



**Draft**

# **Annual Performance Plan**

**1 April 2018 to 31 March 2019**

Submitted on

**31 August 2017**

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## ACRONYMS

Abbreviation	Term
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
B-BBEE Act	Broad-Based Black Economic Empowerment Act 46 of 2013
BUSA	Business Unity South Africa
CA (SA)	Chartered Accountant (South Africa)
CFO	Chief Financial Officer
DHET	Department of Higher Education and Training
DPME	Department of Performance, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DTI	Department of Trade and Industry
EEP	Employment Equity Plan
Fasset	Finance and Accounting Services Sector Education and Training Authority
HRDS-SA	Human Resources Development Strategy for South Africa
IPAP	Industrial Policy Action Plan
IT	Information Technology
Large	Employers employing 150 people and above
LEG	Learner Employment Grant
LL	Lifelong Learning
LPD	Learner Professional Development
M & E	Monitoring and Evaluation
Medium	Employers employing between 50 and 149 people
MHET	Minister of Higher Education and Training
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework 2014-2019
NA	Not Applicable
NCV	National Certificate (Vocational)
NDP	National Development Plan
NGO	Non-Governmental Organisations
NGP	New Growth Path
NLP	Non Levy Paying
NQF	National Qualifications Framework

<b>Abbreviation</b>	<b>Term</b>
NQF Act	National Qualifications Framework Act 67 of 2008
NSA	National Skills Accord
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Students Financial Aid Scheme
PCHET	Portfolio Committee on Higher Education and Training
PFMA	Public Finance Management Act 1 of 1998
PIVOTAL	Professional, Vocational, Technical and Academic Learning Programme
PME	Performance Monitoring and Evaluation
PQA	Processing & and Quality Assurance
PSET	Post-School Education and Training
PSETA	Public Services Sector Education and Training Authority
QCTO	Quality Council for Trades and Occupations
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act 97 of 1998 (as amended 2003)
SDL	Skills Development Levy
SDLA	Skills Development Levies Act 9 of 1999 (as amended 2010)
SETA	Sector Education and Training Authority
SIC Code	Standard Industrial Classification Code
SIPS	Strategic Integrated Projects
SLA	Service Level Agreement
Small	Employers employing between 1 and 49 people
SP	Strategic Plan
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
WBE	Work-Based Experience
WSP	Workplace Skills Plan

## FOREWORD

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It is our privilege, as the Finance and Accounting Services Sector Education and Training Authority (Fasset SETA) Board, to submit the draft Annual Performance Plan (APP) to the Department of Higher Education and Training (DHET) for the period 1 April 2018 to 31 March 2019. As a SETA, We are focused on continuing to deliver on our mandate of facilitating skills development across the Post-School Education and Training (PSET) pipeline. We will do this by continuing to partner with all our stakeholders, including DHET, and various delivery partners for the benefit of the Fasset sector and the broader economy.

Fasset is a public entity listed in Part A of Schedule 3 of the Public Finance Management Act 1 of 1999 (PFMA), established in accordance with section 9 of the Skills Development Act 97 of 1998 (SDA) as amended, and having all the powers granted to it in terms of the Act. The scope of coverage of Fasset is the financial and accounting sector, as determined by the Minister of Higher Education and Training (MHET) in terms of section 9(2) of the SDA, read in conjunction with Government Gazette No 33756, RG 9417, No R1055 of 11 November 2010.

As a SETA that has been in operation since 2000, our re-establishment for two years until 2018 has been extended to 2020 following the expiry of our five-year licence on 31 March 2016. When the MHET extended Fasset's licence by an additional two years in 2016, the Fasset Board re-evaluated the SETA's strategy and took into account developments within the skills development environment, whilst remaining mindful of the proposed amendments to the SETA landscape beyond the 31 March 2018. The focus confirmed by the Board has not changed, despite the additional of two more years to the SETA landscape.

Fasset's strategy, entitled #LastingLegacy was introduced in the 2016/2017 financial year, and remains the SETA's focus until 2020. Within the #LastingLegacy strategy, some revisions have been introduced to Fasset's discretionary-funded programmes, with the intention of ensuring impactful delivery through addressing skills gaps and niche areas that are currently not being adequately addressed in the PSET system. To this end, Fasset will continue to focus on two core areas; firstly, the facilitating of learner placement and enhancing their employability prospects for sustained employment, and secondly, supporting the academic achievement of Professional, Vocational, Technical and Academic Learning (PIVOTAL) programmes. In tackling these two core areas, we remain mindful of the need to address various national governmental strategic imperatives, as well as the need to balance stakeholder expectations with limited funds available.

The National Treasury Framework for Strategic Plans (SPs) and APP's (August 2010) has been used as the basis for the preparation of this APP. Additionally, this APP is submitted in accordance with the requirements of the DHET, the PFMA, National Treasury regulations and the Fasset Constitution. In line with these requirements, Fasset has developed a Materiality and Significance Framework to record the level and reasoning for the suggested levels of materiality and significance for consideration by the governance structures of Fasset and for submission to, and approval by the executive authority. In preparing this APP, we have taken into account the funding regulations, which govern the SETA levy-grant system. No changes to the regulations have been introduced, however the existing regulations are incorporated in Fasset's planned interventions and related budget.

This APP is aligned to and guided by the updated Fasset SP for the 2015 – 2020 period. It represents high-level priorities and programmes that will be implemented in the 2018 – 2019 financial year. The APP serves as the operational tool that is used to arrange and allocate the resources, functions and responsibilities required in order to meet Fasset’s strategic priorities for the financial year, whilst ensuring that PFMA and good corporate governance structures and practices are maintained.

Essential aspects of the APP include an updated situational analysis, revisions to legislative and other mandates, an overview of the 2018 – 2019 budget and Medium Term Expenditure Framework (MTEF) estimates. Strategic outcomes and success indicators aligned to the National Skills Development Strategy (NSDS) III are also included as the basis upon which Fasset will deliver its strategic priorities.

As the Fasset Board, we endorse this APP and look forward to working with DHET and delivering against NSDS III in the upcoming year for the benefit of our stakeholders and the country.

Yours in skills development,

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**Shahied Daniels**  
**Fasset Acting Chairman**

## SIGN-OFF

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Fasset APP 2018/2019  
31 August 2017 Submission

### SIGN-OFF

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This APP is submitted by Fasset, the Finance and Accounting Services Seta.

The APP was prepared by Fasset and should be read in conjunction with the updated SP for 2015 – 2020. The APP reflects the operational plans, programmes and deliverables that Fasset will pursue in fulfilment of the strategic priorities and goals that have been set by the Fasset Board for the 2018 – 2019 financial year.

The APP is signed-off as follows:

#### Chief Financial Officer:

Katlego Nemabulane      Signature:       Date: 30/08/2017

#### Acting Chief Executive Officer:

Lesego Lebuso      Signature:       Date: 30/8/2017

The APP is approved by the Acting Chairman of the Fasset Board on behalf of the Accounting Authority as follows:

#### Acting Chairman:

Shahied Daniels      Signature:       Date: 30/8/2017



## **PART A: STRATEGIC OVERVIEW**

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### **1 Updated Situational Analysis**

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The education and training, and sector environment within which Fasset developed this APP is outlined in great detail in the Sector Skills Plan (SSP) and is summarised in the updated SP for 2015 – 2020. Fasset's ability to achieve its performance objectives in the upcoming financial year takes into account the performance delivery environment as informed by the SSP, as summarised below, and is in line with our organisational capacity.

#### **1.1 Performance Environment**

The Fasset sector, currently employs about 140 000 people, contributes approximately 1% of the employment opportunities in South Africa and about 6% of the jobs in the Finance, Real Estate and Business Services Sector. Approximately 80% of the workforce is employed in the medium and large organisations in the sector while the rest are employed in small organisations – mainly professional practices. Although the sector has made some progress in terms of transformation, the under-representation of African Black and Coloured workers in specific provinces, especially at professional and managerial level, remains an issue that needs to be taken into consideration in skills planning.

The Fasset sector is a highly regulated sector and changes in legislation and in the regulatory environment are affecting the skills situation in the sector. The most important changes are the implementation of the Companies Act, 71 of 2008 which introduces new responsibilities for a range of professionals, including accountants, auditors, company secretaries, risk managers and internal auditors. Other changes include the expanding regulatory and governance requirements that follow on the introduction of the King Codes, changes in the tax environment, changes in the regulation of the financial markets, changes in the registration requirements for auditors and the imminent regulation of the accountancy professions.

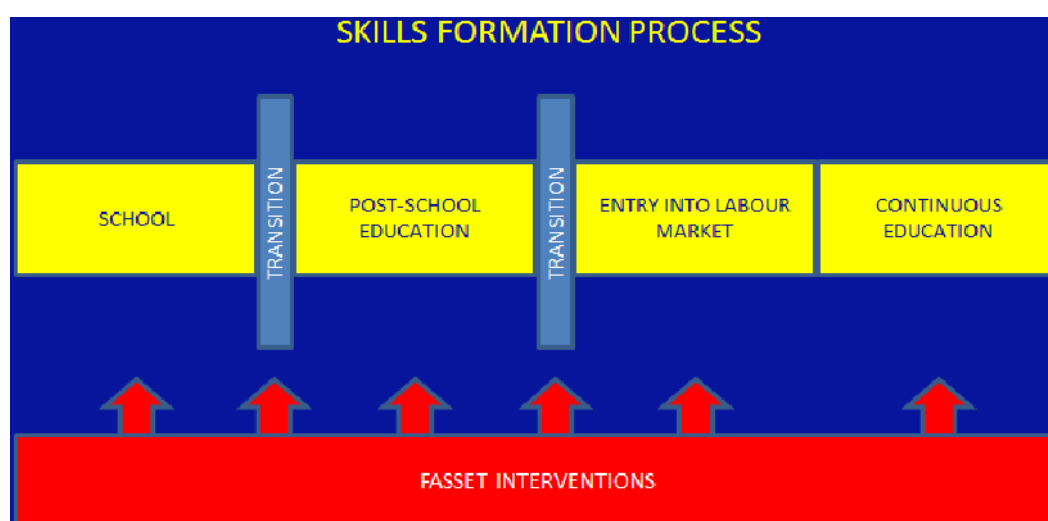
Fasset's planning is to a very large extent influenced by national policies and strategies, especially the NDP and the White Paper for PSET. Consideration was also given to the requirements of the Strategic Integrated Projects (SIPs).

