



Charting the Course

2009/10
ANNUAL REPORT

UMALUSI



Council for Quality Assurance in
General and Further Education and Training

Umalusi Annual Report

2009/10

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UMALUSI



Council for Quality Assurance in
General and Further Education and Training

Acronyms

ABET	Adult Basic Education and Training
ADCOM	Advisory Committee (Colleges)
AET	Adult Education and Training
CASS	Continuous Assessment
CEO	Chief Executive Officer
CEPD	Centre for Education Policy Development
CHE	Council on Higher Education
CI	Corporate Image
CMC	Curriculum Management Committee
CPD	Corporation for Public Deposits
DHET	Department of Higher Education and Training
DBE	Department of Basic Education
DoL	Department of Labour
EAP	Employee Assistance Programme
E&A	Evaluation and Accreditation
EE	Employment Equity
ETDP	Education, Training and Development Practitioners
FET	Further Education and Training
GAAP	Generally Accepted Accounting Practice
GET	General Education and Training
GENFETQA (Act)	General and Further Education and Training Quality Assurance (Act)
GETC	General Education and Training Certificate
GRAP	Generally Recognised Accounting Practice
HE	Higher Education
HEDCOM	Heads of Education Departments Committee
HESA	Higher Education South Africa
HR	Human Resources
IEB	Independent Examinations Board
IECS	Integrated Examination Computer System
IPEC	Inter Provincial Examinations Committee

IRT	Item Response Theory
IT	Information Technology
MIS	Management Information System
MP	Member of Parliament
MSS	Management Support Structures
NAISA	National Association of Independent Schools
NATED	National Technical Education (policy)
NCV	National Certificate Vocational
NEIC	National Examinations Irregularities Committee
NLRD	National Learner Record Database
NOF	National Qualifications Framework
NSC	National Senior Certificate
OAER	Onafhanklike Afrikaanse Eksamenraad
PALC	Public Adult Learning Centre
PAYE	Pay As You Earn
PDE	Provincial Department of Education
PFMA	Public Finance Management Act
PR	Public Relations
QAA	Quality Assurance of Assessment
QC	Quality Council
OCC	Qualifications, Curriculum and Certification
OCTO	Quality Council for Trades and Occupations
SAFCERT	South African Certification Council
SAQA	South African Qualifications Authority
SC	Senior Certificate
SETA	Sector Education and Training Authority
SIR	Statistical Information and Research
SITA	State Information Technology Agency
SLA	Service Level Agreement
VET	Vocational Education and Training
WSP	Workplace Skills Plan

Contents page

2009/10

ANNUAL REPORT

List of Acronyms	2
Chairperson's Report	5
Chief Executive Officer's Report	6 - 7
Corporate Governance Report	9 - 11
Report on Operations	13 - 31
Umalusi Staff 2009 - March 2010	32 - 33
Annual Financial Statements	
Report of the Audit and Risk Committee	36
Report of the Independent Auditors to the Council	37 - 38
Report of the Council	39 - 40
Statement of Financial Position	41
Statement of Financial Performance	41
Statement of Changes in Net Assets	41
Cash Flow Statement	42
Notes to the Annual Financial Statements	43 - 61
Detailed Statement of Financial Performance	61 - 62
Finance Year on Year Statistics	63
Human Resources Management and Development	64 - 78
Umalusi Organogram	80 - 82







Chairperson's Report

Prof John Volmink
Chairperson of Council

During the year under review the Umalusi Council has diligently carried out its responsibility of oversight of the functions of Umalusi as a public entity, and has ensured that the organisation met its mandate once again with excellence.

Umalusi has maintained its commitment to building its key focus area - that of ensuring high standards in general and further education and training through rigorous standard setting and quality assurance processes - as is evidenced in the contents of this Annual Report.

The core values of the Council embrace the principles of good corporate governance, as outlined in the King II Report on Corporate Governance for South Africa.

The Council subscribes to practices that are universally recognised and accepted as correct and legitimate, therefore ensuring proper organisational governance. This is evidenced by an impeccable record of compliance with our Codes of Ethics and Conduct and adherence to policies and processes adopted by the Council.

The Council is in regular communication with the Portfolio Committee on Basic Education and has fulfilled its commitment to the Department of Basic Education (DBE) and the Department of Higher Education and Training (DHET) in maintaining the standards of general and further education and training in the country.

The Council is grateful for the commitment, and integrity of the Chief Executive Officer, Dr Mafu Rakometsi, and his executive senior management team (Chief Operating Officer and the Chief Financial Officer), who have steered and supported the work of the Council. This commitment often takes them beyond the call of duty and for this I would like to recognise them and applaud their unwavering and unselfish service to the organisation.

The CEO serves in the Council as an ex-officio member, ensuring that Umalusi as Quality Council for general and further education and training is run in accordance with relevant legislation and good governance principles, and that it remains a disciplined organisation with high levels of accountability.

However, it should be noted that while overall staff retention is above the norm, Umalusi continues to face challenges in attracting and recruiting the highly scarce skills and competencies necessary to ensure the sustainability of the Council's effectiveness in future.

Umalusi bade farewell to the Deputy Chairperson of Council, Mr John Pampallis, in November 2009, who resigned to take up a position as an advisor to the Minister of Higher Education and Training. His significant contribution as a Council member was greatly appreciated and will be missed.

As the Council's term comes to an end on 7 June 2010 I wish to extend my gratitude to my fellow Council members for their sustained and unselfish commitment, and dedication to Umalusi during the last four years and for their willingness to stand by Umalusi during challenging times.

Thank you also to all Umalusi staff who have displayed a high level of professionalism in assisting the Council to deliver on its mandate.

It is with pride in a job well done that the Council and I present the 2009/10 annual report to parliament through the Minister of Basic Education.

John Volmink
JOHN VOLMINK
Chairperson of Council

The Role of the Umalusi Council

The primary role of the Umalusi Council as an Accounting Authority is to ensure that the organisation delivers on its mandate, as outlined in the General and Further Education and Training Quality Assurance (GENFETQA) Act No 58 of 2001, as amended in 2008. It aims to do this by achieving the objectives set in the corporate strategy of the Council. The Council ensures that there are clear goals and policies to define the strategic direction of the organisation, with a clear vision supported by a relevant mission. The Council is trusted as an independent organisation which has a particular role to play in line with the GENFETQA Act. The Council has an obligation to conduct its business as required in terms of the Public Finance Management Act (PFMA), Act No 1 of 1999, and other legislation. I am pleased to report that Umalusi has received yet another unqualified audit report, a standard that reflects financial discipline as exhibited within the organisation over the years.

Chief Executive Officer's Report

Dr Mafu Rakometsi
Chief Executive Officer



It is my pleasure to be part of the 9th Annual Report of Umalusi for the financial year ended 31 March 2010.

Having been appointed as Chief Executive Officer (CEO) for Umalusi on 1 January 2009, the 2009/10 financial year is my first in this position. It has been a fulfilling and gratifying experience to be at the helm of Umalusi, a quality assurance body that is entrusted with the standards of education in our country.

My years of experience in the Provincial Departments of Education as Director, Chief Director, Deputy Director General and Head of Department has stood me in good stead to move smoothly into the new position at Umalusi. The receptive attitude of Umalusi staff to new leadership approaches has made the transition easier.

" . . . the vision of the organisation has ensured stability at this time of transition. "

The fact that the staff is experienced and well grounded in quality assurance processes has helped to maintain consistency in our operations and keep the organisation on course. The positive and professional approach of the Umalusi Council Chairperson and Council members to my work and the vision of the organisation has ensured stability at this time of transition. Council members have brought diverse experience and expertise to the governance of the organisation.

The period under review has been tremendously eventful for Umalusi. Apart from delivering the *Maintaining Standards* research project, a comparative evaluation of the Senior Certificate curricula and the new National Senior Certificate, which fed into the standardisation of the first examination for the National Senior Certificate in 2008, Umalusi has also been involved in a range of other research activities. These include:

- *Evaluating the South African National Certificate in relation to selected international qualifications: A self-referencing exercise to determine the standing of the National Senior Certificate (NSC) (a joint partnership with HESA);*
- *Evaluating the National Certificate Vocational -(NCV) with respect to comparability to the National Senior Certificate (NSC): What does it mean to pass the NCV;*
- *Evaluation of selected level 4 qualifications on the General and Further Education and Training (GENFET) qualification sub-framework; and*

• *Examining the foundations: A comparative evaluation of Foundation phase curricula in South Africa, Canada (British Columbia), Singapore and Kenya.*

To further fulfill its research mandate of setting and maintaining standards in general and further education, Umalusi will continue to conduct research in areas linked to making educational judgements and maintaining standards. Umalusi is an established brand with an established identity and as an independent body is seeking to operate in the national interest.

On the financial side of our operations the 2009/10 financial year was one of the toughest in our history. Global financial markets experienced a series of extraordinary and tumultuous events which humbled most institutions. As an organisation Umalusi did not escape this reality. In response, management took swift action to adapt its business approach to preserve liquidity and maintain efficiency. This enabled Umalusi to navigate a steady course and we have emerged with our operations uncompromised by these financial challenges. The Umalusi brand remains intact and we have been able to execute our quality assurance mandate effectively. The financial challenges of Umalusi, in normal times and during the recession, call for an urgent discussion with the Department of Basic Education (DBE) on the most appropriate funding model for this organisation.

" It is imperative that examinations are run according to policy, have integrity, are valid and reliable. "

An unpleasant aspect of the 2009 NSC examination was a report of leaked papers in Mpumalanga. However, the delayed approval of the Mpumalanga Department of Education's 2009 results, to allow time for thorough investigation reassured the South African public of Umalusi's commitment to ensuring integrity in educational standards in our country. Reports of leaked question papers and weaknesses in the administration of examinations do not build confidence in the education system. Such allegations also have far-reaching implications for learners and it is therefore imperative that examinations are run according to policy, have integrity, are valid and reliable.

Chief Executive Officer's Report (continued)

Any shift from these principles could spell disaster for the children whose futures we are trying to secure. It was for this reason that Umalusi had to verify the results of Mpumalanga, and to ensure their credibility. In the absence of such a verification exercise the results of this province would have remained questionable and disputable. The steadying hand of Umalusi in this situation ensured that learners received credible certificates. Throughout the period under review, Umalusi has been consistent and steady in its role as quality assurer of General and Further Education and Training (GFET). This has ensured stability in the education system and has done much to sustain public trust in the qualifications that Umalusi quality assures and certifies. We remain committed not only to playing a constructive role in ensuring the stability of the education system in our sector, but we are also mindful of our obligations to the South African community and our stakeholders in steering our ship through the turbulent waters of change that the education system has been experiencing.

" More than 24% of our staff has remained with the organisation for more than six years, and 40% more than three years. "

Umalusi's progress in this regard is outlined in the achievements of the different units of our organisation, and are a result of our organisation's focus on delivery.

In the period under review, Umalusi has recruited and retained talented professionals who support and enrich the organisation's quality assurance work. More than 24% of our staff has remained with the organisation for more than six years, and 40% for more than three years. This is a demonstration of the commitment of our staff to the vision of quality education for all in South Africa. Our ability to retain valued and experienced staff has enabled the organisation to be an anchor in the ever changing educational environment and our strategy to make Umalusi an employer of choice is beginning to yield dividends.

This stability enables the organisation to continue to fulfill its mandate, despite changes in the political landscape. The year 2009 saw the Ministry of Education split into two Ministries, namely the Department of Basic Education (DBE) and the Department of Higher Education and Training (DHET). This had implications for the reporting lines of Umalusi and the services it offers to the Department of Education. Umalusi has been able to navigate its way through this uncharted terrain without any problems. A year since the split, Umalusi is clear on its reporting lines and continues to service the two newly created departments with excellence.

It is our considered view that in the light of Umalusi's extensive experience in the quality assurance environment in the GFET sector, we will continue to provide effective and efficient services to the two departments. The greater flexibility required by the changing external environment has been managed successfully, without compromising

the positions and standards the organisation is mandated to safeguard.

The promulgation of the National Qualifications Framework (NQF) Act, number 67 of 2008 in June 2009, has created exciting and challenging opportunities for Umalusi. The prospect of working with the South African Qualifications Authority (SAQA), other Quality Councils, the DHET, and the DBE in the NQF space, is heartening; and the interconnectedness of Umalusi with its sister Quality Councils - the Council on Higher Education (CHE), and the recently established Quality Council for Trades and Occupations (QCTO) - is being navigated with some success. The symbiotic relationship between Umalusi and the Quality Councils creates a stimulating environment that will, no doubt, benefit learning in South Africa. It is important for the NQF partners to provide ongoing collective leadership and identify issues of common concern, while maintaining their independence according to their respective founding Acts. The NQF Act provides strategic partners with a unique opportunity to work together in the implementation of the NQF and provide South Africa with an NQF that is world class.

Umalusi is aware that quality education in our schools, Further Education and Training (FET) colleges and adult learning centres is a fundamental necessity for ensured equity, social and economic development and a vibrant economy.

Our schools and FET colleges must not fail to meet the needs of South Africa in the 21st century. To this end Umalusi has ensured, and will continue to ensure, innovation and consistency in its standard setting and quality assurance processes.

I appreciate the invaluable contributions and support of the Chairperson and Umalusi Council, the executive management, senior managers and all Umalusi staff over the past year. I am grateful for their enduring commitment and support in challenging times.

Umalusi remains steadfast in its pursuance of quality in the South African education landscape. To this end we will continue to engage constructively with our different stakeholders and partners, locally and globally, for the common good of all South Africans. Overall, I am pleased with the performance of Umalusi during 2009 and I look forward to effectively and efficiently discharging the important and extensive responsibilities that we have been tasked with for 2010.



DR MAFU RAKOMETSI
Chief Executive Officer



Corporate Governance Report

Umalusi Council 2009/2010

Umalusi Council endorses the principles in the Code of Corporate Practices and Conduct recommended by the King Committee. The Council adopts the principles of openness, integrity and accountability.

The Council operates within the terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), and this forms the context for corporate governance in which the Council operates.

Umalusi Council

The Council consists of fifteen members appointed by the Minister of Education excluding the CEOs of SAQA, CHE and Umalusi. The Minister also appoints one of the members as Chairperson.

The Council is responsible for policy and overall governance, with the day-to-day management delegated to the Chief Executive Officer.

In accordance with the General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001), the Council is appointed for a period of four years. Council members can be appointed for a second term after public nominations, but cannot serve more than two consecutive terms in office.

The table below contains information about the current Council members and their attendance at meetings for the year under review. The current Council term ends on 7 June 2010.

Name	Date appointed	Meetings attended	Gender	Race
Professor JD Volmink <i>(Chairperson)</i>	09-06-2006	4 / 4	Male	Coloured
Professor SG Mabizela <i>(Deputy Chairperson)</i>	09-06-2006	3 / 4	Male	Black
Mr GR Agocs	09-06-2006	4 / 4	Male	White
Dr MA Makhafola	09-06-2006	3 / 4	Male	Black
Ms J Naidoo	09-06-2006	4 / 4	Female	Indian
Mr L Nengovhela	09-06-2006	0 / 4	Male	Black
Dr RA Patel	09-06-2006	3 / 4	Male	Coloured
Dr PJN Steyn	09-06-2006	4 / 4	Male	White
Dr ZC Sosibo	09-06-2006	4 / 4	Female	Black
Ms PT Tyobeka	01-11-2006	3 / 4	Female	Black
Professor M Fourie	09-06-2006	3 / 4	Female	White
Professor DS Zinn	14-03-2008	1 / 4	Female	Coloured
Professor HA Louw	07-05-2009	2 / 4	Male	White
Mr HM Mveli	07-05-2009	3 / 4	Male	Black
Mr MQ Potterton	01-11-2009	1 / 2	Male	White
Dr MS Rakometsi	09-06-2006	4 / 4 (*)	Male	Black
Mr SBA Isaacs	01-06-2009	2 / 3 (**)	Male	Coloured
Professor R Stumpf	01-06-2009	1 / 3 (***)	Male	White

(*) Umalusi CEO appointed 1 January 2009

(**) Chief Executive Officer of SAQA. Mr J Samuels attended one council meeting in the capacity as Acting CEO in the official absence of Mr SBA Isaacs

(***) Interim Chief Executive Officer of the Council on Higher Education



Corporate Governance Report (continued)

Executive Committee of Umalusi Council 2009/2010

**Executive Committee of Council**

The Executive Committee of Council comprises of five members. The members are appointed for their specific knowledge and skills they bring to the committee. They are, amongst other things, responsible for monitoring the following:

- Financial spending according to the budget.
- Implementing strategies and policies as approved by the Council.
- Adherence to the work programme.
- Adequacy of resources and staff.
- Compliance with relevant legislation.
- Any special investigations undertaken by the organisation.

The Executive Committee is also responsible for any other functions delegated to it by the Council.

The Executive Committee met on four occasions during the period under review. The table below shows the composition of the Executive Committee as well as attendance at meetings.

