

ANNUAL REPORT 2022/23



MICTSETA

Media, Information And
Communication Technologies
Sector Education And Training Authority

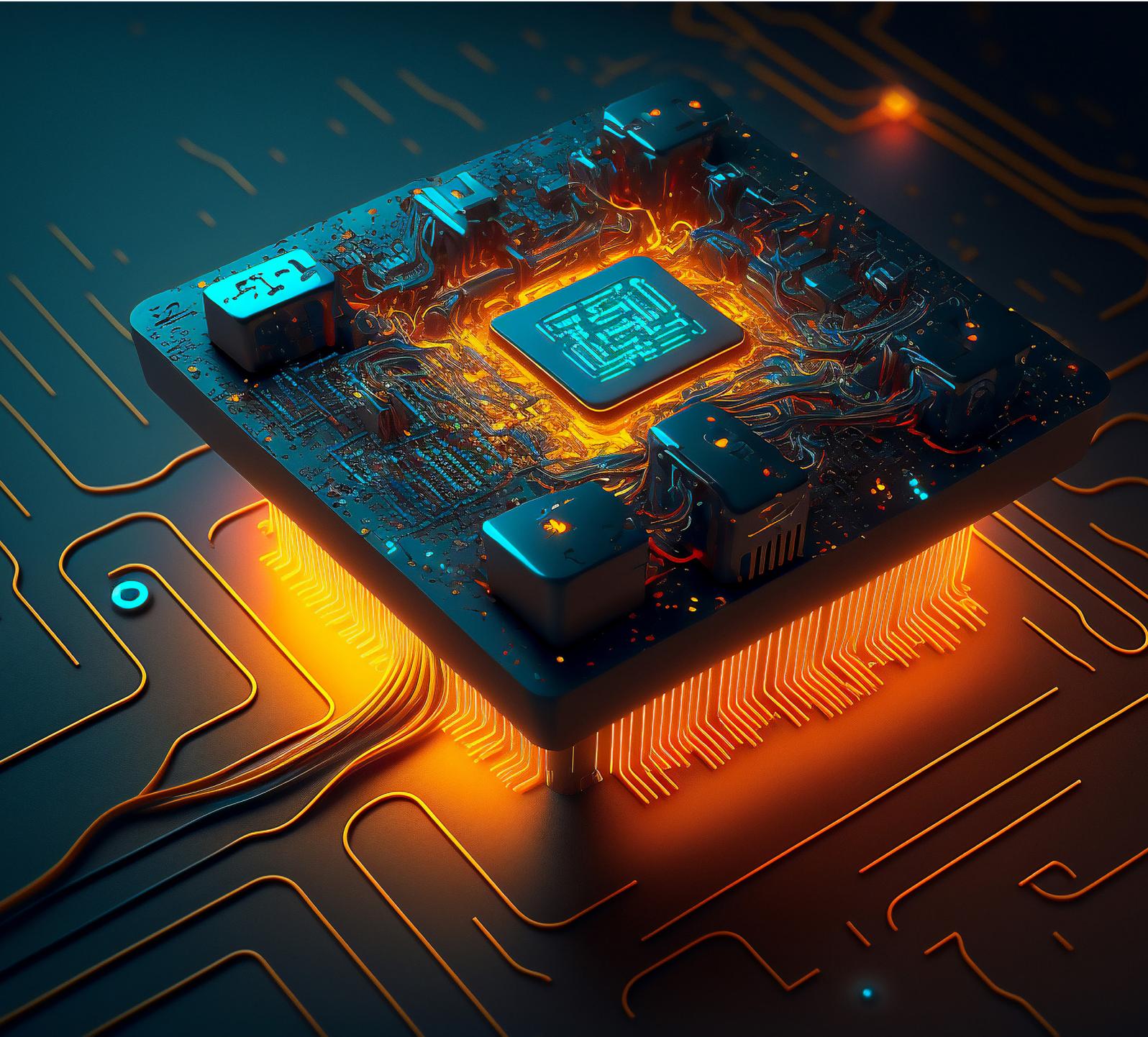
SHAPING SKILLS, PIONEERING INDUSTRIES, EMPOWERING FUTURES



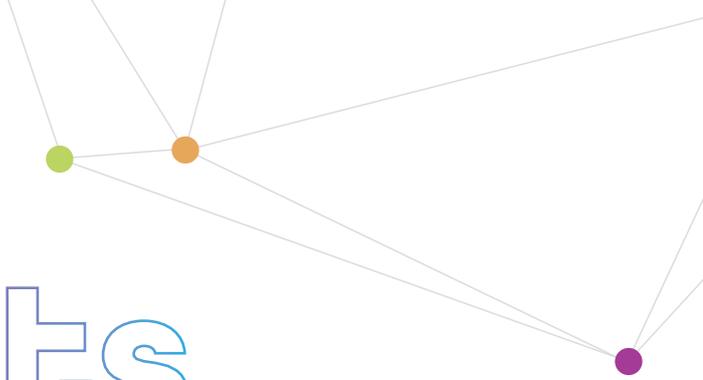
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SHAPING SKILLS, PIONEERING INDUSTRIES, EMPOWERING FUTURES



Developing advanced competencies to lead the MICT sector skills-building mechanism strategically, for promoting impactful economic inclusion of our beneficiaries.



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PART A

**GENERAL
INFORMATION**

1.1 MICT SETA'S **GENERAL INFORMATION**

REGISTERED NAME	Media, Information and Communication Technologies Sector Education and Training Authority
REGISTRATION NUMBER:	SETA Number 12
PHYSICAL ADDRESS:	Block 2, Level 3 West Gallagher House Gallagher Convention Centre 19 Richards Drive Halfway House Midrand 1685
POSTAL ADDRESS:	PO Box 5585 Halfway House 1685
TELEPHONE NUMBER/S:	+27 11 207 2600/3
FAX NUMBER:	+27 11 805 6833
EMAIL ADDRESS:	info@mict.org.za
WEBSITE ADDRESS:	www.mict.org.za
EXTERNAL AUDITORS:	The Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, 0081
BANKER'S INFORMATION:	South African Reserve Bank of SA (CPD): PO Box 427 Pretoria 0001 First National Bank: Carlswald, Postnet Suite 94 Private Bag X121 Halfway House 1685 First National Bank: Enterprise Road, FNB Building, 2nd Floor, Fairland 2170
BOARD SECRETARY:	Ms Nokwanda Qezu Kwanda.Qezu@mict.org.za +27 10 055 7949

1.2 LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AA	Accounting Authority
AET	Adult Education and Training
ARC	Audit and Risk Committee
AGSA	Auditor-General of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CAT	Computer Application Technology
CEO	Chief Executive Officer
CET	Community Education and Training
CFO	Chief Financial Officer
CIO	Chief Information Officer
CPUT	Cape Peninsula University of Technology
DCDT	Department of Communications and Digital Technologies
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
DST	Department of Science and Technology
DTT	Digital Terrestrial Television
EE	Employment Equity
ETDP	Education, Training and Development Practices
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FET	Further Education and Training
FINREMCO	Finance and Remuneration Committee
GOVCO	Governance and Strategy Committee
GRAP	Generally Recognised Accounting Practice
HET	Higher Education and Training
HR	Human Resources
HRDS	Human Resources Development Strategy
ICT	Information and Communication Technologies
ICTCOM	Information and Communication Technology Steering Committee
IESBA	International Ethics Standards Board for Accountants
IIA, SA	Institute of Internal Auditors
IMS	Information Management System
IoT	Internet of Things
IPAP	Industrial Policy Action Plan
IRBA	Independent Regulatory Board for Auditors
ISA	International Standards of Auditing
ISOE	Institute of Sectoral or Occupational Excellence
IT	Information Technology

OFO	Organising Framework for Occupations
OHSA	Occupational Health and Safety Act
SIC	Standard Industrial Classification
LMS	Learner Management System
LPD	Learning Programmes Division
MICT	Media, Information and Communication Technologies
MoU	Memorandums of Understanding
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NGO	Non-Governmental Organisation
NSA	National Skills Accord
NSDP	National Skills Development Plan
OLA	Operational Level Agreement
OQSF	Occupational Qualification Sub-Framework Policy
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NQF	National Qualifications Framework
PIVOTAL	Professional, Vocational, Technical and Academic Learning
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management System
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SCM	Supply Chain Management
SD	Skills Development
SAECO	Social and Ethics Committee
SDA	Skills Development Act
SDL	Skills Development Levy
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SIPs	Strategic Integrated Projects
SMME	Small, Medium and Micro-Enterprises
SSP	Sector Skills Plan
TIA	Technology Innovation Agency
TVET	Technical Vocational Education and Training (Previously known as FET Colleges)
SLA	Service Level Agreement
UIF	Unemployment Insurance Fund
W&RSETA	Wholesale and Retail Sector Education and Training Authority
SETA	Sector Education and Training Authority
PFMA	Public Finance Management Act
WSP	Workplace Skills Plan

1.3 FOREWORD BY THE **CHAIRPERSON**

MR SIMPHIWE THOBELA
CHAIRPERSON OF THE BOARD



I am honoured to present the MICT SETA Annual Report for the period spanning 1 April 2022 to 31 March 2023. This has been a transformative year, marked by significant progress and unwavering dedication from management, staff and the Board. The MICT SETA has once again demonstrated its resilience and commitment as a leading State entity and a key partner in developing critical skills for our nation. Guided by our steadfast executive authority, we have taken proactive measures to address challenges and seize opportunities to shape the future of skills development. Our recently approved 2020-2025 strategy serves as a compass, prioritising the skills required to meet the ever-evolving demands of our dynamic industry. Notably, the endorsement of our digital strategy has paved the way for ground-breaking advancements in skills, technology, media and systems development, enabling us to lead the way in the digital skills revolution. For inclusivity, we have developed a rural strategy, opening doors for individuals who have been traditionally marginalised from mainstream education and skills development opportunities. Strategic partnerships are the lifeblood of our success and I am proud to announce the addition of esteemed industry leaders and academic institutions to our growing network of collaborators. These partnerships empower us to forge ahead, creating innovative courses and fostering a culture of research and innovation. As we reflect on the accomplishments of the past year, we do not measure success by the size of our partners but by the collective impact we have achieved. Each contribution has played an integral role in our journey towards a thriving skills ecosystem. Together, we shall continue to push boundaries, leveraging cutting-edge technology and embracing emerging trends to solidify the MICT SETA's position as a trailblazer in skills development and a driving force behind national growth and prosperity. By leveraging strategic partnerships with industry leaders and academic institutions, we can co-create innovative courses and certifications that meet industry demands. This will enable us to equip our learners with the necessary expertise for success. This year has been a testament to our

determination to accelerate the Fourth Industrial Revolution (4IR) qualifications, positioning the MICT SETA as a key driver in shaping the workforce of the future. We remain resolute in our commitment to staying ahead of the curve and anticipating the evolving needs of industries impacted by the 4IR. The MICT SETA's proactive approach involves ongoing collaboration with industry stakeholders to identify emerging skill requirements and develop relevant qualifications meeting those demands. Our focus on agile and adaptable learning pathways ensures that our learners are equipped with the skills needed to navigate the ever-changing digital landscape. Through targeted initiatives, such as upskilling and reskilling programmes, we provide opportunities for individuals to acquire in-demand skills, empowering them to thrive in the digital economy. We also recognise the importance of continuous research and development, staying attuned to emerging technologies and industry best practices.

To further strengthen collaborations and foster effective partnerships, the MICT SETA has actively engaged in signing Memorandums of Understanding (MoUs) with key industry stakeholders. These MoUs serve as valuable frameworks for cooperation, enabling us to combine efforts, resources and expertise towards shared goals.

In an effort to assess and showcase our impact, the MICT SETA recently conducted a comprehensive impact study. This provided valuable insights into the outcomes and effectiveness of our programmes, highlighting the positive contributions made in developing skilled individuals, promoting employment and driving industry growth. The findings of the impact study have helped us refine our strategies and make informed decisions to maximise our impact and achieve even greater success.

In our continuous pursuit of operational excellence, the MICT SETA has launched a new Learner Management System (LMS) with a Sector Skills Planning (SSP) module. This state-of-the-art system allows for efficient management and tracking of learners,

“The MICT SETA is proud to announce that it achieved an unqualified audit opinion with no material findings in the year under review, indicating our commitment to sound financial management and adherence to regulatory requirements.”

ensuring seamless administration and accurate data analysis. The module facilitates effective planning and forecasting of skills requirements, enabling us to align our interventions with the evolving needs of the industry. It empowers us to make data-driven decisions, optimise resource allocation and enhance the overall effectiveness of our skills development initiatives as well as ensure user-friendliness.

Furthermore, I want to emphasise the availability of the Discretionary Grant and its corresponding window period. The grant offers funding opportunities to support projects and programmes aligned with the MICT SETA's strategic objectives. It provides a flexible mechanism to address emerging needs and support innovative initiatives contributing to the sector's growth and competitiveness.

Transparency and accountability are integral to the MICT SETA's operations and we recognise that good governance is essential in upholding these principles. We are fully committed to maintaining high standards of governance promoting transparency, ethical conduct and accountability throughout our organisation.

The MICT SETA adheres to reporting frameworks and guidelines set forth by regulatory bodies and principals, such as the Department of Higher Education, Science and Innovation. We provide comprehensive reports detailing our governance structures, strategic objectives, financial management and stakeholder engagement initiatives. These reports serve as the

window into our operations, affording stakeholders insight into our decision-making processes, resource allocation and overall performance.

GOVERNANCE

The MICT SETA is proactive in implementing mechanisms that promote accountability. We have established internal controls, risk management frameworks and performance monitoring systems to ensure that our activities align with legal and regulatory requirements. Regular audits and compliance reviews are conducted to assess our adherence to these standards. By effectively managing risks and identifying areas for improvement, we strengthen our accountability mechanisms and enhance the overall effectiveness of our governance practices.

As part of our commitment to good governance, the MICT SETA actively engages with external stakeholders including industry partners, government entities and communities. We seek input, feedback and constructive criticism to improve our governance practices and decision-making processes. This engagement creates a dialogue and fosters a sense of shared responsibility, enhancing our ability to effectively serve the needs of our stakeholders. Our commitment to transparent and accountable practices not only builds stakeholder confidence but ensures the effective use of resources and the successful achievement of our strategic objectives.

NEW INITIATIVES

The MICT SETA recognises the significance of supporting young entrepreneurs and their prospects for success. To address this need, we have implemented the New Venture Creation level 2 skills programme. This initiative equips aspiring young entrepreneurs with the essential skills, knowledge and resources to effectively establish and manage their businesses. The programme offers a comprehensive curriculum covering critical areas such as business planning, financial management, marketing and sales strategies. By providing participants with a solid foundation in entrepreneurship and practical business skills, we are empowering them to navigate the challenges of starting and running their own ventures. Through this initiative, the MICT SETA is strategically contributing to growing a vibrant entrepreneurial ecosystem, fostering innovation, job creation and economic development.

As part of our ongoing commitment to innovation and continuous improvement, the newly established shared services model aims to transform the SETA landscape. This innovative approach will revolutionise the way we identify, design, acquire, develop and deploy advanced technologies. By adopting this model, we aim to raise the standard and positioning of SETAs by optimising technology adoption and maximising operational efficiency. Through collaborative resource pooling, expertise sharing and implementing best practices, we shall leverage superior technologies to enhance the effectiveness of our operations. The shared services model reflects our commitment

to staying at the forefront of technological advancements and delivering superior services to our stakeholders.

In supporting Small, Medium, and Microenterprises (SMMEs) growth and development, the MICT SETA recognises their vital role in fostering economic prosperity and job creation and have implemented targeted initiatives and programmes tailored to address their specific needs. Through capacity-building workshops, mentorship programmes and access to funding, we empower SMMEs to thrive in the digital economy. By providing them with the skills, knowledge and resources, we contribute to their sustainability and enable them to effectively compete in the market. The MICT SETA remains dedicated to nurturing the entrepreneurial spirit and supporting SMMEs as catalysts for economic growth and inclusive development.

The SETA has developed and obtained Quality Council for Trades and Occupations (QCTO) accreditation for no less than 38 new courses and is finalising the realignment of about 22 others.

The expiry of historical qualifications on the Occupational Qualifications Sub-Framework (OQSF) on 30 June 2023 marks an important milestone in the ongoing evolution of qualifications within the MICT sector. It signifies a shift towards aligning qualifications with current industry needs and standards. As these historical qualifications reach their expiry date, it emphasises the need for learners, skills development providers



and industry stakeholders to transition to updated and relevant qualifications.

The MICT SETA is committed to ensuring learners have access to qualifications equipping them with the skills for the digital age and enabling them to thrive in the dynamic MICT sector.

Consequently, we spent close to a billion rand (R771.5 million) on Discretionary Grants and R188 million on Mandatory Grants.

OVERVIEW OF THE STRATEGY AND PERFORMANCE OF MICT SECTOR

The MICT SETA is proud to announce that it achieved an unqualified audit opinion with no material findings in the year under review, indicating our commitment to sound financial management and adherence to regulatory requirements. This outcome is a testament to our robust governance practices and the effectiveness of our internal controls. We acknowledge the few areas for improvement identified and are dedicated to addressing them in a timely and proactive manner.

Furthermore, we are pleased to report that the MICT SETA has made significant progress in successfully achieving its strategic-oriented goals as outlined in our strategic plan and annual performance plan. Through diligent execution and collaboration with our stakeholders, we have made substantial strides in equipping individuals with the critical skills required in the rapidly evolving MICT sector. Our training programmes have empowered learners to embrace digital transformation, fostering a future-ready workforce that can thrive in the digital economy.

By promoting inclusivity and equal opportunities via encouraged SMME participation, we are ensuring all individuals have the chance to participate in and benefit from the digital revolution.

The achievements and outcomes of the year are the result of our collective efforts, working in close partnership with industry stakeholders, partners, government entities and training providers. We are grateful for their continued support and collaboration, as it has been crucial in driving the success and impact of the MICT SETA.

STRATEGIC RELATIONSHIPS

In the ever-evolving landscape of skills development, establishing and cultivating strategic relationships are crucial for the success and sustainability of the MICT SETA. These strategic relationships provide an avenue for collaboration and partnership with various stakeholders including professional bodies, industry experts, academic institutions and other organisations within the sector. The MICT SETA established relationships with constituent employers, labour organisations,





national departments, professional bodies and industry associations as well as TVET colleges and universities.

CHALLENGES FACED BY THE BOARD

The current Board has three vacancies that may impact on constituency in the sector. It is prioritising filling these vacant positions. The entity has progressed in filling senior manager positions in the current year that presented our commitment to build an agile team and optimism towards attaining organisational stability for the entity to meet its objectives. The appointment of females at senior management level is a strategic imperative to advance employment equity. By prioritising employment equity, the MICT SETA is proactively driving innovation, creativity and sustainable success through a broader and more representative leadership team.

THE YEAR AHEAD

In the year ahead, we shall continue driving our mission to strategically lead the MICT sector skills development system in support of meaningful economic participation of our beneficiaries to improve socio-economic conditions. Our focus remains on staying at the forefront of the 4IR, anticipating industry needs and aligning our programmes to meet those demands. We shall actively engage with industry leaders, academic institutions and stakeholders to identify emerging trends and shape our training interventions accordingly. By forging strategic partnerships, we shall ensure our learners have

access to cutting-edge knowledge and practical experiences empowering them to thrive in the digital economy.

Stakeholder confidence and exceptional service delivery in line with the Batho Pele principles are key pillars of the MICT SETA's operations. This encompasses efficient administration processes, streamlined procedures and timely responses to enquiries and requests. Through continuous process improvement and technology use, we shall strive to enhance our stakeholders' overall experience, ensuring their interactions with the MICT SETA are seamless, effective and valuable.

We recognise that our stakeholders including industry partners, learners, skills development providers and the broader community, place their trust in us to deliver on our mandate. We shall continue to engage with our stakeholders through open and transparent communication channels, actively seeking their input and feedback to shape our programmes and initiatives. By fostering strong relationships and demonstrating our dedication to their success, we shall instil confidence and foster long-term partnerships.

ACKNOWLEDGEMENTS AND CONCLUSION

I extend my sincere appreciation and admiration for the outstanding leadership demonstrated by Honourable Minister Dr Blade Nzimande whose unwavering commitment has been

instrumental in guiding and empowering the MICT SETA to fulfil its skills development mandate. Additionally, I express my gratitude for the invaluable support and dedication provided by the Deputy Minister Mr Buti Manamela, Director-General Dr Nkosinathi Sishi and Deputy Director-General Mr Zukile Mvalo whose collective efforts have played a pivotal role in driving the SETA's mission with remarkable success.

I also express my heartfelt appreciation to all the individuals and organisations who have contributed to the success of the MICT SETA during the reporting period. Our dedicated management and employees at large, Board members, industry partners, skills development providers, learners and stakeholders have played an invaluable role in shaping our accomplishments. Their unwavering support, collaboration and commitment have been instrumental in advancing our mission of skills development and industry growth. I extend my sincere gratitude to each and every one of them for their contributions and trust in the MICT SETA.

In conclusion, the period covered by this report has been marked by resilience, progress and unwavering dedication. The MICT SETA has continued to navigate the dynamic landscape of skills development, ensuring our programmes and initiatives align with industry demands and national development priorities. Our commitment to good governance, transparency and accountability has remained steadfast, underpinning our operations and fostering stakeholder confidence.

Looking ahead, we are inspired by the opportunities that lie before us. We shall continue developing critical skills for the digital age, embracing innovation and adapting to emerging trends. Through strategic partnerships, stakeholder engagement and responsible decision-making, the MICT SETA

will play a pivotal role in shaping the future of our industry and contributing to the growth and prosperity of our nation.

I am immensely proud of the accomplishments we have achieved together and the positive impact we have made on individuals, communities and industries. As we move forward, let us remain united in our pursuit of excellence, collaborative in our efforts and unwavering in our commitment to empowering individuals through skills development.

Thank you once again to all who have contributed to our success. With your continued support, the MICT SETA will continue as a driving force in building a skilled and prosperous South Africa.

Thank you



Mr Simphiwe Thobela

Board Chairperson

31 August 2023

1.4 OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

MR MATOME MADIBANA
CHIEF EXECUTIVE OFFICER



I am immensely proud of the significant strides we have made in driving skills development and fostering industry growth within the Media, Information and Communication Technologies sector.

As a skills development entity, we understand the pivotal role we play in advancing the national agenda. The MICT SETA stands as a beacon of progress, driving the agenda of skills development and industry growth aligned with our national imperatives. Together, we forge ahead in this critical endeavour, embodying the principles of transformation, economic empowerment and social cohesion.

Our strategic mandate, fortified by a steadfast dedication to excellence, encompasses a multifaceted approach to skills development that transcends mere education. It serves as a catalyst for societal transformation, empowering individuals from all walks of life to seize the opportunities presented by the rapidly evolving digital landscape. By nurturing talent, fostering entrepreneurship and instilling a culture of innovation, we uplift communities, drive economic advancement and pave the way for a prosperous South Africa.

In the face of formidable challenges, we have remained undeterred, leveraging our strategic partnerships to amplify our impact. Collaboration with industry leaders, government bodies and educational institutions has been instrumental in ensuring our programmes and initiatives resonate with the needs of our nation. Together, we harness the power of synergy, leveraging collective wisdom and resources to navigate the complexities of the digital age.

As the MICT SETA, we embrace our role as pioneers of change in skills development within the media and ICT sector, leading the change towards a future that leaves no one behind. We steadfastly champion inclusivity, recognising the diverse tapestry of our society and the imperative to bridge the digital divide. Through targeted interventions, we have empowered historically marginalised communities, providing them with

equitable access to the transformative potential of digital skills. By doing so, we catalyse social upliftment, nurture talent and dismantle barriers impeding progress.

It is with an unwavering commitment to good governance and accountable leadership that we navigate these uncharted waters. We adhere to rigorous standards of transparency, efficiency and prudent financial management, embodying the principles of ethical conduct and responsible decision-making. By upholding these principles, we honour the trust bestowed on us, ensuring every resource is maximised in pursuing our collective mission. As we reflect on our achievements, we do so not in isolation, but as a united force propelled by the vision of a prosperous, digitally enabled South Africa. We highlight the diverse range of programmes, initiatives and partnerships contributing to our achievements and performance in this 2022/23 reporting period.

The MICT SETA collaboratively with the industry made the following significant strides:

- In embracing the profound opportunities brought forth by the 4IR, we have implemented a robust digital skills strategy that ensures we are at the forefront of responding to the dynamic landscape of emerging technologies and their impact on skills requirements. By equipping individuals with the digital skills necessary to thrive in the digital economy, we empower them to embrace the boundless opportunities that the 4IR presents. We have successfully developed 38 occupational qualifications in the following key fields: Artificial Intelligence (AI), Cybersecurity, Cloud Computing, Design Thinking, Data Science, Internet of Things (IoT), Systems Thinking, Robotic Process Automation, e-Waste, Drone Technology, Blockchain, 3D Printing, Optic Fibre, Extended Reality (Augmented and Virtual Reality) and Mobile repairs.
- Underpinning our success is the strategic partnerships we have cultivated in various sub-sectors. These serve

“I am delighted to report that the MICT SETA’s performance has significantly improved over the past three years of its strategy implementation. ”

as catalysts for collaboration, knowledge sharing and industry-driven innovation. By engaging with leading organisations, professional bodies, SMMEs and academic institutions, we leverage collective expertise, tap into emerging trends and co-create solutions addressing the sector’s ever-evolving needs. These strategic partnerships not only enhance our capacity to deliver relevant programmes and initiatives, but foster an ecosystem of innovation and excellence. The following key partnerships have been forged in the 4IR strategic focus areas: Digital Council Africa (Optic Fibre); MLAB (IoT); CXI Africa (Extended Reality); AI & Machine Learning; Phumelela Consulting (3D printing); Mafikeng Digital Innovation Hub (Artificial Intelligence); Forge Academy (5G) and Aviwe BDS (Digital Terrestrial Television).

- Through our 4IR incubation programmes, we have successfully supported and guided the growth of three exceptional initiatives, each poised to disrupt the industry. These visionary ventures have harnessed the power of AI to develop ground-breaking solutions that address complex challenges and unlock unprecedented opportunities. Their potential for transformative impact is undeniable and we are proud to have played a pivotal role in nurturing their journey from ideation to reality. Additionally, through our achievement, we have witnessed the registration of three cooperatives specialising in IoT, Fibre Optics, and 5G Technologies, empowering aspiring entrepreneurs to contribute to the digital ecosystem. Through our 4IR learning programmes, 27 companies were registered including DTT installers and 61 jobs that include absorbing optic fibre technicians by Herotel, software developers by Softstart, Forge Academy, and MDiHub and 3D printing employment opportunities at Phumelela Consulting. These achievements embody our dedication to fostering innovation, creating employment and shaping a future driven by transformative technologies.
- One more significant initiative pertains to the University of Johannesburg (UJ) research Chair-led project of developing an intranet portal through a partnership with the MICT SETA. The project is aimed at creating a centralised digital platform for internal stakeholders, facilitating seamless communication, collaboration and knowledge sharing. The focus is on improving productivity and efficiency within the organisation by providing easy access to resources, promoting information sharing and keeping employees informed. Other Research Chair projects include the Cybersecurity Plan and the MICT SETA Enterprise Architecture and ICT Master Plan with the Cape Peninsula University of Technology (CPUT), University of Limpopo (UL) and SETA Times website.
- The Discretionary Grant funding window opened in the second quarter of the financial year and saw an overwhelming interest, testament to the industry’s recognition of the immense value and impact that can be achieved through targeted funding initiatives. The MICT SETA reviewed and granted funding to proposals demonstrating a strong development impact, emphasising projects and programmes that contribute to the sector’s growth, transformation and sustainability.
- In the year under review, the MICT SETA maintained skills development support for SMMEs, entrepreneurship programmes, co-operatives and community-based organisations.
- Operational efficiencies remain a cornerstone of our organisational priorities. We have diligently focused on adopting cutting-edge systems and technologies to streamline our operations and enhance service delivery to our valued stakeholders. The launch of our LMS with the SSP module has significantly improved our ability to effectively plan, monitor and deliver skills development programmes aligned with the evolving needs of the sector. This technological advancement ensures our stakeholders

receive a seamless and tailored experience, optimising their engagement with our offerings. Our digital transformation journey has enabled us to implement efficient systems across finance, Supply Chain Management (SCM) and Human Resources (HR). These systems optimise processes, ensuring accurate financial reporting, streamlined procurement, effective HR management and enhanced stakeholder system experiences. As we evolve, we shall add new modules to our learning programmes offering and uphold quality assurance standards set by our Education and Training Quality Assurance (ETQA) division.