The four most important skills issues that Fasset needs to contend with and that need to be addressed in its priority setting are:

- The need for a long-term and holistic view of the skills pipeline
- Ensuring that new entrants reach professional status
- Strengthening the capacity of the TVET Colleges and improving the absorption of TVET learners in the labour market and
- Supporting the population group transformation of the sector.

The supply of financial skills does not meet the demand for these skills in the Fasset sector and in the rest of the economy. Skills shortages are to a large extent interlinked with the transformation goals of the organisations in the sector and will only be relieved through larger numbers of African Black and Coloured graduates in specific provinces delivered by the education and training sector.

The reasons for the current mismatches in the sectoral labour market can be found at different points in the skills pipeline and consequently, in the setting of skills development priorities, the Board took into consideration the skills formation process as it spans the lifetimes of individuals. This process is illustrated in Figure 1. The formation of skills already starts at school level. It then continues through post-school education to the point where a person enters the labour market for the first time. Two very important transitional moments in this process are the transition from school to post-school education and from post-school education to the labour market. Once established in the labour market, people need to continue with the development of skills in order to progress in their careers and in order to stay abreast with changes in the world of work. In the conceptualisation of skills development priorities and interventions for the SETA, Fasset attempts to address the full spectrum of the pipeline to varying extents.



**Figure 1: Education and skills formation pipeline and Fasset's interventions**

Fasset shares the responsibility of skills formation with many other role players, including Government, the PSET system, professional bodies and employers. In its strategic decision-making, Fasset's Board also had to consider the SETA's responsibilities and available resources in relation to the responsibilities and resources of other role players. Partnerships are entered into where possible and where required.

After considering the situation of the sector, the requirements of the Fasset sector as well as certain national imperatives and cross-cutting objectives emanating from Government's national strategies and policies and the skills needs of the broader economy, three skills development priorities were identified and are described below. These are:

- 1) Increasing the flow of new finance and accountancy entrants to employment,
- 2) Developing and growing the skills required in the sector, and
- 3) Facilitating transformation of the Finance and Accounting Services Sector.

Specific priorities were set for each of these broad priority areas. Specific objectives and proposed targets to which Fasset can commit to are described in this SP.

## **1.2 Organisational Environment**

Internally, our human capital consists of individual employees' knowledge, skills, competencies and their ability to understand and implement the Fasset strategy. Our staff complement has grown to 30 people to address growing operational requirements. The appointment of a Human Resources (HR) manager was finalised in 2017, and Fasset is in the process of recruiting a Chief Financial Officer (CFO) to boost the team in this functional area.

Non-core functions relevant to the organisation, such as Internal Audit, Information Technology (IT), the SETA's Call Centre and Finance function are currently outsourced to a specific service provider, and additional expertise is procured as and when required (for example in the field of research). The approach to outsourcing non-core functions to specific companies, within the parameters of the SDA, has enabled us to consistently deliver on our mandate and will continue to shape our delivery plan during the period in which the SETA license is being debated by the DHET. To ensure we remain focussed on the recruitment and retention of talented staff at Fasset, as well as ensuring we transform our workforce, we have a Recruitment and Selection Policy and an Employment Equity Plan (EEP).

In the 2017/2018 financial year, Fasset commenced with investigating the insourcing of specific SETA functions such as IT and Finance. This process will be implemented by the HR Manager.

We rely on the knowledge and training of our employees to fulfil the obligations of our mandate. Through our Education and Training Policy, we ensure that our staff is upskilled to meet their development potential and capacitated to deliver on Fasset's strategic priorities. The Fasset team has remained relatively stable since its inception, growing proportionately over time and is characterised by several long-serving team members. This has ensured that the institutional knowledge of the organisation is retained. Our mode of operation includes a multi-skilling approach that provides opportunities for exposure to a variety of work assignments and enables us to manage in times of operational constraints. This served the SETA well in the 2017/2018 financial year which saw the unfortunate suspensions of two senior staff members following irregularities in Supply Chain Management (SCM) procedures and the awarding of contracts.

The current skills capacity described above is well-poised to meet the operational requirements to enable Fasset to effectively deliver on its mandate as contained in this delivery plan for the upcoming financial year.

## **2 Revisions to Legislative and Other Mandates**

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### **2.1 Legislative Mandates**

Fasset operates in terms of the SDA, which makes provision for the establishment of SETAs for each national economic sector as well as the Skills Development Levies Act 9 of 1999 (as amended 2010), which describes programmes and funding policies designed to increase investment in skills development. This legislation provides an institutional framework for the SETA to develop and implement national, sectoral and workplace strategies in order to develop and improve the skills of

the national workforce, resulting in improvements in employability and productivity, whilst contributing to the competitiveness of the country.

Furthermore, the Grant Regulations Regarding Monies Received by a SETA and Related Matters, that was gazetted on 3 December 2012 and came into effect on 1 April 2013, has also been taken into account in our budgeting and planned skills intervention programmes. Detail on these programmes are included in relevant sections of this APP.

In the meantime, SETAs are required to continue to disclose uncommitted surpluses that are transferrable to the National Skills Fund (NSF) as a contingent liability at the end of each financial year and applications must continue to be made to National Treasury for the retention of surpluses. Concurrently, NSF will continue to disclose a contingent asset for uncommitted surpluses receivable from SETAs at the end of each year.

Business Unity South Africa (BUSA) has lodged a legal challenge on 30 June 2016 pertaining to the Mandatory Grant being decreased from 50% to 20%. At this stage, there is no court ruling on the matter and the regulation remains in force as per the MHET's gazette of 13 January 2016 wherein the Mandatory Grant payment amount is set at 20% of SDL received. Fasset will continue to implement the current funding regulations until such time that a revised directive is received from DHET.

Other relevant legislative requirements which Fasset is cognisant of, in ensuring that good governance structures and practices such as the PFMA and the National Qualifications Framework (NQF) Act 67 of 2008 are maintained in executing the SETA mandate.

## **2.2 Policy Mandates**

Fasset's strategic goals and outcomes are aligned to the NSDS III, the Human Resources Development Strategy for South Africa (HRDS-SA) (which outlines the human resources development strategy for the country), the MTSF (which is a broad government framework that indicates economic growth drivers) as well as the National Skills Accord (NSA) (which is brokered between Government, Labour, Business and Civil Society to speed up the skilling of young South Africans as a key element of Government's New Growth Path (NGP)) has been taken into account. The NDP 2030, which is aimed at growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society, has also shaped the policy imperatives taken into account. Specific detail on the linkages between relevant government policy mandates indicated and Fasset interventions is included in the SP.

Furthermore, the White Paper on the PSET System (released in 2014) outlined the policy direction that will be adopted by the DHET. Although an implementation plan on the White Paper has not yet been issued, Fasset has considered the contents of the policy document. It is our understanding that a number of gaps need to be addressed relating to areas such as centralisation of shared SETA services, the increased focus on research, monitoring and impact assessment of SETA interventions, the employability pipeline of individuals entering the sector, and the effective use of the SDL. We will continue to participate in the process with DHET to craft a workable implementation plan which is, as far as possible, geared towards ensuring that the policy imperatives of the White Paper are operationalised.

As such, Fasset will continue to focus on the key recommendations of our SSP. These include the:

- Continued promotion of the SETA's Skills Development Strategy
- Delivery of effective projects that impact on the skills needs of our sector and beyond, and across the PSET pipeline
- Emphasising the need for transformation in the sector i.e. the transformation agenda, to ensure that more African Black people, Coloured people in the Western and Northern Cape and people with disabilities are assisted to gain access to the sector and that B-BBEE imperatives are addressed in all our interventions
- Continued focus on tracking the impact of our skills development interventions will also be maintained

### **2.3 Ministerial Imperatives**

In addition to legislative and policy mandates, we address imperatives as identified by the MHET and the Portfolio Committee on Higher Education and Training (PCHET) aimed at ensuring that the NSDS III goals are comprehensively addressed to enable effective implementation. Such imperatives are incorporated into the programmes and interventions that Fasset will implement in the realisation of the NSDS III goals, outcomes and outputs, which we have adopted as our strategic priorities. Targets and budget information related to these imperatives are included in Section 3 and 4 of this APP.

### **3 Overview of 2018/19 Budget and MTEF Estimates**

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#### **3.1 Overview of 2018/19 Budget**

The main source of revenue for the upcoming year continues to be the SDL as a key input to Fasset as a public entity, paid by employers (equivalent to 1% of payroll) in accordance with the SDLA.

As a SETA, we are allocated 80% of the levies of employers that are registered with Fasset (in line with the Standard Industrial Classification Code (SIC) codes that are demarcated to Fasset). An additional 30% of levies is received from Government Departments falling within the Fasset sector in line with a directive from the Department of Public Service and Administration (DPSA) that 30% of the 1% payroll of Government Departments should be allocated to SETAs for skills development, which is split between Fasset (25.5%) and the Public Sector SETA (4.5%).

The funding allocation for the 2018/19 financial year has been finalised by the Fasset Board, taking into account the dynamics in our operating environment, strategic direction and decisions adopted, are as follows:

- A maximum 20% of SDL is paid out in terms of the legislated Mandatory Grant.
- A maximum of 10.5% of the SDL is to be used for SETA administration costs.
  - 10% is used to run Fasset.
  - 0.5% will be allocated to the Quality Council for Trades and Occupations (QCTO).
  - We ensure that we remain within the administration budget limit at all times.
  - Savings and surplus SDL received is transferred to the discretionary fund as per the legislation.
  - Savings and surplus funds are used for strategic programmes and projects at the Board's discretion.
- Unclaimed Mandatory Grants will be transferred to the discretionary fund for use on discretionary projects and programmes, as per the legislation.
- A minimum of 80% of the monies collected as discretionary funds must be used for PIVOTAL programmes, as per the requirements of the legislation.
- A maximum of 20% of the monies collected as discretionary funds may be used for non-PIVOTAL programmes, as per the requirements of the legislation.
- Any savings or surplus money is transferred to the discretionary fund pool and these funds are then used for strategic projects at the Board's discretion.

The funding allocation for the 2018/19 financial year has been approved by the Fasset Board as depicted in Table 1 below.