Internal controls

Systems of financial and internal control are in place to provide reasonable assurance that the assets are safeguarded, and that liabilities and working capital are efficiently managed. The Chief Executive Officer is the

Accounting Officer to the Council and is charged with accounting for monies received, payments made and moveable property purchased. The internal and external auditors liaise closely, and any material weaknesses are brought to the attention of the Audit Committee and Executive Committee for consideration and remedial action.

Audit and Risk Committee

The Council has an Audit Committee which meets at least twice a year in terms of the Public Finance Management Act (PFMA). The Audit Committee met three times during the period under review. This Committee has an advisory function and meets to scrutinise the performance of internal and external auditors and their appointment or retention. They are, amongst other things, responsible for the following:

- Review and scope of audits.
- Review the effectiveness of internal controls.
- Monitor the remedial action put in place to deal with any shortcomings.
- Ensure that audits address critical risk areas.
- Ensure that adequate measures are in place to prevent fraud.
- Review the adequacy of financial policies.
- Review financial statements and finalise them before submission.

Name	Date appointed	Meetings attended	Gender	Race
Professor JD Volmink <i>(Chairperson)</i>	09-06-2006	4 / 4	Male	Coloured
Mr J Pampallis <i>(Deputy Chairperson)</i>	09-06-2006	1 / 1 (*)	Male	White
Professor SG Mabizela <i>(Deputy Chairperson)</i>	09-06-2006	2 / 3 (**)	Male	Black
Dr RA Patel	09-06-2006	3 / 4	Male	Coloured
Dr PJN Steyn	09-06-2006	4 / 4	Male	White
Dr MS Rakometsi	01-01-2009	4 / 4	Male	Black

(*) Resigned on 27 May 2009

(**) Succeeds Mr J Pampallis as Deputy Chairperson

Corporate Governance Report (continued)

The table below shows the composition of the Audit Committee as well as attendance at meetings for the period under review.

Name	Date appointed	Meetings attended	Gender	Race
Ms T Fubu (<i>Chairperson</i>)	01-09-2008	2 / 3	Female	Black
Mrs N Molalekoa	01-09-2008	3 / 3	Female	Black
Mr CH van der Merwe	01-09-2008	2 / 3	Male	White
Ms D Voges	01-09-2008	2 / 3	Female	White
Dr MS Rakometsi	01-01-2009	3 / 3	Male	Black
Ms MM Sedikela	20-01-2010	1 / 1	Female	Black

Risk Management

A risk management policy and strategy is in place to enable management to identify, evaluate and assess risks effectively. The internal auditors monitor the prescribed procedures. The internal auditors have direct access to the CEO, the Executive Committee and the Audit Committee.

Environment, Health and Safety

The Council considers that reasonable precautions are taken to ensure a safe working environment and conducts its business with due regard for environmental concerns.

Code of Ethics

The Council and employees are required to observe the highest ethical standards to ensure that business practices

are conducted in a manner that is beyond reproach. These principles are incorporated in the Code of Ethics and Service Standards, which have been approved and implemented. These provide clear guidelines regarding expected behaviour of all employees.

Materiality and Significance Framework

Treasury Regulations require that the Council developed and agreed on materiality and significance framework appropriate to its size and circumstances as approved by the Minister of Education.

Public Finance Management Act (PFMA)

The PFMA focuses on financial management with related outputs and responsibilities. The council members comply with their fiduciary duties, as the Accounting Authority, as set out in the PFMA.





Report on Operations

Eugenie Rabe
Chief Operating Officer



In June 2009 Umalusi officially took on the expanded mandate of the Quality Council for General and Further Education and Training (GFET). This report covers the quality assurance work of the Umalusi Council as described in its establishment act, the General and Further Education and Training Quality Assurance (GENFETQA) Act No 58 of 2001, amended in 2008 for the financial year 2009/10. While ensuring that routine quality assurance processes continued effectively and were on course, Umalusi was also cognisant of ongoing educational debates and changes in the educational environment. Its work was effected with due consideration for its capacity and budget, and its quality assurance interventions were prioritised for maximum effectiveness in the education and training system.

“... the organisation has continued to refine efficiency through cross-unit coordination.”

In charting the way forward within its new and extended mandate, Umalusi has taken on the responsibility of setting and managing standards for a sub-framework of qualifications for General and Further Education and Training (GFET). This has required substantial research and conceptual work in developing policies related to the qualifications on the sub-framework, and the quality assurance of these.

Umalusi has always viewed the credibility of its certificates as central evidence of acceptable standards in GFET. Umalusi holds that standards are developed and maintained through the design and quality of qualifications and curricula that are benchmarks in the education system; through the rigour of the enacted curriculum; and through the integrity of the internal assessment and examinations. Its quality assurance regime, informed by penetrating and insightful research, is implemented through four national operations units, namely the Quality Assurance of Assessment unit (QAA), the Evaluation and Accreditation unit (E&A), the Qualifications, Curriculum and Certification unit (QCC) and the Statistical Information and Research unit (SIR), each captained by an experienced and qualified senior manager.

Conceptually the intended, enacted and assessed curriculum form a continuum and the quality assurance of these cannot be divided artificially into separate processes. To that end the organisation has continued

to refine efficiency through cross-unit coordination of its quality assurance processes and information sharing. This was reflected in the number of cross-unit projects that were completed and reported on in this financial year, which include:

Quality Assurance of Assessment:

Three national qualifications that Umalusi certifies, the National Senior Certificate (NSC), National Certificate Vocational (NCV) and the General Education and Training Certificate (GETC) for Adults, were successfully quality assured. The focus was on the NCV Level 4, which was written for the first time in 2009. The lessons learned in standardising the NSC, introduced in 2008, were applied with great success. The primary unit concerned was QAA, assisted in some respects by SIR and E&A.

Research:

A number of important educational research projects were undertaken, with particular focus on the continued maintenance of standards for the matriculation examination. This resulted in an extension of the *Maintaining Standards* research project that began in 2008, to an additional four NSC subjects in 2009. The research again looked into the standards of examination instruments and curricula across the old Senior Certificate and the new NSC, with the purpose of informing the standardisation process. The project was supported by three units, QCC, QAA and SIR.

The second leg of the *Maintaining Standards* research project consisted of a benchmark study of the NSC curriculum, the International Baccalaureate (IB), and the Cambridge A, AS and O levels. This project was conducted in collaboration with Higher Education South Africa (HESA). It had the dual purpose of investigating equivalency of the curricula, an aspect HESA was particularly interested in, and providing an international comparison of the NSC curriculum. The QCC and SIR units were involved with HESA in completing this project.

The final leg of the *Maintaining Standards* research project was a comparative study of the curriculum of fundamental subjects in the NSC and NCV. The aim was to gain a deeper understanding of the NCV and to provide guidance on curriculum enhancement.

Report on Operations (continued)

It also explored credit transfer possibilities between the two qualifications. QCC led the project and was assisted by the E&A unit. An evaluation of the General Education and Training (GET) Foundation phase curriculum was completed. This had the purpose of benchmarking the South African curriculum against others that performed well in international systemic tests. The project was led by the SIR unit, assisted by staff from the QCC unit.

The research reports have supported and informed Umalusi's work, but, more importantly, have been shared with both the Department of Higher Education and Training (DHET) and Department of Basic Education (DBE) as appropriate, and disseminated in the public domain during 2010.

Policy development and approval:

The QCC unit worked on refining the policy documents governing the sub-framework of GFET qualifications while continuing to consult with stakeholders. A final draft version was submitted to the DHET for further discussion in December 2009 and a final accreditation policy and criteria were submitted for regulation at the same time.

However, the appointment of two new Education Ministers and the split in the Education Ministry slowed the process of regulation. QCC and E&A were primarily involved in these developments.

Private provision:

Umalusi managed to substantially move the private Further Education and Training (FET) colleges and Adult Education and Training (AET) centres towards greater coherence through the Provider Forum, the annual Provider Conference and the establishment of a convener system to support qualification development, peer accreditation and the development of externally set assessments. Small pilots commenced in the areas of assessment and qualification development. The initiative was taken by the E&A unit, with support from both QCC and QAA.

While the projects listed above were the highlights of 2009, the various units continued to deliver on their routine processes. These included the accreditation and monitoring of assessment bodies; accreditation of independent schools, private FET colleges, and private AET centres; the quality assurance of assessment and certification; verification of certificates; conducting research,

hosting a seminar series and attending various international and national conferences.

Umalusi has always actively promoted cooperative and supportive relationships with its stakeholders and role players, as well as other bodies in the wider education and training community with 2009 being no exception. With the change in the education ministries, new relationships had to be forged and old ones maintained while still steering our ship on the planned course. This played out at an operational level in the form of partnerships, consultations and workshops with role players and stakeholder in the system. These included the Department of Higher Education and Training (DHET), the Department of Basic Education (DBE), South African Qualifications Authority (SAQA), Quality Council for Trades and Operations (QCTO), Council on Higher Education (CHE), Centre for Education Policy Development (CEPD), universities and others. Through the dissemination of its research reports and seminars Umalusi has continued to inform public debates.

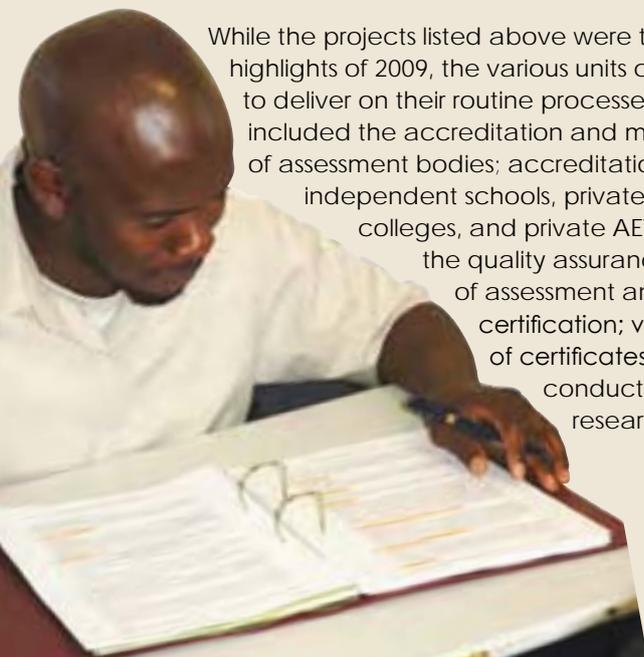
The sub-units that comprise Corporate Services have supported the work of the four National Operations units in respect of leadership and governance, IT Systems, Financial Management and Administration, and HR Management and Development. These contributions have ensured successful delivery on the Council's mandate. The reports on the eight programmes that comprise Umalusi's scope of work reflect accomplishments of which the Council is justly proud. They also provide details on the deliverables achieved during the 2009/10 financial year.

National Operations

Programme A:
Quality Assurance of Assessment (QAA)
Programme B:
Evaluation and Accreditation (E&A)
Programme C:
Qualifications, Curriculum and Certification (QCC)
Programme D:
Statistical Information and Research (SIR)

Corporate Services

Programme E:
Management Support Structures and Governance (MSS)
Programme F:
Information Technology Systems (IT)
Programme G1:
Financial Management and Administration (F&A)
Programme G2:
Human Resource Management and Development (HRM&D)





QUALITY ASSURANCE OF ASSESSMENT (QAA)

Vijayen Naidoo
Senior Manager

Quality Assurance of Assessment (QAA) is central to Umalusi fulfilling its mandate and may be likened to being the engine of the organisation. In terms of the General and Further Education and Training Quality Assurance (GENFETQA) Act no 58 of 2001, Umalusi is required to assure the quality of all exit point assessments and approve the release of examination results. In many ways, 2009 served to consolidate the new and innovative processes implemented during the journey of the last two years to quality assure two new qualifications, viz. the National Certificate Vocational (NCV), written for the first time at National Qualification Framework (NQF) Level 4 in 2009, and the National Senior Certificate (NSC), implemented in 2008.

Umalusi's quality assurance processes assure the standard of assessments and monitor examination systems. The Umalusi Council approves the release of results if, in its judgement, it is found that the examinations were conducted in a credible manner, i.e. that the examinations complied with relevant examination policies and regulations, and that there were no reports (at the time of approval) of irregularities that could compromise the examinations and/or its outcomes.

In response to the challenges experienced with the NSC examinations at the end of 2008, the Minister of Education asked Umalusi to extend its quality assurance to include the verification of the results process. Consequently, Umalusi developed a computer programme to verify the 2009 results. The standardisation model which was developed and used in 2008, faced its second test during standardisation of the 2009 examinations. It is pleasing to report that once again the generated norm was reflective of candidates' performance.

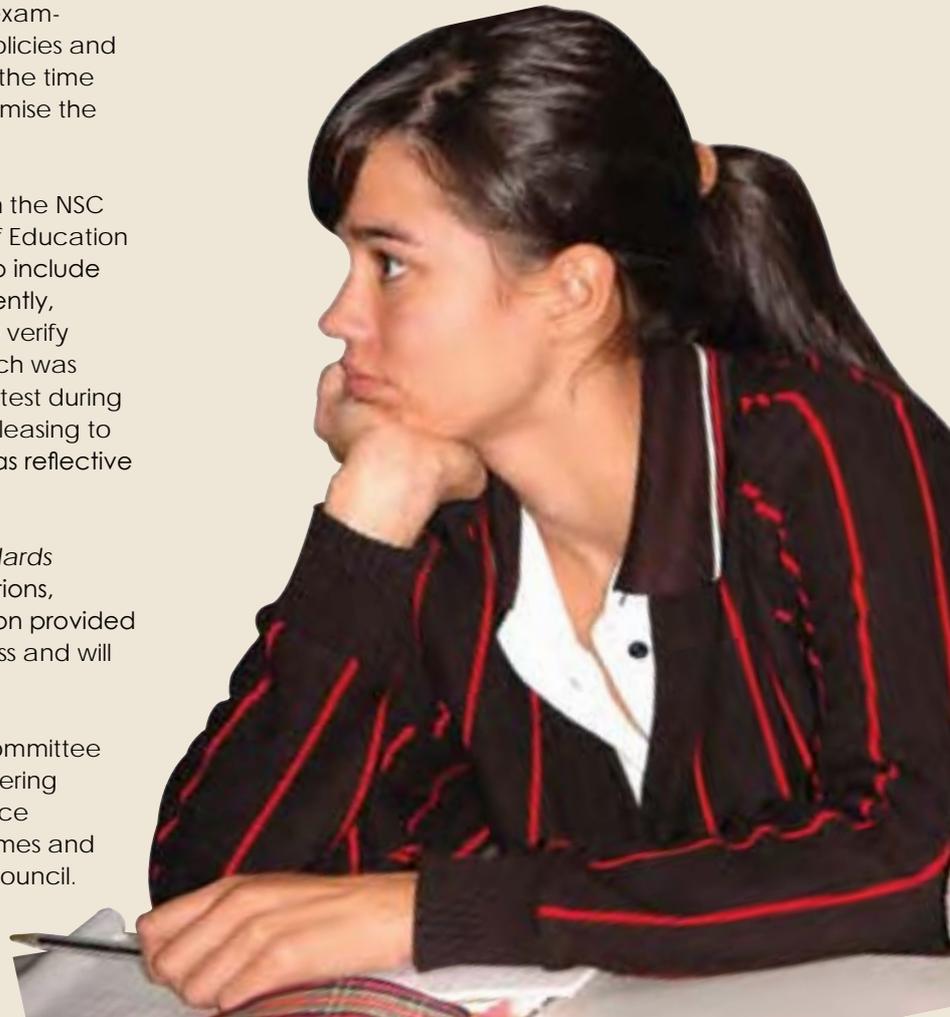
The findings of the extended *Maintaining Standards* research project (reported under the Qualifications, Curriculum and Certification (QCC) unit's section provided invaluable input into the standardisation process and will continue to keep us on course.

The Assessment Standard Committee (a sub-committee of the Umalusi Council) is responsible for considering the reports emanating from the quality assurance processes, standardising the assessment outcomes and recommending the approval of results to the Council.

Detailed reports are captured in the following sector-specific publications:

- Report on the *Quality Assurance of the National Senior Certificate Assessment and Examination*
- Report on the *Quality Assurance of the ABET Level 4 Examination*
- Report on the *Quality Assurance of the Vocational Education and Training Assessment*

Umalusi has once again succeeded in fulfilling its quality assurance mandate in ensuring credible examinations and assessment outcomes. Going forward, Umalusi will focus on ensuring that assessment standards continue to be of an acceptable standard and contribute to the quality of teaching and learning in schools, colleges and adult learning centres.