- Our stakeholder relations approach is multi-faceted, encompassing organisational engagement, CEO roadshows and strategic collaboration stakeholder visits with the Accounting Authority. We have worked closely with skills development providers, industry associations and government departments to enhance their capacity in delivering quality training, developing relevant curricula and ensuring compliance with industry standards. Through targeted capacity-building initiatives, we empowered stakeholders to excel in their respective roles and contribute to the sector's overall growth and transformation in this financial year.
- Our commitment goes beyond our core stakeholders as we embrace broader social responsibility. We prioritise uplifting communities and aim to form partnerships that contribute to the socio-economic development of marginalised areas. By leveraging our resources and expertise, we make a lasting impact in addressing societal challenges and

promoting inclusive growth. A notable project supported in the 2022/2023 financial year was a collaborative initiative with the MICT SETA stakeholder Hitachi Vantara that launched the Computer Application Technology (CAT) curriculum in partnership with Hitachi Vantara Global Learning at Mmakgabo Secondary School in Limpopo. This was a pilot launch of a full-scale CAT laboratory providing learners with the necessary infrastructure.

- In our relentless pursuit of excellence, we have established robust governance structures including the Social and Ethics Committee. This committee plays a pivotal role in ensuring ethical conduct, responsible decision-making and alignment with regulatory requirements. By upholding the highest standards of governance, transparency and accountability, we build trust with our stakeholders and maintain the highest level of integrity in all our operations.

ORGANISATIONAL PERFORMANCE

I am delighted to report that the MICT SETA's performance has significantly improved over the past three years of its strategy implementation. In the year under review, the SETA planned to implement 57 output indicators as set out in the APP of which 54 (95%) were attained. This compares to a 90% and a 75% in 2021/22 and 2020/21 respectively. The excellent and steady improvement in performance can be attributed to management's dedication and concerted effort to deliver on the SETA's mandate of driving skills development within the sectors in which it operates.



Regional Skills development Stakeholder engagements



CAPACITY CONSTRAINTS AND CHALLENGES

The Board revised the MICT SETA organogram from 114 employees to 121 employees with the Chairperson granting approval. All Senior Management positions were filled as well as most vacant positions, the exceptions being non-graded positions. A service provider was appointed for job grading, job evaluation and salary benchmarking to ensure the MICT SETA is the employer of choice and is competitive with other SETAs and state entities doing similar work. The SETA has made significant progress in filling strategic positions while remaining mindful of the 10.5% administration budget. As of 31 March 2023, the SETA was operating at 88% employee capacity with 15 fixed-term contract employees to achieve the organisation's mandate. The SETA retained key employees during the year under review with only eight employees leaving the organisation either for greener pastures or personal reasons.

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

The entity received R1 billion in Skill Development Levies income, a notable 10.83% increase from the previous year's R988 million. This is attributed to the improved economy within the sector, surpassing initial expectations. Furthermore, the entity received R9.1 million for the labour activation project implemented with the Unemployment Insurance Fund (UIF).

EXPENDITURE

We disbursed R188 million in Mandatory Grants, reflecting a 7.03% increase from the R176 million spent in the corresponding period. The payout ratio for the current year stands at 71%.

The organisation spent R771 million to Discretionary Grant expenditure, marking a 76.29% increase. This growth can be attributed to enhancements in issuing Service Level Agreements (SLAs) and the improved payment process. Included in Discretionary Grant expenditure is the MICT SETA's 20% portion dedicated to implementing the UIF labour activation project which was completed in the year under review. Additionally, R100 million was reallocated from the special projects budget to the Discretionary Grant budget.

Administration expenditure was R25 million or 20,43% more than the comparative period, the entity's administration expenditure below is the threshold of 10.5% as the regulation requires.

IRREGULAR EXPENDITURE

The Audited Annual Financial Statements reflect an irregular expenditure amount of R1.3 million. This includes R1.2 million paid as fees to the Accounting Authority but was later written off as per paragraph 57 of the irregular expenditure framework. The remaining portion of the irregular expenditure, amounting to R100 000, relates to procurement of services conducted without following proper procurement process.

COMMITMENT REGISTER

The entity has a committed balance of R467 million at the end of the 2022/23 financial year, reflecting a 18.89% decrease due to increased in Discretionary Grant expenditure and additional writes-back against contracts with dropouts and non-implementation.

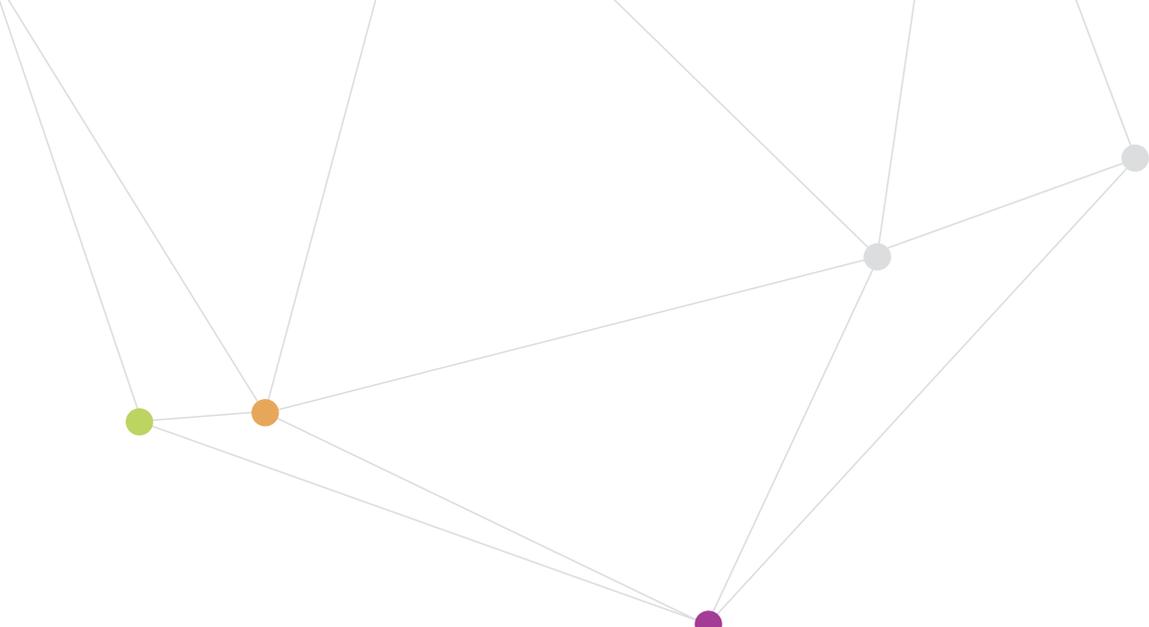
AUDIT REPORTING MATTERS

Our audit outcome of an unqualified opinion with no findings is welcomed. We continue to strengthen and monitor our internal control environment to ensure sound governance employee accountability and the maintenance of an excellent internal control environment.

POST BALANCE SHEET EVENTS

The MICT SETA appointed Mr Mthenjwa Mseleku as the Chief Financial Officer (CFO) on 1 April 2023. Mr Mseleku previously served as the Finance Manager and had acted as the CFO since May 2022, when the former CFO was placed on precautionary suspension.

In addition, the MICT SETA appointed Ms Kwanda Qezu as the new Board Secretary in May 2023. This appointment followed the resignation of the former Board Secretary in March 2023.



ECONOMIC VIABILITY

The MICT SETA remains economically viable despite room for improvement in broadening the levy income base. No policy reforms must be undertaken since financial viability is not at risk.

REQUEST FOR ROLLOVER OF FUNDS

The MICT SETA had a R531 million cash surplus at the end of the 2022/23 financial year and has requested a rollover into the 2023/24 financial year for discretionary projects to which it has already committed and is legally obliged to fulfil.

CONCLUDED UNSOLICITED BID PROPOSALS

The organisation is not aware of any unsolicited bids that were concluded during the period under review.

DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

There are no discontinued activities or intentions to stop any actions of the MICT SETA.

NEW OR PROPOSED KEY ACTIVITIES

- Live LMS system
- SSP model

SUPPLY CHAIN MANAGEMENT (SCM)

The SCM system consists of six core processes: demand, acquisition, logistics, disposal, risk management and practical contract performance evaluation and monitoring. Ongoing implementation of the ERP system will further enhance our systems and controls. However, the division would require further workforce capacity in terms of additional experienced specialists and qualified resources. Therefore, as part of the amendment in the organogram structure, the board agreed to appoint a manager: legal and contracts to strengthen the SCM.

APPRECIATION

Thank you to the MICT SETA Accounting Authority, Audit and Risk Committee (ARC), Auditor-General of South Africa (AGSA), National Skills Authority (NSA), relevant portfolio committee of higher education and governance committees for their ongoing guidance in steering the ship and to all employees. Various Accounting Authority sub-committees played an essential role in ensuring better processing of the MICT SETA Accounting Authority resolutions and priorities and keeping the administration on its toes when it came to targeting execution. Further appreciation is extended to our broader stakeholders who are at the heart of our operations and the Ministry's office for its invaluable contributions and guidance in ensuring that we continue to provide better services to South Africans. Finally, the SETA's dedicated employees, the game-changers without whom we are nothing.

We applaud our employees' tenacity in going beyond the call of duty to help the SETA achieve its strategic goals in these unprecedented times. Areas requiring continuous improvement will be addressed and prioritised across the entity. Instilling a culture of improved accountability remains at the forefront of our priorities to assist the MICT SETA effectively and efficiently fulfil its mandate.

Thank you

Mr Matome Madibana

Chief Executive Officer (CEO)

31 August 2023

1.5 STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

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

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General South Africa.
- The Annual Report is complete, accurate and free of any omissions.
- The Annual Report has been prepared in accordance with the guidelines as issued by National Treasury.
- Audited Annual Financial Statements (Part F) were prepared in accordance with the SA GRAP standards applicable to the public entity.
- The Accounting Authority is responsible for preparing the Annual Financial Statements and for judgements made in this information; establishing and implementing a system of internal controls designed to provide reasonable assurance of the integrity and reliability of the performance information; human resource information and the Annual Financial Statements.
- The Auditor-General South Africa is engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the organisation's operations, performance information, governance, human resource information and financial affairs for the financial year ended 31 March 2023.



Mr Matome Madibana

Chief Executive Officer

31 August 2023



Mr Simphiwe Thobela

Board Chairperson

31 August 2023

1.6 STRATEGIC OVERVIEW



VISION

Cutting-edge future skills.



MISSION

To strategically lead the MICT sector skills development system in support of meaningful economic participation of our beneficiaries for improved socio-economic conditions.



VALUES

- Customer Centricity
- Ethical
- Innovative
- Committed
- Meritocracy
- Collaborative

1.7 LEGISLATIVE AND OTHER MANDATES

The Media, Information and Communication Technologies Sector Education and Training Authority (MICT SETA) is a public entity established in terms of the Skills Development Act No. 97 of 1998 and listed as a schedule 3A entity as per the Public Finance Management Act No. 29 of 1999 (PFMA). The MICT SETA operates within the following legislative mandates:

CONSTITUTIONAL MANDATES

The MICT SETA's mandate is duly derived from sections 194 and 195 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) that guides its operations in the following focus areas:

- Promoting and maintaining high ethical standards.
- Providing service impartially, fairly, equitably and without bias.
- Utilising resources efficiently and effectively.
- Responding to people's needs where citizens are encouraged to participate in policymaking.
- Rendering an accountable, transparent and development-oriented administration.

LEGISLATIVE MANDATES

Its legislative mandates are drawn from the following sections within the Constitution:



NAME OF LEGISLATION	MANDATE
Skills Development Act (SDA) 1998 (Act No. 97 of 1998) as amended	To support skills development within the MICT SETA sector by: <ul style="list-style-type: none"> • Implementing its SSP. • Promoting Learnerships in each sub-sector. • Performing the functions of an education and training quality assurance body. • Liaising with the NSA on skills development matters. • Concluding a SLA with the Department of Higher Education and Training Director-General (DG) in terms of section 10A of the Act. • Promoting the national standard established in terms of section 30B of the Act and • Submitting budgets, reports and financial information required in terms of the Public Finance Management Act, 1999 to the Department of Higher Education and Training DG.
MICT SETA Constitution	Facilitate involvement of the line function government departments in SETA activities and promote SMME training to enable them to qualify for public contracts. Perform any duties imposed by the Act and actively pursue concrete measures to achieve the Act's applicable objectives.
Skills Development Levies Act (SDLA), 1999 (Act No. 09 of 1999)	The Act requires the MICT SETA to use all monies received in terms of the Skills Development Levies Act to administer its activities. The MICT SETA will pay all compliant employers within its sector their Mandatory Grants and implement its SSP and APP as contemplated in the Treasury regulations by allocating Discretionary Grants in accordance with the Skills Development Levies Act.
Regulations published in the Government Gazette, No. 35940, 3 December 2012 regarding monies received by a SETA and related matters	Comply with Government Gazette, No. 35940 regulations when administering levies received from employers falling within its sector in the following manner: <ul style="list-style-type: none"> • Total levies received by a SETA: 80% • Mandatory Grants: 20% • Discretionary Grants: 49.5% • Administration: 10.5%

NAME OF LEGISLATION	MANDATE
The National Qualifications Framework Act (NQF), (Act No. 67 of 2008)	<p>The NQF objectives:</p> <p>To create a single integrated national framework for learning achievements;</p> <ul style="list-style-type: none"> • facilitate access, mobility and progression within education, training and career paths; • enhance the quality of education and training; and • accelerate the redress of past unfair discrimination in education, training and employment opportunities. <p>In contributing to these objectives, the MICT SETA allocates 80% of its Discretionary Grants to implement NQF-aligned PIVOTAL programmes via learnerships, skills programmes, bursaries, work integrated learning (WIL) and professional programmes.</p>
Public Finance Management Act (PFMA) (Act No. 29 of 1999)	<p>Ensure revenue, expenditure, assets and liabilities entrusted to the SETA are managed efficiently and effectively and manage the budget preparation process as well as monitor its implementation and report to National Treasury accordingly.</p> <p>Ensure compliance with the PFMA by establishing banking accounts, use all monies received in terms of the Skills Development Levies Act to:</p> <ul style="list-style-type: none"> • Administer the SETA's activities; • Pay employers their Mandatory Grants; • Implement its SSP and APP as contemplated in the Treasury regulations issued in terms of the Public Finance Management Act by allocating Discretionary Grants; and • Transfer any unclaimed mandatory funds and any interest accrued each financial year into the discretionary fund.
Employment Equity Act (EE), 1998 (Act No. 55, 1998)	<p>The main purpose of the Employment Equity Act is to achieve equality in the workplace by promoting equal opportunity and fair treatment by eliminating unfair discrimination and implementing positive measures (affirmative action) to ensure the equitable representation of black people, women and people with disabilities at all levels in the workplace. In contributing to the decrees of this Act, the MICT SETA will ensure steps to prevent discrimination in any employment policy or practice are taken. The MICT SETA will ensure unfair discrimination with regards to race, sex, pregnancy, HIV status and religion among others will be always curbed.</p>
Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017	<p>Section 217 of the Constitution states when an organ of state in the national, provincial or local government or any other institution identified in national legislation, contracts for goods or services, it must do so in line with a fair, equitable, transparent, competitive and cost-effective system. Furthermore, it stipulates the need to implement a procurement policy that provides for categories of preference in allocating contracts and protecting or advancing persons or categories of persons disadvantaged by unfair discrimination. The purpose of the Preferential Procurement Policy Framework Act is to promote an inclusive economy and ensure SMMEs are afforded more opportunities in government procurement. The MICT SETA will ensure full compliance with this legislation to enhance participation for an inclusive economy.</p>
Broad-Based Black Economic Empowerment (BBBEE)	<p>The BBBEE protocol has an important influence on the MICT sector. Its codes of good practice were launched in 2007 and provided a measurement framework in terms of the BEE Act 53 of 2003. Although the 2007 codes encouraged voluntary compliance, the current codes appear punitive in nature. The codes, effective 2015, provide some guidance in dealing with various elements. Skills development has been classified as a priority element and thus there is no deviation from the measurement principles, yet the sector (through a revised ICT charter) can adjust targets and weightings. The MICT SETA Strategic Plan: 2020-2025 Strategic Plan 30 November 2020 Submission Page 12 as a priority element, a sub-minimum of 40% of the total weighing points must be achieved. This means employers are obliged to score at least eight out of a possible 20 points on the skills development scorecard. Failure to achieve sub-minimum results in the overall BEE score means the company is automatically docked by one level. The target for skills development is 6% of payroll; an increase from the previous code's 3%. However, the amount can be spent on both employed and unemployed persons although the training must mirror the economically active population of the province or region in which the business operates. The MICT SETA constantly engages with employers and industry bodies to advance BBBEE. Given internships are now fully recognised on the same level as learnerships in the score card (as well as placement after completion), the SETA will intensify its support for employers implementing both programmes for BBBEE purposes while also addressing youth unemployment challenges. Additionally, the SETA will align vendor programmes with the NQF registered programmes for employers to benefit in terms of BBBEE while maximising support in addressing their skills needs.</p>

1.8 OTHER LEGISLATIVE FRAMEWORKS

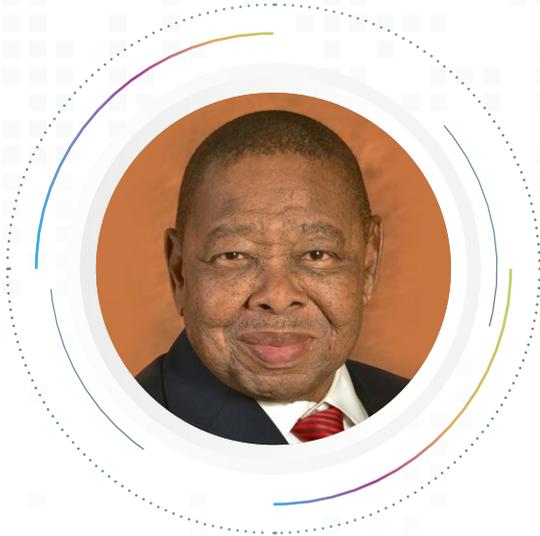
The MICT SETA, as one of the strategic SETAs dedicated to responding to the NDP's outcomes aimed at addressing the country's social and economic challenges implements its programmes within the following legislative frameworks and key government policies:

- National Skills Development Plan (NSDP)
 - National Development Plan (NDP)
 - National Development Plan Five-Year Implementation Plan
 - Industrial Policy Action Plan (IPAP)
 - Medium-Term Strategic Framework (MTSF)
 - Ten-Year Innovation Plan
 - Strategic Integrated Projects (SIPs)
 - National Skills Development Strategy (NSDS) III
 - Municipal Integrated Development Plans
 - Provincial Growth And Development Strategies
 - White Paper on Post-Schooling Education and Training and
 - National Integrated ICT Policy Review Report
- POLICY MANDATES**
- The MICT SETA's policy mandate is addressed in the MICT SETA constitution, Government Gazette No. 35336 of 11 May 2012 and related policies to:
- Implement the SSP.
 - Promote learnerships in each of the SETA's sub-sectors.
- Perform the functions of an education and training quality assurance body.
 - Liaise with the national skills authority on skills development matters.
 - Conclude an SLA with the Department of Higher Education and Training DG in terms of section 10A of the Skills Development Act, No. 97 of 1998.
 - Promote the national standard established in terms of section 30B of the Skills Development Act, No. 97 of 1998.
 - Submit budgets, reports and financial information required in terms of the Public Finance Management Act, No. 1 of 1999 to the Department of Higher Education and Training DG.
 - Facilitate the involvement of relevant government departments in the SETA's activities to:
 - address competency requirements for service delivery;
 - address learning needs of the most vulnerable segments of the sector;
 - promote training in SMMEs to enable them to qualify for public contracts; and
 - perform any duties imposed by the Act and actively pursue concrete measures to achieve its objectives.

1.9 RELEVANT COURT RULINGS

There were no court rulings in the financial year under review.

1.10 EXECUTIVE AUTHORITY



DR BLADE NZIMANDE
Minister of Higher Education,
Science and Innovation



MR BUTI MANAMELA
Deputy Minister of Higher Education,
Science and Innovation

DHET LEGISLATIVE MANDATE

- The Higher Education Act provides a unified and nationally planned system of higher education and for the statutory Council on Higher Education (CHE) ([link www.che.org.za](http://www.che.org.za)).
- The National Student Financial Aid Scheme (NSFAS Act) grants loans and bursaries to eligible university students and for the administration of such loans and bursaries.
- The Further Education and Training Act (AET Act) establishes public and private adult learning centres.
- The Adult Education and Training Act (FET Act) governs and funds of technical and vocational education and training (TVET) colleges (previously FET colleges) and matters related to providing an FET college education.
- The Continuing Education and Training Act, 2006, (Act No 16 of 2006).
- The National Qualifications Framework Act (NQF Act) manages the NQF via level dispensations and related matters as well as for qualifications and quality assurance of qualifications required on the NQF sub-frameworks.
- The Skills Development Levies Act imposes skills development levies and matters related thereto.
- The Skills Development Act creates a national skills agency, establishes the quality council for trades and occupations and regulates apprenticeships and learnerships and matters related to skills development.

1.11 ACCOUNTING AUTHORITY



1.12 ORGANOGRAM

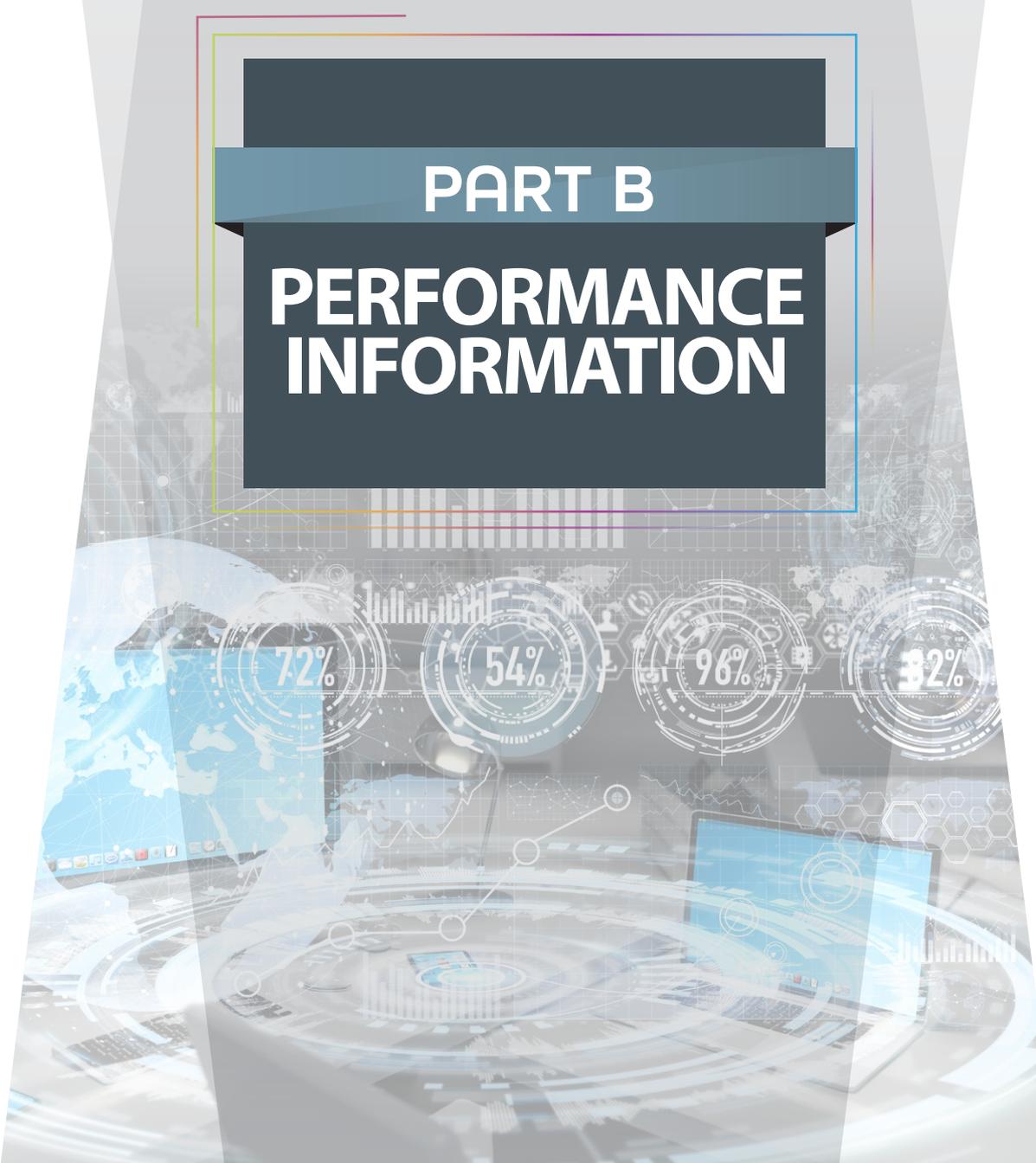


*Ms Kwanda Qezu was appointed Board Secretary effective 01 May 2023.

**Mr Mthenjwa Mseleku was appointed as the Chief Financial Officer effective 01 April 2023, prior to that he was acting in the position since May 2022.

PART B

PERFORMANCE INFORMATION



2.1 AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

The Auditor-General South Africa has performed procedures to obtain evidence about the usefulness and reliability of performance information reported against predetermined objectives to provide reasonable quality assurance via an audit conclusion. The audit outcome is included in the audit report to management.

Refer to pages 80 to 83 of the Auditor-General's Report published in Part F: Financial Information.

2.2 OVERVIEW OF THE MICT SETA PERFORMANCE

2.2.1 SERVICE DELIVERY ENVIRONMENT

The MICT sector occupies a large share of the broader services sector. Apart from a few sub-sectors involved in producing goods, the sector falls mainly within the provision of services. The MICT sector is made up of five inter-related, but quite distinct sub-sectors:

- Advertising
- Film and electronic media
- Electronics
- Information technology (IT) and
- Telecommunications.

These sub-sectors are increasingly converging into a single ICT ecosystem as information, telecommunications, advertising and even film are streamed using similar technologies. The sector is premised on the convergence between content.

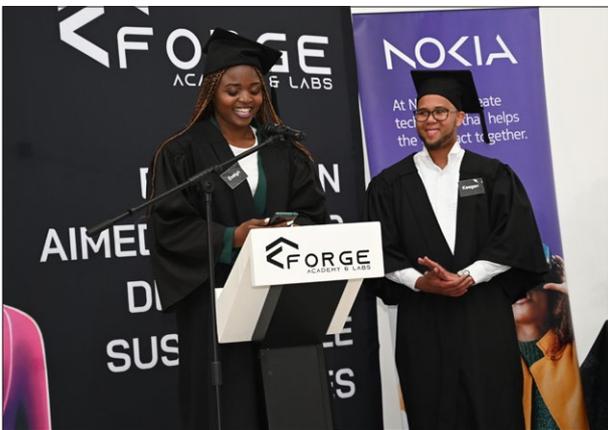
The MICT sector currently has 32,985 employers spread across the five sub-sectors; a 7% decrease from the 35,569 in the 2021/22 financial year. The IT sub-sector is the largest sub-sector accounting for 57% of employers followed by telecommunications (15%) and electronics (13%). Advertising has slightly declined to 8% from 12% in the corresponding period as has film and electronic media to 7% from 11%.

From the current employer base, only 8,896 employers are paying levies; a slight decline from 9,093 in the previous financial year.

The MICT sector experienced an increase in the number of employees, recording 228,990 in 2022 against 187,585 employees in the 2021/22 financial year. The largest proportion (54%) of employees work in IT followed by telecommunications (28%), electronics (9%), film and electronic media (5%) and advertising (4%).

The table below depicts the MICT SETA Standard Industrial Classification (SIC) codes.