**Table 1: Allocation of Funds 2018/19 Financial Year**

Project Name	2018/19	
	Budget '000	Target
<b>PIVOTAL Programmes</b>	<b>331,239</b>	<b>5,431</b>
<b>PLACEMENT</b>	<b>126,777</b>	<b>2,060</b>
Placement Grant/ Learner Employment Grant	73,055	1,460
Special Project: NT - Public Sector Management Accounting (new project)	8,000	20
Special Project: Limpopo Prov Treasury - IIA(SA) (new project)	672	
Employment Agencies Placement Grant (new project)	5,050	100
ACADEMIC SUPPORT	40,000	480
<b>ACADEMIC SUPPORT</b>	<b>204,462</b>	<b>3,371</b>
Bridging programme for the completion of academic qualifications/ designations		
a) Universities	25,000	1,500
b) Professional Bodies	20,000	330
Employer Bursary Grant	25,000	500
Fasset Bursary Scheme	105,400	625
Public Sector Grant (new project)	5,062	16
NSFAS Loan Repayment Grant	24,000	400
<b>Non-PIVOTAL Programmes</b>	<b>73,226</b>	<b>29,854</b>
Lifelong Learning (including Learner Professional Development)	26,000	29,200
Stakeholder Engagement	100	0
Stakeholder Communications	2,580	0
Career Awareness	2,280	0
Non-PIVOTAL Learner Employment Grant	20,000	400
Non-PIVOTAL Bridging programme for the completion of academic qualifications/ designation	15,000	250
Fasset Skills Advisors (new project)	3,000	0
Public Sector Grant (new project)	1,266	4
Lecturer development programme (new project)	1,000	
Rural development (new project)	1,000	
Development Projects (internal project administration and M&E)	1,000	0
<b>TOTAL</b>	<b>404,465</b>	

Note: The allocation of funds has been prepared based on the current grant regulations. Should any changes transpire as a result of changes in legislation, Fasset reserves the right to revise the budget and amend this allocation of funds accordingly.

### 3.2 Expenditure Estimates

The 2017/18 budget (this financial year in which this APP is being prepared) and MTEF expenditure estimates (for future financial years) are presented in Table 2 together with the administration budget and forecast for 2018/19 and over the MTEF period.

**Table 2: Budget and MTEF Estimates**

	Actual	Actual	Actual	Baseline	MTEF Period		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INCOME</b>							
<b>Levy income from Employers (80%)</b>	<b>388,208,000</b>	<b>411,139,000</b>	<b>467,619,281</b>	<b>455,735,406</b>	<b>500,000,000</b>	<b>540,000,000</b>	<b>583,200,000</b>
Admin Levies received (10.5%)	49,599,000	54,060,000	61,398,760	59,815,272	65,625,000	70,875,000	76,545,000
Discretionary Levies received (49.5%)	243,667,000	256,188,000	287,046,521	281,986,282	309,375,000	334,125,000	360,855,000
Mandatory Levies received (20%)	94,942,000	100,891,000	119,174,000	113,933,852	125,000,000	135,000,000	145,800,000
<b>Levies received Government Departments</b>	<b>7,800,000</b>	<b>19,743,000</b>	<b>20,427,719</b>	<b>13,938,000</b>	<b>16,926,850</b>	<b>18,280,998</b>	<b>19,743,478</b>
Admin Levies	6,500,000	6,577,000	6,809,240	4,646,000	5,642,283	6,093,666	6,581,159
Discretionary Levies	1,300,000	13,166,000	13,618,479	9,292,000	11,284,567	12,187,332	13,162,318
Investment income	16,934,000	16,679,000	23,900,000	20,326,594	23,073,150	24,919,002	26,912,522
Other Income	16,490,000	18,476,000	-678,000		-	-	-
<b>TOTAL INCOME</b>	<b>429,432,000</b>	<b>466,037,000</b>	<b>511,269,000</b>	<b>490,000,000</b>	<b>540,000,000</b>	<b>583,200,000</b>	<b>629,856,000</b>
<b>EXPENDITURE</b>							
Administration Expenses (Total)	37,260,000	41,959,000	54,911,000	64,461,272	60,535,230	52,908,165	54,267,162
Mandatory Grant Expenses	64,472,000	55,915,000	73,245,000	78,614,357	75,000,000	79,500,000	84,270,000
Discretionary Grant Expenses	309,007,000	316,116,000	262,635,000	346,924,371	404,464,770	450,791,835	491,318,838
Pivotal programmes				313,500,000	323,571,816	360,633,468	393,055,070
Other discretionary projects				33,424,371	80,892,954	90,158,367	98,263,768
<b>TOTAL EXPENSES</b>	<b>410,739,000</b>	<b>413,990,000</b>	<b>390,791,000</b>	<b>490,000,000</b>	<b>540,000,000</b>	<b>583,200,000</b>	<b>629,856,000</b>
<b>Surplus</b>	<b>18,693,000</b>	<b>52,047,000</b>	<b>120,478,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The 2017- 2018 budget is in the process of being implemented as this APP is being written.



### **3.3 Financial Assumptions**

The following assumptions concerning Table 2 must be noted:

1. Skills Development Levies (SDL) contributed by employers through South Africa Revenue Services (SARS) are forecasted to be R500 million with a 10% increase compared to the 2017/18 budget.
2. Levies contributed by government departments are forecasted to be R17 million with a 21% increase compared to the 2017/18 budget. This is due to the Directive not being enforceable on the government departments to contribute levies to FASSET.
3. Investment revenue is budgeted at R23 million with a 14% increase compared to the 2017/18 budget.
4. Estimated expenditures need to be in compliance with the SETA Grant Regulations;
  - Administration budget is capped at 10.5% of the projected SDL levies and 33.3% of government department levies. Of the levies available, 86% administration expenditure has been budgeted for.
  - Mandatory Grants budget is determined on a 60% pay-out ratio compared to the actual pay-out ratio of 58% in the 2016/17 financial year.
  - Discretionary grant budget comprises the 49.5% of the projected SDL levies, 66.7% of government department levies, a residual of unutilised Mandatory grant budget (40% of the Mandatory Grant levies budget) and a residual of unutilised Administration budget (14% of the Administration levies budget)
5. FASSET did not budget for a surplus nor a deficit and thus in compliance with the relevant laws and regulations.

### **3.4 Administration Budget**

A history of SETA administration budgets is presented in Table 3 below.

**Table 3: Administration Budget 2013/14 – 2019/20**

DETAILED ADMIN BUDGET	Actual	Actual	Actual	Baseline	MTEF Period		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Audit Committee	121,113	39,628	140,321	204,500	205,000	219,350	234,705
Auditors Fees External	1,495,787	1,533,267	1,905,235	2,032,800	2,175,096	2,327,353	2,490,267
Bank Charges	63,569	51,906	52,830	58,000	58,000	62,060	66,404
Board and sub-committee fees	1,520,003	1,037,757	1,095,616	2,430,000	1,700,000	1,819,000	1,946,330
CAPEX	-	-	-	460,000	1,800,000	492,200	526,654
Catering, refreshments and entertainment	106,409	329,909	35,503	50,500	60,000	64,200	68,694
Cellphones	41,012	38,711	21,909	67,800	72,546	77,624	83,058
Certificates	119,041	52,806	177,449	320,000	320,000	342,400	366,368
Committee costs Travel and refreshments	407,476	454,641	310,482	484,100	788,500	843,695	902,754
Insurance	196,638	207,096	206,633	157,000	303,000	324,210	346,905
Internal Audit	518,741	585,640	759,569	975,000	1,300,000	1,391,000	1,488,370
Legal Fees	145,671	377,561	101,511	550,000	550,000	588,500	629,695
Licence Fees	11,742	3,883	3,982	10,000	10,700	11,449	12,250
Marketing and communication	1,180,986	838,195	920,068	1,391,017	1,322,000	1,396,200	1,493,934
Office maintenance	176,051	115,684	90,609	188,000	204,200	218,494	233,789
OM Equipment Repairs & Upgrades	20,118	5,016	16,209	30,000	30,000	32,100	34,347
OM Write off small assets	8,279	36,850	60,778	50,000	50,000	53,500	57,245
Policies and Procedures	548,626	305,210	89,398	350,000	400,000	428,000	457,960
Postage & delivery	13,383	20,941	3,500	43,000	40,000	42,800	45,796
Printing	261,478	258,883	363,044	260,000	310,000	331,700	354,919
QCTO	1,109,497	1,689,579	2,174,497	2,411,497	3,451,414	3,693,013	3,951,524
Quality Assurance	481,310	410,348	232,803	478,034	478,034	511,496	547,301
Recruitment Cost	106,049	219,474	26,040	100,000	100,000	107,000	114,490
Rent	1,390,621	1,443,835	1,821,509	2,144,385	2,790,000	2,957,400	3,134,844
Salaries	14,049,100	17,282,383	19,728,754	27,542,000	22,750,000	24,342,500	26,046,475
Service Provider Fees	11,831,743	12,658,610	14,043,143	14,200,000	4,910,740	-	-
Staff Travel	29,336	41,719	37,026	72,000	84,000	89,880	96,172
Stationery	68,980	101,931	80,462	100,000	120,000	128,400	137,388
Strategic Planning	81,141	87,962	16,675	215,000	245,000	262,150	280,501
Subscriptions & Books	6,240	38,800	36,950	50,000	50,000	53,500	57,245
Telephone	67,788	82,292	86,251	120,000	144,000	154,080	164,866
Training and development	198,032	279,701	499,259	800,000	765,000	818,550	875,849
Travel - Stakeholder visits	15,827	17,730	15,477	50,000	60,000	64,200	68,694
Water/electricity/Rates and taxes	390,245	464,811	572,644	700,000	888,000	950,160	1,016,671
Research cost	459,021	840,477	1,634,539	576,730	3,000,000	3,210,000	3,434,700
Board assignments	-	-	7,303,965	4,789,909	9,000,000	4,500,000	2,500,000
Other expenses	18,949	5,766	-12,309	-	-	-	-
	<b>37,260,002</b>	<b>41,959,002</b>	<b>54,652,331</b>	<b>64,461,272</b>	<b>60,535,230</b>	<b>52,908,165</b>	<b>54,267,162</b>

### **3.5 Relating Expenditure Trends to Strategic Outcome-Oriented Goals**

The budget and MTEF estimates will ensure that our programmes and interventions as described in detail in the SP are delivered accordingly to enable us attain our Strategic Outcome-Oriented Goals as follows:

1. Establishing a credible institutional mechanism for skills planning
2. Supporting skills development initiatives to produce middle-level skills, transform the sector and enable employability in the broader economy
3. Supporting skills development initiatives to produce high-level skills, transform the sector and enable employability in the broader economy
4. Engaging with TVET Colleges and capacitating learners
5. Encouraging better use of workplace-based skills development
6. Encouraging and supporting co-operatives, small enterprises, worker-initiated, Non-Governmental Organisations (NGO), Non Levy Paying (NLP) firms and community training initiatives
7. Increasing public sector capacity for improved service delivery and support the building of a developmental state
8. Building career and vocational career awareness, and effectively engaging with stakeholders

The performance targets that have been set are therefore based on the available budget required to meet the deliverables as included in the Service Level Agreement (SLA) with DHET. Any changes to the legislative environment, such as the outcome of court cases or additional imperatives that have a cost implication, will have an impact on the budget and the SP and APP will need to be adjusted accordingly.

