

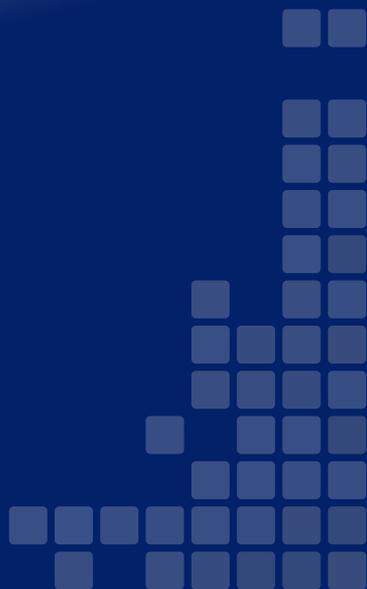
UMALUSI



Quality Council for General and Further  
Education and Training

# ANNUAL REPORT

# 2020/21







UMALUSI

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## 2020/21

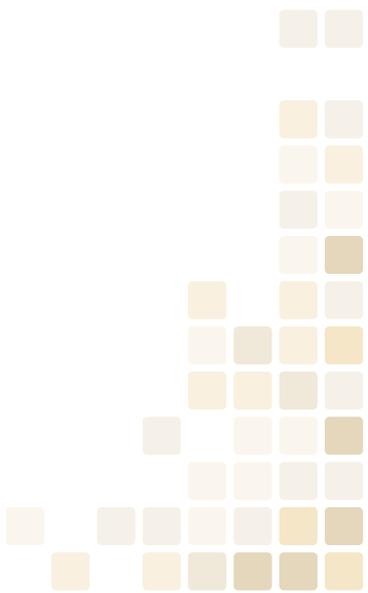
The 2020/21 Annual Report of Umalusi is presented to the Minister of Basic Education in accordance with section 55(1) (d) of the Public Finance Management Act (Act No. 1 of 1999) and Chapter 28 of the Treasury Regulations. The report reflects the performance information outputs, the human resources management outputs as well as the financial performance of Umalusi.

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**Part A:**

# General Information



## 1. GENERAL INFORMATION

<b>REGISTERED NAME:</b>	Umalusi – Quality Council for General and Further Education and Training
<b>PHYSICAL ADDRESS:</b>	37 General Van Ryneveld Street Persequor Technopark Pretoria 0121
<b>POSTAL ADDRESS:</b>	PO BOX 151 Persequor Technopark Pretoria 0020
<b>TELEPHONE NUMBER/S:</b>	+27 (12) 349 1510
<b>FAX NUMBER:</b>	+27 (12) 349 1511
<b>EMAIL ADDRESS:</b>	info@umalusi.org.za
<b>WEBSITE ADDRESS:</b>	www.umalusi.org.za
<b>EXTERNAL AUDITORS:</b>	RAiN
<b>BANKERS:</b>	Absa Bank Limited

## 2. LIST OF ABBREVIATIONS & ACRONYMS

<b>ABET</b>	Adult Basic Education and Training
<b>ACC</b>	Accreditation Committee of Council
<b>AET</b>	Adult Education and Training
<b>AGSA</b>	Auditor-General of South Africa
<b>AP(s)</b>	Advanced Programmes
<b>APP</b>	Annual Performance Plan
<b>ARC</b>	Audit and Risk Committee
<b>ASC</b>	Assessment Standards Committee
<b>BAA</b>	Benchmark Assessment Agency
<b>BAC</b>	Bid Adjudication Committee
<b>BEC</b>	Bid Evaluation Committees
<b>BSC</b>	Bid Specification Committees
<b>CAPS</b>	Curriculum and Assessment Policy Statement
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CHE</b>	Council on Higher Education
<b>CIE</b>	Cambridge International Examination
<b>CS</b>	Colleges and Schools
<b>DBE</b>	Department of Basic Education
<b>DHET</b>	Department of Higher Education and Training
<b>EA</b>	Enterprise Architecture
<b>E&amp;A</b>	Evaluation and Accreditation
<b>ECD</b>	Early Childhood Development
<b>EE</b>	Employment Equity
<b>EETC</b>	Employment Equity and Training Committee
<b>ELO</b>	Exit-Level Outcomes
<b>EXCO</b>	Executive Committee of Council
<b>F&amp;SCM</b>	Finance and Supply Chain Management
<b>FET</b>	Further Education and Training
<b>GEC</b>	General Education Certificate
<b>GETCA</b>	General Education and Training Certificate for Adults
<b>GETC</b>	General Education and Training Certificate
<b>GFETQSF</b>	General and Further Education and Training Qualifications Subframework

<b>GG</b>	Government Gazette
<b>HCM</b>	Human Capital Management
<b>ICASS</b>	Internal Continuous Assessment (for NCV)
<b>ICT</b>	Information and Communication Technology
<b>ICTOC</b>	Information and Communication Technology Oversight Committee
<b>IEB</b>	Independent Examinations Board
<b>ISAT</b>	Integrated Summative Assessment Task.
<b>MEC</b>	Member of Executive Council
<b>MIS</b>	Management Information System
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>NASCA</b>	National Senior Certificate for Adults
<b>NATED</b>	National Education (Report 190/191)
<b>NCF</b>	National Curriculum Framework
<b>NC(V)</b>	National Certificate (Vocational)
<b>NEPA</b>	National Education Policy Act
<b>NLRD</b>	National Learners' Records Database
<b>NQF</b>	National Qualifications Framework
<b>NSC</b>	National Senior Certificate
<b>NT</b>	National Treasury
<b>PAJA</b>	Promotion of Administrative Justice Act
<b>PAT</b>	Practical Assessment Task
<b>PC</b>	Portfolio Committee
<b>PEAP</b>	Provincial Economically Active Population
<b>PFMA</b>	Public Finance Management Act
<b>PMDS</b>	Performance Management and Development System Policy Framework
<b>PPE</b>	Personal Protective Equipment
<b>PR&amp;COMMS</b>	Public Relations and Communications
<b>PSET</b>	Post School Education and Training
<b>QAA:SQ</b>	Quality Assurance of Assessment Schools Qualifications

<b>QAA:PSQ</b>	Quality Assurance of Assessment Post Schools Qualifications
<b>QCC</b>	Qualifications, Curriculum and Certification
<b>QCTO</b>	Quality Council for Trades and Occupation
<b>QSC</b>	Qualifications Standards Committee
<b>RMC</b>	Risk Management Committee
<b>RPL</b>	Recognition of Prior Learning
<b>SACAI</b>	South African Comprehensive Assessment Institute
<b>SAQA</b>	South African Qualifications Authority
<b>SASA</b>	The South African Schools Act
<b>SBA</b>	School-Based Assessment
<b>SC</b>	Select Committee
<b>SC</b>	Senior Certificate
<b>SC(a)</b>	Senior Certificate (amended)
<b>SCM</b>	Supply Chain Management
<b>SEIAS</b>	Socio-Economic Impact Assessment System
<b>SIR</b>	Statistical Information and Research
<b>SM: E&amp;A</b>	Senior Manager: Evaluation and Accreditation

<b>SM: F SCM</b>	Senior Manager: Finance and Supply Chain Management
<b>SM: HCM</b>	Senior Manager: Human Capital Management
<b>SM: ICT</b>	Senior Manager: Information and Communication Technology
<b>SM: PR&amp;COMMS</b>	Senior Manager: Public Relations and Communications
<b>SM: QAA</b>	Senior Manager: Quality Assurance of Assessment
<b>SM: QCC</b>	Senior Manager: Qualifications, Curriculum and Certification
<b>SM: SG</b>	Senior Manager: Strategy and Governance
<b>SM: SIR</b>	Senior Manager: Statistical Information and Research
<b>SOR</b>	State Of Readiness
<b>S&amp;G</b>	Strategy and Governance
<b>TR</b>	Treasury Regulations
<b>TUT</b>	Tshwane University of Technology
<b>TVET</b>	Technical and Vocational Education and Training
<b>UIF</b>	Unemployment Insurance Fund
<b>USAF</b>	Universities South Africa
<b>WSP</b>	Workplace Skills Plan
<b>WSPR</b>	Workplace Skills Plan Report

### 3. FOREWORD BY THE CHAIRPERSON



**Professor John Volmink**  
Umalusi Council Chairperson

*[ Council always strives to act with fidelity, honesty, integrity and in the best interest of the public entity ]*

#### Introduction

As I take this moment to reflect on the 2020/21 financial year, I realise that much of it has been defined by the advent of the COVID-19 virus and its global impact. We have all been affected in some way by the pandemic, many losing loved ones, friends or colleagues.

During the year under review, the South African education sector did not escape the devastating effects of the COVID-19 pandemic. As never before in the history of our country, the stark reality of inequalities that continue to beset our education system was made evident when schools were forced to close under strict lockdown regulations and to introduce new measures to facilitate teaching and learning using technology. It soon became clear that, given their resources, affluent schools adjusted quickly to the new reality while impoverished schools struggled to cope with the demands of online education.

I am pleased to report that despite the challenges imposed on the entity's work by the pandemic, Umalusi staff managed through hard work and determination to weather the storm. Under lockdown regulations, they worked remotely from home. This required them to adjust to new ways of working, using technology such as wi-fi routers and laptops to interact online with colleagues and stakeholders. These precautionary measures taken by management meant that the organisation did not lose any member of staff to the virus.

#### High level overview of the entity

As Chairperson of Umalusi Council, the Accounting Authority, I am delighted to report to our stakeholders that the organisation has once again fulfilled its legislative mandate as a Quality Council in General and Further Education and Training. The year 2020/21 was the second in the current Medium Term Strategic Framework (MTSF) 2019-2024. Umalusi's quality assurance mandate contributed to the achievement of Priority 3 (Education, Skills and Health) of the MTSF, specifically Outcome 2, which states, "10-year-old learners enrolled in publicly funded schools

read for meaning”, and Outcome 3, “Youths better prepared for further studies and the world of work beyond Grade 9”.

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

PSET is an essential component of the South African education system. Umalusi continues to quality assure the assessment of Technical and Vocational Education and Training (TVET) qualifications such as National Accredited Technical Education Diploma (NATED) N2-N3, National Certificate Vocational (NCV) and the General Education and Training Certificate (GETC). In line with Outcome 5 and in fulfilment of its accreditation mandate, Umalusi assures the quality of programmes offered at independent colleges. The Programme 3 performance report included in this annual report outlines the processes followed to quality assure the work of institutions operating in the PSET sector.

During the year under review, Umalusi made a concerted effort to achieve its outcomes as set out in the Annual Performance Plan (APP). However, the constraints brought by the COVID-19 pandemic posed challenges for the achievement of some of the output indicators in the first quarter. Subsequently, revised indicators were tabled in Parliament in June 2020. As a result, the entity has managed to achieve all the targets contained in the revised APP. Council always strives to act with fidelity, honesty, integrity and in the best interests of the public entity in managing its financial affairs. In terms of its fiduciary responsibility, Council has continued to hold the management of Umalusi accountable for its administration of organisational resources.

This was achieved through the interrogation of reports submitted by the executive management at EXCO and Council meetings.

### **Strategic Relationships**

As far as its own accountability to government is concerned, Council has on several occasions appeared before the Portfolio Committee on Basic Education and the Portfolio Committee on Higher Education, Science and Technology to report on its work as the accounting authority. In its online workshops, Council interacted with other strategic stakeholders such as the Department of Basic Education (DBE) and the Department of Higher Education and Training (DHET). Council has also kept its finger on the pulse of the organisation through its committees, which are chaired by Council members.

### **Challenges**

Despite the positive achievements outlined above, the organisation has continued to operate in a very constricted fiscal environment, caused by the ripple effect of budget cuts by government amid a sluggish economy. As a result, Umalusi has had to adjust its priorities while keeping a balance in the achievement of its strategic imperatives. A strict budget has also resulted in the freezing of some vacant positions until more funding becomes available. Consequently, staff members in some units have experienced an increased workload. Furthermore, the impact of the pandemic has affected some key activities such as site visits for the evaluation and accreditation of independent institutions.

### **Audit Outcome**

By maintaining high standards in basic education, Umalusi seeks to ensure that our nation's children and young adults have access to education and training that is as good as the best in the world. I am delighted to report that, true to its reputation as a trusted authority in general and further education and training, Umalusi Council has once again achieved an unqualified audit report without material findings (a clean audit) for the year under review.

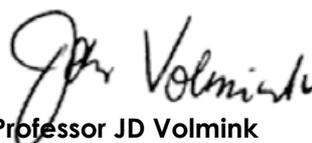
## Acknowledgements

This achievement is the result of the utter dedication and capable leadership exhibited by Umalusi management and the meticulous work of the Audit and Risk Committee, under the chairpersonship of Mr P Benadè. As Council continues to commit to fulfilling its oversight role with diligence, it is conscious of the fact that it cannot fulfil this function without the effort and excellent service of Umalusi staff.

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

- All members of Umalusi Council, who have given so freely and so generously of their time, energy and wisdom to ensure that Umalusi remains true to its mission.
- The Honourable Minister of Basic Education: Mrs Angie Motshekga, MP, the Honourable Minister of Higher Education, Science and Technology: Dr Blade Nzimande, MP, the Director-General of Basic Education: Mr Mathanzima Mwel, and the Director-General of Higher Education and Training: Mr Gwebinkundla Qonde, whose support of the work of Umalusi is a source of inspiration and strength.

- Ms Bongiwe Mbinqo-Gigaba and Mr MP Mapulane – chairpersons of the Portfolio Committees on Basic Education and Higher Education, Science and Technology respectively, and all members of both Portfolio Committees for their guidance and unwavering support of Umalusi Council.
- Mr ME Nchabeleng (MP), chairperson of the Select Committee on Education and Technology, Sports, Arts and Culture.
- All members of the various committees of Council for their exceptional contribution to the work of Umalusi.
- All Umalusi staff members for their continued loyalty, professionalism and hard work. Their dedication and commitment to service excellence fills us with pride.
- Umalusi's Chief Executive Officer: Dr Mafu Rakometsi and his executive management team, for their dynamic and visionary leadership of Umalusi.



**Professor JD Volmink**

Umalusi Council Chairperson

Date: 30 July 2021

## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Dr MS Rakomeksi  
Umalusi Chief Executive Officer

*[ It is part of my vision to ensure that we do not revert to anything less than a clean audit. ]*

### Introduction

I am once again pleased to write the overview of Umalusi's annual report focusing on the work done in the 2020/21 financial year. The annual report is a very important document that gives an account of the organisation's work as a Schedule 3A public entity within the basic education sector in South Africa. As management and staff, it provides us with the opportunity to think metacognitively about our endeavours to remain true to our legislative mandate while exercising caution in how we utilise the resources that the South African government has so graciously entrusted to us.

As the Accounting Officer and a public servant, I am constantly aware of the responsibility bestowed on me to use public resources judiciously in the best interest of the people of our country. Such a responsibility calls for accountable stewardship. In broad terms, a steward is someone who is given the responsibility to manage and look after the resources of his superior. In my case, I have been commissioned by Umalusi Council, on behalf of the government and the people of South Africa, to be a prudent steward of the financial, human and other resources placed under my care. This is a huge responsibility that I do not take for granted.

### General financial review of the public entity

By now, it is common knowledge that the year 2020 was a challenging year on many levels. The COVID-19 pandemic that became part of our lives from the beginning of the financial year has disrupted our social and work lives. Notably, the pandemic has forced us to think differently about how we conduct our business as a public entity. One of the significant adjustments we had to make was to allow staff to work from home and provide them with all the necessary technological equipment and WiFi, as the organisation embraced the new normal. This meant, among others, that we spent part of our reduced baseline allocation from the DBE on computer equipment that was not in our budget. Nonetheless, the organisation did what it could to ensure that staff had all the resources they needed to work remotely.

Regarding the organisation's financial status during the year under review, it became clear that apart from the government-wide budget cuts, COVID-19 negatively impacted our additional streams of income such as evaluation and accreditation, verification of qualifications, etc. For example, our verification fees were reduced by R4,491,184, from R12,388,030 in 2019/20 to R7,896,846 in the year under review. Our overall baseline allocation of R136,404,000 from DBE also came as a reduced amount from the one projected initially on the MTEF. In total, the organisation received R156,307,565 in revenue, with a reduction of R10,637,356 compared to R166,944,921 in 2019/20.

### **Spending trends of the public entity**

The reduction in revenue has forced the organisation to reprioritise its expenditure patterns and focus on the budgetary items that are absolutely essential for its core mandate. That said, the organisation realised some savings in activities that could not be done due to COVID-19, such as travel and accommodation (R6,229,991 compared to R17,282,233 in 2019/20). However, part of the savings was offset by the money spent on computer equipment, WiFi and personal protective equipment (PPE).

### **Capacity constraints and challenges facing the public entity**

Apart from financial constraints, the organisation is facing serious challenges with the reality of an expanding mandate. Inevitably, additional responsibilities require additional resources. That said, it is not surprising that Umalusi's mandate keeps on expanding because education is a dynamic environment that is constantly in a state of flux. The introduction of the General Education Certificate (GEC) as an NQF level 1 qualification presents an opportunity for learners to have something to show for their academic achievement on that level, but it also imposes an extra load of work on Umalusi, as more human capital and other resources are required to do the work.

Furthermore, the plans to make Early Childhood Development (ECD) part of the mainstream school system will have resource implications for Umalusi. For example, more capacity will be needed

to conduct the evaluation and accreditation of independent institutions that intend to offer Grade R as part of the ECD programme. Other planned qualifications, such as the National Senior Certificate for Adults (NASCA), will also put a strain on the organisation's current meagre resources, resulting in a dire need for additional funding. As the situation stands, we have had to freeze some of the funded positions on our organisational structure to counterbalance the expenditure on other essential items.

### **Requests for roll-over of funds**

At the beginning of the financial year, Umalusi Council requested the Minister of Basic Education to allow it to roll over more than R30 million of its accumulated reserves to renovate one of its two buildings, the Thuto-Mfundo Building (located at 41 General van Ryneveld Street, Persequor Technopark, Pretoria). The refurbishment of Thuto-Mfundo will create more space for staff who are currently cramped for space in the main Umalusi House Building. This is also in light of the need for social distancing during the COVID-19 pandemic.

### **Supply chain management**

Furthermore, Umalusi has put very solid supply chain management (SCM) systems in place to ensure fairness, integrity, cost-effectiveness and efficiency in the procurement of goods and services. We have fully functional Bid Specification Committees (BSC), Bid Evaluation Committees (BEC), and a Bid Adjudication Committee (BAC) with senior managers serving in all of them rotationally. This is important to me as the Accounting Officer because it means that management remains accountable to Council, as the Accounting Authority, in terms of how the organisation dispenses its financial resources. While we need to remain frugal and vigilant in utilising public resources, we should also be careful not to stifle innovation and growth. One of the essential checks and balances in the organisation's SCM system is that the Accounting Officer is not part of any procurement processes to avoid conflict of interest and related issues.

### Audit report matters

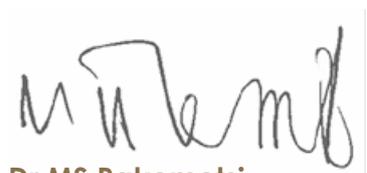
After many years of obtaining unqualified audits with some material findings, I am happy to report that since the 2019/20 financial year, the organisation has once again obtained an unqualified audit with no material findings (a clean audit) in the 2020/21 financial year as confirmed by the Chairperson of Council, Prof John Volmink. This achievement was undoubtedly made possible by the hardworking and dedicated staff members of Umalusi, who are always willing to go the extra mile in carrying out their duties. It is part of my vision to ensure that we do not revert to anything less than a clean audit.

### Economic Viability

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

### Acknowledgement/s or Appreciation

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



**Dr MS Rakometsi**

**Umalusi Chief Executive Officer**

**Date: 30 July 2021**



## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

Statement of responsibility and confirmation of accuracy for the annual report.

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

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

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

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

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

Yours faithfully



Chief Executive Officer

**Name: Dr MS Rakometsi**

Date: 30 July 2021



Chairperson of Council

**Name: Professor J Volmink**

Date: 30 July 2021

## 6. STRATEGIC OVERVIEW

### 6.1 Vision

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

### 6.2 Mission

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

### 6.3 Values



#### Transparency

Our processes are available for public scrutiny.



#### Professionalism

Umalusi employees provide services and interact with stakeholders with great rapport.



#### Integrity

Umalusi conducts its operations honestly and ethically.



#### Reliability

Umalusi uses consistent procedures in its quality assurance processes.



#### Impartiality

We maintain equal treatment of standards for all stakeholders.

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 Constitutional Mandate

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

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

### 7.2 Legislative Mandate

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

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

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

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

The GENFETQA Act, as amended, assigns Umalusi responsibility for quality assurance of general and further education and training. Umalusi was established with the purpose of maintaining norms and standards in general and further education and training. Its mandate is conformed as follows:

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

Conduct research on matters related to GFETQSF.

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

- a) develop policy, which must be regulated by the Minister, for the accreditation of private assessment bodies other than departments of education, and accredit assessment bodies accordingly;
- b) develop policy and criteria for the quality assurance of private education institutions including independent schools, private colleges and private adult education and training (AET) centres;

- c) ensure that any institution required to register as an independent school, private further education and training (FET) college and private adult basic education and training (ABET) centre complies with the quality assurance policy and criteria determined by Umalusi; and
- d) affirm, or withdraw, accreditation status of the private education institution concerned.

### 7.3 Other Legislation

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

### 7.4 Institutional Policies and Strategies

The Policy for the GFETQSF must be read in conjunction with the following policy documents:

- Guidelines on Strategy and Priorities for the NQF 2011/2012: Minister of Higher Education and Training;
- National policies governing existing qualifications (including their assessment) that are currently certificated by Umalusi;
- Standard Setting and Quality Assurance of the General and Further Education and Training Qualifications Sub-framework: Umalusi, 2014;

- Policy documents and guidelines pertaining to the National Senior Certificate (NSC), Senior Certificate (as amended) (SC(a)), General Education and Training Certificate (GETC), National Certificate (Vocational) (NC(V)), National Education Report 190/191 (NATED) and the National Curriculum Statements (NCS); and any other policies on the GFETQSF, as applicable;
- Council policies and directives on the conduct, administration and management of the assessments for qualifications on the GFETQSF;
- The regulations pertaining to qualifications on the GFETQSF developed by the Department of Basic Education (DBE) and gazetted by the Minister on assessment and certification, including those promulgated by provincial legislatures, as well as the policy framework that applies to all TVET colleges declared or established by the Minister in terms of the Continuing Education and Training Act No. 16 of 2006; Treasury Regulations; and
- Any other related legislation as appropriate to the various education and training sectors Umalusi is mandated to work in.