Report on Operations: QUALITY ASSURANCE OF ASSESSMENT (QAA) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Quality Assurance of Assessment maintained and improved	Question papers for: NSC, SC (sample), NCV and GETC externally moderated - multiple examinations across assessment bodies	All papers moderated and approved within examination cycle time frames: NSC (DBE, IEB & OAER) - 373 NCV - 218 SC - 192 GETC - 61	NSC - 100% (DBE, IEB & OAER) NCV - 90% SC - 100% of sample GETC - 100%	Scarcity of suitably qualified people to appoint as external moderators for NCV
	Additional external moderators appointed and trained for NCV and NSC	Suitably qualified and experienced subject experts appointed and trained NSC - 21 NCV - 32	NSC - 85% NCV - 78%	Scarcity of suitably qualified people to appoint as external moderators
	Internal assessment i.r.o: NSC, NCV Level 2, 3 & 4 and GETC monitored and moderated	Internal assessment systems monitored per policy Internal assessment of sample of subjects across assessment bodies moderated NSC - (DBE, IEB & OAER) - 11 subjects across assessment bodies. NCV ICASS - 36 subjects NCV ISAT - 93 GETC - 14 learning areas across assessment bodies	NSC DBE - 100% IEB - 100% OAER - 82% NCV ICASS - 75% NCV ISAT - 100% GETC - 88%	Scarcity of suitably qualified people to appoint as external moderators NCV ICASS moderation processes disrupted due to labour unrest at some FET Colleges
	Conduct of examinations monitored and reported on	The conduct of examinations monitored across assessment bodies annually: NSC - 198 centers NCV - 52 centers GETC - 39 centers	100%	Successfully completed
	Reliable assessment outcomes	Marking centers monitored per exam: NSC - 52 NCV - 2 GETC - 8	100%	Successfully completed
		Representative sample of scripts moderated per exam NSC - 12 subjects SC - 11 subjects NCV - 36 subjects GETC - 15 learning areas Assessment outcomes Standardised for 11 examinations	95% 100%	Scarcity of suitably qualified people to appoint as external moderators Successfully completed
Standards for assessment articulated and maintained	Policies and processes regulating Quality Assurance of Assessment developed and implemented	Policy and Directives reviewed for quality assuring the NSC, NCV and GETC	100%	Successfully completed

Report on Operations: QUALITY ASSURANCE OF ASSESSMENT (QAA) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Standards for assessment articulated and maintained (continued)	Computer applications for the verification of the resulting process developed and implemented	Standardisation and resulting modules developed and tested prior to December 2009 examinations	100%	Successfully completed
	The quality of exam products and administration of examinations, reviewed and monitored and reported on annually	Monitoring of the annual implementation of assessment practices completed and reported on	100%	Successfully completed
Stakeholder relations established and managed	Collaborative stakeholder relations fostered and maintained through stakeholders' bilateral meetings; consultative workshops; and effective communication	Regular communication maintained with stakeholders through letters, circulars, and attendance of relevant meetings	100%	Successfully completed



Interesting facts:

Number of examinations quality assured: 11
 Number of papers externally moderated across exams: 844
 Number of moderators employed: 229
 Number of monitors employed: 27
 Number of subjects: 165

List of quality assurance reports produced:

- **Report on the Quality Assurance of the National Senior Certificate Assessment and Examination**
- **Report on the Quality Assurance of the Examinations and Assessment for Vocational Education and Training**
- **Report on the Quality Assurance of the Examinations and Assessment of the General Education and Training Certificate: ABET Level 4**





EVALUATION AND ACCREDITATION (E&A)

Dr Ronel Blom
Senior Manager

The Evaluation and Accreditation unit (E&A) is responsible for the quality assurance of provision, and in the year under review, the E&A unit has made substantial strides in assessing the quality of provision, particularly in the area of Adult and Vocational Education and Training (AVET), which includes FET colleges and adult learning centres.

Not only has the E&A unit established an Adult and Vocational Education and Training (AVET) Forum, giving a voice to institutions serving the needs of these sectors, it has provisionally accredited more institutions than ever before. In the Further Education and Training area alone, it has site visited in excess of two hundred sites of learning.

Application for provisional accreditation in the Adult Education and Training and Independent Schools sectors has slowed down, nevertheless, the E&A unit monitored a large number of these institutions during 2009.

Substantial numbers of private institutions have been referred and recommended to the Department of Higher Education and Training (DHET) for registration.

The unit has undertaken research in the phenomenon of Home-based Education; developed a vision for a post schooling system that applies to the adult and vocational sector it serves; developed a protocol for consultation with the National Associations of Independent Schools; and is

exploring innovative ways of organizing assessment in the private AVET sector through a convener system.

The unit has also introduced a number of pilot projects to test its approaches of which the Adult Basic Education and Training level 3 assessment project, and the National Certificate (Vocational) (NCV) curriculum committees, are good examples.

While Umalusi is still awaiting the regulation of its accreditation policy by the departments of Higher Education and Training and Basic Education, the E&A unit has prepared itself for implementing full accreditation by developing the instruments and guidelines for full accreditation and will commence with piloting these in the new financial year.

The E&A unit has monitored the assessment system for the NCV and has produced reports on the progress the system is making in respect of the strengths and weaknesses of the NCV assessment system.

Plans for the 2010/11 cycle are exciting and challenging: the unit will focus on preparing itself for a more qualitative approach to the quality assurance of provision at Independent Schools, private Further Education and Training institutions and private Adult Education and Training centres.

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Maintain a system for evaluation, accreditation and monitoring of institutions of learning	A system for evaluation, accreditation and monitoring of institutions of education and training is maintained and extended	<p>New provider accreditation applications: Schools - 55 Private FET - 58 SETA providers - 515 Private AET - 12</p> <p>Number of providers monitored: Schools: 798 Private FET: 386 sites Private AET: 94</p> <p>Site visits : Schools - 76 Private FET - 220 Private AET - 16</p>	100%	Completed Successfully

Report on Operations: EVALUATION AND ACCREDITATION (E&A) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Maintain and extended an accreditation system for assessment bodies; monitor public assessment system	An accreditation system for assessment bodies; and the monitoring of public assessment system is maintained and extended	At least three prospective agencies identified and suitability evaluated by March 2010	50%	Three prospective agencies were evaluated for suitability. The difficulty in finding capable private assessment bodies for adult and vocational education and training resulted in a reconceptualisation of the assessment system for these private providers
Maintain and improve stakeholder relationships	Stakeholder relationships are maintained and extended	Workshops: Schools: 9 AVET colleges: 4 Establish AVET Provider Forum and Steering Committee by June 2009 Host annual Provider conference	100%	Completed successfully
Conduct unit based studies and reports	Unit based studies are conducted and reported on	Home-based education researched by Feb 2010 Monitoring report on NCV assessment by November 2009	100%	Completed successfully

Interesting facts:

- The organisation of the Adult and Vocational Education and Training system has taken off with more than 200 participants attending the second annual AVET Provider Forum in March 2010
- The ongoing provisional accreditation of Further Education and Training colleges has escalated site visits to more than 220 sites in the 2009/10 cycle
- In excess of 700 sites of learning have been recommended and referred to the DHET for registration as private Further Education Training Institutions
- More than 780 independent schools participated in Umalusi's annual monitoring process

QUALIFICATIONS, CURRICULUM AND CERTIFICATION (QCC)

Liz Burroughs
Senior Manager



The Qualifications, Curriculum and Certification unit has had a year of growing to meet challenges. Even the 'routine' work in the unit has been far from ordinary, and, in 2009, it has also taken over—and extended—the work of curriculum evaluation previously located in the SIR unit. Much of the work has been successfully achieved because of the willing co-operation between Umalusi units.

The certification sub-unit had an eventful year in 2009, which will be remembered as the year when the first National Senior Certificates were issued. In order to certify, Umalusi developed the necessary new directives and adapted the mainframe. Umalusi also introduced a new certificate format which features the national coat of arms prominently at the top. The new design had to be approved by both the Minister of Basic Education and Umalusi Council. The certificates were issued in August rather than in April-May, which is the usual Umalusi practice. The fact that the Department of Basic Education introduced its new integrated educational computer system (IECS) at the same time added considerably to the challenge.

While Umalusi Council decision not to issue the National Certificate Vocational Levels 2 and 3 certificates is still in effect, the first examination for the NCV Level 4 was offered in 2009. This means that Umalusi will certify the NCV for the first time in 2010. Umalusi engaged with the DHET to finalise the Directives for certification as well as the certificate format for this qualification. It is also important to mention that the NCV will be issued with admission to Higher Education, should a candidate meet the minimum requirements as promulgated by the Minister.

In December 2009, Umalusi submitted its policy, The General and Further Education and Training Qualifications Framework, to the Department of Education for regulation. The regulation of this framework is a necessary step in facilitating Umalusi's work as a Quality Council, as promulgated in the NQF Act, Act No 67 of 2008. Nonetheless, the document is being used as the basis for Umalusi's work, including discussion as to how the separate Quality Councils will manage the relationships among the different sub-frameworks of the NQF.

The Qualifications and Curriculum sub-unit undertook the analysis of four additional NSC subjects in the 2009 *Maintaining Standards* project, as well as a comparison of four subjects common to the NSC and NCV. This new extension of the evaluation work was designed to help Umalusi understand how comparable the standards between the two Level 4 qualifications are that it quality assures, especially since the NCV Level 4 is a completely new qualification. Umalusi also commissioned research to compare the NSC with several international qualifications, a project undertaken jointly with Higher Education South Africa. Each of these projects produced valuable qualitative subject reports as well as overview reports. Umalusi has been fortunate to maintain and strengthen relationships with the researchers who assist in these evaluations.

While the 2009/10 financial year has been ground-breaking for the work in this unit, 2010/11 poses to be equally demanding as the new qualifications environment continues to unfold.



Report on Operations: QUALIFICATIONS, CURRICULUM AND CERTIFICATION (QCC) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Establish a sub-framework of qualifications for GFET	The GFET Qualifications Framework is developed and submitted for regulation	Submitted by December 2009	100%	The policy was submitted for regulation by the Minister several times during 2009. The split of the DOE into two ministries has delayed regulation
	Policy and Guidelines that support the development and evaluation of qualifications and curricula developed and piloted	Developed, approved and piloted by November 2009	100%	Successfully completed
	New qualifications, identified are developed	Identified, developed and consulted by March 2010	80%	A new draft qualification, the National Independent Certificate (NIC), has been developed and is ready for further consultation. The lack of regulation of the GFET Qualifications Framework is a constraining factor
	Existing qualifications on the GFET Qualifications Framework are evaluated	The NSC is benchmarked against Cambridge International and International Baccalaureate qualifications by February 2010	100%	Successfully completed
Curricula are evaluated and approved.	Subject curricula from selected qualifications are identified and evaluated: NSC and NCV	Evaluation completed by February 2010	100%	Successfully completed
Certification of learner achievements is ensured	Learner certification processes are maintained and improved for NSC and GETC	November 2008 NSC certificates issued by end May 2009 and continuous on request GETC for adult certificates issued	100%	The NSC 2008 certification was somewhat delayed in 2009 and did not meet the May deadline due to challenges with the resulting system and a redesign of the certificate, all NSC candidates were certificated by August 2009. In all, 839 356 certificates were issued during the year beginning 1 April 2009 and ending 31 March 2010
	Certification System for NCV Level 4 developed	By March 2010	100%	Successfully completed

Report on Operations: QUALIFICATIONS, CURRICULUM AND CERTIFICATION (QCC) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Certification of learner achievements is ensured	Directives for the certification of the NSC developed and consulted	By December 2009	100%	Successfully completed
Verification services provided	Processing of certificate verifications is maintained at a consistently high standard	More verification clients contracted; Services delivered on demand	100%	Verification numbers declined in 2009. While in 2008 171 000 verifications were processed; in 2009/10 161 860 were requested Verification clients increased from 25 in 2008 to 44 in 2009/10 – the drop in volume is ascribed to the late certification of the NSC and possibly the economic recession
Provider and stakeholder relationships extended and maintained	Existing stakeholder relationships are maintained with assessment bodies, SITA, verification clients and strategic partners and new relationships fostered to deal with changes in the legislative environment	Ongoing participation in IPEC and its sub-committees ; IECS user-group; ITC Consultative meetings and workshops attended with DBE, DHET, SAQA, HEQC and QCTO	100%	Continued successful participation and consultation

Interesting facts: Certificates printed for the period 01 April 2009 to 31 March 2010

Senior Certificate with endorsement (first issue)	558
Senior Certificate (first issue)	3 457
N3 (first issue)	1 813
Endorsement (combinations)	916
Senior Certificate (combinations, re-issues, duplicates)	82 814
N3 (combinations, re-issues, duplicates)	8 003
GETC (ABET LEVEL 4)	5 090
Subject certificates: Senior Certificate	84 103
Subject certificates: N3 certificates	33 278
Subject certificates: GETC & ABET L4	59 585
National Senior Certificates (college qualification)	1 119
National Senior Certificates: Combinations, Re-issues (college qualification)	73
National Senior Certificate (new)	368 497
Subject Statements (new NSC)	190 050
TOTAL	839 356



STATISTICAL INFORMATION AND RESEARCH (SIR)

Emmanuel Sibanda
Senior Manager

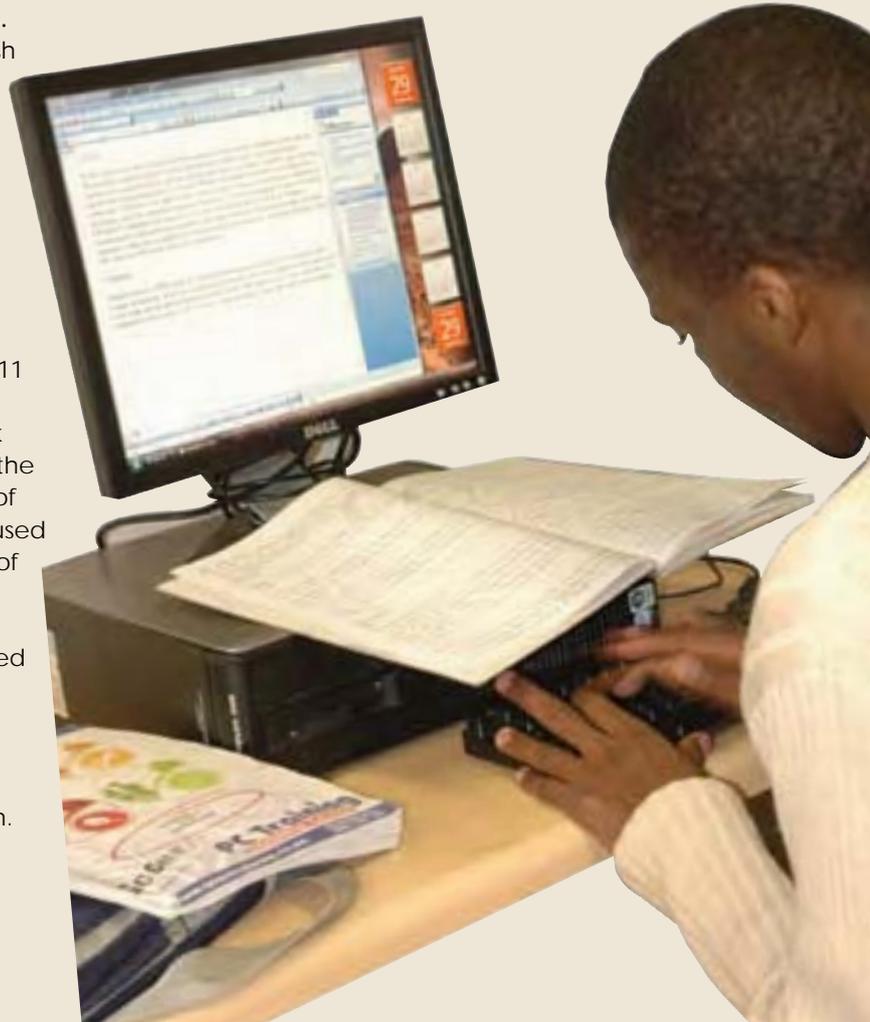
The mandate of the Statistical Information and Research (SIR) unit is to conduct research as identified by the needs of Umalusi and to report on the key indicators of quality and standards in the General and Further Education and Training (GFET) sector, as these pertain to Umalusi's mandate. Additionally, it is required to undertake research projects, the findings of which must provide firm foundations for Umalusi's strategic approaches and quality-assurance processes.

In the last financial year, the SIR unit embarked on initiating and conducting research relating to the evaluation of standards of the school General Education and Training (GET) curricula starting with the curriculum statements associated with the Foundation phase. The aim was to compare the South African National Curriculum Statements and associated documents for all three phases, with equivalent curricula from selected countries that achieve high rankings across international studies. The selected countries were Singapore, Canada (British Columbia) and Kenya. Singapore and Canada (British Columbia) were selected because they were among the 10 top-achieving countries in the Progress in International Reading Literacy Study (PIRLS) 2006 and Trends in International Mathematical and Science Study (TIMSS) 2003. Kenya was among the five top-achieving countries in the Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ) 2005. The curricula evaluations of the Intermediate and Senior phases will be done in 2011 and 2012 respectively. Other research conducted in 2009/10 was around the development of a framework for the quality assurance of practical subjects and/or the practical components of the subjects. The objective of this research was to improve the tools and processes used for quality assuring internal and external examination of practical subjects.

The *Maintaining Standards* research project, conducted for the first time in 2008 and led by the SIR unit, was launched in May 2009. Subsequently, the project was handed over to the Qualifications, Curriculum and Certification (QCC) unit, whose ongoing work is curriculum evaluation, to conduct the 2009 evaluation.