## **PART B: PROGRAMME PLANS**

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### **4 Budget Programmes: Indicators and Targets**

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Performance targets for the 2018 – 2019 financial year have been set in line with Fasset’s skills development and Strategic Outcome-Oriented Goals as described in the SP. Programmes, targets and budgets have been put in place to deliver on the Strategic Outcome-Oriented Goals, which are aligned to the NSDS III goals, outcomes and outputs. These are reviewed annually as part of the annual strategic planning process to ensure relevance, and take into account the dynamics in our operating landscape. The full NSDS III goals, outcomes and outputs are included in Annexure 1.

**Table 4: Programme Budget Structure**

BUDGETS PER PROGRAMME								
<b>Programme 1: Administration</b>	Actual	Actual	Actual	Baseline	MTEF Period			
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
	R 37 260 002,00	R 41 959 002,00	R 54 652 331,00	R 64 461 272,15	R 60 535 230,29	R 52 908 164,61	R 54 267 162,13	
<b>Programme 2: Skills Planning</b>	Actual	Actual	Actual	Baseline	MTEF Period			
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
	R 64 472 000,00	R 55 915 000,00	R 73 245 000,00	R 78 614 357,00	R 75 000 000,00	R 79 500 000,00	R 84 270 000,00	
<b>Programme 3: Learning programmes and</b>	Actual	Actual	Actual	Baseline	MTEF Period			
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
	R 309 007 000,00	R 316 116 000,00	R 262 635 000,00	R 346 924 371,00	R 404 464 769,59	R 450 791 835,26	R 491 318 837,72	
<b>Programme 4: Quality assurance*</b>	Actual	Actual	Actual	Baseline	MTEF Period			
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
	R -	R -	R -	R -	R -	R -	R -	
* Budget for programme 4 is included in Programme 1								

## **4.1 Programme 1: Administration**

### **4.1.1 Programme Purpose**

The purpose of this programme is to instil a culture of effective and efficient management, operations, governance and risk awareness within Fasset.

This programme relates to Fasset's finance, Supply Chain Management (SCM) and procurement, Information Technology (IT), communications and marketing, Human Resource Management (HRM), risk management and facilities management of the SETA.

Fasset is further expanding its skills development and training programme in order to support a learning culture within the SETA. Like employers in the sector Fasset facilitates skills development initiatives for, Fasset annually engages in a skills planning process by submitting a Mandatory Grant to the relevant SETA, applying for discretionary grants and reinvesting Mandatory Grants into its learning and development programme.

The specific personnel supporting this programme include:

- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Quality Assurance Manager
- Operations Manager
- HR Manager

### **4.1.2 Programme Performance Indicators, Annual and Quarterly Targets for 2018/19**

In the sections below annual and quarterly targets for this programme area will be tabulated.

#### **4.1.2.1 Annual Targets Programme 1: Administration**

The annual targets in respect of Programme 4 in indicated in Table 5.

**Table 5: Annual Targets – Programme 1 Administration**

Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets	
	2013/14	2014/15	2015/16	2016/17		2017/18	2018/19
<b>Sub-programme: Corporate Services</b>							
TBA							
<b>Sub-programme: Finance, Supply Chain Management and Assets</b>							
TBA							
<b>Sub-programme: Governance (Audit and Risk)</b>							
Quarterly governance charter submitted to Department of Higher Education and Training (DHET)	NA	NA	NA	NA	4	4	4
<b>Sub-programme: Human Resources</b>							
TBA							
<b>Sub-programme: Information Technology</b>							
TBA							

**4.1.2.2 Quarterly Targets – Programme 1 Administration**

Fasset’s approach towards Programme 1 (Administration) has been taken into account in the identified interventions and quarterly targets outlined in Table 6 below as funded by Fasset.

**Table 6: Quarterly Targets – Programme 1 Administration**

Indicators	Reporting Period	Annual Report	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Sub-programme: Corporate Services</b>						
TBA						
<b>Sub-programme: Finance, Supply Chain Management and Assets</b>						
TBA						
<b>Sub-programme: Governance (Audit and Risk)</b>						
Quarterly governance charter submitted to Department of Higher Education and Training (DHET)	2018/19	4	1	1	1	1
<b>Sub-programme: Human Resources</b>						
TBA						
<b>Sub-programme: Information Technology</b>						
TBA						

#### **4.1.3 Reconciling Performance Targets with the Budget and MTEF Programme 1: Administration**

Fasset’s primary responsibility remains the delivery and maintenance of fully functional operational systems that include the necessary governance and quality assurance mechanisms. This provides a sound platform for Fasset to play a meaningful role in supporting all our stakeholders in the enhancement of skills development within the sector. The impact of budget allocations on programme performance targets and measures that will be put in place to ensure the realisation of strategic objectives are outlined in Table 7.



**Table 7: Programme 1 Administration – Budget Reconciliation**

To be completed in next draft

Programme 1: Administration	Historical				Current Budget	Forecast	
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's
Corporate Services	TBA						
Finance, Supply Chain Management and Assets							
Governance (Audit and Risk)							
Human Resources							
Information Technology							
<b>Total</b>							

## 4.2 Programme 2: Skills Planning

### 4.2.1 Programme Purpose

The purpose of this programme is to establish an effective mechanism for ensuring that sector planning and research occurs. The functions of this programme encompass research and planning. It is responsible for researching skills needs within the sector, developing the SSP for submission to DHET and conducting monitoring, evaluation and impact assessments of SETA-funded programmes.

Through the SETA Research Strategy and annual Research Plan, research is conducted that enables relevant research questions to be investigated. This differs from year to year, and is aligned to the SETA strategy for the upcoming financial year. A focus of this programme is the implementation of evaluation studies which will inform the SETA of its successes and challenges, so as to influence decisions regarding strategic interventions.

Fasset produces a SSP, together with a sector analysis, to enable effective skills planning for the sector. The SSP is produced within the framework of the NSDS in line with guidelines from DHET and forms the core of our research agenda. It is developed for a five-year period and updated annually as a 'rolling' plan to include a forward-looking view for a five-year period. The SSP is informed by research, which analyses the sector and establishes baselines for employment in the sector in terms of equity concerns, i.e. class, race, gender, age, disability and HIV/AIDS status. Sectoral skills development needs are also taken into account, together with the prevailing national skills development imperatives as reflected in various government plans such as the MTSF, the HRDS-SA and the NDP.

Consultations are also held with representatives of the sector such as employers, professional institutes, learners and educational institutions on skills needs, changes taking place in the sector and various other labour market issues. Through this extensive process, the assessment of skills

required for the Fasset sector is conducted. This includes the identification of scarce and critical skills, the identification of skills development priorities and suggests the manner in which they will be addressed. The detailed analysis emanating from this process is included in the SSP as Annexure 1 of this SP. We also participate in and contribute to the development of provincial skills development strategies and programmes in conjunction with provincial government through the various provincial SETA Cluster forums.

Stakeholder expectations are also researched through the SETA's regular Sector Survey<sup>1</sup> research process, which confirmed the vastly varying expectations from Fasset – not all of them falling within our SETA mandate. These expectations span the following areas: policy development regarding skills development, skills development at school level, PSET, learnerships, the transition between education and the world of work, and communication with the sector.

Part of the analysis and assessment of skills required in the sector is the identification of scarce skills. Scarce skills are those positions that remain unfilled for prolonged periods of time, i.e. insufficient number of qualified people to fill the. Many of the skills that are in short supply are not sector-specific, but are to be found generally in businesses throughout South Africa. To address the skills needs of the sector, the Fasset sector has to ensure a sufficient number of new entrants into the labour market to fill new employment vacancies as well as to replace workers who leave the labour market or the sector, address skills shortage, prevent skills gaps from occurring, drive transformation of the sector to reflect the demographics of the country, absorb more of the unemployed youth, and increase the number of employed people with disabilities.

Integral to the process of addressing sector skills needs, we track progress and assess potential challenges hindering the successful completion of training in the sector. This is included as part of our research agenda, as detailed in the attached SSP, which informs our range of skills development interventions to address the identified obstacles. Our approach to encouraging the completion of training is factored into our strategic planning and is taken into account in our Mandatory and Discretionary Grant funding allocation as described in this SP.

#### 4.2.2 Strategic Objectives

Strategic Objective	Objective Statement	Sub-programmes
Implement strategic research to ensure sector planning is appropriate	<ul style="list-style-type: none"> <li>• Produce research, such as the SSP and the annual grant analysis that is professionally researched, provides a sound analysis of the sector and articulates an agreed sector strategy to address skills needs.</li> <li>• Conduct research to strengthen decision-making in all functional areas of the SETA and ensure the Board have evidence-</li> </ul>	<ul style="list-style-type: none"> <li>• Research</li> <li>• Sector Skills Plans</li> <li>• Workplace Skills Plans and Annual Training Reports</li> </ul>

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<sup>1</sup> Conducted in 2012.

Strategic Objective	Objective Statement	Sub-programmes
	<p>based information for strategic decision-making.</p> <ul style="list-style-type: none"> <li>• Focus on identifying scarce skills and the development of the SETA's PIVOTAL list.</li> <li>• Implementing evaluation studies (including impact studies) to determine the successes and challenges of Fasset interventions.</li> </ul>	

#### **4.2.3 Programme Performance Indicators, Annual and Quarterly Targets for 2018/19**

In the sections below annual and quarterly targets for this programme area will be tabulated.