## 8. ORGANISATIONAL STRUCTURE



Prof JD Volmink  
Council Chairperson



Dr MS Rakometsi  
Chief Executive  
Officer



Ms Z Modimakwane  
Executive Manager  
QAM



Mr E Sibanda  
Executive Manager  
Q&R



Mr MH Van der Walt  
Chief Financial  
Officer



Ms S Mosimege  
Senior Manager  
S&G



Mr L Ditaunyane  
Senior Manager  
PR&Comms



Ms C Thomas  
Senior Manager  
E&A



Mr B Lepota  
Acting Senior  
Manager SIR



Ms R Selesho  
Senior Manager  
HCM



Dr MA Dliwayo  
Senior Manager  
QAA: PSQ



Dr E Sujee  
Senior Manager  
QCC



Mr D Maluleke  
Senior Manager  
F&SCM



Ms ML Madalane  
Senior Manager  
QAA: SQ



Mr S Maluleka  
Senior Manager  
ICT

# SECURITY FEATURES: UMALUSI CERTIFICATE



Umalusi logo is laser perforated in the top right corner.



The background fine line design includes guilloche lines and unique patterns in light blue and brown.



Umalusi logo incorporated in the entire paper as a watermark.



The word "RSA" integrated in background design.



Barcode with unique certificate number.



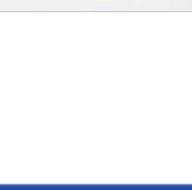
Unique exploding serial number printed with penetrating ink.



Micro text in light blue at the bottom of the background design: "SOUTH AFRICA"



White micro text in the blue frame: "COUNCIL FOR QUALITY ASSURANCE IN GENERAL AND FURTHER EDUCATION AND TRAINING SOUTH AFRICA"



Blue micro text frame: "COUNCIL FOR QUALITY ASSURANCE IN GENERAL AND FURTHER EDUCATION AND TRAINING SOUTH AFRICA"



The word "UMALUSI" integrated in the background design at the bottom of the document.



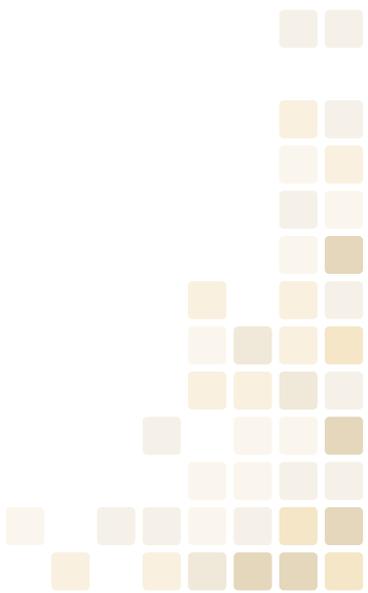
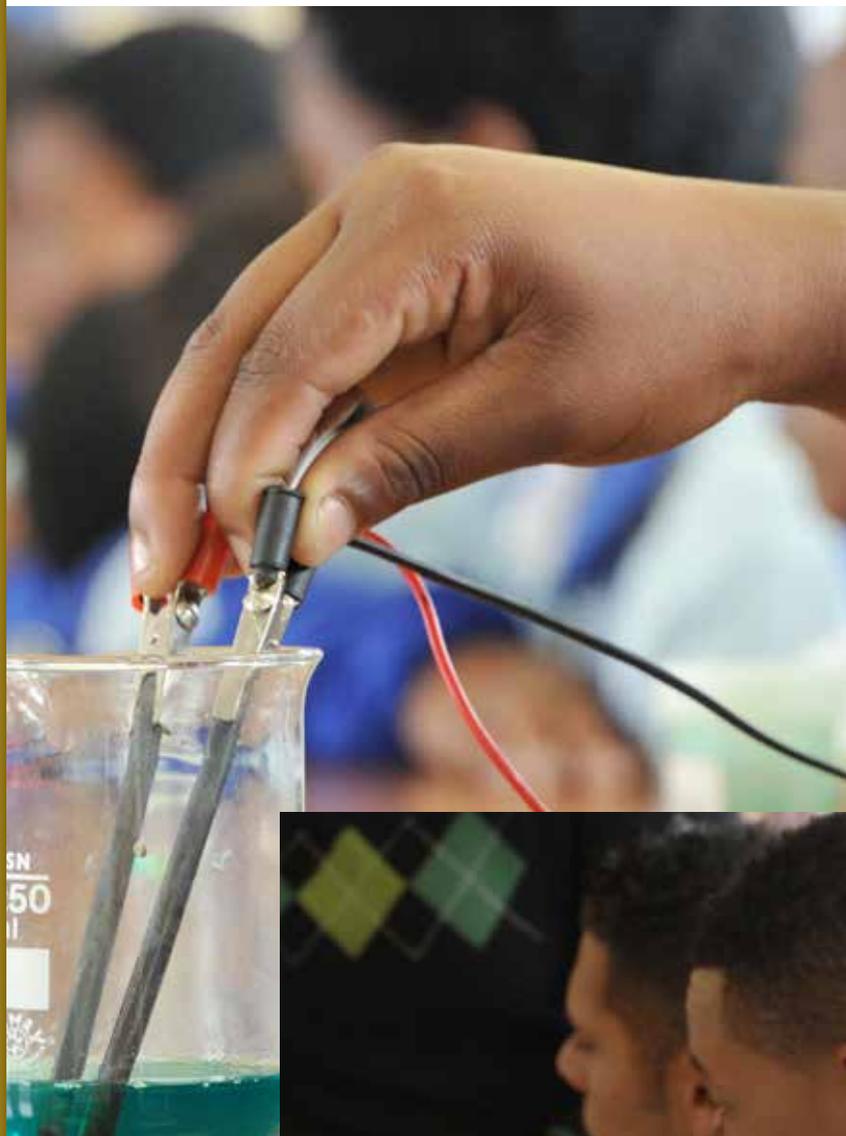
Secure foil which incorporates the Umalusi logo.

A design printed in rainbow fluorescent ink with the Coat of Arms and the text "COUNCIL FOR QUALITY ASSURANCE IN GENERAL AND FURTHER EDUCATION AND TRAINING SOUTH AFRICA" incorporated in the design. This feature will only be visible with a UV light. Fluorescent red and blue fibres are embedded in the paper.



## Part B:

# Performance Information



## 1. Auditor-General's Report: Predetermined Objectives

The external auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section in the auditor's report.

Refer to page 97-99 of the Auditor's Report, published as Part E: Financial Information.

## 2. Situational Analysis

### 2.1 Service Delivery Environment

#### a. Umalusi's overall performance

The 2020/21 financial year marked the first year of the current five-year term. The organisation focused on the priorities set for this five-year term. To realise the desired outcomes and impact, the strategic focus of the organisation was:

- continued evaluation of qualifications on the Umalusi sub-framework and appraisal of the relevant curricula;
- intensified research on educational developments to provide evidence-based guidance to the Ministers of Education; and
- increased advocacy to communicate accurate and relevant messages to all stakeholders on issues relating to qualifications on our sub-framework.

Although the COVID-19 pandemic resulted in global service interruptions, including in South Africa, this did not prevent Umalusi from fulfilling its mandate as a quality council. The 2020/21 Annual Performance Plan (APP) outlined key organisational projects for the year and improved measures to accomplish the priorities outlined in the five-year strategic plan.

## Qualifications, Certification and Verification

Certification is the formal recognition of a qualification, or part-qualification, awarded to a successful candidate. In fulfilling its mandate, Umalusi issued certificates to all candidates who had qualified and complied with the requirements for a qualification. The number of certificates issued in the period under review was 703 175.

### Verification

Verification is the process followed by Umalusi to establish the authenticity of qualifications/certificates. Verification includes authenticating the qualification document and verifying that the qualification was awarded to the individual in question; and that the content corresponds to the details on the Umalusi certification database. Requests for verification are completed in two working days, including feedback to the client. Umalusi completed 15 772 (92%), of the 17 132 requests for verifications, exceeding its target of 90%.

### Quality Assurance of Assessment

Since its inception, Umalusi has had as one of its core mandates the quality assurance of the assessment processes for all qualifications on its sub-framework. This function takes many forms and includes moderating question papers, monitoring institution-based assessment, monitoring the writing of examinations at various centres, and the marking of these, monitoring marking, verifying marking, auditing the state of readiness of assessment bodies to conduct examinations, and other related quality assurance activities. These activities are conducted for all qualifications on the GFETQSF across all assessment bodies: the DBE, the Department of Higher Education and Training (DHET), Independent Examinations Board (IEB), South African Comprehensive Assessment Institute (SACAI) and Benchmark Assessment Agency (BAA). Umalusi continued to quality assure the assessment processes during 2020/21 despite changes brought by the pandemic, and the organisation achieved all its targets.

## Research

Umalusi conducted and commissioned research projects to enhance its systems and processes for quality assurance, and to inform its strategic direction. During the year under review, the organisation completed research projects on practitioners' perceptions and understanding of the approaches underpinning curriculum and pedagogy in an early childhood classroom; a review of Umalusi's school-based assessment (SBA) moderation model in content subjects; a study on a reporting framework of learner achievement at phase-end Grades 3, 6 and 9; an investigation into the leakages of paper 2 of the 2020 November examinations in Mathematics and Physical Science; and conducted a comparative evaluation of the standard of the 2018-2020 examinations in a selection of NSC subjects. This three-parts study focussed on the DBE, IEB and SACAI.

### b. Challenges

#### COVID-19 and the impact on Umalusi

When the 2020/21 financial year opened, the COVID-19 pandemic had already been declared. In response to this, the President of the Republic of South Africa, Cyril Ramaphosa, announced a national lockdown with effect from midnight on 26 March 2020. Subsequently, several levels (alerts) of lockdown have been imposed with various restrictions. The lockdown resulted in the halting or limiting of various economic and social activities throughout the country. Implications for Umalusi included the closing of its offices until October 2020 and staff working remotely.

Umalusi had to review and revise its APP in response to the impact of the pandemic on its service delivery processes. These included quality assurance of assessment activities, its evaluation and accreditation services, site visits, advocacy activities, and other key functions of the organisation. Furthermore, a backlog in the certification process occurred as some assessment bodies were not fully operative and were thus unable to submit the required additional information. Verification of attained qualifications was adversely affected in the

first quarter because some officials were not able to access the mainframe databases to perform the verifications. In addition, Umalusi's budget was reduced to allow government to reallocate resources to cope with the impact of COVID-19. As a result, programme budgets were reduced, especially for activities that could not be conducted because of the lockdown restrictions. These budget cuts had a severe impact on the organisation in that low-priority positions were frozen to keep the organisation afloat, with the hope that these posts would be filled once resources became available.

#### Measures to mitigate the impact of COVID-19

Despite the threats that came with the pandemic, Umalusi continued to implement measures that ensured quality service delivery during the 2020/21 financial year. Management was forced to reconsider its operations and reprioritise its resources for the rest of the year. In this regard, all employees were provided with laptops and data cards to enable them to operate efficiently from home.

In addition, Umalusi adjusted its quality assurance plan to align it with the school calendar. In this regard, standardisation and approval of results were only completed in January 2021. The organisation implemented systems to ensure social distancing in the workplace, including providing Personal Protective Equipment (PPE) to all staff members, and ensuring that contract workers adhered to strict protective measures in their workplaces. As a result, up to 31 March 2021, Umalusi had no incidents of transmission of the virus in the workplace.

### c. Significant developments

#### Amendment of the NQF Act

The DHET invited the public to respond to the Consultative Paper on Proposed Amendments to the National Qualifications Framework (NQF) Act, 2008 (Act No. 67 of 2008) as amended (Consultative Paper) by 30 May 2020. Umalusi submitted its comments, including the following:

- Umalusi is the custodian of all certified data and is therefore responsible for

verifying certified data. Umalusi proposed the inclusion of the verification function in section 27 of the NQF Act 2008. Furthermore, it proposed the addition of the definition of “certification” to underline the distinction between “qualification” and “certification”.

- Referring to the National Learners’ Records Database (NLRD), Umalusi stated that it would not be able to share the resulting data as this would put the organisation’s reputation at risk should the verification of incorrect data be stored in the database.
- Umalusi proposed the inclusion of the Minister of Basic Education in the NQF Act.

### **Possible Transfer of the Matriculation Board to Umalusi**

On 28 October 2020, the Minister of Higher Education, Science, and Innovation published proposals in the Government Gazette (GG), 43851, to transfer the Matriculation Board (MB) to Umalusi. Once the Gazette had been published, Universities South Africa (USAf) and Umalusi engaged in a series of meetings to discuss the implications of the transfer of MB staff, functions, assets, and obligations in preparation for the Minister’s decision. The matter was presented to the Umalusi Council in February 2021. The Council resolved to wait for management to approach USAf to conduct a risk analysis in response to the proposal from the Minister of Higher Education, Science, and Innovation. The proposed transfer has the potential to have a negative impact on the already depleted financial resources of the organisation.

## **2.2 Organisational Environment**

Umalusi is a small Schedule 3A entity with a staff complement of 143; 14 employees are at senior management services (SMS) level. The organisation has three branches; namely, Corporate Services, which is responsible for administrative functions, Qualifications and Research, and Qualification Assurance and Monitoring. In the year under review, the organisation performed under the conditions explained below.

The 2020/21 financial year was unique because of the COVID-19 pandemic and therefore challenging. Lessons learned from this situation are demonstrated in the innovations that resulted from having to operate differently. Exploiting available technological advancements, the organisation made changes in several areas to continue operating and delivering service to its clients. New systems were developed to support business unit operations and to maintain efficiency and effectiveness during the year.

### **Financial Capacity of the organisation**

Umalusi is not a self-sustaining organisation; it depends on the allocation of a grant from the DBE. The organisation renders services with limited financial resources and, in view of the projected government budget cuts, its mandate may be severely affected in the future. In the light of this, the organisation was obliged to prioritise its functions according to the allocated budget during the year under review. The matter of budget is currently being discussed with the Minister of basic education to reach a solution that will assist the organisation.

### **Review of the quality assurance approach**

In response to the lockdown, the organisation developed an e-standardisation portal that enabled the Assessment Standards Committee (ASC) to conduct the standardisation process remotely. This portal represented a cost saving as there was no need to provide for accommodation and catering for face-to-face meetings. In addition, a Quality of Assurance of Assessment (QAA) reporting portal was developed. This has enabled the online development and editing of QAA reports and has also minimised delays in completing report chapters. In the past, Quality Promotion meetings, a compulsory step in the evaluation and accreditation process, were face-to-meetings across the country at a cost to both Umalusi and the institutions concerned. This year these meetings were successfully conducted virtually. Virtual site visits and virtual accreditation forums were also conducted successfully online.

## Staff matters

The attrition of staff in critical middle management service roles continued during the year under review. While the vacancy rate remained stable at an average of 5%, the organisation is still experiencing staff turnover as a result of workload and salary issues; in 2020/21, six permanent staff members left the employ of Umalusi. The organisation also terminated the contracts of five staff members employed in the Evaluation and Accreditation Unit; all had been with the organisation for seven years. This decision was necessitated by the reorganisation of the unit's business processes to improve productivity. Two temporarily employed employees were given permanent appointments from 01 September 2020. Even though vacancy rates are not yet concerning, staff workload remains high in the organisation as its mandate continues to grow.

## Information Communication Technology (ICT) environment

The organisation's ICT system created an enabling environment for service delivery and protection of the organisation's information during the 2020/21 financial year. To ensure security from cyber threats, ICT security vulnerability system was implemented. An information security policy was approved and implemented. In addition, Umalusi migrated to Microsoft 365 in the second quarter of 2020/21, as part of its refurbishment of the ICT infrastructure and digital transformation. The capabilities of the organisation's ICT system has enhanced Umalusi's operations during the year with the use of newly developed systems.

## Office accommodation

The tender for the Thuto-Mfundo Building has been evaluated and the project will commence in 2021/22, for completion in 2022.

## 2.3 Key Policy Developments

The following policy developments occurred during the 2020/21 financial year:

Ministerial Determination of the Sub-Frameworks that comprise the National Qualifications Framework

- The Ministerial Determination is a directive that calls for the rationalisation and alignment by 2023 of legacy qualifications (pre-2009), unit standard-based qualifications and qualifications with no articulation possibilities.

## Policies

SAQA Policy and Criteria for the registration of qualifications and part-qualifications on the National Qualifications Framework (NQF)

- Additional criteria for the development and reregistration of qualifications on the NQF have been added, with the requirement that most qualifications on the GFETQSF must be updated, reviewed, or phased out by a predetermined date (2023).

## SEIAS Policy process

The Department of Planning, Monitoring and Evaluation has developed a Socio-Economic Impact Assessment System (SEIAS) that requires all national policies to be vetted through SEIAS processes before they are published and implemented, to ensure that they meet specific requirements. The instrument used to vet policies is cumbersome and requires information that is not necessarily relevant to our sector.

## Internal policies

- Umalusi reviewed the *Policy for the certification of candidates' records on the GFETQSF*. Initially, this was an internal policy but it has now been converted to an external policy. It was approved by Council for gazetting for public comments.
- Umalusi reviewed two internal policies, viz. *the Policy on the management of qualifications on the GFETQSF* and the *Policy on the management of curricula for the GFETQSF*, and has combined them into one external policy, the *Policy and criteria for development, registration, and publication of qualifications on the GFETQSF*. Council approved this policy for implementation and it awaits gazetting.

- Umalusi reviewed the Policy for the re-issue of national certificates. Council approved this for implementation and it awaits gazetting.

## 2.4 Progress towards Achievement of Institutional Impacts and Outcomes

### Contribution to the Medium-Term Strategic Framework (MTSF)

The Medium-Term Strategic Framework 2019-2024 prioritises education and skills; Umalusi is at the centre of quality education in this regard. The organisation continues to manage the qualifications on the GFETQSF to ensure that learners and students gain lifelong skills.

### Impact Statement

Umalusi's impact statement in the five-year strategic plan is reflected below:

<b>Impact statement</b>	Relevant and credible qualifications
-------------------------	--------------------------------------

In light of its mandate as a quality council for general and further education and training, Umalusi endeavoured to maintain education standards during a year that was particularly difficult for the education sector, given the COVID-19 pandemic. Despite the difficulties of operating remotely, the monitoring of the quality assurance of assessment took place successfully. The aim of this process was to ensure that examination processes were not compromised in any way in the pursuit of high pass rates by institutions. Evaluation of private education institutions enabled the accreditation of institutions offering qualifications registered on the GFETQSF.

Even though the entire education system was badly affected by the pandemic, Umalusi maintained the required standards for all its qualifications strictly to ensure their credibility. In terms of all newly developed qualifications, the organisation evaluated the General Education Certificate (GEC) qualification, including its curricula, to ascertain that the qualification would serve the intended purpose of offering learners different options that support early

career development. Umalusi evaluates new qualifications and their underpinned curricula as part of its quality assurance mandate as laid out in Section 27(h) of the NQF Act. In this way, the qualifications in the GFETQSF remain relevant in a country where there is an acute shortage of technical and occupational skills, which are vital to the growth of the South African economy.

### Outcome statements

Umalusi's five-year strategic plan reflects the following outcome statements:

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

### Progress made on the outcome: Efficient and effective administrative systems

The first two quarterly reports were not subjected to internal auditing because of delays experienced in the appointment of internal auditors. As a result, management was only able to address internal audit findings raised in the last two quarters of the financial year. Management has committed to improving the controls in 2021/22 to avoid a recurrence of this situation. The institutionalisation of controls at every level of the system in the last quarter should contribute to proper data and information management, resulting in a clean audit.

Owing to the rigorous processes involved in the development and review of policies, all internal organisational policies in Programme 1 were reviewed, implemented, and adhered to. A communication strategy was introduced to inform employees of the reviewed policies and the importance of adhering to them and other critical legislative requirements. To date, the organisation has not received any internal audit findings on non-compliance with legislation. This is good progress towards achieving a clean audit. In addition, the organisation has complied fully with the Corporate Governance Information and Communication Technology (ICT) framework. In response to the COVID-19 pandemic, the ICT Unit

developed systems to allow business units to carry out their processes in the fulfilment of Umalusi's mandate. The imperative to digitise some processes brought with it financial constraints that the organisation had not planned for in the year under review.

Several obstacles were identified during the year under review, including the entity's vulnerability to cyber threats as people worked remotely. Solutions were found to mitigate this risk and to strengthen ICT security. This included constant monitoring of the environment to ensure that ICT systems were secure. The maintenance of low levels of risk in ICT services provides assurance that the recently developed online systems will be able to continue enhancing Umalusi's efficiency.

In the case of Finance and Supply Chain Management, the organisation continued to enforce compliance with legislation pertaining to the procurement of goods and services. At the same time, sound financial management was maintained in the effective and efficient use of the allocated resources. This also contributed to the achievement of a clean audit.

### **Progress made on the outcome: Enhanced educational standards**

With the implementation of advocacy activities such as webinars and the use of various communication platforms, the organisation has been able to provide key stakeholders and the public with pertinent information on the GFETQSF. As a result, growing appreciation of the organisation's mandate and its quality assurance processes has been expressed by participants in these webinars. This is work in progress and is aimed at informing and educating the public on Umalusi's mandate and its operations, raising awareness of improving compliance with standards set for its qualifications.

A report on the management of qualifications in the sub-framework covers among other things an evaluation of the newly developed GEC qualification as an output. This is a critical process that ensures that qualifications on the GFETQSF remain credible. The organisation is therefore on the right path to enhancing educational

standards in support of the broader educational mandate of skills development as stipulated in the National Development Plan (NDP).

The printing of certificates is the final step in the quality assurance process of qualifications on the GFETQSF. This requires managing the entire process of certification, starting with receiving learner data up to the point of printing certificates to validate the qualification achieved. Therefore, the verification of attained qualifications is an authentication process that is essential to Umalusi's credibility.

The COVID-19 pandemic compelled the organisation to reassess its business processes to ensure that no quality assurance processes were jeopardised by the lockdown restrictions. Even under the worst restrictions, Umalusi was able to deliver on the key indicators related to the state of readiness of assessment bodies for the national examinations. Most assessment bodies continued to register candidates successfully, establish examination centres and to determine their risk profiles. Four of the five assessment bodies (80%) abided by the standards set for them. They implemented stringent measures to ensure the security of examination materials at the various stages of the process. Umalusi identified some areas of non-compliance with indicators pertaining to the monitoring of the examinations and the appointment of markers. Directives for compliance and improvement were issued to the body concerned. Umalusi continues to monitor the implementation of improvement plans by assessment bodies to ensure that examination standards are upheld.

