conducted, administered and managed free from reported systemic irregularities. This achievement was attributable to the measures in place to safeguard the credibility of the examinations, across assessment bodies. These measures included risk assessments conducted by the assessment bodies and actioning of related mitigating strategies.



INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3. Programme 1: Administration



Mr Hendrik van der Walt
Executive Manager: Corporate Services

Purpose of the programme

The purpose of the Administration Programme is to provide strategic leadership, management and administrative support services to the organisation.

Sub-programmes

The Administration Programme is comprised of the following five sub-programmes:

Sub-programme		Purpose
Sub-Programme 1.1	Strategy and Governance (S&G)	The purpose of S&G is to provide good corporate governance, to support Council, manage the Office of the Chief Executive Officer (OCEO), coordinate risk management, manage performance information and facilitate and develop the organisational strategy.
Sub-Programme 1.2	Public Relations and Communications (PR & Comms)	The purpose of the PR & Comms sub-programme is to communicate the organisational mandate, strategy and services to stakeholders.
Sub-Programme 1.3	Information and Communication Technology (ICT)	The purpose of the ICT sub-programme is to manage, support and maintain Umalusi's ICT resources and provide support to business units.
Sub-Programme 1.4	Human Capital Management (HCM)	The purpose of this sub-programme is to implement HCM governance, attract top talent, cultivate a culture of continuous learning, ensure a transparent performance management system, offer attractive rewards and benefits and ensure intellectual property is retained in the organisation.
Sub-Programme 1.5	Finance and Supply Chain Management (F&SCM)	The purpose of the F&SCM 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.

3.1 Sub-Programme 1.1: Strategy and Governance (S&G)



Purpose

The purpose of the S&G sub-programme is to provide good corporate governance, to support Council, manage the Office of the Chief Executive Officer (OCEO), manage performance information and facilitate the development of the organisational strategy.

Overview of the work done

Summary of key achievements

The 2021/22 financial year was the second year of the COVID-19 pandemic. Umalusi staff spent part of the year working from home because of COVID-19 cases in the workplace. COVID-19 impacted the implementation of Umalusi's 2021/22 Annual Performance Plan (APP) to a lesser degree because measures were put in place to ensure that targets were achieved for the financial year.

Umalusi managed performance information through the quarterly Performance Information Verification Committee (PIVC) meetings. The organisation conducts monthly verification of outputs for indicators 1.4.1: percentage of valid invoices from creditors and suppliers paid within 30 days; 2.2.1: percentage of error-free learner records for which a certificate was

printed; and 2.3.1: percentage of verification requests received that are completed in terms of the service level agreement (two working days) as a measure to minimise the risk of inaccurate reporting.

The 2021/22 quarterly reports and the 2022/23 APP were prepared and submitted to the Executive Authority as prescribed by the Public Finance Management Act No.1 of 1991, as amended (PFMA). Umalusi has worked with internal auditors to validate quarterly reported information to ensure that the information is valid, accurate and complete. In addition, the organisation obtained a clean audit on performance information in the 2020/21 financial year. This has confirmed that Umalusi's performance information reported to its stakeholders was useful and reliable.

Umalusi Council has complied with governance principles again this year. The Council charter was aligned with the organisation's five-year Strategic Plan. Management reviewed terms of reference (ToR) for Council committees during the period under review to ensure good governance practices. In addition, all Council meetings planned for the 2021/22 financial year were held to deal with management matters and approve policies. Council also approved the release of various 2021 examinations results of the Department of Basic Education (DBE), the IEB, the SACAI, and the DHET.

Challenges

In the first quarter of the 2021/22 financial year, the organisation experienced email challenges that affected the Qualifications, Curriculum and Certification verification function. This resulted in inaccurate reporting for the indicator 2.3.1: percentage of verification requests received that are completed in terms of the service level agreement (two working days). To rectify the error, Umalusi prepared an annexure and submitted this to the Minister with the second quarterly report. Network connectivity was lost for three days in the third quarter when the SITA network was vandalised. This affected the indicator as noted above, since the indicator has a two-day execution date. Despite underperformance this quarter the target for the year was achieved.



3.2 Sub-Programme 1.2: Public Relations and Communications (PR & Comms)



Lucky Ditaunyane
Senior Manager: PR & Comms

Purpose

The purpose of the PR & Comms sub-programme is to communicate the organisational mandate, strategy and services to stakeholders.

Overview of the work done

Summary of key achievements

The sub-programme managed to achieve its output target of four webinars during the financial year. The webinars focused on different aspects of the organisation's legislative mandate, such as the tension between maintenance of standards and empathy during the era of COVID-19; standardisation of national examinations results; the meaning of the minimum pass; and the quality of education in South Africa through the lens of Umalusi's quality assurance mandate.

The webinars shed more light on the organisation's work, and stakeholders were given the opportunity to interact directly with the CEO, albeit online. In general, the webinars received positive reviews from participants and were well attended, with an average of 120 participants per webinar.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	1.1 Advocacy initiatives	1.1.1 Number of advocacy webinars conducted	-	4	4	5	+1	One extra webinar was requested by stakeholders

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.

The organisation also leveraged other communication channels, such as social media platforms, Bulk SMS, the website, info emails and publications. Regarding social media platforms, the organisation's Facebook page was unfortunately hacked towards the end of November 2021. This resulted in the creation of a new Facebook page. However, Umalusi continued to grow its Twitter footprint, from 6 467 in April 2021 to 7 309 in March 2022. Social media helped the organisation keep external stakeholders informed about the measures taken to continue its work during various stages of the COVID-19 lockdown. Bulk SMS became a vital communication tool for internal communication during lockdown because staff members were required to work from home for several weeks during the first two quarters of the financial year.

Through the use of Bulk SMS the organisation kept all staff members informed about developments in the organisation, as well as important information about health and safety measures during the lockdown period. Similarly, the organisational website became a key platform for external stakeholders who wanted to know how to access the services of the organisation during the lockdown. Messages about the provision of services during lockdown were constantly posted to the website. The sub-programme was able to receive queries through info emails and to respond to them timeously. It is worth noting that all the communication channels mentioned above were also used after staff returned to the office in the third and fourth quarters.

Furthermore, the sub-programme produced the following publications to fulfil its mandate as an enabler of communication within the organisation: the 2020/21 Annual Report, four editions of Makoya (the external newsletter), and supported the publication of the 2022/23 APP. In terms of media relations, two successful media briefings were held, on 15 October 2021 and 18 January 2022. The former focused on the system's state of readiness to administer, conduct and manage the 2021 national examinations. The latter focused on the announcement of standardisation decisions made by the Executive Committee (EXCO) regarding the 2021 national examinations results. Despite the challenges presented by COVID-19, the sub-programme achieved its output targets for the financial year.

3.3 Sub-Programme 1.3: Information and Communication Technology (ICT)



Purpose

The purpose of the ICT sub-programme is to manage, support and maintain Umalusi's ICT resources and provide support to business units.

Overview of the work done

Summary of key achievements

The ICT sub-programme continued to support and enable the organisation to efficiently execute the mandate through technology.

To strengthen governance relating to policies, processes and procedures, Umalusi reviewed and approved the Change Management Policy, which will improve how changes are authorised and implemented.

A backup procedure was also reviewed in the year. This procedure is meant to provide for backups of the

servers in the event of failure. Reliable backups provide accurate restoration of affected systems or information when the need arises.

The Information Security Incident Management Procedure was developed and approved during the year. This provides guidance to the organisation on how to handle information security incidents and breaches to minimise their impact on the confidentiality, integrity and availability of Umalusi's systems, applications and data. Reviewing these documents closed the gaps identified in internal audit findings.

The organisation further developed a Digital Transformation Strategy during the year. The strategy is intended to promote and facilitate the use and re-use of data and information at the organisation's disposal to address users' and learners' concerns. It also aims to address feedback emanating from Umalusi, the ICT Strategy 2020–2025, ICT maturity assessment report, business units' ICT requirements, user-satisfaction surveys and Enterprise Architecture. This strategy aims to promote practices and behaviour that will introduce new services in future and includes the initiatives needed to achieve the ICT Unit's vision.

BitLocker encryption software was installed on all Umalusi laptops to ensure information stored and processed in laptops is encrypted as a measure to prevent data loss.

In addition to upgrading bandwidth during the year, the organisation also concluded the migration of the firewall, DNS and proxy to a virtual, or cloud-based, environment with SITA. This was to eliminate the risk of out-of-warranty hardware and to upgrade to the latest versions of software for the firewall, Virtual Private Network Remote Access (VPNra) and DNS, and to ensure better management of those systems. This is an additional step in the refurbishment of ICT and digital transformation for the organisation.

ICT infrastructure and user support services continued to be maintained throughout the year, with the network health score and availability (servers and applications) above the 95% target throughout all quarters.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	1.2 Achieved ICT network health score	1.2.1 ICT network health score maintained at ≥95%	-	98%	≥95%	97% (Server uptime: 98% Alarm score: 100% Disk score: 93% OS score: 100%)	None	N/A

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



3.4 Sub-Programme 1.4: Human Capital Management (HCM)



Refilwe Selesho
Senior Manager: HCM

Purpose

The purpose of this sub-programme is to implement HCM governance, attract top talent, cultivate a culture of continuous learning, ensure a transparent performance management system, offer attractive rewards and benefits and ensure intellectual property is retained in the organisation. The sub-programme is responsible for attracting and retaining human capital by developing, reviewing and implementing policies and standards; and ensuring adherence thereof in strengthening governance within the organisation.

Overview of the work done

Summary of key achievements

In strengthening governance within the organisation eight policies were reviewed, of which seven were approved and implemented, while one policy was recommended for approval by Council.

The vacancy rate was maintained below 10%, with an average of 6% for the financial year, indicating staff attrition stability. The organisation worked hard to fill vacancies as quickly as possible.

Umalusi implemented 55 training interventions during the 2021/22 financial year, representing 76% of the approved training plan. The purpose of implementing the training interventions is to ensure continuous development of employees and to improve staff performance in achieving the organisational mandate, as well as to ensure compliance with the Skills Development Act. As a learning organisation, 18 employees were registered with tertiary institutions for formal programmes, with four registered for Doctor of Philosophy (PhD) degrees, five for Master's degrees, one for an Honours degree, five for Bachelor's degrees, one for an Advanced Diploma and two for Diplomas. In the last quarter of 2021, 29 employees were granted financial study assistance for formal programmes in the 2022 academic year. Eight of these employees are enrolled for PhD degrees and six enrolled for Master's degrees, to enhance their knowledge in their respective fields of work.

Two employee wellness programmes were conducted for all employees to improve their overall health and the quality of their work life during the COVID-19 pandemic. One of the programmes was conducted through an online platform, due to COVID-19 restrictions to curb the spread of the virus.

An awareness talk on gender-based violence (GBV) was conducted to make employees aware of what constitutes GBV in their personal lives and in the workplace. The organisation also conducted training on the Protection of Personal Information (POPI) Act for the executive and senior management, to equip them with knowledge and skills in managing personal information in their line of duty. A presentation on the employees' pension fund by a representative of the Associated Institutions Pension Fund (AIPF) educated employees on how pension fund contributions are accumulated and how to interpret pension fund benefit statements.

The revised EE Plan for 2022/23 to 20224/25 was concluded. The action plan was developed to address barriers identified during the review process to eliminate unfair practices and achieve equitable representation from designated sectors within the organisation.

Challenges

Delays were experienced in the implementation of an online PMDS, which delayed the submission of performance agreements (for the 2022/23 financial year) required by 31 March 2022. The organisation reverted to the manual submission of performance agreements, with the submission deadline extended to 29 April 2022.

The training plan for the 2021/22 financial year could not be fully implemented owing to delays in sourcing service providers and inability of service providers to meet training intervention requirements. The training plan for the 2022/23 financial year was compiled timeously for implementation in April 2022.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	1.3 Minimised vacancy rate	1.3.1 Average vacancy rate maintained at ≤10%	-	5% (4+5+6+6)/4	≤10%	6% (6+6+6+5)/4	None	N/A

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



3.5 Sub-Programme 1.5: Finance and Supply Chain Management (F&SCM)



Dumisani Maluleke
Senior Manager: F&SCM

Purpose

The purpose of the F&SCM 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 the work done

Summary of key achievements

During the current financial year, the organisation achieved the following: of the 2 395 valid invoices that were received during the year from service providers for payment, 2 395 invoices were paid within the legislated prescribed period of 30 days, thus achieving 100% of the set target for the year. The annual financial statements for the preceding financial year, ending 31 March 2022, were prepared and submitted to the Auditor-General by the due date, in accordance with Section 55 of the Public Finance Management Act, (PFMA) (Act 1 of 1999). The organisation also achieved an unqualified audit report without material findings (a clean audit) for the year under review. The internal financial controls in place are functioning and effective, as evidenced by the external audit outcome. The organisation secured additional funding of R20-million during the year to fund quality assurance of assessment and ICT infrastructure.

Challenges

COVID-19 lockdown restrictions impacted negatively on the procurement of goods and services, with key officials forced to work from home for a significant part of the year. Implementation of policies was constrained and impacted by COVID-19 lockdown restrictions while staff worked from home and on rotation.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	1.4 Paid invoices	1.4.1 Percentage of valid invoices of creditors and suppliers paid within 30 days	99%	92% (2 097/ 2 275)	99%	100% (2 395/2 395)	+1%	Effective implementation of internal controls on payment of invoices – payment register was updated daily

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.

Programme 1 Response to prioritising women, youth and persons with disabilities

SCM continued to source quotations from women, youth and persons with disabilities to promote inclusivity. The unit promoted a woman during the quarter to a managerial position. There were no other positions open in the unit, hence youth and persons with disabilities were not appointed.

The organisation prioritises the employment of women. Currently 56% of the staff complement are women; while 23% of employees fall within the youth category. The organisation is at 0% regarding the employment of persons with disabilities.

Challenges encountered by the public entity when prioritising delivery for these designated groups

The challenge of procuring goods and services from designated groups remains the low turnout of companies owned by women, youth and people with disabilities when requests for quotations and tenders are called for.

Even though Umalusi's advertisements encourage persons with disabilities to apply, no applications from persons with disabilities were received during the reporting period.

Corrective steps to be taken in dealing with such challenges

The organisation will continue to encourage persons with disabilities to apply for vacant positions and targeted recruitment processes will be taken into consideration during the filling of vacant positions.

The organisation will continue to enforce the current SCM policy and regulations until the National Treasury issues new regulations. Following the Constitutional Court's judgement of 16 February 2022 on the matter between the Minister of Finance and Afribusines, the Preferential Regulations (the 2017 regulations) are currently under review. Due to uncertainties brought about by this court case, the implementation of Umalusi's SCM policy is expected to be impacted by the proposed changes.

Linking performance with budgets

Sub-programme name	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	68,102	71,602	(3,500)	86,488	70,455	16,033
Total	68,102	71,602	(3 500)	86,488	70,455	16,033

The administration programme was allocated R 86-million for providing support to the core function of Umalusi, with R 40-million for salaries and R16-million set aside for provisioning Information and Communication Technology (ICT) support and network-related services. This was in line with the Annual Performance Plan (APP) target of maintaining a network health score of 98%. Public Relations and Communications were provided R 2.5-million for advocacy and stakeholder engagement. Webinars were conducted at minimal cost, attributable to the use of virtual platforms. The budget for reducing and maintaining the vacancy rate at under 10% was allocated R 525 000.

