

ANNUAL REPORT 2013/14



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



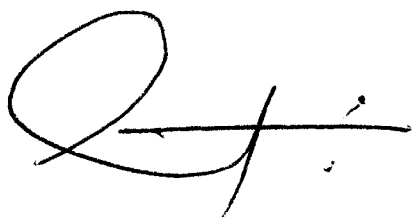
DEPARTMENT OF HIGHER EDUCATION AND TRAINING

Annual Report 2013/14

Minister of Higher Education and Training

Dr BE NZIMANDE, MP

I have the honour of submitting the Annual Report of the Department of Higher Education and Training for the period 1 April 2013 to 31 March 2014.

A handwritten signature in black ink, consisting of a large, stylized 'Q' followed by a horizontal line and a small flourish.

Mr GF Qonde

Director-General: Higher Education and Training

Date: 30 May 2014

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DR BE NZIMANDE, MP

MINISTER:
HIGHER EDUCATION AND
TRAINING



MR MC MANANA, MP

DEPUTY MINISTER:
HIGHER EDUCATION AND
TRAINING



MR GF QONDE

DIRECTOR-GENERAL:
HIGHER EDUCATION AND
TRAINING

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PART A:

GENERAL INFORMATION

1. General Information regarding the Department

The Department of Higher Education and Training

PRETORIA OFFICE

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Fax: 012 323 0291

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Cape Town

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Physical Address:

103 Plein Street

Cape Town

8001

Tel: 021 469 5175

Fax: 021 461 4761

OTHER USEFUL CONTACTS

Career advice helpline: 0860 111 673

Website: www.careerhelp.org.za

National fraud hotline: 0800 801 801

Departmental Call Centre (Toll free): 0800 872 222

Website: www.dhet.gov.za

2. List of Abbreviations/Acronyms

ABET	Adult Basic Education and Training
ADEA	Association for the Development of Education in Africa
ADTTT	Artisan Development Technical Task Team
AET	Adult Education and Training
AGSA	Auditor-General South Africa
ALCs	Adult Learning Centres
ARPL	Artisan Recognition of Prior Learning
AU	African Union
BAS	Basic Accounting System
BNC	Bi-National Commission
BRICS	Brazil, Russia, India, China and South Africa
CAO	Centralised Applications Office
CACH	Central Applications Clearing House
CAS	Career Advice Services
CC	Closed Corporation
CD	Chief Director
CEM	Council of Education Ministers
CEO	Chief Executive Officer
CEPD	Centre for Education Policy Development
CESM	Classification of Educational Subject Matter
CET	Community Education and Training
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CHE	Council on Higher Education
COL	Commonwealth of Learning
COMEDAF	Conference of Ministers of Education of the African Union
COSE	Collaboration for Occupational Skills Excellence
CPIX	Consumer Price Index
CPUT	Cape Peninsula University of Technology
CSIR	Council for Scientific and Industrial Research
CUT	Central University of Technology
DBE	Department of Basic Education
DDG	Deputy Director-General
DG	Director-General
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Cooperation
DOE	Department of Education

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DOL	Department of Labour
DST	Department of Science and Technology
DTI	Department of Trade and Industry
ECM	Enterprise Content Management
EEP	Employment Equity Plan
EFA	Education for All
ELRC	Education Labour Relations Council
ENE	Estimates of National Expenditure
ETQA	Education and Training Quality Assurance
EXCO	Executive Council
FET	Further Education and Training
FETCBU	Further Education and Training Colleges Bargaining Unit
FETMIS	Further Education and Training Management Information System
FMS&G	Financial Management Systems and Guidelines
GENFETQA	General and Further Education and Training Quality Assurance
GETC	General Education and Training Certificate
GFETQSF	General and Further Education and Training Quality Sub-Framework
GIS	Geographical Information System
GITO	Government Information Technology Office
GPSSBC	General Public Service Sector Bargaining Council
HE	Higher Education
HEAIDS	Higher Education HIV/AIDS
HEDCOM	Heads of Education Departments Committee
HEI	Higher Education Institutions
HEMIS	Higher Education Management Information System
HEQF	Higher Education Qualifications Framework
HESA	Higher Education South Africa
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HRD	Human Resource Development
HRDSA	Human Resource Development Strategy for South Africa
HRMIS	Human Resource Management Information System
IBSA	India-Brazil-South Africa
ICASS	Internal Continuous Assessment
ICT	Information and Communication Technology
ILO	International Labour Organisation
IT	Information Technology
ITIL	Information Technology Infrastructure Library
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments

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IPAP	Industrial Policy Action Plan
LAN	Local Area Network
MEDUNSA	Medical University of South Africa
MIS	Management Information System
MLO	Media Liaison Officer
MMM	Minister's Management Meeting
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAMB	National Artisan Moderation Body
NASCA	National Senior Certificate for Adults
NATED	National Accredited Technical Diploma
NC(V)	National Certificate (Vocational)
NDP	National Development Plan
NGP	New Growth Path
NIHE	National Institute of Higher Education
NIPF	National Industrial Policy Framework
NQF	National Qualifications Framework
NRF	National Research Foundation
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSDSIII	National Skills Development Strategy III
NSF	National Skills Fund
NSF ALC	National Norms and Standards for Funding Adult Learning Centres
NSF DIS	National Skills Fund Disbursement Information System
NSF FET	National Norms and Standards for Funding Further Education and Training Colleges
NSFAS	National Student Financial Aid Scheme
OAG	Office of the Accountant-General
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OFO	Organising Framework for Occupations
OQSF	Occupational Qualifications Sub-Framework
PALC	Public Adult Learning Centre
PED	Provincial Education Department
PERSAL	Personnel Salary System
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PME	Performance Management and Evaluation

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PQM	Programme Qualification Mix
PSIRA	Private Security Industry Regulation Act
PSETA	Public Service SETA
QCTO	Quality Council for Trades and Occupations
RDG	Research Development Grant
SADC	Southern African Development Community
SAICA	South African Institute of Chartered Accountants
SAIDE	South African Institute of Distance Education
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SAUS	South African Union of Students
SCOPA	Standing Committee on Public Accounts
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SDL	Skills Development Levy
SET	Science, Engineering and Technology
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIP	Strategic Integrated Project
SITA	State Information Technology Agency
SSP	Sector Skills Plan
SPU	Sol Plaatje University
SRC	Student Representative Council
SSS	Student Support Services
TDG	Teaching Development Grant
TWG	Technical Working Group
UCCF	University Council Chairs Forum
UMP	University of Mpumalanga
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UoT	University of Technology
VCET	Vocational and Continuing Education and Training
WAN	Wide Area Network
WITS	Witwatersrand University
WSU	Walter Sisulu University

3. Message from the Minister

It is a pleasure to present the fourth Annual Report of the Department of Higher Education and Training, namely for the 2013/14 financial year.

The 2013/14 financial year will certainly be remembered as the year in which we established and launched our two new universities, Sol Plaatje University (SPU) in the Northern Cape and the University of Mpumalanga (UMP) in Mpumalanga. Interim Councils were appointed to govern each institution and both universities opened their doors to their first intake of students in February 2014. Although much still needs to be done, these two institutions will assist in the expansion of the university system and make higher education more accessible to the youth. The establishment of these institutions is a great achievement after substantial planning, technical work and stakeholder consultation over the previous two financial years. A National Institute for Humanities and Social Sciences was established and good progress has been made for the establishment of a new Health and Allied Sciences university that would incorporate the Medunsa campus of the University of Limpopo (UL).

January 2014 marked the launch of the White Paper for Post-School Education and Training. The White Paper aims to improve the capacity of the post-school education and training system and outlines policy directions to develop the country and improve the economic, social and cultural life of its people. Amongst others, the White Paper aims at strengthening and expanding the Technical and Vocational Education and Training (TVET) Colleges and to establish Community Colleges that will build on the programmes that are currently funded through Public Adult Learning Centres.

A strong emphasis was placed on career guidance services during the year under review. Exhibitions increased in number and there was a marked improvement in the quantity and quality of information that was made available to learners and stakeholders. All provinces were covered and it was ensured that different communities, particularly rural communities, had easy access to the Department's information. Furthermore, a National Career Advice Portal has been developed as an integrated education and training career development information system and is live on the World Wide Web. Institutional data of all our public TVET Colleges and Universities is now integrated into this Portal.

The Central Applications Clearing House ran for the second time and operated successfully from the first week of January to the end of March 2014. This is an important initiative to guide and advise prospective students on the different learning opportunities available within the post-schools system.

The Report of the Ministerial Committee for the Review of the Funding of Universities was released during February 2014. A Technical Team and a Reference Group were established to consider all the recommendations, conduct modelling and draft a new funding framework for comment.