There was a significant improvement in the quality and standard of question papers overall, as reflected in low numbers of question papers being returned to assessment bodies for amendments at the first level of moderation. The level of compliance with Umalusi's criteria in the NSC was on average 97% by the DBE, IEB and SACAI. Although assessment bodies did their best to maintain the quality of work on internal assessments during the COVID-19 lockdown, the training of internal moderators still requires improvement. The fulfilment of directives by assessment bodies should lead to complete

adherence to quality assurance standards, ensuring the maintenance of educational standards.

The accreditation of private institutions during this financial year is an indication that institutions were increasingly complying with the requirements of the offering and assessment of qualifications on the GFETQSF. Umalusi's ability to continue its accreditation work during the COVID-19 pandemic attests to its determination to deliver on its legislative mandate, despite the challenges occasioned by the pandemic. All examinations were conducted without any systemic irregularities, evidence that all assessment bodies adhered to the quality assurance of assessment standards set for them.

As for standardisation data, all assessment bodies complied with the set threshold of a 95% capture rate for standardisation to take place. The merging of the June Senior Certificate (SC) and November NSC examinations, and of the June and November General Education and Training Certificate (GETC) examinations for all three assessment bodies, the postponement of the April NATED N2-N3 examinations to August, all contributed to a reduction in the number of standardisation meetings from 17 to 13. Despite this, all five qualifications were successfully standardised.

It is evident that assessment bodies continue to implement effective systems to prevent systemic irregularities in the conduct, administration and management of the national examinations.



### 3. Institutional Programme Performance Information

#### 3.1 Programme 1: Administration

##### Purpose of the programme

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

##### Sub-programmes

The Administration Programme comprises the following five sub-programmes:

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

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



### Purpose

The purpose of S&G sub-programme is to provide good corporate governance, to support Council, manage the office of the Chief Executive Officer, coordinate risk management, manage performance information and facilitate and develop the organisational strategy.

### Overview of accomplished tasks

The 2020/21 financial year marked the first year of the implementation of the Medium-Term Strategic Framework (MTSF) 2019-2024. It was also the first year of the implementation of Umalusi's five-year strategic plan. This is the first report of this planning cycle. The year began in the midst of a national lockdown brought about by the COVID-19 pandemic. During the first quarter, staff worked from home; this made it difficult for some of the organisation's operations to occur as originally intended. The 2020 APP targets were thus revised because 53% of the key performance indicators were affected by the COVID-19 restrictions. This led to the tabling of a revised APP on 16 July 2020. Since then management has monitored performance closely to ensure that service delivery is seriously affected. The management of performance information continued online through quarterly performance verification meetings. A great deal of time was spent developing the 2021/22 Annual Performance Plan to implement key

priorities expressed in the five-year strategic plan in support of Priority 3 of the MTSF.

The organisation complied fully with the requirements of the Public Finance Management Act (PFMA) (Act 1 of 1999) by submitting its quarterly performance reports to the Accounting Authority and Executive Authority within the prescribed timelines. Accountability is a critical principle in the public service because it promotes efficiency and effectiveness in all business transactions to the benefit of those receiving service from government. As a Quality Council, Umalusi has the responsibility of upholding these principles as enshrined in Chapter 10 of the Constitution. In line with these principles, Umalusi achieved a clean audit report on performance information, confirming that the organisation's systems for managing performance information had improved over time. The public therefore receives accurate reports from the organisation.

On the question of governance, Umalusi Council and its committees performed well despite the constraints of the COVID-19 pandemic. All scheduled meetings were held online to provide oversight of the core business of the organisation. This included accreditation of private institutions, review and appraisal of qualifications, standardisation of examination results, risk management, assessment of standards, and the research agenda of the organisation. The autonomy of Council and its commitment to providing oversight and advising management on matters pertaining to strategy implementation is commended. Council and its committees have duly fulfilled their fiduciary responsibilities in the organisation.

## Sub-Programme 1.2: Public Relations and Communications (PR&COMMS)



### Purpose

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

### Overview of the accomplished tasks

The operations of the sub-programme were seriously affected by the COVID-19 pandemic and the announcement of a 'hard' lockdown in March 2020. Some of the targets and priorities initially set for the 2020/21 APP were not achieved in the first quarter. For example, the original APP target of four exhibitions for the quarter could not be achieved and as a result, all planned quarterly exhibitions were cancelled. Consequently, the output indicator on exhibitions was changed to webinars as an alternative mode of advocacy during the lockdown. One of the difficulties that arose at the beginning of the hard lockdown was poor communication, both with staff and external stakeholders. However, the following measures were taken to deal with this: (1) the use of bulk SMS to communicate with staff, and (2) the general use of social media platforms and the organisational website to communicate with external stakeholders.

Nevertheless, the sub-programme did achieve the revised output target of four webinars during the financial year. These webinars were focused on various aspects of the organisation's legislative

mandate, such as conducting quality assurance during COVID-19, the value of standardisation, and looking at the quality of education in South Africa through the lens of Umalusi's mandate. The webinars shed more light on the organisation's work and stakeholders were able to interact directly with the CEO, albeit online. In general, the webinars received positive reviews from participants and were well attended, with an average of 200 participants per webinar.

The organisation also took advantage of other communication channels such as social media platforms, information emails and publications. The organisation grew its footprint on social media from 18 737 in March 2020 to 21 455 in March 2021, and Twitter followers increased from 4 606 in April 2020 to 6 467 in March 2021. This presence on social media helped Umalusi to keep external stakeholders informed about the measures taken to continue its work during the lockdown.

Bulk SMS became a vital tool for internal communication during lockdown as staff members were required to work from home for the better part of the first two quarters of the financial year. The organisation was able to exploit this tool to keep all staff members informed about developments within the organisation and to send important messages about health and safety measures during and after levels 4 and 5 of the lockdown. Similarly, the organisational website became a key platform for external stakeholders wishing to access Umalusi's services. Messages about the provision of services during lockdown were regularly posted on the website. Staff in the sub-programme received queries via info emails and responded promptly. All these communication channels continued to be used after staff returned to the office in the third and fourth quarters.

Furthermore, the following publications were produced by the sub-programme in fulfilment of its mandate as an enabler of communication within the organisation: the 2019/20 Annual Report, four editions of Makoya (the internal newsletter), and the 2021/22 Annual Performance Plan. With regard to media relations, two successful media briefings were held on 31 October 2020 and on

15 February 2021. The former focused on the system's state of readiness to administer, conduct and manage the 2020 national examinations. The latter was an announcement of standardisation decisions made by the Executive Committee of Council (EXCO) regarding the 2020 national examinations results.

### Report on the originally tabled Annual Performance Plan up to date of re-tabling

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21 up to date of re-tabling	Deviation from planned target	Reasons for deviation	Reasons for changes to outputs/output indicators/annual targets
Efficient and effective administrative systems	1.1 Advocacy initiatives	1.1.1 Number of advocacy exhibitions conducted	-	-	12	0	12	COVID-19 restrictions	This indicator was given zero targets for the rest of the year because no exhibitions could be held; an indicator on webinars was added to continue with advocacy

### Report on the re-tabled Annual Performance Plan

Programme/activity/objective:								
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	Actual achievement 2020/21	Deviation from planned Target	Reasons for deviation
Efficient and effective administrative systems	1.1 Advocacy initiatives	1.1.1 Number of advocacy exhibitions conducted	-	-	0	0	N/A	N/A
		1.1.2 Number of advocacy webinars conducted	-	-	4	4	N/A	N/A

### Strategy to overcome areas of under-performance

There were no instances of underperformance in this sub-programme.

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



#### Purpose

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

#### Overview of accomplished tasks

The unit worked tirelessly during the year to enable business in the face of the national lockdown restrictions; inevitably, some operations were affected. As users were forced to work from home, there was increased demand for the necessary tools such as laptops, modems, Virtual Private Network (VPN) remote access and mobile data.

The organisation continued to strengthen ICT governance related to policies, processes and procedures by developing and approving the following standards and policies during the year: Systems Development Policy, Project Management Framework, Information Security Policy, Data Classification Standard, and ICT Acceptable Usage Standard.

Other key developments designed to improve business process operations included the adoption of Microsoft Office 365. This allowed Umalusi to use MS Teams to conduct online meetings and ensure staff collaboration without being location dependent. In addition, ICT provided the e-Standardisation portal through

the SharePoint platform to enable online standardisation processes to continue and to deliver on the ASC of Council mandate.

In response to the COVID-19 pandemic, the unit developed a QAA e-report writing portal to enhance collaboration in quality assurance processes and to avoid face-to-face meetings. This helped monitors to collaborate and submit QAA reports remotely amid the pandemic and to improve the efficiency of the process, as SharePoint Online centralises resources in one easy-to-access location.

The organisation also implemented a cyber-vulnerability management tool. This is a security initiative taken to ensure the identification and management of ICT system vulnerabilities within Umalusi.

The organisation concluded the Enterprise Architecture (EA) project during the year. This project focuses on strengthening internal ICT capabilities, providing the unit with a clear blueprint or road map for meeting Umalusi's technology needs in achieving its strategic goals. The EA defines how the ICT unit should implement and plan technology. This project represents one of the key operational deliverables for the ICT unit and affects the organisation at large.

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

## Report on the re-tabled Annual Performance Plan

Programme/activity/objective:								
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	Actual achievement 2020/21	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	1.2 Achieved ICT network health score	1.2.1 ICT Network health score maintained at $\geq 95\%$	-	-	$\geq 95\%$	98% Server uptime: 100% Alarm score: 100% Disk score: 91% OS score: 100%	None	N/A

### Strategy to overcome areas of under-performance

There were no instances of underperformance in this sub-programme.



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



### Purpose

The purpose of this sub-programme is to implement HCM governance, attract top talent, promote a culture of continuous learning, ensure a transparent performance management system, offer attractive rewards and benefits, and ensure that intellectual property is retained in the organisation.

The HCM unit is responsible for attracting and retaining human capital by developing, reviewing, and implementing policies and standards and ensuring adherence thereto to strengthen governance of the organisation.

### Overview of accomplished tasks

This year, Umalusi had a total of 143 funded positions, five of which were fixed-term contracts and two, newly created. The organisation has managed to maintain a vacancy rate of below 10%, according to the annual performance indicator at the end of March 2021; this rate was 5%, a slight increase on 4% at the end of March 2020.

During the period under review, the unit reviewed eight policies to strengthen HCM governance and compliance with specific legislation. New members were appointed to the Employment Equity (EE) and Training Committee (EETC) during the reporting period to oversee the

implementation of the Employment Equity and Training Plan as well as to ensure compliance with the EE Act and Skills Development Act.

The Workplace Skills Plan Report (WSPR) for the 2020/2021 financial year was implemented to ensure optimal employee performance in achieving Umalusi's strategic objectives. Fourteen new applications for financial study assistance were approved and 15 financial study assistance applications were processed during the reporting period, promoting the culture of learning in the organisation. The training plan for the year was approved during the period under review to ensure the continued development of staff members. The organisation was forced by the lockdown restrictions imposed during the COVID-19 pandemic to conduct online induction programmes when introducing new employees to Umalusi's mandate and functions and its historical background.

The unit facilitated the moderation of performance assessments for the 2019/2020 financial year by ensuring a fair and transparent Performance Management and Development System (PMDS) and recognising and awarding high performing employees in the organisation. The performance agreements for the year were submitted during the period under review to determine employees' expected outputs in the new financial year.

## Report on the re-tabled Annual Performance Plan

Programme/activity/objective:								
Outcome	Output	Output indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	Actual achievement 2020/21	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	1.3 Minimised vacancy rate	1.3.1 Vacancy rate maintained at ≤10%	-	-	≤10%	5% (4+5+6+6)/4	None	N/A

### Strategy to overcome areas of under-performance

There were no instances of underperformance in this sub-programme.



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



### Purpose

The purpose of the F&SCM sub-programme is to ensure transparent, accountable and sound financial management and to maintain a procurement system that is fair, equitable, transparent, competitive and cost-effective.

### Overview of Performance

This year, 2299 valid invoices were received; 2123 were paid within 30 days as prescribed in the legislation. The target was 99% (2 276 invoices) of its planned performance outcome but owing to the unanticipated nationwide lockdown the unit

achieved 92%.

The SCM unit conducted three of four scheduled training sessions on bid committees as part of its ongoing skills development. Umalusi was forced to change its operations and adapt to the impact of the lockdown and social distancing rules during the financial period. This resulted in the procurement of laptops for staff who did not have them and the provision of data to all to allow all staff to work from home. This enabled the Finance unit to monitor budgets constantly and to report promptly to internal and external stakeholders to ensure that payments were made within the legislated period.

The terms of reference for the bid processes were amended to ensure that bids were submitted electronically. This allowed the Bid Evaluation Committees to assess bids on a virtual platform, without deviating from the tender evaluation principles of fairness and transparency as prescribed by National Treasury.

The plans for the renovation of the Thuto-Mfundo building were approved by the City of Tshwane and the tender was advertised in the last quarter of the financial year.

## Report on the originally tabled Annual Performance Plan up to date of re-tabling

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21 until date of re-tabling	Deviation from planned Target	Reasons for deviation	Reasons for changes to outputs/output indicators/annual targets
Efficient and effective administrative systems	1.4 Paid invoices	1.4.1 Percentage of valid invoices of creditors and suppliers paid within 30 days	97%	99%	100%	13% (25/197)	(87%) (100-13)	Manual reconciliations could not be done during the first months of the lockdown.	The target changed from 100% to 99% because of the uncertainty caused by COVID-19 lockdown regulations. The payment process is not fully automated; therefore delays might occur as employees have been working from home.

## Report on the re-tabled Annual Performance Plan

Programme/activity/objective:								
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	Actual achievement 2020/21	Deviation from planned target	Reasons for deviation
Efficient and effective administrative systems	1.4 Paid invoices	1.4.1 Percentage of valid invoices of creditors and suppliers paid within 30 days	97%	99%	99%	92% (2 097/2 275)	-7%	The negative effect of COVID-19 on payments in the first quarter affected the overall performance

## Strategy to overcome areas of under-performance

Internal controls will be modified to enable recording and stamping of invoices on the register when they are received. Reconciliation between payments recorded on the bank statement and the invoice register will be made monthly and will be reviewed for accuracy before submission to the Strategy and Governance unit.

## Response to prioritising women, youth, and persons with disabilities

In its efforts to prioritise women, youth and persons with disabilities in the programme's service delivery environment, Umalusi used its advocacy strategy to target stakeholders in these designated groups. For instance, an advocacy video was developed to cater for the deaf community by including decipherable text where possible. However, owing to COVID-19, the organisation could not use exhibitions, the ideal vehicle to reach out to school-going and out-of-school youth. Consequently, webinars were used as an alternative.

Umalusi prioritises the employment of women, youth and persons with disabilities by adhering to the organisational EE targets that are aligned

to the Provincial Economically Active Population (PEAP). Furthermore, Umalusi encourages persons with disabilities to apply for vacancies in the organisation by including a clause to this effect in advertisements. In an organisation that has 143 positions, 74 (52%) are occupied by women, and seven of these women occupy SMS positions, making up 50% of all such positions. Thirty-nine positions (27%) are occupied by the youth. The proportion of employees with disabilities should be, however, increased.

The organisation empowers designated groups through its SCM processes of procurement. The evaluation criteria award points for designated groups in accordance with policy.

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

Currently, Umalusi's premises cannot accommodate persons with disabilities.

## Strategy to address this challenge

Renovations to Umalusi House are in progress to make it accessible to persons with disabilities. The tender for a second building, Thuto-Mfundo, is being evaluated. This will include features to accommodate those with disabilities.

## Linking performance to budget

Sub-programme name	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Administration	103 877	69 835	34 042	68 102	71 602	(3 500)
<b>Total</b>	<b>103 877</b>	<b>69 835</b>	<b>34 042</b>	<b>68 102</b>	<b>71 602</b>	<b>(3 500)</b>

R68.1 million was allocated to the administration programme for effective and efficient administrative support of the core function. The budget was managed competently and the unit spent only slightly more (5%) than the allocation. Included in actual expenditure were non-cash items such as depreciation, assets, and debtors written-off. The adjustment to the budget necessitated by the pandemic did not affect the administrative programme significantly; several key activities took place and the associated expenditure was defrayed in accordance with the approved budget. In the previous financial

year, the administration programme realised 67% of the budgeted expenditure, owing mainly to building refurbishments that were not undertaken as the building plans were only approved by the City of Tshwane during the latter part of the current financial year. The budget allocation for the current financial year declined significantly from the previous year because the budget for the refurbishment of Thuto-Mfundo building was ring-fenced in 2019/2020.

### 3.2 Programme 2: Qualifications and Research Programme

#### Purpose of the Programme

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

#### Sub-programmes

The Qualifications and Research programme comprises the following two sub-programmes:

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



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



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

### Overview of accomplished tasks

#### Summary of key achievements

- The process of updating the NSC policy serves as an important milestone.
- The appraisal and approval by Council of the General Education Certificate (GEC) marked yet another milestone.
- The development and approval of the *Policy and Criteria for the Development, Registration and Publication of Qualifications for the GFETQSF* is an achievement that underscores Umalusi's commitment to compliance with the requirements of the NQF Act when developing policies that ensure the development of the GFETQSF.
- Curriculum appraisal for NATED Programmes (N1–N3) was completed for eight subjects to establish responsiveness. The reports have been shared and the revised curricula will be registered with SAQA.
- The review of Umalusi's *Recognition of Prior Learning (RPL) Policy* is underway. An RPL discussion document to review this was developed and presented at Umalusi's Research Forum. The first draft of the

amended Umalusi RPL policy is ready for internal discussion.

#### Summary of challenges and actions taken to address them

The difficulties created by the outbreak of COVID-19 cannot be underestimated. Several of Umalusi's activities were affected by the prolonged national lockdown. However, the organisation was able to improvise and mitigate the impact by providing staff with resources and devices to operate remotely. Services such as the verification of certificates continued to be provided to the public without interruption and the target of completing the verification requests in the stipulated timeframe was met.

#### Certification

The certification of learner achievement continued during the reporting period despite the lockdown. Certificates were printed and distributed to assessment bodies. The national lockdown did present several challenges but these were overcome. Certification officers were equipped with laptops to work remotely and continued processing datasets for the certification of learner achievements. Certificates were dispatched on a rotational basis.

With the cooperation of the DHET, the certification backlog was reduced and measures were taken to ensure that all certificates would be issued in the future. Umalusi now administers a certification completeness test to ensure that all learners have been issued with a certificate. The assessment bodies are advised of learners who warrant a certificate but who have yet to be issued one.

The amendments to the *Policy for the Re-issue of National Certificates* were finalised and will be gazetted. The aim of these amendments is to ensure that no candidate is disadvantaged by information that is not correctly printed on his/her certificate, and that corrections can be made. During the year in review, the Internal Certification Committee met weekly to evaluate and approve applications for the re-issue of national certificates in accordance with the stipulations in the policy.

## Verification

The verification of learner achievements continued effectively once verification officers had been issued with laptops to work remotely, and when minor system changes had been made. The verification of qualifications is an important function fulfilled by Umalusi to ensure

the credibility of the certificates it issues and to prevent the misrepresentation of qualifications.

### Report on the originally tabled Annual Performance Plan up to date of re-tabling

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21 until date of re-tabling	Deviation from planned target	Reasons for deviation	Reasons for changes to outputs/output indicators/ annual targets
Enhanced educational standards	2.3 Completed verification requests	2.3.1 Percentage of verification requests received that are completed in terms of the service Level agreement: two working days	99%	95%	96%	50%	-46%	Staff did not have laptops and were unable to verify off-site during Level 5 lockdown	The target was changed from 96% to 90% to accommodate the difficulties of conducting verifications during the lockdown

### Report on the re-tabled Annual Performance Plan

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	Actual achievement 2020/21	Deviation from planned target	Reasons for deviation	
Enhanced educational standards	2.1 Reports on management of qualifications	2.1.1 Number of reports produced on the management of qualifications in the sub-framework	3	3	1	1	None	N/A	
	2.2 Printed certificates	2.2.1 Percentage of error-free learner records for which a certificate is printed	99.9%	100%	100%	100% (703 175 / 703 175)	None	N/A	
	2.3 Completed verification requests	2.3.1 Percentage of verification requests received that are completed in terms of the service Level agreement: two working days	98%	95%	90%	92.1% (15 772 / 17 132)	2.1%	N/A	

### Strategy to overcome areas of under-performance

There were no instances of underperformance in this sub-programme.

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



### Purpose

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

### Overview of completed tasks

Tasks completed during the 2020/21 financial year included designing, conducting and managing research; accessing and maintaining adequate databases for the extensive analysis of data related to the sub-framework, including assessment results; providing statistical support to all Umalusi's units and to committees of Council and external stakeholders; and the management of all standardisation, statistical moderation and resulting processes to do with qualifications on the GFETQSF.

During the period under review, the unit successfully completed the following research projects.

### Practitioners' perceptions and understanding of the approaches underpinning curriculum and pedagogy in an early childhood classroom

The gazetting of the National Curriculum Framework (NCF) (0–4 years) in December 2015 gave rise to questions about intended learning outcomes, the child's profile, the development of executive functioning and approaches that would most effectively guide the implementation of the framework. In response to these questions, Umalusi conducted a study of the intended exit-level outcomes of Early Childhood Development (ECD) provision in South Africa. The findings from that study, which was an appraisal of the NCF for 0–four-year-olds, called for the current empirical study, the aim of which was to investigate the interpretation and implementation of the NCF and its underpinning pedagogical approaches to steer the implementation of the curriculum framework. The final report, focusing on perceptions of these approaches, teaching strategies, progress assessments, policy and quality assurance implications, is now ready to be shared with relevant stakeholders.

### Towards a review of Umalusi's school-based assessment (SBA) moderation model in content subjects

This study provides a systematic review of the moderation of school-based assessment (SBA) with the intention of forming an understanding of what the literature reveals about SBA moderation, the stages of SBA moderation models used in other countries, and how these could enhance Umalusi's SBA moderation model. Search words related to the moderation of school-based assessment were used to identify electronically published academic documents. The organisation used a combination of descriptive quantitative and qualitative analysis in a systematic review. Findings from the literature show that although there is no consensus on a definition of school-based assessment moderation, scholars' understanding, explanation and definition of school-based assessment moderation are all significantly similar. Common aspects of moderation of SBA are that it is a quality assurance process that is part of the teaching, learning, and assessment cycle; it is

regarded as a form of quality management; it is a process that encourages accountability; and it is a means of improving assessment. The common purpose of moderation seems to vary from country to country. However, this study provides a categorisation of the purposes of moderation into five (5) distinct areas: quality assurance and control; assurance of consistency; evaluation of students' understanding; monitoring of the design and delivery of assessment; and teacher professional development platforms. The review further revealed that moderation of school-based assessment may take several forms, including moderation by inspection, statistical moderation, social or consensus moderation, expert judgement moderation, calibration model, to mention only a few. As part of the review, a case study of schools in Queensland, Australia was conducted, focusing on the definition and purpose of moderation, common model/s, policy and practice, and successes and challenges. Finally, based on the wider challenges and implications of SBA moderation for South Africa and Umalusi, decisions on viable models were reached.