The organisation continued to implement controls to ensure that performance information was valid,

reliable and accurately reported; and that oversight committees met regularly, so as to hold management accountable. The budget allocated to the Office of the CEO for these activities was R 2.9-million.

An underspending of R 16-million was derived from an additional allocation of R 20-million received from the Department of Basic Education (DBE) in the last quarter. This additional grant was earmarked for ICT infrastructure upgrades, which included laptop procurement and a cloud solution.

The organisation ensured that adequate security, cleaning and maintenance for both Umalusi buildings were provided for the budget allocation for these amounts to R 4.3-million.



4. Programme 2: Qualifications and Research



Mr Emmanuel Sibanda
Executive Manager: Qualifications and Research

Purpose of the programme

The purpose of the programme is to develop and manage an efficient and effective GFETQSF within the National Qualifications Framework (NQF) and to undertake strategic research in support of that goal.

Sub-programmes

The Qualifications and Research programme is comprised of the following two sub-programmes:

Sub-programme		Purpose
Sub-Programme 2.1	Qualifications, Curriculum and Certification (QCC)	The purpose of the QCC sub-programme is to manage the GFETQSF qualifications.
Sub-Programme 2.2	Statistical Information and Research (SIR)	The purpose of the SIR sub-programme is to provide a platform for research, statistical support and maintenance of learner databases to inform the Council's professional work and organisational strategy.



4.1 Sub-Programme 2.1: Qualifications, Curriculum and Certification (QCC)



Eva Sujee
Senior Manager: QCC

The purpose of the QCC sub-programme is to manage the GFETQSF qualifications.

Overview of the work done

Summary of key achievements

Qualifications

The report of the NSC benchmarking against selected international qualifications, with respect to the key qualification and overarching subject level findings, has been finalised, together with subject-specific reports presenting a more detailed comparison of five selected subjects, as designed and assessed in each system.

The Policy for the Certification of Candidate Records on the GFETQSF was amended and approved by Council for final gazetting. Amendments to the Policy for the Re-issue of National Certificates was approved and the amended policy has been gazetted for implementation. In addition, the Policy and Criteria for the Development, Registration and Publication of Qualifications for the General and Further Education and Training Qualifications Sub-Framework was gazetted for implementation.

The updated NSC qualification policy was registered with SAQA, albeit provisionally. The necessary enhancements, as per SAQA recommendations, are being effected and the policy will be resubmitted for final approval.

The Umalusi policy for credit accumulation and transfer (CAT) has been successfully reviewed and

the Council has approved the policy for gazetting for public comments. The main purpose of this review was to align the policy with the SAQA national policy for CAT. After being gazetted for implementation, the Umalusi CAT policy will allow candidates to pursue education and training opportunities, including relevant qualifications, part-qualifications, as well as providing improved prospects in workplaces and career progression.

Curriculum

Umalusi has conducted curriculum appraisal for the Electronics and Digital Concepts, Programming and Robotics for NC(V) Level 2–4. This curriculum is to be added to the Information Technology & Computer Science (NC(V): IT & CS) programme. The report on the appraisal of the NC(V) Level 2–4 Coding and Robotics curricula was finalised.

Umalusi conducted an appraisal of the CAPS Coding and Robotics for Grade R–9 curriculum for General Education and Training to assist the DBE to develop curriculum specifications. The findings from the research report indicated that the curriculum, mostly, specified the list of topics (syllabus) to be covered; however, in terms of a broad curriculum conceptualisation, several elements were missing, such as learning outcomes, exit level outcomes and learner profile. The report was finalised and shared with the DBE. The DBE is required to implement the directives for strengthening the CAPS Coding and Robotics curriculum and resubmit the intended curricula, including documents related to the assessed curricula.

Certification

Despite the challenges posed by the pandemic and lockdown regulations, Umalusi processed all applications for the issuing of certificates and these were reprinted and dispatched to the assessment bodies. The target set to print all certificates for qualifying candidates was achieved. The DHET was supported through the eradication of the certification backlog that existed for the National Certificate (Vocational) (NC(V)), National Technical Education (NATED) and General Education and Training Certificate (GETC) qualifications. Additionally, outstanding certificates were identified and communicated to the relevant assessment bodies for correction of errors and resubmission for certification. Umalusi also complied with the requirement for monthly submissions of certified learner records to SAQA, for uploading to the National Learners' Records Database (NLRD).



Verification

New verification clients signed contracts with Umalusi for verification services. The verification of qualifications is an important process in ensuring the integrity of the qualifications and is a valuable service Umalusi provides to the public.

Challenges

Regarding the review of the Umalusi Policy for the Implementation of Recognition of Prior Learning (RPL), Umalusi had to ensure that the policy being reviewed was implementable. Consequently, an investigation into the costing of the implementation of the RPL policy was conducted. Due to budgetary constraints, it has been recommended that Umalusi focus on RPL for placement and RPL for access as part of admission, registration and certification, as articulated in the current Umalusi RPL policy.

Another remaining challenge is the combining of candidates' academic records (subject statements)

over several years. If a candidate complies with the requirements over more than one examination sitting, the subject statements are combined into a certificate. This is where the DHET is experiencing challenges with their IT system. With the phasing out of the Supplementary examination for the NSC and replacing it with a full examination in June, the problem with automatic (programmatically) combining of results posed a challenge to the DBE as well. Umalusi has engaged with the other assessment bodies, by providing reports following a "completeness test", which lists outstanding certificates. These reports cover examination periods from 2014 to 2021. The reports assist the assessment bodies to ensure that all certificates are being issued to candidates who qualify for a certificate. This includes certificates for the NSC.

During the third and fourth quarters, verification was affected by downtime on the network, which led to underperformance on processing the verification requests within a 48-hour turnaround time. However, the annual target was achieved.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	2.1 Reports on management of qualifications	2.1.1 Number of reports produced on the management of qualifications in the sub-framework	3	1	1	1	None	N/A
Efficient and effective administrative systems	2.2 Printed certificates	2.2.1 Percentage of error-free learner records for which a certificate is printed	100%	100% (703 175/ 703 175)	100%	100% (1 515 793/ 1 515 793)	None	N/A
Efficient and effective administrative systems	2.3 Completed verification requests	2.3.1 Percentage of verification requests received that are completed in terms of the service level agreement: two working days	95%	92.1% (15 772/ 17 132)	96%	96.84% (23 000/ 23 750)	+0.84%	Verification officers attended to requests effectively

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.

4.2 Sub-Programme 2.2: Statistical Information and Research (SIR)



Biki Lepota
Senior Manager: SIR

Purpose

The purpose of the SIR sub-programme is to conduct research as identified by the needs of the organisation and report on the key indicators of quality and standards in the GFETQSF, create and maintain a culture of research in the organisation, establish and maintain databases, lead statistical research and analysis, inform and provide statistical support for the work in other units and manage standardisation and statistical moderation processes.

Overview of the work done

Summary of key achievements

Umalusi has conducted an appraisal of 35 vocational- and occupation-oriented GEC subjects in three phases. The first focused on the appraisal of the Civil Technology subject field, the second appraised six subject fields and the same number of subject fields was appraised in the third phase. This appraisal was intended to determine the degree of acceptability of the intended curriculum of the GEC (Grades 8 and 9 and Years 1–4). The consolidated report of the 35 vocational- and occupation-oriented subjects has been finalised and submitted.

Umalusi has also conducted an appraisal of the GEC Schools of Skill in seven Fundamental subjects. This appraisal was intended to determine the degree of acceptability of the Schools of Skill Year 1 to Year 4 Fundamentals. The consolidated report on the appraisal of the seven Fundamental subjects has been finalised and submitted.

Umalusi conducted the 2021 post-examination analysis (PEA) for selected NSC examination subjects across the three assessment bodies: 21 DBE NSC subjects and nine SACAI and IEB subjects were analysed. The findings were presented to the Assessment Standards Committee (ASC) at the January 2022 standardisation meetings. The PEA resulted in three research reports:

1. 2021 NSC PEA: A focus on 22 selected examinations administered by the DBE.
2. 2021 NSC PEA: A focus on nine selected examinations administered by the IEB.
3. 2021 NSC PEA: A focus on nine selected examinations administered by the SACAI.

For continued advocacy and maintaining the standards of Umalusi's quality assurance, Umalusi hosted an Item Response Theory (IRT) webinar with members of the ASC and Umalusi staff on 14 June 2021. The topic was "From test scores to measurement: the Rasch Model approach to standard setting". This responded to the need for Umalusi to explore alternative methods of standard setting. Furthermore, the research findings and implications of the Early Childhood Development (ECD) study – implications for Umalusi were presented at the South African Research Association for Early Childhood Education (SARAECE) Conference on 13 to 14 July 2021. Additionally, a webinar was held on 3 September 2021 with academics and postgraduate students from the University of Mpumalanga, where discussions revolved around quantitative research methods.

Umalusi successfully standardised the results of the 2021 end-of-year NSC, GETC, DHET (NC(V)) L2–4, Report 190/191 N2 & N3 Engineering studies 202111, DHET Community Education and Training (CET) 202111 and IEB examinations on request (EOR) 202203 examination results.

Challenges

Umalusi had planned to appraise the NASCA African Languages curricula, develop a NASCA discussion document and an all-encompassing plan for the implementation of the NASCA. Umalusi could not conduct the appraisal, however, solely because the DHET did not submit key policy documents. In a letter dated 3 September 2021, Council requested a meeting with the DHET Minister, the purpose being to advise the Minister on the following: delay the pilot until (a) the intended curricula for all subjects to be implemented during the pilot have been finalised; (b) the assessed curriculum documents have been quality assured by Umalusi; and (c) the outstanding



policies, regulations and assessment protocols required to support the implementation of the NASCA have been finalised. Consequently, the appraisal

of the NASCA African Languages curricula was not conducted and the implementation plan remains a draft.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Enhanced educational standards	2.4 Completed research reports	2.4.1 Number of research reports completed in various formats	3	4	5	5	None	N/A

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.

Programme 2: Response to prioritising women, youth and persons with disabilities

In its effort to prioritise women, youth and persons with disabilities in the programme's core function, Umalusi addressed these designated groups through the research conducted, curriculum evaluated and certificates issued. During the 2021/22 financial year, Umalusi appraised the GEC vocational- and occupation-oriented curriculum. These new curricula have been specifically designed to ensure youth have better articulation opportunities for access to different learning pathways. The organisation uses

independent experts with relevant subject-specific expertise to form part of the appraisal teams. During the recruitment processes, the designated groups, with the relevant professional experience, were prioritised to form part of the research teams. Umalusi has been attentive during the evaluation of the curricula and ensured that gender-neutral terms are used in the curriculum. Furthermore, Umalusi empowers these designated groups since the organisation has systems in place to ensure that Braille certificates can be issued for qualifications on the GFETQSF.

Linking performance with budgets

Sub-programme name	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Quality and Research	29,919	24,229	5,690	33,303	26,609	6,694
Total	29,919	24,229	5,690	33,303	26,609	6,694

The budget for this programme was set at R 33-million, an increase of 11% from that of the previous financial year. The Qualifications and Curriculum Unit's budget allocation was R 6.5-million, to cover printing of certificates and verification of qualifications within

turnaround times consistent with the APP target. The benchmarking of qualifications with international qualifications was allocated R 2.1-million, while standardisation and maintaining standards was provided for with R 3.5-million.

5. Programme 3: Quality Assurance and Monitoring



Purpose of the programme

The purpose of this 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.

Sub-programmes

The Quality Assurance and Monitoring programme is comprised of the following three sub-programmes:

Sub-programme		Purpose
Sub-Programme 3.1	Quality Assurance of Assessment: School Qualifications	The purpose of this sub-programme is to ensure credibility of assessment and examination results of school qualifications registered on the GFETQSF.
Sub-Programme 3.2	Quality Assurance of Assessment: Post-School Qualifications	The purpose of this sub-programme is to ensure credibility of assessment and examination results of post-school qualifications registered on the GFETQSF.
Sub-Programme 3.3	Evaluation and Accreditation	The purpose of this sub-programme is to quality assure the delivery of qualifications registered on the GFETQSF at private education institutions and the capacity of private assessment bodies to assess those qualifications.

5.1 Sub-Programme 3.1: Quality Assurance of Assessment: School Qualifications



Mary-Louise Maddalane
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, as noted below.

Overview of the work done

Summary of key achievements

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 the DBE, IEB and SACAI. The following record 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 wrote these examinations were neither advantaged nor disadvantaged.

Moderation of SBA

Umalusi verifies the conduct, administration and management of the SBA, oral assessment, and practical assessment tasks (PAT) to ensure uniformity and comparability of quality and standards. It is essential to ensure, during moderation, that the internal assessments administered by the centres/schools across assessment bodies align with the CAPS and/or assessment bodies' subject assessment guidelines (SAG). During the period under review, Umalusi quality assured the internal assessments to ensure that they were fair, reliable and representative of an adequate amount of work, as prescribed in the curriculum policy documents. Umalusi employed various modalities for the conducting of moderation, which included both on-site and off-site moderation. Off-site moderation was conducted from teachers and learners' files which were submitted electronically. These were comprised of audio-visual representations of both teachers' and learners' evidence of work/performance.

The work presented for external moderation varied in quality from one school to another. Most schools in the sample complied fully with the technical aspect criterion for SBA, oral assessment and PAT. Umalusi has, however, observed that teachers across the schools/centres and assessment bodies continue to struggle to use rubrics accurately to mark candidates' responses, especially in the marking of literary essays in languages and essays, in general, in content subjects. Umalusi continues to impress on assessment bodies the need to capacitate teachers on the use of rubrics to mark candidates' responses.

Monitoring the conduct, administration and management of examination processes

The audit of the state of readiness (SOR) of the assessment bodies to conduct examinations is another quality assurance process that was managed successfully. The success was informed by the strategy of a mixed mode for the audits where face-to-face and remote evaluation of submitted evidence were undertaken. The challenges brought about by COVID-19 limited face-to-face audits. However, the assessment bodies cooperated fully in submitting evidence to Umalusi as required and engaging in safe face-to-face audits. Umalusi was able to present its findings on the SOR of the assessment bodies to conduct, administer and manage examinations to the Portfolio Committee on Basic Education and the Select Committee on Education and Technology,

Sports, Arts and Culture. Subsequently, a media briefing was held to inform the public about the SOR of the different assessment bodies to conduct the 2021 end-of-year national examinations.

Umalusi conducted the monitoring of the writing and marking of examinations with strict adherence to health protocols to mitigate COVID-19 infections. Generally, there was improved compliance with regulations pertaining to the conduct, administration and management of examinations. There were pockets of irregularities reported relating to administrative errors and omissions; however, there were no systemic examination irregularities reported in the year under review.