##### **4.2.3.1 Annual Targets – Programme 2 Skills Planning**

The annual targets in respect of this Programme 2 in indicated in Table 8.

**Table 8: Annual Targets – Programme 2 Skills Planning**

#	Performance Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets		
		2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
<b>Strategic Objective 4: Implement strategic research to ensure sector planning is appropriate</b>									
<b>Sub-programme: Research (Chairs &amp; SOEs)</b>									
2.1	Annual Grant Analysis research report	NA	NA	NA	NA	1	1	1	1
2.2	Sector Trends Report research report	NA	NA	NA	NA	1	1	1	1
2.3	Tuition Costs research report	NA	NA	NA	NA	1	1	1	1
2.4	Learnership Costs research report	NA	NA	NA	NA	1	1	1	1
2.5	Learnership Readiness Pack research report	NA	NA	NA	NA	1	1	1	1
2.6	Disability toolkit research report	NA	NA	NA	NA	1	1	1	1
2.7	Customer Satisfaction survey research report	NA	NA	NA	NA	1	1	1	1
2.8	Incentives update research report	NA	NA	NA	NA	1	1	1	1
2.9	Benchmarking report research report	NA	NA	NA	NA	1	1	1	1
<b>Sub-programme: Sector Skills Plans</b>									
2.10	SETA updates and submits Sector Skills Plan (SSP) to DHET by due date	NA	NA	NA	NA	1	1	1	1
<b>Sub-programme: Workplace Skills Plans/Annual Training Reports (WSP/ATR)</b>									
2.11	Number of large firms WSP/ATR approved and mandatory grant paid	NA	NA	NA	NA	60	60	60	60
2.12	Number of medium firms WSP/ATR approved and mandatory grant paid	NA	NA	NA	NA	90	90	90	90

#	Performance Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets		
		2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
2.13	Number of small firms WSP/ATR approved and mandatory grant paid	NA	NA	NA	NA	550	550	550	550
2.14	Number of Government Department WSP/ATR approved	NA	NA	NA	NA	5	5	5	5

#### 4.2.3.2 Quarterly Targets Programme 2: Skills Planning

Fasset's approach towards Programme 2 (Skills Planning) has been taken into account in the identified interventions and quarterly targets outlined in Table 9 below as funded by Fasset.

**Table 9: Quarterly Targets – Programme 2 Skills Planning**

#	Indicators	Reporting Period	Annual Target	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Sub-programme: Research (Chairs &amp; SOEs)</b>							
2.1	Annual Grant Analysis research report	Annual	1	0	0	1	0
2.2	Sector Trends Report research report	Annual	1	0	0	1	0
2.3	Tuition Costs research report	Annual	1	0	0	0	1
2.4	Learnership Costs research report	Annual	1	0	0	0	1
2.5	Learnership Readiness Pack research report	Annual	1	0	0	1	0
2.6	Disability toolkit research report	Annual	1	0	1	0	0
2.7	Customer Satisfaction survey research report	Annual	1	0	0	1	0
2.8	Incentives update research report	Annual	1	1	0	0	0
2.9	Benchmarking report research report	Annual	1	0	0	0	1
<b>Sub-programme: Sector Skills Plans</b>							
2.10	SETA updates and submits Sector Skills Plan (SSP) to DHET by due date	Annual	1	0	1	0	0
<b>Sub-programme: Workplace Skills Plans/Annual Training Reports (WSP/ATR)</b>							
2.11	Number of large firms WSP/ATR approved and mandatory grant paid	Quarterly	60	0	20	40	0
2.12	Number of medium firms WSP/ATR approved and mandatory grant paid	Quarterly	95	0	25	70	0
2.13	Number of small firms WSP/ATR approved and mandatory grant paid	Quarterly	550	0	100	300	150
2.14	Number of Government Department WSP/ATR approved	Quarterly	5	0	0	0	5

#### 4.2.4 Reconciling Performance Targets with the Budget and MTEF Programme 2: Skills Planning

The impact of budget allocations on programme performance targets and measures that will be put in place to ensure the realisation of strategic objectives are outlined in Table 10 **Error! Reference source not found.**

**Table 10: Programme 2 Skills Planning – Budget Reconciliation**

To be completed in next draft

Programme 2: Skills Planning	Historical				Current Budget	Forecast	
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's
Research (Chairs & SOEs)	TBA						
Sector Skills Plans							
Workplace Skills Plans/Annual Training Reports							
<b>Total</b>							

### 4.3 Programme 3: Learning Programmes and Projects

#### 4.3.1 Programme Purpose

This programme is one in which the SETA invests the bulk of its resources and energy, and is most aligned to the goals, objectives and performance indicators of NSDS III as well as the SETA's vision and mission (refer to the relevant section of the SP for this information).

The goal of this programme is to ensure that learning programmes and projects culminate in a skilled and transformed workforce that improves the competitiveness of the sector and livelihood of its workforce. The key role of Fasset is ensuring an adequate of employees in identified scarce skills in the finance and accounting sector. The relationship between post-school education institutions (HEIs, professional bodies, TVET colleges) and workplaces will be strengthened through a range of programmes, projects, incentives and other forms of support to address the following skills priority areas:

- Increase the flow of new finance and accountancy entrants into employment
- Develop and grow the skills required in the sector
- Facilitate transformation of the finance and accountancy sector

Through this programme Fasset will be ensuring that:

- There is a continuous upgrading of skills in the workforce, to help ensure a measurable increase in the middle- and high-level skills set
- Middle- and high-level skilled individuals will be introduced into the workplace from both HEIs and TVET colleges as well as through internships and learnerships being offered by Fasset workplaces

- SMMEs and the public sector particularly will be supported to offer opportunities to unemployed learners
- Innovative skills development solutions will be implemented through various partnerships (with organisations such as HEIs, employers, other SETAs etc ...) to address skills challenges
- Scarce skills will be addressed. This programme implements PIVOTAL programmes to address skills shortages detailed on Fasset's Scarce Skills and PIVOTAL List.

Fasset is committed to bringing talented youth into the dynamic finance and accounting sector through career and vocational guidance. The purpose of this programme is to position the Fasset sector as an attractive pathway for personal and career development for young people and workers. Fasset has initiated a number of partnerships with various institutions and professional bodies in the area of career development.

#### 4.3.2 Strategic Objectives

Strategic Objective	Objective Statement	Sub-programmes
Address skills needs of the sector	Identify and address middle-level skills needs. High-level national scarce skills needs are being addressed by work-ready graduates from higher education institutions.	Implementation of learning programmes per NSDS goals
Strategic partnerships and relationships are leveraged to facilitate skills development for the sector	Co-operatives, small firms and NLPs supported with skills training and development, expand and contribute to sector economic and employment growth	Special projects (including partnerships)
Funded skills initiatives are implemented efficiently, effectively, and economically	Produce research, such as the SSP and the annual grant analysis that is professionally researched, provides a sound analysis of the sector and articulates an agreed sector strategy to address skills needs. Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market.	Monitoring, evaluation and reporting
Initiatives result in an increased awareness of finance and accounting related career paths and opportunities	Career paths are mapped to qualifications in the sector and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression.	Career and vocational guidance





### **4.3.3 Programme Performance Indicators, Annual and Quarterly Targets for 2018/19**

In the sections below annual and quarterly targets for this programme area will be tabulated.

#### **4.3.3.1 Annual Targets – Programme 3 Learning Programmes and Projects**

The annual targets in respect of Programme 3 in indicated in Table 11 **Error! Reference source not found..**

**Table 11: Annual Targets – Programme 3 Learning Programmes and Projects**

#	Performance Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets		
		2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
<b>Sub-programme: Implementation of learning programmes per NSDS goals</b>									
3.1	Number of unemployed learners processed for registration on mid-level learnerships	NA	NA	NA	NA	420	420	420	420
3.2	Number of unemployed learners processed for registration on high-level learnerships	NA	NA	NA	NA	2 970	2 970	2 970	2 970
3.3	Number of unemployed learners where a learner employment grant is approved and paid	NA	NA	NA	NA	1 460	1 460	1 460	1 460
3.4	Number of unemployed learners where a bursary grant is approved and paid	NA	NA	NA	NA	500	500	500	500
3.5	Number of unemployed learners awarded a bursary via the Fasset Bursary Scheme	NA	NA	NA	NA	625	625	625	625
3.6	Number of unemployed learners funded through NSFAS Bursary	NA	NA	NA	NA	150	150	150	150
3.7	Number of unemployed learners where a Non-Pivotal Learner Employment Grant is approved and paid	NA	NA	NA	NA	NA	NA	NA	400
3.8	Number of unemployed learners who enter an academic support skills programme for progression at University	NA	NA	NA	NA	1 500	1 500	1 500	1 500
3.9	Number of unemployed learners who enter an academic support pivotal skills programme for progression with a professional body	NA	NA	NA	NA	330	330	330	330

#	Performance Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets		
		2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
3.10	Number of unemployed learners who enter an academic support non-pivotal skills programme for progression with a professional body	NA	NA	NA	NA	250	250	250	250
3.11	Number of unemployed learners processed for completion on mid-level learnerships	NA	NA	NA	NA	315	315	315	315
3.12	Number of unemployed learners processed for completion on high level learnerships	NA	NA	NA	NA	2 265	2 265	2 265	2 265
3.13	Number of unemployed learners who completed an academic year or qualification via the Fasset Bursary Scheme	NA	NA	NA	NA	500	500	500	500
3.14	Number of unemployed learners who complete an academic support skills programme for progression at University	NA	NA	NA	NA	1 050	1 050	1 050	1 050
3.15	Number of unemployed learners who complete an academic support pivotal skills programme for progression with a professional body	NA	NA	NA	NA	231	231	231	231
3.16	Number of unemployed learners who complete an academic support non-pivotal skills programme for progression with a professional body	NA	NA	NA	NA	175	175	175	175
3.17	Number of employed learners processed for registration on mid-level learnerships	NA	NA	NA	NA	280	280	280	280
3.18	Number of employed learners processed for registration on high level learnerships	NA	NA	NA	NA	360	360	360	360