### **Towards a reporting framework of learner achievement at phase-end Grades 3, 6 and 9**

Over the last three decades, several curriculum reviews have been conducted in South Africa. One of the main reasons for the enactment of the NCS in 2012 was to ensure that there would be continuity and coherence in learning across all phases. Associated with this was the adoption of the 7-point common rating scale to ensure uniformity across all phases in the reporting of performance. Research conducted by Umalusi has shown, however, that (a) there are gaps in the current learner achievement reporting framework at the exit of each phase, and (b) there is no alignment between the reporting framework and the envisioned learner profile. For these reasons, this study was intended to align the intended learner profile per phase-end more closely with the reporting framework.

### **Comparing the standard of the National Senior Certificate examinations administered by the Department of Basic Education (DBE), Independent Examinations Board (IEB) and South African Comprehensive Assessment Institute (SACAI) in 2020 with those written in 2018–2019**

The purpose of this study, commonly referred to as the Post Examination Analysis, was to evaluate how the 2020 NSC examinations administered by the DBE, the IEB and SACAI compared to those written in 2018–2019. Aspects considered were the content assessed, weighting of cognitive demand and levels of difficulty.

The number of subjects increased from 14 in 2019 to 22 in 2020 because Umalusi required a broader view of the standards of NSC examinations. Subjects selected from DBE examinations were (i) Accounting, (ii) Business Studies, (iii) Economics, (iv) Geography, (v) History, (vi) Life Sciences, (vii) Mathematical Literacy, (viii) Mathematics, (ix) Physical Sciences, (x) Civil Technology (all three specialisations); (xi) Electrical Technology (all three specialisations); (xii) Mechanical Technology (all three specialisations); and (xiii) English First Additional Language. Only the first nine subjects from the IEB and SACAI were considered. The findings on degree of difficulty and cognitive demand in the 2020 examination papers and in the 2018–2019 examinations were presented to various Umalusi stakeholders, including the three assessment bodies.

A further research report entitled "An investigation into the leakages of Mathematics Paper 2 and Physical Sciences Paper 2" was published. Umalusi conducted this study to identify candidates who might have had access to leaked papers before they were administered. This was achieved by computing the difference in raw marks between Paper 2 and Paper 1 of full-time candidates, using 2016–2020 resulting data. This study assisted Umalusi in establishing the magnitude of the problem, thereby safeguarding the credibility and integrity of the NSC.

One of the highlights of the financial year was the successful commissioning of an international agency to conduct the study "International Benchmarking of the South African National

Senior Certificate for the FET Phase with the AS- and A-levels Cambridge International Examination (CIE: AS- and A-levels); International Baccalaureate (IB: Diploma); Kenya (Senior Secondary); Ghana (Senior Secondary) and Zimbabwe (Senior Secondary)". This study was undertaken as research into the nature and standing of qualifications registered on the sub-framework forms an integral part of Umalusi's standards setting function. The subjects selected for benchmarking were English, Mathematics, Physical Sciences (Physics and Chemistry), Life Sciences (Biology) and Geography.

In providing internal and external strategic support, the unit continued to build sector-wide capacity to achieve a more nuanced understanding of item quality. Various engagements between Umalusi moderators, examiners and moderators from assessment bodies occurred. The unit also interacted with academics at the Tshwane University of Technology (TUT) to improve the quality of questions in high stakes examinations.

In accordance with the functions of the SIR Unit, statistical information and support were provided to strengthen the work done by Umalusi, and the work of committees of Council and external stakeholders. The type of support provided included statistics on pass rates in various subjects, enrolment in new subjects and a statistical analysis of schools whose SBA had been rejected in the period 2016 to 2020.

The outbreak of the COVID-19 virus resulted in the rescheduling of standardisation and resulting processes in order to synchronise them with the revised national examination timetable. The meetings were held during the period 7 December 2020 to 3 February 2021, and examinations linked to the following five qualifications were standardised: (a) Amended Senior Certificate (SC(a)); (b) National Senior Certificate (NSC); (c) National Certificate Vocational (NCV: Levels 2–4); (d) NATED Report 190/191 (N2–N3); and (e) General Education and Training Certificate (GETC: NQF Level 1). All standardisation and resulting processes were managed satisfactorily.

## Report on the originally tabled Annual Performance Plan up to date of re-tabling

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21 until date of re-tabling	Deviation from planned target	Reasons for deviation	Reasons for changes to outputs/output indicators/annual targets
Enhanced educational standards	2.4 Completed research reports	2.4.1 Number of research reports completed in various formats	9	3	5	0	-5	This indicator is reported annually and was set for reporting in Q4	The target was changed from five to four because the empirical phase of the SBA study required researchers to observe moderation of SBA at institutions.

## Report on the re-tabled Annual Performance Plan

Programme/activity/objective:								
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	Actual achievement 2020/21	Deviation from planned Target	Reasons for deviation
Enhanced educational standards	2.4 Completed research reports	2.4.1 Number of research reports completed in various formats	9	3	4	4	None	N/A

### Strategy to overcome areas of under-performance

There were no instances of underperformance in this sub-programme.

### Prioritisation of women, youth, and persons with disabilities

Umalusi ensures that it accommodates persons with disabilities in the development and evaluation of qualifications. It is in the process of aligning its qualifications to SAQA's Policy and Criteria for the registration of qualifications and the policy for the development, registration and publication of qualifications for the GFETQSF. Furthermore, all new policies and amendments to existing policies are submitted to DPME for evaluation through the Socio-Economic Assessment System (SEIAS).

Umalusi has evaluated the General Education

Certificate, a qualification on NQF level 1. This will be introduced as an exit qualification in 2022 and will ensure articulation in three learning pathways: the academic learning pathway, the vocational learning pathway and the occupational learning pathway. This will open more opportunities to learners and allow them to follow various streams according to their interests and aptitude.

Umalusi is currently evaluating the occupationally oriented subjects offered in the Schools of Skill and pre-vocational subjects in Grades 8 and 9 in general schools. These subjects are designed specifically for learners who are predisposed to working with their hands (artisanal) rather than to academic or cognitive learning. In addition, Umalusi is evaluating Robotics in the NCS (which leads to the GEC qualification) and NC(V) qualifications to strengthen the curricula. This would open more opportunities for youth to work towards a career before achieving an NQF 4 qualification.

### Linking performance to budget

Sub-programme name	2019/2020			2020/2021		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Qualifications and Research	30 761	24 664	6 097	29 919	24 229	5 690
<b>Total</b>	<b>30 761</b>	<b>24 664</b>	<b>6 097</b>	<b>29 919</b>	<b>24 229</b>	<b>5 690</b>

The programme was allocated an adjusted total budget of R29,9 million for the 2020/2021 financial year to maintain credible qualifications informed by research. The COVID-19 pandemic prevented the planned research study to benchmark the NSC qualification. This project had been estimated

at R2.7 million; savings were thus made, with 81% of the programme's budget being expended in the current year. Budget constraints did not have a significant impact on performance outputs and the programme delivered on the annual performance plan. In the previous fiscal year, the programme realised 80% of the approved budget and this was attributed to delays experienced in the printing of certificates. The current spending is thus in line with the previous year.



### 3.3 Programme 3: Quality Assurance and Monitoring Programme

#### Purpose of the programme

The purpose of this programme is to ensure that the providers of education and training have the capacity to deliver and assess qualifications registered on the GFETQSF, and are doing so to the expected standards and quality.

#### Sub-programmes

The Quality Assurance and Monitoring programme comprises the following three sub-programmes:

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



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



#### Purpose

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

#### Overview of completed tasks

Umalusi met its targets for conducting quality assurance of all the processes leading to the NSC qualification administered by the three assessment bodies offering the NSC qualification, namely, the DBE, the IEB and SACAI. Achievements included:

#### Moderation of question papers

The question papers and marking guidelines for the various examinations were moderated and approved ahead of the commencement of the examinations, ensuring that assessment bodies were ready to conduct the examinations. The approved question papers met the set standards, thus candidates who sat for these examinations were not advantaged or disadvantaged in any way.

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

- The moderation of DBE question papers was delayed by at least three months; however, since the June 2020 examination was deferred and combined with the November examination, the DBE had some question papers in the question paper bank. Thus, only a few question papers had to be set and moderated.
- The use of electronic platforms was explored for the moderation and proofreading of DBE question papers; however, this could not be implemented for security reasons.
- When the lockdown regulations were relaxed and inter-provincial travel was allowed, some moderators were able to travel to the DBE to finalise the moderation. Only a few were prevented from travelling for reasons of health. In such cases, the question papers were finalised by some members of the teams and all moderators. This did not compromise the standard of the approved question papers.
- Most practical assessment tasks (PAT) could not be implemented as approved in the previous year and had to be amended to accommodate lockdown regulations such as social distancing.

#### Moderation of SBA

The moderation of SBA and PAT is conducted to ensure that assessment tasks are of the quality and standard stipulated in the Curriculum and Assessment Policy Statement (CAPS). In addition, learners' evidence of performance is quality-assured to ensure that the marking of the SBA tasks is fair, valid and reliable. During the period under review, the entity quality-assured the learner SBA and the PAT administered by the DBE through its nine provincial education departments (PED), the IEB and SACAI. Umalusi was able to identify areas of improvement from this moderation process, including areas of good practice, and areas of non-compliance and problem areas, and to recommend solutions to any identified

challenges. Despite the COVID-19 pandemic, most schools sampled for moderation adhered to the requirements for content coverage in subjects. Inconsistencies in marking and mark allocation did raise concerns, however, as this compromises the performance of learners. Umalusi noted that most schools adhered to the requirements for SBA and PAT, which were in most cases properly completed by learners.

### **Standardisation of marking guidelines**

Umalusi participated in the standardisation of marking guidelines for all question papers from the DBE and for a sample of subjects from IEB and SACAI, for all examinations conducted during the period under review. The tolerance range across subjects was determined and signed off as part of the process of standardisation of marking guidelines. This standardisation improved the quality of the marking guidelines and ensured that all possible responses to questions were included.

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

The monitoring of the state of readiness (SOR) of the assessment bodies to conduct examinations is a further quality assurance process that was managed successfully. This success was informed by the strategic shift from face-to-face conduct of SOR audits to the adoption of remote evaluation of evidence submitted by assessment bodies. Umalusi was able to present its findings on the SOR of the assessment bodies to conduct, administer and manage examinations to the Portfolio Committee on Basic Education and the Select Committee on Education and Technology, Sports, Arts and Culture. Subsequently, a media briefing was held to present the report to the public.

Umalusi conducted the monitoring of the writing and marking of examinations, adhering strictly to the health and social distancing restrictions imposed by the Department of Health. Although compliance with regulations pertaining to the conduct, administration and management of examinations had improved, some irregularities were reported. Amongst these was the leakage of DBE question papers, despite increased security measures pertaining to the storage and distribution of question papers. However, no systemic examination irregularities were reported in the year under review.

### **Verification of marking**

Umalusi conducts the verification of marking to ensure that assessment bodies mark candidates' scripts according to the approved marking guidelines, and that marking is consistent and fair. To this end, Umalusi conducted the verification of marking for all examinations undertaken by SACAI, IEB and the DBE. The verification of the marking of the SACAI March 2020 supplementary examinations was conducted offsite because of COVID-19 regulations that prohibited inter-provincial travel. The verification of marking of the November 2020 examinations administered by all assessment bodies was conducted onsite at marking centres selected by assessment bodies. This onsite verification ensured that mistakes identified during marking could be addressed immediately. This practice ensured consistency in the application of approved marking guidelines when marking. Overall, marking was judged to be fair and valid.

Although Umalusi met all its set quality assurance targets, there were some difficulties. Some of these were dealt with immediately while others were brought to the attention of the assessment bodies through articulation as directives for compliance and improvement. The assessment bodies were requested to develop improvement plans to address these directives; all assessment bodies submitted improvement plans as directed. These improvement plans will be monitored to ensure full compliance is maintained.

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

- The outbreak of COVID-19 made it difficult for the organisation to conduct all quality assurance processes as planned.
- The SOR was conducted remotely rather than face-to-face; however, technology allowed the process to be concluded successfully online.
- COVID-19 cases and fatalities among moderators and monitors were reported. As a result, the planned deployment of monitors and moderators had to be adjusted.
- Although the examinations were free of systemic irregularities, leakages of the DBE Mathematics Paper 2 and Physical Sciences Paper 2 question papers were reported.



## Sub-Programme 3.2: Quality Assurance of Assessment: Post-School Qualifications



**Dr Mary-Antoinette Dliwayo**  
Senior Manager: Quality Assurance of Assessment- Post School Qualifications

### Purpose

The purpose of this sub-programme is to ensure the credibility of assessment and examination results of post-school qualifications registered on the GFETQSF. Therefore, the sub-programme establishes, maintains, and improves standards in the assessment of post school qualifications registered on the GFETQSF through the quality assurance of assessment processes.

### Overview of completed tasks

The QAA: PSQ sub-programme recorded the achievements below.

#### Moderation of Question Papers

Umalusi conducts external moderation of question papers and marking guidelines to ensure that standards are maintained. The moderation of question papers is a critical quality assurance process that ensures that they are fair, valid and reliable. The moderation process also ensures that question papers are presented in the correct format and are technically accurate. In this period of reporting, all question papers for post school qualifications were moderated in accordance with the Umalusi criteria and approved if they met all set criteria. Question papers that did not meet all criteria were either conditionally approved or rejected. These papers underwent further moderation until Umalusi's

external moderators were satisfied that they met the required standard.

#### Moderation of Site-based Assessment Tasks (ICASS/SBA)

Umalusi verifies compliance with the criteria stipulated in the instruments for the moderation of ICASS/SBA and the assessment guidelines provided by the assessment bodies (DHET, IEB and BAA). During this process, Umalusi identifies any problem areas in the implementation of ICASS/SBA, recommends solutions and reports on the quality of ICASS/SBA to the assessment bodies.

In November 2020, Umalusi moderated SBA portfolios of six learning areas for the GETC: ABET qualification administered by the BAA. For the DHET, SBA portfolios of 26 learning areas were moderated in November 2020, while 11 portfolios were moderated for the IEB.

In the case of TVET qualifications, the moderation of Internal Continuous Assessment (ICASS) was conducted for 71 subjects at 470 sites for NC(V) Level 2–4 during October 2020. Thirteen instructional offerings from NATED were moderated in August 2020 and 35 in November 2020. The external moderation of oral language assessments could not take place because of the COVID-19 restrictions. It was thus decided to cancel the external moderation of oral assessments in 2020.

The moderation of internal assessments was conducted according to Umalusi criteria and consolidated reports on the findings were communicated to the assessment bodies in the Quality Assurance of Assessment (QAA) reports.

#### Standardisation of Marking Guidelines

The marking guidelines undergo standardisation to ensure that the finalised marking guidelines are fair, accurate and consistent marking, and that justice is done to the marking process. This also ensures that all personnel involved in the marking process have a common understanding and interpretation of the marking guidelines.

The standardisation of marking guidelines for six learning areas from the BAA was monitored in November 2020; 25 learning areas from the DHET were monitored in November 2020. Two learning areas from the IEB were monitored in September 2020, seven in November 2020 and two in March 2021.

In the case of the NC(V) qualifications, the standardisation of marking guidelines for 87 subjects for the November 2020 examinations was monitored. Standardisation of marking guidelines was monitored for 16 instructional offerings for the August 2020 NATED examinations and 30 instructional offerings for the November 2020 examinations.

The standardisation of marking guidelines was conducted in accordance Umalusi's criteria for the process, Consolidated reports were shared with assessment bodies.

### **Verification of Marking**

This process is conducted to ensure that marking is credible and accurate, to determine whether the approved marking guidelines are adhered to and applied consistently, to ascertain whether effective internal moderation has taken place, to identify possible irregularities and to confirm that marking is fair, reliable and valid.

In the case of the GETC: ABET, the verification of marking was conducted in six learning areas administered by the BAA, 26 learning areas for the DHET and 11 learning areas for the IEB.

Verification of marking was conducted for 91 NC(V) subjects for the November 2020 examinations, and for 32 instructional offerings in August 2020 and 45 in November 2020 for the NATED examinations.

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

### **Moderation of Site-based Assessment (SBA) tasks and Integrated Summative Assessment Tasks (ISAT)**

The moderation of SBA tasks is a vital part of the quality assurance process. It ensures that SBA tasks comply with Umalusi's quality assurance of assessment requirements and assessment bodies' assessment guidelines. Umalusi conducts the external moderation of SBA tasks to ensure that common standards, in terms of the quality of SBA tasks, are maintained.

In the case of the GETC: ABET qualification SBA tasks of all learning areas were quality assured and approved for the June 2021 and November 2021 examinations. SBA tasks of four learning areas in subjects administered by the IEB were quality assured and approved.

The moderation of ISAT for the NC(V) is conducted to verify the quality and standard of the assessment tasks and to confirm that proper assessment processes and procedures were followed during implementation of the ISAT. Six Level 4 ISAT were reviewed in 2020. The conduct of the ISAT in 41 subjects was moderated at 62 sites in October 2020.

### **Approval of Results**

The approval of results is a process conducted by EXCO after the quality assurance of the examinations and assessments has been completed. The release of the August 2020 NATED Report 190/191 Engineering Studies examination results was approved on 31 August 2020:

- The release of the November 2020 IEB GETC: ABET examination results was approved on 15 December 2020;
- The release of the November 2020 BAA GETC: ABET, DHET NATED and NC(V) L2-4 examination results was approved on 29 January 2021; and
- The release of the November 2020 DHET GETC: ABET examination results was approved on 11 February 2021.

## Quality Assurance of Assessment Reports

Five quality assurance of assessment reports were published.

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

- Some moderators withdrew from verification of marking sessions at the last minute;
- Some marking centres were declared unsafe as they were situated in COVID-19 high-risk areas; nonetheless, they were all monitored; and
- Because of the pandemic, changes were made to plans by assessment bodies at short notice, without Umalusi being notified.

## Report on originally tabled Annual Performance Plan up to date of re-tabling

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21 until date of re-tabling	Deviation from planned Target	Reasons for deviation	Reasons for changes to outputs/output indicators/annual targets
Enhanced educational standards	3.1 Published quality assurance of assessment reports	3.1.1 Number of quality assurance of assessment reports published for qualifications registered on the GFETQSF	10	10	10	0	-10	This indicator was set to be reported in Q2, Q3, and Q4	The target changed from 10 to 8 because the DBE NSC and the DHET April NATED N2-N3 examinations were cancelled due to COVID-19 challenges
	3.3 Audited assessment bodies for state of readiness	3.3.1 Number of assessment bodies audited for their state of readiness to conduct examinations	14	13	13	0	-13	This indicator is reported annually, and it was set for reporting in Q3	The target changed from 13 to 12 because SACAI and Benchmark presented to Umalusi an intention to merge into one assessment body

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21 until date of re-tabling	Deviation from planned Target	Reasons for deviation	Reasons for changes to outputs/output indicators/annual targets
	3.5 Moderated subjects	3.5.1 Number of subjects for which moderation of internal assessment is conducted	145	150	125	0	-125	This indicator is reported annually, and it was set for reporting in Q4	The target changed from 125 to 85 because of the cancellation of the Internal Continuous Assessments for the May 2020 NATED N2-N3 and the June 2020 GETC: ABET because of COVID-19.

### Report on re-tabled Annual Performance Plan

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21	Deviation from planned target	Reasons for deviation	
Enhanced educational standards	3.1 Published quality assurance of assessment reports	3.1.1 Number of quality assurance of assessment reports published for qualifications registered on the GFETQSF	10	10	8	8	None	N/A	
	3.2 Approved question papers	3.2.1 Percentage of question papers approved per qualification	100%	100%	100%	100% (844/844)	None	N/A	
	3.3 Audited assessment bodies for state of readiness	3.3.1 Number of assessment bodies audited for their state of readiness to conduct examinations	14	13	12	13	+1	The anticipated merger between SAICA and BAA was not finalised	

Programme/activity/objective:								
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual achievement 2020/21	Deviation from planned target	Reasons for deviation
	3.4 Verified subjects	3.4.1 Number of subjects for which verification of marking is conducted	95	80	70	85	+15	Moderators and verifiers reported on subjects they verified for both NSC and SC(a).
	3.5 Moderated subjects	3.5.1 Number of subjects for which moderation of internal assessment is conducted	145	150	85	180	+95	The cancellation of the June GETC and the NATED April trimester examinations necessitated a larger sample for the merged 2020 GETC June/ November and November NATED examinations

#### Strategy to improve areas of under-performance

There were no instances of under-performance in this sub-programme.

### Sub-Programme 3.3: Evaluation and Accreditation



#### Purpose

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

The COVID-19 lockdown and closure of educational institutions had a significant impact on the processes of accreditation and monitoring. Since physical site visits were not permitted, alternative ways of evaluating institutions for accreditation on online platforms were explored and used as far as possible.

Assessment bodies were issued with lists of independent schools that had made enough progress in the accreditation process to be registered as NSC examination centres in line with the requirements pertaining to the

conduct, administration and management of the NSC examination. The registration lists were compared to these lists and discrepancies were queried prior to the certification of candidates from these centres. The same process was followed for private colleges that had registered candidates for the NATED Report (190/191) N1–N3 Engineering Studies and NC(V) examinations.

The development of instruments for accreditation to offer or assess the National Senior Certificate for Adults (NASCA) was postponed because of the delay in its implementation and the decision by the DHET to pilot the qualification in public colleges before opening its offering to private colleges and private assessment bodies. Similarly, the transition towards the transfer of the accreditation of private colleges offering the Report 190/191 N1–N3 Engineering Studies to the Quality Council for Trades and Occupations (QCTO) was also postponed because of high level discussions on the phasing out of the programmes.

Two online accreditation forums and presentation of accreditation certificate ceremonies were conducted.