Many steps have been taken to assist with the expansion of the post-school education system in line with the directives of the National Development Plan. These include among other things:

- The publication of the *Policy for the Provision of Distance Education in South African Universities in the Context of an Integrated Post-school System*. The policy provides for contact universities to embark on distance provisioning and will enable universities to diversify their modes of delivery and assist with the expansion of the system, especially at the post-graduate level.
- A policy framework for the differentiation of the Higher Education and Training System has also been developed and will be published for public comment during 2014. When this policy framework is finalised it will enable more effective steering of the system towards offering more diverse opportunities to post-school citizens.

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- As part of removing the blockages to national artisan learner funding as identified by the Human Resource Development Council, the Policy for a Generic National Artisan Learner Grant Funding and Administration System was approved in June 2013.

The National Student Financial Aid Scheme continues to play a critical role in administering loans and bursaries and allocating these to eligible students. The Department is looking forward to the report on the piloted student-centered model to assess the success thereof and to ensure that there is a good return on our investment in this respect.

I am grateful for what we managed to achieve during the past financial year and trust that we will continue to drive the system to maximum achievement and improve both education quality and student success rates. I wish to acknowledge the work of the Deputy Minister, my Director-General, his senior management team, the staff in my office and every official in the Department. I thank them all for the past year's achievements and trust that the foundations they have laid will help us towards even greater achievements in the interest of our country.

I also wish to acknowledge the work done by all our institutions and the role of organised labour and employers, towards building a coherent post-school education and training system. A special word of thanks goes to our global and local donors for their ongoing support.

I hereby present this Annual Report of the Department of Higher Education and Training to Parliament.

Together, Turning Every Workplace into a Training Space!



Dr BE Nzimande, MP

Minister of Higher Education and Training

4. Message from the Deputy Minister

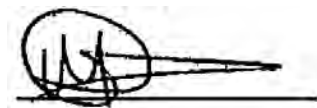
During the 2013/14 financial year, the expansion of the post-school education and training opportunities for the citizens of our country and especially the youth remained the key focus of the Department.

Special attention was given to providing career advice to matric learners and other youth with the *Apply Now!* Campaign was once again very successful in reaching our learners and youth.

2013 was declared as the '*Year of the Artisan*'. This advocacy programme was rolled out across all nine provinces during the 2013/14 financial year. Thousands of young people participated in the programme that was based at public TVET Colleges. Based on the success of the programme, it was expanded until 2024 and will be known as the '*Decade of the Artisan*'. This programme will maintain the awareness for qualified artisans and is aimed primarily at advocating the need for young people to consider technical and vocational programmes at TVET Colleges, and artisan development in particular as a career of choice as opposed to only a University based career. The Department also developed the first ever national artisan development database of learners and a series of national artisan development scenarios was aligned with the National Development Plan targeting the production of 30 000 qualified artisans per year by 2030.

The extension of the Higher Education and Training AIDS (HEAIDS) programme to TVET Colleges during the year provided the first national programme on HIV prevention in TVET Colleges. The immense success of this programme has laid the foundation for further roll out to reach all post-school education and training students.

I would like to thank the Minister of Higher Education and Training, Dr BE Nzimande, for his ongoing commitment and leadership towards the improvement of the country's post-school education and training system. I also wish to thank the Director-General, Mr GF Qonde, his senior management team and staff in my office for their support and to congratulate them on the goals achieved during the past year.



Mr MC Manana, MP
Deputy Minister of Higher Education and Training

5. Accounting Officer's Overview

I wish to thank the Minister of Higher Education and Training, Dr BE Nzimande, and Deputy Minister, Mr M Manana, for their continued support to improve the provisioning of post-school education and training opportunities, especially for our youth. In this annual report, the achievements over the past financial year in terms of our financial management as well as our predetermined objectives are covered with much having been done towards achieving our goals given the many challenges still being faced.

The year marked the development and launch of the White Paper for Post-School Education and Training, which further provides direction towards improving the post-school education and training system. The White Paper outlines key principles such as the strengthening and expansion of the Technical and Vocational Education and Training (TVET) Colleges and the promotion of quality improvements and appropriate diversity within the University sector. A strong emphasis is placed on the requirements for integration within the system and improving the link between education and the workplace.