The SIR unit, at the helm with the Centre for Education Policy Development (CEPD), organised three seminars during the course of the past financial year. These addressed issues of common interest that relate to the enhancement of the quality of teaching and learning, and assessment, in the sector for which Umalusi is responsible for quality assuring.

The term of the existing Research Forum came to an end in 2009 and a new forum was established. Its purpose is to guide and advise Umalusi on its research agenda, provide guidance on research ethics and critically engage with all Umalusi's research. In 2010 the unit will focus on a number of identified research projects. All Umalusi's research reports, as well as information on research currently under way, are available on Umalusi's website, www.umalusi.org.za



Report on Operations: STATISTICAL INFORMATION AND RESEARCH (SIR) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
A conceptual framework of indicators of quality and standards in education is developed	A framework of indicators is developed and approved and data collection commenced	March 2010	100%	Successfully completed per plan
Research is planned, managed and implemented and findings shared	<p>Research projects are commissioned and conducted:</p> <p>GETC curriculum; Foundation phase</p> <p>Practical assessment research completed <i>Maintaining Standards NSC 2008</i></p> <p><i>Inspecting the foundations</i>, a report on the GETC for adults by Oct 2009</p>	As per research agenda	100%	<p>Successfully completed and published</p> <p>Research completed in a given financial year is published only in the next financial year</p>
Stakeholders engaged through seminars, conferences and published research	Seminars and workshops were successfully held	<p>Three annual seminars conducted</p> <p><i>Maintaining Standards 2008</i> launched and disseminated (4 provinces)</p>	100%	Successfully completed
Research Forum is maintained	Research Forum meetings conducted	Two meetings conducted annually	100%	Successfully completed
Statistical support is provided to other units	In house data bases related to reporting requirements established and maintained	Ongoing	100%	Successfully developed and maintained
Resource Centre is maintained and extended	Resource Centre improved to support Umalusi's work and staff development	New resources acquired and existing systems improved as per planning	100%	Successfully completed

Research and seminar publication highlights:

Research reports

Maintaining Standards: National Senior Certificate 2008

Inspecting the Foundations, a report on the General Education and Training Certificate (GETC) for adults

The relation between knowledge and practice in curriculum and assessment

Seminar reports

Continuous Assessment: Is it worth keeping? This looks at assessment from an education and school-based approach, and also from a systematic point of view.

Pathways after general education and training focuses on the learning opportunities available for adult learners in relation to colleges, Further Education and Training (FET) colleges, apprenticeships and learnerships.

MANAGEMENT SUPPORT STRUCTURES AND GOVERNANCE (MSS)

Management Team



The Management Support Structures (MSS) unit steers the Umalusi ship ensuring that a strategic plan and budget were in place and that Umalusi fulfilled its mandate within its capacity. The unit supported the work of Umalusi Council and its committees and ensured that the Council was kept informed and able to carry out its functions. All operational work was planned and coordinated in an efficient and effective manner, and progress was monitored quarterly and reported on.

The contract of the public relations (PR) and communications company, Stone Soup, was terminated in October 2009 and a dedicated Senior Manager Public Relations and Communication was appointed. A large number of press enquiries, press releases, radio and television interviews, and a press conference for the release of the matriculation results, were managed. Three issues of the newsletter Makoya were produced during this year.

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Organisational plans in place, implemented and reviewed	Strategic plans developed and implemented	PFMA and other targets met	100%	Met PFMA targets in terms of planning and review Successfully completed and maintained
	New management cycle and calendar drawn up, and implemented	Annually 1 April		
	Operational plans co-ordinated	Ongoing		
	Reports are available for managerial decisions and submitted quarterly to the DBE	Quarterly		
	Organisational policies developed and vetted before Council approval and implementation	Ongoing		
	Monitoring and review takes place regularly	Quarterly		
Organisational governance is maintained	Council meetings efficiently arranged and supported	Ongoing effective governance practices	100%	Successfully implemented and maintained
	Council meetings minuted and decisions implemented and followed up	By 1 April 2009		
	Budgets and strategic plans approved by the Ministry			

Report on Operations: MANAGEMENT SUPPORT STRUCTURES AND GOVERNANCE (MSS) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Stakeholder relations established and maintained	Meetings with political structures; education administration	At least quarterly	100%	Successfully implemented and maintained
	Meetings with other statutory bodies	As required		
	Engagement and collaborative work with other stakeholders			
Communication and Public relations programme implemented	Relevant information reaches appropriate audiences	The Umalusi 'brand' more recognised	100%	Successfully managed as planned
	Good internal communication processes in place	Umalusi well profiled in the media		
	Umalusi media profile improved			
	Corporate identity strengthened			
	Increased participation in public debate			





CORPORATE SERVICES

Jeremy Thomas
Chief Financial Officer

The Corporate Services unit ensures the effective and efficient utilisation of all organisational resources. It offers centralised and coordinated support to the core business units of the Umalusi 'ship' through provision of the following:

- 🔗 Information Technology systems (Programme F)
Umalusi's needs have been met through the installation of the latest IT infrastructure and services to ensure that work is well supported. IT processes and hard/software are continuously monitored and improved.
- 🔗 Financial Management and Administration (Programme G1) This sub-unit maintains a credible accounting system which is monitored by the Audit Committee of the Umalusi Council. It is also regularly monitored by the Umalusi Executive Committee (Exco) and the full Council. Additionally, the finance function includes the management of assets and facilities.
- 🔗 Human Resource Management and Development (Programme G2) This sub-unit is responsible for recruitment, appointments and equity, as well as performance evaluation and staff development.

INFORMATION TECHNOLOGY SYSTEMS (IT)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
IT systems established, maintained and improved	Management Information System (MIS) developed and maintained to support the day-to-day operations of the organisation	The development and maintenance of the MIS managed and monitored by the MIS Steering Committee in accordance with a priority task list	70% of all requests registered and completed	The request for new development and or changes to the system exceeds the available labour and therefore work is done according to an agreed sequence determined by priority
	Website maintained and updated with latest information	Website updated bi-weekly	100%	Successfully maintained
	Users supported	User support was delivered to all service requests from staff members	100%	User support provided as requested
Certification process effectively supported	Certification system functional for NSC, FET, NATED programmes and GETC maintained	A functional certification system for all the respective national examinations: March, April, June, August and November 2009 for NATED; ABET in October and Senior Certificate in June and November 2009 for all qualifications	100%	Successfully completed
	Certification system for the NSC implemented	A functional Certification system for the NSC 2008 and the 2009 supplementary examination in March and May respectively	100%	Successfully completed

INFORMATION TECHNOLOGY SYSTEMS (IT) (continued)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Certification process effectively supported (continued)	Verification processes computerised	Develop a verification system to programmatically verify qualifications by October 2009	100%	Successfully completed
	Computerised system for the Quality Assurance of Standardisation, statistical moderation and resulting of the NSC examination	Computerised system for the quality assurance of the 2009 NSC examination results by December 2009	100%	Successfully completed
Adequate computer hardware and software in place to support operations	Adequate computer hardware and software in place and operations supported	Equipment procured, maintained and installed as required	100%	Successfully completed
		Software licenses acquired and up to date	100%	Successfully completed
		SLA with designated providers effectively managed to meet demands	100%	Successfully managed
		Network support adequately provided	100%	Successfully completed
		Effective high availability and disaster recovery measures in place	100%	Successfully completed
		Operating system, application software and hardware is upgraded on all Umalusi servers	100%	Successfully completed
		Implementation of a development SQL server is completed	100%	Successfully completed



FINANCIAL MANAGEMENT AND ADMINISTRATION (F&A)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Finance and accounting systems maintained and improved	Accounting systems in line with PFMA maintained and improved	Policy implemented in terms of PFMA to meet various committees requirements	98%	Internal and external audits met compliance requirements and improved systems. Audit recommendations were effected
		90% of debt collected	100%	Successfully completed
		Investments wisely managed	100%	Surpluses invested at Corporation for Public Deposits (CPD)
		Assets carefully managed	100%	Successfully completed
Supply Chain Management system maintained and improved	Procure goods and services within policy regulations	Creditors paid on time	100%	Successfully completed
		Organisation adequately resourced according to priorities	100%	
Building and security systems maintained and improved	Alterations effected to accommodate organisational requirements	Alterations in accordance with action plan	100%	Successfully completed
	Buildings and security systems managed against the budget and management requirements	Preventative maintenance program implemented	100%	Successfully completed



HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT (HRM&D)

Outcome	Key performance indicators	Target	Performance results	
			% Achieved	Motivation/ Comment
Human Resources Managed and Developed	All relevant HR policies in terms of labour legislation to ensure good labour practices implemented and maintained	HR polices reviewed and made available electronically Committees established: Employment Equity June 2009 A Remuneration and HR Committee (REMCOM) February 2010	100%	Successfully completed
	HR plan in place and implemented	HR plan implemented as per organisational priorities	100%	Successfully completed
	Recruitment, selection, placement, termination of staff administered	HR processes conducted with improve equity targets	100%	Successfully completed
	Negotiations and Labour Relations	Investigate grievances and complaints as required		No grievances were lodged
Staff development processes in place	Performance management processes managed	Staff performance managed and evaluated by 31 March 2010	100%	Successfully completed
	Training plan developed and implemented	Skills requirements identified and training plan in place by 1 April 2009 Induction conducted twice annually Training conducted, per approved training plan for 2009/10	100%	Successfully managed
	Workplace skills plan (WSP)/report submitted	WSP submitted to ETDPSeta by 30 June 2009	100%	Successfully completed
	Employee Wellness Programme implemented	Three Wellness days conducted	100%	Successfully completed
	Occupational Health and Safety co-ordinated	Occupational Health and Safety Committee established and policy developed	100%	Successfully completed
General services provided	Reception services and telephone links maintained and improved	Ongoing	100%	Successfully completed
	Provision of daily cleaning services	Ongoing	100%	Successfully completed
Document Management System	Document Management System and Registry established	File plan developed, approved and implemented Policies and procedures approved and implemented including a retention and disposal programme	100%	Successfully completed



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Annual Financial Statements for the year ended 31 March 2010

The reports and statements set out below comprise the annual financial statements presented to the Council:

Contents

Council's Responsibilities and Approval	35
Report of the Audit and Risk Committee	36
Report of the Independent Auditors to the Council	37 - 38
Report of the Council	39 - 40
Statement of Financial Position	41
Statement of Financial Performance	41
Statement of Changes in Net Assets	41
Cash Flow Statement	42
Notes to the Annual Financial Statements	43 - 61
Finance Year on Year Statistics	63

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Statement of Financial Performance	61 - 62
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Annual Financial Statements for the year ended 31 March 2010

Council's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and South African Statements of Generally Accepted Accounting Practice where a relevant statement of GRAP is not yet issued.

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

The Council acknowledge that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment.

To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Council have reviewed the entity's cash flow forecast for the year to 31 March 2011 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 37

The annual financial statements set out on pages 41 to 62, which have been prepared on the going concern basis, were approved by the Executive Committee of Council on 30 June 2010 and were signed on its behalf by:



PROF JD VOLMINK (Chairperson)

Umalusi

Annual Financial Statements for the year ended 31 March 2010

Report of the Audit and Risk Committee

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2010.

Audit committee responsibility

We report that we adopted appropriate formal terms of reference in our Charter in line with the requirements of section 55(1)(a) of the PFMA and Treasury Regulation 27.1. We further report that we have conducted our affairs in compliance with this Charter.

The effectiveness of Internal Control

The system of internal control applied by Umalusi over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management letter of the External Auditor, SizweNtsaluba VSP, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective as well as the quality of in year management and monthly and quarterly reports submitted in terms of the PFMA.

We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the auditors of the entity during the year under review.

Evaluation of annual financial statements

We have:

- ☞ Reviewed and discussed the audited annual financial statements to be included in the annual report, with the approved External Auditor, SizweNtsaluba VSP.
- ☞ Reviewed the management letter and management's response thereto;
- ☞ Reviewed changes in accounting policies and practices;
- ☞ Reviewed the entity's compliance with legal and regulatory provisions;
- ☞ Reviewed the significant adjustments resulting from the audit.

We concur with and accept the Auditors' report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor - SizweNtsaluba VSP.

Internal audit

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

External Audit

We have met with the External Auditor to ensure that there are no unresolved issues.



Chairperson of the Audit Committee

Date: 24 June 2010

Annual Financial Statements for the year ended 31 March 2010

Report of the Independent Auditors to the Council

Introduction

We have audited the accompanying annual financial statements of Umalusi (Council for Quality Assurance on General and Further Education) which comprise the report of the Council, the statement of financial position as at 31 March 2010, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies other explanatory information, as set out on pages 39 to 62.

Council's responsibility for the financial statements

The entity's Council is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act, 1 of 1999, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the entity as at 31 March 2010, and its financial performance and its cash flows for the year then ended, in accordance with Standards of Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act, 1 of 1999, as amended.

Supplementary information

We draw attention to the fact that the detailed supplementary information set out on pages 61 to 62 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Report on other legal and regulatory requirements

In terms of the Public Audit Act of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 we include over our findings on the report on predetermined objectives, compliance with the Public Finance Management Act, 1 of 1999 and financial management.

Annual Financial Statements for the year ended 31 March 2010**Report of the Independent Auditors to the Council (continued)****Findings****Predetermined objectives**

No matter to report.

Compliance with laws and regulations

No matter to report.

Internal control

We considered internal control relevant to our audit of the financial statements and the report on predetermined objectives and compliance with the Public Finance Management Act, 1 of 1999 and Public Audit Act, 25 of 2004, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

No matter to report.



SizweNtsaluba VSP
Partner: M Mithimkhulu
Registered Auditor
24 June 2010
Woodmead

Annual Financial Statements for the year ended 31 March 2010

Report of the Council

The Council submit their report for the year ended 31 March 2010.

1. Incorporation

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

2. Review of activities

Main business and operations

Umalusi, Council for Quality Assurance in General and Further Education and Training, is the quality assurer in general and further education and training, of the National Qualifications Framework (NQF). The Council ensures that continuous enhancement of quality is achieved in the delivery and outcomes of the general and further education and training sectors of the national education system.

The operating results and state of affairs of Umalusi are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the entity for the year was R 51,435 (2009: surplus R 5,055,988)

3. Subsequent events

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

4. Internal controls

In accordance with the PFMA, Council is accountable for internal control. The Council has the responsibility for maintaining a sound system of internal control that supports achievement of Umalusi's objectives and reviews its effectiveness.

5. Losses through fraud, fruitless and wasteful expenditure and irregular expenditure

The Council has considered the PFMA provisions relating to fruitless and wasteful expenditure. In terms of the materiality framework as agreed with the Executive Authority and Section 55(1) (d) of the PFMA, any material losses due to criminal conduct or irregular or fruitless and wasteful expenditure must be reported in the annual financial statements. No such losses were identified

6. Council

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

Prof JD Volmink (Chairperson)
 Prof SG Mabizela (Deputy Chairperson)
 Mr GR Agocs
 Ms AP Bird
 Prof M Fourie
 Mr SBA Isaacs
 Prof HA Louw
 Dr MA Makhafola
 Mr HM Mwelil
 Ms J Naidoo
 Mr L Nengovhela
 Mr J Pampallis (Resigned 27 May 2009)
 Dr RA Patel
 Mr MQ Potterton (Replaced Mr J Pampallis in June 2009)
 Dr MS Rakometsi (Chief Executive Officer)
 Dr ZC Sosibo
 Dr PJN Steyn
 Prof RH Stumpf
 Ms PT Tyobeka
 Prof DS Zinn

Annual Financial Statements for the year ended 31 March 2010

Report of the Council (continued)

7. Council and Executive Management emoluments

Council

Figures in Rand	Fees paid 2010	Fees paid 2009
Prof JD Volmink	100,888	37,434
Dr MA Makhafola	3,550	18,096
Ms J Naidoo	9,760	1,131
Dr ZC Sosibo	9,364	3,463
Dr PJN Steyn	36,828	29,509
Mr J Pampallis	9,532	-
Dr RA Patel	-	8,089
Prof SG Mabizela	33,642	-
	<u>203,564</u>	<u>97,722</u>

Key management

Figures in Rand	Salary	Pension contributions	Medical contributions	Bonus & performance payments	Total package 2010	Total package 2009
Dr MS Rakometsi (CEO)	1,422,955	97,856	-	-	1,520,811	346,927
Dr PP Lolwana (Previous CEO)	-	-	-	-	-	971,788
Mrs E Rabe (COO)	798,321	60,729	-	66,252	925,302	787,071
Mr JR Thomas (CFO)	788,880	60,729	7,098	66,252	922,959	736,298
Mr VD Naidoo (SM:QAA)	647,307	46,059	7,098	50,739	751,653	710,830
Dr JP Blom (SM:E&A)	604,818	46,509	7,098	31,172	690,137	643,266
Mrs EM Burroughs (SM: QCC)	562,362	45,145	-	31,089	638,596	624,800
Mr E Sibanda (SM:SIR)	555,454	44,769	-	30,782	631,005	561,072
Mr M Khuboni (SM:PR&COM)*	266,180	22,606	1,014	-	289,900	-
	<u>5,646,277</u>	<u>424,852</u>	<u>22,308</u>	<u>276,826</u>	<u>6,370,263</u>	<u>5,382,052</u>

* Appointed 1 October 2009

8. Secretary

The secretary of the entity is Mr EP du Plooy of:

Business address

37 General van Reyneveld Street
Persequor TechnoPark
Pretoria, 0121

Postal address

Postnet Suite 102
Private Bag X1
Queenswood
Pretoria, 0121

9. Auditors

SizweNtsaluba VSP will continue in office for the next financial period in accordance with section 25(2) of the Public Audit Act, renewable annually until 2011/12.