#### Summary of key achievements

During this financial year, necessary processes and procedures were completed, leading to accreditation reports on 165 independent schools, 76 private FET Colleges and 12 private AET centres. These were presented to the Accreditation Committee of Council (ACC) for recommendations on the outcome of the accreditation process. In total, the following recommendations were made by the ACC:

**The ACC made the following recommendations regarding independent schools in the 2020/21 financial year:**

- |  |            |
|--|------------|
| • Accreditation                        | 36 schools |
| • Two years' provisional accreditation | 20 schools |
| • No accreditation                     | 75 schools |
| • Window period to improve             | 34 schools |

**The ACC made the following recommendations regarding Private Colleges in the 2020/21 financial year:**

- |  |                                     |
|--|-------------------------------------|
| • Seven years' accreditation           | Four FET colleges                   |
| • Two years' provisional accreditation | 44 FET colleges and two AET centres |
| • No accreditation                     | 23 FET colleges and 10 AET centres  |
| • Window period to improve             | Five FET colleges                   |

The accreditation process can span consecutive financial years, therefore applications considered in one financial year may be finalised only in the following financial year. Letters on the outcome of accreditation applications were issued as follows:

**The CEO approved the following for independent schools in the 2020/21 financial year:**

- |  |            |
|--|------------|
| • Accreditation                        | 36 schools |
| • Two years' provisional accreditation | 34 schools |
| • No accreditation                     | 85 schools |

The senior manager signed off 34 window period letters for independent schools.

**The CEO approved the following for private colleges in the 2020/21 financial year:**

- |  |                                      |
|--|--------------------------------------|
| • Seven years' accreditation           | Four FET colleges                    |
| • Two years' provisional accreditation | 36 FET colleges                      |
| • No accreditation                     | 14 FET colleges and four AET centres |

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

The following challenges were experienced:

The impact of COVID-19 brought an abrupt halt to face-to-face meetings and site visits. To address this, the organisation made the change to online meetings and electronic processes so that work could continue unaffected. Thus, Quality Promotion meetings, Accreditation Committee of Council and Accreditation Appeals Committee meetings, meetings with individual stakeholders, pre-site visit meetings, site visits, and Accreditation Forums and certificate presentation ceremonies were all conducted online.

The limitations of the Management Information System (MIS) continue to present a challenge to the work of the unit. Not all the steps in the accreditation process are accommodated by the system, and some reports drawn from the system are incomplete and unreliable. To address this, staff keep records manually to support the work of the unit. This is time consuming and poses the risk of unreliable records.

The workload of the staff responsible for evaluation and accreditation continues to increase as the number of institutions failing to meet the requirements for accreditation at the first presentation of the report to the ACC grows. These institutions are then given the opportunity to improve (in line with the requirements of the GENFETQA Act and the PAJA). The number of appeals against accreditation decisions has also increased, which requires further administration.

Many appeals fail as applicants try to use the appeal process to gain more time to improve, or because they request special leniency. The number of institutions requiring monitoring has increased exponentially and this is exacerbated by a growing number of accredited institutions that do not uphold the standards necessary for accreditation and may attend to issues only once they have received a notice of intent to withdraw accreditation.

### Report on the originally tabled Annual Performance Plan up to date of re-tabling

Programme/activity/objective:									
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/21	*Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target	Reasons for deviation	Reasons for changes to outputs/output indicators/ annual targets
Enhanced educational standards	3.7: Monitored private education institutions	3.7.1: Percentage of identified private education institutions monitored after being granted accreditation.	97%	92%	92%	0%	-92%	This indicator is reported annually, and it was set for reporting in Q4.	The target was changed from 92% to 70% because institutions were closed in adherence to the COVID-19 lockdown regulations; they were thus unable to submit monitoring reports during the period of closure.

## Report on re-tabled Annual Performance Plan

Programme/activity/objective:								
Outcome	Output	Output Indicator	Audited actual 2018/19	Audited actual 2019/20	Planned annual target 2020/1321	*Actual achievement 2020/21	Deviation from planned target	Reasons for deviation
Enhanced educational standards	3.6: Accreditation outcomes for private education institutions	3.6.1: Percentage of accreditation outcomes for private education institutions finalised within 12 months of the site visit	88%	82%	82%	94.8% (110/116)	+12.8%	All reports on site visits were presented to the ACC and finalised this financial year.
	3.7: Monitored private education institutions	3.7.1: Percentage of identified private education institutions monitored after being granted accreditation	97%	92%	70%	87.4% (228/261)	+17.4%	Once institutions could operate again after the Level 5 lockdown, independent schools were diligent in submitting their monitoring reports.

### Strategy to improve areas of under-performance

There were no instances of under-performance in this sub-programme.

### Response to prioritising women, youth, and persons with disabilities

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

The accreditation and quality assurance of assessment processes at Umalusi require staff who have experience in education; it is thus difficult to prioritise youth when recruiting professional and contract staff to conduct evaluation processes.

Currently, site visits for accreditation of institutions require individuals who are physically able to negotiate various terrains and environments.

#### Corrective steps for dealing with challenges

Compulsory reskilling of unemployed youth upon entry into the public service would open opportunities for their employment.

Since the organisation is moving to online site visits, it should consider including people with physical disabilities who have the necessary qualifications and experience to conduct online site visits.

## Linking performance to budget

Sub-programme name	2019/2020			2020/2021		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final Appropriation	Actual expenditure	(Over)/under expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Quality Assurance and Monitoring	88 334	82 076	6 258	72 591	67 500	5 091
<b>Total</b>	<b>88 334</b>	<b>82 076</b>	<b>6 258</b>	<b>72 591</b>	<b>67 500</b>	<b>5 091</b>

A total budget of R72 million was allocated for quality assurance processes for the 2020/2021 financial year. The programme realised 93% of the adjusted budget and this can be attributed to the postponement of accreditation duties; these could not be fulfilled for the greater part of the year because of lockdown restrictions. The June/November 2020 NSC examinations were combined, causing cost savings on expenditure related to monitoring, marking, and verification of examinations. The spending pattern in the programme was in keeping with that of the previous year, at expenditure of 93% of the approved budget. Expenditure on markers, moderators and verifiers was marginally lower as processes were conducted online. The introduction of online quality assurance helped the programme to deliver on its annual performance target.

### Institutional response to the COVID-19 pandemic

Umalusi's preparedness and response plan were activated on 26 March 2020, following the announcement by President Cyril Ramaphosa that the country would go into an immediate national lockdown. The organisation wasted no time in adopting the use of online technology so that staff could work from home. This enabled it to interact with employees from middle management upwards to ensure business continuity during the period of lockdown. As the pandemic evolved, the response plan was updated to underline the most important aspects of the business to protect the livelihood of its employees and their families, and to adjust its service offering to its clients.

The organisation set up a COVID-19 steering committee to respond to the difficulties caused by the pandemic and to help Executive Management to make decisions that were informed by recommendations from government and by the present circumstances. The steering committee was tasked with making recommendations supported by a scientific guideline from the Department of Public Service and Administration, as announced by the President.

The organisation's response plan was focused on achieving three objectives: to control the transmission of the virus, to save lives, and to protect the vulnerable. Initial steps in March 2020 were financed by moving funds from the operational budget immediately after the President's address. Umalusi procured sanitisers as part of the initial response, followed by a licence for online meeting facilities to enable all employees to work from home .

When offices began to be reopened in mid-June 2020, Umalusi prepared an operational and procedural guideline for the return of employees to the workplace and this also provided practical guidelines on protecting themselves and others, suppressing transmission, reducing exposure, countering misinformation and disinformation, protecting the vulnerable and reducing illness, particularly among employees with comorbidities.

Programme/ Sub- Programme	Intervention	Geographic location	No. of beneficiaries	Disaggregation of beneficiaries	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the outputs in the APP	Immediate outcomes
Administration	Procurement of personal protective equipment	Gauteng -Pretoria	136 employees	N/A	2 330	303	Effective and efficient administration	Good governance.
Administration	Procurement of laptops and data	Gauteng -Pretoria	30 employees	N/A	500	524	Effective and efficient administration	Good governance.
<b>Total</b>	-	-	-	-	<b>2 830</b>	<b>827</b>	-	-

Umalusi responded to COVID-19 by allocating R2.8 million to deal with the effects of the pandemic. R303 thousand was spent on the procurement of personal protective equipment (PPE) such as masks, gloves, face shields, sanitisers, protective gowns, and infrared thermometer scanners. A further R524 thousand was used for ICT equipment and connectivity. The PPE were distributed to staff. Umalusi's budget was adjusted to accommodate the R2.8 million required for PPEs. A budget cut from National Treasury reduced the grant allocation for the 2020/2021 financial year by R2.7 million. In addition, Umalusi's own generated income was revised down to R17 million to about half

the original budget. The organisation rearranged its core activities to accommodate these budget reductions and this meant that marking, verification, accreditation workshops, and monitoring of examinations were conducted online, with the savings used to alleviate budget pressures.

The steering committee continued to meet and update the operational guideline document regularly to incorporate new guidelines as they were published. Umalusi granted a concession to employees with underlying health issues and those who were pregnant to continue to work from home.

#### 4. Revenue collection

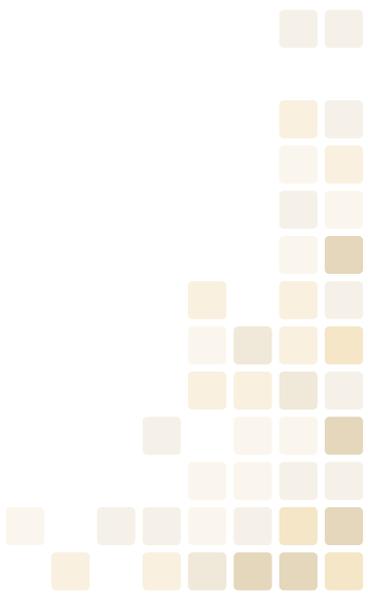
Revenue source	2019/2020			2020/2021		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
DBE grant	134 634	134 634	-	136 404	136 404	-
Other income	88 338	32 311	(56 027)	34 207	19 903	(14 304)
<b>Total</b>	<b>222 972</b>	<b>166 945</b>	<b>(56 027)</b>	<b>170 611</b>	<b>156 307</b>	<b>(14 304)</b>

During the year under review, Umalusi received R136 million from the Department of Basic Education (DBE) in accordance with the adjusted scheduled allocation. National Treasury reduced Umalusi's budget allocation by R2,7 million. Own generated revenue was budgeted at R34 million but the impact of the nationwide lockdown meant that only 58% of the budgeted revenue could be achieved. In the previous year, 37% of the approved budget was not realised. The revenue generated from certification, verification and accreditation was affected by the lockdown

restrictions, resulting in a significant decline. When the organisation gradually opened its offices, alternative ways of offering services were considered, which included conducting online site visits. Umalusi continued to take legal action against private assessment bodies that failed to pay for the services rendered in the quality assurance processes. The revenue under-collection amounted to R4 million and this has placed financial strain on the organisation. The modernisation of ICT infrastructure projects has been particularly seriously affected.

Part C:

# Governance



## 1. INTRODUCTION

During the year under review, Umalusi Council continued fulfilling its duties of overseeing the performance of the organisation. The Council subscribes to the King III principles of good corporate governance. The Council reviewed its systems and processes to ensure that the organisation would be managed according to these principles and other legislative precepts. The Council is responsible for corporate governance and ensures that Umalusi adheres to the legislative requirements set out in the Public Finance Management Act (PFMA) and other relevant legislation.

## 2. PORTFOLIO COMMITTEES

During the 2020/21 financial year, the Portfolio Committee (PC) on Basic Education exercised its oversight role by calling on Umalusi to account for its plans, budget and reports. Umalusi met with the PC on the dates below. Members of the Select Committee (SC) on Education and Technology, Sports, Arts and Culture were present at several of these accountability meetings.

- 16 April 2020: Joint Meeting of the PC on Basic Education and SC on Education and Technology, Sports, Arts and Culture to discuss the Budget Vote 16: Basic Education (2020/21).
- 7 July 2020: Joint Meeting of the PC on Basic Education and SC on Education and Technology, Sports, Arts and Culture to discuss the proposed allocations and possible adjustments of the 2020/21 MTEF budget.
- 20 October 2020: The PC on Higher Education, Science and Technology meeting to discuss the status of the certification backlog in the Technical and Vocational Education and Training (TVET) and Community Education and Training (CET) sectors.

- 27 October 2020: The PC on Basic Education meeting with Umalusi to discuss the state of readiness (SOR) for the end-of-year examinations.
- 13 November 2020: Umalusi presented its 2019/20 Annual Report to the PC on Basic Education.
- 2 March 2021: Umalusi briefed the PC on the DBE 2020 November National Senior Certificate (NSC) examination.
- 9 March 2021: Umalusi briefed the committee on the 2020 NSC examination outcomes.

## 3. EXECUTIVE AUTHORITY

Umalusi is a Schedule 3A public entity, as encapsulated in the Constitution. On administrative matters, Umalusi reports to the Minister of Basic Education as the Executive Authority. Umalusi Council reported its performance progress to the Minister on a quarterly basis, as set out below:

- 29 May 2020: Fourth quarterly report 2019/20
- 31 July 2020: First quarterly report 2020/21
- 30 October 2020: Second quarterly report 2020/21
- 29 January 2021: Third quarterly report 2020/21

The organisation also submitted its Annual Performance Plans (APP) as set out below:

- 07 July 2020: Revised 2020/21 APP for approval and tabling
- 30 October 2020: First draft 2021/22 APP for evaluation
- 31 January 2021: Final draft 2021/22 APP for approval and tabling

As indicated in the 2019/20 Annual Report, the Minister received the audited annual report on 30 October 2020. Approval was granted and the report was tabled on 05 November 2020.

## 4. THE ACCOUNTING AUTHORITY

### 4.1 Introduction

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

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

The Umalusi Council has a charter that sums up its duties and responsibilities as the Accounting Authority. This charter also regulates how business is conducted in accordance with the principles of good corporate governance and enables Council to provide strategic direction to management and to ensure continued good relations with beneficiaries and potential stakeholders.

As a result of the interruptions and challenges brought about by the COVID-19 pandemic, all Council meetings were held on online platforms; Council held four meetings and two workshops to discuss policies of the organisation, and one special meeting. This special Council meeting was held to discuss the 2019/20 Annual Financial Statements and the Annual Performance Report.

### 4.2 Composition of the Council

The table below reflects the members of the 6th Umalusi Council from 1 April 2020 to 31 March 2021.

## Members of the 6th Umalusi Council

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other committees or task teams	No. of meetings attended
<b>Prof. JD Volmink</b>	Chairperson	8/06/2018	NA	PhD	Mathematics Education	<ul style="list-style-type: none"> <li>• Towerstone (Pty) Ltd</li> <li>• Board member Rondebosch Boys' High School</li> <li>• Victor Daitz Foundation</li> </ul>	Executive Committee (EXCO)	7/7
<b>Prof. MLE Monnapula-Mapesela</b>	Deputy Chairperson	8/06/2018	NA	PhD	Higher Education	<ul style="list-style-type: none"> <li>• Rhodes University</li> </ul>	EXCO	6/7
<b>Prof. L Makalela</b>	Member	8/06/2018	NA	PhD	English Studies, Literacy and Linguistics	<ul style="list-style-type: none"> <li>• NA</li> </ul>	EXCO	7/7
<b>Prof. R Mampane</b>	Member	8/06/2018	NA	PhD	Educational Psychology	Board Member of Christian Brothers College (CBC) Mount Edmond (Pretoria)	<ul style="list-style-type: none"> <li>• EXCO</li> <li>• Assessment Standards Committee (ASC)</li> <li>• Research forum</li> </ul>	7/7
<b>Mr D Hindle</b>	Member	8/06/2018	NA	BEd Hons	Sociology and Comparative Education	ETDP SETA	EXCO Qualifications Standards Committee (QSC)	7/7
<b>Dr MS Rakometsi</b>	CEO	8/06/2014	NA	PhD	Education	<ul style="list-style-type: none"> <li>• CHE</li> <li>• Helderberg College Council</li> <li>• QCTO</li> <li>• SAQA</li> </ul>	Ex-officio member of all Umalusi Council Committees	6/7
<b>Prof. Y Ballim</b>	Member	8/06/2018	NA	PhD	Education and Leadership	NA	Assessment Standards Committee (ASC)	7/7
<b>Dr W Green</b>	Member	01/02/2021	NA	PhD	Mathematics Education	<ul style="list-style-type: none"> <li>• QCTO</li> <li>• SAQA</li> </ul>	NA	1/2*
<b>Mr NT Johnstone</b>	Member	8 /06/ 2018	NA	BSc	Physiology	<ul style="list-style-type: none"> <li>• Independent Examinations Board</li> <li>• JET Education Services</li> <li>• Christian Brothers Association.</li> </ul>	Audit and Risk Committee (ARC)	5/7

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other committees or task teams	No. of meetings attended
<b>Mr T Kojana</b>	Member (HEDCOM representative)	1/12/2018	Deceased 7 January 2021	BA (Hon) Education Management	Education Management	NA	NA	1/6**
<b>Dr MJ Maboya</b>	Member	1/07/2016	30 November 2020	PhD	Mathematics Education	NA	NA	1/4***
<b>Advocate MJ Merabe</b>	Member	8/06/2018	NA	LLM	Education Law	NA	NA	3/7
<b>Ms M Metcalfe</b>	Member	8/06/2018	26/02/2020 (as Chairperson of Research Forum)	MEd	Education	<ul style="list-style-type: none"> <li>• PILO</li> <li>• SAIDE</li> <li>• PUKU</li> <li>• OSFSA</li> <li>• Claude Leon Trust</li> </ul>	Research Forum	7/7
<b>Prof. MP Mulaudzi</b>	Member	8/06/2018	NA	PhD	Educational Psychology	University of Venda	NA	4/7
<b>Dr C Myburgh</b>	Member	8/06/2018	NA	PhD	Industrial Psychology	NA	<ul style="list-style-type: none"> <li>• Information and Communication Technology Oversight Committee (ICTOC)</li> <li>• Accreditation Committee of Council (ACC)</li> </ul>	7/7
<b>Mr V Naidoo</b>	Member	28/08/17	NA	BEd (Hons)	Quality Assurance TVET Skills Development	<ul style="list-style-type: none"> <li>• CHE</li> <li>• QCTO</li> <li>• SAQA</li> <li>• NSA</li> </ul>	<ul style="list-style-type: none"> <li>• Policy &amp; Research (NSA Committee)</li> <li>• CEO Committee</li> </ul>	3/7
<b>Dr J Reddy</b>	Member	01/12/2019	NA	PhD	Education and Training, Skills Development, Project Management, NQFs, Policy and Implementation, Leadership and Management of Parastatal Agencies	<ul style="list-style-type: none"> <li>• CHE</li> <li>• NSA</li> <li>• QCTO</li> <li>• HRDC</li> </ul>	• NA	2/7
<b>Ms A Singh</b>	Member (DHET)	22/11/2018	NA	MBA	Curriculum Development	Department of Higher Education and Training Board member: Higher Health	NA	5/7

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)	Other committees or task teams	No. of meetings attended
Prof PD Siyakwaz	Member	8/06/2018	NA	PhD	Sociology of Education	NA	NA	6/7

\* Dr W Green Joined Council on 1 February 2021

\*\* Mr T Kojana - Deceased January 2021

\*\*\*Dr MJ Maboya - Retired in November 2020

#### 4.2.1 Committees of the Council

Council must ensure that each committee as a whole has the necessary knowledge, skills, experience and capacity to execute its duties effectively. Council should determine if and when it is necessary to delegate particular roles and responsibilities to an individual member or members of the Council, or to standing or *ad hoc* committees. The exercise of judgement by Council in this regard is subject to legal requirements and should be guided by what is appropriate to the organisation and the achievement of the objectives of the delegation. The following committees were established by the Council and have been delegated responsibilities. It is important to note that some of these committees may be chaired by Council members. However, in balancing the skills, knowledge and expertise, the composition of these committees may include individuals who are not serving on the Council.

#### Executive Committee of Council (EXCO)

The outbreak of the COVID-19 pandemic in the 2020/21 financial year necessitated a change to the normal calendar for the planning and performance reporting of government entities. The approved Strategic Plan 2020-2024 and the 2020/21 Annual Performance Plan were reviewed to accommodate the impact of the ensuing lockdown on the organisation's plans. Despite these challenges, however, EXCO recommended the approval of all quarterly performance reports by Council. EXCO also approved the Umalusi risk reports, as recommended by the ARC. A special meeting was held by EXCO on 28 September 2020 to discuss the 2019/20 external audit report, the report on the Audited Annual Financial statements for the year ending 31 March 2020, and the annual performance report. The report and statements were all ratified by Council. During the year, EXCO approved all tenders it was presented with, as delegated by Council. EXCO also received regular updates from Umalusi management on COVID-19 and its impact on the organisation.

#### EXCO meetings

Committee	No. of meetings held	No. of members	Names of members
Executive Committee (EXCO)	6 23 July 2020 28 September 2020 29 October 2020 1 December 2020 (special) 25 January 2021 9 March 2021 (special)	6	1. Prof. JD Volmink (Chairperson) 2. Prof. MLE Monnapula-Mapesela 3. Dr MS Rakometsi 4. Mr D Hindle 5. Prof. L Makalela 6. Prof. R Mampane

## Accreditation Committee of Council (ACC)

During the 2020/21 financial year, the ACC considered and made recommendations on 253 applications for accreditation (165 for independent schools, 76 for private FET colleges, and 12 for private AET colleges).

### ACC meetings

Committee	No. of meetings held	No. of members	Names of members
Accreditation Committee of Council (ACC)	3 19-20 May 2020 12-13 October 2020 15-16 February 2021	13	1. Dr C Myburgh (Chairperson) 2. Mr S Lategan 3. Mr J Abraham 4. Ms M Cilliers 5. Dr S Govender 6. Dr S Goshier 7. Mr J Jensen 8. Dr Z Masuku 9. Mr R Mehl 10. Dr N Mthiyane 11. Dr P Naicker 12. Adv. M Ndlazi 13. Mr J Pienaar

## Audit and Risk Committee (ARC)

The full ARC report can be found under Section 13 (page 76) of this report.

### ARC Meetings

Committee	No. of meetings held	No. of members	Names of members
Audit and Risk Committee (ARC)	4 20 July 2020 25 September 2020 21 October 2020 18 January 2021	6	1. Mr P Benade (Chairperson) 2. Mr N Johnstone 3. Ms D Diale 4. Mr P Khunou 5. Mr M Mtshali 6. Adv. J Lubbe

## Assessment Standards Committee (ASC)

The ASC held three ordinary and four standardisation meetings during the year under review.

### ASC normal meetings

The regular meetings were held on 22 May 2020, 9 July 2020 and 28 October 2020. The first meeting was a special one, convened to discuss challenges concerning standardisation that had arisen from the merging of the June SC examinations with the end-of-the year NSC examinations. Various scenarios for the standardisation of the merged examinations were considered. At the second meeting, on 9

July 2020, the DBE was given the opportunity to present its proposals on the standardisation of the merged examination results; these proposals were approved after lengthy deliberations. The last meeting was held to discuss final preparations for the pre-standardisation and standardisation of the merged SC and NSC examinations. The number of subjects to be selected for inclusion in the 2020 post examination analysis project linked to the NSC was agreed upon, as well as the aspects to be covered by the qualitative input from the external moderators; these aspects would include, amongst others, curriculum coverage and the impact of translated papers on performance.