Standardisation of marking guidelines

Umalusi participated in the standardisation of marking guidelines for all question papers for the DBE and for a sample of subjects for the IEB and the SACAI for all examinations conducted during the period under review. The tolerance ranges across subjects were determined and signed off as part of the standardisation of marking guidelines. The Umalusi moderators and verifiers attended the standardisation of marking guidelines meetings via MS Teams for most subjects. The meetings of only two subjects (Marine Sciences and South African Sign Language Home Language (SASL HL)), were attended on-site, since these were marked at central venues; more information had to be gathered owing to challenges in previous examinations for SASL HL; and the fact that Marine Sciences was written for the first time. The use of MS Teams for meetings did not affect attendance by moderators who tested positive for COVID-19. The inputs from provincial internal moderators and chief markers were considered. This improved the quality of the marking guidelines, since all possible correct responses to questions were accommodated.

Verification of marking

The entity conducts the verification of marking to ensure that assessment bodies mark the candidates' scripts according to approved marking guidelines;

and that the standard of marking is consistent and fair. To this end, Umalusi conducted the verification of marking for all examinations undertaken by the SACAI, the IEB and the DBE. The verification of marking of all examinations across all assessment bodies administered in the financial year under review were conducted on-site at various marking centres identified by the assessment bodies. The on-site verification of marking ensured that mistakes picked up during marking were addressed immediately. This practice ensured consistency in the application of approved marking guidelines in marking. Marking was found to be fair and valid.

Although Umalusi met all of 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 in future.

Challenges

The entity experienced cases where monitors and moderators, as well as verifiers, had to withdraw from the monitoring or the verification of marking plans due to ill-health and cases of death of some monitors and/or their family members. In the period under review, two monitors died from COVID-19-related illness, while nine monitors could not be deployed due to ill-health. The plans for monitoring and deployments for verification of marking of the examinations were altered at short notice to address the unavailability of monitors and moderators.

The moderation of the DBE question papers was delayed due to the need to adhere to COVID-19 regulations, which dictated a limitation on office space to be used during on-site moderation of question papers. As a result, 48 question papers for the June 2022 examinations were yet to be approved.



5.2 Sub-Programme 3.2: Quality Assurance of Assessment: Post-School Qualifications (QAA: PSQ)



Mary-Antoinette Dliwayo
Senior Manager: QAA: PSQ

Purpose

The function of the 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 the work done

Summary of key achievements

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 question papers are relatively fair, valid and reliable. The moderation process also ensures that question papers are presented in the appropriate format and are technically correct. During this reporting period, all post-school qualifications' question papers were received, quality assured in accordance with the Umalusi criteria and approved if they met all set criteria. Question papers that did

not meet all criteria at first moderation were either conditionally approved or rejected. These question papers were subjected to further moderation until the required standard was met.

Moderation of site/school-based assessment tasks (SBA)

The moderation of SBA tasks is a vital stage in the quality assurance process. It ensures that SBA tasks comply with Umalusi quality assurance of assessment requirements and the assessment bodies' SAG. Umalusi conducts the external moderation of SBA tasks to ensure that common standards, in terms of the quality of SBA tasks, are maintained. Umalusi received, quality assured and approved 52 SBA tasks of the DHET, three SBA tasks of the IEB and seven SBA tasks of the SACAL.

Moderation of internal continuous assessment (ICASS)/SBA portfolios/integrated summative assessment tasks (ISAT)

Umalusi verifies compliance with the stipulations of the ICASS instructions/SBA guidelines for different qualifications and programmes. Through this process, Umalusi identifies problem areas in the implementation of ICASS/SBA, recommends solutions to the challenges identified and reports on the quality of ICASS/SBA portfolios to the assessment bodies. In the 2021/2022 financial year Umalusi conducted internal assessment moderation for 198 subjects/learning areas. The set target for the period 2021/2022 was exceeded by 58.4% in the moderation of internal assessments. This is attributed to an increase in samples to include problematic sites with challenges in complying with the internal assessment instructions.

The monitoring and moderation of internal assessment, to evaluate the quality and standard of planning and the conduct of the oral assessments at the sites of learning, was conducted in line with Umalusi's criteria for this quality assurance process. Preliminary feedback was provided at the sites visited. Consolidated reports on the findings, including areas of good practice, areas of non-compliance as well as directives for compliance and improvement that need to be addressed, were communicated to the assessment bodies as part of the quality assurance of assessment reports.

Monitoring of writing of examinations and marking centres

Monitoring of the conduct, administration and management of examinations is undertaken to determine compliance with policies and guidelines that govern examinations. The monitoring of writing was conducted for the NATED Report 190/191 Engineering Studies N2–N3 April 2021, August 2021 and November 2021 examinations. Marking of these examinations was monitored at eight marking centres for each of the examination cycles. For NC(V), monitoring of writing was conducted for the November 2021 examinations and the March 2022 Supplementary examinations. Eight marking centres were monitored for marking of the November 2021 NC(V) examination scripts. The monitoring of the conduct, administration and management of examinations provided Umalusi with information on the credibility of the examinations, in order to take informed decisions on the approval of the release of results.

Standardisation of marking guidelines

The marking guidelines undergo standardisation to ensure that the finalised marking guidelines are fair, accurate and consistent so that justice is done to the marking process. It is essential that marking guidelines are discussed with markers to ensure that all possible responses and corrections are agreed and that any changes or additions are approved.

Umalusi attended 48 out of 52 GETC: ABET standardisation of marking guideline meetings of the DHET, 16 meetings of the IEB, and 14 meetings for the SACAI June and November 2021 examinations. The IEB meetings included those for the March and September EOR.

For the NC(V) qualification, the standardisation of marking guidelines was monitored in 69 subjects (75 question papers) for the November 2021 examinations. The standardisation of marking guidelines was monitored for eight instructional offerings each during the April and August 2021 NATED Report 190/191 Engineering Studies N2–N3 examinations and 42 instructional offerings during the November 2021 examinations.

The standardisation of marking guidelines was conducted as per the Umalusi management plans and reported on in line with the revised reporting instruments for this process. Consolidated reports included directives to the assessment bodies on areas

that required improvement to ensure compliance. These reports were shared with the assessment bodies as part of the QAA reports.

Verification of marking

This process is conducted 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, to identify possible irregularities and to confirm that marking is fair, reliable and valid.

Regarding the GETC: ABET, Umalusi conducted the verification of marking in 36 learning areas of the DHET, 16 learning areas of the IEB, and 14 learning areas of the SACAI for the June and November 2021 examinations. The verification of marking of the IEB included those of the March and September EOR. Verification of marking was also conducted for 91 NC(V) subjects for the November 2021 examinations. For the NATED Report 190/191 Engineering Studies N2–N3 examinations, it was conducted for 32 instructional offerings during August 2021 and for 45 offerings during November 2021.

The verification of marking was conducted by external moderators according to Umalusi's criteria for this quality assurance of assessment process for 13 examination cycles. Umalusi staff members monitored the verification of marking at various marking centres. The consolidated reports were shared with the assessment bodies.

Approval of examination results

Post the conduct, administration and management of the examinations, Umalusi and the assessment bodies present reports to the Executive Committee of Council (EXCO) on the quality assurance and the conduct, administration and management of the examinations respectively. Based on these reports, the EXCO can approve or not approve the release of the examination results.

The EXCO approved the release of the following GETC: ABET examination results:

- a. The IEB and SACAI GETC: ABET June 2021 examinations on 23 July 2021;
- b. The DHET GETC: ABET June 2021 examinations on 7 September 2021;
- c. The IEB and SACAI GETC: ABET November 2021 examinations on 21 December 2021;



- d. The DHET GETC: ABET November 2021 examinations on 17 January 2022; and
- e. The IEB GETC: ABET EoR on 30 March 2022.

For the technical and vocational education and training (TVET) qualifications, the following DHET examination results were approved by EXCO:

- a. The NC(V) March 2021 examinations on 10 May 2021;
- b. The NATED Report 190/191 Engineering Studies N2–N3 April 2021 examinations on 21 May 2021;
- c. The NATED Report 190/191 Engineering Studies N2–N3 August 2021 examinations on 1 September 2021;
- d. The DHET NC(V) Level 2–4 2021 November examinations on 17 January 2022; and
- e. The DHET NATED Report 190/191 Engineering Studies N2–N3 November 2021 examinations on 11 March 2022.

Quality Assurance of Assessment (QAA) reports

Six consolidated quality assurance reports were published.

The following issues were observed during the process of quality assurance conducted by Umalusi.

- Umalusi achieved the APP targets even though the samples were reduced due to budget cuts and the impact of COVID-19;
- The advent of COVID-19 limited the movement of external moderators resulting in the inability of some moderators to travel to Gauteng, which had high a number of infections during the third and fourth wave of COVID-19;
- The budget cuts limited the samples to a minimum; as a result, generalisations on the findings and decisions during standardisation of results could not be made; and
- The NATED Report 190/191: Engineering Studies N2–N3 examinations were postponed from November 2021 to January/February 2022 as a result of shortened teaching and learning periods caused by the COVID-19 third wave.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Enhanced educational standards	3.1 Published quality assurance of assessment reports	3.1.1 Number of quality assurance of assessment reports published for qualifications registered on the GFETQSF	10	8	10	10	None	N/A
	3.2 Approved question papers	3.2.1 Percentage of question papers approved per qualification	100%	100% (844/844)	100%	100% (982/982)	None	N/A
	3.3 State of readiness of assessment bodies	3.3.1 Number of assessment bodies audited for their state of readiness to conduct examinations	13	13	4	4	None	N/A
	3.4 Verified marking	3.4.1 Number of subjects for which verification of marking is conducted	80	85	88	93	+5	Five more subjects were added to the November 2021 verification of marking process to mitigate the eventuality of infected moderators/verifiers.
	3.5 Moderated internal assessment	3.5.1 Number of subjects for which moderation of internal assessment is conducted	150	N/A	125	198	+73	The sample was increased to include problematic sites that had difficulty complying with internal assessment instructions.

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.



5.3 Sub-Programme 3.3: Evaluation and Accreditation



Purpose

The purpose of this sub-programme is to quality assure the delivery of qualifications registered on the GFETQSF at private education institutions and the capacity of private assessment bodies to assess those qualifications.

Overview of the work done

Summary of key achievements

During the second year of the COVID-19 pandemic, which necessitated major changes to traditional processes to continue meeting the mandate of the organisation, the work of the Evaluation and Accreditation Unit was able to conduct all the processes leading to accreditation of private education institutions using online (virtual) platforms. To this end, online site visits, online Quality Promotion meetings and an online Accreditation Forum, to interact with stakeholders on matters relating to accreditation, were conducted.

Lists of institutions that were accredited or had made reasonable progress in the accreditation application process were provided to assessment bodies in endeavouring to ensure that learners were not registered to write the NSC, National Certificate (Vocational) (NC(V)) and NATED N1–N3 Engineering Studies examinations at centres that did not meet the minimum requirements in the accreditation process.

The necessary processes and procedures were followed, leading to the Accreditation Committee of Council (ACC) making recommendations on the outcome of the accreditation process for private education institutions, as follows, during the 2021/22 financial year:

Independent Schools	
Accreditation	83
2 years' provisional accreditation	29
No accreditation	76
Window period to improve	4
Extension of scope granted	5
Continued accreditation (monitored institutions)	351
Final notice of intent to withdraw accreditation	8
Private Colleges	
7 years' accreditation	2 FET colleges
2 years' provisional accreditation	1 FET college and 2 AET private colleges
No accreditation	6 FET colleges
Window period to improve	6 FET colleges
Continued accreditation (monitored institutions)	7 FET colleges

Challenges

Being unable to conduct site visits during the 2020/21 financial year led to a major backlog in applications for accreditation. To deal with this backlog, additional assistant managers were appointed, on short-term contracts, to deal specifically with the backlog.

An ever-increasing volume of work has resulted from developments in the accreditation process. Window periods to improve, extension of scope, reapplications, appeals and institutions not meeting the minimum requirements for accreditation during monitoring, leading to notices of intent to withdraw accreditation (95 in this financial year), among

other processes, has led to severe pressure on the staff. Adding to the ever-increasing workload is the fact that the online accreditation system does not support all the processes. These must be handled manually and all records for those additional processes must be kept manually. Together with the online accreditation system, which cannot be relied upon for accurate reports, these factors have added to the pressure faced by staff, who, despite really difficult circumstances and working very long hours, are doing their utmost to produce quality work. There has been engagement with the ICT Unit to develop a new, reliable, online accreditation system; however, this could take many years to fully develop so as to support all the accreditation processes.

Report against the tabled APP

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2019/20	Audited actual 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target	Reasons for deviation
Enhanced educational standards	3.6: Accreditation outcomes for private education institutions	3.6.1: Percentage of accreditation outcomes for private education institutions finalised within 12 months of the site visit	82%	94.8% (110/116)	85%	100% (176/176)	+15%	Site visits resumed in this financial year after the cessation caused by the COVID-19 pandemic. Therefore all outcomes were the result of site visits conducted within 12 months.
	3.7: Monitored private education institutions	3.7.1: Percentage of identified private education institutions monitored after being granted accreditation	92%	87.4% (228/261)	90%	90.1% (336/373)	+0.1%	Continuous encouragement of institutions to submit their monitoring reports resulted in this target being met.



Linking performance with budgets

Sub-programme name	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/under Expenditure	Budget	Actual Expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Quality Assurance and Monitoring	72,591	67,500	5,091	75,232	75,597	(365)
Total	72,591	67,500	5,091	75,232	75,597	(365)

A significant portion, 44%, of the total budget was allocated to this programme, equalling R 75-million. An additional R 3-million was allocated to the programme during the year, subsequent to the introduction of additional subjects. R 15-million was earmarked for site visits, desktop evaluations and reports. Moderation of question papers, verification of marking and examination monitoring for both Schools and Further Education and Training (FET) was provided for, with R 37-million. R 31-million was budgeted for salaries.

Strategy to overcome areas of underperformance

There is no underperformance in this sub-programme.

Programme 3 Response to prioritising women, youth and persons with disabilities

In recruiting external moderators, Umalusi includes women and persons in the 35-40 age range.

Challenges encountered by the public entity when prioritising delivery for these designated groups

The quality assurance and monitoring work requires

people who are experienced in education. Youth, those aged under 35 years, who submit applications lack experience in the required skills, as stipulated in advertisements. This poses a challenge to employing youth as subject specialists, evaluators, report writers and any position from assistant manager level to higher positions.

Umalusi has also found it difficult to identify sites and subjects for moderation where persons with disabilities were involved.

Corrective steps to be taken in dealing with challenges

- Umalusi will continue to invite applications to include persons with disabilities and youth under the age of 35 years.
- In the shortlisting process, the points for women are rated in line with information pertaining to the equity levels, as provided by HCM officials.
- For the 2022/2023 moderation and monitoring processes, the QAA: PSQ sub-programme intends to request that the DHET make available sites and subjects that would be inclusive of persons with disabilities.