SUB-SECTOR	SIC CODE	MAIN ACTIVITY DESCRIPTION
Advertising	88310	Advertising
	88311	Activities of advertising agents
	88313	Commercial design
Film and electronic media	96110	Motion picture and video production and distribution
	96112	Related activities – film and tape renting to other industries, booking, delivery and storage
	96113	Film and video reproduction
	96132	Production and broadcast of radio and television broadcast content
	96200	News agency activities
	88940	Photographic activities
Electronics	35791	Manufacture of alarm systems
	75216	Security systems services except locksmiths
	75217	Office automation, office machinery and equipment rental leasing Including installation and maintenance
	86004	Electronic and precision equipment/computer repairs and maintenance
	86010	Consumer electronics repair and maintenance
	86013	Other electronic and precision equipment repair and maintenance
	86014	Repair and maintenance of electronic marine equipment
	87142	Research and development of electronic equipment and systems
	87143	IT import and product integration of pre-manufactured electronics IT and telecommunications equipment
	87146	Research and development in the physical and engineering sciences
	87147	Electronics importation and product integration of pre-manufactured Electronics IT and telecommunications equipment
	96133	Installation, maintenance and repair of tracking devices for cars
	IT	86001
86002		Computer systems design and related services
86003		Computer facilities management services
86005		Computer rental and leasing
86006		Computer programming services
86007		Other computer-related activities
86008		Call centre and customer relationship management systems development and installations activities
86009		Computer system design services and integrated solutions
86011		Computer and office machine repair, maintenance and support services



2.2.2 SECTOR PERFORMANCE

The NDP underpins South Africa's development trajectory, challenging the country to achieve sustained levels of economic growth to 2030. There are a range of levers, pillars or policy interventions contributing to this planned growth and as an integral part of the South African society, the MICT sector is impacted by various national strategies and plans that have a direct bearing on the sector's skills development imperatives. Consequently, they should not be considered in a fragmented approach but require a coherent response from the MICT SETA and its stakeholders. These are the:

- NDP
- MTSF 2019-2024
- White paper on post-school education and training
- NSDP
- HR Development Strategy for South Africa (HRDS)
- National Skills Accord (NSA)
- National Integrated ICT policy white paper
- New Growth Path (NGP)
- Industrial Action Policy Plan (IAPP)
- Strategic Integrated Projects (SIPs)
- Broad-Based Black Economic Empowerment (BBBEE) and
- Economic Reconstruction and Recovery Plan (ERRP).

Building and managing talent requires a concerted effort and resources. A positive signal is the industry and government are aware of the drivers behind the gaps and responding to this through individual and collective action. In realising the NDP objectives, the MICT SETA leverages its industry partnerships to drive innovative research and offers opportunities to small businesses to play a significant role in the country's manufacturing and technology ecosystem.

Equal focus is channelled towards continued support for SMMEs through more focused internships and incubation programmes. Furthermore, the MICT SETA's goal is ensuring its implementation eventually contributes to achieving the NDP outcomes regarding skills development. To achieve this, the SETA aligns its priorities with the NSDP, ERRP and its skills strategy. This is practically done in collaboration with various partners to support achieving the NDP objectives.

There is an effort by the MICT sector to absorb unemployed people, particularly the youth who graduated from respective learning programmes, to address individual employer's scarce skills. The challenge is servicing the PIVOTAL skills (sector priority occupations) to impact on the e-skills of a larger population.

Over the years, policy and national strategies have shifted funding to fill skills gaps placed in the mid-to-high levels on the NQF.

2.2.3 CHALLENGES AND OPPORTUNITIES

There are strategic challenges and tensions between the aspirations of different stakeholders that need to be managed including:

- aligning the skills agenda to the sector's needs;
- supporting innovation and promoting creativity;
- promoting more local-based production and solutions;
- increasing exports;
- developing and supporting small businesses as potential bedrocks for employment and
- deepening the transformation agenda.

In mitigating these challenges, the SETA will implement priority sector development initiatives focusing on:

- recognising, planning and prioritising occupations on the national list of occupations in high demand and linking occupations and specialisations that address change drivers, namely AI, cloud computing, big data analytics, 5G and IoT to enable 4IR. In that way, the SETA will fulfil NSDP outcome one (identifying and increasing production of occupations in demand) and outcome two (linking education and the workplace);
- expanding opportunities for work integrated learning;
- designing effective internships as bridges to employment and collaborating with stakeholders on work-based training and
- supporting innovation and commercialising 4IR technologies in South Africa, further encouraging local production and increased exports.

With South Africa striving towards an e-skilled economy, as outlined in the NDP Vision 2030, key change drivers affecting the MICT sector in the 2022/23 financial year are:

- AI
- Cloud Computing
- Fifth-Generation Wireless Technology (5G)
- Big Data Analytics and
- Internet of Things (IoT).

Change drivers affect how businesses operate and survive into the future. New methods including skills training are required to exploit these opportunities in the market emerging because of 4IR. South African organisations are increasingly investing in 4IR technologies, but funding, formal training and overall development of emerging occupations are hampered by limited recognition of emerging 4IR occupations in the OFO such as an IoT specialist within the IoT realm, cloud architect for cloud computing and AI specialists.

In addition, some OFO codes are vague and confusing with overlaps in occupational descriptions or even no desired occupations. Hence, the SETA is actively engaged with stakeholders such as the QCTO, training providers and industry to develop new qualifications and improve existing ones to meet 4IR demands.

The MICT SETA is committed to implementing programmes that empower and develop competent people with the necessary skills. It will increase the participation of women and people living with disabilities in programmes and implementation will be aligned with the South African economic reconstruction and recovery plan (ERRP) building the skills base required by our changing economy among young people, women and persons with disability. This will provide them with the tools and training to access online learning and economic opportunities. Linked to this is reorientating and aligning the skills strategy to be more demand-led and responsive to the changing nature of work, including prioritising the upskilling of women to reverse the deteriorating gender division of labour.



2.3 ORGANISATIONAL ENVIRONMENT

The Accounting Authority has played a pivotal role in guiding management implement priorities identified in the five-year strategy. The SETA signed an SLA with the Department of Higher Education and Training to deliver on its mandate and in the year under review management developed systems and structures and built capacity to achieve this goal. This includes filling the critical Chief Executive Officer (CEO) and board secretary positions.

The organisation has 107 employees and, in filling all critical positions, achieved 95% of APP targets against 90% in the 2021/22 financial year.

Worth noting is the rural development strategy aimed at boosting the SETA's participation and footprint in other

provinces, primarily among marginalised rural and township communities. The SETA currently has a physical presence with fully established regional offices in Gauteng, KwaZulu-Natal, Eastern and Western Cape and the Free State, with a satellite office located at Vuselela TVET college Jouberton, Klerksdorp.

The Northern Cape, Mpumalanga, Limpopo and North West Province are served through the Gauteng head office, but remain a priority to ensure greater reach and better access to opportunities for those living in these areas. The AA adopted this strategy with solutions to redesign the SETA's service delivery model that will increase the national footprint.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no major policy or legislative changes impacting on service delivery during the period under review beyond the occupational qualification sub-framework policy (OQSF) that gives effect to the 2020 Ministerial determination. The policy enforces the transitional arrangements and their implementation that will phase out pre-2009 qualifications.

The registration end date for pre-2009 qualifications and unit standards registered on the OQSF was 30 June 2023. The last date for first-time learners enrolling for pre-2009 qualifications and unit standards registered on the OQSF is 30 June 2024.

The last date of achievement for learners enrolled for pre-2009 qualifications and unit standards on the OQSF is 30 June 2027. The OQSF ensures the pre-2009 accreditation periods coincide with the ministerial determination.

Records of learner achievements for qualifications or part-qualifications that have reached the last date of enrolment and last date of achievement remain valid.

Existing OQSF qualifications relating to occupational certificates will be revised and reregistered with qualification types in line with the new ministerial determination by 2025.

The change means the QCTO assumes full responsibility for accrediting occupational programmes. Certain functions in the occupational accreditation process will be delegated to the SETA, but it can no longer issue accreditation post 30 June 2023 and all skills development providers seeking accreditation post 30 June 2023 must apply with the QCTO. The SETA remains responsible for the quality assurance processes linked to pre-2009 qualifications; will continue certifying learners for pre-2009 qualifications and register ETD Practitioners as part of the pre-2009 quality assurance process.

2.5 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The NSDP will become the key policy informing the SETA's work until 2030 and has been crafted in the context of the NDP. The organisation's strategic plan and APP are aligned to both policy documents through eight outcomes with the latter implemented through four programmes against which the SETA deliver interventions, namely:

- Administration;
- SSP;
- Learning Programmes; and
- Education and Training Quality Assurance.

These set outputs are against budget allocations and contain measurable key output indicators to achieve the NSDP and SSP goals. In achieving the impact statement identified in the strategic plan 2020-2025, the SETA implemented NSDP-aligned outcomes with the three-year progress listed below:

NSDP OUTCOME 1: IDENTIFY AND INCREASE PRODUCTION OF OCCUPATIONS IN HIGH DEMAND

MICT SETA OUTCOME 2	INCREASED AND IMPROVED LABOUR MARKET INFORMATION ACCURATELY IDENTIFYING OCCUPANTS IN HIGH DEMAND
Outcome indicators	Develop a SSP recording occupations in high demand
Five-year target	Five approved SSPs
Progress	Four approved SSPs have been developed.

NSDP OUTCOME 4: INCREASE ACCESS TO OCCUPATIONALLY DIRECTED PROGRAMMES

MICT SETA OUTCOME 4	INCREASED ACCESS TO AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS
Outcome indicators	Increased enrolments on WIL, internships, learnerships, candidacy, skills programmes and short programmes for unemployed learners in TVETs and HET institutions
Five-year target	<ol style="list-style-type: none"> 1. 951 learners on TVET WIL programme 2. 2046 learners on HET WIL programme 3. 8050 interns 4. 15079 learners on learnerships 5. 260 candidacy 6. 6333 learners on skills programmes 7. 4637 learners on short programmes
Progress	<ol style="list-style-type: none"> 1. 4941 learners on TVET and HET WIL programme 2. 17483 learners on learnerships 3. 5659 learners on internship 4. 256 candidacy 5. 7796 learners on skills programmes 6. 4914 learners on short programmes

NSDP OUTCOME 5: SUPPORT THE GROWTH OF THE PUBLIC COLLEGE INSTITUTIONAL TYPE AS A KEY PROVIDER OF SKILLS REQUIRED FOR SOCIO-ECONOMIC DEVELOPMENT

SUB-OUTCOMES:

- TVET colleges
- Community education and training colleges

MICT SETA OUTCOME 7	INCREASED SUPPORTED GROWTH OF THE PUBLIC COLLEGE SYSTEM
Outcome indicators	Established offices in TVET colleges, TVET college lectures exposed to industry and, together with CET lecturers, afforded bursary opportunities. College managers trained in financial and leadership management for this strategic planning.
Five-year target	<ol style="list-style-type: none"> 1. 49 offices 2. 460 TVET lecturers exposed to industry 3. 340 TVET lecturers on bursary programmes 4. 230 CET lecturers on bursaries programmes 5. 230 managers on management programmes
Progress	<ol style="list-style-type: none"> 1. 81 offices established in TVET colleges 2. 540 TVET lecturers exposed to industry 3. 412 TVET lecturers on bursary programmes 4. 306 CET lecturers on bursary programmes 5. 301 managers on management programmes

NSDP OUTCOME 6: SKILLS DEVELOPMENT SUPPORT FOR ENTREPRENEURSHIP AND COOPERATIVE DEVELOPMENT

MICT SETA OUTCOME 8	INCREASED SKILLS DEVELOPMENT SUPPORT FOR SMMES, ENTREPRENEURSHIP COOPERATIVES DEVELOPMENT AND COMMUNITY-BASED ORGANISATIONS
Outcome indicators	Cooperatives, CBOs (people), small businesses (people) and NGOs/NPOs (people) supported with training interventions, trained on entrepreneurial skills and supported in starting their own business.
Five-year target	<ol style="list-style-type: none"> 1. 550 people/beneficiaries in cooperatives 2. 550 people/beneficiaries in small businesses 3. 550 people/beneficiaries in entrepreneurial skills
Progress	<ol style="list-style-type: none"> 1. 784 people/beneficiaries in cooperatives 2. 1030 beneficiaries in small businesses 3. 1325 beneficiaries in entrepreneurial skills

NSDP OUTCOME 7: ENCOURAGE AND SUPPORT WORKER-INITIATED TRAINING

MICT SETA OUTCOME 9	INCREASED SKILLS DEVELOPMENT SUPPORT FOR WORKER-INITIATED TRAINING
Outcome indicators	Worker-initiated training supported through skills programmes
Five-year target	<ol style="list-style-type: none"> 1. 650 learners in skills programme 2. 200 learners in short programmes
Progress	<ol style="list-style-type: none"> 1. 1044 workers in skills programmes 2. No workers enrolled/completed in short programmes during this financial year

NSDP OUTCOME 8: SUPPORT CAREER DEVELOPMENT SERVICES

MICT SETA OUTCOME 3	SUPPORTED CAREER DEVELOPMENT SERVICES WITHIN THE MICT SECTOR
Outcome indicators	Career opportunities guide with labour market information produced and distributed annually.
Five-year target	<ol style="list-style-type: none"> 1. Career guide with research-based labour market information developed and distributed 2. Trained career development practitioners 3. Career development events on occupations in high demand attended in the MICT sector
Progress	<ol style="list-style-type: none"> 1. Four career guides with research-based labour market information developed and distributed 2. 100 trained career development practitioners 3. The MICT sector attended 172 career development events on occupations in high demand



2.6 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.6.1 PROGRAMME 1: ADMINISTRATION

PURPOSE

This programme ensures effective leadership, strategic management and administrative support to the MICT SETA. This is achieved by continuously refining organisational strategy and structure in line with appropriate legislation and best practice. The administration programme comprises the following sub-programmes:

Sub-programmes: Finance including Supply Chain Management (SCM) ensures the MICT SETA has sound financial management systems and processes. Additionally, corporate services provides high-level systems and services for the organisation's administrative functions including human resources and marketing while ICT delivers on business processes re-engineering and digitisation.

Monitoring and evaluation oversees the SETA's overall performance and reporting governance plays an overall oversight role and effectively manages revenue, expenditure, assets, liabilities and attaining the SETA's mandate.

SUB-PROGRAMME 1.1 FINANCE							
OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Unqualified Audit Opinion annually	Number of unqualified audit opinions annually	Clean audit	Unqualified audit report	Unqualified audit report	Clean audit	None	None
Budget variances reports	Percentage of budget variances by division	New target	Maximum 15% variance between budget and actual performance	Maximum 15% variance between budgets and actual performance	-29% variance between budget and actual performance	None	Annual target is met as the SETA did not overspend on the budget. -29% is below 15%
Commitment register	Percentage of Discretionary Grants under/over commitment	New target	10% Discretionary Grants under/ overcommitment	10% Discretionary Grants under/ overcommitment	8,8%	1,2%	Annual target achieved as the actual achievement is in the 10% DG threshold
Eliminating fraudulent, negligent and corrupt activities	Percentage of fraudulent, negligent and corrupt activities reported annually	100% elimination of corrupt, negligent and fraudulent activities	100% elimination of corrupt, negligent and fraudulent activities	100% elimination of corrupt, negligent and fraudulent activities	100%	None	None
Full compliance with PFMA, Treasury regulations and relevant legislation	Irregular, Fruitless and Wasteful Expenditure Report	99% of procured goods and services aligned to relevant legislation and within reasonable timeframes	99% of procured goods and services aligned to relevant legislation and within reasonable timeframes	100% of procured goods and services aligned to relevant legislation and within reasonable timeframes	99%	1%	Annual target not fully met due to irregular expenditure relating to procurement without following proper SCM process

SUB-PROGRAMME 1.2 CORPORATE SERVICES

OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
An agile HR management and development mechanism	Percentage of employee satisfaction	New target	49% satisfaction	65% satisfaction	75%	+10%	Annual target overachieved. The survey was conducted by the external service provider and the results showed most employees are satisfied.
Maintained below 15% vacancy rate	Percentage of vacancy rate	New target	15% vacancy rate	15% vacancy rate	11%	-4%	Annual target overachieved. Vacancies were filled timely.
Improved performance management system	Percentage of performance management contracting and reviews	New target	100%	100% Contracting – 75% Reviews – 25%	100%	None	None
Retained staff annually	Percentage of staff turnover annually	70% retention rate	92% retention rate	70% retention	93%	+23%	Annual target over-achieved. The organisation retained most of the employees

SUB-PROGRAMME 1.3 INFORMATION TECHNOLOGY

Digitised organisation	Number of business processes re-engineered and digitised	New target	10	10	14	+4	Target overachieved due to the new learner management system modules being signed off by business and commitment by ICT to proactively monitor project implementation deliverables against set targets in line with approved digital strategy.
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SUB-PROGRAMME 1.4 MONITORING AND EVALUATION

Monitoring and evaluation framework policy to improve business processes for increased performance and reporting	Percentage of business processes, policies and standard operating procedures developed, implemented and reviewed for improved performance and overall compliance annually.	New target	100%	100%	100%	None	None
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SUB-PROGRAMME 1.4 MONITORING AND EVALUATION (CONTINUED)							
OUTCOME: ENSURED SOUND CORPORATE MANAGEMENT							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Implemented strategic and annual performance plan	Number of SETMIS performance reports submitted to DHET annually	4	4	4	4	None	None
SUB-PROGRAMME 1.5 GOVERNANCE							
Target attained against the signed SLA between the AA and DHET	Percentage of targets achieved annually	75% target attained	90% target attained	100% target attained	95%	5%	Target not met due to three targets not achieved. Reasons are indicated under the programme performance information

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

The programme has not met the following targets:

- **Annual target: 100% of procured goods and services aligned to relevant legislation and within reasonable timeframes:** The annual target was missed by a 1% variance due to irregular expenditure incurred relating to procurement without following proper SCM processes. The programme capacitates all departments on SCM policies and procedures.
- **Annual target: 100% attainment of targets:** The MICT SETA's overall performance for the year under review is 95%. The organisation aims for a 100% attainment of planned targets and measures are in place relating to underachieved targets.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 1	2022/23			2021/22		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Finance	36 742	34 103	- 2 639	32 873	32 398	- 475
Corporate services	11 820	17 141	5 321	17 570	13 197	- 4373
IT	14 657	14 658	111	11 770	17 228	5 458
Monitoring and evaluation	2 699	2 197	- 769	N/A	110	110
Governance	24 964	16 662	- 8 302	16 010	15 104	- 906
Total	90 772	133 037	- 42 264	78 223	78 037	- 186

2.6.2 PROGRAMME 2: SECTOR SKILLS PLANNING

PURPOSE

This programme conducts research and develops a credible (board and DHET approved) SSP reflecting an accurate (triangulated) list of scarce and critical skills as the basis for the SETA's strategic plan. To achieve the programme's goals and objectives, the MICT SETA contracts with a reputable research house and ensures there is in-house capacity. The SETA will develop a research agenda and conduct the necessary research for this year's APP and inform the SSP.

OUTCOME: INCREASED AND IMPROVED LABOUR MARKET INFORMATION ACCURATELY IDENTIFYING OCCUPATIONS IN HIGH DEMAND						
OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATIONS
Number of WSPs and ATRs submitted for small firms annually	1253 WSPs and ATRs approved for small firms	1198	1000 WSPs and ATRs submitted for small firms	1231	+231	Target overachieved due to high interest by SMMEs to participate in the MICT SETA programmes
Number of WSPs and ATRs submitted for medium firms annually	402 WSPs and ATRs submitted and approved	375	350 WSPs and ATRs submitted for medium firms.	405	+55	Target overachieved due to two factors, InterSETA transfers and large companies taking a new size status after downsizing.
Number of WSPs and ATRs submitted for large firms annually	222 WSPs and ATRs submitted and approved for large firms	222	220 WSPs and ATRs submitted for large firms	219	-1	The target was not achieved mainly due to lack of buy-in from large companies. In the new financial year, the target has been revised to meet the smart principle and is aligned with evaluating submissions at 100% compared to number of submitted WSPs/ATRs.

OUTCOME: INCREASED AND IMPROVED LABOUR MARKET INFORMATION ACCURATELY IDENTIFYING OCCUPATIONS IN HIGH DEMAND (CONTINUED)							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Research report signalling occupations in high demand annually	Number of approved SSP with lists of occupational shortages and skills gaps produced (including TVETs, cooperatives and small and emerging enterprises) annually	One 4IR- focused SSP produced and approved	One SSP produced and approved	One SSP produced and approved	One SSP produced and approved	None	None
	Number of tracer/ impact study reports produced annually	One tracer/impact study report produced	One tracer/impact study report produced	One tracer/impact study report produced	One tracer/impact study report produced	None	None

OUTCOME: INCREASED AND IMPROVED LABOUR MARKET INFORMATION ACCURATELY IDENTIFYING OCCUPATIONS IN HIGH DEMAND (CONTINUED)							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Increased career opportunities guidance provided annually	Number of career opportunities guide with labour market information produced and distributed annually	One career guide produced	One career guide produced	One career guide produced	One career guide produced	None	None
		4712 up to date career guides distributed	3329	3500 up to date career guides distributed Digitized career guides	3500 up to date career guides distributed Digitized career guides	None	None
Increased career awareness nationally annually	Number of career development events on occupations in high demand attended by the MICT SETA annually	17 in urban areas and 33 in rural areas	52	52 Strategic Career Events attended (26 in urban and 26 in rural areas)	52 strategic career events attended (26 in urban and 26 in rural areas)	None	None
Career guidance initiatives annually	Number of career development practitioners trained annually	New target	50	40	50	+10	Target overachieved due to high interest and partnership with key role players such as DHET
	Number of capacity-building workshops on career development services initiated annually	New target	2	Two capacity building workshops	Two capacity building workshops	None	None

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Annual target: 220 WSPs and ATRs submitted for large firms: Target pertaining to WSPs/ATRs submissions was not achieved mainly due to the lack of buy-in from large companies. In the new financial year, the target has been revised to meet the smart principle and is aligned to evaluating submissions at 100% as opposed to the number of submitted WSPs/ATRs.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 2	2022/23			2021/22		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
SSP	225 210	193 212	- 31 997	195 009	180 252	- 14 757
Marketing and communication	5 782	2 793	- 2 988	2 790	2 944	- 154
Total	22 5210	230 953	34 986	197 799	1 802 944	- 149 411

2.6.3 PROGRAMME 3: LEARNING PROGRAMMES

PURPOSE

To implement and monitor learning programmes in the media, advertising and ICT sub-sectors. Achieving these objectives and goals requires implementing following learning programme interventions to be rolled out in urban and rural areas in partnership with constituent employers and primarily focusing on the 4IR strategy.

SUB-PROGRAMME: PROGRAMME IMPLEMENTATION

OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Learning programmes linking education and the workplace implemented annually	Number of unemployed learners entering learning programmes	New target	8366	7633*	11188	+3555	Target overachieved due to higher number of learners enrolling on the learning programmes also a higher number of learning programmes SLAs issued to stakeholders
	Number of unemployed learners completing learning programmes	New target	4166	3901	8415	+4514	Target overachieved due to more learners completing learning programmes
	Number of employed learners entering learning programmes	New target	235	256	383	+127	Target overachieved as due to higher number of SLAs issued to stakeholders
	Number of employed learners completing learning programmes	New target	203	232	245	+13	Target overachieved due to higher numbers of workers deemed competent on various unit standards
	Number of employed learners on RPL	New target	50	115	136	+21	Target overachieved due to a higher numbers of workers enrolled and deemed competent for RPL programmes

* Regarding the consolidated indicator on the number of unemployed learners entering learning programmes, the annual target of 8033 reflected in the APP does not tally with the annexure that disaggregates targeting for individual indicators. The correct actual target of this consolidated indicator is 7633. Reporting has been based on 7633 in line with the source document Quarterly Monitoring Report.

OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Learning programmes linking education and the workplace implemented annually (continued)	Number of partnerships projects implemented	New target	355	39	55	+16	Target overachieved due to higher appetite by various partners to collaborate with the MICT SETA
	Number of SETA-employer partnerships established	26	239	20	186	+166	Target over-achieved due to higher appetite by employers to collaborate and support implementation of the MICT SETA programmes
	Number of rural projects implemented	34	190	50	133	+83	Target overachieved as due to more rural projects supported
	Number of small businesses supported by training interventions or funded annually	142	441	150	452	+302	Target overachieved as due to more SMME participation to implement learning programmes
	Number of cooperatives supported by training interventions or funded annually	394	163	150	249	+99	Target overachieved due to higher number of cooperatives implementing skills development programmes
	Number of people trained on entrepreneurship supported to start their business annually	30	100	150	179	+29	Target overachieved due to higher numbers of learners enrolled for entrepreneurship skills programmes and higher number of SLAs issued to stakeholders
	Number CBOs/ NGOs/NPOs supported by training interventions annually	250	171	150	825	+675	Target overachieved due to higher numbers of learners enrolled by NPOs and NGOs implementing skills development programmes and higher number of SLAs issued to NGOs and NPOs
	Number of federations/trade unions supported via relevant skills training interventions annually	207	90	200	371	+171	Target overachieved due to high intake of union members enrolled for ICT skills

OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Learning programmes linking education and the workplace implemented annually (continued)	Percentage of Discretionary Grant budget allocated to developing high level skills annually	6.4%	5%	6.4%	6.4%	None	None
	Percentage of Discretionary Grant budget allocated to developing intermediate skills annually	92.6%	94%	92.6%	92.6%	None	None
	Percentage of Discretionary Grant budget allocated to developing elementary skills annually	1%	1%	1%	1%	None	None
	Number of workers in CET programmes	50	54	60	82	+22	Target overachieved due to higher number of workers enrolled in CET programmes
	Number of unemployed learners granted bursaries (continuing)	143	152	190	204	+14	Target overachieved due to higher numbers of bursary beneficiaries enrolled in bursary programmes and a higher number of SLAs issued to stakeholders
	Number of CET partnerships established annually	10	32	12	14	+2	Target overachieved due to higher appetite by CET college to collaborate with MICT SETA
	Number of SETA-employer partnerships established	26	239	20	186	+166	Target overachieved due to higher appetite by employers to collaborate and support implementing MICT SETA programmes
	Number of MICT SETA offices established and maintained in TVET colleges	9	12	20	32	+12	Target over-achieved due MICT SETA rural strategy to improve visibility in all provinces
	Number of centres of specialisation supported annually	6	8	10	15	+5	Target overachieved due to the industry's higher demand to offer innovative skills and incubation centres

OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Learning programmes linking education and the workplace implemented annually (continued)	Number of TVET lecturers exposed to the industry through skills programmes annually	66	50	70	80	+10	Target overachieved as due to higher numbers of lecturers enrolled for skills programmes and higher number of SLAs issued to stakeholders
	Number of TVET managers receiving training on curriculum- related studies annually	55	50	60	60	0	Target overachieved as due to higher numbers of TVET managers enrolled for skills programmes and a higher number of SLAs issued to stakeholders
	Number of TVET lecturers awarded bursaries annually	0	51	60	72	+12	Target overachieved due to higher numbers of TVET lecturers enrolled for academic studies
	Number of CET college lecturers awarded skills development programmes annually	0	40	70	70	0	None
	Number of managers receiving training on curriculum- related studies annually	--	50	60	71	+11	Target overachieved due to higher numbers of managers enrolled for skills programmes and higher number of SLAs issued to stakeholders
	Number of CET learners accessing AET programmes annually	200	105	150	160	+10	Target overachieved due to higher number of CET learners enrolled on AET programmes

SUB-PROGRAMME: 4IR

OUTCOME 4: INCREASED ACCESS TO, AND DELIVERY OF INDUSTRY AND OCCUPATIONALLY DIRECTED PRIORITY PROGRAMMES AND WORK PLACEMENTS							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
4IR partnerships with key role players established on annually	Number of 4IR partnerships established with key role players in the sector annually	20	30	35	37	+2	Annual target overachieved due to industry's interest to participate in SETA 4IR programmes
4IR advisory committee members recruited annually	Number of key role players participating in the 4IR advisory committee annually	16	42	5	5	0	None
4IR research chairs established and maintained annually	Number of research chairs established and maintained annually	New target	77	90	110	+20	Annual target overachieved due to high market demand and shortage of 4IR skills
4IR occupational qualifications developed	Number of 4IR occupational qualifications developed annually	10	25	3	5	+2	Annual target overachieved due to industry demand on digital skills

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

None. The programme met all the planned APP targets.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 3	2022/23			2021/22		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
Programmes implementation	1 170 427	807 777	- 362 650	628 231	483 064	- 145 167
4IR	5 224	4 173	- 1 051	4 947	3 752	- 1 195
Total	1 175 652	881 950	- 363 701	633 178	486 816	- 146 362

2.6.4 PROGRAMME 4: EDUCATION AND TRAINING QUALITY ASSURANCE (ETQA)

PURPOSE

This programme creates access to quality programmes and quality assurance training provision in the media, advertising and ICT sub-sectors. The objective is to implement quality assurance regulations as stipulated by the Quality Council for Trades and Occupations (QCTO) and improve the service and turnaround times with regards to accreditation of training providers, registration of assessors and moderators' learner certification.