### ASC normal meetings

Committee	No. of meetings held	No. of members	Names of members
Accreditation Standards Committee (ASC)	4 22 May 2020 (special) 9 July 2020 28 October 2020 15 January 2021	16	1. Prof. Y Ballim (Chairperson) 2. Prof. P Rule 3. Prof. M Moodley 4. Prof. S Howie 5. Prof. P Fatti 6. Prof. S Hansraj 7. Prof. P Sepeng 8. Dr M Naidoo 9. Dr S Mosia 10. Prof. S Motala (Cassim) 11. Dr B Samuel 12. Prof. M Lesaoana 13. Prof. S Maistry 14. Prof. N Zulu 15. Mr M Snelling 16. Prof. L Jita

Eleven meetings were held to discuss the standardisation of results: in May, August, October, December 2020 and February 2021. At the May meeting, the Independent Examinations Board's (IEB) Examinations on Request (EOR) were standardised. In August, the results of the NATED Report 190/191 (N2–N3) were standardised, while the October meeting focused on standardisation of the IEB's EOR. The remaining meetings held

between 7 December 2020 and 3 February 2021 were dedicated to standardising results associated with the following qualifications: (a) Amended SC(a), (b) NSC, (c) National Certificate Vocational (NC(V): Levels 2–4), (d) NATED Report 190/191 (N2–N3) and (e) General Education and Training Certificate (GETC: NQF Level 1). Since the ASC members were not able to meet in person because of lockdown restrictions, this last group

of meetings was postponed from 7 December 2020 to 3 February 2021.

All meetings were held virtually, using redesigned standardisation booklets to make them

compatible with the virtual platform. Whereas most ASC members attended all these meetings, they only attended the meetings for the EOR if they were available or if the meetings concerned their area of specialisation.

### ASC Standardisation meetings

Committee	No. of Meetings held	No. of members	Names of members
Assessment Standards Committee (ASC)	11	16	1. Prof. Y Ballim (Chairperson)
	26 May 2020		2. Prof. P Rule (Deputy Chairperson)
	26 August 2020		3. Prof. M Moodley
	23 October 2020		4. Prof. S Howie
	07 December 2020		5. Prof. P Fatti
	22 January 2021		6. Prof. S Hansraj
	24 January 2021		7. Prof. L Jita
	25 January 2021		8. Prof. P Sepeng
	27 January 2021		9. Prof. N Zulu
	29 January 2021		10. Prof. S Motala
	31 January 2021		11. Prof. M Lesaoana
03 February 2021	12. Prof. S Maistry		
		13. Dr M Naidoo	
		14. Dr S Mosia	
		15. Dr K Samuel	
		16. Mr M Snelling	

### Information and Communication Technology Oversight Committee (ICTOC)

Umalusi Council established the Information and Communication Technology Oversight Committee (ICTOC) to oversee ICT governance. The strategic role of the ICTOC is stated in the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF), December 2012, developed by the Department of Public Service and Administration (DPSA). In the period under review (2020/21),

ICTOC recommended the following documents for approval by the CEO and Council:

- ICT Project Management Framework
- Systems Development Policy
- Systems Development Procedure
- Development of the Information Security Policy
- ICT Acceptable Usage Standard
- Information Classification Standard

### ICTOC meetings

Committee	No. of meetings held	No. of members	Names of members
Information and Communication Technology Oversight Committee (ICTOC)	4	4	1. Dr C Myburgh (Chairperson)
	07 April 2020		2. Dr C Motau
	14 July 2020		3. Mr M Mtshali
	23 October 2020		4. Mr C Baxter
	19 January 2021		

## Qualifications Standards Committee (QSC)

The QSC is a committee of the Umalusi Council mandated to provide advice and recommendations on matters related to developing qualifications registered on the GFETQSF and their associated curricula. During the 2020/21 financial year, the QSC worked diligently to obtain approval from Council for the General Education Certificate (GEC) policy with certain provisos.

It further guided the update of the NSC. The NSC's qualification policy was inadvertently repealed by the promulgation of the National policy pertaining to the programme and promotion requirements of the National Curriculum Statement Grades R – 12 (NPPPR). Council instructed that the NSC policy be aligned with the NPPPR and reregistered on the NQF by the South African Qualifications Authority (SAQA). A special QSC meeting was convened in the 2020/21 financial year to deal specifically with matters related to the draft GEC qualification policy, the updated NSC policy and the DHET notice on

changes affecting TVET college qualifications. The QSC welcomed the gazetted proposals on changes to the TVET system, such as the phasing out of the N1–N3 programmes in the education and training system, and the reconfiguration of the NC(V) to a single three-year qualification.

The QSC also played a crucial role in the development and approval of Umalusi policies. During this financial year, the committee recommended an amended Policy on the Re-issue of National Certificates and Policy and Criteria for the Development, Registration and Publication of Qualifications on the GFETQSF for Council's approval. Without these policies, Umalusi would find it difficult to manage the developmental processes of the qualifications it oversees. The issuing of credible certificates to eligible learners or to those who require the re-issue of lost or damaged certificates would also be difficult. This important contribution to Umalusi Council by the QSC ensures the performance and currency of the qualifications registered on the GFETQSF.

## QSC meetings

Committee	No. of meetings	No. of members	Names of members
Qualifications Standards Committee (QSC)	4 10 June 2020 30 September 2021 4 February 2021 (special) 23 March 2021	12	1. Mr D Hindle (Chairperson) 2. Mr H Amoore 3. Ms S Cathy 4. Ms Z Jacobs 5. Mr T Lata 6. Prof. C Long 7. Dr B Mahlolo 8. Dr M Madileng 9. Mr T McBride 10. Dr J Myburgh 11. Ms A Oberholzer 12. Mr G Pareira

## Research Forum

During the year under review, the Research Forum held one meeting on 16 September 2020. The purpose of the meeting was to discuss four areas: how to align the Recognition of Prior Learning (RPL) policy with the Ministerial Guidelines and SAQA's most recent RPL policy; contextualisation of the policy to reflect current

societal indicators, with specific reference to the National Development Plan (NDP); and to discuss appropriate principles for the implementation in the GFETQSF of monitoring and evaluation and quality assurance systems; and to discuss the implications of COVID-19 for learning, assessment and pedagogy.

## Research Forum meetings

Committee	No. of Meetings held	Members	Names of members
Research Forum	1 17 September 2020	11	Prof. R Mampane (Chairperson) Dr J Keevy Dr H Bolton Dr A Saidi Prof. A Kanjee Prof. M Maphalala Prof. V Schoer Prof. S Vandeyar Prof. S Gravett Ms E T Zondi Dr V Reddy

## Accreditation Appeals Committee (AAC)

The Accreditation Appeals Committee considered appeals against the accreditation decision from nine institutions during the 2020/21 financial year (six independent schools and three private FET colleges). One of the appeals was successful and eight appeals failed.

## AAC Meetings

Committee	No. of meetings held	No. of members	Names of members
Accreditation Appeals Committee	3 8 September 2020 23 November 2020 15 March 2021	3	1. Adv. J Merabe 2. Mr T Matjabane 3. Dr L Marhaya

## 5. RISK MANAGEMENT

Umalusi follows an enterprise risk management (ERM) approach to align strategy, processes, people, technology and knowledge in order to analyse, evaluate and manage the uncertainties facing the organisation. During the year under review, Umalusi identified all significant risks and prioritised them for active management and effective decision-making. Umalusi has an established risk management committee (RMC) comprising executives and senior management. This committee met on four occasions during the year.

The Audit and Risk Committee (ARC) performed the oversight responsibilities of monitoring the risk management process by reviewing management reports on risks on a quarterly basis. The internal auditors provided independent assurance and facilitated the process. No major incidents or losses were incurred by the organisation during the period under review. The organisation conducted one risk workshop in collaboration with the internal auditors as part of the continuous development of management.

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

In the period under review, risk assessments were performed each quarter. Each unit assessed the likelihood of their risks, and their level of impact, gauged against the mitigating strategies in the plan. Emerging risks were identified each quarter during the risk assessment period.

## 6. INTERNAL CONTROL

The organisation's system of internal control is designed to provide adequate and effective performance information and financial records that are complete, accurate, reliable and verifiable. The internal controls are further strengthened by approved policies that take into consideration the legislative environment in which the organisation operates. All processes are communicated to staff and constantly updated to keep up with the ever-changing environment. Monitoring of internal controls occurs daily and is reported to Executive Management monthly through the meetings of the Office of Chief Executive Officer (OCEO).

Internal controls are reviewed independently by internal auditors (outsourced to O.M.A, who took over when the contract with BIG ended) and by the appointed external auditors (RaiN Chartered Accountants). The internal auditors report administratively to the CEO and functionally to the ARC. During the year under review, the internal auditors conducted all the planned audits for the period, as approved in the three-year rolling plan. All audit findings were reported to the ARC and management took corrective action as recommended by the auditors.

## 7. INTERNAL AUDIT AND AUDIT COMMITTEE

Owing to the nature and size of Umalusi, the Council does not consider it economically feasible to establish an in-house internal audit function. This function is thus contracted out. However, the Audit and Risk Committee is responsible for monitoring the internal audit function, and for evaluating the effectiveness of internal controls. It also recommends improvements to Council, where appropriate. All internal audit work conducted during the year was in line with the approved Internal Audit Plan.

The role of the ARC is to provide independent assurance and assistance to Council on control, governance and risk management. This committee does not assume any management responsibilities or perform any management functions; it makes decisions on matters within

the scope of its responsibilities and presents such decisions to the Council for ratification.

The ARC is tasked with assisting the Council in discharging its duties related to:

- The safeguarding of assets;
- Council's compliance with legal and regulatory requirements;
- The external auditors' independence and the performance of the entity's internal and external auditor functions;

- Preparation of accurate financial reporting and statements, in compliance with all applicable legal requirements and accounting standards; and
- Overseeing the quality, integrity and reliability of Umalusi's risk management.

The table below provides information on audit committee members and attendance of meetings.

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
<b>Mr P Benade</b>	BCom, National Diploma: State Accounting and Finance	External	N/A	29 August 2018	N/A	5
<b>Mr NT Johnstone</b>	BSc (Physiology)	External	N/A	11 November 2015	N/A	4
<b>Ms D Diale</b>	BCom (Computer Science) Master's in Business Leadership	External	N/A	14 March 2017	N/A	5
<b>Adv WJ Lubbe</b>	Bachelor of Law, LLB, Post Graduate Diploma in Compliance	External	N/A	29 November 2017	N/A	5
<b>Mr MS Mthali</b>	National Diploma in Commercial Administration, Executive Development Programme	External	N/A	29 August 2018	N/A	3
<b>Mr P Khunou</b>	BCom Accounting, Management Development Programme, Senior Leadership Development Programme	External	N/A	29 August 2018	N/A	2

## 8. COMPLIANCE WITH LAWS

Umalusi has established and implemented various policies to strengthen compliance with laws and regulations. The organisation reports quarterly to the DBE and National Treasury on its compliance with laws and regulations, according to a prescribed compliance checklist. It also provides confirmation of its compliance to the ARC and the Council. Furthermore, during the year under review the external and internal auditors tested compliance with laws and regulations. Any instances of non-compliance were immediately rectified by management.

## 9. FRAUD AND CORRUPTION

Umalusi has established a fraud and ethics hotline number as a platform for internal and external stakeholders to report alleged incidents of fraud that are related to the work and mandate of the organisation. The organisation is currently using the following anti-fraud hotline number: 17737, which is connected to the presidential hotline service. In the work of Umalusi, typical anti-corruption reports include, but not exclusively: exam irregularities, fraudulent certificates, non-accredited institutions etc. Unfortunately, during the year under review, the organisation received less than 15 fraud and ethics hotline reports due to the perceived underutilisation of the service. This has since been identified as a risk for the organisation and it has been included in the organisation's risk register. To address the situation, the organisation intends to procure a private fraud and ethics hotline service.

## 10. MINIMISING CONFLICT OF INTEREST

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

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

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

The member of Council or a Council committee must recuse himself or herself from further deliberations and the Council or committee must take a decision that furthers the interests of the Council or committee. The recusal must be recorded. In addition, members of various bid committees are requested to declare any personal interest in the bid process.

No conflict of interest was reported during this financial year.

## 11. CODE OF CONDUCT

The Council and employees are required to observe the highest ethical standards to ensure that business practices are conducted in a manner that is beyond reproach. These principles are incorporated in the approved and implemented Code of Ethics. This code provides clear guidelines for the behaviour of all employees at all levels. Management continuously ensures that employees abide by the Code of Ethics and the values espoused in the entity's Strategic Plan.

No violations of the code of conduct were reported during the year.

## 12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

### Health and Safety Statement

Umalusi regards the health and safety of its employees and people affected by the entity's operations to be of vital importance. Its primary objective is to achieve and maintain the highest levels of health and safety control and a working environment that is safe and without risk to the health of its employees.

In meeting this objective, Umalusi works with employee representatives and other stakeholders in an appropriate forum to develop programmes and guidelines that provide for the health and safety of all stakeholders, as far as is reasonably practicable.

### Environmental sustainability

In ensuring that it complies with requirements regarding the environment, Umalusi has done its best to contribute to a sustainable environment. The following strategies have been implemented in this regard:

- Recycling of all used paper.
- Recycling of all printing consumables.
- Ensuring that all electrical appliances are switched off at end of business.

### Reporting on health and safety

The COVID-19 pandemic had an unprecedented effect on health and safety dynamics during the year under review. The organisation was forced to respond to the challenges and risks posed by the virus. The safety of Umalusi staff and stakeholders remained the priority. The organisation rose to the occasion and responded not only to the traditional health and safety standards prescribed by the Department of Labour, but also to the health and safety protocols and regulations issued by the Department of Public Service Administration and COGTA. Umalusi aligned its operations in accordance with all COVID-19 regulations by taking the following actions:

- Disabling the biometric access control and issuing access cards to minimise contact with surfaces.
- Making sure that all surfaces and the building were cleaned regularly to curb the spread of the virus.
- Emphasising the importance of obeying social distancing rules.
- Issuing of personal protective equipment (PPE) to all employees, cleaners and security personnel.
- Regular fumigation and deep cleaning of office buildings.
- Limiting walk-ins by members of the public and other stakeholders.
- Maintaining social distancing by limiting the number of employees occupying the offices at any one time.
- Ensuring that staff with comorbidities and/or other underlying health issues and pregnant women were allowed to work from home.

The organisation is happy to report that since the beginning of the COVID-19 pandemic, no fatalities from the virus have been recorded among its employees. In addition, the usual health and safety compliance standards continue to be monitored and no fatalities or serious injuries were recorded among employees in the course of their duties during the year under review. The organisation is continuing to address instances of significant non-compliance reported in the previous year.

## 13. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2021.

### Terms of Reference

During the financial year ending 31 March 2021 the Audit and Risk Committee adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, regulated its affairs in compliance with this charter; and discharged all its responsibilities contained therein. The Council approved the charter.

### Role and Responsibilities

#### Statutory Duties

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

#### External Audit

RAiN Chartered Accountants were appointed as external auditors. In consultation with executive management, the Committee agreed to the engagement letter, audit plan and budgeted audit fees for the 2020/21 financial year. RAiN Chartered Accountants were not requested to provide any non-audit services.

#### Evaluation of Annual Financial Statements

In the year under review the Audit and Risk Committee:

- Reviewed and discussed the audited annual financial statements for the Annual Report with the external auditor;

- Reviewed the external auditor's management report and management's response to this;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The Committee concurs with and accepts the auditor's report on the Annual Financial Statements, and is of the opinion that the audited financial statements should be accepted and read together with the auditor's report.

#### The Effectiveness of Internal Control

The system of internal controls applied by Umalusi to financial and risk management is effective, efficient and transparent. In line with the requirements of the PFMA and of the relevant King Code on Corporate Governance, an internal audit provides the Audit and Risk Committee and management with the assurance that 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. No instances of material deficiencies in the system of internal controls were mentioned in reports from the internal auditors, the audit report on the Annual Financial Statements, or in the management report from the external auditor, RAiN Chartered Accountants.

The internal audit did identify some points for concern during the past financial year and these were reported to the Audit and Risk Committee. These points were added to the Audit Action Plan to be monitored by executive management and the internal audit as part of their regular fieldwork. The Committee also discussed the risk register and ensured that this informed the Internal Audit Plan. Monitoring of the progress against the risk register was conducted every quarter.

This Committee can thus report that the system of internal controls over financial reporting for the period under review was efficient and effective.

### **Duties Assigned by the Council**

In addition to the Committee's statutory duties , as reported above, the Council determined that it should perform additional functions as set out in the Committee's charter. These included the following:

### **Combined Assurance**

The Committee ensured that a combined assurance model was applied. This is appropriate when addressing significant risks facing the entity and is in keeping with the King Code on Corporate Governance.

### **Governance of Risk**

The Council assigned oversight of the risk management function to the Audit and Risk Committee. It thus reviewed the risk management process, the effectiveness of risk management activities, the key risks facing the entity and the responses to address them. The Committee is satisfied that it fulfilled its oversight role regarding financial reporting risks, internal financial controls and fraud and information technology risks as these relate to financial reporting.

### **Internal Audit**

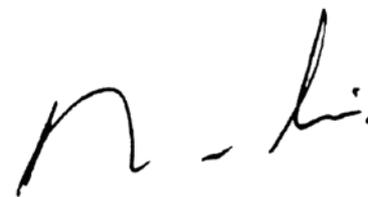
The Committee ensured that the internal audit function performed by O.M.A. Chartered Accountants Inc. was independent and that the firm possessed the necessary resources, standing and authority to enable it to discharge its duties. Furthermore, the Committee oversaw cooperation between the internal and external auditors and served as the link between the Council and these functions.

The internal auditor reported to the Committee. The internal audit function was to review and provide assurance on the adequacy of the internal control environment across all Umalusi's operations. The head of the internal audit team had direct access to the Committee via its chairperson.

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

### **Evaluation of the expertise and experience of the Chief Financial Officer and Finance Function**

The Committee satisfied itself that the Chief Financial Officer had appropriate expertise and experience. It established that the resources of the finance function were adequate and that the senior members of management responsible for the finance function had the appropriate expertise for the task.



**Mr P Benade**

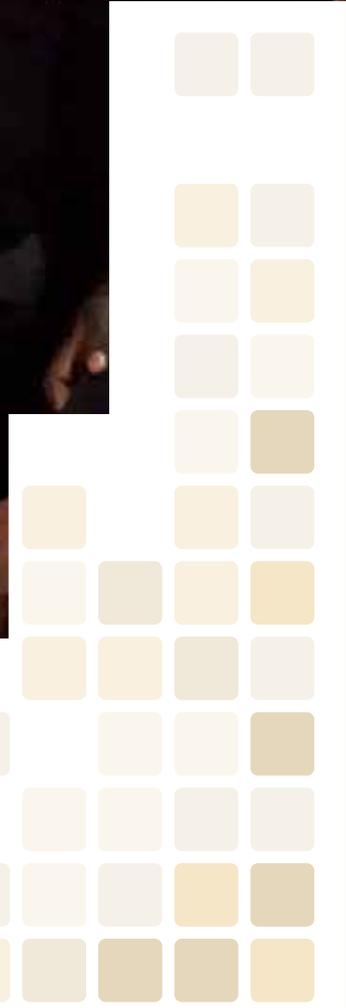
**Chairperson of the Audit and Risk Committee**

**Umalusi**

**30 July 2021**

## 14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law.	No	Umalusi does not issue any licences or concessions.
Developing and implementing a preferential procurement policy.	Yes	Umalusi's procurement policy procedures have been adopted.  All prescripts of the Preferential Procurement Policy Framework Act and the policy and prescripts have been fully implemented.
Determining qualification criteria for the sale of state-owned enterprises	No	Not applicable to Umalusi.
Developing criteria for partnerships with the private sector.	No	No projects required Umalusi to enter into a partnership with an entity in the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment.	No	Umalusi has no capacity to award grants and/or incentives as the organisation is itself a grant recipient.





**Part D:**

# HUMAN CAPITAL MANAGEMENT



## 1. INTRODUCTION

As a strategic component of the organisation, the Human Capital Management (HCM) unit plays a vital role in ensuring that the strategic objectives of the organisation are achieved. The unit is responsible for the implementation of effective strategies to attract and retain key talent, by developing, reviewing, and implementing policies and standards to strengthen governance in the organisation.