6. REVENUE COLLECTION

Source of revenue	2020/2021			2021/2022		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
DBE grant	136,404	136,404	-	157,404	157,404	-
Accreditation	4,617	3,408	1,209	7,320	5,192	2,128
Certification	3,230	2,633	597	5,706	5,695	11
Verification	9,992	7,897	2,095	11,472	11,935	-463
Other income	16,368	5,966	10,402	13,121	4,281	8,840
Total	170,611	156,966	14,303	195,023	184,507	10,516

A grant of R 157-million from the DBE was received as per schedule. The amount was transferred to the Corporation for Public Deposits (CPD), earning interest totalling R 2.4-million. The revenue from accreditation was under budget by 29%, the result, primarily, of the impact of COVID-19 restrictions, which severely impacted operating conditions as certain activities could not be executed in the usual manner. The relaxation of lockdown restrictions has, however, prompted a gradual increase in this revenue since December 2021. The revenue for accreditation in the period under review has improved, compared to the

same period in the previous year, due to lockdown restrictions easing. This has enabled Umalusi to execute some of its activities under normal operating conditions.

Verification income had a 4% variance which is considered to be within the acceptable 10% range. Other income relates mainly to the quality of assurance of assessment fees, recoverable from private assessment bodies. This was an under budget as a result of high certification fees that were offset during the current period.

7. CAPITAL INVESTMENT

Infrastructure projects	2020/2021			2021/2022		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Refurbishment of Thuto-Mfundo building	3,133	536	2,597	43,080	6,426	36,654
Total	3,133	536	2,597	43,080	6,426	36,654

Refurbishment of the Thuto-Mfundo building commenced during the third quarter of the financial year under review. Umalusi handed over the site to the contractor on 6 December 2021. The project was at 32% completion at year-end; 15% of the total project cost has thus far been incurred.



PART C:

GOVERNANCE

1. THE ACCOUNTING AUTHORITY — COUNCIL

1.1 Introduction

The Council is the Accounting Authority of Umalusi, a Schedule 3A Public Entity as established in the Public Finance Management Act (PFMA), Act 1 of 1999. Umalusi administratively reports to the Minister of Basic Education as its Executive Authority. Umalusi also engages the Department of Higher Education and Training (DHET) on all matters pertaining to the development and maintenance of the National Qualifications Framework (NQF).

Umalusi Council has the fiduciary responsibility to ensure that it discharges its mandate according to best practices in corporate governance. It exercises oversight of the operations of Umalusi; therefore, it approves strategy for the organisation and monitors management's implementation of this strategy. By embracing the principles of good governance, Council drives fiscal discipline. It ensures that management establishes and maintains systems and processes for internal controls, reporting and monitoring and evaluation to ensure organisational excellence at all levels. Through the Audit and Risk Committee (ARC), the Council also ensures a transparent risk management strategy, a fraud prevention policy and a strategy to ensure good governance.

Council, in the execution of its fiduciary duties, fulfils the objectives of the organisation as agreed with the Minister of Basic Education from time to time. Council is ultimately accountable and responsible to the Minister of Basic Education for the performance and affairs of Umalusi. The Council must therefore retain full and effective control over the entity and

must give strategic direction to the management of Umalusi. In addition, Council is responsible to the broader stakeholders, which include present and potential beneficiaries of the entity's services, clients and employees, to ensure organisational sustainability.

In addition, Council is responsible for ensuring that Umalusi adheres to the Ministerial guidelines developed by the Minister responsible for Higher Education and Training, as per the NQF Act 67 of 2008, as amended.

1.2 Achievements of the Council During the Period Under Review 2021/22 Financial Year

Despite the long-term adjustments of the operations of the Council under COVID-19 pandemic conditions, Council has weathered the storm and achieved the following, among others, in the 2021/22 financial year:

- Achieved a clean audit outcome for the 2020/21 financial year.
- Concluded legal matters, among these a matter involving the Independent Examinations Board (IEB) regarding payment of assessment charges; and the Thuto-Mfundo building construction case.
- Unlocked the infrastructure project of the Thuto-Mfundo building, with renovation now nearing completion.
- Approved the amendment of the Council Charter and all Terms of Reference for Council committees.
- Approved the release of examination results of all Umalusi qualifications for the various assessment bodies.

1.3 Composition of the Council

Table: Members of the fifth Umalusi Council from 1 April 2021 to 31 March 2022

Name	Designation (in terms of the public entity Council structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Professor JD Volmink	Chairperson	8/06/2018	n/a	PhD	Mathematics Education	<ul style="list-style-type: none"> Towerstone (Pty) Ltd DG Murray Trust Chairperson Victor Daitz Foundation 	Executive Committee (EXCO)	5/6
Professor MLE Monnapula-Mapesela	Deputy Chairperson	8/06/2018	n/a	PhD	Higher Education	<ul style="list-style-type: none"> Rhodes University 	EXCO	5/6
Professor L Makalela	Member	8/06/2018	n/a	PhD	English Studies, Literacy and Linguistics	<ul style="list-style-type: none"> None 	EXCO	5/6
Professor R Mampone	Member	8/06/2018	n/a	PhD	Educational Psychology	<ul style="list-style-type: none"> Board Member of Christian Brothers College (CBC) Mount Edmond (Pretoria) 	<ul style="list-style-type: none"> EXCO Research forum 	5/6
Mr D Hindle	Member	8/06/2018	n/a	BEd Hons	Sociology & Comparative Education	ETDP SETA	EXCO Qualifications Standards Committee (QSC)	6/6
Dr MS Rakometsi	CEO	8/06/2018	n/a	PhD	Education	<ul style="list-style-type: none"> CHE Heiderberg College Council QCTO SAQA 	Ex-officio member of all Umalusi Council Committees	6/6
Professor Y Ballim	Member	8/06/2018	n/a	PhD	Education and Leadership	n/a	Assessment Standards Committee (ASC)	6/6
Professor PD Siyakwazi	Member	8/06/2018	n/a	PhD	Sociology of Education	n/a	None	4/6
Professor MP Mulaudzi	Member	8/06/2018	n/a	PhD	Educational Psychology	University of Venda	None	5/6

Name	Designation (in terms of the public entity Council structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Mr NT Johnstone	Member	8/06/2018	n/a	BSc HE Diploma	Physiology Education Finance Governance	<ul style="list-style-type: none"> • IEB • JET Education Services • Christian Brothers Association 	Audit and Risk Committee (ARC)	6/6
Ms A Singh	Member (DHET)	22/11/2018	n/a	MBA	Curriculum Development	DHET Board member: Higher Health	None	4/6
Advocate MJ Merabe	Member	8/06/2018	n/a	LLM	Education Law	None	Accreditation Appeals Committee	3/6
Ms M Metcalfe	Member	8/06/2018	n/a	MEd	Education	<ul style="list-style-type: none"> • PILO (2018-2020) • SAIDE • OSFSA • Claude Leon Trust (up to 26 February 2020) 	Research Forum	5/6
Dr C Myburgh	Member	8/06/2018	n/a	PhD	Industrial Psychology	None	<ul style="list-style-type: none"> • Information and Communication Technology Oversight Committee (CTOC) • Accreditation Committee of Council (ACC) 	6/6
Dr J Reddy	Member	01/12/2019	n/a	PhD	Education and Training Project management NQFs Skills Development	<ul style="list-style-type: none"> • CHE • NSA • QCTO • HRDC • GDN 	None	3/6
Mr V Naidoo	Member	28/08/17	n/a	BEd (Hons)	Quality Assurance TVET Skills Development	<ul style="list-style-type: none"> • CHE • QCTO • SAQA • NSA 	Policy & Research (NSA Committee) HEQC CEO Committee	4/6



Name	Designation (In terms of the public entity Council structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of meetings attended
Dr W Green	Member	1/02/ 2021	n/a	PhD	Mathematics Education	<ul style="list-style-type: none"> • QCTO • SAQA 	None	4/6
Ms F Solomon	Member	01/01/2022	n/a	Diploma in Education BA ACE	Education Policy Education Labour Relations	<ul style="list-style-type: none"> • Exam Board (WC) • ABET Board • ETD P SETA • SACE 	SADTU NEAC NIEC IQMS PELRC (WC) PTDEC	2/6
Ms S Semaswe	Member	13/05/2021	n/a	BED BPA (Hons) MBA	Education, Management and Leadership	None	DBE: Bid Adjudication Committee	6/6
Ms S Geyer	Member	26/05/2021	n/a	LLM (Labour Law)	HR Labour Law Education Planning	ETDP SETA	None	3/6

2. COMMITTEES OF THE COUNCIL

The Council should ensure that each committee has the necessary knowledge, skills, experience and capacity to execute its duties effectively. The Council should determine if and when to delegate particular roles and responsibilities to an individual member or members of the Council, or to standing or ad-hoc committees. The exercise of judgement by the Council in this regard is subject to legal requirements and should be guided by what is appropriate for the organisation and achieving the objectives of the delegation.

If the Council determines not to delegate all or some of the responsibilities to a specific committee, it should ensure that it fulfils these responsibilities. The following committees have been established with delegated responsibilities by the Council. It is important to note that some of these committees may be chaired by Council members. However, in balancing skills, knowledge and expertise, these committees are comprised of individuals who are not serving in the Council. In fulfilling this mandate, Umalusi has thus far established the following governance committees:

2.1 EXECUTIVE COMMITTEE OF COUNCIL (EXCO)

2.1.1 Achievements

Although the impact of the COVID-19 pandemic had not changed in the year 2021/22, EXCO continued to perform its delegated functions as planned. EXCO held four ordinary and two special meetings during the year under review. These special meetings were held to consider the 2020/21 external audit report, the audited Annual Financial Statements (AFS), and the audited performance information report for the year ending 31 March 2021, and the annual performance report. These reports were all ratified by Council. The special EXCO meeting in December 2021 was held to consider administrative matters to ensure service delivery by the organisation. EXCO also received regular updates from Umalusi management on COVID-19 and its impact on the organisation.

2.1.2 EXCO meetings

Committee	No. of meetings held	No. of members	Names of members
Executive Committee	6 Ordinary meetings <ul style="list-style-type: none"> 28 April 2021 28 July 2021 27 October 2021 25 January 2022 Special meetings <ul style="list-style-type: none"> 03 September 2021 14 December 2021 	6	1. Professor JD Volmink (Chairperson) 2. Professor MLE Monnapula-Mapesela (Deputy Chairperson) 3. Dr MS Rakometsi 4. Mr D Hindle 5. Professor L Makalela 6. Professor R Mampane

2.2 ACCREDITATION APPEALS COMMITTEE (AAC)

2.2.1 Achievements

The purpose of the AAC is to ensure that private providers of education and training have an

opportunity to appeal against an accreditation outcome felt to be unjust. This is conducted in accordance with Umalusi's appeals policy and procedures. The AAC considered appeals against the accreditation decision from two independent schools during the 2021/22 financial year. Both appeals failed.



2.2.2 AAC meetings

Committee	No. of meetings held	No. of members	Names of members
Accreditation Appeals Committee of Council	1 <ul style="list-style-type: none"> 6 September 2021 	3	<ol style="list-style-type: none"> Advocate Maisa Jeremiah Merabe (Chairperson) Dr Phumzile Dlamini Mr David Thaga Dr Luyanda Marhaya (left the committee on 30 September 2021) Mr Thabo Matjabe (left the committee on 28 February 2022)

2.3 ACCREDITATION COMMITTEE OF COUNCIL (ACC)

2.3.1 Achievements

The purpose of the ACC is to consider recommendations in respect of the accreditation of an institution and make recommendations on the accreditation status of private education institutions.

During the 2020/21 financial year, the Accreditation Committee of Council (ACC) considered and made recommendations on 214 applications for accreditation (197 for independent schools, 15 for private FET colleges, and two for private AET colleges) and 367 on monitoring of accredited institutions (360 independent schools and seven private colleges).

2.3.2 ACC meetings

Committee	No. of meetings held	No. of members	Names of members
Accreditation Committee of Council	4 <ul style="list-style-type: none"> 03 May 2021 21 & 22 July 2021 11 & 12 October 2021 14 & 15 February 2022 	13	<ol style="list-style-type: none"> Dr Cecilia Myburgh (Chairperson) Mr Stephen Lategan (Deputy Chairperson) Advocate Muziyabongwa Ndlazi Ms Marianne Cilliers Mr Jonathan Jensen Mr Jacob Abraham Dr Sydney Gosher Dr Surendran Govender Mr Ralph Mehl Dr Perumal Naicker Mr Jacob Pienaar Dr Veronica Masuku Dr Nonhlanhla Mthiyane

2.4 AUDIT AND RISK COMMITTEE (ARC)

2.4.1 Achievements

The full ARC report can be found on pages 62-63 of this section.

2.4.2 ARC meetings

Committee	No. of meetings held	No. of members	Names of members
Audit and Risk Committee	5 <ul style="list-style-type: none"> 20 April 2021 18 May 2021 (Special ARC) 23 July 2021 25 October 2021 20 January 2022 	6	<ol style="list-style-type: none"> Mr Benade (Chairperson) Mr N Johnstone Mrs D Diale Advocate J Lubbe Mr P Khunou Mr M Mtshali

2.5 ASSESSMENT STANDARDS COMMITTEE (ASC)

2.5.1 Achievements

The ASC held five meetings during the period under review. The first meeting was convened on 15 April 2021 to reflect on the 2020 end-of-year processes and to discuss revision of the evidence-based reports for the assessment bodies. The meeting also reflected on the qualitative input reports on subject- and learning area-specific trends in candidates' performance, which is based on moderator findings, to assist the ASC to arrive at fair and valid decisions for each qualification during the standardisation meetings.

The second meeting, held on 22 June 2021, was a special meeting. It was convened to consider two

requests from the Department of Basic Education (DBE) and the Independent Examinations Board (IEB), regarding the standardisation of the May/June 2021 examinations. The third meeting, held on 8 July 2021, deliberated on the continuation or phasing out of language compensation. The fourth meeting was convened on 2 November 2021 to discuss the final preparations for the pre-standardisation and standardisation of the 2021 November NSC examinations and the plans for the end-of-year quality assurance processes. The last meeting was a special meeting, held on 10 February 2022, to discuss proposals received by Umalusi from the assessment bodies on the review of standardisation approaches and principles.

2.5.1.1 ASC meetings

Name of Committee	No. of meetings held	No. of members	Names of Committee members
Assessment Standards Committee	5 <ul style="list-style-type: none"> 15 April 2021 22 June 2021 (Special ASC meeting) 8 July 2021 2 November 2021 10 February 2022 (Special ASC meeting) 	16	<ol style="list-style-type: none"> Professor Y Ballim (Chairperson) Professor P Rule (Deputy Chairperson) Professor M Moodley Professor S Howie Professor P Fatti Professor S Hansraj Professor P Sepeng Dr M Naidoo Dr S Mosia Professor S Motala (Cassim) Dr B Samuel Professor M Lesaoana Professor S Maistry Professor N Zulu Mr M Snelling Professor L Jita <p>NB: Professor S Motala (Cassim) resigned in December 2021</p>



2.5.1.2 ASC Standardisation meetings

Among other responsibilities delegated by Council, the ASC is responsible for the standardisation of the examination results of the four assessment bodies: the DBE, the DHET, the IEB and the SACAI. During the period under review the ASC held 17 meetings to

standardise the candidates' results for the following qualifications: GETC: ABET, NSC, SC(a), NC(V) L2–4 and NATED Report 190/191 N2 & N3 examinations. As in 2020, all standardisation meetings were conducted virtually to minimise the spread of COVID-19.