OUTCOME: IMPROVED QUALITY OF EDUCATION TO ADDRESS PROGRAMMES IN HIGH DEMAND WITHIN THE MICT SECTOR							
OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET 2022/23	REASONS FOR DEVIATION/ COMMENT
Increased number of accredited training providers (including TVETs and CETs) offering programmes in high demand on annually	Number of accredited training providers (including TVETs and CETs) offering programmes in high demand annually	637 accredited training providers	752	683	956	+273	Annual target overachieved owing to extension letters awarded to 561 SDPs in line with the QCTO extensions
Increased number of qualified registered assessors (including TVETs and CETs) assessing quality of programmes annually	Number of qualified registered assessors assessing quality of programmes annually	1162 registered assessors	666	630	813	+183	Annual target overachieved due to the automated re-registrations issued to ETD practitioners whose registration expired between 2019 and 2022
Increased number of qualified (including TVETs and CETs) moderating quality of programmes annually	Number of qualified registered moderators moderating quality of programme annually	Six registered moderators	301 REGISTERED MODERATORS	315	342	+27	Target overachieved due to automated re-registrations issued to ETD practitioners whose registration expired between 2019 and 2022
Developed or reviewed the MICT SETA relevant qualifications responding to the skills needs annually	Number of occupational qualifications in high demand developed or reviewed	Eight developed or reviewed the MICT SETA qualifications	2	8	8	0	None

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

None. The programme met all the planned APP targets.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME 4	2022/23			2021/22		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	OVER/UNDER EXPENDITURE R'000
ETQA	16 526	17 545	1 019	13 362	13 447	- 85
Total	16 526	17 545	1 019	13 362	13 447	- 85

2.7 REVENUE COLLECTION

The table below reflects the different MICT SETA revenue sources and actual amounts collected in the current financial year.

REVENUE SOURCES	2022/23			2021/22		
	ESTIMATED BUDGET R'000	ACTUAL AMOUNT COLLECTED R'000	OVER/UNDER COLLECTION R'000	ESTIMATED BUDGET R'000	ACTUAL AMOUNT COLLECTED R'000	OVER/UNDER COLLECTION R'000
Administration	134 935	143 549	8 614	123 138	127 346	4 341
Mandatory	257 019	267 150	10 131	234 549	246 266	11 717
Discretionary	636 123	676 500	40 377	580 510	600 570	34 006
Finance revenue	21 404	34 089	12 685	14 040	14 904	864
UIF revenue	9 097	9 097	0	8 544	22 273	13 729
Total	1 068 579	1 139 435	70 856	960 782	1 025 438	64 656

2.8 CAPITAL INVESTMENTS

The MICT SETA does not have any capital investments.



PART C
GOVERNANCE

3 INTRODUCTION

The MICT SETA is a public entity established in terms of the Skills Development Act No. 97 of 1998 (the Act) and listed as a schedule 3A entity as per the Public Finance Management Act No. 29 of 1999 (PFMA).

The Act provides an institutional framework for the MICT SETA to develop and implement national, sectoral and workplace strategies to improve the skills of the South African workforce. The MICT SETA is governed within the confines of the South African Constitution in accordance to the SETA's legal framework requirements.

The Accounting Authority (AA) provides strategic direction by determining performance objectives and approving the annual budget, as well as ensuring the organisation achieves its objectives and implements the NSDP goals. The AA is accountable to the executive authority and Parliament and upholds the highest standards of integrity and ethical conduct as espoused in the King IV report, thus ensuring effective leadership of the entity based on the principles of responsibility, accountability, fairness, transparency, competence and independence.

In its function, six committees support the AA, namely Executive Committee (Exco), Audit and Risk Committee (ARC), Governance and Strategy Committee (Govco), Finance and Remuneration Committee (FinRemco), Information and Communication Technologies Committee (ICTCOM) and Social and Ethics Committee (SAECO), all of which functioned during the reporting period.

3.1 PORTFOLIO COMMITTEE

The Portfolio Committee on Higher Education, Science and Innovation exercises oversight over the SETA and may invite the AA to account on the SETA's performance. In the year under review, the MICT SETA was not invited but the SETA welcomed a visit by two Portfolio Committee members at the head office on 7 October 2022. The purpose was to exercise oversight as mandated; support the MICT SETA and engage on matters affecting its performance.

The focus areas were:

- Progress in achieving the APP 2022/23 targets;
- Progress in addressing the Auditor-General's (AG) audit findings for 2020/21 financial year and audit action plan;

- Challenges in meeting the 2022/23 targets and other key focus areas;
- Working relations with management; and
- Workers' challenges and other issues they wished to raise.

In the year under review, the MICT SETA submitted four quarterly monitoring reports reflecting performance on implementation of the DHET SLA. Quarterly performance reports were also submitted to the DPME as prescribed.

3.2 EXECUTIVE AUTHORITY

The Minister of Higher Education, Science and Technology, as the SETA's Executive Authority, is responsible for appointing AA members and determining their remuneration as per the National Treasury tariff recommendations.

The MICT SETA signed an annual SLA with the Executive Authority encompassing its performance objectives, targets and deliverables, as well as providing information and/or reports on its activities.

The SETA also submitted the annual Sector Skills Plan (SSP), Strategic Plan (SP) and Annual Performance Plan (APP) to the Executive Authority.

3.3 ACCOUNTING AUTHORITY/BOARD

3.3.1 INTRODUCTION

The MICT SETA Board is the AA as established in terms of the MICT SETA Constitution and fulfils its duties and responsibilities as provided in the PFMA and Skills Development Act, 97 of 1998, as amended. The AA provides oversight and support to management and strategic leadership to the MICT SETA, ensuring it fulfils its mandate and obligations in terms of the Act and the Constitution.

The AA has an absolute responsibility for the SETA's performance and is fully accountable to the Executive Authority for such performance. In line with the MICT SETA Constitution, the AA constitutes a fundamental base for applying corporate governance principles at the MICT SETA.

The AA meets quarterly and special meetings are scheduled when required including special meetings to consider and approve the draft annual report and annual financial statements.

3.3.2 THE ROLE OF THE ACCOUNTING AUTHORITY IS AS FOLLOWS:

The following AA roles and functions are outlined in the MICT SETA Constitution and form the basis of the Board charter.

The AA's functions and powers are outlined in the Constitution as follows:

- Govern and manage the SETA in accordance with the PFMA, the Act and any other applicable legislation and King IV Code on Corporate Governance.
- Ensure the SETA achieves the objectives set out in clause five of the Constitution and perform the functions outlined in clause six of the Constitution.
- Provide effective leadership and ensure the SETA implements the NSDP's goals and the minister's performance agreement.
- Provide the SETA's strategic direction.
- Liaise with stakeholders.
- Ensure the SETA complies with the relevant statutory and constitutional requirements.
- Manage institutional risk.
- Monitor the SETA's performance.
- Ensure its members and committees established comply with the code of conduct as set out in Annexure 2 of its Constitution.
- Apply for establishing the SETA in terms of section 9(1) of the Skills Development Act read together with the regulations regarding establishing sector education and training authorities, 7 September 1999, as amended by General Notice R106 in the Government Gazette 27254 of February 2005.

3.3.3 BOARD CHARTER

The MICT SETA Board Charter covers:

- 3.3.3.1 Accounting Authority composition.
- 3.3.3.2 The role and functions of the Accounting Authority and the chairperson.
- 3.3.3.3 The CEO's roles and responsibilities.
- 3.3.3.4 Delegation of authority.
- 3.3.3.5 Reporting and accountability.
- 3.3.3.6 Conflicts of interest.
- 3.3.3.7 Terms of office of Accounting Authority members.
- 3.3.3.8 Accounting Authority meetings.
- 3.3.3.9 Accounting Authority fully complies with all aspects and provisions of the Board Charter by providing strategic direction and leadership, reviewing and approving budgets, plans and strategies, monitoring implementation and reporting performance to the executive authority as prescribed by legislation.

3.3.4 COMPOSITION OF THE ACCOUNTING AUTHORITY

In line with Section 11(1) and (2) of the Act, the AA should comprise 15 independent members to ensure independence and objectivity in decision-making. It is composed as follows:

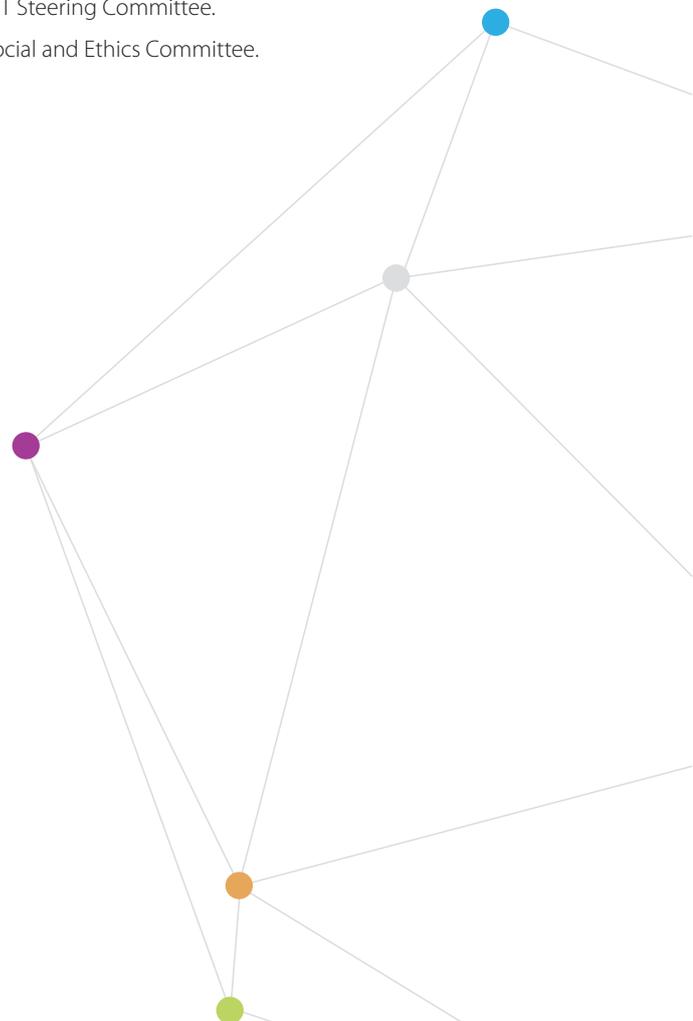
- 3.3.4.1 Chairperson;
- 3.3.4.2 Six members representing organised labour;
- 3.3.4.3 Six members representing organised employers;
- 3.3.4.4 One member representing professional bodies and
- 3.3.4.5 One member representing community organisations.

The Honourable Minister Dr Blade Nzimande appointed the current AA on 1 April 2020 for a five-year period that ends on 31 March 2025. There are three AA vacancies in the Accounting Authority communicated to the Executive Authority.

3.3.5 COMMITTEES OF THE ACCOUNTING AUTHORITY

Item 8 sub-item (8.3.1) of the MICT SETA Constitution provides the AA may delegate any of its functions to the Executive Committee, CEO and to any other committee or SETA chamber. The AA established the following committees:

- 3.3.5.1 Audit and Risk Committee.
- 3.3.5.2 Executive Committee.
- 3.3.5.3 Finance and Remuneration Committee.
- 3.3.5.4 Governance and Strategy Committee.
- 3.3.5.5 ICT Steering Committee.
- 3.3.5.6 Social and Ethics Committee.



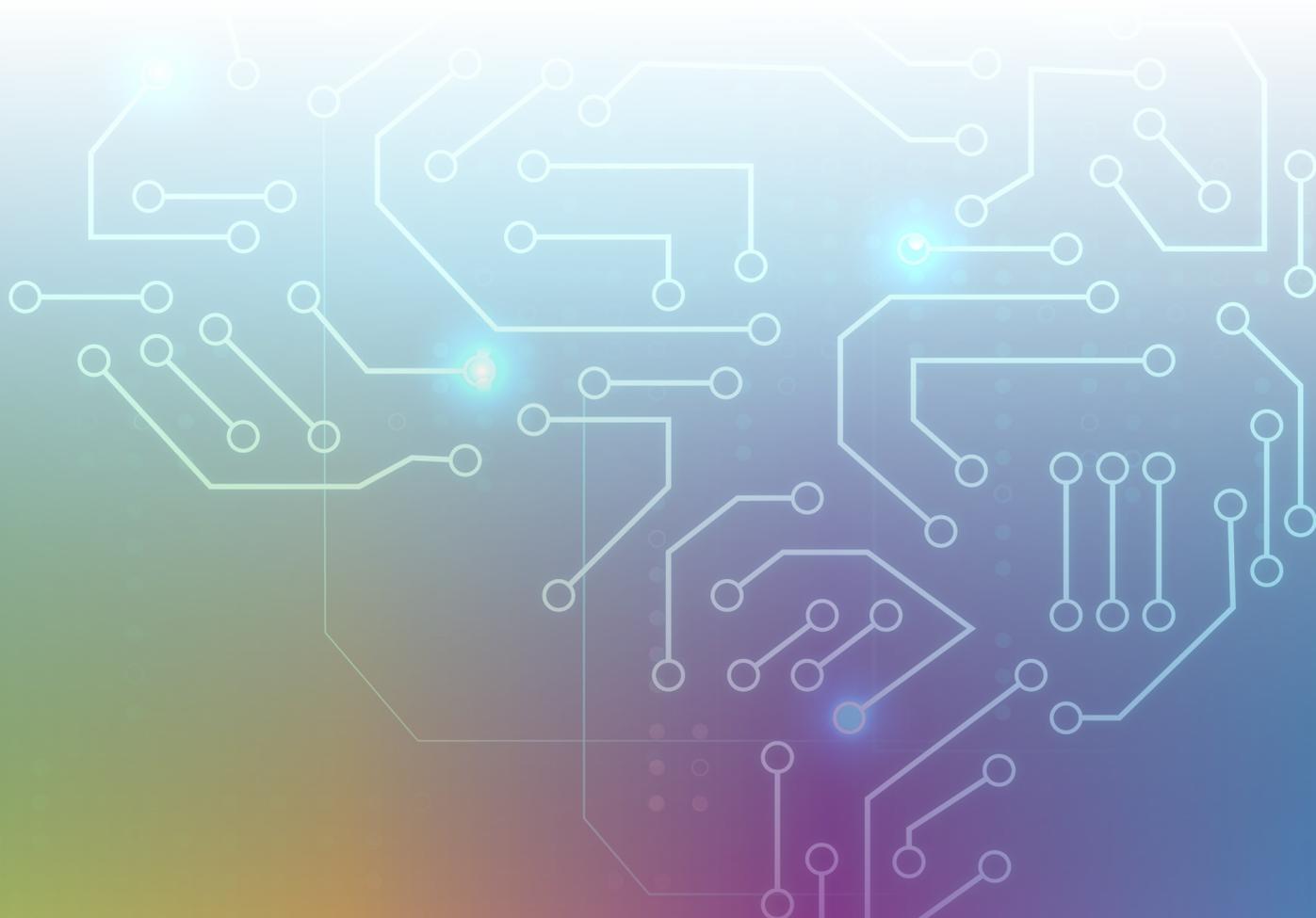
The table below lists the AA members for the financial year 2022/23:

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NUMBER OF MEETINGS
Mr Simphiwe Thobela	AA/Exco Chairperson; GovCo member	1 April 2020	<ul style="list-style-type: none"> B. Com Logistics Post-graduate Diploma: Public Management Master of Town and Regional Planning Advanced Programme: Risk Management PhD Candidate 	Public sector, leadership, governance, financial management, SCM	<ul style="list-style-type: none"> Interim Board member –Universal Service and Access Agency of South Africa (USAASA): Chairperson of the Audit and Risk Committee chairperson and Remco member Magwa Enterprise Tea chairperson, investment committee and HR remuneration committee member 	5/5
Ms Ntombikayise Khumalo	Exco member; FinRemco member	1 April 2020	<ul style="list-style-type: none"> Diploma in Business Computing Certification: Finance and Investment Management Certification: Principles of Economics Certification: SAP Finance (Certificate) Certification: Women Leaders Certificate: Law of Evidence Certificate PFMA Certificate Paralegal Advanced Certificate Credit Management Certification: Finance for Non-Financial Managers 	Labour Law, Advanced Negotiation Skills, Skills Development	<ul style="list-style-type: none"> uBuhle Bezwe Landscaping & Interior Designs: executive director COSATU: central executive committee member COSATU: central executive sub-committee member – HRC COSATU: national finance committee member COSATU: Workers Pension and Retirement Task Team Member CWU: national executive member CWU: national office bearer and national treasurer CWU: MTN chief negotiator Sentech: employment equity and skills development member 	5/5
Mr Loyiso Tyira	Exco member; ITCOM chairperson and former Govco member;	1 April 2020	<ul style="list-style-type: none"> MPP Certificate MDP (Management Development Programme) PME (Programme for Management Excellence) Certificate for Non- Mining Professionals Certificate Management Excellence ITCP(SA) (Information Technology Certified Professional) 	Information technology	<ul style="list-style-type: none"> Future Business Consulting ICT SMME Chamber SAMDDRA Broadband Infracore SOC 	5/5
Mr Thabo Mofokeng	Exco and ICTCom member	1 April 2020	<ul style="list-style-type: none"> Bachelor of Science: Electrical Engineering Diploma: Project Management Certification: Operations and Management of Wireless Network and Systems Engineering 	ICT projects, broadband infrastructure, technology management services, digital assets and blockchain solutions	<ul style="list-style-type: none"> Octet Technologies Fuma Engineering IT Association of SA Solario Technologies 	5/5

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NUMBER OF MEETINGS
Mr Siphso George Zwane	Exco member Social and ethics committee chairperson	1 April 2020	<ul style="list-style-type: none"> Bachelor of Administration National Diploma: Public Management Post Graduate Diploma: Public Management Advanced Certification in Project Management 	Labour law, administration	<ul style="list-style-type: none"> Depacu: general secretary 	5/5
Mr Tebogo Mack Mamorobela	FinRemco chairperson; ARC member; former Govco member	1 April 2020	<ul style="list-style-type: none"> NQFL8: Strategic Diplomacy, Leadership in Digital Leadership NQF L8: Research Awareness for Leaders Certificate: Emerging Technical Leadership in Digital Business 	Employee relations	-	5/5
Ms Thabisa Zimbini Faye	Govco chairperson; FinRemco member		<ul style="list-style-type: none"> Development Management - Economics Stream BA Honours: Development Studies BA: Social Sciences MA International Development Management Prince 2 Project Management certified 	Policy, regulation, development economics, ICT, sandboxing and emerging digital technologies	<ul style="list-style-type: none"> South African Communications Association Forum 	5/5
Mr Lesiba Langa	FinRemco and SAECO member	1 April 2020	<ul style="list-style-type: none"> Diploma: Law Certification: Labour Dispute Resolution Certification: Labour Relation management Certification: Labour Arbitration Certification: Advanced Labour Law Programme 	Telecommunications	<ul style="list-style-type: none"> SAPWU: president 	5/5
Mr Viwe Thomas James	ARC and ICT steering committee member	1 April 2020	<ul style="list-style-type: none"> Advanced Law, Labour Law and Procedures Programme South African Public Structures, Functions, and Finance Chartered Corporate Governance and Administration N3: Electrical Engineering 	Labour law, governance	-	5/5
Ms Nozibele Mlambo	AA member	1 April 2022	<ul style="list-style-type: none"> Postgraduate Diploma: Project Management Advanced Diploma: Project Management Diploma: Travel and Tourism 	Stakeholder management	-	5/5

NAME	DESIGNATION (IN TERMS OF THE BOARD STRUCTURE)	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	NUMBER OF MEETINGS
*Mr Sontaga Mantlhakga	GovCo member	19 December 2022	<ul style="list-style-type: none"> • MBA • Post-graduate Diploma: Business Management • Senior Primary Teachers Diploma • Higher Certificate: Business Management • Certificate: Industrial Policy • Certificate: Research Awareness for Leaders • Certificate: Public Relations • Certificate: Emerging Technical Leaders in Digital Business 	Labour Relations Business Management Negotiator Project Management	<ul style="list-style-type: none"> • Telkom Retirement Fund Trustee 	1/5
*Ms Rochelle Blaauw	FinRemco member	9 Dec 2022	<ul style="list-style-type: none"> • BCom – Human Resources Management • Higher Certificate: Human Resources Management Intermediate Leadership Programme 	HR, Learning and Development and Organisational Development	-	1/5

*Ms Blaauw and Mr Mantlhakga were appointed as AA members with effect 9 and 19 December 2022 respectively.



3.3.6 EXECUTIVE COMMITTEE FUNCTIONS

Subject to the AA's direction, the Executive Committee is responsible for overseeing the SETA management. In terms of the terms of reference, must meet at least once a month and may hold special meetings when necessary. Without limiting its functions, the Executive Committee must:

- 3.3.6.1 Supervise the proper management of all financial matters.
- 3.3.6.2 Coordinate and supervise implementing the AA's policies.
- 3.3.6.3 Monitor national policy issues and developments and make recommendations regarding on adopting the AA policies.
- 3.3.6.4 Coordinate the committees' functioning and the MICT SETA's structures and monitor their activities to ensure they act within the terms of any powers delegated to them by the AA.
- 3.3.6.5 Oversee staff employment issues.
- 3.3.6.6 Determine budgets and business plans.
- 3.3.6.7 Monitor the MICT SETA's relations and interactions with other SETAs and other agencies on matters related to skills development.
- 3.3.6.8 Perform any other function or duty delegated by the AA.

Below are the details of the committee members and meetings attended:

NUMBER OF MEETINGS HELD (12) (1) SPECIAL



3.3.7 FINANCE AND REMUNERATION COMMITTEE FUNCTIONS

The Finance and Remuneration Committee performs all functions referred or delegated to it by the AA to ensure the SETA meets the requirements of the Act, SDLA, PFMA and the

Treasury Regulations relating to finance and the remuneration of the CEO, AA, committee members and staff. Details of the committee members and meetings attended are as follows:

NUMBER OF MEETINGS HELD (2)*



The committee evaluates and makes recommendations to the AA in respect of the SETA's following:

- budget, cash flow and financial statements;
- financial and HR policies;
- actions to implement the Auditor-General's (external) report recommendations and internal audit reports;
- execution of the legally mandated financial functions;
- financial implications of policies and changes to the budget and business plan and.
- issues relating to the remuneration of employees and the CEO by:
 - developing guidelines on and reviewing employees' compensation and performance;
 - reviewing and approving corporate goals relevant to the CEO's compensation;
 - determining the CEO's compensation in accordance with applicable rules and regulations;
 - evaluating the CEO's performance against predetermined goals and objectives;
 - annually reviewing and reassessing the adequacy of the remuneration policy and recommending any changes for the AA's approval and
 - ensuring the AA and committee members' remuneration is in accordance with the PFMA and Treasury Regulation requirements relating to finance and remuneration of said members.
- The Finance and Remuneration Committee presents the Audit and Risk Committee with quarterly and annual financial statements.

*The Committee held two meetings in the year under review. Three meetings were jointly held with the Audit and Risk Committee.

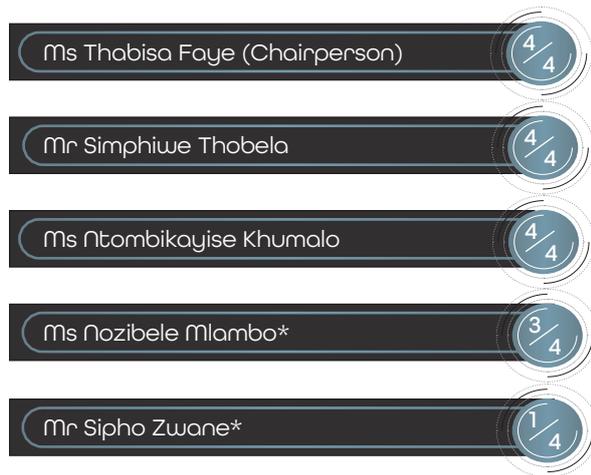
**Ms. Blaauw was appointed as AA member with effect 9 December 2022.

3.3.8 GOVERNANCE AND STRATEGY COMMITTEE FUNCTIONS

Subject to the AA's directions, the governance and strategy committee considers and makes recommendations to the AA concerning the SETA's management and strategy.

Details of the committee members and meetings attended are as follows:

NUMBER OF MEETINGS HELD (4)



*Following the appointment of Ms Mlambo as Board member with effect from, 01 February 2022, Mr Zwane ceased to be a member of the Committee

Without limiting its functions, the governance and strategy committee must:

- develop policies, principles, criteria and guidelines necessary for the SETA's governance and strategic function.
- Promote good governance.
- Report to the AA on matters it deems necessary.
- Develop the SETA's skills development strategy and make recommendations to the AA on implementing the strategy.
- Monitor the SETA's compliance with the Skills Development Act, Skills Levies Act, Public Finance Management Act, King IV report and other relevant legislation and best practices.
- Review the MICT SETA's performance against set targets on a quarterly basis and make recommendations to the AA to improve performance where necessary.
- Consider matters of corporate governance and create, maintain and periodically review the corporate governance principles and codes of ethics.
- Develop policies designed to encourage the highest levels of corporate conduct by the AA members and committees.
- Oversee the governance of ICT systems.
- Ensure the ICT systems comply with internal policies, selected industry standards and relevant laws and regulations including corporate governance of ICT policy.
- Consider quarterly reports on ICT.

- Ensure ICT frameworks, policies and procedures are in place and regularly reviewed.
- Review reports on business risk related to ICT systems.
- Recommend relevant ICT projects for the AA's approval.
- Oversee the organisational strategy review on an ongoing basis and recommend the SP, AP and SLA with DHET to the AA for approval.
- Review the MICT SETA SSP and recommend it to the AA for approval.
- Conduct a performance assessment of the committee every second year in line with King IV recommendations.
- Address possible cases of conflicts of interest and contravention of the code of ethics policy involving AA members and its committees.

3.3.9 AUDIT AND RISK COMMITTEE FUNCTIONS

The ARC performs the functions of an audit committee as contemplated in the PFMA. The committee reviews and make recommendations on the:

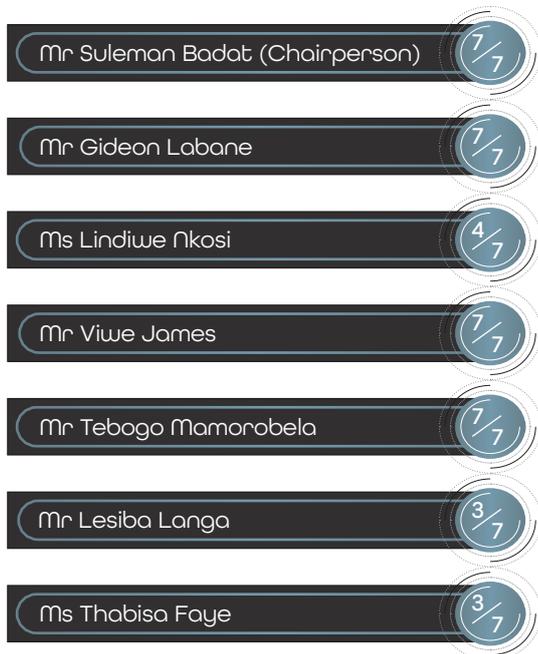
- functioning and overall efficiency and effectiveness of the internal control system;
- functioning of internal audit;
- risk areas of the MICT SETA's operations covered by the scope of internal and external audits;
- adequacy, reliability and accuracy of the financial information provided to the AA;
- scope and results of the external audit and its cost-effectiveness as well as the independence and objectivity of the external auditors;
- cooperation and coordination between the internal and external audit functions and their cooperation and coordination pertaining to the management of and control environment within the MICT SETA;
- Any accounting or auditing concerns identified through internal and external audits by the AG;
- adequacy and effectiveness of the risk management processes followed and development, implementation, maintenance and enhancement of fraud prevention plans;
- effectiveness of the system for monitoring compliance with laws, regulations and policies and the results of management's investigation and follow-up action (including disciplinary action) regarding any instance of non-compliance and
- The MICT SETA's compliance with relevant legal and regulatory requirements as well as its code of conduct and the action taken to address any violations. In addition, the ARC must:
 - review the annual financial statements and establish whether they have been prepared in accordance with

the PFMA and related Treasury regulations, as well as the applicable accounting framework;

- review and approve the internal audit charter and audit plan as well as the resources required to implement such plans;
- develop a direct, strong and candid relationship with the external auditors. Communication with the external auditors must facilitate independence from the MICT SETA management and encourage the external auditors to speak freely, regularly and confidentially with the ARC;
- draw up a recommendation for the AA regarding appointing and removing the internal and external auditors and
- recommend such measures as, in the committee's opinion, may be necessary to ensure the SETA's reliability, integrity and objectivity operations and reporting.