Annual Financial Statements for the year ended 31 March 2010

Statement of Financial Position

Figures in Rand	Notes (s)	2010	2009
Assets			
Current assets			
Trade and other receivables	3	4,894,810	5,047,441
Cash and cash equivalents	4	25,768,174	25,122,800
		30,662,984	30,170,241
Non-Current Assets			
Property, plant and equipment	5	14,037,128	14,290,666
Intangible assets	6	72,102	163,131
		14,109,230	14,453,797
Total Assets		44,772,214	44,624,038
Liabilities			
Current liabilities			
Trade and other payables	7	5,611,773	5,515,034
Total liabilities		5,611,773	5,515,034
Net Assets		39,160,441	39,109,004
Net Assets			
Accumulated surplus		39,160,441	39,109,004

Statement of Financial Performance

Figures in Rand	Notes (s)	2010	2009
Revenue	9	33,394,307	26,950,850
Other income	10	17,118,722	16,671,633
Operating expenses		(52,391,296)	(41,378,380)
Operating deficit		(1,878,267)	2,244,103
Investment revenue	12	1,929,702	2,811,885
Surplus for the year		51,435	5,055,988

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus
Balance at 01 April 2008	34,053,016
Changes in net assets	
Surplus for the year	5,055,988
Total changes	5,055,988
Balance at 01 April 2009	39,109,006
Changes in net assets	
Surplus for the year	51,435
Total changes	51,435
Balance at 31 March 2010	39,160,441

Annual Financial Statements for the year ended 31 March 2010

Cash Flow Statement

Figures in Rand	Notes (s)	2010	2009
Cash flows from operating activities			
Receipts			
Cash receipts from customers		34,160,637	32,901,335
Interest income		1,929,702	2,811,885
		<u>36,090,339</u>	<u>35,713,220</u>
Payments			
Cash paid to suppliers and employees		(34,316,186)	(22,076,914)
Net cash flows from operating activities	15	<u>1,774,153</u>	<u>13,636,306</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,108,465)	(2,218,627)
Proceeds from sale of property, plant and equipment		77,738	24,650
Purchase of other intangible assets	6	(98,052)	(322,016)
Net cash flows from investing activities		<u>(1,128,779)</u>	<u>(2,515,993)</u>
Net increase in cash and cash equivalents		645,374	11,120,313
Cash and cash equivalents at the beginning of the year		25,122,800	14,002,487
Cash and cash equivalents at the end of the year	4	<u>25,768,174</u>	<u>25,122,800</u>

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board and in accordance with the Public Finance Management Act (Act 1 of 1999). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in Note Changes in accounting policy.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

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

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

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

1.2 Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Land is not depreciated.

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

Item	Average useful life
Buildings	20 years
Furniture and fixtures	4 - 6 years
Office equipment	5 years
Computer equipment	3 years
Communication equipment	5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

The depreciation 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.

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- 👉 is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- 👉 arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

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.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

Item	Useful life
Computer software	2 years

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

1.4 Financial instruments

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

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

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

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 - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

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

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.8 Revenue from exchange transactions

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

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

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

Measurement

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

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

1.8 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- 👉 the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- 👉 the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 👉 the amount of revenue can be measured reliably;
- 👉 it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- 👉 the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

1.9 Investment income

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

1.10 Comparative figures

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

1.11 Fruitless and wasteful expenditure

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

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

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations

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:

IAS 32 (AC 125) Financial Instruments: Presentation and IAS 1 (AC 101) Presentation of Financial Statements Amendment: Puttable Financial Instruments and obligations Arising on Liquidation

The revision requires that certain puttable financial instruments and other instruments that impose on the entity an obligation to deliver a pro rata share of the net assets of the entity on liquidation should be classified as equity if certain conditions are met. Any classifications of such items are to be disclosed in the financial statements, together with information concerning the entity's objectives and policies with regards to managing such obligations.

The effective date of the standard is for years beginning on or after 01 January 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The standard has no impact.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC 101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The entity has adopted the amendment for the first time in the 2010 annual financial statements.

The standard has no impact.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 (AC 128) Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- 👉 The period over which management has projected cash flows;
- 👉 The growth rate used to extrapolate cash flow projections; and
- 👉 The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The entity has adopted the amendment for the first time in the 2010 annual financial statements.

The standard has no impact.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 39 (AC 133) Financial Instruments: Recognition and Measurement

IAS 39 (AC 133) prohibits the classification of financial instruments into or out of the fair value through surplus or deficit category after initial recognition. The amendments set out a number of changes in circumstances that are not considered to be reclassifications for this purpose.

The amendments have also removed references to the designation of hedging instruments at the segment level.

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations (continued)

The amendments further clarify that the revised effective interest rate calculated when fair value hedge accounting ceases, in accordance with paragraph 92 IAS 39 (AC 133) should be used for the remeasurement of the hedged item when paragraph AG8 of IAS 39 (AC 133) is applicable.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The entity has adopted the amendment for the first time in the 2010 annual financial statements.

The standard has no impact.

IAS 36 (AC 128) Impairment of Assets: Consequential amendments

Under certain circumstances, a dividend received from a controlled entity, associate or joint venture could be an indicator of impairment. This occurs when:

- 👉 Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net assets including goodwill in consolidated financial statements; or
- 👉 Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The entity has adopted the amendment for the first time in the 2010 annual financial statements.

The standard has no impact.

GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the entity has contravened these legislative requirements, the entity is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The standard has no impact.

GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

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

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations (continued)

An entity shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 17: Property, Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the entity needs to comply with GRAP 17 disclosure requirements.

Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP 17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

The effective date of the standard is for years beginning on or after 01 April 2009.

The impact of the standard is not material.

GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 exclude from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits.

For the purpose of GRAP 19, social benefits refers to goods, services and other benefits provided in the pursuit of the social policy objective of a government. This Standard includes guidance on the accounting of these social benefits.

Outflow of resources embodying service potential also needs to be considered in when assessing if a present obligation that arises from past events exists or not.

The Standard includes accounting for obligations to make additional contributions to a fund. This is similar to the requirements of IFRIC5 (AC438).

It further includes the accounting for the changes in existing decommissioning, restoration and similar liabilities. This is similar to the requirements of IFRIC1 (AC434).

GRAP 19 give specific guidance regarding restructuring by way of transfers that will take place under a government directive and will not involve binding agreements. An obligation exists only when there is a binding transfer agreement.

Additional disclosure for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period and reductions in the carrying amounts of provisions resulting from remeasurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the entity.

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations (continued)

If an external valuation is used to measure a provision the information relating to the valuation can usefully be disclosed.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 4 - Transitional provisions for medium and low capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in process research and development costs acquired in an entity combination.

Recognition requirement includes the concept of the probable flow of service potential.

GRAP 102 distinguishes between impairment loss of cash generating and non-cash-generating assets.

Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiability criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute.

Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset.

Guidance on web site costs has been included in GRAP 102 from SIC Interpretation 32 Intangible Assets – Web Site Costs.

Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23.

GRAP 102 does not state "gains shall not be classified as revenue" as GRAP term "income" has a broader meaning than the term "revenue".

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

Directive 4 - Transitional provisions for medium and low capacity requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard. Entities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible Assets.

The effective date of the standard is for years beginning on or after 01 April 2009.

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations (continued)

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

IPSAS 21: Impairment of Non Cash-Generating Assets

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

IPSAS 20: Related Party Disclosure

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 21: Impairment of non-cash-generating assets

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

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

 Depreciated replacement cost approach

 Restoration cost approach

 Service units approach

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations (continued)

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset. A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-oriented entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable amount of the asset. When estimating the value in use of an asset, an entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an entity applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- 👉 the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- 👉 the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations (continued)

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IFRIC 14 (AC 447) IAS 19 - The Limitation on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The interpretation addresses the limitation of a defined benefit asset in accordance with paragraph 58 of IAS 19 (AC 116) Employee Benefits. The interpretation provides guidance in the determination of the amount of economic benefits available in the form of refunds and reductions in future contributions, which will affect the maximum amount which may be measured as a defined benefit asset.

The effective date of the interpretation is for years beginning on or after 01 January 2008.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the interpretation will have a material impact on the entity's annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph 19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- 👉 the approved and final budget amounts;
- 👉 the actual amounts on a comparable basis; and
- 👉 by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements (continued)

2. New standards and interpretations (continued)

A comparable basis means that the budget and annual financial statements:

- 👉 are prepared using the same basis of accounting i.e. either cash or accrual;
- 👉 include the same activities and entities;
- 👉 use the same classification system; and
- 👉 are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Annual Financial Statements for the year ended 31 March 2010
Notes to the Annual Financial Statements

3. Trade and other receivables

Figures in Rand	2010	2009
Trade receivables	4,637,170	5,007,594
Deposits	233,898	520
Other receivables	23,742	39,327
	4,894,810	5,047,441

4. Cash and cash equivalents

Figures in Rand	2010	2009
Cash and cash equivalents consist of:		
Bank balances	817,578	1,091,577
Short term deposits	24,950,596	24,031,223
	25,768,174	25,122,800

5. Property, plant and equipment

Figures in Rand	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	3,118,432	-	3,118,432	3,125,682	-	3,125,682
Buildings	10,442,627	(1,270,509)	9,172,118	10,317,368	(750,079)	9,567,289
Plant and equipment	491,749	(137,526)	354,223	297,825	(39,177)	258,648
Furniture and fixtures	1,305,743	(999,969)	305,774	1,186,186	(877,854)	308,332
Office equipment	603,799	(351,443)	252,356	458,146	(287,714)	170,432
Computer equipment	2,984,503	(2,283,071)	701,432	2,586,247	(1,818,104)	768,143
Leasehold improvements	221,617	(221,617)	-	221,617	(221,617)	-
Other fixed assets	311,239	(178,446)	132,793	241,270	(149,130)	92,140
Total	19,479,709	(5,442,581)	14,037,128	18,434,341	(4,143,675)	14,290,666

Reconciliation of property, plant and equipment - 2010

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land	3,125,682	-	(7,250)	-	3,118,432
Buildings	9,567,289	125,259	-	(520,430)	9,172,118
Plant and equipment	258,648	193,925	-	(98,350)	354,223
Furniture and fixtures	308,332	119,557	-	(122,115)	305,774
Office equipment	170,432	145,653	-	(63,729)	252,356
Computer equipment	768,143	454,103	(19,216)	(501,598)	701,432
Other fixed assets	92,140	69,968	-	(29,315)	132,793
	14,290,666	1,108,465	(26,466)	(1,335,537)	14,037,128

Annual Financial Statements for the year ended 31 March 2010
Notes to the Annual Financial Statements

Reconciliation of property, plant and equipment - 2009

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land	3,125,682	-	-	-	3,125,682
Buildings	9,007,215	1,039,551	-	(479,477)	9,567,289
Plant and equipment	-	297,825	-	(39,177)	258,648
Furniture and fixtures	438,452	1,158	-	(131,278)	308,332
Office equipment	169,324	52,563	-	(51,455)	170,432
Computer equipment	391,727	743,635	(12,325)	(354,894)	768,143
Other fixed assets	19,826	83,895	-	(11,581)	92,140
	13,152,226	2,218,627	(12,325)	(1,067,862)	14,290,666

The land and buildings acquired on 26 July 2007 are described as portion 2 of Erf. 2 Persequor Township, Gauteng Province, measuring 5 721 square meters with office building thereon. The premises are owner-occupied.

6. Intangible assets

Figures in Rand	2010			2009		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1,326,111	(1,254,009)	72,102	1,228,059	(1,064,928)	163,131

Reconciliation of intangible assets - 2010

Figures in Rand	Opening balance	Additions	Amortisation	Total
Computer software	163,131	98,052	(189,081)	72,102

Reconciliation of intangible assets - 2009

Figures in Rand	Opening balance	Additions	Amortisation	Total
Computer software	3,876	322,016	(162,761)	163,131

7. Trade and other payables

Figures in Rand	2010	2009
Trade payables	1,987,687	289,366
Amounts received in advance	-	2,336,328
Other accrued expenses	1,145,762	1,032,625
Sundry creditors	2,478,324	1,856,715
	5,611,773	5,515,034

Annual Financial Statements for the year ended 31 March 2010

Notes to the Annual Financial Statements

8. Retirement benefits

Defined benefit plan

All employees of the entity are members of the Associated Institutions Pension Fund, a defined benefit pension fund. Any surplus or deficit based on the difference between the benefits due to employees in accordance with the actuarial valuation and the fund assets is borne directly by the South African Government. The contributions to the retirement benefits are included in staff costs.

9. Revenue

Figures in Rand	2010	2009
Accreditation fees	1,968,435	1,126,359
Certification fees	29,245,516	22,876,450
Verification fees	2,180,356	2,948,041
	33,394,307	26,950,850

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

Figures in Rand	2010	2009
Accreditation fees	1,968,435	1,126,359
Certification fees	29,245,516	22,876,450
Verification fees	2,180,356	2,948,041
	33,394,307	26,950,850

10. Other revenue

Figures in Rand	2010	2009
Grant: Department of Education	16,494,000	16,044,000
Recovery of impairments	-	206,671
Sundry revenue	573,450	408,637
Gain or loss on disposal of assets	51,272	12,325
	17,118,722	16,671,633

11. Employee related costs

Figures in Rand	2010	2009
Basic Salary	24,522,250	18,938,199
Skills Development Levy	204,872	154,311
Leave pay provision charge	768,833	189,109
	25,495,955	19,281,619

12. Investment revenue

Figures in Rand	2010	2009
Interest revenue		
Bank deposit	1,929,702	2,811,885

Annual Financial Statements for the year ended 31 March 2010
Notes to the Annual Financial Statements

13. Taxation

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

14. Auditors' remuneration

Figures in Rand	2010	2009
External Audit fees	212,069	204,775
Internal Audit fees	150,956	117,336
	363,025	322,111

15. Cash generated from operations

Figures in Rand	2010	2009
Surplus	51,435	5,055,988
Adjustments for:		
Depreciation and amortisation	1,524,618	1,230,423
Gain on sale of assets	(51,272)	(12,325)
Impairment deficit	303,566	59,232
Other non-cash items	(2)	-
Changes in working capital:		
Trade and other receivables	(150,935)	4,278,899
Trade and other payables	96,743	3,024,089
	1,774,153	13,636,306

16. Commitments

Operating leases - as lessee (expense)

Figures in Rand	2010	2009
Minimum lease payments due - office equipment		
- within one year	63,875	62,610
- in second to fifth year inclusive	34,878	98,753
	98,753	161,363

17. Related parties

Relationships

Affiliated Companies by Government

SITA.

Telkom.

City of Tshwane.

Responsible ministry

Department of Basic Education.

Associated institution

Associated Institutions Pension Fund.

Higher Education South Africa.

Annual Financial Statements for the year ended 31 March 2010
Notes to the Annual Financial Statements

Related party transactions

Figures in Rand	2010	2009
SITA	1,718,897	1,979,993
Telkom	293,138	297,014
Department of Basic Education	16,694,910	16,044,000
Council members	203,564	97,722
Senior management	6,370,263	5,363,199
Associated Institutions Pension Fund	2,430,475	1,074,920
City of Tshwane	383,667	266,469
Higher Education South Africa	150,000	-

18. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade And Other payables	3,761,618	-	-	-
At 31 March 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	3,052,131	-	-	-

Credit Risk

Financial assets, which potentially subject Umalusi to the risk of non-performance by counter-parties and thereby subject the organisation to concentrations of credit risk, consist mainly of cash and cash equivalents, and accounts receivable. The entity limits its treasury counter-party exposure by only dealing with well-established financial institutions with high credit ratings assigned by international credit-rating agencies. The entity does not expect any treasury counter-parties to fail to meet their obligations, given their high credit rating. Credit risk with respect to accounts receivable is limited as major customers are government departments and local authorities. Trade receivables have been adequately assessed for impairment.

Figures in Rand	2010	2009
Financial assets exposed to credit risk at year end were as follows:		
Government - provincial departments	167,383	2,338,177
Further Education and Training Colleges	1,344,283	2,238,368
Schools and other providers	2,025,664	528,147

Annual Financial Statements for the year ended 31 March 2010
Notes to the Annual Financial Statements

19. Reconciliation between budget and statement of financial performance

Figures in Rand	2010	2009
Net surplus per the statement of financial performance	51,435	5,055,988
Adjusted for:		
Revenue higher than budget	1,349,730	-
Expenses lower than budget	423,732	-
Gain on the sale of assets	51,272	12,325
CAPEX in budget	1,206,517	-
Depreciation and Amotisation	(1,828,184)	(1,230,423)
Provisions	(1,254,502)	(3,837,890)
	-	-

20. World Cup Expenditure:

The entity did not incur any World Cup related expenditure for the Financial Year ending 31 March 2010 (2008/09 - nil).