Committee	No. of meetings	Name of examination
Assessment Standards Committee	19 May 2021	DHET NATED (N2–N3)
	12 April 2021	IEB GETC examinations (EOR)
	12 July 2021	IEB May/June 2021 NSC examinations
	5 August 2021	SACAI 2021 June GETC examinations
	6 August 2021	DBE June 2021 SC(a) examinations
	1 September 2021	DHET 2021 June GETC examinations
	27 September 2021	DHET August NATED 190/191 Report examinations
	11 October 2021	IEB GETC examinations (EOR)
	17 December 2022	IEB November 2021 GETC examinations
	17 December 2022	SACAI November 2021 GETC examinations
	6 January 2022	DBE November 2021 NSC examinations
	7 January 2022	IEB November 2021 NSC examinations
	9 January 2022	SACAI November 2021 NSC examinations
	11 January 2022	DHET November 2021 NC(V) Levels 2–4 examinations
	12 January 2022	DHET November 2021 GETC examinations
	7 March 2022	DHET Report 190/191 N2 & N3 Engineering Studies examinations

2.6 INFORMATION AND COMMUNICATION TECHNOLOGY OVERSIGHT COMMITTEE (ICTOC)

2.6.1 Achievements

Umalusi Council established the ICTOC to oversee ICT governance. The strategic role of the ICTOC is stated in the Corporate Governance of Information and Communication Technology Policy Framework

(CGICTPF), December 2012, developed by the Department of Public Service and Administration (DPSA). In the period under review (2021/22), ICTOC recommended the following documents for approval by the CEO and Council:

- Digital Transformation Strategy
- ICT Change Management Policy
- ICT Security Incident Management Policy
- Backup Procedure

2.6.2 ICTOC meetings

Committee	No. of meetings held	No. of members	Names of members
Information and Communication Technology Oversight Committee	4 <ul style="list-style-type: none"> • 17 January 2022 • 08 April 2022 • 15 July 2022 • 14 October 2022 	4	1. Dr Cila Myburgh (Chairperson) 2. Dr Charles Motau 3. Mr Claude Baxter 4. Mr Mhlonishwa Mtshali

2.7 QUALIFICATIONS STANDARDS COMMITTEE (QSC)

2.7.1 Achievements

The QSC had three meetings scheduled for 2021/22, which were duly attended. The QSC presided over the updating of the NSC policy to ensure that what is implemented at schools was aligned to the policy prescripts. The NSC policy was subsequently recommended to Council for registration with SAQA on the NQF. The QSC also played a critical role in providing input in the review of the RPL and CAT policies, to ensure alignment with national and SAQA RPL and CAT policies. The CAT policy is in the process

of being gazetted for public comment, while the RPL is being finalised. Another important milestone for the QSC during the 2021/22 financial year was the contribution it made in the development of the Policy for Certification of Candidates' Records for the GFETQSF and the review of the Policy for the Re-issue of National Certificates. These are key policies that ensure Umalusi certificates are credible and that the public is able to receive assistance in replacing certificates when their personal details change. The QSC also played a critical role in the development of the Policy and Criteria for Development, Registration and Publication of the GFETQSF Qualifications on the NQF. The policy was subsequently gazetted for implementation.

2.7.2 QSC meetings

Committee	No. of meetings held	No. of members	Names of members
Qualifications Standards Committee	3 <ul style="list-style-type: none"> • 24 June 2021 • 07 October 2022 • 09 February 2022 	12	<ol style="list-style-type: none"> 1. Mr Duncan Hindle (Chairperson) 2. Mr Hugh Theodore Amoore 3. Ms Stella Carthy 4. Ms Anne Oberholzer 5. Mr Mzamo Jacobs 6. Dr Caroline Long 7. Dr Mary Mmatsatsi Madileng 8. Mr Timothy McBride 9. Dr Jacobus Abraham Myburgh 10. Dr Bheki Mahlobo 11. Mr Thomas Lata 12. Mr Craig Pereira

2.8 RESEARCH FORUM (RF)

2.8.1 Achievements

During the period under review, the RF held two virtual meetings to consider related matters. The first meeting, of 30 July 2021, was convened to discuss the Policy on the General Education Certificate (GEC) and the findings of the study commissioned by Umalusi to conduct a systemic review of moderation practices pertaining to school-based assessment (SBA). Concerning the GEC policy, the intention was to update the RF members thereof and invite them to submit comments to Umalusi for consideration by the Department of Basic Education (DBE) in the finalisation of the policy. The second matter discussed was the SBA study, the purpose of which was to ascertain the models of SBA moderation employed

in South Africa, and how these are implemented in other countries, and to identify lessons that can be derived for enhancing the Umalusi SBA moderation model.

The second meeting was held on 31 March 2022 to consider the DBE National Assessment Framework's positioning of the General Education Certificate (GEC), which would inform the design of a quality assurance model for the GEC as a new qualification. Umalusi gave an update of the GEC and mapped a way forward on outstanding matters, which included the knock-on effect of the outstanding assessed curricula on recommendations for articulation and the quality assurance model.

Aside from the two meetings, the RF was engaged, via round-robin discussions, to solicit inputs on



proposals for refereed publications to celebrate 20 years of Umalusi’s existence. As a result, two accredited-journal, special issues, were secured. The first is the special issue of the Southern African Linguistics and Applied Language Studies (SALALS) Journal, to be published in 2022. The second special issue is the Perspectives-in-Education (PiE), to be published in 2023.

2.8.2 Research Forum meetings

Committee	No. of meetings held	No. of members	Names of members
Research Forum	2 <ul style="list-style-type: none"> • 30 July 2021 • 31 March 2022 	11	<ol style="list-style-type: none"> 1. Professor Ruth Mampane (Chairperson) 2. Dr James Keevy 3. Dr Heidi Bolton 4. Dr Amani Saidi 5. Professor Anil Kanjee 6. Professor Mncedisi Maphalala 7. Professor Volker Schoer 8. Professor Saloshna Vandeyar 9. Professor Sarah Gravett 10. Ms Elizabeth Thuli Zondi 11. Dr Vijay Reddy

3. RISK MANAGEMENT

Umalusi has an approved risk management policy that outlines risk management processes and sets risk tolerance and appetite for the organisation. The risk strategy for Umalusi provides for the involvement of all staff across the organisation, facilitated through risk coordinators in business units. The risk strategy follows an enterprise-wide risk management (ERM) approach to align processes, people, technology and knowledge, allowing for proper risk analyses, evaluation and management of possible vulnerabilities likely to face the organisation. At the beginning of the 2021/22 financial year Umalusi identified all significant risks that could potentially negatively affect the achievement of set strategic objectives and disrupt operations. The process prioritised actions to be implemented for active management of risk and effective decision-making.

Umalusi has an established Risk Management Committee (RMC), comprised of Executives and Senior Management. The committee is scheduled to meet at least four times in the financial year. This committee thus met on four occasions during the 2021/22 financial year to review the risk register and progress made in implementing planned actions.

The Audit and Risk Committee (ARC) performed the oversight responsibilities of monitoring the risk

management process, by reviewing management reports on risks on a quarterly basis. No material losses occurred during the period under review.

The internal auditors provided independent assurance and facilitated training and a workshop. The organisation conducted a risk workshop in collaboration with the internal auditors, contributing to continuous professional development for management.

Umalusi’s risk management is comprised of four steps: identification, assessment and analysis, monitoring and reporting. Vulnerabilities likely to cause reputational risk are managed at the Office of the Chief Executive Officer (OCEO). Each unit has a risk champion who assists with identifying emerging risks, facilitates integration of risk and monitors identified vulnerabilities, on a daily basis.

In the 2020/21 financial year the risk register was monitored each quarter. Umalusi assessed the likelihood of risks and levels of impact. These were measured against the mitigating strategies to track progress in addressing individual risks. The management of risks has resulted in the organisation achieving good performance.

4. INTERNAL CONTROL UNIT

The organisation does not have a separate internal control unit, given its size. Each business unit is responsible for the proper functioning of internal controls. The organisation's system of internal controls is designed to be adequate and effective to achieve good performance. The controls also ensure proper financial records, which are complete, accurate, reliable and verifiable, are maintained.

The internal controls are further strengthened by approved policies that are reviewed regularly, taking into consideration recommendations from auditors, changes in the legislative environment and risks identified.

Policies and procedures are communicated to staff and are constantly updated to correspond with the

ever-changing environment. Monitoring of internal controls occurs daily and is reported to Executive Management monthly, through meetings of the OCEO.

Internal controls are reviewed independently by the appointed internal auditors, a function outsourced to OMA Chartered Accountants Inc, who report to the ARC. During the year under review, the internal auditors conducted all planned audits, in line with the approved audit plan and as per the approved Three-Year Rolling Plan. All audit findings were reported to the ARC and management took corrective action as recommended by the auditors.

5. INTERNAL AUDIT AND AUDIT COMMITTEES

The function of internal audit is outsourced to OMA Chartered Accountants; owing to the nature and size of Umalusi the Council does not consider it economical to establish an in-house internal audit function. OMA report independently to the ARC and, functionally, to the CEO. Internal auditors are given unrestricted access to Umalusi's financial records and performance information. The internal auditors developed a Three-Year Rolling Plan, with inputs from management.

The ARC is responsible for monitoring the internal audit function and evaluating the effectiveness of internal controls. It also recommends improvements to Council, as appropriate. All 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. This committee does not assume

any management responsibilities or perform any management function; it makes decisions on matters within 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 related to:

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



Audit Committee members and attendance at meetings

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Mr P Benade	BCom National Diploma: State Accounting and Finance	External	N/A	29/08/2018	N/A	4
Mr NT Johnstone	BSc (Physiology)	External	N/A	11/11/2015	N/A	5
Ms D Diale	BCom (Computer Science) MBL	External	N/A	14/03/2017	N/A	4
Adv WJ Lubbe	Bachelor of Law, LLB, Post-Graduate Diploma in compliance	External	N/A	29/11/2017	N/A	5
Mr MS Mtshali	National Diploma in Commercial Administration Executive Development Programme	External	N/A	29/08/2018	N/A	1
Mr P Khunou	BCom Accounting Management Development Programme Senior Leadership Development Programme	External	N/A	29/08/2018	N/A	3

6. COMPLIANCE WITH LAWS AND REGULATIONS

A compliance checklist has been developed and is updated on a quarterly basis. Policy development is done in consideration of the legislative environment to ensure compliance with laws and regulations. Umalusi reports, quarterly, to the DBE and National Treasury on its compliance with laws and regulations, according to a prescribed compliance checklist. It

also provides confirmation of its compliance to the ARC and the Council. Additionally, during the year under review the external and internal auditors tested compliance with laws and regulations. Any instances of non-compliance were reported to Management and the ARC.

7. FRAUD AND CORRUPTION

Umalusi has established a fraud and ethics hotline number as a platform for internal and external stakeholders to report alleged incidents of fraud related to the work and mandate of the organisation. The organisation is currently using the following anti-fraud hotline number: [0800 408 409], umalusi@whistleblowing.co.za. In the work of Umalusi, typical

anti-corruption reports include, but are not exclusively related to, examination irregularities, fraudulent certificates and non-accredited institutions, among others. However, during the year under review the organisation received fewer than 10 fraud and ethics complaints, which management processed through established channels within the organisation.

8. MINIMISING CONFLICT OF INTEREST

The organisation appoints bid committees on an ad-hoc basis, owing to capacity constraints. Bid committee members are required to declare any potential conflict of interest at each committee meeting. This is recorded in the minutes and each member is required to complete a declaration form. Members with significant conflicts, whether real or perceived, must be recused and may not make decisions on such matters.

Umalusi continues to enforce the minimisation of conflicts of interest among Council and staff members. At all meetings, Council and staff members are required to declare conflicts of interest; they are also encouraged to avoid any material conflict between their own interests and the interests of the Council. In particular, they should:

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

Should staff, a member of Council or a Council committee member foresee a conflict of interest during a meeting, this individual should not participate in any decision-making process that might affect his or her personal interests.

The member of Council or Council committee must recuse himself or herself from further deliberations and the Council or committee must take a decision that furthers the interests of the Council or committee. The recusal must be recorded. No material conflict of interest was reported during the financial year under review.

9. CODE OF CONDUCT

Employees are required to sign a Code of Conduct that sets rules as to how they should behave in the work environment. 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. This code provides clear guidelines for the behaviour of all employees at all levels. Management continuously ensures that employees abide by the Code of Ethics and the values espoused in the entity's Strategic Plan. No violations of the Code of Conduct were reported during the year.

10. 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 works with employees' 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 make sure that we keep our environment as sustainable as possible. The following is in place:

- recycling of all used paper;
- recycling of all printing consumables;
- making sure all electrical appliances are switched off at the end of the business day; and
- encouraging staff to be paperless.



Health and Safety

The CEO has appointed individual employees to the Health and Safety Committee. This committee consists of 17 members: nine first-aiders and eight firefighters.

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

The following resulted from the audit:

1. Commitment in striving for legal compliance;
2. Management of firefighting equipment – availability, inspections and servicing;
3. Provision of building structures in good condition;
4. Signage in place to indicate emergency exits and firefighting equipment;
5. Continuous training of Health and Safety Committee members in firefighting, first aid, the

Occupational Health and Safety Act, among others; and

6. Continuous maintenance of a safe environment and buildings.

Management of COVID-19

Since the outbreak of the COVID-19 pandemic Umalusi has aligned its operations to the regulations as per the National Department of Health, the Department of Employment and Labour, the National Disaster Act and other regulatory bodies.

The following arrangements were put in place:

1. Making sure that all surfaces and the building are cleaned regularly to curb the spread of the virus;
2. Regular campaigns to raise awareness about keeping safe;
3. Hand and surface sanitisers were provided throughout the building;
4. Fumigation and deep cleaning of the office buildings when necessary; and
5. Continuing to maintain social distancing throughout the office space.

11. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2022.

Terms of Reference

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

Main Role and Responsibilities

Statutory Duties

The Committee's role and responsibilities include the statutory duties set out in sections 76(4) (d) and 77 of the Public Finance Management Act (PFMA), Act 1 of 1999, as amended, 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 RAI*n* Chartered Accountants. The Committee, in consultation with executive management, agreed to the engagement letter, audit plan and budgeted audit fees for the 2021/22 financial year. RAI*n* Chartered Accountants was not requested to provide any non-audit services.

Evaluation of Annual Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the external auditor, RAI*n* Chartered Accountants;
- 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, RAI*n* Chartered Accountants.

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, the internal audit service provider, OMA Chartered Accountants Inc., provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process and 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, RAI*n* Chartered Accountants, it was noted that no matters were reported that indicated any material deficiencies in the system of internal controls.

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

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 above, the Council determined additional functions for the Committee to be performed, as set out in the Committee's charter. These include the following:

Combined Assurance

The Committee ensured that a combined assurance model was applied. The combined assurance



received is appropriate to address all the entity's significant risks and is in line with the applicable King Code of 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 entity's key risks 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 related to financial reporting.

Internal Audit

The Committee ensured that the internal audit function performed by OMA Chartered Accountants Inc. 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 was the link between the Council and these functions.