The Committee's terms of reference stipulate meetings be held no less than four times a year. Details of the committee members and meetings attended are as follows:

NUMBER OF MEETINGS HELD (7)



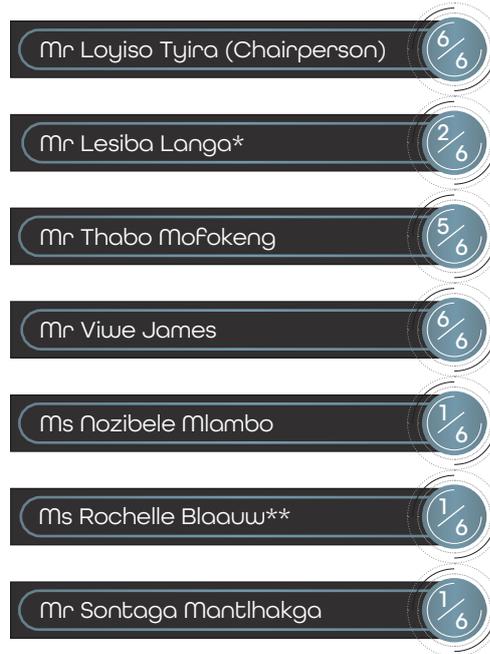
Three ARC and FinRemco joint meetings were held during the year under review.

3.3.10 ICT STEERING COMMITTEE FUNCTIONS

Subject to the AA's directions, the ICT steering committee considers and makes recommendations to the AA concerning the procurement, implementation and maintenance of the SETA's ICT systems, applications and related projects.

Details of the committee members and meetings attended are as follows:

NUMBER OF MEETINGS HELD (6)



Without limiting its functions, the ICT Steering Committee must:

- develop policies, frameworks, criteria and guidelines to inform the design, procurement and implementation of ICT systems and applications;
- promote good ICT governance in accordance with applicable standards and best practice; quarterly review the ICT division's performance against set targets and make recommendations to the AA to improve where necessary;
- monitor the ICT division's procurement practices;

*Mr Langa and Ms Mlambo ceased to be members of the Committee as they were allocated to the newly established Social and Ethics Committee

**Ms Blaauw and Mr Mantlhakga were appointed as AA members with effect 9 and 19 December respectively



- foster collaboration between the MICT SETA, other SETAs and selected government departments in the area of ICT systems and applications development and procurement;
- oversee the governance of ICT systems;
- ensure ICT systems comply with internal policies, selected industry standards and relevant laws and regulations applicable to ICT corporate governance;
- consider quarterly reports on implementing ICT projects;
- ensure ICT frameworks, policies and procedures are in place, strictly adhered to and regularly reviewed;
- review reports on business risk related to ICT systems and
- recommend relevant ICT projects for the AA's approval.

3.3.11 SOCIAL AND ETHICS COMMITTEE

The social and ethics committee is the SETA's social conscience to monitor and implement its ethical standards and social responsibilities. The committee was established during the year under review and its terms of reference approved by the Board. It was founded to drive a culture of corporate citizenship and stakeholder awareness from the top-down throughout the organisation. The King IV™ makes stakeholders more involved and encourages ethical leadership. The MICT SETA believes the social and ethics committee should be the custodian of the stakeholder inclusive approach.

The committee's responsibilities include but are not limited to the following:

- code of ethics;
- transformation and equity matters – internally and what was expected from stakeholders;
- BBBEE matters;
- legal compliance;
- stakeholder management and engagement;
- corporate social responsibility and
- collaboration with other committees on common interest matters.

There were three meetings held during the year under review. Details of the committee members and meetings attended are as follows

NUMBER OF MEETINGS HELD (3)



3.3.12 MEMBERS' REMUNERATION

Section 14(3A) (b)(iv) of the Skills Development Act, 97 of 1998 determines: "...the Minister (of Higher Education and Training) may prescribe the allowances that may be paid to members and office bearers of SETAs or any other persons who serve on a committee or other structure of a SETA".

The table below provides information on how AA and Committee members were remunerated; the amounts paid and other expenses such as travel reimbursements during the financial year ended 31 March 2023.

NAME	SURNAME	BOARD	FINREMCO	EXCO	GOVCO	ICT	ARC	SAECO	OTHER	TRAVEL AND ACCOMMODATION	TOTAL
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr Simphiwe	Thobela*	133	-	161	60	6	6	-	279	1 479	2124
Mr Lesiba	Langa	112	51	-	-	9	-	9	54	13	248
Mr Loyiso	Tyira	130	-	130	-	86	-	-	128	293	767
Ms Nozibele	Mlambo	-	-	-	-	-	-	-	-	3	3
Ms Ntombikayise	Khumalo	121	-	116	69	-	-	-	40	33	379
Ms Rochelle	Blaauw	13	-	-	-	9	-	-	5	-	27
Mr Siphoh	Zwane	125	-	125	-	-	-	11	81	40	382
Mr Sontaga	Mantlhakga	11	-	-	-	9	-	-	3	48	71
Mr Tebogo	Mamorobela	182	67	-	-	-	-	-	39	158	446
Ms Thabisa	Faye	126	43	-	85	-	9	-	26	3	292
Mr Thabo	Mofokeng	130	-	125	-	47	-	-	56	13	371
Mr Viwe	James	125	-	-	13	56	-	-	16	24	234
Total		1 208	161	657	227	222	15	20	727	2 107	5344

*Mr Thobela, the Chairperson of the Board lives outside of Gauteng where most of the meetings/engagements are held hence the high travel and accommodation costs.

EXTERNAL AUDIT AND RISK COMMITTEE MEMBERS' REMUNERATION

In line with the Terms of Reference of the Audit and Risk Committee three independent members and two members of the AA were appointed as follows:

NAME	SURNAME	INTERNAL/EXTERNAL	MEETING FEES R'000	OTHER FEES R'000	TRAVEL AND ACCOMMODATION R'000	TOTAL R'000
Mr Suleman	Badat	External and independent	100	98	3	201
Mr Gideon	Labane	External and independent	73	34	0	107
Ms Lindiwe	Nkosi*	External and independent	48	20	1	69
Mr Tebogo	Mamorobela	Board member	42	-	-	42
Mr Viwe	James	Board member	56	-	-	56
Total			221	152	4	475

*Ms Nkosi was on an extended leave and did not attend all the Committee meetings.

In addition to the Audit and Risk Committee, the MICT SETA has a Risk Management Committee that is led by an independent Chairperson, Mr Ngobeni. The Chairperson of the Risk Management Committee received fees to the amount of R133 000 in the financial year under review.

3.4 RISK MANAGEMENT

The MICT SETA reviewed its Risk Management Framework during the financial year, following a governance lekgotla and considering inputs from an annual risk assessment.

The framework incorporates the SETA's risk appetite and tolerance framework, risk management strategy and policy. During the Public Sector Risk Management Forum, National Treasury confirmed its public sector risk management framework was under review and anticipates publishing it on approval. This may necessitate the MICT SETA reviewing its risk management framework in the short-term to align with the latest standards of good practice, where applicable.

The risk management strategy is underpinned by the following:

- The MICT SETA conducts risk assessment reviews at least annually as an integral part of the entity-wide risk management processes that include developing and quarterly updating its risk registers and these reviews are aligned with the organisation's strategic planning processes to identify, mitigate and communicate risks that might adversely affect the MICT SETA's ability to execute its legislative mandate.

The MICT SETA CEO established an internal Risk Management Committee (RMC) chaired by an independent chairperson. The RMC submits quarterly reports to the ARC and advises on the identified risks and progress made in implementing controls to mitigate those risks, as well as any risk management areas of concern. Most controls were implemented successfully during the 2022/23 financial year with a few improvements to be considered and implemented going forward.

RISK MATURITY ASSESSMENT

The MICT SETA conducted a risk maturity assessment through National Treasury's risk management maturity assessment, a subset of its Financial Management Capability Maturity Model (FMCMM). A maturity assessment level 4.2 was achieved as of 31 March 2023.

3.5 INTERNAL CONTROL

Effective risk management is fundamental to the MICT SETA's activities. Responsibility and accountability for risk management resides at all levels as outlined in its risk management policy and is cascaded from the AA to each manager.

The risk assessment, evaluation and measurement is an ongoing process integrated into the MICT SETA activities aimed at protecting the SETA's reputation, assets and ability to meet its mandate.

- In accordance with the PFMA and King IV requirements, the

internal audit provides an independent assessment of the adequacy and effectiveness of the overall risk management and reports to the AA through the ARC.

3.6 INTERNAL AUDIT AND AUDIT COMMITTEES

3.6.1 INTERNAL AUDIT

The MICT SETA in-sources its internal audit function despite a mandate to outsource any specialised audits as and when required. Internal audit follows a risk-based approach incorporating management's risk assessment and mitigation measures.

During the reporting period, a significant number of planned audits were not completed due to capacity challenges as well as the in-sourced capacity attending to key organisational requests outside the approved audit plan.

The following audits were undertaken in the 2022/2023 financial year:

- Performance information quarter four verification.
- Performance information quarter one verification.
- Performance information quarter two verification.
- Performance information quarter three verification.
- APP review 2023-24.
- SP, APP and SSP audit.
- ICT governance review
- ICT general controls audit
- POPIA compliance assessment (conducted quarterly)
- SCM review
- SP, APP and SSP 2022/23 draft annual financial statements and
- 2022/23 draft annual performance information report.

3.6.2 REVIEW OF EFFECTIVENESS OF INTERNAL CONTROLS

The committee's review of the findings of the internal audit's work, based on conducted risk assessments, revealed weaknesses in the internal control system that were raised with management and the AA. Weaknesses were identified in the following areas:

- performance information reporting;
- governance and general controls;
- implementing action plans to address audit findings and
- data migration to the newly in-housed accounting system.

The ARC expressed its concern regarding management's slow progress in addressing internal control deficiencies identified by internal and external audits. There were also concerns over migrating data to the accounting system.

3.6.3 AUDIT AND RISK COMMITTEE

The ARC's key activities and objectives, together with members' attendance, are contained on pages 53 to 55.

3.6.4 COMPLIANCE WITH LAWS AND REGULATIONS

The MICT SETA reviews its policies and procedures as and when there are regulatory environment changes to ensure continuous compliance with the Skills Development Act, Skills Development Levies Act, Public Finance Management Act, SETA Constitution and other relevant legislation. During the period under review, a POPIA committee was established to ensure the MICT SETA's compliance with the Protection of Personal Information Act.

The MICT SETA has further trained management and employees on the statutory requirements, conducted policy reviews

subsequent to the Governance Lekgotla held in July 2022, and followed a prescribed compliance reporting schedule for the 2022/23 financial year.

In line with the SETA governance charter, approved by the Minister of Higher Education, Science and Innovation, the MICT SETA submits its quarterly reports on the charter's implementation to DHET.

The MICT SETA has measures in place to ensure compliance with the SDA, SDL, PFMA and the SETA Constitution.

Below is a list of the legislation-based instruments with which the MICT SETA is required to comply and has successfully done so:

DOCUMENT OR STATUTORY REQUIREMENT		ACTION
1.	Strategic Plan	Approved and submitted final draft to DHET on 30 November 2022
2.	Annual Performance Plan	Approved and submitted final draft to DHET on 30 November 2022
3.	Sector Skills Plan	Submitted to DHET on 15 June 2022
4.	Employment Equity Plan and Report	Submitted to the Department of Employment and Labour on 15 December 2022
5.	Procurement Plan 2022/23	Submitted to National Treasury on 30 March 2023
6.	Workplace Skills Plan 2022/23	Submitted to ETDP SETA on 15 June 2022
7.	2022/23 Budget	Submitted to DHET on 30 November 2022 and revised budget on 27 January 2023
8.	Quarterly Reports (Finance and Performance Reports)	Finance: submitted to DHET and National Treasury on 27 July 2022, 31 October 2022, 31 January 2023 and 30 April 2023 as first, second, third and fourth quarterly reports respectively Performance Reports: Submitted to DHET on 15 July 2022 (First Quarterly Report), 17 October 2022, (Second Quarterly Report), 16 January 2023 (Third Quarterly Report) and 18 April 2023 (Fourth Quarterly Report)
9.	Quarterly Reports (meetings of the AA and sub-committees)	Submitted to DHET on 12 August 2022, 17 November 2022, 16 January 2023 and 14 April 2023 as first, second, third and fourth quarterly reports respectively
10.	Quarterly Reports (governance reports)	Submitted to DHET on 15 April 2022, 15 July 2022, 15 October 2022, 15 January 2023.
11.	Annual General Meeting	Held on 4 November 2022
12.	Internal Audits and Findings	Reported to the ARC on 24 May 2022, 25 July 2022, 18 October 2022, 20 January 2023 and 10 February 2023
13.	External Audits and Findings	Reported to the ARC on 24 May 2022, 25 July 2022 and 10 February 2023.
14.	Legal Cases	The entity has appointed legal firms to commence action for recovering monies relating to unpaid learner stipends against Fanisa Holdings and Bulls Training. The entity has also commenced legal action against Praxis Computing (Pty) Ltd for recovering its intellectual property in the form of source code and data on the skills web learner management system. The entity is defending a case for the alleged breach of contract by MJV Recruitment & Consulting Agency (Pty) Ltd ('MJV') after the entity terminated MJVs contract for using a non-accredited service provider to provide training.
15.	Fraudulent Activities	30 Whistle-blower reports were submitted to the MICT-SETA, from the 30 reports, 17 were referred to Internal Audit for further investigation and 11 reports were found to have merit.
16.	Policies	Specific policies were reviewed for 2022/23

3.6.5 FRAUD AND CORRUPTION

The MICT SETA has an approved fraud prevention policy informed by the stipulations in the PFMA, Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004), Protected Disclosures Act, 2000 (Act No. 26 of 2000) and other related legislation.

It also has a fraud prevention plan incorporating the following measures:

- ethical conduct;
- fraud response and implementation plan; and
- whistle-blowing policy with an independent hotline.

MECHANISMS IN PLACE TO REPORT FRAUD AND CORRUPTION AND THEIR IMPLEMENTATION:

In addition to the national whistle-blowing toll-free number provided by the Public Service Commission, the MICT SETA procured an external whistle-blowing service provider to ensure timeous and anonymous reporting of any allegations of suspected fraud and corruption. The MICT SETA employees and stakeholders may report any offence or suspected fraudulent activity to the toll-free numbers, management or the AA.

HOW CASES ARE REPORTED AND WHAT ACTION IS TAKEN:

The MICT SETA employees and stakeholders can anonymously call the anti-corruption toll-free number or whistle-blowing hotline posted on the MICT SETA website home page (report fraud tab); email or telephone the CEO's office or the AA chairperson by accessing the MICT SETA website for contact numbers.

When fraud and corruption allegations are reported, internal audit conducts a preliminary enquiry and where there is a need to refer such allegations to law enforcement authorities, the CEO signs the relevant authorisation.

All cases reported are brought to the ARC's attention regardless of merit except reports on which ARC members could be implicated. Those reports are submitted to the AA.

3.6.6 MINIMISING CONFLICTS OF INTEREST

The SETA Constitution provides a Code of Conduct for AA members as well as an approved AA Code of Ethics dealing with conflicts of interest for employees and AA members. AA members, management and employees annually complete a mandatory disclosure of interest form as required by the Public Service Regulations, 2019 while Board members and management must also declare any conflicts of interest at all Board and Committee meetings on an ongoing basis.

3.6.7 CODE OF CONDUCT

The MICT SETA Code of Conduct is informed by the Labour Relations Act Schedule 8 Code of Good Practice and King IV Code of Good Practice. It provides guidance on ethical behaviour in terms of individual conduct and relationships with fellow employees and stakeholders.

It promotes exemplary conduct by employees in their public and private lives to enhance professionalism and ensure public and stakeholder confidence in dealing with the MICT SETA.

The MICT SETA will institute a disciplinary enquiry in the event of non-compliance in accordance with the disciplinary code and grievance procedures.

3.6.8 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The MICT SETA has a health and safety policy informed by the Health and Safety Act 85 of 1993. To ensure compliance, the MICT SETA established a health and safety committee to deal with these issues in all offices. The committee meets regularly to ensure compliance and discuss risk issues emanating from respective offices.

All health and safety representatives have been provided with relevant training to perform their duties and responsibilities within their respective offices.

3.6.9 BOARD SECRETARIAT

The Board Secretariat function resides within the CEO's office with a functional reporting line to the AA through the Chairperson. The Board Secretary, Advocate Sanele Mabaso, was appointed with effect 1 March 2022 and resigned on 20 June 2022. IKB Company Secretaries were appointed to assume the Board Secretariat function until December 2022 when Ms. Nikiwe Chauke was appointed with effect from 1 January 2023 and resigned on 30 March 2023. Ms. Nokwanda Qezu was appointed Board Secretary effective 1 May 2023.

The Board Secretariat's main function is assisting the AA with corporate governance procedures and monitoring the MICT SETA's legislative and regulatory compliance. The Board Secretary also:

- serves as the entity's legal officer responsible for contract drafting, contract management, legal advice and litigation;
- manages AA meetings and committee processes by preparing and distributing Board packs including agendas and minutes;
- manages stakeholder engagement activities including the executive authority and other critical stakeholders and
- advises the AA on the law and regulations relevant to the organisation and ethics compliance requirements.

Members of the Accounting Authority have unlimited access to the advice and services of the Board Secretary.



3.6.10 SOCIAL RESPONSIBILITY

The MICT SETA is committed to corporate social responsibility and aims to make a positive impact to society. Additionally, it recognises the importance of education and equal opportunities. To support its employees, the entity provides bursaries to employees and dependents of permanent employees, ensuring education remains accessible and empowering families within the organisation.

In its ongoing dedication to uplifting communities, the MICT SETA annually donates equipment to underprivileged schools. This initiative directly impacts the learning environment and bridges the digital divide, enabling students in disadvantaged areas to access quality education and resources.

To strengthen its commitment to social responsibility, the MICT SETA established a dedicated Social and Ethics Committee to address matters relating to ethical conduct, social responsibility, among other issues. The MICT SETA ensures its activities align with ethical standards, making a positive difference in the lives of individuals and communities.

The MICT SETA, alongside its collaborative partners, remains dedicated to making a lasting impact on the lives of learners and communities. A notable project supported in the 2022/2023 financial year was the collaborative initiative with stakeholder Hitachi Vantara addressing inadequate school uniforms and create an environment where every learner has equal opportunities to thrive academically and socially.

The partnership between the MICT SETA and Hitachi Vantara delivered new school uniforms to over 150 needy students. This act of generosity significantly alleviated the burden on families and ensured every student had the necessary attire to build self-confidence while at school. Beyond providing students with essential clothing, the project has fostered a sense of unity within the community.

The positive efforts have inspired other social business partners in the surrounding communities to join in and contribute to the cause. These contributions go beyond uniforms and include donations such as food, catering services and feminine hygiene products. The collaborative effort has not only enhanced the students' well-being but created a supportive network within the community.

The AA has implemented a comprehensive strategy centred on creating long-term partnerships with rural and underdeveloped communities. By forging these strategic alliances, the entity aims to have a sustained impact and actively contribute to addressing South Africa's development challenges. Through collaboration, knowledge sharing and targeted initiatives, the MICT SETA strives to promote economic empowerment, education and community development, thereby fostering a more inclusive and prosperous





AUDIT AND RISK COMMITTEE REPORT

FOR THE YEAR ENDING 31 MARCH 2023

MR. SULEMAN BADAT
AUDIT AND RISK COMMITTEE CHAIRPERSON

THE AUDIT & RISK COMMITTEE TERMS OF REFERENCE

The Committee was established in line with the requirements of section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(ii), as amended and Treasury Regulation 27.1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The Committee commenced with the annual review of its Terms of Reference which were approved during the 2023/24 financial year.

AUDIT AND RISK COMMITTEE ATTENDANCE 2022/2023

The Committee consisted of five (5) members, three (3) of the members are external independent members and two (2) are members of the Board. During the period under review, the Committee held four (4) scheduled meetings and three (3) special joint meetings were held with FinRemco. The CEO, CFO, Manager: Internal Audit, Senior Management members and representatives of the Auditor-General South Africa (AGSA) have standing invitations to the Committee meetings. The Chairperson of the Committee reports to the Board regarding the Committee's statutory and oversight responsibilities.

The table below discloses relevant information of the Audit and Risk Committee members:

NAME	QUALIFICATIONS	DATE APPOINTED	NUMBER OF MEETINGS HELD (7)	STATUS
Mr. Suleman Badat (Chairperson)	<ul style="list-style-type: none"> CA (SA) 	01 October 2020	7/7	Active
Mr Gideon Labane	<ul style="list-style-type: none"> CA (SA) 	01 October 2020	7/7	Active
Ms Lindiwe Nkosi*	<ul style="list-style-type: none"> CA (SA) 	01 December 2020	4/7	Active
Mr Viwe James	<ul style="list-style-type: none"> Advanced Law, Labour Law and Procedures Programme South African Public Structures, Functions, and Finance Chartered Corporate Governance and Administration N3: Electrical Engineering 	01 February 2022	7/7	Active
Mr Tebogo Mamorobela	<ul style="list-style-type: none"> Strategic Diplomacy, Leadership in Digital Leadership Research Awareness for Leaders Certificate: Emerging Technical Leadership in Digital Business 	01 February 2021	7/7	Active

*Ms. Nkosi attended four meetings as she was on extended leave.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee is pleased to report that it was properly constituted as required by the Public Finance Management Act, (PFMA) and has complied with its responsibilities arising therefrom. The Audit and Risk Committee also reports that notwithstanding that its Terms of Reference were not reviewed during the year under review, the Committee performed its duties and discharged its responsibilities in terms of the provisions thereof. The Terms of Reference has since been reviewed and approved by the Accounting Authority. The Committee periodically meets separately with external and internal auditors as well as Management.

EFFECTIVENESS OF INTERNAL CONTROLS

The Audit and Risk Committee obtains assurances from Management, Internal Audit and the external auditors on the effectiveness of governance, risk management and internal controls in the areas of financial management, performance management, compliance management and Information Communication and Technology (ICT). The Committee's review of the findings of the work of Internal Audit, which was based on the risk assessments conducted and control evaluation, revealed some weaknesses in the system of internal controls which were raised with the Management and the Accounting Authority. A number of weaknesses were identified in the following areas:

- Performance Information Reporting
- ICT Governance and General Controls
- Implementation of action plans to address audit findings

RISK MANAGEMENT

The Audit and Risk Committee is responsible for oversight of risk management. The Board has adopted a Risk Management Framework, strategy and relevant policies for the SETA, in line with the PFMA. The MICT SETA reviewed its Risk Management Framework during the financial year and took into consideration inputs from the annual risk assessment that was conducted in collaboration with Management.

The Framework incorporates the SETA's Risk Appetite and Tolerance Framework, Risk Management Strategy and Policy.

Most risk mitigation controls were implemented successfully during the 2022/23 financial year, with a few improvements to be considered and implemented going forward. The Audit and Risk Committee is satisfied with the overall risk management function and made recommendations to Management to enhance the capacity within the Risk function.

INTERNAL AUDIT

The Internal Audit unit was functional during the year under review with the appointment of a Manager: Internal Audit effective 29 March 2022. Resource constraints within the Internal Audit function remain, however capacity constraints are being addressed with the appointment of contract workers as well as a panel of audit service providers. Internal audit follows a risk-based approach which incorporates management's risk assessment.

A significant number of planned audits were not completed due to capacity constraints.

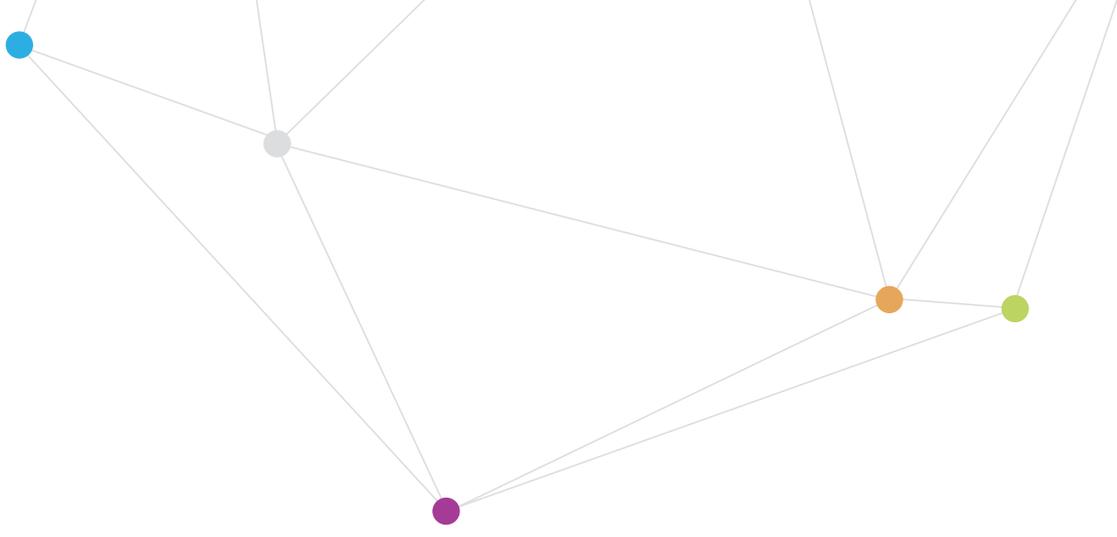
The following internal audits were completed during the year under review:

- Performance Information 2021-22 Quarter 3 & 4 Verification.
- Performance Information 2022-23 Quarter 1 Verification.
- Performance Information 2022-23 Quarter 2 Verification.
- Performance Information 2022-23 Quarter 3 Verification.
- 2023-24 Annual Performance Plan Review.
- Strategic, Annual Performance Plan and Sector Skills Plan audit.
- ICT Governance review.
- ICT General Controls audit.
- POPIA Compliance Assessment (conducted quarterly).
- Supply Chain Management (SCM) review.
- 2021/22 Draft Annual Financial Statements.
- 2021/22 Draft Annual Performance Information Report.

The Internal Auditors have assessed the overall internal control environment as "needs improvement". The Audit and Risk Committee evaluated the Internal Audit Function and its Internal Audit Manager and overall was satisfied with the performance of the Internal Audit function for the period under review.

EVALUATION OF THE FINANCE FUNCTION

Following the resignation of the former Chief Financial Officer (CFO) on the 31 October 2022, the Finance Manager who has since been acting as the CFO was appointed as the permanent CFO effective 01 April 2023. The Audit and Risk Committee was overall satisfied with the performance of the finance function for the period under review.



IN-YEAR MANAGEMENT AND QUARTERLY REVIEW

The Audit and Risk Committee tabled to the Accounting Authority the in-year management reports and further submitted four (4) Quarterly Performance Reports reflecting performance on implementation of the Annual Performance Plan 2022/23, which includes Service Level Agreement (SLA) targets to DPME and DHET as prescribed.

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 independent auditors and management;
- Reviewed the Independent Auditor’s Management Report and their audit findings;
- Reviewed changes, if any, to accounting policies and practices as reported in the Annual Financial Statements;
- Reviewed the processes for compliance with legal and regulatory provisions, and recommended to management that the process needs to be formalised;
- Reviewed the information on predetermined objectives as reported in the Annual Report; and
- Reviewed material adjustments, if any, resulting from the audit.

EXTERNAL AUDITOR’S REPORT

The Committee has, on a quarterly basis, reviewed the entity’s implementation plan for audit findings raised in the prior year. The Committee has met with the External Auditor to ensure that there are no unresolved issues that emanated from the audit.

The Audit and Risk Committee concurs and accepts the Independent Auditor’s opinion regarding the Annual Financial Statements and proposes that the Audited Annual Financial Statements, read together with the report of the Independent Auditor, be accepted.

APPRECIATION

The Audit and Risk Committee expresses its sincere appreciation to the Board, CEO and his Management team, Internal Audit and External Audit for their co-operation and support towards us achieving the requirements of our Charter as mandated.



Suleman Badat
Chairperson of the Audit and Risk Committee
MICT SETA

3.6.12 BBBEE COMPLIANCE PERFORMANCE INFORMATION

The table below has been completed in accordance with compliance to the BBBEE requirements as required by the BBBEE Act and as determined by the Department of Trade, Industry and Competition.

CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	N/A. The MICT SETA is a schedule 3A public entity mandated by the Skills Development Act to achieve skills development and economic growth within the sub-sector it operates.
Developing and implementing a preferential procurement policy?	Yes	Preferential procurement is covered in the SCM policy.
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A. The MICT SETA is a schedule 3A entity mandated by the Skills Development Act to achieve skills development and economic growth within the sub-sector it operates.
Developing criteria for entering partnerships with the private sector?	Yes	The MICT SETA has developed a Discretionary Grants policy detailing the criteria to award discretionary funding.
Determining criteria for awarding of incentives, grants and investment schemes in support of broad-based black economic empowerment?	Yes	The MICT SETA has developed a Discretionary Grants policy detailing the criteria to award discretionary funding.



PART D

**HUMAN
RESOURCE
MANAGEMENT**



4.1 INTRODUCTION

4.1.1 OVERVIEW OF HUMAN RESOURCES MATTERS

The MICT SETA aims to be the employer of choice by attracting employees with the right skills, qualifications and experience. To develop and retain top-performing talent, by offering a competitive total cost to company with market-related salaries, the MICT SETA reviews policies and strategies whenever the need arises to ensure employees feel recognised and are encouraged to achieve the organisation's mandate.