<p><b>HCM priorities for the year under review and their impact:</b></p> <ul style="list-style-type: none"> <li>• Maintain the vacancy rate at under 10% to ensure achievement of the organisational mandate;</li> <li>• Strengthen HCM governance by developing and reviewing policies and procedures and ensure compliance.</li> <li>• Implement Workplace Skills Plan (WSP) to enhance employees' skills and competencies in the performance of their duties;</li> <li>• Modernise the administration and management of the performance management system by implementing an online performance management system; and</li> <li>• Promote sound employee relations by engaging regularly with union representatives on issues affecting management and employees.</li> </ul>	<p><b>Workforce planning framework and key strategies to attract and recruit skilled workforce:</b></p> <ul style="list-style-type: none"> <li>• Owing to budget cuts imposed on the organisation, workforce planning during the year under review was focused on ensuring the delivery of the mandate with the limited capacity available;</li> <li>• Despite the financial constraints, the organisation filled the following important positions: Chief Financial Officer and Senior Manager: Quality Assurance of Assessment (Post School Qualifications). Two additional positions were created;</li> <li>• Umalusi continued to implement a broad banding remuneration system to attract and retain skilled workers.</li> </ul>
<p><b>HR Establishment:</b></p> <ul style="list-style-type: none"> <li>• The organisation had a total of 143 funded positions in the reporting period;</li> <li>• The organisation maintained a vacancy of rate below 10% as per the annual performance indicator at the end of March 2021;</li> <li>• The vacancy rate was 6%, a slight increase on 4% at the end of March 2020.</li> </ul>	<p><b>Employee Wellness Programme (EWP):</b></p> <ul style="list-style-type: none"> <li>• Umalusi is a caring employer; the EWP is focused on improving the performance of employees by alleviating psychological and psycho-social challenges.</li> <li>• To promote a healthy lifestyle during the COVID-19 pandemic, the organisation provided health and wellness information and encouraged employees and their immediate family members to make use of the services of the appointed EWP service provider.</li> </ul>

<p><b>Performance Management and Development System (PMDS):</b></p> <ul style="list-style-type: none"> <li>• Umalusi’s employee performance management system is linked to the Strategic Plan and the Annual Performance Plan to ensure integrated management of performance from the level of the individual right up to the organisation;</li> <li>• All performance assessments for the 2019/2020 financial year and performance agreements for the 2021/2022 financial year were submitted, indicating strict adherence to submission dates stipulated in the Performance Management and Development Policy;</li> <li>• The unit facilitated the moderation of performance assessments for the 2019/2020 financial year to ensure fair and transparent Performance Management and Development processes (PMDS) and to recognise and reward high performing employees.</li> </ul>	<p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>• Staff retention remained a challenge as the organisation experienced a turnover rate of 4% during the period under review, including staff attrition at senior and middle management level;</li> <li>• Budgetary constraints resulted in the organisation being unable to: <ul style="list-style-type: none"> <li>» conduct work-study investigation due to an increased mandate with no additional resources;</li> <li>» implement cost of living adjustment for 2020/2021; and</li> <li>» fill some of the vacancies within the organisation which resulted in employees experiencing work pressure and fatigue.</li> </ul> </li> <li>• COVID-19 pandemic presented a huge challenge within the organisation as some of the staff members tested positive and this resulted in a great deal of anxiety among employees.</li> </ul>
<p><b>Achievements:</b></p> <ul style="list-style-type: none"> <li>• New members of the Employment Equity and Training Committee (EETC) were appointed during the reporting period to oversee the implementation of the Employment Equity and Training Plan and to ensure compliance with the EE Act and Skills Development Act;</li> <li>• The Workplace Skills Plan Report (WSPR) for the 2020/2021 financial year was implemented to ensure optimal employee performance in the achievement of the organisation’s strategic objectives;</li> <li>• Fourteen new applications for financial study assistance by employees were approved and 15 financial study assistance allocations were made during the reporting period to promote the culture of learning in the organisation; and</li> <li>• The training plan for the 2021/2022 financial year was approved during the period under review to ensure continued staff development.</li> </ul>	<p><b>Policy review and development:</b></p> <ul style="list-style-type: none"> <li>• The unit developed one policy and reviewed eight policies; these were recommended by the internal structure and approved by Council to ensure compliance and alignment with the applicable legislation.</li> </ul> <p><b>Future HCM plans/goals:</b></p> <ul style="list-style-type: none"> <li>• To redesign the business processes to create smarter and more efficient ways of working;</li> <li>• To review the Employment Equity Plan to ensure compliance with the EE Act; and</li> <li>• To implement the online PMDS.</li> </ul>

## 2. HUMAN CAPITAL OVERSIGHT STATISTICS

The following tables summarise final, audited, and staffing expenditure by programme and salary band. They indicate the amounts spent on salaries, performance rewards and training.

### Personnel cost by programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average cost per employee (R'000)
1. Administration	119,959	36,415	54%	58	628
2.1 Qualifications, Curriculum and Certification	2,358	11,185	72%	20	559
2.2 Statistical Information and Research	3,769	6,918	53%	8	865
3.1 Quality Assurance of Assessment	35,275	14,391	26%	22	654
3.2 Evaluation and Accreditation	1,968	15,866	56%	27	588
<b>Total</b>	<b>163,329</b>	<b>84,775</b>	<b>47%</b>	<b>135</b>	<b>628</b>

### Personnel cost by salary band

Salary band	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average cost per employee (R'000)
Top Management	10,009	12%	4	2,502
Senior Management	13,482	16%	9	1,498
Professionally qualified	37,585	44%	65	578
Skilled	5,236	6%	16	327
Semi-skilled	14,126	17%	35	404
Unskilled	4,337	5%	6	723
<b>Total</b>	<b>84,775</b>	<b>100%</b>	<b>135</b>	<b>628</b>

### Performance rewards

Salary band	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	273	10,009	3%
Senior Management	469	13,482	3%
Professionally qualified	878	37,585	2%
Skilled	120	5,236	2%
Semi-skilled	249	14,126	2%
Unskilled	24	4,337	1%
<b>Total</b>	<b>2,013</b>	<b>84,775</b>	<b>2%</b>

## Training costs

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee (R'000)
1. Administration	36,415	242	0,7%	58	4
2.1 Qualifications, Curriculum and Certification	11,185	26	0,2%	20	1
2.2 Statistical Information and Research	6,918	23	0,3%	8	3
3.1 Quality Assurance of Assessment	14,391	19	0,13%	22	1
3.2 Evaluation and Accreditation	15,866	68	0,4%	27	3
<b>Total</b>	<b>84,775</b>	<b>378</b>	<b>0,4%</b>	<b>135</b>	<b>3</b>

## Employment and vacancies by programme

Programme	2019/2020 No. of employees	2020/2021 Approved posts	2020/2021 No. of employees	2020/2021 Vacancies	% of vacancies
1. Administration	58	63	58	5	8%
2.1 Qualifications, Curriculum and Certification	20	20	20	0	0%
2.2 Statistical Information and Research	9	10	8	2	20%
3.1 Quality Assurance of Assessment	21	22	22	0	0%
3.2 Evaluation and Accreditation	28	28	27	1	4%
<b>Total</b>	<b>136</b>	<b>143</b>	<b>135</b>	<b>8</b>	<b>6%</b>

## Employment and vacancies by salary band

Salary band	2019/2020 No. of employees	2020/2021 Approved posts	2020/2021 No. of employees	2020/2021 Vacancies	% of vacancies
Top Management	4	4	4	-	0%
Senior Management	10	10	9	1	10%
Professionally qualified	64	67	65	2	3%
Skilled	16	16	16	-	0%
Semi-skilled	38	40	35	5	13%
Unskilled	4	6	6	-	0%
<b>Total</b>	<b>136</b>	<b>143</b>	<b>135</b>	<b>8</b>	<b>6%</b>

The organisation realised an increase of 6% in the vacancy rate at the end of the period under review, compared to 4% reported in March 2020.

## Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	1	-	4
Senior Management	9	1	1	9
Professionally qualified	66	3	3	65
Skilled	16	-	-	16
Semi-skilled	36	-	1	35
Unskilled	4	2	0	6
<b>Total</b>	<b>134</b>	<b>7</b>	<b>5</b>	<b>135</b>

## Reasons for staff attrition

Reason	Number	% of total no. of staff leaving
Death	-	-%
Resignation	5	4%
Dismissal	-	-%
Retirement	-	-%
Ill-health	-	-%
Expiry of contract	-	-%
Promotion	-	-%
<b>Total</b>	<b>5</b>	

Umalusi had a decrease of 4% in turnover rate during the period under review, compared to 7% during the previous financial year. The chief reason for staff attrition was promotion opportunities elsewhere and more attractive remuneration.

## Labour relations: misconduct and disciplinary action

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

## Equity targets and employment equity status

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

### Employment equity status: males

Salary band	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	-	-	-	-	-	1	-
Senior Management	3	1	-	-	-	-	-	1
Professionally qualified	32	30	-	-	1	-	4	-
Skilled	4	-	-	-	-	-	-	-
Semi-skilled	13	3	-	-	-	-	-	1
Unskilled	3	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>57</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>2</b>

### Employment equity status: females

Salary band	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	4	3	1	-	-	-	1	-
Professionally qualified	21	23	1	-	2	-	4	-
Skilled	9	-	-	-	2	-	1	-
Semi-skilled	19	-	1	-	1	-	1	1
Unskilled	3	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>57</b>	<b>26</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>7</b>	<b>1</b>

Currently, Umalusi is not targeting the employment of people living with disabilities, as the building it occupies is not easily accessible to people living with disabilities; however, the organisation is in the process of renovating the building to accommodate people living with disabilities.

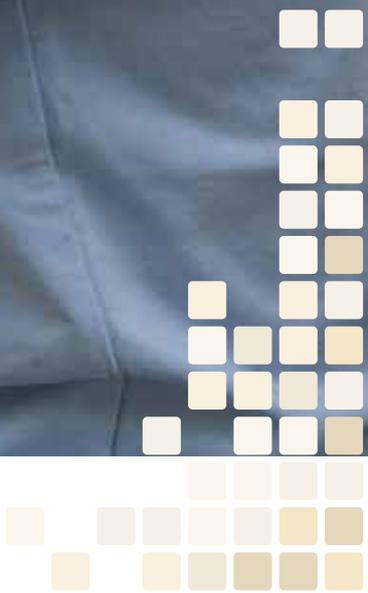
### Employment equity status: people living with disabilities

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



**Part E:**

# Financial Information



# Umalusi

## Audited Annual Financial Statements for the year ended 31 March 2021

The reports and statements set out below comprise the Annual Financial Statements presented to the Council.

	<b>Page</b>
Council's Responsibilities and Approval	91
Report of the Council	94
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# COUNCIL'S RESPONSIBILITIES AND APPROVAL

The Council is required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Council to ensure that the Annual Financial Statements fairly represent 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. The external auditors are engaged to express an independent opinion of the Annual Financial Statements and are given unrestricted access to all financial records and related data.

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

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

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strictly controlled environment. In order to fulfil these responsibilities, the Council sets standards for internal control aimed at reducing the risk of errors or deficits in a cost-effective manner. These 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

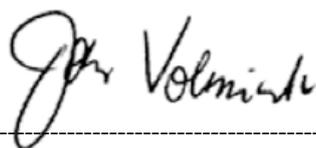
monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring that the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. Risk management in the entity is focused on identifying, assessing, managing 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 provided by management, that the system of internal control provides reasonable assurance that the financial records may be relied on in the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

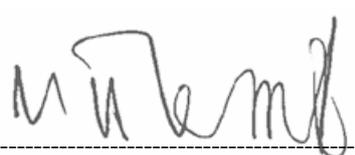
The Council has reviewed the cash flow forecast for the entity for the year to 31 March 2022 and, in the light of this review and the current financial position, it is satisfied that the entity has access to adequate resources to continue operations for the foreseeable future.

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

The Annual Financial Statements set out on pages 89-126 were approved by the Council on 28 July 2021 and were signed on its behalf by:



Professor JD Volmink (Chairperson of Council)



Dr MS Rakometsi (Chief Executive Officer)

# REPORT OF THE COUNCIL

The Council submits its report for the year ended 31 March 2021.

## 1. Incorporation

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

## 2. Review of activities

### Main business and operations

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

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

Net deficit of the entity was R7,021,243 (2020: deficit R9,651,322).

## 3. Going concern

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

The ability of the entity to continue as a going concern is dependent on a statutory grant allocation from Department of Basic Education. At the time of the approval of these Annual Financial Statements, the Department of Basic Education had committed in the Medium Term Expenditure Framework published by National Treasury to funding the entity for the period 2021/22 to 2023/24.

## 4. Subsequent events

The Council is not aware of any matter or circumstance arising in the period between the end of the financial year and the date of approval of the financial statements that would require an adjustment to the financial statements.

## 5. Retention of surplus and approval by National Treasury

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

## 6. Internal controls

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

## 7. Losses through fraud, fruitless and wasteful, or irregular expenditure

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

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

No fruitless and wasteful expenditure occurred during the period under review (refer to note 25 regarding fruitless and wasteful/irregular expenditure). The Council is committed to the eradication of the culture of fruitless and wasteful expenditure within the organisation.

## 8. Council Members

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

Prof JD Volmink (Chairperson)

Prof MLE Monnapula-Mapesela (Deputy Chairperson)

Dr MS Rakometsi (CEO)

Prof Y Ballim

Mr D Hindle

Mr NT Johnstone

Dr MJ Maboya

Resigned 30 November 2020

Prof L Makalela

Prof MR Mampane

Prof ME Metcalfe

Prof MP Mulaudzi

Dr C Myburgh

Prof PD Siyakwazi

Ms A Singh

Mr T Kojana

Deceased 07 January 2021

Adv MJ Merabe

Dr W Green (Council on Higher Education - CEO)

Appointed 01 February 2021

Dr J Reddy (South African Qualifications Authority - Acting CEO)

Mr V Naidoo (Quality Council for Trades and Occupations - CEO)

## 9. Secretary

The Secretary of the entity is Mr. H Moloise:

Business address	37 General van Reyneveld Street Persequor Technopark Pretoria, 0121
Postal address	P O Box 151 Persequor Technopark Pretoria, 0121

# REPORT OF THE COUNCIL (continued)

## 10. Member and executive managers' emoluments

	Salary or fee	Bonuses and performance related payments	Retirement fund contributions	Medical contributions	Other	Total package 2021	Total package 2020
<b>Non-executive members</b>							
Prof JD Volmink - Chairperson	283,237	-	-	-	19,010	302,247	225,343
Prof MLE Monnapula-Mapesela (Deputy Chairperson)	71,982	-	-	-	3,600	75,582	39,323
Prof MR Mampane	60,437	-	-	-	3,892	64,329	32,701
Prof L Makalela	57,818	-	-	-	3,600	61,418	27,300
Mr NT Johnstone	31,628	-	-	-	2,200	33,828	27,785
Mr DB Hindle	77,363	-	-	-	4,600	81,963	65,143
Adv MJ Merabe	9,703	-	-	-	200	9,903	27,680
Dr C Myburgh	68,388	-	-	-	3,000	71,388	43,953
Prof D Siyakwazi	5,438	-	-	-	200	5,638	18,772
Prof MP Mulaudzi	7,857	-	-	-	600	8,457	20,368
Prof Y Ballim	120,075	-	-	-	7,100	127,175	9,155
Ms M Phutsisi-Resigned 13/02/20	-	-	-	-	-	-	22,626
	<b>793,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,002</b>	<b>841,928</b>	<b>560,149</b>
<b>Executive &amp; senior members</b>							
CEO: Dr MS Rakometsi	2,006,799	133,729	304,234	123,834	222,888	2,791,484	2,580,612
CFO: Ms JM Rousseau (Resigned 30/09/2019)	-	-	-	-	-	-	740,961
Acting CFO: Mr B Keet (Contracted 23/09/2019 - 31/01/2020 and 23/03/2020 - 30/11/2020)	727,297	-	-	-	170,642	897,939	436,799
CFO: Mr M Chowan (Appointed 01/01/2020, Resigned 31/03/2020)	-	-	-	-	-	-	347,114

	Salary or fee	Bonuses and performance related payments	Retirement fund contributions	Medical contributions	Other	Total package 2021	Total package 2020
CFO: Mr MH Van der Walt (Appointed 01/03/2021)	88,013	-	15,106	5,340	4,000	112,459	-
EM: Q&R – Mr E Sibanda	1,087,661	51,561	178,652	78,426	75,663	1,471,963	1,337,897
EM: QAM – Ms Z Modimakwane	1,165,633	88,431	204,198	41,741	175,975	1,675,978	1,531,106
SM: PR & COMMS – Mr SE Ditaunyane	1,098,699	47,644	165,022	17,496	-	1,328,861	1,237,500
SM: QAA (Schools) – Ms ML Madalane	916,631	44,226	164,125	54,600	67,554	1,247,136	1,194,926
SM: QAA (Post-School Education) – Ms M Du Toit (Retired 31/03/2020)	-	-	-	-	-	-	1,168,311
SM: QAA (Post-School Education) – Dr MA Dliwayo (Appointed 04/05/2020)	802,264	-	132,298	51,701	41,118	1,027,381	-
SM: HRM&D – Ms RA Selesho	995,150	44,226	153,184	50,922	-	1,243,482	1,128,135
SM: E & A – Ms C Thomas	1,012,767	43,572	150,920	-	-	1,207,259	1,134,336
SM: SG – Ms S Mosimege	1,089,567	50,047	173,350	-	72,685	1,385,649	1,296,705
SM: SIR – Dr C Booyse (Resigned 28/02/2021)	922,289	43,572	148,225	-	69,082	1,183,168	1,178,788
SM: F & SCM – Mr D Maluleke	1,038,266	21,464	148,689	-	-	1,208,419	1,095,088
SM: QCC – Dr E Sujee	934,564	64,392	148,689	-	62,916	1,210,561	1,093,763
SM: ICT – Mr S Maluleka	873,158	66,338	153,184	55,296	120,000	1,267,976	1,107,426
	<b>14,758,758</b>	<b>699,202</b>	<b>2,239,876</b>	<b>479,356</b>	<b>1,082,523</b>	<b>19,259,715</b>	<b>18,609,467</b>
	<b>15,552,684</b>	<b>699,202</b>	<b>2,239,876</b>	<b>479,356</b>	<b>1,130,525</b>	<b>20,101,643</b>	<b>19,169,616</b>

## 11. Auditors

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

# REPORT OF THE AUDITORS

Independent auditor's report to The Council of Umalusi

## Report on the audit of the financial statements

### Opinion

1. We have audited the financial statements of Umalusi set out on pages 89 to 126, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Umalusi as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PMFA).

### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4. We are independent of the entity in accordance with Independent Regulatory Board for Auditors' Code of Professional Conduct for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards).
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

6. The Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PMFA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
11. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the auditee's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the auditee enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.
12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the auditee's annual performance report for the year ended 31 March 2021:

<b>Programme</b>	<b>Pages in the annual performance report</b>
Programme 3 – Quality Assurance and Monitoring	46 – 59

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

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

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

### **Other information**

17. The accounting authority is responsible for the other information. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
18. Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
19. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
20. The other information we obtained prior to the date of this auditor's report is the draft Annual Report and the Council's Report. The Audit and Risk Committee's Report are expected to be made available to us after 31 July 2021.
21. If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement in this other information we are required to report that fact.

22. After we receive and read the Council's Report and the Audit and Risk Committee's Report and if we conclude that there is a material misstatement, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### **Internal control deficiencies Internal control deficiencies**

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

### **Auditor tenure**

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



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RAIN Chartered Accountants Incorporated

Per: I:E Pierce

Director

Registered Auditor

Johannesburg

30 July 2021

# ANNEXURE - AUDITOR'S RESPONSIBILITY FOR THE AUDIT

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

## Financial statements

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

## Communication with those charged with governance

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

# STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

Figures in Rand	Note(s)	2021	2020
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	8	5,070,915	5,326,330
Pre-payments	7	1,550,064	1,822,445
Cash and cash equivalents	9	44,781,996	43,232,315
		<b>51,402,975</b>	<b>50,381,090</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	56,718,838	60,298,872
Intangible assets	4	5,896	13,119
		<b>56,724,734</b>	<b>60,311,991</b>
<b>Total Assets</b>		<b>108,127,709</b>	<b>110,693,081</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	11	18,167,448	14,943,233
<b>Non-Current Liabilities</b>			
Operating lease liability	5	163,233	40,577
Employee benefit obligation	6	8,929,000	7,820,000
		<b>9,092,233</b>	<b>7,860,577</b>
<b>Total Liabilities</b>		<b>27,259,681</b>	<b>22,803,810</b>
<b>Net Assets</b>		<b>80,868,028</b>	<b>87,889,271</b>
Reserves			
Revaluation reserve	10	34,804,310	34,804,310
Accumulated surplus		46,063,718	53,084,961
<b>Total Net Assets</b>		<b>80,868,028</b>	<b>87,889,271</b>

# STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2021	2020
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Accreditation fees		3,407,919	7,754,892
Certification fees		2,633,061	2,075,881
Verification fees		7,896,846	12,388,030
Rental income		601,923	903,541
Sundry income		3,188,594	4,635,967
Interest received – investment	13	2,172,487	4,532,233
Gain on disposal of assets		2,735	20,377
<b>Total revenue from exchange transactions</b>		<b>19,903,565</b>	<b>32,310,921</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies		136,404,000	134,634,000
<b>Total revenue</b>	<b>12</b>	<b>156,307,565</b>	<b>166,944,921</b>
<b>Expenditure</b>			
Actuarial losses		(112,000)	(2,467,000)
Depreciation and amortisation		(6,051,742)	(3,578,279)
Employee related costs	14	(85,571,123)	(81,449,835)
Other operating expenses		(17,266,377)	(16,821,200)
Moderator and verifier costs		(32,026,281)	(39,125,152)
Travel and accommodation		(6,229,991)	(17,282,233)
Certification expenses		(9,177,439)	(9,714,642)
Printing and stationery		(1,001,306)	(1,635,634)
Bad debt written off		(1,115,909)	-
Communication expenses		(680,366)	(1,450,866)
Consulting and professional fees		(3,793,287)	(3,071,402)
COVID-19 (PPE Expenditure)		(302,987)	-
<b>Total expenditure</b>		<b>(163,328,808)</b>	<b>(176,596,243)</b>
<b>Deficit for the year</b>		<b>(7,021,243)</b>	<b>(9,651,322)</b>

# STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
<b>Balance at 01 April 2019</b>	<b>8,484,261</b>	<b>62,736,283</b>	<b>71,220,544</b>
Changes in net assets			
Revaluation of land and buildings	26,320,049	-	26,320,049
Net income (losses) recognised directly in net assets	26,320,049	-	26,320,049
Surplus for the year	-	(9,651,322)	(9,651,322)
Total recognised income and expenses for the year	26,320,049	(9,651,322)	16,668,727
Total changes	26,320,049	(9,651,322)	16,668,727
<b>Balance at 01 April 2020</b>	<b>34,804,310</b>	<b>53,084,961</b>	<b>87,889,271</b>
Changes in net assets			
Surplus for the year	-	(7,021,243)	(7,021,243)
Total changes	-	(7,021,243)	(7,021,243)
<b>Balance at 31 March 2021</b>	<b>34,804,310</b>	<b>46,063,718</b>	<b>80,868,028</b>
Note(s)	10		