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 is satisfied with the performance of the internal audit function in the last financial year.

Evaluation of the Expertise and Experience of the Chief Financial Officer and Finance Function

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

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

Mr P Benade

Chairperson of the Audit and Risk Committee
Umalusi
29 July 2022

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Relevant Codes of Good Practice, B-BBEE Certificate Levels 1-8		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	YES	This forms part of supply chain management (SCM) policy. Procurement of goods and services is done in accordance with the policy.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	



PART D: HUMAN CAPITAL MANAGEMENT

1. INTRODUCTION

The main objective of Human Capital Management (HCM) is to ensure that the organisation is equipped with competent and adequate human capacity that will ensure the Umalusi mandate is executed efficiently and effectively. As a support structure,

the HCM Unit plays a vital role in ensuring that the organisation's strategic objectives are achieved, through the implementation of approved policies and procedures and ensuring compliance thereto.

<p>HCM priorities for the year under review and the impact of these priorities:</p> <ul style="list-style-type: none"> strengthen HCM governance by developing and reviewing policies and procedures and ensure compliance thereto; maintain the vacancy rate at under 10% within the organisation to ensure achievement of the organisational mandate; implement the approved organisational training and development plan; implement an effective performance management and development system (PMDS); review the Employment Equity plan. 	<p>Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce:</p> <ul style="list-style-type: none"> the extended mandate of the organisation was delivered with the limited capacity available due to budget constraints; vacancies were filled within the turnaround times and ensured that skilled and competent candidates were recruited; five employees were appointed on short-term fixed contracts to relieve pressure within the organisation.
<p>HR establishment:</p> <ul style="list-style-type: none"> the organisation had a total of 138 funded positions for the reporting period; the organisation has managed to maintain the vacancy rate below 10%, as per the annual performance indicator at the end of March 2022; the vacancy rate at 6% as in the previous financial year 6% at the end of March 2021. 	<p>Employee wellness programme (EWP):</p> <ul style="list-style-type: none"> two employee wellness programmes were conducted for all employees to improve their overall health and the quality of their worklife during the COVID-19 pandemic. The programme was conducted through an online platform due to COVID-19 restrictions to curb the spread of the coronavirus; an awareness talk on gender-based violence (GBV) was conducted to create awareness to employees on what constitutes GBV in their personal lives and in the workplace.
<p>Performance Management and Development System (PMDS):</p> <ul style="list-style-type: none"> the organisation ensured an integrated PMDS by aligning the Strategic Plan and the Annual Performance Plan with individual performance agreements; the mid-term and annual performance management reviews for 2020/2021 performance assessments were conducted during the period under review to monitor individual performance in achieving the strategic objectives of the organisation. 	<p>Challenges:</p> <ul style="list-style-type: none"> delays were experienced with the implementation of the online PMDS, which resulted in the extension of the submission date of the performance agreements for the 2022/2023 financial year; turnover rate remained at 6% which depicts that staff retention is a continuous challenge within the organisation, particularly at middle and junior management levels.

**Achievements:**

- the review of the Employment Equity plan for 2022/23 to 2024/25 was concluded and the plan implemented from 1 April 2022 to ensure compliance with the Employment Equity (EE) Act. The EE action plan was developed to address the barriers identified during the review process, ensure the elimination of unfair practices and achieve equitable representation from designated groups within the organisation;
- digitisation of personnel records to create secondary electronic backup system and to transition from paper-based to an electronic document management system;
- training on the Protection of Personal Information (POPI) Act was conducted for the Executive and Senior Management to equip them with knowledge and skills in managing personal information in their line of duty;
- during the 2021/22 financial year 55 training interventions were implemented to ensure continuous development of employees and improve staff performance in achieving the organisational mandate and ensure compliance with the Skills Development Act;
- as a learning organisation, 29 employees were granted financial study assistance, of whom eight enrolled for Doctor of Philosophy (PhD) degrees and six enrolled for Master's degrees to enhance their knowledge in their respective fields of work;
- the training plan for the 2022/23 financial year was approved during the period under review to ensure continuous development of staff members within the organisation;
- a presentation on the employees' pension fund was given by a representative of the Associated Institutions Pension Fund (AIPF) to educate employees on how pension fund contributions are accumulated and how to interpret the pension fund benefit statements.

Policy review and development:

- in strengthening governance within the organisation, seven policies were reviewed, approved and implemented.

Future HCM plans/goals:

- implementation of transformation initiatives in line with the Employment Equity action plan.
- implementation of the approved training plan;
- training of newly appointed Council members on governance and ethics;
- review of the File Plan to align with the amended post-COVID-19 organisational processes.

2. HUMAN CAPITAL OVERSIGHT STATISTICS

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

Personnel cost by programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
1. Administration	77,096	39,972	52%	58	640
2.1 Qualifications, Curriculum and Certification	15,208	10,533	69%	18	585
2.2 Statistical Information and Research	11,401	6,616	58%	9	735
3.1 Quality Assurance of Assessment	57,791	15,409	27%	22	700
3.2 Evaluation and Accreditation	17,806	12,976	48%	22	590
Total	179,302	85,506	48%	129	646

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	8,111	10%	4	2,028
Senior Management	14,358	17%	10	1,436
Professional Qualified	37,469	45%	58	646
Skilled	5,528	7%	16	346
Semi-skilled	13,938	17%	35	398
Unskilled	3,968	5%	6	661
Total	83,372	100%	129	646

Performance rewards

Salary band	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	201	8,111	2%
Senior Management	353	14,358	2%
Professional Qualified	589	37,469	2%
Skilled	102	5,528	2%
Semi-skilled	429	13,938	3%
Unskilled	14	3,968	0%
Total	1,688	83,372	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	37,838	288,687	42%	58	4,977
2.1 Qualifications, Curriculum and Certification	10,533	49,169	15%	18	2,732
2.2 Statistical Information and Research	6,616	49,679	9%	9	5,520
3.1 Quality Assurance of Assessment	15,409	157,320	16%	22	7,151
3.2 Evaluation and Accreditation	12,976	107,872	18%	22	4,903
Total	83,372	652,727	100%	129	5,060

Employment and vacancies by programme

Programme	2020/21 No. of employees	2020/21 Approved posts	2021/22 No. of employees	2021/22 Vacancies	% of vacancies
1. Administration	63	63	58	4	6%
2.1 Qualifications, Curriculum and Certification	20	20	18	2	10%
2.2 Statistical Information and Research	10	10	9	1	10%
3.1 Quality Assurance of Assessment	22	22	22	0	0%
3.2 Evaluation and Accreditation	28	23	22	1	4%
Total	143	138	129	9	6%

NB. A total of five fixed-term contracts were ended due to financial constraints.

Employment and vacancies by salary band

Salary band	2020/21 No. of employees	2021/22 Approved posts	2021/22 No. of employees	2021/22 Vacancies	% of vacancies
Top Management	4	4	4	-	0%
Senior Management	10	10	10	-	0%
Professional Qualified	67	62	58	4	6%
Skilled	16	16	16	-	0%
Semi-skilled	40	40	35	5	13%
Unskilled	6	6	6	-	0%
Total	143	138	129	9	6%

The vacancy rate remained stable at 6% during the reporting period which shows stability within the organisation.

Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	-	-	4
Senior Management	10	-	-	10
Professional Qualified	58	4	4	58
Skilled	16	1	1	16
Semi-skilled	35	-	-	35
Unskilled	6	-	-	6
Total	129	5	5	129

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-%
Resignation	5	4%
Dismissal	-	-%
Retirement	-	-%
Ill-health	-	-%
Expiry of contract	-	-%
Promotions	-	-%
Total	5	4%

NB. A total of five employees exited the organisation through resignations in the 2021/22 financial year. The 6% vacancy rate in the other tables includes the carried over vacancies from 2020/21 as a result of a moratorium on vacant positions.

Labour relations: misconduct and disciplinary action

Nature of disciplinary action	No.
Verbal warning	0
Written warning	4
Final written warning	0
Dismissal	0

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	-	-	-	-	-	1	-
Senior Management	4	-	-	-	-	-	-	-
Professional Qualified	26	3	-	1	1	-	4	1
Skilled	3	-	-	-	-	-	-	-
Semi-skilled	13	3	-	1	-	1	-	-
Unskilled	3	-	-	-	-	-	-	-
Total	51	6	-	2	1	1	5	1

Employment equity status: females

Salary band	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	3	-	1	-	-	1	1	-
Professional Qualified	20	-	-	1	2	-	3	-
Skilled	10	-	-	-	2	-	1	-
Semi-skilled	19	-	1	-	1	-	1	-
Unskilled	3	-	-	-	-	-	-	-
Total	56	-	2	1	5	1	6	-

The organisation is not currently targeting the employment of people living with disabilities due to the existing building's inaccessibility. Umalusi is in the process of renovating the building to accommodate people living with disabilities.

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



INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL ON UMALUSI TRADING AS COUNCIL FOR QUALITY ASSURANCE IN GENERAL AND FURTHER EDUCATION AND TRAINING

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. We have audited the financial statements of Umalusi set out on pages 73 to 107, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (Act 1 of 1999).

Basis for opinion

Context for the opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the separate financial statements section of our report.
4. We are independent of the Council in accordance with Independent Regulatory Board for Auditors' Code of Professional Conduct for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards).
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

6. The Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the separate financial statements in accordance with Standards of Generally Recognised Accounting

Practice (GRAP) and the requirements of the Public Finance Management Act (Act 1 of 1999) and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the Council 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

Auditor's responsibilities

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

10. In accordance with the Public Audit Act 25 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 programme presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
11. Our procedures address the usefulness and reliability of the reported performance information, which must be

based on the council's approved performance planning documents. 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 council's enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2022:

13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Programmes	Pages in the annual performance report
Programme 3 : Quality Assurance and Monitoring	36-45

14. We did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 3 : Quality Assurance and Monitoring.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

16. 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

17. The accounting authority is responsible for the other information. The other information comprises the

information included in the annual report, which includes the Council's report and the Audit and Risk Committee's report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

18. Our opinion on the financial statements and my 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 on it.

19. 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 separate financial statements and the selected programme presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

20. After we receive and read the other information and of we conclude that there are any inconsistencies we are required to communicate the matter to the accounting authority and request that the other information be corrected. If the other information is not corrected, we may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

21. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

22. We did not identify any significant deficiencies in internal control.

AUDITOR TENURE

23. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that RAIN Chartered Accountants Incorporated has been the auditor of Umalusi for two years.



RAIN Chartered Accountants Incorporated
Chartered Accountants (SA)
Registered Auditor

Per: I.E. Pierce

Johannesburg

31 July 2022



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 audited annual financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the audited annual financial statements fairly present the state of affairs of the entity 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 audited annual financial statements and were given unrestricted access to all financial records and related data.

The audited 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 audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place 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 audited 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 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity depends mostly on the Department of Basic Education for continued funding of operations. The audited annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Council is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's audited annual financial statements. The audited annual financial statements have been examined by the entity's external auditors and their report is presented on pages 73-108.

The audited annual financial statements set out on pages 73-108, which have been prepared on a going concern basis, were approved by the Council on 31 May 2022 and were signed on its behalf by:

Prof John D Volmink
Umalusi Council Chairperson

Dr Mafu S Rakometsi
Chief Executive Officer

REPORT OF THE COUNCIL

The Council submits its report for the year ended 31 March 2022.

1. INCORPORATION

Umalusi is listed as a national public entity in term 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 attached audited annual financial statements and do not in our opinion require any further comment.

Net surplus of the entity was R 6,888,394 (2021: restated deficit (R 7,000,853)).

3. GOING CONCERN

The audited 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 2022/23 to 2024/25.

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; however, (1) the irregular expenditure of R 4 434 050 was condoned by National Treasury after the financial statements were prepared but before issued. (2) Umalusi reached a settlement agreement through a mediation process with one assessment body for the quality assurance of assessment fee disputed. The account was more than 120 days outstanding. The settlement amount equals R 3 200 000 of the long outstanding debt, which amounted to R 5 953 526.

5. RETENTION OF SURPLUS AND APPROVAL BY NATIONAL TREASURY

The entity intends to apply to retain the cash surplus once the financial statements have been audited. At the time of approval of the annual financial statements, the request to retain the surplus had not yet been made to National Treasury.

6. ACCOUNTING POLICIES

The audited annual financial statements were prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.



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

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

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

No losses through fruitless and wasteful expenditure were incurred during the period under review (refer to note 35 regarding irregular expenditure for the current year). The Council is committed to the eradication of the culture of fruitless and wasteful and irregular expenditure within the organisation.

8. 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; accordingly, it reviews the effectiveness on an ongoing basis through the internal audit function.

9. 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	
Dr W Green (Council on Higher Education – CEO)	Appointed 25 May 2021
Ms S Geyer (Department of Basic Education)	Appointed 25 May 2021
Mr D Hindle	
Mr NT Johnstone	
Prof L Makalela	
Prof MR Mampane	
Adv MJ Merabe	
Prof ME Metcalfe	Resigned 13 February 2020
Prof MP Mulaudzi	
Dr C Myburgh	
Mr V Naidoo (Quality Council for Trades and Occupations – CEO)	
Dr J Reddy (South Africa Qualifications Authority – CEO)	
Ms A Singh	Appointed 13 May 2021
Ms S Semaswe (Heads of Education Departments Committee)	Appointed 13 May 2021
Ms F Solomon	Appointed 01 January 2022
Prof PD Siyakwazi	

10. 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

REPORT OF THE COUNCIL continued

11. COUNCIL AND EXECUTIVE MANAGERS' EMOLUMENTS

	Salary or fee	Bonuses and performance related payments	Retirement fund contributions	Medical contributions	Other	Total package 2022	Total package 2021
Non-executive Council members							
Prof JD Volmink. Chairperson	256,501	-	-	-	21,250	277,751	302,247
Prof MLE Monnapula-Mapesela (Deputy Chairperson)	75,560	-	-	-	3,800	79,380	75,582
Prof MR Mampane	53,800	-	-	-	3,600	57,400	64,329
Prof L Makalela	52,380	-	-	-	3,800	56,180	61,418
Mr NT Johnstone	30,507	-	-	-	2,000	32,507	33,828
Mr DB Hindle	79,886	-	-	-	5,100	84,988	81,963
Adv MJ Merabe	-	-	-	-	-	-	9,903
Dr C Myburgh	68,479	-	-	-	3,000	71,479	71,388
Prof PD Siyakwazi	10,476	-	-	-	600	11,076	5,638
Prof MP Mulaudzi	2,619	-	-	-	200	2,819	8,457
Prof Y Ballim	144,403	-	-	-	7,050	151,453	127,175
Ms F Solomon	5,238	-	-	-	200	5,438	-
	779,849	-	-	-	50,600	830,449	841,928

	Salary or fee	Bonuses and performance related payments	Retirement fund contributions	Medical contributions	Other	Total package 2022	Total package 2021
Executive & Senior Management							
CEO: Dr MS Rakomezi	2,060,704	109,658	308,797	142,860	34,045	2,656,064	2,791,484
Acting CFO: Mr Ben Keet (Contract ended 30/11/2020)	-	-	-	-	-	-	897,939
CFO Mr MH van der Walt	1,096,855	-	183,988	78,358	92,837	1,450,038	1,124,599
EM: Q&R – Mr E Sibanda	1,086,960	42,914	181,332	81,804	16,950	1,409,960	1,471,963
EM: Q A M – Ms Z Modimakwane	1,278,947	49,067	207,698	49,086	16,696	1,601,494	1,675,978
SM: PR & COMMS – Dr SE Ditaunyane	1,011,608	39,654	167,499	70,398	14,683	1,303,842	1,328,861
SM: QAA (Schools) – Ms ML Madalane	950,797	36,809	166,588	57,776	10,792	1,222,762	1,247,136
SM: QAA (Post-School Education) – Dr MA Dliwayo	884,268	-	146,490	64,683	2,991	1,098,432	1,027,381
SM: HRM&D – Ms RA Selesho	954,397	36,809	155,482	51,588	9,499	1,207,775	1,243,482
SM: E & A – Ms C Thomas	991,450	36,265	153,183	-	9,655	1,190,553	1,207,259
SM: SG – Ms S Mosimege	1,134,552	41,655	175,952	-	138,915	1,491,074	1,385,649
SM: SIR – Dr C Booyse (Resigned 28/02/2021)	-	-	-	-	-	-	1,183,168
SM: F & SCM – Mr D Maluleke	986,748	35,729	152,441	-	58,758	1,233,676	1,208,419
SM: QCC – Dr E Sujee	976,812	35,729	150,920	-	9,378	1,172,839	1,210,561
SM: ICT – Mr S Maluleka	946,528	55,213	155,482	57,762	12,458	1,227,443	1,267,976
SM: SIR – Mr B Lepota	949,106	34,680	146,490	-	8,192	1,138,468	-
	15,309,732	554,182	2,452,342	652,313	435,849	19,404,418	19,259,715
	16,089,581	554,182	2,452,342	652,313	486,449	20,234,867	20,101,643

12. EXECUTIVE AUTHORITY

The entity reports to the Department of Basic Education.