The MICT SETA ensures employees are competitively remunerated against appropriate benchmarks, creating policies that encourage continuous learning and revising job outputs and organisational structure to determine future focus areas. The organisation conducts a job evaluation, job grading and salary benchmarking every three years.

4.1.2 SET HUMAN RESOURCES PRIORITIES FOR THE PERIOD UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The MICT SETA strives to equip and encourage its employees and their children who wish to pursue tertiary education by providing them with bursaries to:

- ensure good governance practices;
- ensure compliance is a must and not negotiable;
- retain high performing employees and
- appoint employees from different races such as whites and Indians.

These priorities positively contribute to achieving the MICT SETA's mandate.

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

In the year under review, 19 fixed-term contractors were appointed within different departments including learning programmes, finance and regional offices to equip young, unemployed youth to gain work experience. Some contractors secured permanent positions within the MICT SETA while others were employed outside the organisation.

Employees and their dependents were offered bursaries to further their studies and equip them in applying for higher positions within the MICT SETA.

The MICT SETA ensured employees were trained and equipped to perform their daily tasks to the best of their abilities and employees were provided with the right equipment and tools to perform their daily tasks.

The organisation also filled all senior management positions and supplemented the leadership bench with external appointments to positively impact on the current and future leadership and its employment equity representation:

- proper strategies in place to recruit the right employees;
- proper programmes in place to meet future human resource needs;
- ensure employees are trained and their skills developed to match future demands and
- provide employees with market-related benefits.

4.1.4 EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

Employee performance management is aligned with the departmental and organisational mandate and strategic objectives.

Employees' positive continual performance improvement is reinforced via rewards linked to their individual annual performance.

Employees are trained to fully perform their daily tasks while line managers provide guidance for professional growth.

To improve and maintain an effective performance management system, the SETA wholly achieved its performance management contracting and reviews.

4.1.5 EMPLOYEE WELLNESS PROGRAMME

The MICT SETA appointed ICAS as its wellness service provider to afford employees access to quality health and safety services. To ensure healthy and safe working conditions, the MICT SETA complies with the Occupational Health and Safety Act (OHSA) 85 of 1993. The service provider is available 24/7 to ensure employees are assisted with personal, legal and financial issues and work stress.



4.1.6 POLICY DEVELOPMENT

The MICT SETA human resource policies were reviewed and approved in the financial year under review. A governance practitioner was appointed to assist the SETA align its policies with the relevant legislation. All HR policies are reviewed triennially or whenever the need arises.

Policy reviews achieve organisational excellence through exemplary human resource best practices relating to organisational corporate governance and strategic HR management and guidance to employees on their expected behaviour.



4.1.7 ACHIEVEMENTS

The HR department achieved the following:

- Four of the four APP annual targets;
- Consistently and fairly applied HR policies to all employees;
- Filling senior management now dominated by women;
- Aligning the organisational structure with strategic objectives; and
- Maintaining more than 90% of HR talent.



4.1.8 CHALLENGES

The HR department experienced the following challenges for the year under review:

- Absence of an online recruitment system;
- No online performance management system; and
- An inability to attract skilled and competent employees from different racial groups including whites and Indians to achieve equitable representation.

4.1.9 FUTURE HUMAN RESOURCE PLANS/GOALS

The HR department has set the following plans/goals to improve its HR management:

- Procuring an online recruitment system (underway);
- Correct wrong behaviour instead of being punitive;
- Appoint White and Indian races to comply with the Employment Equity Plan;
- Ensure service delivery to employees and external stakeholders;
- Retain high-performing employees by implementing retention and succession policies; and
- Encouraging and promoting ethical behaviour from employees.



4.2.1 HUMAN RESOURCES STATISTICS

4.2.1.1 PERSONNEL BY COST PROGRAMME

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL EXPENDITURE (R'000)	NUMBER OF EMPLOYEES (#)	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Programme 1: Administration	546 019	39 488	7%	67	589
Programme 2: SSP	48 897	3 536	7%	6	589
Programme 3: Learning programmes	391 178	28 290	7%	48	589
Programme 4: ETQA	130 393	9 430	7%	16	589
Total	1 116 487	80 744	7%	137	589

4.2.1.2 PERSONNEL BY SALARY BAND

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	EXPENDITURE PERCENTAGE (%)	NUMBER OF EMPLOYEES (#)	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	8 150	589	7%	1	589
Senior management	81 495	5 894	7%	10	589
Professional qualified	146 692	10 609	7%	18	589
Skilled	407 477	29 469	7%	50	589
Semi-skilled	440 075	31 826	7%	54	589
Unskilled	32 589	2 357	7%	4	589
Total	1 116 487	80 744	7%	137	589

4.2.1.3 PERFORMANCE REWARDS

PROGRAMME	PERFORMANCE REWARD (CASH BONUS) (R'000)	PERSONNEL EXPENDITURE (R'000)	PERCENTAGE OF PERFORMANCE REWARD TO TOTAL PERSONNEL COST (%)	NUMBER OF EMPLOYEES (#)
Top management	0	0	0%	0
Senior management	1 458	6 013	24%	7
Professional qualified	1 343	10 308	13%	12
Skilled	2 893	32 641	9%	38
Semi-skilled	1 764	28 346	6%	33
Unskilled	85	3 436	2%	4
Total	7 543	80 744	7%	94

4.2.1.4 TRAINING COSTS

PROGRAMME	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A PERCENTAGE OF PERSONNEL COST (%)	NUMBER OF EMPLOYEES (#)	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Programme 1: Administration	39 488	1 492	0%	37	40
Programme 2: SSP	3 536	0	0%	-	-
Programme 3: Learning programmes	28 290	491	0%	18	27
Programme 4: ETQA	9 430	257	0%	7	37
Total	80 744	2 240	0%	62	104

4.2.1.5 EMPLOYMENT AND VACANCIES

PROGRAMME	2021/22 EMPLOYEE (#)	2022/23 APPROVED (#)	NUMBER OF EMPLOYEES (#)	VACANCIES (#)	VACANCY PERCENTAGE (%)
Top management	1	1	1	0	0%
Senior management	9	10	7	1	8.33%
Professional qualified	14	14	11	2	16.67%
Skilled	48	47	44	3	25%
Semi-skilled	42	40	39	5	41.67%
Unskilled	1	4	3	1	8.33%
Temporary	17	21	15	0	0%
Total	132	137	120	12	100%

4.2.1.6 EMPLOYMENT CHANGES

The below table illustrates the turnover rates, providing an indication of trends in employment changes for the entity in the year under review.

PROGRAMME	EMPLOYMENT AT THE BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF PERIOD
Top management	0	1	0	1
Senior management	10	2	3	8
Professional qualified	10	2	3	12
Skilled	38	7	4	44
Semi-skilled	36	6	1	40
Unskilled	1	2	0	3
Temporary	11	16	11	18
Total	106	36	22	126

4.2.1.7 REASONS FOR STAFF LEAVING

REASON	NUMBER	PERCENTAGE OF TOTAL NUMBER OF STAFF LEAVING
Death	0	0%
Resignation	13	61.9%
Dismissal	0	0%
Retirement	1	4.76%
Ill-health	0	0%
Expiry of contract	6	28.57%
Other	1 (mutual settlement agreement)	4.76%
Total	21	100%



4.2.1.8 LABOUR RELATIONS MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	2
Written warning	2
Final written warning	0
Suspension pending investigation	1
Dismissal	0
Total	5



4.2.1.9 EMPLOYMENT EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

PROGRAMME	MALE			
	AFRICAN		COLOURED	
	CURRENT	TARGET	CURRENT	TARGET
Top management	1	1	0	0
Senior management	4	2	0	0
Professional qualified	6	5	0	0
Skilled	15	11	0	1
Semi-skilled	19	18	0	0
Unskilled	0	3	0	0
Temporary	7	1	1	1
Total	52	41	1	2

PROGRAMME	FEMALE			
	AFRICAN		COLOURED	
	CURRENT	TARGET	CURRENT	TARGET
Top management	0	0	0	0
Senior management	5	4	1	1
Professional qualified	8	7	1	1
Skilled	32	27	0	2
Semi-skilled	20	19	1	1
Unskilled	4	4	0	0
Temporary	12	1	0	0
Total	81	62	3	5

PROGRAMME	DISABLED STAFF			
	AFRICAN		COLOURED	
	CURRENT	TARGET	CURRENT	TARGET
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	1	0	0	0
Unskilled	0	1	0	1
Temporary	0	0	0	0
Total	1	1	0	1



PART E

**PFMA
COMPLIANCE
REPORT**

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

A) RECONCILIATION OF IRREGULAR EXPENDITURE

Description	2023	2022
	R'000	R'000
Opening balance	156 886	153 307
Add: Irregular expenditure confirmed	1 339	3 579
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	138 846	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	19 379	156 886

During the 2021/22 financial year MICT SETA submitted a request for condonation for an amount of R 152 million to the relevant authority. The relevant Authority did not approve the request for condonation, however it was referred to the Accounting Authority for removal. Inline with the irregular expenditure Instruction Note, the Accounting Authority processed for removal an amount R138 million in 2022/23 financial year. An amount of R14 million could not be removed since it was not free from fraudulent and corrupt activities. The irregular expenditure of R1.3 million that was incurred and confirmed in

the 2022/23 financial year relates to fees paid to the Chairperson of the Board, this is also included in the irregular expenditure that was removed by the Accounting Authority in the current year. In relation to the balance of the irregular expenditure, management investigated the irregular expenditure and took effective and appropriate steps against the officials who made and/or permitted the irregular expenditure. MICT SETA has submitted a request for condonation for all the transactions included in the balance and is awaiting National Treasury response.

RECONCILING NOTES

Description	2023	2022
	R'000	R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to 2022 and identified in 2023	15	0
Irregular expenditure for the current year	1 324	3 579
Total	1 339	3 579

B) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

Description	2023	2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	138 846	0
Total	138 846	0

The relevant Authority did not approve the request for condonation, however it was referred to the Accounting Authority for removal. In line with the irregular expenditure Instruction Note, the Accounting Authority processed for removal an amount R138 million in 2022/23 financial year.

D) DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF IRREGULAR EXPENDITURE

DISCIPLINARY STEPS TAKEN

Management investigated the irregular expenditure and took effective and appropriate steps against the officials who made and/or permitted the irregular expenditure. Amongst other steps taken, included official written warnings and provision of Supply Chain Management training.

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

A) RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

Description	2023	2022
	R'000	R'000
Opening balance	9	9
Add: Fruitless and wasteful expenditure confirmed	1	0
Less: Fruitless and wasteful expenditure written off	0	0
Less: Fruitless and wasteful expenditure recoverable	1	0
Closing balance	9	9

Fruitless and Wasteful expenditure relates to interest charged by Auditor General and Redefine Properties on invoices paid after 30 days for an amount of R 5 553; R 500 relates to staff advance not recovered from an employee at the end of their service; R 2990 is the cost of expired consumables in the MICT Storeroom.

RECONCILING NOTES

Description	2023	2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/2023	0	0
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/2023	0	0
Fruitless and wasteful expenditure for the current year	1	0
Total	1	0

B) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE RECOVERED

Description	2023	2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	1	0
Total	1	0

The expenditure related to traffic fines incurred by employees and was recovered.

C) DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE NOT RECOVERED AND WRITTEN OFF

Description	2023	2022
	R'000	R'000
Fruitless and wasteful expenditure	9	9
Total	9	9

Fruitless and Wasteful expenditure relates to interest charged by Auditor General and Redefine Properties on invoices paid after 30 days for an amount of R 5 553; R 500 relates to staff advance not recovered from an employee at the end of their service; R 2990 is the cost of expired consumables in the MICT Storeroom.

D) DETAILS OF CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF FRUITLESS AND WASTEFUL EXPENDITURE

DISCIPLINARY STEPS TAKEN

None, the amount of fruitless and wasteful expenditure is insignificant and did not arise because of criminal activities.

2. SUPPLY CHAIN MANAGEMENT

2.1 PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Appointment of a service provider for detection of illegal surveillance equipment, devices, and systems	Seleb Protection Services Cc	Deviation: Urgency	RFQ/MICT/27/2022	328
Appointment of a service provider for designing and printing of MICT SETA certificate full colour content on Litho for process front, Daly on Zeta embossed 350gsm and create Skodix gloss print on MICT SETA globe Certificates with security feature	Seriti Printing Digital Cc	Deviation: Urgency	RFQ/MICT/11/2022	123
Procurement of office space for the MICT SETA cape town regional office	Redefine Commercial (Pty) Ltd	Deviation: Single Source	MICT/SETA/CPT/02 /2022	4 908
Appointment of a service provider to assist the MICT SETA with the processing of Workplace Skills Plans (WSPs) / Annual Training Plans (ATRs) evaluations for the period ended 30 April 2022	Praxis Computing (Pty) Ltd	Deviation: Single Source	MICT-SETA/IT/-SMS/2018	14
Provision of interim cloud hosting solution of MICT SETA business applications and expand the current contract reference no: MICT/SETA/WAN/11/2021: implementation, support and maintenance of wide area network (WAN) services, security, and backup services.	Mobile Telephone Networks (Pty) Ltd T/A MTN SA	Deviation: Single Source	MICT/SETA/WAN/11/2021	1 664
Appointment of a service provider for the recovery of affected ICT network services	Blue Networks and Infrastructure (Pty) Ltd	Deviation: Urgency	RFQ/MICT/117/2022	73
Total				7 110

2.2 CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
Rental of thirty (30) laptops.	Tezotha Consulting (Pty) Ltd	Variation	RFQ/MICT/15/2021	287	287	99
Placement of a temporary finance administrator.	Mastech General Trading (Pty) Ltd	Variation	RFQ/MICT/111/2021	92	N/A	57
Website hosting and maintenance services.	Cyberfox Cc	Variation	RFQ/MICT/35/2021	59	N/A	10
Website hosting and maintenance services.	Cyberfox Cc	Variation	RFQ/MICT/35/2021	59	15	37
Placement of a temporary finance administrator.	Mastech General Trading (Pty) Ltd	Variation	RFQ/MICT/15/2022	414	N/A	207
Website hosting and maintenance services.	Cyberfox Cc	Variation	RFQ/MICT/35/2021	59	52	24
Legal representation services	Mbeki Nene Mbatha Incorporated (Pty) Ltd	Variation	S 1028 / 2016	218	N/A	35
Provision of interim cloud hosting solution of MICT SETA business applications and expand the current contract reference no: MICT/SETA/WAN/11/2021: implementation, support and maintenance of wide area network (wan) services, security, and backup services.	Mobile Telephone Networks (PTY) LTD T/A MTN SA	Variation	MICT/SETA/ WAN/11/2021:	23 967	N/A	1 665
Total				25 155	354	2 134



PART F

**FINANCIAL
INFORMATION**



MESSAGE FROM THE **CHIEF FINANCIAL OFFICER**

MR MTHENJWA MSELEKU

The MICT SETA continues to receive tremendous support from our Executive Authority and our stakeholders. The SETA enjoys a steady increase in skills development levy revenue since the pandemic. The average skills development levy income amounted to R91 million per month, an increase of 12.34% from prior year.

These improved conditions have resulted in an increase of 76% in Discretionary Grants spending compared to prior year.

We issued grants to approximately 14 191 learners totalling R750 million to service providers, excluding the UIF labour activation project. We had various employers move into the SETA, and unfortunately lost a few employers as well through inter-seta transfers. The SETA has a strong commitment to make a meaningful change in our community through skills development. We are indeed encouraged by our communities within our priority areas as well as providing critical development for our most vulnerable communities during these difficult economic times.

Our strong financial standing is upheld with the commitment and expertise of our staff, partners, and stakeholders. Our Accounting Authority and professional staff work diligently to maintain sound financial controls. Our Audit Committee oversees our financial reporting and risk management. Our Finance and Remuneration Committee continuously monitors our investment policies, asset allocation, our financial performance, and the strength of our balance sheet. Our ICT Committee oversees the implementation and security of our recording and reporting systems. Lastly, our Executive Committee ensures that we maintain efficient operations

and keep watch over our financial health. As a result of this combined assurance approach, we are pleased that the MICT SETA received a clean audit opinion and are looking forward to working with all our stakeholders in ensuring that the organisation maintains this outcome.

Thank you to our stakeholders for entrusting us with your monies in a manner to ensure that our mandate of skills development has been fulfilled. We are committed to transparency and accountability in our financial affairs.

Gratitude goes to the Executive Authority for ensuring our existence, the National Treasury for ensuring that the SETA remains compliant. Furthermore, appreciation is also extended to the Auditor-General of South Africa, the Audit and Risk Committee and Accounting Authority for its oversight role.

We look forward to answering any questions that our stakeholders may have regarding any aspect of our financial activities.

Regards

Mr Mthenjwa Mseleku CA (SA)

Chief Financial Officer

31 August 2023

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE MEDIA, INFORMATION AND COMMUNICATIONS TECHNOLOGIES SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Media, Information and Communications Technologies Sector Education and Training Authority (MICT SETA) set out on pages 88 to 128, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the MICT SETA as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

OTHER MATTERS

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

NATIONAL TREASURY INSTRUCTION NOTE NO.4 OF 2022-23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorized expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 26 and 27 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of MICT SETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RETAINED SURPLUS NOT APPROVED BY THE NATIONAL TREASURY

- There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R505 251 million, for the financial year 2021-22, disclosed in note 22. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

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

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

- In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance Information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance
- I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the auditee's performance on its primary mandated functions and that are of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 2: Sector Skills Planning	37-38	This programme aims to conduct research and develop a credible (bard and DHET approved) sector skills plan that reflects an accurate (triangulated) list of scarce and critical skills, serving as the basis for the SETA's Strategic Plan. The plan to achieve goals and objectives in this programme is to contract with a reputable research house and ensure that there is in-house capacity at the MICT SETA
Programme 3: Learning Programmes	39-43	To implement and monitor learning programmes in the media, advertising, and ICT sub-sectors. The plan to achieve the objectives and goals in this programme will be to implement the following learning programme interventions that will be rolled out in both urban and rural areas in partnership with constituent employers, and with a focus on the 4IR strategy as far as possible.

15. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the auditee's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
 - The indicators used for planning and reporting on performance can be linked directly to the auditee's mandate and the achievement of its planned objectives
 - The indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - The indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - The reported performance information is presented in the annual performance report in the prescribed manner
 - There are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
18. I did not identify any material findings on the reported performance information of the selected programmes.

OTHER MATTERS

19. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements.
21. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

KEY SERVICE DELIVERY INDICATORS NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
Programme 2: Sector Skills Planning		
Targets achieved: 90%		
Budget spent: 84%		
Number of WSPs and ATRs submitted for large firms on an annual basis	220	219

22. Reasons for the underachievement of targets are included in the annual performance report on pages 26 to 45.

REPORT ON COMPLIANCE WITH LEGISLATION

23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the , clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
25. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

26. The Accounting Authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

Audit-General

Pretoria
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the Auditor-General's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

FINANCIAL STATEMENTS

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

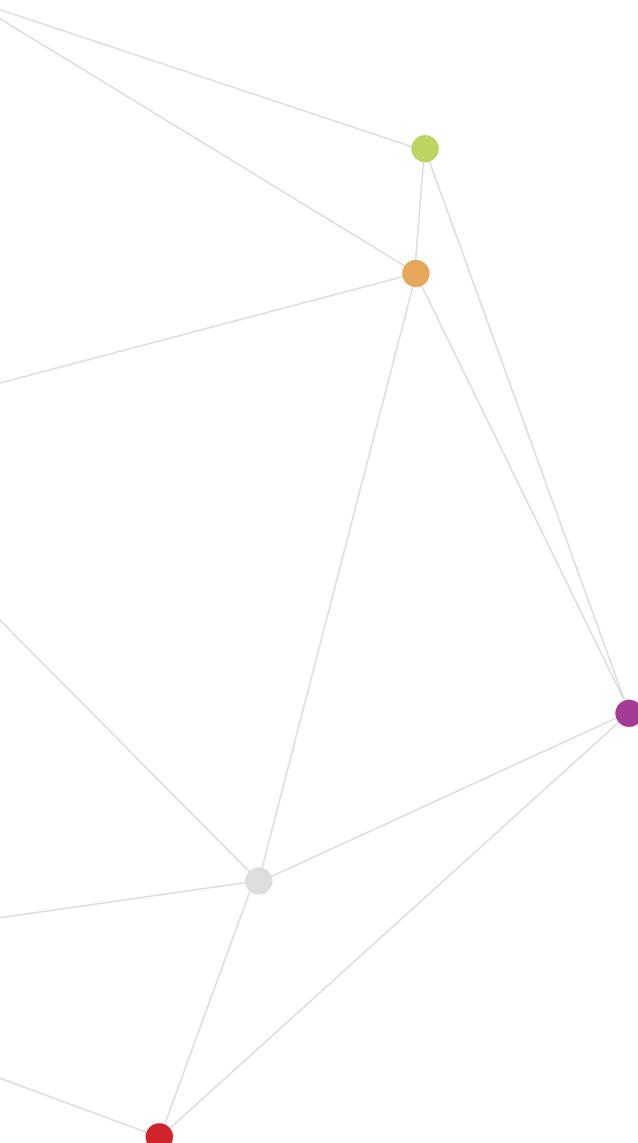
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

THE SELECTED LEGISLATIVE REQUIREMENTS ARE AS FOLLOWS:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e) ; 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1

LEGISLATION	SECTIONS OR REGULATIONS
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority/Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are 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 Accounting Authority/Board to ensure that the Audited Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the 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.

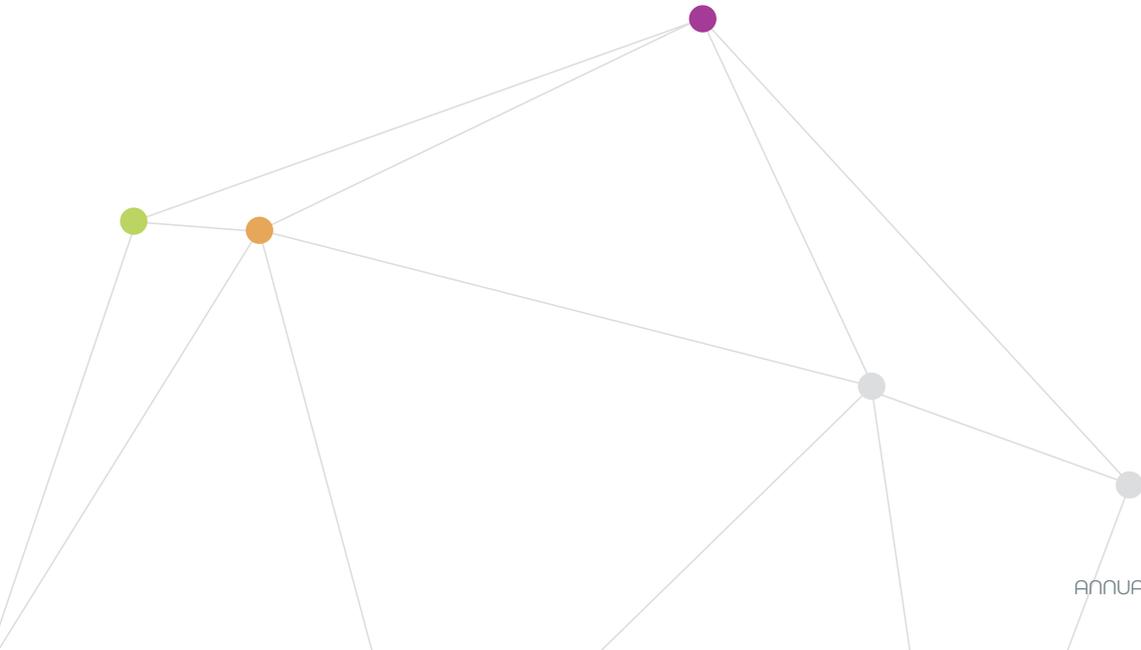
The Audited Annual Financial Statements set out on page 89 to 128, which have been prepared on the going concern basis, were approved by the accounting authority on 28 July 2023 and were signed on its behalf by:



Mr Simphiwe Thobela
Chairperson of the Board



Mr Matome Madibana
Chief Executive Officer



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THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE THE AUDITED ANNUAL FINANCIAL STATEMENTS PRESENTED TO THE PARLIAMENT:

Statement of Financial Position	89
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STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note(s)	2023 R'000	2022 R'000
ASSETS			
CURRENT ASSETS			
Inventories	3	238	204
Accounts receivables from exchange transactions	4	4,378	2,932
Accounts receivables from non-exchange transactions	5	1,900	6,072
Cash and cash equivalents	6	661,155	644,267
		667,671	653,475
NON-CURRENT ASSETS			
Property, plant and equipment	7	8,438	6,487
Intangible assets	8	3,028	7,882
		11,466	14,369
Total Assets		679,137	667,844
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable from non-exchange transactions	9	97,570	112,072
Accounts payables from exchange transactions	10	10,848	12,958
Provisions	11	24,947	22,990
Deferred Revenue	12	3,000	-
		136,365	148,020
Total Liabilities		136,365	148,020
Net Assets		542,772	519,824
Net assets represented by:			
Administration reserve		11,466	14,369
Employer Grant reserve		87	150
Discretionary reserve		531,219	505,305
Total Net Assets		542,772	519,824

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 31 MARCH 2023

	Note(s)	2023 R '000	2022 R '000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Skills Development Levies	14	1,087,199	974,182
Skills Development Levy - Interest		4,355	6,805
Skills Development Levy - Penalties		4,453	7,141
Other Revenue - Grants Received	16	176	94
UIF Revenue		9,097	22,273
Total revenue from non-exchange transactions		1,105,280	1,010,495
REVENUE FROM EXCHANGE TRANSACTIONS			
Other revenue	16	66	39
Finance revenue	15	34,089	14,778
Total revenue from exchange transactions		34,155	14,817
Total revenue		1,139,435	1,025,312
EXPENDITURE			
Finance Costs	17	-	13
UIF Expense		9,097	22,273
Discretionary Grant Expenses	18	771,573	437,677
Mandatory Grant Expenses	18	188,352	175,978
Administration Expense	19	147,465	122,448
Total expenditure		1,116,487	758,389
Surplus for the year	13	22,948	266,923

STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD ENDED 31 MARCH 2023

	Administration Reserve R'000	Mandatory Reserve R'000	Discretionary Reserve R'000	Total Reserves R'000
Balance at 01 April 2021	19,567	12	233,322	252,901
Surplus for the year	5,018	70,288	191,617	266,923
Transfer of Surplus to discretionary grants	(10,216)	(70,150)	80,366	-
Total Changes	(5,198)	138	271,983	266,923
Balance at 01 April 2022	14,369	150	505,305	519,824
Surplus for the period	(3,674)	78,798	(52,176)	22,948
Transfer of surplus to discretionary grants	771	(78,861)	78,090	-
Total changes	(2,903)	(63)	25,914	22,948
Balance at 31 March 2023	11,466	87	531,219	542,772

Refer to note 13 for detailed calculation of surplus/(deficit).

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2023

	Note(s)	2023 R '000	2022 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Skills development levies, interest and penalties		1,109,289	1,039,342
Finance revenue		33,644	14,778
Other cash receipts from stakeholders		66	39
		1,142,999	1,054,159
PAYMENTS			
Employer grants and programme payments		(980,360)	(640,858)
Payments to suppliers and other stakeholders		(63,080)	(48,523)
Compensation of employees		(78,526)	(63,074)
Finance costs		-	(13)
		(1,121,966)	(752,468)
Net cash flows from operating activities	20	21,033	301,691
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(4,145)	(538)
Purchase of other intangible assets	8	-	(367)
Net cash flows from investing activities		(4,145)	(905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		-	(155)
Net increase/(decrease) in cash and cash equivalents		16,888	300,631
Cash and cash equivalents at the beginning of the year		644,267	343,636
Cash and cash equivalents at the end of the year	6	661,155	644,267

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE PERIOD ENDED 31 MARCH 2023

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Skills Development Levies	994,173	33,905	1,028,078	1,087,199	59,121
Skills Development Levies: Interest	-	5,949	5,949	4,355	(1,594)
Skills Development Levies: Penalties	-	4,051	4,051	4,453	402
Other Revenue	-	-	-	176	176
UIF Revenue	-	9,097	9,097	9,097	-
Total revenue from non-exchange transactions	994,173	53,002	1,047,175	1,105,280	58,105
REVENUE FROM EXCHANGE TRANSACTIONS					
Other revenue	-	-	-	66	66
TRANSFER REVENUE					
Finance Revenue	14,742	6,662	21,404	34,089	12,685
Total revenue from exchange transactions	14,742	6,662	21,404	34,155	12,751
EXPENDITURE					
Discretionary Grant expenses	(517,168)	(644,163)	(1,161,331)	(771,573)	389,758
Mandatory Grant expenses	(211,262)	(7,205)	(218,467)	(188,352)	30,115
Administration expenditure	(130,485)	(4,450)	(134,935)	(140,373)	(5,438)
UIF expense	-	(9,097)	(9,097)	(9,097)	-
Special Projects	(150,000)	100,000	(50,000)	(7,092)	42,908
Total expenditure	(1,008,915)	(564,915)	(1,573,830)	(1,116,487)	457,343
Approved prior year surplus	-	505,251	505,251	-	(505,251)
Surplus for the year	-	-	-	22,948	22,948

VARIANCE ANALYSIS

The total revenue received from non-exchange transactions is above budget by R 58.1 million (5.55%) due to improvements within the sector which was more than anticipated. A conservative budget approach was applied considering the current adverse economic conditions.