#	Performance Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets		
		2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
3.19	Number of employed learners awarded a bursary via the NSFAS Loan Repayment Grant	NA	NA	NA	NA	400	400	400	400
3.20	Number of employed learners who register for and attend Lifelong Learning Events at high-level	NA	NA	NA	NA	7000	7000	7000	7000
3.21	Number of employed learners who register for and attend Learner Professional Development Events at mid-level	NA	NA	NA	NA	22 200	22 200	22 200	22 200
3.22	Number of employed learners processed for completion of mid-level learnerships	NA	NA	NA	NA	135	135	135	135
3.23	Number of employed learners processed for completion of high level learnerships	NA	NA	NA	NA	95	95	95	95
3.24	TVET Student Placement Entered	NA	NA	NA	NA	480	480	480	480
3.25	TVET Student Placement Completed	NA	NA	NA	NA	336	336	336	336
3.26	SETA/TVET College Partnerships	NA	NA	NA	NA	15	15	15	15
3.27	SETA/University College Partnerships	NA	NA	NA	NA	5	5	5	5
3.28	SETA/Employer Partnership for placement of TVET learners	NA	NA	NA	NA	15	15	15	15
3.29	SETA office opened at TVET College	NA	NA	NA	NA	2	2	2	2
3.30	Number of small businesses supported through discretionary funding	NA	NA	NA	NA	400	400	400	400
3.31	Number of NLPEs registered with Fasset as part of the sector	NA	NA	NA	NA	320	320	320	320

#	Performance Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets		
		2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20
3.32	Number of NLPEs supported through discretionary funding	NA	NA	NA	NA	100	100	100	100
3.33	Number of Government Departments supported through discretionary funding	NA	NA	NA	NA	2	2	2	2
3.34	Number of rural development projects initiatives	NA	NA	NA	NA	5	5	5	5
Sub-programme: Special Projects									
3.35	Number of learners funded in the public sector through public sector grant	NA	NA	NA	NA	80	80	80	80
Sub-programme: Monitoring, Evaluation and Reporting									
3.36	Monitoring and Evaluation research report	NA	NA	NA	NA	1	1	1	1
Sub-programme: Career and Vocational Guidance									
3.37	Number of career guidance events supported	NA	NA	NA	NA	40	40	40	40
3.38	Fasset career guide annual update complete	NA	NA	NA	NA	1	1	1	1

#### 4.3.3.2 Quarterly Targets Programme 3: Learning Programmes and Projects

The focus of skills development strategies within the sector should be on the full spectrum of the skills formation process across the PSET. This, as well as Fasset's incubator role and the transformation imperative, has been taken into account in the identified interventions and quarterly targets outlined in Table 12 below as funded by Fasset.

**Table 12: Quarterly Targets – Programme 3 Learning Programmes and Projects**

#	Indicators	Reporting Period	Annual Target	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Sub-programme: Implementation of learning programmes per NSDS goals</b>							
3.1	Number of unemployed learners processed for registration on mid-level learnerships	Quarterly	420	20	20	20	220
3.2	Number of unemployed learners processed for registration on high-level learnerships	Quarterly	2 970	268	535	624	1 534
3.3	Number of unemployed learners where a learner employment grant is approved and paid	Quarterly	1 460	0	0	0	1 460
3.4	Number of unemployed learners where a bursary grant is approved and paid	Quarterly	500	0	0	0	500
3.5	Number of unemployed learners awarded a bursary via the Fasset Bursary Scheme	Quarterly	625	0	0	0	625
3.6	Number of unemployed learners funded through NSFAS Bursary	Quarterly	150	0	50	50	50
3.7	Number of unemployed learners where a Non-Pivotal Learner Employment Grant is approved and paid	Quarterly	400	0	0	0	400
3.8	Number of unemployed learners who enter an academic support skills programme for progression at University	Quarterly	1 500	0	0	0	1 500
3.9	Number of unemployed learners who enter an academic support pivotal skills programme for progression with a professional body	Quarterly	330	0	0	130	200

#	Indicators	Reporting Period	Annual Target	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.10	Number of unemployed learners who enter an academic support non-pivotal skills programme for progression with a professional body	Quarterly	250	0	0	0	250
3.11	Number of unemployed learners processed for completion on mid-level learnerships	Quarterly	315	21	70	136	88
3.12	Number of unemployed learners processed for completion on high level learnerships	Quarterly	2 265	96	96	96	1911
3.13	Number of unemployed learners who completed an academic year or qualification via the Fasset Bursary Scheme	Quarterly	500	0	0	0	500
3.14	Number of unemployed learners who complete an academic support skills programme for progression at University	Quarterly	1 050	0	0	0	1 050
3.15	Number of unemployed learners who complete an academic support pivotal skills programme for progression with a professional body	Quarterly	231	0	0	0	231
3.16	Number of unemployed learners who complete an academic support non-pivotal skills programme for progression with a professional body	Quarterly	175	0	0	0	175
3.17	Number of employed learners processed for registration on mid-level learnerships	Quarterly	280	20	20	20	220
3.18	Number of employed learners processed for registration on high level learnerships	Quarterly	360	32	65	76	187
3.19	Number of employed learners awarded a bursary via the NSFAS Loan Repayment Grant	Quarterly	400	0	100	150	150
3.20	Number of employed learners who register for and attend Lifelong Learning Events at high-level	Quarterly	7000	0	0	0	7 000
3.21	Number of employed learners who register for and attend Learner Professional Development Events at mid-level	Quarterly	22 200	5 550	5 550	5 550	5 550
3.22	Number of employed learners processed for completion of mid-level learnerships	Quarterly	135	9	30	59	37



#	Indicators	Reporting Period	Annual Target	Quarterly Targets			
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
3.23	Number of employed learners processed for completion of high level learnerships	Quarterly	95	4	4	4	83
3.24	TVET Student Placement Entered	Quarterly	480	0	100	180	200
3.25	TVET Student Placement Completed	Quarterly	336	0	0	0	336
3.26	SETA/TVET College Partnership	Quarterly	15	0	0	0	15
3.27	SETA/University Partnership	Quarterly	0	0	2	3	5
3.28	SETA/Employer Partnership for placement of TVET learners	Quarterly	15	0	0	0	15
3.29	SETA office opened at TVET College	Quarterly	2	0	0	1	1
3.30	Number of small businesses supported through discretionary funding	Quarterly	400	0	100	100	200
3.31	Number of NLPEs registered with Fasset as part of the sector	Quarterly	320	80	80	80	80
3.32	Number of NLPEs supported through discretionary funding	Quarterly	100	25	25	25	25
3.33	Number of Government Departments supported through discretionary funding	Quarterly	2	0	0	0	2
3.34	Number of rural development projects initiatives	Quarterly	5	0	0	2	3
<b>Sub-programme: Special Projects</b>							
3.35	Number of learners funded in the public sector through public sector grant	Quarterly	80	0	20	20	40
<b>Sub-programme: Monitoring, evaluation and reporting</b>							
3.36	Monitoring and Evaluation research report	Annual	1	0	1	0	0
<b>Sub-programme: Career and Vocational Guidance</b>							
3.37	Number of career guidance events supported	Quarterly	40	10	10	10	10
3.38	Fasset career guide annual update complete	Annual	1	0	0	1	0

#### 4.3.4 Reconciling Performance Targets with the Budget and MTEF Programme 3: Learning Programmes and Projects

The impact of budget allocations on programme performance targets and measures that will be put in place to ensure the realisation of strategic objectives are outlined in Table 13. **Error! Reference source not found.**

**Table 13: Programme 3 Learning Programmes and Projects – Budget Reconciliation**

To be completed in next draft

Programme 2: Skills Planning	Historical				Current Budget	Forecast	
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's
Implementation of learning programmes per NSDS goals	TBA						
Monitoring, Evaluation and Reporting							
Career and Vocational Guidance							
<b>Total</b>							

#### 4.4 Programme 4: Quality Assurance

##### 4.4.1 Programme Purpose

The purpose of the quality assurance programme is to develop, implement and monitor learning programmes (qualifications, learnerships, internships etc...). Quality assurance further ensures that national standards for quality delivery are acceptable through proper accreditation of skills development providers, monitoring and auditing of delivery, certification of successful learners and reviewing the quality cycle to ensure continuous improvement to Fasset processes and procedures.

The quality assurance functions are executed as a delegated functions by the QCTO as a Quality Assurance Partner (QAP), Development Quality Partner (DQP) or Assessment Quality Partner (AQP). These delegated functions include but may not be limited to the development of curriculum of the occupational qualification or part-qualifications, support for the accreditation and quality management of training and workplace providers, registration of assessors and moderators, supporting the assessment and moderation process (including certification of learners as proof of successful completion of qualifications) in respect of qualifications within the Fasset scope.

##### 4.4.2 Programme Performance Indicators, Annual and Quarterly Targets for 2018/19

In the sections below annual and quarterly targets for this programme area will be tabulated.

##### 4.4.2.1 Annual Targets Programme 4: Quality Assurance

The annual targets in respect of Programme 4 in indicated in Table 13.

**Table 14: Annual Targets – Programme 4 Quality Assurance**

Indicators	Audited/Actual Performance				Estimated Performance (Current)	Medium-term Targets	
	2013/14	2014/15	2015/16	2016/17		2017/18	2018/19
<b>Provider accreditations</b>							
TBA							
<b>Learning programmes</b>							
TBA							
<b>Certifications</b>							
TBA							
<b>Qualification development</b>							
TBA							

#### 4.4.2.2 Quarterly Targets Programme 4: Quality Assurance

Fasset's approach towards Programme 4 (Quality Assurance) has been taken into account in the identified interventions and quarterly targets outlined in Table 15 below as funded by Fasset.