13. AUDITORS

RAiN Chartered Accountants Inc. conducted the audit in accordance with section 25 (2) of the Public Audit Act and will continue in the office for the financial period, subject to the approval of the Auditor-General South Africa.

STATEMENT OF FINANCIAL POSITION as at 31 March 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Receivables from exchange transactions	9	5,666,706	5,070,915
Prepayments	8	103,660	1,550,064
Cash and cash equivalents	10	53,475,060	44,781,996
		59,245,426	51,402,975
Non-Current Assets			
Property, plant and equipment	3	59,112,713	56,718,838
Intangible assets	4	-	5,896
		59,112,713	56,724,734
Total Assets		118,358,139	108,127,709
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	13,887,563	12,741,966
Provisions	12	6,772,691	5,405,235
		20,660,254	18,147,201
Non-Current Liabilities			
Operating lease liability	5	9,071	163,233
Employee benefit obligation	7	9,912,000	8,929,000
		9,921,071	9,092,233
Total Liabilities		30,581,325	27,239,434
Net Assets			
Reserves, Revaluation reserve	11	34,804,310	34,804,310
Accumulated surplus		52,972,504	46,083,965
Total Net Assets		87,776,814	80,888,275

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Accreditation fees		5,194,667	3,407,919
Certification		5,695,041	2,633,061
Interest received - investment	17	2,402,523	2,172,487
Other income	16	2,534,085	3,193,231
Rental income		1,025,772	601,923
Verification fees		11,934,724	7,896,846
Total revenue from exchange transactions		28,786,812	19,905,467
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	18	157,404,000	136,404,000
Total revenue	13	186,190,812	156,309,467
Expenditure			
Actuarial losses		(178,000)	(112,000)
Depreciation and amortisation	20	(6,108,866)	(6,051,742)
Employee related costs	19	(85,506,325)	(85,571,123)
General expenses	23	(44,536,811)	(37,643,778)
Lease rentals on operating lease	14	(263,611)	(154,627)
Loss on disposal of assets and liabilities		(56,013)	(1,902)
Moderator and verifier costs		(41,563,113)	(32,026,281)
Provision for doubtful debts	22	(1,089,679)	(1,748,867)
Total expenditure		(179,302,418)	(163,310,320)
Surplus (deficit) for the year		6,888,394	(7,000,853)

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2020	34,804,310	53,084,818	87,889,128
Changes in net assets			
Surplus for the year	-	(7,000,853)	(7,000,853)
Total changes	-	(7,000,853)	(7,000,853)
Restated balance at 01 April 2021	34,804,310	46,084,110	80,888,420
Changes in net assets			
Surplus for the year	-	6,888,394	6,888,394
Total changes	-	6,888,394	6,888,394
Balance at 31 March 2020	34,804,310	52,972,504	87,776,814

Note

11

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
From exchange transactions		26,716,971	14,162,883
Grant: Department of Basic Education		157,404,000	136,404,000
Interest income		2,402,523	2,172,487
		186,523,494	152,739,370
Payments			
Employee costs		(97,444,601)	(83,540,609)
Suppliers		(71,832,973)	(65,187,330)
		(169,277,574)	(148,727,939)
Net cash flows from operating activities	24	17,245,920	4,011,431
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(8,552,856)	(2,466,387)
Proceeds from sale of property, plant and equipment	3	-	4,637
Net cash flows from investing activities		(8,552,856)	(2,461,750)
Net decrease in cash and cash equivalents		8,693,064	1,549,681
Cash and cash equivalents at the beginning of the year		44,781,996	43,232,315
Cash and cash equivalents at the end of the year	10	53,475,060	44,781,996

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
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Accreditation	7,320,000	–	7,320,000	5,194,667	(2,125,333)	1
Certification	5,706,000	–	5,706,000	5,695,041	(10,959)	
Verification	11,472,000	–	11,472,000	11,934,724	462,724	2
Rental income	3,795,389	–	3,795,389	1,025,772	(2,769,617)	3
Other income	5,578,611	–	5,578,611	2,534,085	(3,044,526)	4
Interest received – investment	3,747,000	–	3,747,000	2,402,523	(1,344,477)	5
Total revenue from exchange transactions	37,619,000	-	37,619,000	28,786,812	(8,832,188)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	137,404,000	20,000,000	157,404,000	157,404,000	–	6
Total revenue	175,023,000	20,000,000	195,023,000	186,190,812	(8,832,188)	
Expenditure						
Personnel	(85,840,893)	-	(85,840,893)	(85,506,325)	334,568	7
Depreciation and amortisation	-	-	-	(6,108,866)	(6,108,866)	
Lease rentals on operating lease	(430,500)	-	(430,500)	(263,611)	166,889	
Debt impairment	-	-	-	(1,089,679)	(1,089,679)	
Consultants, moderator and verifier costs	(36,691,353)	(2,488,332)	(39,179,685)	(41,563,113)	(2,383,428)	8
General expenses	(52,060,254)	(17,511,668)	(69,571,922)	(44,536,811)	25,035,111	9
Total expenditure	(175,023,000)	(20,000,000)	(195,023,000)	(179,068,405)	15,954,595	
Operating surplus	–	–	–	7,122,407	7,122,407	
Loss on disposal of assets and liabilities	–	–	–	(56,013)	(56,013)	
Actuarial gains/losses	–	–	–	(178,000)	(178,000)	
	–	–	–	(234,013)	(234,013)	
Surplus for the year	–	–	–	6,888,394	6,888,394	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	–	–	–	6,888,394	6,888,394	



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

continued

1. The revenue from accreditation is below budget by 33%, primarily caused by the impact of COVID-19 restrictions, which severely impacted operating conditions as certain activities could not be executed in the usual manner. The relaxation of the lockdown restriction has helped with a gradual increase in this revenue since December 2021. The revenue for accreditation in the period is much better than for the same period in the previous year due to the uplifting of lockdown restrictions, which enabled the organisation to execute some of its activities under normal operating conditions.
2. Verification income continued to perform well; a 4% variance is considered to be within the expected range.
3. The rental income is 72% below budget due to accounting adjustments relating to smoothing of operating leases; the non-renewal of lease agreements of some tenants is another contributing factor.
4. Other income mainly relates to the quality of assurance of assessment fees recoverable from private assessment bodies. The fee is below budget, a result of high certification fees that were offset during the current, compared to the previous financial year, resulting in other income being 56% below budget.
5. The interest income from the CPD investment has been affected by the change in the interest rates by the Monetary Policy Committee. The CPD average interest rate for the period to date was about 4.2% (2021: 3.8%).
6. 100% of the approved 2021/22 grant allocation from the Department of Basic Education was received, including an additional R 20-million allocation.
7. The expenditure relating to compensation is moderately within the same levels when compared to the previous year. The employees received a non-pensionable allowance with effect from 01 April 2021, in accordance with the directive issued by Department of Public Service Administration (DPSA) in November 2021. A reduction in compensation payable is primarily the result of not renewing the five year contracts of evaluators whose contracts ended during the year
8. Expenditure for moderation and verification is within the target. This is in the main a result of prudent financial discipline to reduce unnecessary spending, such as catering, venue hire and adopting the use of an online platform for training and workshops.
9. The expenditure on goods and services is 37% below the revised budget due to the additional allocation of R20-million which was received during the last quarter. ICT was allocated R17.5-million for cloud infrastructure. The agreement was finalised during the last quarter and the implementation of the project was delayed and gained traction during the first quarter of the new financial year. A portion of the allocation to ICT was used to procure replacement laptops. QAA: Schools was allocated an additional amount equalling R1.9-million while QAA: Post-schools was provided additional funding amounting to R499 000 out of the R20-million additional transfer received from the Department of Basic Education. The expenditure on goods and services has increased by 17% on average due to payments to Umalusi contract workers (ASC members, external moderators and monitors) for providing quality assurance on marking and standardisation; and to Ecctis Ltd for international benchmarking and the subject analysis of the South African National Senior Certificate (NSC).

ACCOUNTING POLICIES

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The audited 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 audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These audited annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These audited 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 audited annual financial statements, Management is required to make estimates and assumptions that affect the amounts represented in the audited 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 audited annual financial statements. Significant judgements include:

Trade receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at

the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial 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, held to maturity investments and loans and receivables is calculated on individual assessment of long and other indicators present at the reporting date.

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 bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs



ACCOUNTING POLICIES *continued*

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

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

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

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

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

- Plant and Machinery
- Furniture and Fittings.
- Motor vehicles.
- Office equipment.
- Computer equipment.
- Other equipment.
- Buildings.

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

ACCOUNTING POLICIES continued

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed when there are indications that the entity's expectations about residual value and the useful life of an asset have changed since the preceding reporting. If there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further

economic benefits or service potential expected from the use of the asset.

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

The entity separately discloses expenditures to repair and maintain property, plant and equipment in the notes to the financial statements (see note 23).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

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



ACCOUNTING POLICIES continued

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.

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.

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 measurement of financial assets and financial liabilities

The entity measures financial assets and financial liability initially at its fair value plus transaction costs that can be directly attributed to the acquisition or issue of the financial assets or financial liability.

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.

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.

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with legislation, supporting regulations, or similar means.

1.7 Statutory Receivables

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.

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

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 surplus or deficit in the period of the transfer.

1.8 Leases

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

When a lease includes both land and building 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.

1.9 Cash and cash equivalents

Cash comprises cash on hand and deposits held by Corporation for Public Deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-



ACCOUNTING POLICIES continued

term, highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts that are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.10 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 expenses.

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.

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

Useful life is either:

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

1.11 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:

- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absence is due to be settled within 12 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 12 months after the end of the reporting period in which the employees render the related service.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) that 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 benefit 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; minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

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;
- the expected return on any plan assets and any reimbursement right recognised as an asset; actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately.

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the activity/operating unit or part of an activity/operating unit concerned; the principal locations affected; the location, function, and approximate number of employees who will be compensated for services being terminated.
- the expenditures that will be undertaken; and when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity.



ACCOUNTING POLICIES *continued*

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition, contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation; and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- the financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high-interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at the reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.13 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.

1.14 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.

The amount of revenue arising from a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation, or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue, that arises from a statutory (non-contractual)

arrangement (see the accounting policy on Statutory Receivables).

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.

1.15 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.

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

The interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.16 Investment income

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

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

All fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance for the



ACCOUNTING POLICIES continued

year in which the expenditure was incurred. The expenditure is classified according to the nature of the expense, and where recovered it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is defined in section 1 of the PFMA as expenditure other than authorised expenditure, incurred in contravention of, or 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 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 in the irregular expenditure register. In such instances, no further action is required, except the updating of the note to the financial statements.

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

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.

1.20 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 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.

1.21 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).

A 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 is 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 those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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

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

1.22 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.

ACCOUNTING POLICIES continued

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/Interpretation: Years beginning on or after	Effective date	Expected impact
GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact.
GRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact.
GRAP 104 (as revised): Financial Instruments	01 April 2023	Unlikely there will be a material impact.
GRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact.
GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact.
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Impact is currently being assessed.

3. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	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	10,000,000	-	10,000,000
Buildings	54,597,343	(21,155,457)	33,441,886	54,597,343	(17,097,842)	37,499,501
Plant and machinery	605,349	(605,349)	-	605,349	(605,349)	-
Furniture and fixtures	2,327,259	(1,955,841)	371,418	2,324,544	(1,797,757)	526,787
Motor vehicles	360,445	(202,724)	157,721	360,445	(151,232)	209,213
Office equipment	1,539,101	(1,185,670)	353,431	1,560,846	(1,049,171)	511,675
IT equipment	8,918,489	(6,926,284)	1,992,205	8,276,584	(5,746,801)	2,529,783
Infrastructure	475,927	(346,326)	129,601	475,927	(271,748)	204,179
Other property, plant and equipment	12,666,451	-	12,666,451	5,237,700	-	5,237,700
Total	91,490,364	(32,377,651)	59,112,713	83,438,738	(28,719,900)	56,718,838

Reconciliation of property, plant and equipment – 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10,000,000	-	-	-	10,000,000
Buildings	37,499,501	-	-	(4,057,615)	33,441,886
Furniture and fixtures	526,787	5,520	-	(160,889)	371,418
Motor vehicles	209,213	-	-	(51,492)	157,721
Office equipment	511,675	13,761	-	(172,005)	353,431
IT equipment	2,529,783	1,104,824	(56,012)	(1,586,390)	1,992,205
Other equipment	204,179	-	-	(74,578)	129,601
Assets under construction	5,237,700	7,428,751	-	-	12,666,451
	56,718,838	8,552,856	(58,012)	(6,102,969)	59,112,713

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10,000,000	–	–	–	10,000,000
Buildings	41,564,929	–	–	(4,065,428)	37,499,501
Furniture and fixtures	741,262	–	–	(214,475)	526,787
Motor vehicles	260,705	–	–	(51,492)	209,213
Office equipment	704,173	–	–	(192,498)	511,875
IT equipment	2,260,215	1,713,726	–	(1,442,256)	2,529,783
Infrastructure	282,549	–	(1,902)	(78,370)	204,179
Other property, plant and equipment	4,485,039	752,661	–	–	5,237,700
	60,298,872	2,466,387	1,902	(6,044,519)	56,718,838

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 neither the Lutendo Group nor the valuer are 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 January 2014, described as 41 Van Reyneveld Street, Portion 1 of Erf 2, Persequor Township, Gauteng, and measuring 5,879 square metres, was valued at R 31,000,000. 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 41 Van Reyneveld Street, Portion 1 of Erf 2, for internal office use. Umalusi resumed with the refurbishment projects in December 2021 after the contract that had been awarded was cancelled due to fraudulent allegations made by Joint Venture members. The amount capitalised under work in progress relates to invoices paid for work completed to date.