The total revenue received from exchange transactions is above budget by R 12.8 million (59.67%) due to larger cash balances from increased Skills Development Levy revenue and the increase in the repo rate.

The total expenditure is below budget by R 457.3 million (-29.06%). The variance consists of Discretionary Grants

expenditure which is below budget by -33.56% due to the late approval of the retention of surplus which resulted in the late revision of the budget. Mandatory Grants expenditure is also below budget by -13.78% due to non-compliant documentation submitted for WSP approvals. The special project is below budget by -R42.91 million due to most project being scheduled for implementation through research chairs.

Refer to Note 28 for further explanation of material variances between final budget and actual.

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 basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

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.

The case between Business Unity South Africa (BUSA) and the Minister of Higher Education and Training has posed a risk on the going concern of the organisation. Further disclosure concerning this matter has been made under the contingencies note (note 22). Other than the risk mentioned, there are no known instances that cast doubt on the MICT SETA's ability to continue as a going concern.

1.3 INVENTORIES

Inventory is comprised of consumables.

Consumables are recognised as an asset on the date of acquisition and are measured at cost of acquisition. Inventory is subsequently measured at lower of cost and net realisable value.

Consumables are subsequently recognised in surplus or deficit as they are consumed.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use of administrative purposes, and are expected to be used during more than one period.

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

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

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

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

Asset Class	Depreciation method	Average useful life
Furniture and fittings	Straight-line	10 - 15 years
Motor vehicles	Straight-line	4 - 6 years
Office equipment	Straight-line	7 - 10 years
Computer equipment	Straight-line	3 - 6 years
Leasehold improvements	Straight-line	4 - 6 years

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

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

The entity assesses at each reporting date whether there is any indication that the entity'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 expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

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.

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

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

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

Internally generated software programs are initially recognised at cost. Development costs are recognised when it is probable that it will generate future economic benefits for the organisation, Intangible asset with finite useful life are amortized over their useful lives using a straight line basis and tested for impairment at each reporting date. A module of the system is amortized only once

it is available for use. Costs associated with research, training, support and maintenance are recognised as an expense and charged to statement of financial performance when incurred.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Asset Class	Depreciation method	Average useful life
Computer software, internally generated	Straight-line	5 - 10 years
Computer software, purchased	Straight-line	4 - 6 years

1.6 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.

Finance leases held by the MICT SETA are recored as purchase of equipment by means of long-term borrowings. All other leases are classified as operating leases.

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

1.7 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.

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.8 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:

ACCOUNTS RECEIVABLE

The MICT SETA assesses its receivables for impairment at the end of each reporting period. The MICT SETA makes judgments as to whether there is observable data indicating that the receivables have to be impaired. If the indications exist, the carrying amount of the receivables is reduced through the use of an impairment allowance account in the Statement of Financial Position. When a receivable is uncollectable, it is written off against the allowance account.

ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE STOCK

An allowance to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

IMPAIRMENT TESTING

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in Note 12.

ALLOWANCE FOR DOUBTFUL DEBTS

On accounts receivable, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.9 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.

1.10 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the MICT SETA and these measures can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

1.11 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions result in resources being received by MICT SETA, usually in accordance with a binding arrangement.

When MICT SETA receives resources as a result of a non-exchange transaction, it recognises as asset and revenue in the period that the arrangement becomes binding and when it is probable that MICT SETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to the MICT SETA are subjected to the fulfilment of specific conditions, it recognises an asset and a corresponding liability as and when the conditions are fulfilled, the liability is reduced and the revenue is recognised.

The asset and the corresponding liability and revenue are measured on the basis of the fair value of the asset on initial recognised.

Unconditional grants received are recognised when the amounts have been received.

Non-exchange revenue transactions include the receipt o the levy income from DHET, income from the National Skills Fund (NSF), and grants from the National Government.

LEVY INCOME

The Accounting Policy for recognition and measurement of Skills Development Levy (SDL) income is based on the Skills Development Act, Act no 97 of 1998 as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended.

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

80% of Skills Development Levies are paid over MICT SETA (net of the 20% contribution to the NSF). MICT SETA was not in the position to verify that SARS has collected all potential skills levy income.

SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the MICT SETA and the benefits can be measured reliably. This occurs when the DHET makes an allocation to the MICT SETA as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

Revenue is adjusted for transfers of employers between SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustments are calculated according to the most recent Standard Operating Procedures issued by the DHET. SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the MICT SETA and these benefits can be measured reliably. This occurs when the DHET makes an allocation to the MICT SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

INTEREST AND PENALTIES

Interest and penalties received on the SDL are recognised on the accrual basis.

Funds allocated by the National Skills Fund/UIF or any other entities of government for special projects.

Funds transferred are accounted for in the Audited Annual Financial Statements of the MICT SETA are a liability until the related eligible special project expenses are incurred. The liability is reduced by any project expenditure incurred and recognised as revenue.

Property, plant and equipment acquired for Special Projects are capitalised in the Audited Annual Financial Statements of the MICT SETA, as the MICT SETA controls such assets for the duration of the project. Such assets may however only be disposed of in terms of an agreement and specific written instructions.

FINANCE REVENUE

Finance revenue is comprised of interest accrued from the short-term investment and bank balances.

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

1.12 GRANTS AND PROGRAMME EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998, as amended and the SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

MANDATORY GRANTS

Mandatory/Employer Grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

DISCRETIONARY GRANTS

A SETA may, out of any surplus monies, and in accordance with the criteria as defined in the SETA Grant Regulations, determine and allocate Discretionary Grants to employers, education and training providers and workers of the employers who have submitted an application has been approved

PROGRAMME EXPENDITURE

Programme expenditure comprises:

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

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

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

RETROSPECTIVE ADJUSTMENTS BY SARS

The MICT SETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that

are in excess of the amount the SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts.

1.13 RESERVES

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulation issued in term of the Skills Development Act, 1998 (Act 97 of 1998) as amended as follows:

- Administration reserves
- Mandatory (Employer grant) reserve
- Discretionary reserves and
- Unappropriated surplus

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act and the regulations issued in terms the Act.

1.14 COMPARATIVE FIGURES

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

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

Fruitless and Wasteful expenditure is accounted for in accordance with the PFMA Compliance and Reporting Framework. The reconciliation of the opening and closing balance will be disclosed in the Annual Report.

1.16 IRREGULAR EXPENDITURE

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure is accounted for in accordance with the PFMA Compliance and Reporting Framework. The reconciliation of the opening and closing balance will be disclosed in the Annual Report.

1.17 TAXATION

The SETA received confirmation of the tax exemption on 04 April 2017, following the process of registering for income tax and applying for exemption as advised after receiving correspondence from SARS about the tax status of the SETAs.

The MICT SETA is therefore exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

1.18 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria is met.

1.19 BUDGET INFORMATION

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

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

The approved budget covers the fiscal period from 01/04/2022 to 31/03/2023.

The 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.

1.20 RELATED PARTIES

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

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

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

1.21 FINANCIAL INSTRUMENTS

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial assets and financial liabilities are recognised on the SETA's Statement of Financial Position when the SETA becomes a party to the contractual provisions of the instrument.

1.21.1 FINANCIAL ASSETS

The SETA 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
Cash and Cash Equivalents	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortized cost .
Receivables from non-exchange transactions	Financial asset measured at amortized cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly comprise of cash on hand, current account, call accounts, credit card accounts and fixed deposits held by the MICT SETA at the Corporation of Public Deposits (CPD). Cash and cash equivalents are initially recognised at cost and subsequently stated at fair value due to their short term nature, closely approximate their fair value.

RECEIVABLES

Exchange and non-exchange receivables comprise of trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market and are classified as Receivables. Receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

EFFECTIVE INTEREST METHOD

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

FAIR VALUE CONSIDERATIONS

The fair values at which financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values will be calculated by discounting expected future cash flows at prevailing interest rates where material.

OFFSETTING

Financial assets and financial liabilities are offset only if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

1.21.2 FINANCIAL LIABILITIES

All financial liabilities of the SETA are classified depending on the nature and purpose of the financial liabilities and the classification is determined at the time of initial recognition.

The SETA 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
Trade and other payables from exchange transactions	Finance liability measured at amortized cost
Trade and other payables from non-exchange transactions	Finance liability measured at amortized cost

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective method.

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

DERECOGNITION

A financial asset or a portion thereof is derecognised when the MICT SETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the MICT SETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. Upon derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. Upon derecognition, the difference between the carrying amount of the financial liability, including related unamortized costs, and the amount paid for it is included in net surplus or deficit for the period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 (as revised): Employee Benefits	01 Apr 2022	The impact of the is not material.
GRAP 104 (as revised): Financial Instruments	01 Apr 2022	The impact of the is not material.

2.2 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 Apr 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 1 (amended): Presentation of Financial Statements	01 Apr 2023	Unlikely there will be a material impact
GRAP 25 (as revised): Employee Benefits	01 Apr 2023	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	01 Apr 2023	Unlikely there will be a material impact

3. INVENTORIES	2023 R'000	2022 R'000
Consumables and stationery	238	204

The movement in consumables is recognised in the Statement of Financial Performance through monthly usage , there were no consumables written off during the year.

4. ACCOUNTS RECEIVABLES FROM EXCHANGE TRANSACTIONS

Employee costs in advance	42	8
Prepayments	2,007	1,184
Deposits	989	1,060
Sundry receivables	1,427	743
Provision for bad debts	(87)	(63)
	4,378	2,932

5. ACCOUNTS RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2023 R '000	2022 R '000
Receivables - Employer Grants	1,610	6,243
Sundry receivables	3,437	3,143
Provision for bad debts	(3,147)	(3,314)
	1,900	6,072

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	6	9
Bank balances	382,790	382,161
Short-term investments	278,359	262,097
	661,155	644,267

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits is 4.96% (2022: 2.78%). Short term investments are held with the Corporation for Public Deposits as per Treasury Instruction Note issued.

The Skills Development act Regulation states that a SETA may, if not otherwise specified by the PFMA, invest the monies in accordance with Investment Policy approved by the relevant SETA. Treasury Regulations 31.3.3 requires that unless exempted by National Treasury, the SETA as a public entity that is listed in Schedule 3A of the act, must invest surplus funds with the Corporation of Public Deposits. Surplus funds are invested in line with an Investment Policy as required by the Treasury Regulation

31.3.5. Cash includes cash on hand and with banks. Cash equivalents are short term, highly liquid investments that are held with the registered banking institutions or the Corporation of Public Deposits. These are subject to an insignificant risk of change in value.

7. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000	Cost / Valuation R '000	Accumulated depreciation and accumulated impairment R '000	Carrying value R '000
Furniture and fittings	5,923	(3,602)	2,321	6,081	(3,429)	2,652
Motor vehicles	382	(382)	-	382	(382)	-
Office equipment	3,318	(2,672)	646	3,175	(2,482)	693
Computer equipment	11,048	(6,960)	4,088	7,232	(5,663)	1,569
Leasehold improvements	3,380	(1,997)	1,383	3,380	(1,807)	1,573
Total	24,051	(15,613)	8,438	20,250	(13,763)	6,487

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fittings	2,652	109	(24)	(416)	2,321
Office equipment	693	147	(1)	(193)	646
Computer equipment	1,569	3,889	(54)	(1,316)	4,088
Leasehold improvements	1,573	-	-	(190)	1,383
	6,487	4,145	(79)	(2,115)	8,438

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fittings	3,061	23	(432)	2,652
Office equipment	891	87	(285)	693
Computer equipment	1,976	414	(821)	1,569
Leasehold improvements	1,783	14	(224)	1,573
	7,711	538	(1,762)	6,487

The depreciation methods and average useful lives, and residual values of property, plant and equipment have been assessed and the impact was found to be not material:

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT INCLUDED IN STATEMENT OF FINANCIAL PERFORMANCE	2023 R'000	2022 R'000
Repairs and Maintenance	47	14

Expenditure incurred to repair and maintain property, plant and equipment is included in Statement of Financial Performance in the repairs and maintenance expenditure line item, R 46 915 for 2023 and R14,000 for 2022.

8. INTANGIBLE ASSETS

	2023			2022		
	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000
Computer software, purchased	2,026	(1,865)	161	2,026	(1,681)	345
Computer software, internally generated	8,723	(5,856)	2,867	12,537	(5,000)	7,537
Total	10,749	(7,721)	3,028	14,563	(6,681)	7,882

RECONCILIATION OF INTANGIBLE ASSETS - 2023	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Computer software, purchased	345	(184)	-	161
Computer software, internally generated	7,537	(2,703)	(1,967)	2,867
	7,882	(2,887)	(1,967)	3,028

8. INTANGIBLE ASSETS (CONTINUED)

RECONCILIATION OF INTANGIBLE ASSETS - 2022

	Opening balance R'000	Additions R'000	Amortisation R'000	Impairment loss R'000	Impairment Total reversal R'000	Total R'000
Computer software, purchased	529	-	(184)	-	-	345
Computer software, internally generated	11,327	367	(3,791)	(457)	91	7,537
	11,856	367	(3,975)	(457)	91	7,882

9. ACCOUNTS PAYABLE FROM NON-EXCHANGE TRANSACTIONS

DESIGNATED AT FAIR VALUE

	2023 R'000	2022 R'000
Grants payable - Mandatory	29,330	34,641
Grants payable - Discretionary	61,273	70,559
InterSETA and other payables	6,967	6,872
	97,570	112,072

10. ACCOUNTS PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R'000	2022 R'000
Service provider payables	2,276	4,462
Payroll payables	271	211
Payroll accruals	3,445	3,046
Accruals	3,892	4,240
Operating lease liability	21	999
	10,848	12,958

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2023

	Amortisation R'000	Impairment loss R'000	Impairment Total reversal R'000	Total R'000
Performance bonus	6,690	8,483	(6,690)	8,483
Exempt employers	16,300	2,767	(2,603)	16,464
	22,990	11,250	(9,293)	24,947

RECONCILIATION OF PROVISIONS - 2022

	Amortisation R'000	Impairment loss R'000	Impairment Total reversal R'000	Total R'000
Performance bonus	5,966	6,690	(5,966)	6,690
Exempt employers	14,744	4,172	(2,616)	16,300
	20,710	10,862	(8,582)	22,990

11. PROVISIONS (CONTINUED)

PERFORMANCE BONUS

Performance bonus is paid between the month of September and December after the approval is sought from the board. The amount payable is dependent on the outcome of individual performance evaluations.

EXEMPT EMPLOYERS

The balance of the exempt employers provision relates to amounts to be repaid to all employers exempted from SDL (below threshold of R500 000 payroll per annum) who have however contributed the levies.

In terms of Skills Development Circular No. 09/2013, issued by the DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after expiry date of five years as stipulated in terms of Section 190 (4) of Tax Administration Act. These amounts are being transferred to discretionary funds in line with the aforementioned Circular.

	2023 R'000	2022 R'000
12. DEFERRED REVENUE_(FIGURES IN RAND THOUSAND)		
Gauteng Department of Economic Development	3,000	-

MICT SETA entered into a Service Level Agreement with the Gauteng Department of Economic Development (GDED) on the 12 September 2022 for funding of skills programmes for 59 learners. The total contracted amount is R 3 million for a period of 12 months. The programme is fully funded by GDED and the funds were received in full from GDED during the year. The SETA has a corresponding obligation to transfer the funds to a third party. At year end, the SETA had not transferred the funds to a third party due to certain conditions not being met to allow a release of the obligation resulting in deferred revenue.

13. SURPLUS FOR THE YEAR

ALLOCATION OF SURPLUS FOR THE YEAR TO RESERVES: 2023

	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
Total revenue	143,791	267,150	728,494	1,139,435
Administration levy (10,5%)	143,549	-	-	143,549
Mandatory levy (20%)	-	267,150	-	267,150
Discretionary levy (49,5%)	-	-	676,500	676,500
Penalties and interest	-	-	8,808	8,808
Finance revenue	-	-	34,089	34,089
UIF revenue	-	-	9,097	9,097
Other revenue	242	-	-	242
Total expenditure	147,465	188,352	780,670	1,116,487
Administration expenses	147,465	-	-	147,465
Mandatory expenses	-	188,352	-	188,352
Discretionary expenses	-	-	771,573	771,573
UIF expense	-	-	9,097	9,097
(Deficit) Surplus per Statement of Financial Performance	(3,674)	78,798	(52,176)	22,948

13. SURPLUS FOR THE YEAR

ALLOCATION OF SURPLUS FOR THE YEAR TO RESERVES: 2022	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
Total revenue	127,479	246,266	651,567	1,025,312
Administration levy (10,5%)	127,346	-	-	127,346
Mandatory levy (20%)	-	246,266	-	246,266
Discretionary levy (49,5%)	-	-	600,570	600,570
Penalties and interest	-	-	13,946	13,946
Finance revenue	-	-	14,778	14,778
UIF revenue	-	-	22,273	22,273
Other revenue	133	-	-	133
Total expenditure	122,461	175,978	459,950	758,389
Administration expenses	122,448	-	-	122,448
Mandatory expenses	-	175,978	-	175,978
Discretionary expenses	-	-	437,677	437,677
Finance costs	13	-	-	13
UIF expense	-	-	22,273	22,273
(Deficit) Surplus per Statement of Financial Performance	5,018	70,288	191,617	266,923

14. REVENUE

2023
R'000

2022
R'000

Levy income per the Statement of Financial Performance is as follows:

SKILLS DEVELOPMENT LEVY: ADMINISTRATION

SDL: Administration	143,455	127,307
InterSETA transfers: In	188	39
InterSETA transfer: Out	(94)	-
Administration levy Income (10.5%)	143,549	127,346

SKILLS DEVELOPMENT LEVY: MANDATORY

SDL Income: Mandatory	267,034	246,298
InterSETA transfers: In	358	-
InterSETA transfers: Out	(242)	(32)
Mandatory levy Income (20%)	267,150	246,266

SKILLS DEVELOPMENT LEVY: DISCRETIONARY

SDL Income: Discretionary	676,417	600,385
InterSETA Transfer: In	887	185
InterSETA Transfer: Out	(804)	-
Discretionary levy Income (49.5%)	676,500	600,570
Total Skills Development Levy Income	1,087,199	974,182

15. FINANCE REVENUE	2023 R'000	2022 R'000
INTEREST REVENUE		
Interest from investments	16,262	7,733
Interest from bank	17,827	7,045
	34,089	14,778

16. OTHER REVENUE

Other revenue comprises of:

THE AMOUNT INCLUDED IN OTHER REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

Income from penalties charged to service providers	-	20
Income from insurance claims	66	19
	66	39

THE AMOUNT INCLUDED IN OTHER REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:

TAXATION REVENUE		
Grants from ETDP SETA	176	94

17. FINANCE COSTS

Finance lease costs	-	13
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18. MANDATORY AND DISCRETIONARY GRANT EXPENDITURE

Grants disbursed	190,174	173,725
Provision/(reversed) and accruals	(1,822)	2,253
Mandatory (employer) grants	188,352	175,978
Grants disbursed	774,652	434,162
Provision/(reversed) and accruals	(3,079)	3,515
Discretionary (programmes) grants	771,573	437,677

19. ADMINISTRATIVE EXPENDITURE		2023	2022
		R '000	R '000
Operating lease rental - Buildings		6,560	6,729
Operating lease rental - Equipment		44	777
Repairs and maintenance		50	25
QCTO expenditure		6,203	4,436
Advertising, marketing and publications		2,477	2,916
Catering and Refreshments		75	53
Service provider and consulting fees		4,410	1,418
Legal fees		2,720	1,334
Investigations		173	54
Compensation of employees	19.1	80,744	63,132
Travel and subsistence		3,953	1,661
Staff training and development		1,526	1,219
Remuneration to Board and Sub-committees		7,066	7,087
External audit fees		4,053	3,314
Telephone and cell phone costs		-	530
General expenses	19.2	5,147	6,830
ICT support costs		12,752	10,939
Depreciation and impairment		2,115	1,763
Amortisation and impairment		4,854	4,341
Research costs		324	1,213
4IR and ETQA qualification development		2,219	2,677
		147,465	122,448

19.1 COMPENSATION OF EMPLOYEES	Salaries and wages	Employer contributions	Other contributions	Total
2023	R '000	R '000	R '000	R '000
Basic salaries	59,064	-	-	59,064
Performance awards	9,335	-	-	9,335
Other non-pensionable allowance	909	-	-	909
Medical aid contributions	-	4,334	-	4,334
Pension contributions	-	4,295	-	4,295
UIF and SDL	-	972	-	972
Leave and 13th cheque	-	-	1,835	1,835
	69,308	9,601	1,835	80,744
2022				
Basic salaries	46,930	-	-	46,930
Performance awards	5,904	-	-	5,904
Other non-pensionable allowance	603	-	-	603
Medical aid contributions	-	3,514	-	3,514
Pension contributions	-	3,636	-	3,636
UIF and SDL	-	767	-	767
Leave and 13th cheque	-	-	1,778	1,778
	53,437	7,917	1,778	63,132

19. ADMINISTRATIVE EXPENDITURE	2023	2022
	R'000	R'000
19.2 GENERAL EXPENSES		
Bank Charges	141	139
Certificates	145	159
Cleaning	19	10
Electricity & Water	1,668	1,283
Insurance	172	152
Licences and subscriptions	73	20
Postage and courier	53	68
Printing and stationary	137	252
Other expenses	539	158
Human resources expenses	730	260
Equipment rental	608	532
Roadshows and forums	769	599
Provision and bad debt	88	3,151
Storage facilities	-	30
COVID 19 expenses	5	17
	5,147	6,830

20. CASH USED IN OPERATIONS		
Surplus	22,948	266,923
Adjustments for:		
Depreciation	2,115	1,763
Amortisation	2,887	3,975
Impairment	1,967	366
Provision for bad debt	88	3,151
Movements in provisions	1,948	2,280
Movements in provisions	1,948	2,280
Changes in working capital:		
Inventories	(34)	(129)
Accounts receivables from exchange transactions	(1,446)	(1,259)
Accounts receivables from non-exchange transactions	4,172	(4,221)
UIF receivables	-	36,140
Provision for doubtful debt	-	(2,894)
Accounts payables from exchange transactions	(2,110)	2,081
Accounts payables from non-exchange transactions	(14,502)	(6,485)
GDED Deferred revenue	3,000	-
	21,033	301,691

21. COMMITMENTS

DISCRETIONARY RESERVES

2023

Commitments approved and effective	NSDP Target	Opening balance R'000	Adjustments R'000	New contracts R'000	Expenditure R'000	Write Backs R'000	Total R'000
Increasing access to occupationally directed programmes**	4	489,233	(4,477)	565,563	(594,134)	(53,389)	402,796
Promoting the growth of Public TVET College system	4	67,009	231	184,683	(177,439)	(9,432)	65,052
		556,242	(4,246)	750,246	(771,573)	(62,821)	467,848

** Included in this line are transactions with Universities for Bursaries, WIL, Internship and Learnerships amounting to R 569 million, (2022:R313 million).

** Included in the commitment balance is an amount of R 1.7 million in respect of National Union of Metal Workers of South Africa in which Mr V James a MICT SETA board Member, is an employee and an amount of R 3.4 million in respect of South African Mobile Devices Distributors and Repairers Association in which Mr L Tyira, an MICT SETA board member, is a founding member and a director. There is also an amount of R1.5 million paid to the Communications Workers Union in which Ms Khumalo and Mr Mantlaga, board members, are employees.

2022

Commitments approved and effective	NSDP Target	Opening balance R'000	Adjustments R'000	New contracts R'000	Expenditure R'000	Write Backs R'000	Total R'000
Increasing access to occupationally directed programmes**	4	243,843	(4,957)	603,030	(329,614)	(23,069)	489,233
Promoting the growth of Public TVET College system	4	39,075	-	137,146	(108,063)	(1,149)	67,009
		282,918	(4,957)	740,176	(437,677)	(24,218)	556,242

** Included in this line is transactions with Universities for Bursaries, WIL, Internship and Learnerships amounting to R313 million, (2021:R255 million).

** Included in the commitment balance is an amount of R 1,2 million for CWU in which Ms N Khumalo and Mr T Mamorobela Board members are employees.

** Included in the commitment balance is the UIF Commitment amount of R 4 million.

OPERATING LEASES

	2023 R'000	2022 R'000
Minimum lease payments due		
• within one year	4,917	4,429
• In the second to fifth year	3,963	8,583
	8,880	13,012

Operating lease payments represent rentals payable by the entity for head office building in Midrand and regional office and East London. No contingent rent is payable. All leases are subject to an average escalation rate of 8% per annum. The lease for the head office is for a period of five years expiring on 31 December 2024. The lease for the East London office was renewed for 3 years from July 2022 and will expire in August 2025

The lease for the Cape Town and Durban offices have expired and the procurement of the new leases is underway. The leases have been extended for 3 months while the procurement process being finalised.

In the prior year the minimum lease payment due within one year amounted to R4,4 million was included as part of the narration as the table could not take the figure. In the current year this has been included in the table.

22. CONTINGENCIES

2023
R'000

2022
R'000

LITIGATIONS

MATTERS RELATING TO LITIGATIONS AGAINST MICT SETA

Claimed Amount	5,830	4,422
Legal Fees	670	455
	6,500	4,877

- The MICT SETA has experienced various misconducts by its employees in the past and had to apply disciplinary measures in handling the matters. These matters have resulted in litigation claims against the MICT SETA which resulted in legal fees incurred by the MICT SETA as in the Statement of Financial Performance under administration expenses
- Included in the litigations above is a claim from an unsuccessful bidder taking MICT SETA to court pleading for review and setting aside of the lease agreement of the East London Office. The lawyers have indicated an estimated value of R 1.6 million, should MICT SETA lose the case. The estimated legal fees amount to R 0.6 million.
- Included in the litigations above is a claim from a former employee who has taken the MICT SETA to court alleging discrimination relating to unilateral changes to employment conditions wherein the former employee was forced to take early retirement in 2017. The lawyers have indicated an estimated value of R 3 million, should MICT SETA lose the case.
- Included in the litigations above is a claim from a service provider over payment of invoices, where the service provider is claiming to have rendered services. MICT SETA is in dispute. The amount claimed by the service provider is R 0.383 million. The estimated legal fees amount to R 0.070 million.
- Included in the litigations above is a claim from a service provider who claimed breach of contract by MICT SETA for terminating the contract. Should the MICT SETA lose the case, the estimated loss is projected at R 0.800 million.

FIRST TIME EMPLOYER REGISTRATIONS

The Skills Development Legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant

At the reporting date it is estimated that, as a result of possible applications, additional Mandatory Grant expenditure of R 87 100 (2022: R 149 821) may be incurred. The amount is contingent on the number of submissions received and approved.

SETA GRANT REGULATIONS 3 DECEMBER 2021 AS REPROMULGATED: TREATMENT OF SURPLUS

No latest updates regarding this matter, Circular No. 16/2017 on 30 November 2017 as was issued by the Department is still in force.

SETA GRANT REGULATIONS OF 3 DECEMBER 2012 AS REPROMULGATED: MANDATORY GRANTS

Regulation 4(4) of the 2012 Grant Regulations, as promulgated in 2012, reduced the Mandatory Grant that an employer could claim from 50% to 20% of the total levies paid. The way that the Regulations were promulgated led to litigation by Business Unity South Africa (BUSA), to which a ruling was ultimately made by the Labour Appeal Court in October 2019, the effect of which Regulation 4(4) was aside.

The ruling is silent on the percentage quantum that can be claimed back by employers and on the effective date of the order. The effect is that the Minister would have to decide on the percentage for mandatory grants, in consultation with the sector. To date, there has been no communication regarding the approved mandatory grant percentage.

DHET splits the Mandatory Grant levy income portion at a rate of 20% in the monthly levy download information. Consequently, the SETA has continued to pay and accrue Mandatory Grants at 20% in the 2022/23 financial year, which is also aligned to the approved annual performance plan.