**Table 15: Quarterly Targets – Programme 4 Quality Assurance**

Indicators	Reporting Period	Annual Report	Quarterly Targets			
			1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
<b>Provider accreditations</b>						
TBA						
<b>Learning programmes</b>						
TBA						
<b>Certifications</b>						
TBA						
<b>Qualification development</b>						
TBA						

#### 4.4.3 Reconciling Performance Targets with the Budget and MTEF Programme 4: Quality Assurance

The impact of budget allocations on programme performance targets and measures that will be put in place to ensure the realisation of strategic objectives are outlined in Table 16**Error! Reference source not found.**

**Table 16: Programme 4 Quality Assurance – Budget Reconciliation**

To be completed in next draft

Programme 2: Skills Planning	Historical				Current Budget	Forecast	
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's
Provider accreditations	TBA						
Learning programmes							
Certifications							
Qualification development							
<b>Total</b>							

#### 4.5 Strategic Objectives, Programme Performance Indicators & Annual Targets (2018/19)

The targets for all programmes for the 2018/19 financial year and how they relate to the strategic objectives and programme performance indicators as specified in the SP are outlined in **Error! Reference source not found.** below. All of Fasset’s Strategic Outcome-Oriented Goals are aligned to NSDS III.

#### 4.6 Performance Indicators and Quarterly Targets (2018/19)

The quarterly targets for all performance indicators for the 2018/19 financial year and how they relate to specific quarters is indicated in **Error! Reference source not found.** below.

#### 4.7 Reconciling Performance Targets with Budget and MTEF

Fasset’s primary responsibility remains the delivery and maintenance of fully functional operational systems that include the necessary governance and quality assurance mechanisms. This provides a sound platform for Fasset to play a meaningful role in supporting all our stakeholders in the enhancement of skills development within the sector.

The impact of annual budget allocations on programme performance targets and measures that will be put in place to ensure the realisation of strategic objectives are outlined in Table 17 below.

**Table 17: Performance and Expenditure Trends**

<b>Programme</b>	<b>Budget</b>	<b>Budget Implications and Expenditure Trends</b>
<b>Programme 1: Administration</b>		
Corporate Services	TBA	TBA
Finance, Supply Chain Management and Assets	TBA	TBA
Governance (Audit and Risk)	TBA	TBA
Human Resources	TBA	TBA
Information Technology	TBA	TBA
<b>Programme 2: Skills Planning</b>		
Research (Chairs & SOEs)	TBA	TBA
Sector Skills Plans	TBA	TBA
Workplace Skills Plans/Annual Training Reports	TBA	TBA
<b>Programme 3: Learning Programmes and Projects</b>		
Implementation of learning programmes per NSDS goals	TBA	TBA
Monitoring, Evaluation and Reporting	TBA	TBA
Career and Vocational Guidance	TBA	TBA
<b>Programme 4: Quality Assurance</b>		
Provider accreditations	TBA	TBA
Learning programmes	TBA	TBA
Certifications	TBA	TBA
Qualification development	TBA	TBA

## **PART C: LINK TO OTHER PLANS**

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### **5 Relevant Policy**

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#### **5.1 Other Policies and Plans**

Fasset is cognisant that the economy remains constrained by a severe lack of skills and that significant inroads still need to be made in skills development. In the development of this APP, Fasset has therefore taken into account not only the needs of its own sector but also the financial needs of the rest of the economy.

The fact that NSDS III is linked to the MTSF, the NDP, the HRDS-SA, the Industrial Policy Action Plan (IPAP), the NGP, the NSA, the White Paper on PSET, the BBB-EE Codes of Good Practice and sector development plans, Government's goals for rural development and the new environment strategy will enable Fasset to deliver against national initiatives on a far broader scale going forward.

Further alignment has also been made to the NDP 2030, which is aimed at growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. Detailed linkages between these Government policy imperatives and the alignment with Fasset programmes are included in the SP.

We will therefore continue with our strategic imperative of providing access to the sector and increasing the number of skilled people whilst at the same time addressing the issue of past imbalances. We will do this through the programmes and interventions, which will be articulated in the updated SP for the period 2015 to 2020 as aligned to NSDS III.

#### **5.2 Support of President's Outcomes Approach to Planning Government's Work (Outcome 5)**

Fasset supports the President's Outcomes Approach to Planning Government's Work. Of the ten outcomes, Outcome 5, 'a Skilled and Capable Workforce to Support an Inclusive Growth Path', relates directly to the MHET outcomes. Fasset's contribution towards achieving this outcome is indicated in Table 6 where Fasset's outputs are aligned to the Minister's outputs as part of our contribution towards reaching the national outcomes.

**Table 18: Support of President's Outcomes Approach to Planning Government's Work (Outcome 5)**

#	Minister's Outcome	2018 to 2019 Fasset Output	2018 to 2019 Interventions
1	Increase access to programmes leading to intermediate and high-level learning.	Total no. of workers and unemployed people that have registered on Mid-level learnerships.	Learners on Mid-level learnerships Entered/Registered 700 learners on learnerships (280 employed; 420 unemployed)
		Total no. of workers that have registered and completed Lifelong Learning.	Lifelong Learning 4000 Mid-level Lifelong Learning delegates
		Total no. of workers and unemployed people that have registered on high-level Learnerships.	Learners on high-level learnerships Entered/Registered 3330 learners on learnerships (360 employed; 2970 unemployed)
		Total no of unemployed learners on learnerships funded via the Learner Employment Grant	Learners on learnerships funded via the Learner Employment Grant 1 460 unemployed learners
		Total no. of workers that have registered and completed the Learner Professional Development Programme	Lifelong Learning 22 200 workers participating in the Learner Professional Development
		Total no. of workers that have registered and completed Lifelong Learning.	Lifelong Learning 7000 high-level Lifelong Learning delegates
		Total no. of unemployed people that have registered on high-level Bridging Projects qualifications/designation support: Universities	High-level Bridging Projects Entered/Registered 1500 unemployed learners on qualifications/designation support
		Total no. of unemployed people that have registered on high-level Bridging Projects qualifications/designation support: professional Bodies	High-level Bridging Projects Entered/Registered 330 unemployed learners on qualifications/designation support



#	Minister's Outcome	2018 to 2019 Fasset Output	2018 to 2019 Interventions
		Total no. of unemployed people funded via bursary grant.	Bursary Grant: High level 500 unemployed learners
		Total no. of learners funded on a Fasset-funded NSFAS Loan Repayment Grant	NSFAS Loan Repayment Grant Fund 400 unemployed learners
		Total no. of learners funded on a Fasset Bursary scheme	Fasset bursary scheme Fund 625 unemployed learners with a full-cost Fasset bursary
		Total no. of learners funded on a Fasset-funded NSFAS Bursary high-level	NSFAS Bursary high-level Fund 150 unemployed learners (who completed their studies as part of their professional qualifications) with a Fasset-funded NSFAS bursary
		Total no of unemployed learners on learnerships funded via the non-PIVOTAL Learner Employment Grant	Learners on learnerships funded via the non-PIVOTAL Learner Employment Grant 400 unemployed learners
		Total no. of unemployed people that have registered on high-level Bridging Programme for the completion of a non-PIVOTAL qualifications/designation support: professional Bodies	High-level Bridging Projects Entered/Registered 160 unemployed learners on the NON-pivotal qualifications/designation support
2	Increase access to occupationally directed programmes in needed areas and thereby expand the availability of intermediate level skills (with a special focus on artisan skills).	Total number of TVET Graduates placed (in in-service training)	480 TVET Graduates placed into employment for the purposes of completing the NDip qualification

#	Minister's Outcome	2018 to 2019 Fasset Output	2018 to 2019 Interventions
		Number of partnerships established with employers to support learners on the TVT WBE programme	15 partnerships established with employers to support learners on the TVT WBE programme
3	Research, Development and Innovation in human capital for a growing knowledge economy	Commission and conduct research on relevant areas as agreed by Fasset Board, and distribute to relevant stakeholders. The research includes the annual grant analysis, annual benchmarking of training in the sector, annual impact assessment report, TVET research and six ad hoc reports.	Commission and conduct research on relevant areas such as the annual grant analysis and others identified in Fasset's research agenda, as agreed by Fasset Board, and distribute to relevant stakeholders.

### **5.3 Fasset's Contribution to the PME targets**

Fasset supports the MHET's outcomes to build 'a Skilled and Capable Workforce to Support an Inclusive Growth Path'. Any Performance Monitoring and Evaluation (PME) targets to be included over and above those approved by the Fasset Board are subject to negotiation as well as Fasset's ability to support these given limited resources. Fasset's contribution to the PME targets is included in the (SLA), an annexure to the SP.

## **ANNEXURES**

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The APP should be read in conjunction with the updated 2015 – 2020 SP as well as the following documents to provide a holistic view of the performance indicators and how these will be achieved quarterly in the 2018 – 2019 financial year.

- Annexure 1: NSDS Goals, Outcomes and Outputs
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- Annexure 2: Materiality and Significance Framework 2018 – 2019

## Annexure 1: DHET NSDS Goals, Outcomes and Outputs

#	NSDS Goal	NSDS Outcome	#	NSDS Output
1	Establishing a credible institutional mechanism for skills planning.	National need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors.	1.1.1	Capacity is established within the DHET to coordinate research and skills planning.
			1.1.2	Sector Skills Plans are professionally researched, provide a sound analysis of the sector and articulate an agreed sector strategy to address skills needs.
			1.1.3	Sector and nationally commissioned research and data is analysed, validated and captured in an integrated database that is accessible to stakeholders.
2	Increasing access to occupationally-directed programmes.	Middle-level skills needs are identified and addressed in all sectors.	2.1.1	SETAs research and identify middle-level skills needs in their sectors and put in place strategies to address them, particularly through the use of the public TVET colleges and universities of technology working in partnership with employers providing workplace-based training.
			2.2.1	SETAs establish projects and partnerships to enable the relevant number of artisans for their sector to be trained, to qualify and become work-ready.
		10,000 artisans per year qualify with relevant skills and find employment.	2.2.2	The National Artisan Bridging Project developed by Joint Implementation Plan for Skills Acquisition (JIPSA) and located in the DHET and a Monitoring and Evaluation (M &E) framework, is planned, managed and reported on, with interventions made where blockages occur.
			2.3.1	Sector Skills Plans identify the supply challenges in relation to high-level scarce skills gaps and set out strategies for addressing them.
		High-level national scarce skills needs are being addressed by work-ready graduates from higher education institutions.	2.3.2	Agreements are <u>Entered</u> into between SETAs, university faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes, increased work experience and experiential learning for students and access to post-graduate work.