4. INTANGIBLE ASSETS

	2022			2021		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	216,901	(216,901)	–	216,900	(211,004)	5,896

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

Reconciliation of intangible assets – 2022

	Opening balance	Impairment loss	Total
Computer software, other	5,896	(5,896)	-

Reconciliation of intangible assets – 2021

	Opening balance	Amortisation	Total
Computer software, other	13,119	(7,223)	-

5. OPERATING LEASE ASSET (LIABILITY)

Reconciliation of intangible assets – 2022

Non-current liabilities	(9,071)	(163,233)
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6. PAYABLES FROM EXCHANGE TRANSACTIONS

	2022	2021
Trade payables	572,677	2,437,540
Suspense account	-	39,489
Unknown deposits	238,217	266,414
Income received in advance	8,727,884	5,820,989
Accrued expenses	4,345,200	1,554,467
Sundry creditors	3,585	2,623,067
	13,887,563	12,741,966

7. EMPLOYEE BENEFIT OBLIGATIONS: DEFINED BENEFIT PLAN

Post-retirement 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 in the medical aid scheme. Umalusi will provide a contribution of R 2 900 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

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

	2022	2021
Carrying value		
Present value of the defined benefit obligation—wholly unfunded	(9,912,000)	(8,929,000)

The actuarial valuation was done by One Pangaea Expertise and Solutions whose director is a Fellow of the Actuarial Society of South Africa. 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 Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 301, and is consistent with the requirements of GRAP 25.

	2022	2021
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	8,929,000	7,820,000
Benefits paid	(394,513)	(443,000)
Net expense recognised in the statement of financial performance	1,378,000	1,552,000
	9,912,487	8,929,000
Net expense recognised in the statement of financial performance		
Current service cost	732,000	637,000
Current interest cost	844,000	803,000
Actuarial (loss)/gain	(198,000)	112,000
	1,378,000	1,552,000

8. PREPAYMENTS

In the 2017/18 financial year, a contract was awarded for the refurbishment of the Umalusi property at 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. It is anticipated that the process will be concluded during the 2022/23 financial year.

	2022	2021
Prepayments		
Insurance and software licence	103,660	1,550,064
Joint Venture (Cancelled)	6,690,860	6,690,860
Provision for bad debts (Cancelled JV)	(6,690,860)	(6,690,860)
	103,660	1,550,064

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022	2021
Trade receivables	3,888,919	4,605,625
Deposits	72,750	183,504
Operating lease receivables	-	4,000
Other receivables	1,705,037	277,786
	5,666,706	5,070,915



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2022, R 486,705 (2021: R 1,306,985) were past due but not impaired.

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

	2022	2021
1 month past due	394,794	579,984
2 months past due	58,210	464,605
3 months past due	33,701	262,396

Trade and other receivables impaired

As of 31 March 2022, trade and other receivables of R 9,752,680 (2021: R 8,662,114) were impaired and provided for.

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.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2022	2021
Cash on hand	1,918	278
Bank balances	1,118,222	1,602,738
Short-term deposits	52,344,181	43,139,491
Other cash and cash equivalents	10,739	39,489
	53,475,060	44,781,996

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.

11. REVALUATION RESERVE

Opening balance	34,804,310	34,804,310
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12. PROVISIONS

Reconciliation of provisions – 2022

	Opening balance	Additions	Total
Provision for leave	4,657,815	1,357,193	6,015,008
Provision for thirteenth cheque	747,420	10,263	757,683
	5,405,235	1,367,456	6,772,691

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

12. PROVISIONS CONTINUED

Reconciliation of provisions – 2021

	Opening balance	Additions	Total
Provision for leave	3,664,498	993,317	4,657,815
Provision for thirteenth cheque	707,223	40,197	747,420
	4,371,721	1,033,514	5,405,235

The payroll provision amount relates to an optional employees thirteenth cheque amount that is scheduled to be paid in the next financial period.

13. REVENUE

	2022	2021
Accreditation	5,194,667	3,407,919
Certification	5,695,041	2,633,061
Verification	11,934,724	7,896,846
Rental income	1,025,772	601,923
Sundry income	2,534,085	3,193,231
Interest received - investment	2,402,523	2,172,487
Grant: Department of Education	157,404,000	136,404,000
	186,190,812	156,309,467

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

	2022	2021
Accreditation	5,194,667	3,407,919
Certification	5,695,041	2,633,061
Verification	11,934,724	7,896,846
Rental income	1,025,772	601,923
Sundry income	2,534,085	3,193,231
Interest received - investment	2,402,523	2,172,487
	28,786,812	19,905,467

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

13. REVENUE (CONTINUED)

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

	2022	2021
Transfer revenue		
Grant: Department of Basic Education	157,404,000	136,404,000
14. LEASE RENTALS ON OPERATING LEASE		
Equipment		
Contractual amounts	263,611	154,627
15. OTHER REVENUE		
Rental income	1,025,772	601,923
Sundry income	2,534,085	3,193,231
	3,559,857	3,795,154
16. SUNDRY INCOME		
Other income	47,328	83,503
Quality assurance of assessment fee	1,683,976	2,234,943
Rental reimbursement	802,781	874,785
	2,534,085	3,193,231
17. INVESTMENT REVENUE		
Interest revenue		
Corporation for Public Deposits	2,402,523	2,172,487
18. GOVERNMENT GRANTS		
Grant: Department of Basic Education	157,404,000	136,404,000
19. EMPLOYEE RELATED COSTS		
Basic	72,001,568	71,965,529
Medical Aid	3,049,745	2,819,121
UIF	523,473	488,856
Post-retirement medical aid	1,167,000	997,000
Pension	9,072,421	9,300,617
	85,814,207	85,571,123
20. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	6,102,969	6,044,519
Intangible assets	5,897	7,223
	6,108,866	6,051,742

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

21. AUDITORS' REMUNERATION

	2022	2021
External audit fees	532,220	511,830
Internal audit fees	681,742	550,303
	1,213,962	1,062,133

22. PROVISION FOR DOUBTFUL DEBTS

Contributions to debt impairment provision	1,089,679	632,958
Bad debts written off	-	1,115,909
	1,089,679	1,748,867

23. GENERAL EXPENSES

Auditors fees	1,213,962	1,062,133
Bank charges	267,152	532,282
Cleaning	683,943	773,560
Computers and licensing	3,635,759	5,358,969
Consulting and professional fees	10,562,649	5,264,608
Insurance	169,172	54,373
IT support	9,249,061	7,591,612
Levies	1,273,480	1,093,421
Printing and stationery	1,348,887	1,001,306
Repairs and maintenance	1,430,848	662,491
Security	1,245,378	1,096,645
Subscriptions and membership fees	132,554	201,390
Telephone and fax	919,676	1,093,422
Training	704,734	364,468
Travel - local	6,376,836	6,229,991
Electricity	1,290,927	1,336,788
COVID-19 expenditure	87,597	302,987
Other expenses	3,944,196	3,623,332
	44,536,811	37,643,778

24. CASH GENERATED FROM OPERATIONS

Surplus (deficit)	6,888,394	(7,000,853)
Adjustments for:		
Depreciation and amortisation	6,108,866	6,051,742
(Gain) loss on sale of assets	56,013	(2,735)
Movements in operating lease assets and accruals	(154,162)	122,656
Movements in retirement benefit liabilities	983,000	1,109,000
Movements in provisions	1,367,456	1,033,514
Changes in working capital:		
Receivables from exchange transactions	(595,791)	255,415
Prepayments	1,446,404	272,381
Payables from exchange transactions	1,145,740	2,170,311
	17,245,920	4,011,431



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

25. TAXATION

The entity is exempt from income tax in terms of section 10(1) (c A)(i)(bb)

26. OPERATING SURPLUS (DEFICIT)

The operating surplus (deficit) for the year is stated after accounting for the following:

Operating lease charges

Equipment

- Contractual amounts

(Loss)/gain on sale of property, plant and equipment

Amortisation on intangible assets

Depreciation on property, plant and equipment

Employee costs

Repairs and maintenance

	2022	2021
Operating lease charges		
Equipment		
• Contractual amounts	263,611	154,627
(Loss)/gain on sale of property, plant and equipment	(56,013)	(1,902)
Amortisation on intangible assets	5,897	7,223
Depreciation on property, plant and equipment	6,102,969	6,044,519
Employee costs	85,506,325	85,571,123
Repairs and maintenance	1,430,056	662,491

27. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2022

Financial assets	At amortised cost	Total
Trade and other receivables from exchange transactions	5,770,366	5,770,366
Cash and cash equivalents	53,475,060	53,475,060
	59,245,426	59,245,426
Financial liabilities		
Trade and other payables from exchange transactions	21,417,936	21,417,936

2021

Financial assets	At amortised cost	Total
Trade and other receivables from exchange transactions	5,066,915	5,066,915
Cash and cash equivalents	44,781,996	44,781,996
	49,848,911	49,848,911
Financial liabilities		
Trade and other payables from exchange transactions	18,167,447	18,167,447

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

28. COMMITMENTS

Figures in Rand	2022	2021
Authorised capital expenditure		
Already contracted for but not provided for		
• Other property, plant and equipment	-	2,334,609
• Building	37,629,994	-
	37,629,994	2,334,609
Not yet contracted for and authorised by Council		
• Building	-	39,215,430
Total capital commitments		
Already contracted and provided for	37,629,994	2,334,609
Not yet contracted for and authorised by Council	-	39,215,430
	37,629,994	41,550,039
Authorised operational expenditure		
Already contracted and provided for		
• Operational expenditure	62,918,652	26,423,897
Not yet contracted for and authorised by Council		
• Operating expenditure	-	30,462,964
Total capital commitments		
Already contracted and provided for	62,918,652	26,423,897
Not yet contracted for and authorised by Council	-	30,462,964
	62,918,652	56,886,861
Operating leases – as lessor (income)		
Minimum lease payments due		
• within one year	821,340	884,681
• in second to fifth year inclusive	250,722	1,684,193
	1,072,062	2,568,874

The entity is leasing out a portion of the building (Portion 1 of Erf 2) described in note 3 above, on lease terms ranging between 36-60 months at an average escalation of 8% per annum.



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

29. RELATED PARTIES

	2022	2021
Relationships	Department of Basic Education	
Accounting authority	Associated Institutions Pension Fund (AIPF)	
Associated institution	Refer to note 10 of the Council Report	
Council members	Refer to note 10 of the Council Report	
Executive and Senior Management		
Related transactions		
Department of Basic Education	(157,404,000)	(136,404,000)
Associated Institutions Pensions Fund (AIPF)	9,072,421	9,300,617
Council members – Refer to note 10 of the Council Report	830,449	841,928
Executive and Senior Management – Refer to note 9 of the Council Report	19,404,418	19,259,715

30. PRIOR-YEAR ADJUSTMENTS

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

Statement of financial position

2021

	Note	As previously reported	Correction of error	Restated
Accumulated deficit		(7,021,243)	20,533	(7,000,710)
Accrued expense		12,762,213	(20,533)	12,741,680
		5,740,970	-	5,740,970

2022

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Restated
Surplus/deficit for the year		(7,021,243)	20,533	(7,000,710)
Audit fees		532,220	(20,533)	511,687
Surplus for the year		(6,489,023)	-	(6,489,023)

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

2022

Errors

The following prior-period error adjustments occurred:

Error 1

During the current financial year Umalusi corrected an error to audit fees that was erroneously accrued in the prior year before the work was performed. The correction was necessary to comply with GRAP 1 and was accounted for retrospectively and comparative amounts have been appropriately restated.

31. 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 regard 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 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	12,887,563	–	–	–

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions.	12,741,824	–	–	–

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. Credit risk is managed on a group basis.

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

Financial instruments	2022	2021
Receivables from exchange transaction	5,770,366	5,066,915
Cash and cash equivalents	53,475,060	44,781,996

32. 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.



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS continued

32. GOING CONCERN (CONTINUED)

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 2022/23 to 2024/25.

33. EVENTS AFTER THE REPORTING DATE

It is anticipated that the organisation will in the next financial year continue to experience the knock-on effect of COVID-19 post-lockdown affecting the economy and this will affect both the operational and strategic plans of the organisation and sector at large. Whilst there have been no indications to significantly cut the 2022/23 organisational budget, the impact of COVID-19 might be felt in the long run. 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.

The irregular expenditure of R 4 434 050 was condoned by National Treasury after the financial statements were prepared but before being authorised for issue. Umalusi reached a settlement agreement through a mediation process with one assessment body for the quality assurance of assessment fee disputed; the account was more than 120 days outstanding. The settlement amount equals R 3 200 000 of the long outstanding debt, which amounts to R 5 953 526.

34. FRUITLESS AND WASTEFUL EXPENDITURE

	2022	2021
Opening balance as restated		
Fruitless and wasteful expenditure is presented inclusive of VAT	6,690,860	6,690,860

The balance of R 6 690 860 relates to the payments made to a service provider who is connected to the cancelled Joint Venture contract, which is disclosed as a prepayment in note 8. The matter is currently in the courts and at an advanced stage, with both parties agreeing to an arbitration process. It is anticipated that the matter will be finalised during the course of the next financial year. The matter was reported to the National Treasury.

35. IRREGULAR EXPENDITURE

	2022	2021
Opening balance as previously reported	4,434,050	-
Opening balance as restated	4,434,050	-
Add: Irregular expenditure – current	28,969	4,434,050
Closing balance	4,463,019	4,434,050

Disciplinary steps taken/criminal proceedings

The current year's irregular expenditure equaling R 28 969 relates to total payments made to a service provider who was appointed not in accordance with supply chain management policy and other applicable legislation. The supply chain official involved in the process was given a verbal warning.

The balance of R 4 434 050 relates to prior years. Payments were made to a service provider for legal services from 2010 to January 2021 without a valid contract. EXCO has condoned the irregular expenditure of R 4 434 050 reported in the previous financial year, subject to final approval by the National Treasury. Feedback is yet to be received from National Treasury on the condonation.

The irregular expenditure of R 4 434 050 was condoned by National Treasury after the financial statements were prepared but before issue. On 30 June 2022 the council received a letter from the National Treasury approving the condonation of irregular expenditure, to the value of R 4 434 050.

ANNEXURE – AUDITOR'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the International Standards on Auditing (ISA), we exercise professional judgement and maintain professional scepticism throughout our audit of the separate financial statements; the procedures performed on the reported performance information for selected programmes; and on the council's compliance with respect to the selected subject matter.

Financial statements

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

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

- conclude on the appropriateness of the council's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Umalusi to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a council to cease operating as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

UMALUSI



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