Detailed Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Accreditation fees		1,968,435	1,126,359
Certification fees		29,245,516	22,876,450
Verification fees		2,180,356	2,948,041
	9	33,394,307	26,950,850
Other income			
Grant Department of Education		16,494,000	16,044,000
Interest received	12	1,929,702	2,811,885
Sundry revenue		573,450	408,637
Recovery of impairments		-	206,671
Gains on disposal of assets		51,272	12,325
		19,048,424	19,483,518
Expenses (Refer to page 62)		52,391,296	(41,378,380)
Surplus for the year		51,435	5,055,988

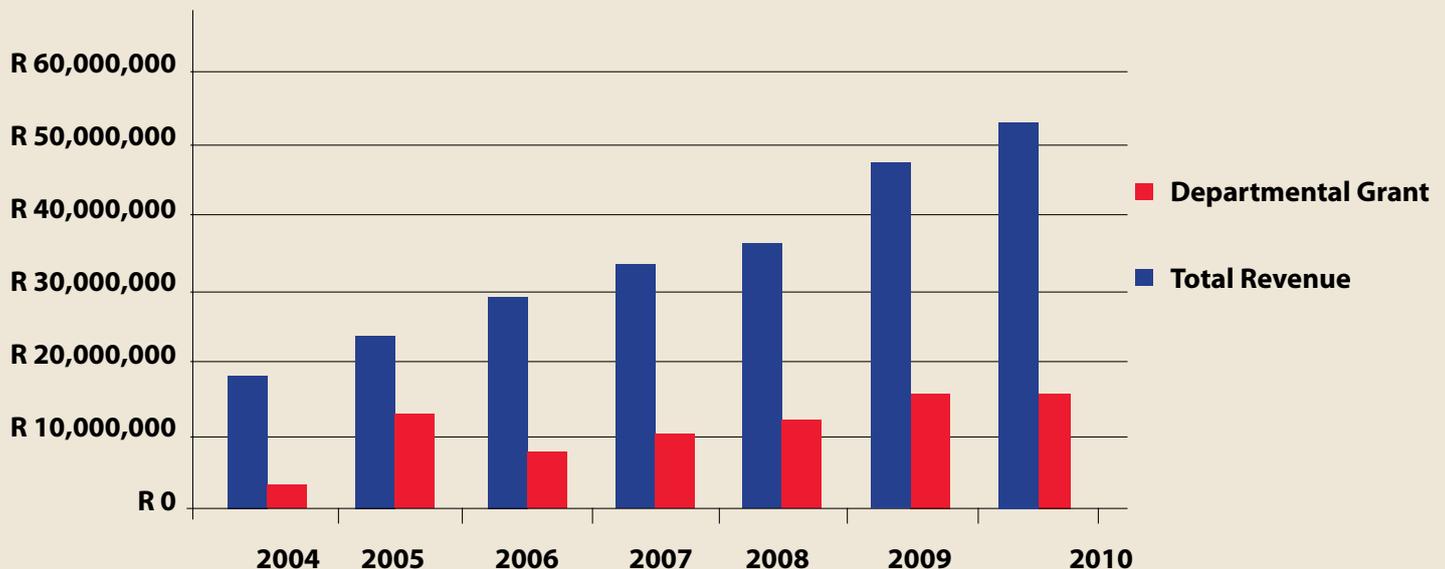
Annual Financial Statements for the year ended 31 March 2010
Notes to the Annual Financial Statements

Detailed Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Operating expenses			
Advertising		149,472	583,591
Audit Committee expenses		4,587	14,504
Auditors remuneration	14	363,025	322,111
Bank charges		40,809	36,807
Certification expenses		3,066,474	3,073,709
Cleaning		171,817	125,382
Computer expenses		1,359,013	1,690,415
Conference and workshops		382,294	213,552
Consulting and professional fees		3,259,117	856,299
Council related expenses		270,544	222,549
Depreciation, amortisation and impairments		1,828,184	1,289,655
Electricity		260,343	166,144
Employee costs		25,495,955	19,281,619
General expenses		64,881	135,341
Insurance		99,275	167,388
Lease rentals on operating lease		65,768	62,610
Legals expenses		49,484	67,150
Levies		150,917	121,089
Meeting expenses		408,251	365,355
Membership fees		6,473	8,535
Moderator and verifier costs		6,520,865	5,111,316
Postage		137,537	51,248
Printing and Stationery		1,035,903	894,677
Promotions		455,655	391,252
Repairs and maintenance		408,611	507,849
Research and development costs		149,102	155,551
Security		92,877	51,698
Staff welfare and refreshments		135,756	133,026
Subscriptions		3,030	-
Telephone and fax		336,777	331,666
Training		465,049	335,914
Travel and accomodation - local		5,007,399	4,548,589
Travel and accomodation - overseas		146,052	61,789
		52,391,296	41,378,380

Finance Year on Year Statistics

	2004	2005	2006	2007	2008	2009	2010
Total Revenue	18,076,902	23,547,626	28,603,979	32,972,345	36,013,566	46,434,368	52,442,731
Total income Year on Year (YOY) increase		30%	21%	15%	9%	29%	13%
Total Expenditure	15,705,633	18,391,033	21,329,502	28,024,527	30,887,357	41,378,380	52,391,296
		17%	16%	31%	10%	34%	27%
Surplus (Deficit)	2,371,269	5,156,593	7,274,477	4,947,823	5,126,209	5,055,988	51,435
Departmental Grant	3,050,000	12,869,000	7,690,000	10,286,000	12,652,000	16,044,000	16,494,000
% YOY Increase/Decrease		322%	-40%	34%	23%	27%	3%
Revenue Streams							
Accreditation Fees	317,564	275,628	483,284	622,553	1,852,102	1,126,359	1,968,435
Certification Fees	10,021,632	6,233,693	16,510,584	16,986,851	16,390,172	22,945,515	29,245,516
Verification Fees	335,242	661,969	1,437,951	2,579,780	3,440,224	2,948,040	2,180,356
Interest received	1,058,498	936,169	1,307,700	1,726,545	1,586,972	2,811,885	1,929,702
USAID Funding	3,236,130	2,515,211	595,375	-	-	-	-
Department Grant	3,050,000	12,869,000	7,690,000	10,286,000	12,652,000	16,044,000	16,494,000
Other	57,836	55,956	579,085	770,616	92,096	558,569	624,722
Total	18,076,902	23,547,626	28,603,979	32,972,345	36,013,566	46,434,368	52,442,731
Accreditation Fees YOY increase/decrease		-13%	75%	29%	198%	-39%	75%
Certification Fees YOY increase/decrease		-38%	165%	3%	-4%	40%	27%
Verification Fees YOY increase/decrease		97%	117%	79%	33%	-14%	-26%



HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Oversight Report

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Services and Administration.

Information on key human resources issues are provided in the statistical tables below. The information aims to empower legislators, the media, the public and other stakeholders to monitor whether public entities:

- 👉 exercise the powers granted under Public Service and Public Finance legislation in a responsible manner, and
- 👉 achieve national transformation priorities established by the Cabinet, (e.g. affirmative action).

1. Expenditure

Umalusi budgets in terms of clearly defined programmes. The following tables summarise the expenditure programme (Table 1.1) and salary bands (Table 1.2) in particular. An indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within Umalusi is provided.

These figures reflect the permanent employees of Umalusi. An average of 200 employees were appointed as moderators and monitors and are reflected as consultants, and were remunerated on a claim-per-task basis.

Table 1.1 Personnel cost by programme 2009/10

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Personnel cost as a % of total expenditure	Average personnel cost per employee (R'000)	Number of employees
Evaluation and Accreditation	6,861	4,652	97	68%	291	16
Corporate Services	13,705	6,229	289	45%	260	24
Mangement Support Services	6,451	4,578	8	71%	654	7
Qualifications, Curriculum and Certification	5,367	2,345	37	44%	261	9
Quality Assurance of Assessment	14,056	4,442	14	32%	342	13
Statistical Information and Research	4,715	2,299	20	49%	383	6
Total	51,155	24,545	465	48%	327	75

Table 1.2 Personnel cost by salary bands 2009/10

Salary bands	Personnel expenditure cost (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)	Number of Employees
Lower skilled (Level 1 - 2)	250	1%	83	3
Skilled (Level 3 - 5)	4,275	18%	204	21
High skilled production (Level 6 - 8)	2,990	12%	249	12
High skilled supervision (Level 9 - 12)	10,549	43%	340	31
Senior Management (Levels 13 - 16)	6,481	26%	810	8
Total	24,545	100%	327	75

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Tables 1.3 and 1.4 provide a summary per programme and salary bands of expenditure incurred as a result of salaries, employer's contribution to pension fund, home-owner's allowance and medical allowance. The table provides an indication of the percentage of the personnel budget that was used for these items.

Table 1.3 Salaries, pension fund, home owner's allowance, medical aid assistance by programme 2009/10

Programme	Salaries		Employer's contribution to Pension Fund		Home-owner's Allowance		Medical Aid Assistance	
	Amount (R'000)	As a % of personnel assets	Amount (R'000)	As a % of personnel assets	Amount (R'000)	As a % of personnel assets	Amount (R'000)	As a % of personnel assets
Evaluatiuon and Accreditation	4,089	17%	295	1%	60	0.24%	62	0.25%
Corporate Services	3,400	14%	205	0.84%	-	-	61	0.25%
Management Support Structures	4,574	19%	299	1%	17	0.07%	14	0.06%
Qualifications, Curriculum and Certification	2,150	9%	155	0.63%	-	-	-	-
Quality Assurance of Assessment	4,532	18%	302	1%	23	0.09%	30	0.12%
Statistical Information and Research	2,043	8%	153	0.62	-	-	-	-
Total	20,788	85%	1,409	6%	100	0.41%	167	0.68%

Table 1.4 Salaries, pension fund, home owner's allowance, medical aid assistance by salary bands 2009/10

Programme	Salaries		Employer's contribution to Pension Fund		Home-owner's Allowance		Medical Aid Assistance	
	Amount (R'000)	Salary as a % of personnel assets	Amount (R'000)	As a % of personnel assets	Amount (R'000)	As a % of personnel assets	Amount (R'000)	As a % of personnel assets
Lower skilled (Level 1 - 2)	228	0.93%	17	0.07%	-	-	18	0.07%
Skilled (Level 3 - 5)	4,274	17%	199	0.81%	-	-	31	0.13%
High skilled production (Levels 6 - 8)	2,322	9%	166	0.68%	-	-	38	0.15%
High skilled supervision (Levels 9 - 12)	8,817	36%	600	2%	90	0.37%	54	0.22%
Senior Management (Levels 13 - 16)	5,114	21%	427	2%	10	0.04%	26	0.11%
Total	20,788	85%	1,409	6%	100	0.41%	167	0.68%

2. Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff additional to the establishment. This information is presented in terms of three key variables: programme (Table 2.1), salary bands (Table 2.2) and critical occupations (Table 2.3). Table 2.3 provides establishment and vacancy information for the key critical occupations in Umalusi. The vacancy rate reflects the percentage of posts that are not filled.

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Table 2.1 Employment and vacancies by programme 31 March 2010

Programme	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Evaluation and Accreditation	18	16	11%	2
Corporate Services	25	24	4%	1
Management Support Structures	7	7	-	-
Qualifications, Curriculum and Certification	10	9	10%	1
Quality Assurance of Assessment	14	13	7%	1
Statistical Information Research	6	6	-	-
Total	80	75	6%	5

Table 2.2 Employment and vacancies by salary bands 31 March 2010

Programme	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1 - 2)	3	3	-	-
Skilled (Levels 3 - 5)	26	21	19%	5
High skilled production (Levels 6 - 8)	12	12	-	-
High skilled supervision (Levels 9 - 12)	31	31	-	-
Senior Management (Levels 13 - 16)	8	8	-	-
Total	80	75	6%	5

Table 2.3 Employment and vacancies by critical occupation 31 March 2010

Critical occupations	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Administrative related	27	22	19%	5
Cleaners/Housekeeper	3	3	-	-
Communication related	1	1	-	-
Financial related	4	4	-	-
Human Resource related	4	4	-	-
Secretarial related	2	2	-	-
Information Technology related	5	5	-	-
Assessment	9	9	-	-
Accreditation	8	8	-	-
Statistic & Research	4	4	-	-
Qualifications	5	5	-	-
Senior Management	8	8	-	-
Total	80	75	6%	5

3. Job evaluation

Job evaluations were done during the 2009/10 financial year. Levels 9 to 10 were adjusted. An Independent remuneration review of 61 positions within Umalusi were done during July 2009. The Assistant Manager salaries were adjusted to the 50th percentile.

4. Employment changes

This section provides information on changes in employment over the financial year. The turnover rates provide an indication of trends in the employment profile of Umalusi. The following tables provide a summary of turnover rates by salary band (Table 4.1) and by critical occupations (Table 4.2)

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Table 4.1 Annual turnover by salary band

Programme	Number of employees per band as on 1 April 2009	Appointments	Terminations	Turnover rate
Lower skilled (Levels 1 - 2)	1	2	-	-
Skilled (Levels 3 - 5)	21	11	1	5%
High skilled production (Levels 6 - 8)	13	1	3	23%
High skilled supervision (Levels 9 - 12)	25	1	4	16%
Senior Management service band A	4	1	-	-
Senior Management service band B	2	-	-	-
Senior Management service band C	1	-	-	-
Total	67	16	8	12%

Table 4.2 Identifies the major reason why staff left Umalusi

Termination type	Number	% of total employment
Resignation	8	12%
Total	8	12%
Total number of employees who left as a % of the total employment	8	12%

Table 4.4 Promotions by critical occupation

Critical occupations	Number of Employees per Occupation as On 1 April 2009	Promotions to another salary level	Salary level Promotions as a % of Employees by occupation	Progression to another notch within salary range level	Notch progression as a % of employees by occupation
Administrative related	21	2	10%	-	-
Cleaners	1	-	-	-	-
Communication related	1	-	-	-	-
Human Resource related	4	-	-	-	-
Financial related	6	-	-	-	-
Secretarial related	2	-	-	-	-
Information Technology	4	-	-	-	-
Assessment	6	-	-	-	-
Accreditation	7	-	-	-	-
Research	4	-	-	-	-
Qualifications	4	-	-	-	-
Senior Management	7	-	-	-	-
Total	67	2	3%	-	-

Table 4.5 Promotions by salary band

Salary bands	Number of employees 1 April 2009	Promotions to another salary level	Salary level Promotions as a % of employees by occupation	Progression to another notch withing salary range level	Notch progression as a % of employees by occupation
Lower skilled (Levels 1 - 2)	1	-	-	-	-
Skilled (Levels 3 - 5)	21	2	10%	-	-
High skilled production (Levels 6 - 8)	13	-	-	-	-
High skilled supervision (Levels 9 - 12)	25	-	-	-	-
Senior Management (Levels 13 - 16)	7	-	-	-	-
Total	67	2	3%	-	-

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT
HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Table 5.2 Total number of employees (including employees with disabilities) in each of the occupational bands as on 31 March 2010

Occupational bands	Male				Female				Foreign		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	1	1	-	-	-	-	-	1	-	-	3
Senior management	2	-	1	-	-	-	-	2	-	-	5
Professionally qualified and experienced specialists and mid-management	4	1	-	3	2	-	1	3	-	-	14
Skilled technical and academically qualified workers, junior management	9	1	1	1	9	-	3	3	2	-	29
Semi-skilled and discretionary decision making	4	-	-	-	17	-	-	-	-	-	21
Unskilled and defined decision making	1	-	-	-	2	-	-	-	-	-	3
Total permanent	21	3	2	4	30	-	4	9	2	-	75
Non-permanent	-	-	-	-	-	-	-	-	-	-	-
Total	21	3	2	4	30	-	4	9	3	-	75

Table 5.3 Recruitment 2009/10

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	-	-	-	-	-	-	-	1
Senior management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-
Skilled technical junior management supervisors	1	-	-	-	2	-	-	1	4
Unskilled and defined decision making	4	-	-	-	7	-	-	-	11
Total permanent	6	-	-	-	9	-	-	1	16
Non-permanent	-	-	-	-	-	-	-	-	-
Total	6	-	-	-	9	-	-	1	16

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT
HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Table 5.4 Terminations 2009/10

Occupational bands	Male	Male	Male	Male	Female	Female	Female	Female	Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	1	-	-	2	-	-	-	3
Skilled technical junior management supervisors	1	-	-	-	3	-	-	1	5
Total permanent	1	1	-	-	5	-	-	1	8
Non-permanent	-	-	-	-	-	-	-	-	-
Total	1	1	-	-	5	-	-	1	8

6. Performance rewards

To encourage good performance, Umalusi granted the following performance rewards during 2009/10. The information is presented in terms of race, gender and disability (Table 6.1) salary bands (Table 6.2) and critical occupations (Table 6.3)

Table 6.1 Performance rewards by race, gender and disability

	Number of beneficiaries	Number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Male	19	24	79%	257	14
Female	20	29	69%	70	4
Asian					
Male	2	2	100%	40	20
Female	3	4	75%	25	8
Coloured					
Male	3	3	100%	105	35
Female	-	-	-	-	-
White					
Male	4	4	100%	107	27
Female	7	9	78%	176	25
Employees with a disability	-	-	-	-	-
Total	58	75	77%	780	13

Table 6.2 Performance rewards by salary bands for personnel below senior management service 2009/10

	Beneficiary profile	Beneficiary profile	Beneficiary profile	Cost	Cost
	Number of beneficiaries	Number of Employees in group	% of total within group	Cost (R'000)	Average cost Per employee
Lower skilled (Levels 1 - 2)	1	3	33%	2	2
Skilled (Levels 3 - 5)	17	21	81%	30	2
High skilled production (Levels 6 - 8)	8	12	67%	30	4
High skilled supervision (Levels 9 - 12)	25	31	81%	338	14
Total	51	67	76%	400	8

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT
HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Table 6.3 Performance related rewards (cash bonus) by salary band for senior management services

	Beneficiary profile	Beneficiary profile	Beneficiary profile	Cost	Cost
	Number of beneficiaries	Number of Employees in group	% of total within group	Cost (R'000)	Average cost Per employee
Band A	4	5	80%	125	31
Band B	2	2	100%	142	71
Band C	-	-	-	-	-
Band D	1	1	100%	113	113
Total	7	8	88%	380	54

7. Leave utilisation for the period 1 January 2009 to 31 December 2009

The need for monitor sick leave within the Public Service, was identified by the Public Service Commission. An indication of the use of sick leave (Table 7.1) and disability leave (Table 7.2) is provided in the following tables.