22. CONTINGENCIES (CONTINUED)

Given that the intention of the litigants was to increase the Mandatory Grant percentage, the likelihood of a contingent asset is remote. Nonetheless, the likelihood of a liability can only be confirmed from the outcome of the consultation between the Minister and the sector, which is not within the control of the entity. The amount of the possible obligation cannot be reliably estimated due to the uncertainty of the approved rate, as well as the effective date of application.

RETENTION OF CASH SURPLUS

In terms of Section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C of the PFMA may not retain cash surpluses that were realized in the previous financial year without obtaining prior written of National Treasury. On the 25 May 2017, National treasury issued Instruction No. 6 of 2017/2018 which introduced the revised provisions of the retention of surplus to be followed by the public entities listed in schedule 3A and 3C of the PFMA. According to this Instruction, a Surplus is based on the Cash and Cash Equivalents at the End of the Year add Receivables less Current Liabilities and Commitments.

On the 02 September 2020, National Treasury issued a new instruction note 12 of 2020/2021 effective for the surpluses realised in the 2019/20 financial years and beyond, this instruction note repealed Instruction note no. 06 of 2017/2018 on the revised provisions of the retention of surpluses to be followed by the public entities listed in Schedule 3A and 3C of the PFMA. According to this Instruction a Surplus is based on Cash and Cash Equivalent at the end of the year add Receivable less Current liabilities.

During the year, National Treasury issued communication that the approval of the surplus retention must be approved by the Executive Authority since it arises from the legislation within the control of the Executive Authority. The Executive Authority subsequently issued a circular that allowed DHET to approve the retention of cash surplus. The formula used to calculate the retention of cash surplus is similar to the formula used in the Instruction Note 12 of 2020/2021. The retention of cash surplus is subject to the approval by DHET.

Notwithstanding the accumulated surplus of R 531 million below, MICT SETA has at year end commitments in the form of contracts with various service providers as indicated in note 21. The commitment value on these contracts is R 468 million. The Net surplus after taking into account these commitments is R 63 million.

	2023 R'000	2022 R'000
CALCULATION OF SURPLUS		
Cash and cash equivalents at the end of the year	661,155	644,267
Add: Receivables	6,278	9,004
Less: Current liabilities	(136,365)	(148,020)
Surplus	531,068	505,251

23. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

In the course of operations the MICT SETA is exposed to credit, liquidity and market risk. The MICT SETA has developed a comprehensive risk strategy in terms of TR 27.2.1 in order to monitor and control these risks. The financial instruments notes have been updated to ensure alignment with the disclosure as per Grap 104, the corresponding comparatives for 2021/22 was also updated. The risk management process relating to each of these risks is discussed under the headings below.

MARKET RISK

1. CURRENCY RISK

The entity is not exposed to any currency risk

2. INTEREST RATE RISK

The entity's interest rate risk arises from interest on cash and cash equivalent and other receivables. Exposure to interest rate risk is monitored on a continuous and proactive basis

23. FINANCIAL INSTRUMENTS (CONTINUED)

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

	Interest bearing (Variable rate)		Non-interest bearing	
	Amount R'000	Effective interest rate %	Amount R'000	Total R'000
YEAR ENDED 31 MARCH 2023				
Cash and cash equivalent	661,155	4.96%	-	661,155
Accounts receivable	1,339	4.96%	88	1,427
Total financial assets	662,494		88	662,582
Accounts payable	(393)		(2,275)	(2,668)
	662,101		(2,187)	659,914
	Interest bearing (Variable rate)		Non-interest bearing	
	Amount R'000	Effective interest rate %	Amount R'000	Total R'000
YEAR ENDED 31 MARCH 2022				
Cash and cash equivalent	644,267	2.78%	-	644,267
Accounts receivable	615	2.78%	3,271	3,886
Total financial assets	644,882		3,271	648,153
Accounts payable	(114)		(4,462)	(4,576)
	644,768		(1,191)	643,577

Financial instruments have not been discounted as they will be settled or recovered in the near future. Effect of discounting was considered and found not to be material.

3. OTHER PRICE RISK

The entity is not exposed to other price risk.

4. CREDIT RISK

Financial asset, which potentially subject the MICT SETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and account receivable.

The MICT SETA limits its treasury counter-party exposure by only dealing with well-established and reputable financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulations. The MICT SETA's exposure is continuously monitored by Finance and Remuneration Committee.

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

	2023 R'000	2022 R'000
CASH AT BANK AND SHORT-TERM INVESTMENTS		
Bank balances	382,796	382,470
Short term investments	278,359	262,097
	661,155	644,567

23. FINANCIAL INSTRUMENTS (CONTINUED)

5. LIQUIDITY RISK

The MICT SETA manages liquidity risk through effective management of working capital, capital expenditure and cashflows. Adequate reserves and liquid resources are maintained. The entity manages liquidity risk through forecasting, as well as monitor cash flows on a daily basis.

2023	Carrying amount R'000	On Demand R'000	1 - 3 months R'000	4 - 12 months R'000	1 - 5 years R'000
Current Assets					
Accounts receivable from exchange transactions	4,378	4,378	-	-	-
Accounts receivables from non-exchange transactions	1,724	1,724	-	-	-
UIF Receivables	-	-	-	-	-
Cash and cash equivalents	661,155	661,155	-	-	-
Current Liabilities					
Accounts payables from exchange transactions	(10,848)	(10,848)	-	-	-
Accounts payable from non-exchange transactions	(61,273)	(61,273)	-	-	-
	595,136	595,136	-	-	-

2023	Carrying amount R'000	On Demand R'000	1 - 3 months R'000	4 - 12 months R'000	1 - 5 years R'000
Current Assets					
Accounts receivables from exchange transactions	2,932	2,932	-	-	-
Cash and cash equivalents	644,267	644,267	-	-	-
Current liabilities					
Accounts payable from non-exchange transactions	(12,958)	(12,958)	-	-	-
Accounts payables from non-exchange transactions	(70,559)	(70,559)	-	-	-
	563,682	563,682	-	-	-

CATEGORIES OF FINANCIAL INSTRUMENTS

FAIR VALUES

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

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

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLES

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

23. FINANCIAL INSTRUMENTS (CONTINUED)

AGING OF RECEIVABLES

FINANCIAL YEAR - 2022/23

Included in the Receivables from exchange transactions amount past due: 0 - 30 days is R 1.350 million, past due 31 - 60 days R0.006 million, past due 61 and above R0.113K. The remainder relates to prepayments and deposits. The provision for bad debts raised for the receivables from exchange amounted to R 0.087 million.

Included in the Receivables from non-exchange transactions are amounts past due: 0 - 30 days R 1.432 million, past due 31 - 60 R0, past due 61 days and above R 3.437 million. The remainder relates to provision for bad debts. The provision for bad debts raised for the receivables from non-exchange is R 3.147 million.

FINANCIAL YEAR - 2021/22

Included in the Receivables from exchange transactions are amounts past due: 0 - 30 days R 0.619 million, past due 31 - 60 R0, past due 61 days and above R 0.132 million. The remainder relates deposits and prepayments. The provision for bad debts raised for the receivables from non-exchange amounted to R 0.064 million.

Included in the Receivables from non-exchange transactions are amounts past due: 0 - 30 days R 0, past due 31 - 60 R0, past due 61 - 90 days R0, past due 91 - 120 days R 3.437 million. The remainder relates to provision for bad debts. The provision for bad debts raised for the receivables from non-exchange amounted to R 0,171 million.

ACCOUNTS PAYABLE

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

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

2023

FINANCIAL ASSETS

	At fair value R'000	At amortised cost R'000	Total R'000
Trade and other receivables from exchange transactions	-	4,378	4,378
Cash and cash equivalents	661,155	-	661,155
	661,155	4,378	665,533

FINANCIAL LIABILITIES

	At amortised cost R'000	Total R'000
Trade and other payables from exchange transactions	10,848	10,848
Taxes and transfer payable (non-exchange)	61,237	61,237
	72,085	72,085

2022

FINANCIAL ASSETS

	At fair value R'000	At amortised cost R'000	Total R'000
Trade and other receivables from exchange transactions	-	2,932	2,932
Cash and cash equivalents	644,267	-	644,267
	644,267	2,932	647,199

FINANCIAL LIABILITIES

	At amortised cost R'000	Total R'000
Trade and other payables from exchange transactions	12,958	12,958
Taxes and transfer payable (non-exchange)	70,559	70,559
	83,517	83,517

24. RELATED PARTIES

TRANSACTIONS WITH CONTROLLING ENTITY

The MICT SETA is controlled by the Department of Higher Education and Training (DHET). The Department is controlled by the Minister of Higher Education and Training

Levies were received from the DHET and are disclosed in Note 14.

TRANSACTIONS WITH ENTITIES UNDER COMMON CONTROL

By virtue of the fact that MICT SETA is a National Public Entity related to other entities and departments in the National sphere of government, it is considered related to QCTO, other SETAs, Public TVET colleges, Public Universities, the National Skills Fund, Unemployment Insurance Fund, Gauteng Department of Economic Development, South African Qualification Authority, National Institute for the Humanities and Social Sciences and National Student Financial Aid Scheme.

The transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions. Where there were transaction and balances arising due to the movement of funds between entities under the common control of the DHET, these amounts were disclosed in the table below:

Transactions, Balances & Commitments with Public TVET colleges, Public Universities are disclosed under note 21.

Transactions with QCTO and entities in the National sphere of government are disclosed in note 19 and Transactions with other SETAs are disclosed in note 16, transactions with the Unemployment Insurance Fund are disclosed in the face of the Statement of Financial Performance. Transactions with the Gauteng Department of Economic Development are disclosed in note 12.

During the financial year DHET with the support from NSF has approved grant funding to MICT SETA to implement the approved digital and information technology programmes in the 9 provinces. The department has approved R 50.7 million including VAT for learnerships and WIL programs. At year end, the programme had not started because some conditions of this approval were still being finalized.

RELATED PARTY BALANCES

AMOUNTS INCLUDED IN TRADE RECEIVABLE (TRADE PAYABLE) REGARDING RELATED PARTIES	2023 R '000	2022 R '000
MERSETA	(5,936)	(5,935)
SERVICES SETA	-	(702)
FP&M SETA	(53)	(53)
W&R SETA	(49)	-
INSETA	(615)	-
CETA	(10)	-
FASSET	(272)	-
SASSETA	(30)	(25)
ETDP SETA	(3)	(1)
	(6,968)	(6,716)

Note that with regard to MICT SETA transfers the amount of the transaction, where applicable, includes interest and penalties transferred to or from the MICT SETA.

24. RELATED PARTIES (CONTINUED)

MANAGEMENT CLASS: BOARD MEMBERS	Board	FinRemco	Exco	Govco	ICT	Audit and Risk	SEACO	Other	Travel and Accommodation	Total
2023	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr S Thobela	133	-	161	60	6	6	-	279	1,479	2,124
Ms N Khumalo	121	-	116	69	-	-	-	40	33	379
Mr L. Langa	112	51	-	-	9	-	9	54	13	248
Mr L Tyira	130	-	130	-	86	-	-	128	293	767
Mr T Mofokeng	130	-	125	-	47	-	-	56	13	371
Mr T Mamorobela	182	67	-	-	-	42	-	39	158	488
Mr S Zwane	125	-	125	-	-	-	11	81	40	382
Mr S Mantlhakga (a)	11	-	-	-	9	-	-	3	48	71
Ms N Mlambo (e)	-	-	-	-	-	-	-	-	3	3
Ms R Blaauw (a)	13	-	-	-	9	-	-	5	1	28
Mr S Ngobeni (b)	46	-	-	-	-	22	-	63	2	133
Mr S Badat (f)	-	-	-	-	-	100	-	98	3	201
Mr G Labane (f)	-	-	-	-	-	73	-	34	-	107
Ms L Nkosi (f)	-	-	-	-	-	48	-	20	1	69
Ms T Faye (f)	126	43	-	85	-	9	-	26	3	292
Mr V James	125	-	-	13	56	56	-	16	24	290
	1,254	161	657	227	222	356	20	942	2,114	5,953

- (a) Ms R Blaauw and Mr S Mantlhakga were appointed as new Board members on the 9 December 2022.
- (b) Mr Ngobeni is an independent member of RMC, who chairs the management committee and reports to ARC functionally.
- (c) Other fees include payments made to members of the Board, for board preparation and attendance of other strategic meetings such as ministerial meetings and other stakeholder engagements.
- (d) The remuneration of Board members above does not include Conference fees of R 0.721 million paid for on behalf of the board, as well as training for R0.149 million and Board corporate items amounting to R 0.093 million, R 0.052 million for subscriptions and R 0.100 million for catering these are included as part of the board expenses in note 19.
- (e) Ms Mlambo was appointed as part of the Board on the 1st February 2022.
- (f) Mr Badat, Mr Labane and Ms Nkosi are independent members of the audit and risk committee chaired by Mr S Badat.

24. RELATED PARTIES (CONTINUED)

2022	Basic R'000	Bonus and performance related payments R'000	Other short-term employment benefits R'000	Post- employment benefits R'000	Other benefits received R'000	Total R'000
CEO - Mr M Zakwe (a)	660	-	42	41	6	749
CFO - Ms T Mokhabuki	1,795	271	107	47	19	2,239
CIO - Mr M Nkune	1,447	121	107	98	19	1,793
Acting: CEO - Mr M Madibana (b)	420	-	-	-	-	420
SM: SSP - Ms B Mokoena (c)	375	-	23	27	8	433
M: CEO - Ms R Vetman (d)	445	-	130	85	8	668
SM: LPD - Mr E Nemughavhini (e)	79	-	3	3	2	87
Acting SM: LPD - Mr E Nemughavhini(e)	86	-	-	-	-	86
SM: ETQA - Ms N Nelson	1,244	-	75	44	19	1,382
SM: Monitoring and Evaluation - Ms S Baloyi	97	-	6	5	2	110
SM: Corporate Services - Mr M Madibana	1,261	185	116	31	19	1,612
SM: 4IR Gugu Sema (f)	253	89	31	13	6	392
Board Secretary - Mr S Mabaso (g)	443	-	28	28	8	507
Acting: Board Secretary - Mr T Mokutu (g)	145	-	-	-	-	145
Acting SM: 4IR - Ms G Sema (f)	103	-	-	-	-	103
	8,853	666	668	422	116	10,726

- (a) The former CEO of the organisation was put on suspension for alleged misconduct on the 1st of March 2021. The matter was investigated and an enquiry took place during the month of May. He subsequently resigned from the organisation on the 31 of July 2021. While on suspension he continued to receive his salary and full benefit until his resignation on the 31 July 2021.
- (b) The Senior Manager: Corporate Service was appointed as the Acting CEO from the 1st March 2021.
- (c) The Senior Manager: SSP as appointed on the 2nd of November 2021, The former Senior Manager resigned in December 2020. The position remained vacant until the appointment of the current incumbent.
- (d) The Manager OCEO: was appointed in on the 1st of August 2021. The former manager left the organisation in February 2021. The position remained vacant until the appointment of the current incumbent.
- (e) The Manager LPD: acted in this position from the 4th of March 2021 until the end 31 July 2021 when he was appointed as a Senior Manager LPD on a permanent basis. During the period of of the 4th of March 2021 to 6 of April 2021, the then Senior Manager: LPD was on sick leave. He later resigned from the organisation on the 7th of April 2021
- (f) The Advisor LPD acted as a Senior Manager 4IR from 1st of March 2021 until 30 November 2021 when she was appointed as Senior Manager 4IR on the 1 December 2021.
- (g) The Committee Secretary acted in the position of Board Secretary from 01 August 2021 until 28 February 2022, when a new Board Secretary was appointed.

24. RELATED PARTIES (CONTINUED)

MANAGEMENT CLASS: BOARD MEMBERS	Board	FinRemco	Exco	Govco	ICT	Audit and Risk	SEACO	Other	Travel and Accommodation	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2023										
Mr S Thobela	133	-	161	60	6	6	-	279	1,479	2,124
Ms N Khumalo	121	-	116	69	-	-	-	40	33	379
Mr L. Langa	112	51	-	-	9	-	9	54	13	248
Mr L Tyira	130	-	130	-	86	-	-	128	293	767
Mr T Mofokeng	130	-	125	-	47	-	-	56	13	371
Mr T Mamorobela	182	67	-	-	-	42	-	39	158	488
Mr S Zwane	125	-	125	-	-	-	11	81	40	382
Mr S Mantlhakga (a)	11	-	-	-	9	-	-	3	48	71
Ms N Mlambo (e)	-	-	-	-	-	-	-	-	3	3
Ms R Blaauw (a)	13	-	-	-	9	-	-	5	1	28
Mr S Ngobeni (b)	46	-	-	-	-	22	-	63	2	133
Mr S Badat (f)	-	-	-	-	-	100	-	98	3	201
Mr G Labane (f)	-	-	-	-	-	73	-	34	-	107
Ms L Nkosi (f)	-	-	-	-	-	48	-	20	1	69
Ms T Faye (f)	126	43	-	85	-	9	-	26	3	292
Mr V James	125	-	-	13	56	56	-	16	24	290
	1,254	161	657	227	222	356	20	942	2,114	5,953

- (a) Ms R Blaauw and Mr S Mantlhakga were appointed as new Board members on the 9 December 2022.
- (b) Mr Ngobeni is an independent member of RMC, who chairs the management committee and reports to ARC functionally.
- (c) Other fees include payments made to members of the Board, for board preparation and attendance of other strategic meetings such as ministerial meetings and other stakeholder engagements.
- (d) The remuneration of Board members above does not include Conference fees of R 0.721 million paid for on behalf of the board, as well as training for R0.149 million and Board corporate items amounting to R 0.093 million, R 0.052 million for subscriptions and R 0.100 million for catering these are included as part of the board expenses in note 19.
- (e) Ms Mlambo was appointed as part of the Board on the 1st February 2022.
- (f) Mr Badat, Mr Labane, Ms Nkosi and Ms Faye are independent members of the audit and risk committee chaired by Mr S Badat.

24. RELATED PARTIES (CONTINUED)

MANAGEMENT CLASS: BOARD MEMBERS	Board	FinRemco	Exco	Govco	ICT	Audit and Risk	Other	Travel and Accommodation	Total
2022	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr S Thobela	150	22	172	58	17	6	303	1,074	1,802
Ms P Buthelezi (a)	87	-	-	53	-	56	53	13	262
Ms N Khumalo	134	-	134	77	-	-	101	34	480
Mr K Xaba (b)	26	9	-	-	9	-	41	14	99
Mr L Langa	130	47	-	-	39	-	54	17	287
Mr L Tyira	134	-	134	53	11	-	118	121	571
Ms M White (a)	30	33	-	26	-	-	41	14	144
Ms M Ramonyai (C)	52	17	-	-	9	-	36	13	127
Mr S Zwane	125	-	134	9	30	-	63	55	416
Mr T Mamorobela	113	11	-	-	30	65	30	83	332
Mr T Mofokeng	125	-	134	-	47	-	90	34	430
Ms T Faye	125	54	-	11	30	-	38	16	274
Mr V James	130	39	-	56	9	9	48	14	305
Mr S Ngobeni (d)	6	-	-	-	-	-	158	-	164
Mr S Badat	61	-	-	-	-	72	29	-	162
Mr G Labane	4	-	-	-	-	68	66	-	138
Ms L Nkosi	4	-	-	-	-	56	86	1	147
	1,436	232	708	343	231	332	1,355	1,503	6,140

- (a) Ms.White and Ms. Buthelezi resigned during the financial year in May 2021 and February 2022 respectively
- (b) Mr Xaba passed away in June 2021
- (c) Ms. Ramonyai was recalled by her organization in July, the minister terminated her membership in August 2021
- (d) Mr. Ngobeni is an independent member of the RMC, who chairs the management committee and reports to ARC functionally.
- (e) Included in Other is R256 000 for shortlistings and interviews of senior managers, R 220 000 for board training and membership subscriptions. As well as other ministerial meetings and other stakeholder engagements.
- (f) The remuneration of Board members above does not include Conference fees (R 0.947 million) paid for on behalf of the board, these are included as part of the board expenses in note 19

24. RELATED PARTIES (CONTINUED)

NON-EXECUTIVE MEMBERS

The MICT SETA has, in the normal course of its operations, entered into certain transactions with entities which had a nominated representative or director serving on the MICT SETA Accounting Authority/Board.

TYPE OF TRANSACTION	Transactions		Balances	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ADMINISTRATION EXPENDITURE				
CWU Commission an Promotional Items	-	(1)	-	-
• Mr T Mamorobela				
• Ms N Khumalo				
NEHAWU	(64)	(57)	-	-
• MR K Xaba				
MANDATORY (EMPLOYER) GRANTS EXPENDITURE				
Broadband Infraco	(186)	-	-	-
• Mr L Tyira				
DISCRETIONARY GRANTS EXPENDITURE				
South African Mobile Devices Distributors and Repairers Association (a)	(5,668)	(3,418)	(1,058)	-
• Mr L Tyira				
Broadband Infranco	(381)	-	(67)	-
• Mr L Tyira				
National Union of Metalworkers of South Africa (a)	-	(1,680)	-	-
• Mr V James				
Communications Workers Union	(2,695)	(6,843)	-	-
• Ms N Khumalo				
• Mr T Mamorobela				
• Mr S Manthlakga				
SAPWU	(2,800)	-	-	-
• Mr J Langa				
	(11,794)	(11,999)	(1,125)	-

The comparative amounts for 2021/22 have been amended to exclude related parties transactions between Telkom and MICT SETA because the Board member does not have significant influence at Telkom. The prior year Mandatory Grants Expenditure was reduced by R 9.653 million and by R 0.370 million for Administration Expenditure.

25. EVENTS AFTER THE REPORTING DATE

The MICT SETA appointed the Chief Financial Officer Mr Mthenjwa Mseleku on the 1 April 2023. Mr Mseleku was the Finance Manager and had been acting in the position of CFO since the former CFO left the organisation.

The MICT SETA appointed the new Board Secretary Ms Kwanda Qezu in May 2023 following the resignation of the former Board Secretary in March 2023.

	2023 R'000	2022 R'000
26. FRUITLESS AND WASTEFUL EXPENDITURE		
Fruitless and wasteful expenditure identified	1	-

Fruitless and wasteful expenditure is presented inclusive of VAT.

The fruitless and wasteful expenditure identified in the current year amount to R 1 thousand relating to traffic fines, this amount was recovered from the employees.

Additional disclosure on the Fruitless and Wasteful Expenditure will be included in the Annual Report in line with Instruction Note 4 of 2022/23 (PFMA Compliance and Reporting Framework)

27. IRREGULAR EXPENDITURE

Irregular Expenditure Identified	1,339	3,579
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Included in the Irregular Expenditure is R1.2 million relating to the fees paid to the accounting authority which was subsequently written off in line with paragraph 57 of the Irregular Expenditure Framework. The remainder of the Irregular Expenditure relates to R 0.1 million the procurement of services without following the procurement processes. Management investigated the Irregular Expenditure and took effective and appropriate steps against the officials who incurred and/or permitted the Irregular Expenditure. There were four incidents confirmed in the current year, and no incidents are pending investigation or confirmation.

Additional disclosure on the Irregular Expenditure will be included in the Annual Report in line with Instruction Note 4 of 2022/23 (PFMA Compliance and Reporting Framework).

28. BUDGET DIFFERENCES

SKILLS DEVELOPMENT LEVY: INCOME FROM NON-EXCHANGE TRANSACTIONS

The year to date Skills Development Levy income received from DHET is R 1 087.199 million, R 59 million above approved budget due to improved economy within the sector and R 113.4 million 11.61% above prior year actuals due to stabilisation of the economy post the COVID 19 pandemic.

FINANCE REVENUE

Finance revenue comprises of interest received from investments and bank balances, the variance is R 12.7 million (59.27%) above approved budget and 130.68% above prior year actuals due to larger cash balances resulting from increased revenue as well as the increase in the repo rate.

MANDATORY AND DISCRETIONARY GRANT EXPENDITURE

Mandatory grant expenditure is 13.78% below budget of R 218.5 million due to some employers not being approved resulting from them submitting non compliant documents. The expenditure is 7.03% above year to date prior year actuals due to increase levies in current year and thus increased payout to employers.

Discretionary grant expenditure is below budget by 30.60% due to the reallocation of the special projects budget as well as the budget figure having been amended to include the approval of the prior year surplus. The actual expenditure is above prior year actuals by 76.34%, this can be attributed of timeous approvals of SLAs and improvements in the payment process

28. BUDGET DIFFERENCES (CONTINUED)

ADMINISTRATION EXPENDITURE

Administration expenditure for 2022/23 is 16.73% below budget due to cost containment measures implemented. The actual is 12.38% below the 2021/22 financial year mainly due to salary costs on filling up some of strategic positions embarked throughout the current year. Major variance of administration expenditure are indicated below.

DESCRIPTION	Final budget R'000	Actual expenditure R'000	Difference R'000
Compensation of employees	76,571	80,744	(4,173)
Legal fees	1,073	2,720	(1,647)
Consulting fees	1,715	4,410	(2,695)
Repairs and maintenance	788	50	738
ICT support costs	7,176	12,752	(5,576)
Building rentals	8,308	6,560	1,748
Marketing and advertising	1,488	2,477	(989)
Depreciation & amortisation	8,149	5,002	3,147
External audit fees	3,997	4,053	(56)
Remuneration to board and sub-committees	7,507	7,066	441
Research	1,000	324	676
	117,772	126,158	(8,386)

29. SEGMENT INFORMATION

GENERAL INFORMATION

The entity is organised and reports to management on the basis of three major functional areas being: administration, Discretionary and Mandatory Grants. The segments were organised around the type of levies received in terms of the Skills Development Act. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES

2023 REVENUE	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
Revenue from non-exchange transactions				
Skills Development Levy: Income	143,549	267,150	676,500	1,087,199
Skills Development Levy: Interest and penalties	-	-	8,808	8,808
Other revenue - grants received	176	-	-	176
Revenue from exchange transactions				
Interest income	-	-	34,089	34,089
Other income	66	-	-	66
UIF income	-	-	9,097	9,097
Total segment revenue	143,791	267,150	728,494	1,139,435

29. SEGMENT INFORMATION (CONTINUED)

2023	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
EXPENDITURE				
Cost of employment	80,744	-	-	80,744
Depreciation and amortisation	6,969	-	-	6,969
Other administration expenses	59,752	-	-	59,752
Employer grant and project expense	-	188,352	771,573	959,925
UIF expense	-	-	9,097	9,097
Total segment expenditure	147,465	188,352	780,670	1,116,487
Total segmental surplus/(deficit)	(3,674)	78,798	(52,176)	22,948
ASSETS				
Non-current assets	11,466	-	-	11,466
Consumables	238	-	-	238
Accounts receivable from exchange transactions	4,378	-	-	4,378
Accounts receivable from non-exchange transactions	-	1,900	-	1,900
Total segment assets	16,082	1,900	-	17,982
Cash and cash equivalents	-	-	-	661,155
LIABILITIES				
Accounts payable from exchange transactions	10,848	-	-	10,848
Accounts payable from non-exchange transaction	-	36,297	61,273	97,570
Deferred Revenue	-	-	3,000	3,000
Provisions	8,483	16,464	-	24,947
Total segment liabilities	19,331	52,761	64,273	136,365
2022				
REVENUE				
Revenue from non-exchange transactions				
Skills Development Levy: Income	127,346	246,266	600,570	974,182
Skills Development Levy: Interest and penalties	-	-	13,946	13,946
Other revenue - grants received	94	-	-	94
Revenue from exchange transactions				
Interest income	-	-	14,778	14,778
Other income	39	-	-	39
UIF income	-	-	22,273	22,273
Total segment revenue	127,479	246,266	651,567	1,025,312

29. SEGMENT INFORMATION (CONTINUED)

2022	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
EXPENDITURE				
Cost of employment	63,132	-	-	63,132
Depreciation and amortisation	6,104	-	-	6,104
Other administration expenses	53,212	-	-	53,212
Employer grant and project expense	-	175,978	437,677	613,655
Finance costs	13	-	-	13
UIF expense	-	-	22,273	22,273
Total segment expenditure	122,461	175,978	459,950	758,389
Total segmental surplus/(deficit)	5,018	70,288	191,617	266,923
ASSETS				
Non-current assets	14,369	-	-	14,369
Consumables	204	-	-	204
Accounts receivable from exchange transactions	2,932	-	-	2,932
Accounts receivable from non-exchange transactions	-	6,072	-	6,072
Total segment assets	17,505	6,072	-	23,577
Cash and cash equivalents	-	-	-	644,267
LIABILITIES				
Accounts payable from exchange transactions	12,958	-	-	12,958
Accounts payable from non-exchange transaction	-	41,513	70,559	112,072
Provisions	6,690	16,300	-	22,990
Total segment liabilities	19,648	57,813	70,559	148,020



MICT SETA REGIONAL OFFICES

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