#	NSDS Goal	NSDS Outcome	#	NSDS Output
		Relevant research and development and innovation capacity is developed and innovative research projects established.	2.4.1	Sector Skills Plans identify the focal areas for research, innovation and development.
			2.4.2	Agreements are <u>Entered</u> into between SETAs, university faculties and other stakeholders on flagship research projects linked to sector development in a knowledge economy.
			2.4.3	Programmes are put in place that focus on the skills needed to produce research that will be relevant and have an impact on the achievement of economic and skills development goals.
3	Promote the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities.	The National Certificate (Vocational) (NCV) and N-courses are recognised by employers as important base qualifications through which young people are obtaining additional vocational skills and work experience, entering the labour market with marketable skills, and obtaining employment.	3.1.1	The NCV is reviewed with inputs from stakeholders and the curriculum is revised to ensure that it provides a sound foundational basis for building labour market relevant skills.
			3.1.2	The programmes offered to meet industry needs, including those supporting apprenticeships and N-courses, are reviewed, updated and made available to and accessed by employers.
			3.1.3	A highly articulated system of qualifications between the TVET and universities programmes.
		Partnerships between DHET, SETAs, employers, private providers and public TVET colleges are resulting in increased	3.2.1	The capacity of TVET colleges to provide quality vocational training is reviewed. Each college has a Strategic Plan in place to build capacity and engage in skills development programmes, including programmes offered in partnership with employers.
			3.2.2	SETAs identify TVET colleges with relevant programmes and put in place partnerships to offer vocational courses and work experience for college learners.

#	NSDS Goal	NSDS Outcome	#	NSDS Output
		capacity to meet industry needs throughout the country.		
		The academic staff at colleges are able to offer relevant education and training of the required quality.	3.3.1	The capacity of college educators to deliver programmes is reviewed. Skills development programmes, including work placement opportunities, are devised to meet the needs of the college educators.
4	Addressing the low level of youth and adult language and numeracy skills to enable additional training.	A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience, and improve their employability.	4.1.1	A DHET-led process, including stakeholders, develops a strategy supported by all stakeholders.
			4.1.2	A national database tracks training and work opportunities, and reports on implementation of the strategy.
			4.1.3	The DHET partners with stakeholders in the youth sector to put in place training and work experience projects for young people.
5	Encouraging better use of workplace-based skills development.	Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the work force to adapt to change in the labour market.	5.1.1	SETA stakeholders agree on the provision of substantial quality programmes for employed workers and report on the impact of the training.
			5.1.2	Sector projects are put in place to address specific sector skills gaps.
			5.1.3	Cross-sectoral projects are established to address skills needs along local supply chains aimed at supporting local economic development.
6	Encourage and support cooperatives, small enterprises,	Cooperatives supported with skills training and development	6.1.1	SETAs identify in their skills planning research, established and emergent cooperatives and their skills needs.
			6.1.2	Sector projects are established by sector stakeholders, supported by the NSF.



#	NSDS Goal	NSDS Outcome	#	NSDS Output
	worker initiated, NGO and community training initiatives.	expand and contribute to sector economic and employment growth.	6.1.3	A national database of cooperatives supported with skills development is established and the impact of training reported on.
		Partnership projects to provide training and development support to small businesses are established in all sectors and their impact reported on.	6.2.1	SETAs, through their skills planning research, identify the skills needs of small and emerging businesses in their sector, and promote relevant programmes.
			6.2.2	Sector projects are developed that are piloted by SETAs and expanded through partnership funding.
			6.2.3	A national database of small businesses supported with skills development is established and the impact of training reported on.
		Worker, NGO and community-based education programmes are supported and their impact measured and reported on.	6.3.1	SETAs engage with trade unions, NGOs and community-based organisations in their sector and identify skills needs and strategies to address needs.
			6.3.2	SETAs establish quality pilot projects.
			6.3.3	Stakeholders expand successful projects with support from the NSF.
7	Increase public sector capacity for improved service delivery and supporting the building of a developmental state	A thorough analysis and reflection is conducted on provision of education and training within the public sector and the contribution of the various role players.	7.1.1	SETAs with responsibility for public sector training conduct analysis and reflection on achievements and challenges. Fasset will conduct an analysis of achievements and challenges on organisations within the Fasset scope
			7.1.2	DHET leads a discussion on factors impacting on provision and publishes proposals on improving the institutional framework for public sector education and training.
		Education and training plans for the public sector are revised and	7.2.1	Sector Skills Plans set out the capacity needs of relevant departments and entities.
			7.2.2	Plans and funding arrangements are agreed between the relevant departments/entities and the SETAs, and are reported on.

#	NSDS Goal	NSDS Outcome	#	NSDS Output
		programmes are implemented to build capacity.		
8	Building career and vocational guidance.	Career paths are mapped to qualifications in all sectors and sub-sectors and communicated effectively, contributing to improved relevance of training and greater mobility and progression.	8.1.1	Career guides are developed with labour market information from SETAs, addressing sub-sectors within their sector.
			8.1.2	Sector stakeholders are engaged and programmes are adjusted to meet the skills and qualification needs to promote comprehensive career development.

**Annexure 2: Materiality and Significance Framework 2018 – 2019**

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## FASSET MATERIALITY AND SIGNIFICANCE FRAMEWORK 2018/19 FINANCIAL YEAR

### 1. BACKGROUND

Treasury Regulation Section 28.3.1 – "For purposes of materiality [sections 55(2) of the Public Finance Management Act (PFMA)] and significance [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

The purpose of this document is to record the level and reasoning for the suggested levels of materiality and significance for consideration by the governance structures of the SETA and for submission to and approval by the executive authority.

SAAS 320.03 defines materiality as follows: "Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful."

Accordingly, we will be dealing with this framework under two main categories, being quantitative and qualitative aspects.

Materiality can be based on a number of financial indicators. Detailed below is an indicative table of financial indicators of the type that is widely used and accepted in the accounting profession as a basis for calculating materiality.

<b>Basis</b>	<b>Acceptable Percentage Range</b>
Gross revenue	0.25 – 1%
Gross profit	1 – 2%
Net income	2.5 – 10%
Equity	2 – 5%
Total assets	0.5 – 2%

Fasset will use 0.5% to determine materiality. In determining the materiality value as 0.5% we have considered the following factors:

- Nature of the SETA's business.  
Funding in a SETA is received from levies collected by the Department of Higher Education and Training's collection agent, being SARS, and interest earned on investments in call deposit accounts. A potential 86.88% of these levies received are then channelled back to the sectors via various grants types. The SETA can therefore be seen as a conduit for the redistribution of funds received for learning needs back into the sector.
- Statutory requirements laid down on the SETA.  
The SETA is a statutory body that has been formed to give effect to the Skills Development and Skills Development Levies Act, and has been listed as a Public Finance Management Act (PFMA) Schedule 3A public entity. We accordingly decided to give preference to a lower level of materiality (i.e. closer to the lower level of the acceptable percentage range) due to it being so closely governed by various acts and the public accountability responsibility it has to stakeholders.
- The control and inherent risks associated with the SETA.  
In assessing the control risk of the SETA, and concluding that a materiality level higher than 0.25% can be used due to a good control environment being present cognisance was given to amongst others:
  - ◆ Proper and appropriate governance structures have been established;
  - ◆ An audit and risk committee that closely monitors the control environment of the SETA was established;

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- ◆ The function of internal audit was outsourced to a firm with SETA specific experience;
- ◆ A three year internal audit plan, based on annual risk assessments being performed, is annually reviewed and agreed by the audit committee;
- ◆ The function of financial management and administration is outsourced to a firm with SETA specific experience;
- ◆ The results of recent internal audit reports highlighted that there are no material risks that are not being addressed.

## 2. QUANTITATIVE ASPECTS

### 2.1 MATERIALITY LEVEL FOR CONSIDERATION:

**The level of materiality for 2017/2018 was set as follows:**

- Admin R64 461 272 x 0.5% = R322 306
- Grants R78 614 358 x 0.5% = R393 072
- Project R346 924 371 x 0.5% = R1 734 622
- Assets R279 648 000 x 0.5% = R1 398 240

For classes of transactions in the Statement of Financial Performance, the 2017/18 levy budget was used.

For transactions in the Statement of Financial Position, the 2015/16 audited total assets balance was used.

**The level of materiality for 2018/2019 has been set as follows:**

- Admin R60 535 230 x 0.5% = R302 676
- Grants R75 000 000 x 0.5% = R375 000
- Project R404 464 770 x 0.5% = R2 022 324
- Assets R462 312 000 x 0.5% = R2 311 560

For classes of transactions in the Statement of Financial Performance, the 2018/19 levy budget was used.

For transactions in the Statement of Financial Position, the 2016/17 audited total assets balance was used.

## 3. QUALITATIVE ASPECTS

Materiality is not merely related to the size of the entity and the elements of its financial statements. Obviously, misstatements that are large either individually or in the aggregate may affect a "reasonable" user's judgement. However, misstatements may also be material on qualitative grounds. These qualitative grounds include amongst others:

- New ventures that the SETA has entered into.
- Unusual transactions entered into that are not of a repetitive nature and are disclosable purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of the financial statements.
- Transactions entered into that could result in reputational risk to the SETA.
- Any fraudulent or dishonest behaviour of an officer or staff of the SETA.
- Any infringement of Fasset's agreed QMS performance levels.
- Procedures/processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations)

4. STATUTORY APPLICATION

<p>Section 55 (2)</p>	<p>The annual report and financial statements ... must - (b) include particulars of – (i) any <b>material</b> losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p>	<p>Both quantitative and qualitative aspects as referred to in sections 2.1 and 3 define materiality for purposes of losses through criminal conduct. All losses relating to irregular and fruitless and wasteful expenditure are regarded as material due to the application of the nature of these losses (qualitative aspects).</p>
<p>Section 54 (2)</p>	<p><b>Information to be submitted by accounting authorities</b> (1) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction (a) establishment or participation in the establishment of a company;  (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement  (c) acquisition or disposal of a significant shareholding in a company  (d) acquisition or disposal of a significant asset  (e) commencement or cessation of a significant business activity; and  (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.</p>	<p>Specific level of significance defined per subsection;  Any transaction to establish a company  Where participation exceeds 20% of voting rights  Any transaction to acquire or dispose of shareholding in a company  The cost of the asset acquired or disposed exceeds 15% of the total cost of assets  Any transaction where the income from or the investment in the business activity exceeds the amount determined in section 2.1 and section 3.  Where the change in the interest results in a change in the accounting treatment of the arrangement.</p>