Table 7.1 Sick leave 1 January 2009 – 31 December 2009

Salary band	Total days	% days with medical certificates	Number of employees using sick leave	Average days per employee
Lower skilled (Levels 1 - 2)	4	75%	3	1
Skilled (Levels 3 - 5)	116	66%	20	6
High skilled production (Levels 6 - 8)	55	60%	11	5
High skilled supervision (Levels 9 - 12)	103	61%	20	5
Senior Management (Band A - C)	32	53%	8	4
Total	310	62%	62	5

Table 7.3 Summarises the utilisation of annual leave. Management prevents high levels of annual leave accrued being paid at the time of termination of service by encouraging the optimum use of leave.

Table 7.2 Annual leave 1 January 2009 – 31 December 2009

Salary band	Total days taken	Average per employee
Lower skilled (Levels 1 - 2)	46	15
Skilled (Levels 3 - 5)	298	14
High skilled production (Levels 6 - 8)	247	21
High skilled supervision (Levels 9 - 12)	394	13
Senior Management (Band A - C)	143	18
Total	1,128	15

The tables following summarises payments made to employees as a result of leave that was not taken and paid out.

Table 7.3 Leave payouts

Salary band	Total amount (R'000)	Number of employees	Average payment per employee (R'000)
Current leave payout on termination of service for 2009/10	66	8	8
Total	66	8	8

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT
HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

8. HIV/AIDS and health promotion programmes

Table 8.1 Steps taken to reduce the risk of occupational exposure

Units /categories of employees identified to be at risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risks
None	HIV/AIDS organisational policy implemented

Table 8.2 Details of health promotion and HIV/AIDS programmes

Questions	Yes	No	Details if yes
Has the organisation designated a member of the Senior management services to implement the provisions contained in Part VI.E of Chapter 1 of the Public Service Regulations, 2001?		X	
Does the organisation have a dedicated unit or has it designated specific staff members to promote the health and well being of the employees?	X		Human Resources sub-unit
Has the organisation introduced an employee assistance or health promotion programme for the employees?	X		EWP implemented through Human Resource Sub-unit. HIV/AIDS Workplace management (Distribution of condoms, policy) Wellness management (3 Wellness days per annum)
Has the organisation established (a) committee(s) as contemplated in Part VI E.5(e) of Chapter 1 of the Public Service Regulations, 2001?		X	
Has the organisation reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status?	X		HIV/AIDS Policy , Recruitment & selection policy,
Has the organisation introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination?	X		HIV/AIDS Policy
Does the organisation encourage its employees to undergo voluntary counseling and testing?	X		Through the Employee Wellness Programme managed by Human Resources.
Has the organisation developed measures / indicators to monitor and evaluate the impact of its health promotion programme?	X		EWP implemented through HR who manages three Wellness days per annum.

9. Labour relations

Table 9.1 Grievances lodged 2009/10

No grievances lodged during 2009/10

Table 9.2 Disputes lodged with Labour Relations Councils 2009/10

No disputes lodged during 2009/10

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

10. Skills development

Table 10.1 Training needs identified and training provided 2009/10

Occupational categories	Gender	Number of employees as at 1 April 2009	Skills Programmes and other short courses identified	Skills Programmes and other short courses provided
Legislators, senior officials and managers	Male	8	4	9
	Female	7	4	9
Technicians and Associate professionals	Male	13	12	12
	Female	14	12	12
Clerks	Male	5	12	10
	Female	21	12	10
Elementary Occupations	Male	1	-	-
	Female	-	-	-
Subtotal	Male	26	28	31
	Female	41	28	31
Total		67	56	62

11. Utilisation of consultants

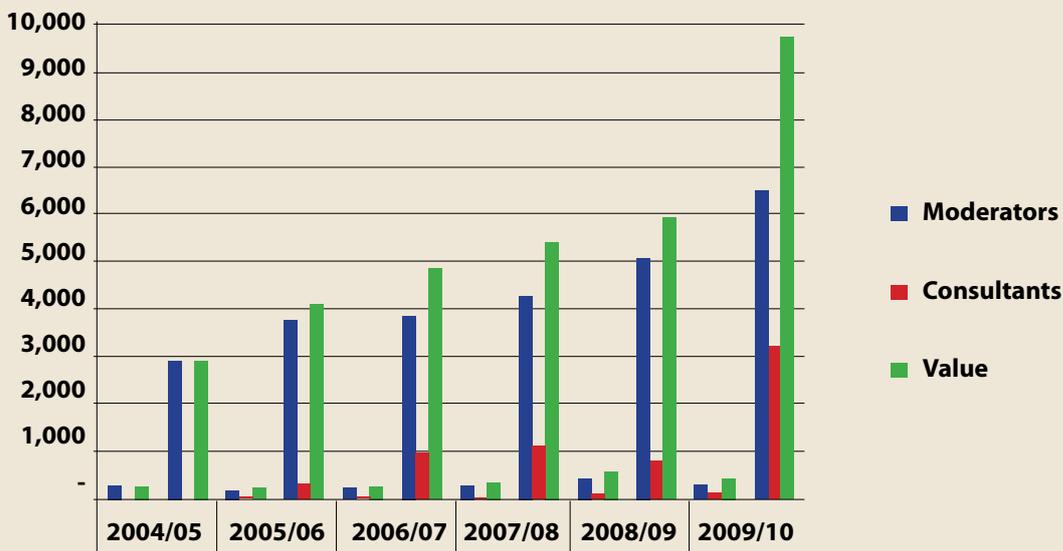
Umalusi makes use of part-time moderators and monitors on periodic basis in the examination cycle. The organisation finds this to be an effective means of fulfilling its mandate.

Table 11.1 Reports on consultant appointments using appropriated funds 2009/10

Project title	Total number of consultants	Value in (Rand R'000)
Moderators, Monitors, Evaluators	310	6,520
Consultants	135	3,259
Total	445	9,779

Table 11.2 Table on Moderator and Consultant numbers and expenditure since 2004 to 31 March 2010

Project title	2004/05		2005/06		2006/07		2007/08		2008/09		2009/10	
	No	Value										
Moderators,	300	2,946	210	3,788	256	3,889	334	4,304	456	5,111	310	6,520
Consultants	-	-	43	347	39	999	46	1,147	136	856	135	3,259
Total	300	2,946	253	4,135	295	4,888	380	5,451	592	5,967	445	9,779



HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT
HR OVERSIGHT STATISTICS FOR THE PERIOD 1 APRIL 2009 TO 31 MARCH 2010

Table 11.3 Report on consultant appointments using appropriated funds 2009/10

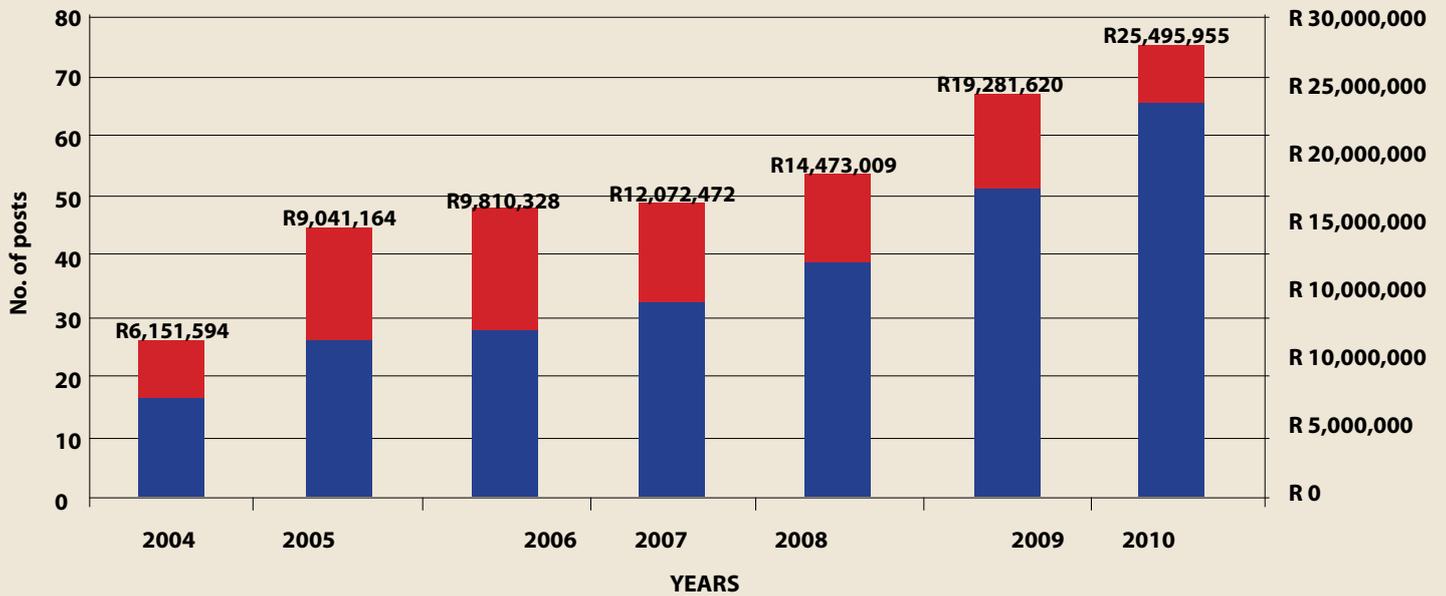
	Project	Number of consultants	Value in (Rand R'000)
1	Special Projects Schools: Maintaining Standards	24	402
2	Capture scripts per subject 2008 & 2009	4	37
3	Assistance for Abet & VET (QAA)	1	18
4	Accreditation of Providers	5	159
5	Accreditation of monitoring of Providers FET	3	63
6	Monitoring and review Curriculum	3	96
7	Maintaining Standards Qualification Curriculum & Certification	31	901
8	Edit 2008 Maintaining standards	1	15
9	Research Forum & Projects	28	531
10	Strategic support in maintaining standards	3	36
11	GETC foundation Phase	22	828
12	Contentious Assessment report	2	20
13	Editing the CASS and Item Response Theory reports	1	15
14	Develop NCV qualifications & National Senior Certificate Adults	1	89
15	Tax year - end procedure IRP 5s consultation	1	6
16	Physical assets verification	1	11
17	Assetpro upload & CaseWare training	1	15
18	Premier HR Consultation	1	2
19	Wage System and Job costing	1	15
	Total	135	3,259

Umalusi Human Resources Year on Year Statistics

	2004	2005	2006	2007	2008	2009	2010
Remuneration costs (Rand value)	6,151,594	9,041,164	9,810,328	12,072,472	14,473,009	19,281,620	25,495,955
Remuneration Year on Year (YOY) Increase	-	47%	9%	23%	20%	33%	32%
Total Expenditure (Rand value)	15,705,632	18,391,033	21,329,502	28,024,522	30,887,357	41,378,379	52,391,296
% of Total Expenditure	39%	49%	46%	43%	47%	47%	49%
Number of posts	32	52	57	75	77	77	80
Posts YOY Increase	-	63%	10%	32%	3%	0%	4%
Posts filled	26	45	48	49	54	67	75
Additional posts (contracts)	6	4	5	5	4	6	5
Vacancy rate	19%	13%	16%	35%	30%	13%	6%
Staffing levels							
Lower skilled (levels 1 - 2)	1	1	1	1	1	1	3
Skilled (levels 3 - 5)	10	10	13	14	17	21	27
High skilled production (levels 6 - 8)	8	9	6	6	6	13	11
High skilled supervision (levels 9 - 12)	9	20	22	22	23	25	31
Senior management (levels 13 - 16)	4	5	6	6	7	7	8
Training costs (Rand value)	39,000	29,000	60,000	140,000	194,000	335,914	465,049
Training YOY Increase	-	-26%	107%	133%	39%	73%	38%
Senior management costs (Rand value)	1,605,368	2,314,000	2,934,000	3,775,000	3,432,000	5,223,000	6,370,263
SMS % of remuneration	26%	26%	30%	31%	24%	27%	25%
Number of SMS posts	4	6	6	7	7	7	8
SMS Posts YOY Increase	-	50%	0%	17%	0%	0%	14%

Umalusi Human Resources Year on Year Statistics

REMUNERATION COSTS



■ Posts filled

■ Remuneration costs

Umalusi Training provided during 2009/10

AREA OF TRAINING	TYPE OF TRAINING	COST	EMPLOYEES
Administrative Justice Act	MacRobert Attorneys	5,130	20 Staff at various levels
Annual Tax Seminar	Softline VIP	3,183	Finance Manager
Budgeting	Presented by representative from Old Mutual	-	All staff
Business Etiquette	Career Skills	18,525	33 Staff at various levels
Computer training conversion from Office 2003 to Office 2007	Keybase	79,800	All staff
CQS CaseWare	CQS CaseWare Technology	6,726	3 Staff in Finance unit
Employee Cost Seminar	Softline VIP	1,546	HR Manager
Employment Contract	Edureach	1300	2 HR staff
Employment Equity Workshop	Softline VIP	1,476	HR Practitioner
Excel level 1	Keybase	1,767	QCC Senior Manager
Finance for Non-financial Managers	Edgeucation Corporation	35,859	30 Staff at Various levels
Health and Safety representative Course	Labour Law	4,058	2 Finance and 2 HR staff
IRP 5 Workshop	Softline VIP	638	HR Practitioner
MBA Course	Astrotech	10,668	Chief Financial Officer
Meeting Procedures	Presented by Shakuntla	-	All staff
Microsoft Outlook	Internal - Presented by Gerhard Booyse (IT)	-	All staff
Office Management	Strawberry Training	2,485	Admin Assistant QAA
Performance Management	Presented by Shakuntla Khatri	-	All staff
Premier Advanced training	Softline VIP	3,990	Accountant
Presentation Skills	University of Pretoria	1,900	Training and Development Practitioner
Recruitment & Interviewing Skills	Edureach	650	2 HR staff
Report Writing	Presented by Shakuntla Khatri	-	All staff
Research Methodology Winter Schools	WITS University	3,768	2 E & A staff
Statutory Requirements workshop	Softline VIP	1,134	HR Manager
Telephone Etiquette	Presented by Shakuntla	-	All staff
Time Management	Internal - Presented by Shakuntla Khatri	-	All staff
VIP Advance Training	Softline VIP	3,865	Accountant and Finance Manager
VIP Premier Basic	Softline VIP	7,273	Accountant and Finance Manager
Recruitment, Selection Workshop		152,312	All Staff
Training 2009/10 sub total		R 348,053	