# CASH FLOW STATEMENT

Figures in Rand	Note(s)	2021	2020
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
From exchange transactions		14,162,883	21,563,713
Grant: Department of Basic Education		136,404,000	134,634,000
Interest income		2,172,487	4,532,233
		152,739,370	160,729,946
<b>Payments</b>			
Employee costs		(83,540,609)	(80,761,687)
Suppliers		(65,187,330)	(86,249,089)
		(148,727,939)	(167,010,776)
<b>Net cash flows from operating activities</b>	<b>18</b>	<b>4,011,431</b>	<b>(6,280,830)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(2,466,387)	(2,844,853)
Proceeds from sale of property, plant and equipment	3	4,637	52,253
<b>Net cash flows from investing activities</b>		<b>(2,461,750)</b>	<b>(2,792,600)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>1,549,681</b>	<b>(9,073,430)</b>
Cash and cash equivalents at the beginning of the year		43,232,315	52,305,745
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>44,781,996</b>	<b>43,232,315</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Accreditation fees	6,945,000	(2,328,000)	<b>4,617,000</b>	3,407,919	<b>(1,209,081)</b>	1
Certification fees	5,383,000	(2,153,000)	<b>3,230,000</b>	2,633,061	<b>(596,939)</b>	
Verification fees	11,192,000	(1,200,000)	<b>9,992,000</b>	7,896,846	<b>(2,095,154)</b>	2
Rental income	-	8,775,000	<b>8,775,000</b>	601,923	<b>(8,173,077)</b>	3
Sundry	8,928,000	(4,446,000)	<b>4,482,000</b>	3,188,594	<b>(1,293,406)</b>	4
Interest received-investment	4,000,000	(889,000)	<b>3,111,000</b>	2,172,487	<b>(938,513)</b>	5
Reserves	14,715,000	(14,715,000)	-	-	-	6
Gains on disposal of assets	-	-	-	2,735	<b>2,735</b>	
<b>Total revenue from exchange transactions</b>	<b>51,163,000</b>	<b>(16,956,000)</b>	<b>34,207,000</b>	<b>19,903,565</b>	<b>(14,303,435)</b>	
<b>Trade and other payables from Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	139,172,000	(2,768,000)	<b>136,404,000</b>	136,404,000	-	
<b>Total revenue</b>	<b>190,335,000</b>	<b>(19,724,000)</b>	<b>170,611,000</b>	<b>156,307,565</b>	<b>(14,303,435)</b>	
<b>Expenditure</b>						
Employee costs	(85,276,899)	-	<b>(85,276,899)</b>	(85,571,123)	<b>(294,224)</b>	
Depreciation and amortisation	-	-	-	(6,051,742)	<b>(6,051,742)</b>	7
Lease rentals on operating lease	-	-	-	(154,627)	<b>(154,627)</b>	
Debt Impairment	-	-	-	(632,958)	<b>(632,958)</b>	7
Bad debts written off	-	-	-	(1,115,909)	<b>(1,115,909)</b>	7
Consultants, Moderator and Verifier costs	(35,305,236)	(8,932,075)	<b>(44,237,311)</b>	(32,026,281)	<b>12,211,030</b>	8
Repairs and maintenance	(1,740,869)	282,576	<b>(1,458,293)</b>	(662,491)	<b>795,802</b>	9
Administrative expenses	(68,011,996)	28,373,499	<b>(39,638,497)</b>	(37,001,677)	<b>2,636,820</b>	10
Actuarial loss	-	-	-	(112,000)	<b>(112,000)</b>	
<b>Total expenditure</b>	<b>(190,335,000)</b>	<b>19,724,000</b>	<b>(170,611,000)</b>	<b>(163,328,808)</b>	<b>7,282,192</b>	

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Deficit before taxation</b>	-	-	-	<b>(7,021,243)</b>	<b>(7,021,243)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>(7,021,243)</b>	<b>(7,021,243)</b>	

- Accreditation services are rendered by the institution only on request. Owing to the COVID-19 pandemic and resulting lockdown restrictions, some services could not be provided. Services such as quality promotion workshops were conducted via the Microsoft TEAMS and ZOOM platforms at no cost to providers.
- There was a decline in the demand for verification services as a result of the impact of the COVID-19 lockdown.
- As a result of an the increasing demand for space in the organisation, management did not renew the lease for the tenant occupying a large portion of one of the Council's buildings.
- Included in the sundry income budget is the revenue anticipated from the billing of private assessment bodies. Umalusi provides quality assurance and certification services to these assessment bodies and recovers the costs from them. This recovery is based on the net difference between the quality assurance costs and the certification revenue received from the private assessment bodies.
- The decline in interest earned is the result of a drop in the interest rate experienced by the Monetary Policy Committee during the financial year. All excess funds are invested with the Corporation for Public Deposits (CPD) and in the Reserve Bank of South Africa; the average interest rate during the financial period was 4%.
- Reserve funds were not used, chiefly because of the cancellation of the building renovation contract. The reserve funds are currently invested with the Corporation for Public Deposits.
- Costs not budgeted for are non-cash items. The expenditure relates to non- cash items which are not budgeted, this item are reported at the end of the financial year as accounting adjusted because the organisation report on accrual basis of accounting.
- The COVID-19 pandemic lockdown resulted in the cancellation of several planned and budgeted activities, including those to do with accreditation, such as site visits and quality promotion workshops.
- Underspending on budgeted maintenance costs for the Umalusi building occurred because the contract was terminated before the work could be completed.
- Underspending for administrative activities was the result of the cancellation and rescheduling of planned programmes during lockdown. Where possible, programmes and activities were conducted online via Microsoft Teams or ZOOM platforms; however, the majority were cancelled. Management continues to monitor and assess the situation to ensure that operations and services related to the organisational mandate continue to be provided without compromising their quality.

# ACCOUNTING POLICIES

## 1. Presentation of Audited Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

### 1.1 Presentation currency

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

### 1.2 Going concern assumption

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

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing these 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 these estimates. Actual results might differ from these estimates; this may be material to the Annual Financial Statements. Significant judgements include:

#### Trade receivables

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

The impairment for trade receivables is based on the individual assessment of long-outstanding debtors and other existing indicators at reporting date. Refer to note 8.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. It is anticipated that these would 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 reliably measured.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant or equipment is the purchase price and other costs associated with transporting the asset to the location and the condition required for its operation in the manner intended by management. Trade discounts and rebates are deducted when determining the cost.

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

Where an item of property, plant or 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 cannot be determined, its cost is deemed to be the carrying amount of the asset(s) given up.

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

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

#### 1.4 Property, plant and equipment (continued)

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from the amount that would be determined using fair value at the end of the reporting period. Land and buildings are revalued independently every four years.

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

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

Any decrease in an asset's carrying amount resulting from a revaluation is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus in so far as any credit balance exists in the revaluation surplus in respect of that asset.

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

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

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

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

Item	Depreciation method	Average useful life
Other equipment	Straight-line	5 years

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

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

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

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

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

The entity discloses expenditure to repair and maintain property, plant and equipment separately in the notes to the financial statements (see note 17).

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

#### 1.5 Intangible assets

An intangible asset is recognised when:

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

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

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

Item	Depreciation method	Average useful life
Computer software,	Straight-line	2 years

### 1.6 Financial instruments

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

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

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

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

#### Classification

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

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

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

Class	Category
Payables for exchange transactions	Financial liability measured at amortised cost

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

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

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

### Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

### 1.7 Statutory receivables

#### Identification

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

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

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

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

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

#### Recognition

The entity recognises statutory receivables as follows:

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

## 1.7 Statutory receivables lect any: (continued)

### Initial measurement

The entity measures statutory receivables initially at their transaction amount.

### Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. In the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to ref

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

### Derecognition

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

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

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

## 1.8 Leases

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

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

### Operating leases – lessor

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

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

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income from leases is disclosed under revenue in the statement of financial performance.

### Operating leases – lessee

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

## 1.9 Impairment of non-cash-generating assets

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

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

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

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

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

Costs of disposal are incremental costs that can be directly attributed to the disposal of an asset, excluding finance costs. Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

### 1.9 Impairment of non-cash-generating assets (continued)

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

The recoverable service amount is the fair value of a non-cash-generating asset less costs to sell or its value in use, whichever is the higher. Useful life is:

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

### 1.10 Employee benefits

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

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months of the end of the period in which the employees render the related services.

Short-term employee benefits include items such as:

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

#### Post-employment benefits

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

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

#### Post-employment benefits: Defined contribution plans

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

### Other post-retirement obligations

Umalusi provides post-retirement medical aid subsidy benefits to some employees upon retirement.

Entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age, with a minimum service period of 10 years. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries conduct valuations of these obligations.

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

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

The entity shall recognise the net total of the following amounts as expense or revenue, except where another

Standard requires or permits their inclusion in the cost of an asset:

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

### 1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.12 Revenue from exchange transactions

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

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

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

#### Measurement

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

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be reliably 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 has been performed.

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

Service revenue is recognised according to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services provided to date as a percentage of

total services to be provided.

### 1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity. These represent an increase in net assets other than increases relating to contributions from owners. Non-exchange transactions are not exchange transactions; in a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in return.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except when a liability is also recognised with regard to the same inflow.

### 1.14 Investment income

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

### 1.15 Comparative figures

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

### 1.16 Fruitless and wasteful expenditure

Fruitless expenditure is expenditure that is incurred needlessly and which could have been avoided had reasonable care been exercised. All fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance for the year in which the expenditure was incurred. The expenditure is classified according to the nature of the expense, and where recovered it is subsequently accounted for as revenue in the statement of financial performance.

### 1.17 Irregular expenditure

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

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

### 1.17 Irregular expenditure (continued)

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

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

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

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

### 1.18 Budget information

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

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

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

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The budget for the economic entity includes the approved budgets of all the entities' activities under its control.

The Annual Financial Statements and the budget are prepared on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.

### 1.19 Related parties

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

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

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

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

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

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

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

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

### 1.19 Related parties (continued)

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

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

### 1.20 Events after reporting date

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

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

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

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

# NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

The entity has chosen early adoption of the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Directive 7 (revised): The Application of Deemed Cost	01 April 2021	The impact of the is not material.
• GRAP 20: Related parties	01 April 2021	The impact of the is not material.

### 2.2 Standards and interpretations issued but not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods, but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2022	Unlikely there will be a material impact

## 3. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Land	10,000,000	-	10,000,000	10,000,000	-	10,000,000
Buildings	54,597,343	(17,097,842)	37,499,501	54,597,343	(13,032,414)	41,564,929
Plant and machinery	605,349	(605,349)	-	605,349	(605,349)	-
Furniture and fixtures	2,324,544	(1,797,757)	526,787	2,324,544	(1,583,282)	741,262
Motor vehicles	360,445	(151,232)	209,213	360,445	(99,740)	260,705
Office equipment	1,560,846	(1,049,171)	511,675	1,559,921	(855,748)	704,173
Computer equipment	8,276,584	(5,746,801)	2,529,783	6,760,007	(4,499,792)	2,260,215
Other equipment	475,927	(271,748)	204,179	475,927	(193,378)	282,549
Work in progress – building	5,237,700	-	5,237,700	4,485,039	-	4,485,039
<b>Total</b>	<b>83,438,738</b>	<b>(26,719,900)</b>	<b>56,718,838</b>	<b>81,168,575</b>	<b>(20,869,703)</b>	<b>60,298,872</b>

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10,000,000	-	-	-	10,000,000
Buildings	41,564,929	-	-	(4,065,428)	37,499,501
Furniture and fixtures	741,262	-	-	(214,475)	526,787
Motor vehicles	260,705	-	-	(51,492)	20219,213
Office equipment	704,173	-	-	(192,498)	511,675
Computer equipment	2,260,215	1,713,726	(1,902)	(1,442,256)	2,529,783
Other equipment	282,549	-	-	(78,370)	204,179
Work in progress - building	4,485,039	752,661	-	-	5,237,700
	<b>60,298,872</b>	<b>2,466,387</b>	<b>(1,902)</b>	<b>(6,044,519)</b>	<b>56,718,838</b>

#### Reconciliation of property, plant and equipment – 2020

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

#### Revaluations

The effective date of the revaluations was 31 March 2020. Revaluations were performed by independent valuers, Lutendo Group. Mr. Mailula, a member of the South African Institute of Valuers, registration no 4791/1, performed the valuation and neither the Lutendo Group nor the valuer are connected to the entity.

Land and buildings are revalued independently every four years.

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

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

### 3. Property, plant and equipment (continued)

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

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

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

### 4. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	216,900	(211,004)	5,896	216,900	(203,781)	13,119

#### Reconciliation of intangible assets – 2021

	Opening balance	Amortisation	Total
Computer software	13,119	(7,223)	5,896

#### Reconciliation of intangible assets – 2020

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

### 5. Operating lease asset (accrual)

Figures in Rand	Note(s)	2021	2020
Non-current liabilities		(163,233)	(40,577)

## 6. Employee benefit obligations

### Defined benefit plan

#### Post-retirement medical aid plan

The Council offers members and continuation members (pensioners) the opportunity to belong to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, a member may continue membership of the medical aid scheme. Umalusi will provide a contribution of R2 900 (2020 = R1 850) per month to the retirees who belong to a medical aid scheme. This contribution is fixed and does not increase with inflation. From time to time, Council will increase the level of the contribution if necessary. The post-retirement health care liability is not a funded arrangement. No separate assets have been set aside to meet this liability.

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(7,820,000)	(4,661,000)
Current service cost	(637,000)	(481,000)
Current interest cost	(803,000)	(425,000)
Benefits paid	443,000	214,000
Actuarial (loss)/gain	(112,000)	(2,467,000)
	<b>(8,929,000)</b>	<b>(7,820,000)</b>

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

Current service cost	637,000	481,000
Current interest cost	803,000	425,000
Actuarial (loss)/gain	112,000	2,467,000
	<b>1,552,000</b>	<b>3,373,000</b>

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

## 7. Prepayments

In the 2017/18 financial year a contract was awarded for the refurbishment of the Umalusi property 41 Van Reyneveld Street –Thuto-Mfundo Building. This contract was cancelled because fraudulent allegations were made by members of the Joint Venture. At the time of cancellation, Umalusi had paid for long lead items but to date these have not been delivered. The matter has since been reported to law enforcement in an effort to recover the amount, and is still under investigation. Umalusi has instituted legal action against the parties of the Joint Venture to recover the outstanding amount. All the parties in the Joint Venture and Umalusi have now agreed to take the matter to arbitration to resolve the situation. It is anticipated that the process will be concluded during the 2021/22 financial year.

Figures in Rand	Note(s)	2021	2020
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## 7. Prepayments (continued)

Insurance and software licence prepayments		1,550,064	1,822,445
Joint Venture (cancelled)		6,690,860	6,690,860
Provision for bad debt (cancelled JV)		(6,690,860)	(6,690,860)
		<b>1,550,064</b>	<b>1,822,445</b>

## 8. Receivables from exchange transactions

Trade receivables		4,605,625	5,250,396
Deposits		183,504	69,820
Operating lease receivables		4,000	2,434
Sundry debtors		277,786	3,680
		<b>5,070,915</b>	<b>5,326,330</b>

### Trade and other receivables impaired

As of 31 March 2021, trade and other receivables of R8,662,114 (2020: R8,030,043) were impaired and provided for. The ageing of these receivables is as follows:

Over 120 days 8,662,114 8,030,043

The provision for bad debts relates to private institutional debtors who are more than 120 days overdue. With the approval of the Council and the Department of Basic Education, Umalusi blocks debtors with long outstanding certification debt and services are only resumed once the balance has been settled.

## 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		278	103
Bank balances		1,642,227	2,090,208
Short-term deposits		43,139,491	41,142,004
		<b>44,781,996</b>	<b>43,232,315</b>

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

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

Figures in Rand	Note(s)	2021	2020
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## 10. Revaluation reserve

Balance		34,804,310	8,484,261
Movement in the reserve for the year		-	26,320,049
		<b>34,804,310</b>	<b>34,804,310</b>

## 11. Payables from exchange transactions

Trade payables		2,437,540	2,877,021
Unknown deposits		266,414	183,567
Income received in advance		5,860,335	4,975,554
Other accrued expenses		1,574,857	863,293
Sundry creditors		2,623,067	1,672,077
Leave pay liability		4,657,815	3,664,498
Payroll accrual		747,420	707,223
		<b>18,167,448</b>	<b>14,943,233</b>

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

## 12. Revenue

Accreditation		3,407,919	7,754,892
Certification		2,633,061	2,075,881
Verification		7,896,846	12,388,030
Grant: Department of Basic Education		136,404,000	134,634,000
		<b>150,341,826</b>	<b>156,852,803</b>

The amounts included in revenue arising from exchange of goods or services are as follows:

Accreditation		3,407,919	7,754,892
Certification		2,633,061	2,075,881
Verification		7,896,846	12,388,030
		<b>13,937,826</b>	<b>22,218,803</b>

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

<b>Transfer revenue</b>			
Grant: Department of Basic Education		136,404,000	134,634,000

Figures in Rand	Note(s)	2021	2020
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### 13. Investment revenue

<b>Interest revenue</b>			
Corporation for Public Deposits		2,172,487	4,532,233

### 14. Employee related costs

Basic		71,965,529	69,238,227
Medical aid		2,819,121	2,065,315
UIF		488,856	483,430
Post-retirement medical aid — change in defined benefit obligation		997,000	692,000
Pension		9,300,617	8,970,863
		<b>85,571,123</b>	<b>81,449,835</b>

### 15. Auditors' remuneration

External audit fees		532,220	511,687
Internal audit fees		550,303	697,055
		<b>1,082,523</b>	<b>1,208,742</b>

### 16. Taxation

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

### 17. Operating deficit

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

<b>Operating lease charges</b>			
Equipment			
• Contractual amounts		154,627	173,058
Gain on sale of property, plant and equipment		2,735	20,377
Amortisation on intangible assets		7,223	7,210
Depreciation on property, plant and equipment		6,044,519	3,571,069
Employee costs		85,571,123	81,449,835
Repairs and maintenance		662,491	1,988,319

Figures in Rand	Note(s)	2021	2020
<b>18. Cash generated from (used in) operations</b>			
Deficit		(7,021,243)	(9,651,322)
<b>Adjustments for:</b>			
Depreciation and amortisation		6,051,742	3,578,279
Gain on sale of assets		(2,735)	(20,377)
Movements in operating lease assets and accruals		122,656	30,202
Movements in retirement benefit assets and liabilities		1,109,000	3,159,000
<b>Changes in working capital:</b>			
Receivables from exchange transactions		255,415	(296,567)
Prepayments		272,381	(1,412,834)
Payables from exchange transactions		3,224,215	(1,667,211)
		<b>4,011,431</b>	<b>(6,280,830)</b>

## 19. Financial instruments disclosure

### Categories of financial instruments

#### 2021

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

#### 2020

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

Figures in Rand	Note(s)	2021	2020
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## 20. Commitments

<b>Revenue from non-exchange transactions</b>		14,943,233	14,943,233
<b>Authorised capital expenditure</b>			
<b>Already contracted for but not provided for</b>			
• Property, plant and equipment		2,334,609	3,087,269
<b>Not yet contracted for and authorised by Council</b>			
• Property, plant and equipment		39,215,430	37,432,757
<b>Total capital commitments</b>			
Already contracted for but not provided for		2,334,609	3,087,269
Not yet contracted for but authorised by members		39,215,430	37,432,757
		<b>41,550,039</b>	<b>40,520,026</b>
<b>Authorised operational expenditure</b>			
<b>Already contracted for but not provided for</b>			
• Operational expenditure		26,423,897	19,176,166
<b>Not yet contracted for but authorised by members</b>			
• Operational expenditure		30,462,964	-
<b>Total operational commitments</b>			
Already contracted for but not provided for		26,423,897	19,176,166
Not yet contracted for but authorised by members		30,462,964	-
		<b>56,886,861</b>	<b>19,176,166</b>
<b>Operating leases - as lessee (expense)</b>			
<b>Minimum lease payments due</b>			
- within one year		-	94,408

Operating lease payments represent rentals payable by the entity for certain office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average term of three years.

<b>Operating leases – as lessor (income)</b>			
<b>Minimum lease payments due</b>			
• within one year		884,681	463,174
• in second to fifth year inclusive		1,684,193	568,616
		<b>2,568,874</b>	<b>1,031,790</b>

The entity leases a portion of the building (Portion 1 of Erf 2), described in note 3 above, on lease terms ranging from one to three years at an average escalation of 8% per annum.

## 21. Related parties

### Relationships

Controlling Department Institution	Department of Basic Education Associated Associated Institutions Pension Fund (AIPF)
Council members	Refer to note 9 of the Council Report
Executive and Senior Management	Refer to note 9 of the Council Report

### Related party transactions

Department of Basic Education	(136,404,000)	(134,634,000)
Associated Institutions Pensions Fund (AIPF)	9,300,617	8,970,863
Council members- Refer to note 9 of the Council Report	841,928	560,149
Executive and Senior Management- Refer to note 9 of the Council Report	19,259,715	18,609,467

## 22. Risk management

### Financial risk management

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

### Liquidity risk

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

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions.	12,040,699	-	-	-

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions.	9,784,112	-	-	-

### Credit risk

Financial assets, which have the potential to expose Umalusi to the risk of non-performance by counterparties, thereby exposing the organisation to concentrations of credit risk, consist mainly of cash and cash equivalents, and accounts receivable.

The bank balances are held with a registered banking institution and are regarded as having an insignificant credit risk. The short-term deposit is held at the Corporation for Public Deposits, which has the same rating as the South African Reserve Bank. Cash in investment accounts is kept at maximum to maximise the interest earned. Rates on funds deposited with the Corporation for Public Deposits are higher than those earned on funds in the short-term money market. Credit risk with respect to accounts receivables is limited as the main customers are government departments and local authorities. Trade receivables have been adequately assessed for impairment. Credit risk is managed on a group basis.

Figures in Rand	Note(s)	2021	2020
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## 22. Risk management (continued)

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

Financial instrument

Receivables from exchange transactions	5,066,915	5,323,896
Cash and cash equivalents	44,781,996	43,232,212

## 23. Going concern

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

The ability of the entity to continue as a going concern is dependent on its receipt of a statutory grant. As indicated in the Medium Term Expenditure Framework published by Treasury, at the time of the approval of these Annual Financial Statements the Department of Basic Education had committed to funding the entity for the period 2021/22 to 2023/24.

## 24. Events after the reporting date

It is anticipated that the organisation will continue to experience the knock-on effect of COVID-19 on the economy in the next financial year. This will have an effect on the operational and strategic plans of the organisation, and of the sector at large. While there have been no indications that the 2021/22 organisational budget will be cut significantly, the impact of COVID-19 might be felt in the long run, post 2021/22. Continuous engagement with both internal and external stakeholders will continue to take place to identify the impact of COVID-19 and to implement mitigating measures in good time.

## 25. Fruitless and wasteful expenditure

Opening balance as previously reported	6,690,860	-
<b>Opening balance as restated</b>	<b>6,690,860</b>	<b>-</b>
Add: Expenditure identified – current	-	6,981,040
Less: Amount written off – current	-	(290,180)
<b>Closing balance</b>	<b>6,690,860</b>	<b>6,690,860</b>

The balance of R6,690,820 relates to the payments made to a supplier who is connected to the cancelled Joint venture contract, which is disclosed as a prepayment in note 7. The matter is currently in the courts and at an advanced stage with both parties agreeing to an arbitration process. It is anticipated that the matter will be finalised in the 2021/22 financial period. The matter was also reported to National Treasury.

Figures in Rand	Note(s)	2021	2020
<b>26. Irregular expenditure</b>			
Opening balance		-	1,943,181
<b>Opening balance as restated</b>		-	<b>1,943,181</b>
Add: Irregular Expenditure - current		4,434,050	-
Less: Amounts condoned		-	(1,943,181)
<b>Closing balance</b>		<b>4,434,050</b>	-

Incidents/cases identified in the current year include those listed below:

<b>Disciplinary steps taken/criminal proceedings</b>			
Payments for services with no contract in place		4,434,050	-

The irregular expenditure for the current year relates to total payments made to service providers for legal services from 2010 to January 2021 without a valid contract. A short-term contract has been signed with the service provider to manage two cases that are now at an advanced stage. A tender was also advertised and awarded to a service provider to manage all other legal matters for the Council.









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