Umalusi Training provided during 2009/10

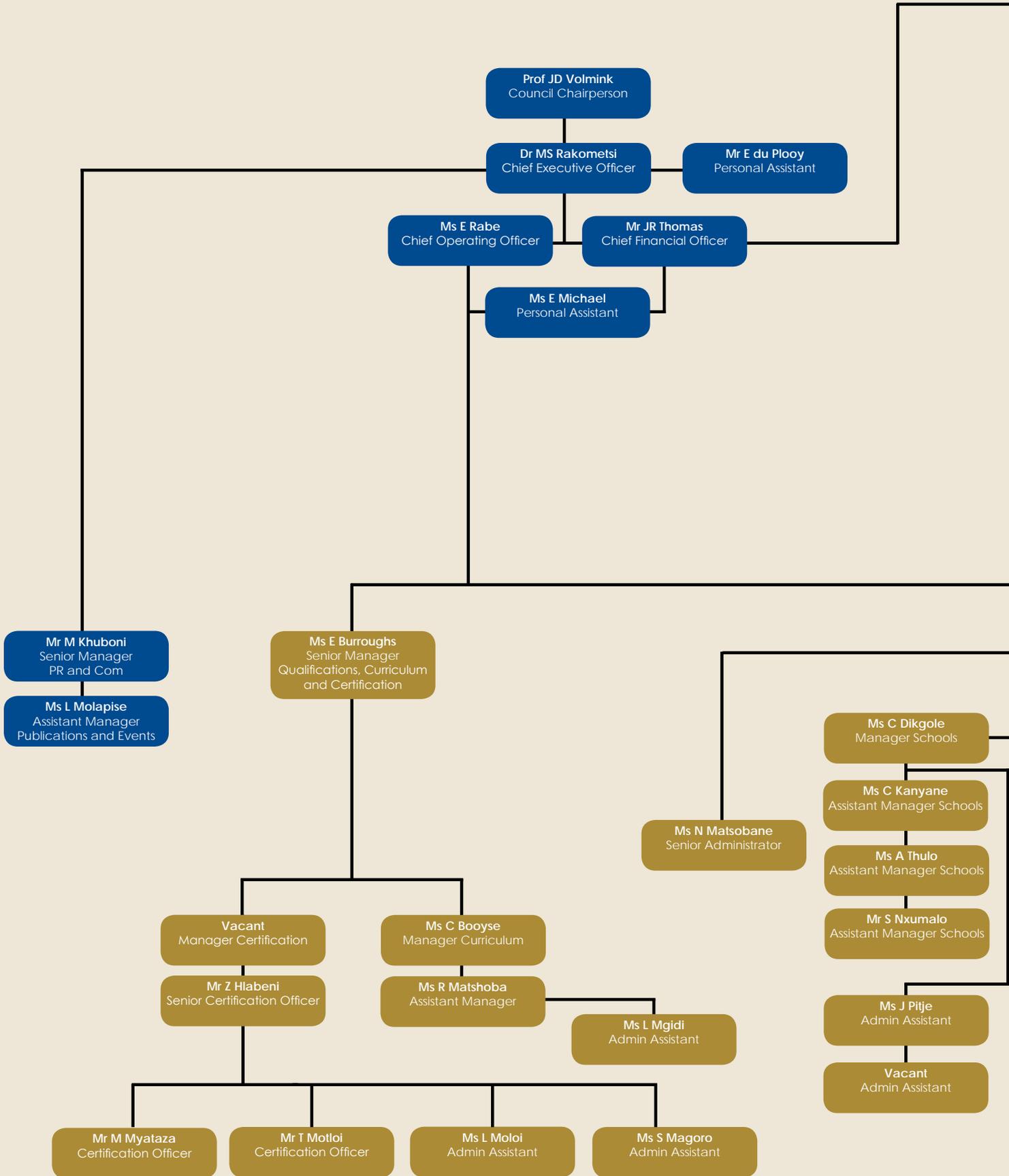
AREA OF TRAINING	TYPE OF QUALIFICATION	(COST)	EMPLOYEES
Study Assistance for 9 staff members	Association of Certified Chartered Accountants	8,000	Innocent Gumbochuma
	BCom HR Management	1,884	Irene Thobejane
	BCom Management Accounting	4,275	Kgabo Mmola
	Doctorate in Education Management	8,000	Chaile Makaleng
	Masters in Adult Education	6,950	Frank Chinyamakobvu
	Masters in Education	7,800	Vani Chatty
	Masters in Education Comparative Education Studies	8,000	Eardley Twigg
	Diploma in Office Management and Technology	5,130	Makoena Mokgadi
	Technical Financial Accounting Diploma	8,000	Simon Mosaka
	Sub Total study assistance		58,039
Wellness days x3			
Friday 16/10/2009	Diabetic Association	-	All Staff
	Yoga Connection Global Active Remedies	1,000	
	Global Active Remedies	7,500	
	Reflexology	3,500	
	First aid kits (gifts)	6,190	
	Mediclinic	2,280	
	Catering	2,920	
	Sub Total	23,390	
Friday 05/03/2010	Catering	3,200	All staff
	Sneakers International	7,396	
	Mangwanani day spa	5,500	
	Mediclinic	2,280	
	Flu vaccine	3,505	
	Vitamin B12 and Vitamin B complex	1,350	
	Sub Total	23,231	
Friday 05/06/2010	Netcare	1,436	All staff
	Beanies (gifts)	2,736	
	Snackpacs	2,200	
	Homeopathic practitioner	400	
	Catering	840	
	Mangwanani day Spa	4,000	
	Biokineticist	675	
	Sub Total	12,287	
Total: Wellness days		58,908	
Grand Total		R 465,000	

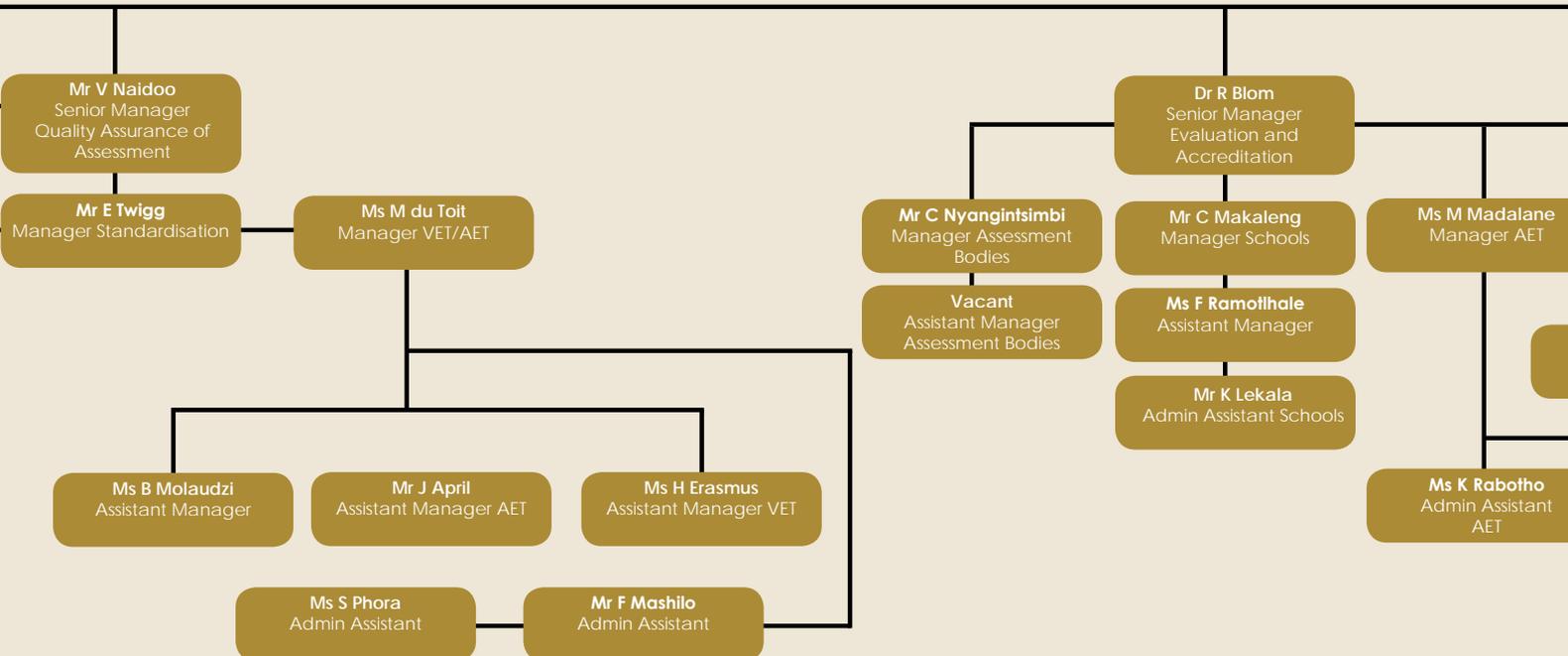
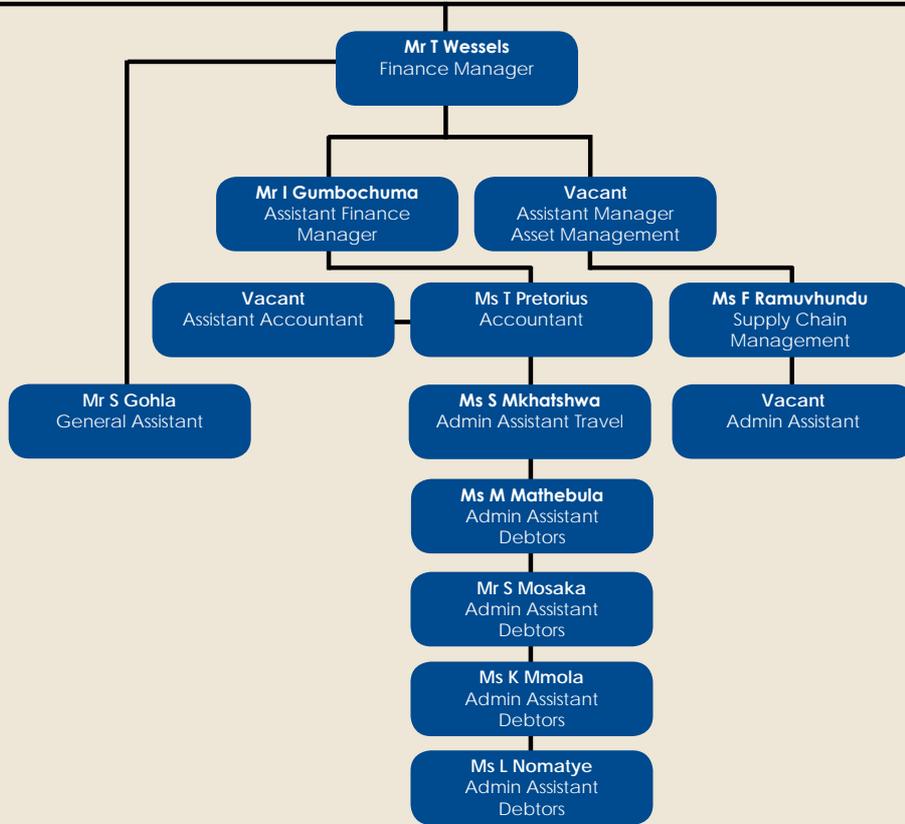


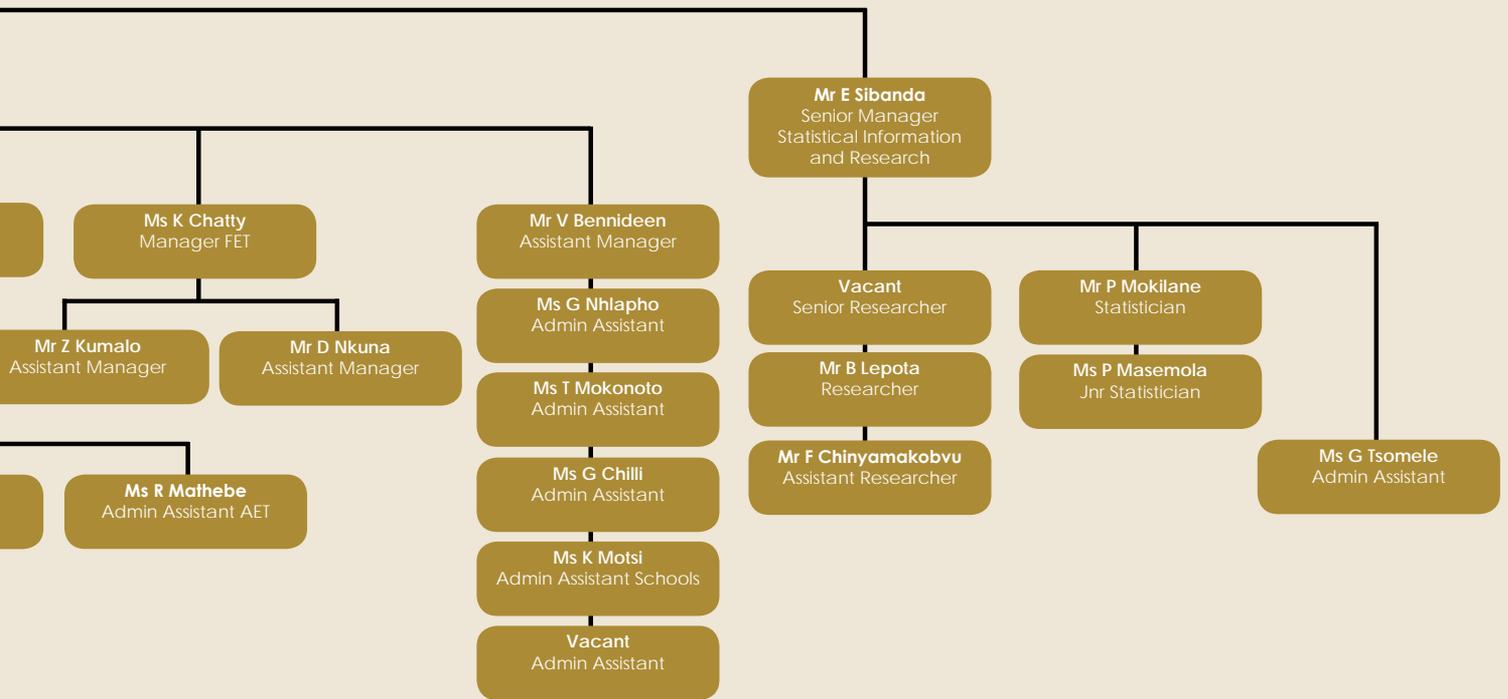
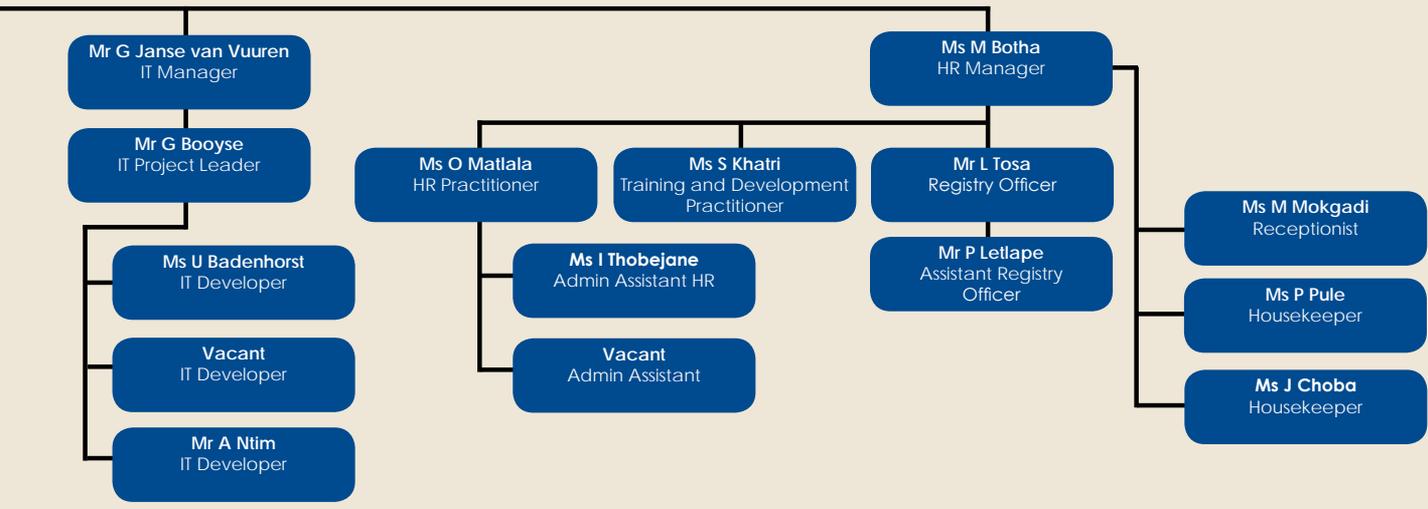
Umalusi organogram

UMALUSI ORGANOGRAM

As at 31 March 2010







- NATIONAL OPERATIONS**
- E&A - Evaluation and Accreditation
 - QAA - Quality Assurance of Assessment
 - QCC - Qualifications Curriculum and Certification
 - SIR - Statistical Information and Research
- CORPORATE SERVICES**
- MSS - Management Support Structures and Governance
 - HRM&D - Human Resources Management and Development
 - IT - Information Technology Systems
 - F&A - Financial Management and Administration

UMALUSI



37 General Van Ryneveld Street, Persequor Technopark, Pretoria
Telephone: +27 11 349 1510 • Fax: +27 11 349 1511
E-mail: info@umalusi.org.za • Web: www.umalusi.org.za

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Council for Quality Assurance in
General and Further Education and Training