A number of additional policies were developed to improve access in the system. The Minister amended the sub-frameworks that comprise the National Qualifications Framework and appointed a Ministerial Committee on Articulation which produced a report that will be published for public comment. The draft Social Inclusion Policy Framework was referred to the Ministerial Oversight Committee on Transformation for inputs. Cabinet approved the development of a Career Development Services policy and implementation plan in January 2014. A *'Concept Framework for an Open Learning System in Post-School Education and Training in South Africa'* with policy recommendations was also developed.

With regards to Adult Education and Training, a draft policy on Community Education and Training Colleges was developed. Regulations on the Assessment Process and Procedures for Adult Education and Training National Qualifications Framework Level 1 was developed and approved.

The policy on Professional Qualifications for Technical and Vocational Education Lecturers was finalised and published in the Government Gazette for implementation. Universities have been identified to develop programmes with the support of the Department.

The Department, in collaboration with the Human Sciences Research Council and Department of International Relations and Cooperation (DIRCO), continued to play a significant role in ensuring the successful participation of South Africa in the 2014 BRICS Think Tanks Council and 2014 BRICS Academic Forum. During the year under review, a number of significant BRICS related events were successfully organised including an academic forum to interrogate the draft BRICS vision document and develop it further into a South African position document.

The two new universities, i.e. University of Mpumalanga in Mpumalanga and Sol Plaatje University in the Northern Cape, were launched and interim councils were established to commence with the operations of both institutions. Both institutions opened their doors for their first student intakes in the 2014 academic year.

The new Reporting Regulations for Public Higher Education Institutions have been finalised after the incorporation of public comments and intensive consultation with key stakeholders in the sector. The Department plans to implement the policy with effect from the 2015 reporting year.

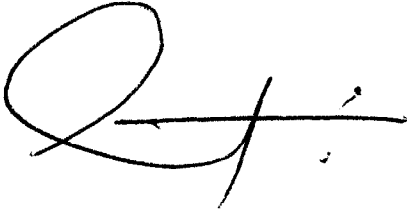
The progress and achievements reported would not have been possible if it was not for the dedication of my Senior Management team and all the staff in the Department. I appreciate your dedication and hard work.

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I hereby present the Annual Report for the 2013/14 financial year to the Minister of Higher Education and Training, Dr BE Nzimande, and Deputy Minister, Mr MC Manana, and invite them to table it in Parliament.

A handwritten signature in black ink, consisting of a large, stylized 'Q' followed by a horizontal line and a small flourish.

GF Qonde
Accounting Officer

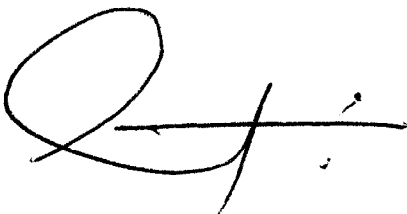
6. Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

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

- All information and amounts disclosed throughout the Annual Report, are consistent.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this document.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the Annual Report fairly reflects the operation, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2014.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized 'Q' followed by a horizontal line and a small flourish.

GF Qonde
Accounting Officer
Date: 30 May 2014

7. Strategic Overview

7.1 Vision

The vision of the Department is a South Africa in which we have a differentiated and fully inclusive post-school system that allows all South Africans to access and succeed in relevant post-school education and training, in order to fulfil the economic and social goals of participation in an inclusive economy and society.

7.2 Mission

It is the mission of the Department of Higher Education and Training to develop capable, well-educated and skilled citizens who are able to compete in a sustainable, diversified and knowledge-intensive international economy, which meets the developmental goals of our country.

The Department will undertake this mission by reducing the skills bottlenecks, especially in priority and scarce skills areas; improving low participation rates in the post-school system; correcting distortions in the shape, size and distribution of access to post-school education and training; and improving the quality and efficiency in the system, its sub-systems and its institutions.

7.3 Value statement

The Department is committed to

- distinction and excellence in all our work efforts to develop a skilled and capable workforce for the country
- honesty, perseverance and commitment in providing differentiated education and training opportunities for all the people of South Africa
- efficiency of work habits and proficiency of all DHET employees in fulfilling the mandate of the Department
- teamwork, cooperation and solidarity in working with our partners in higher education and training to achieve the shared goals
- transformation imperatives by addressing and normalising social inequality, race, gender, age, geography, HIV/AIDS and disability issues at all our higher education and training institutions.

7.4 Strategic outcome-orientated goals

7.4.1 *Strategic Goal 1:* To increase the number of skilled youth by expanding access to education and training.

7.4.2 *Strategic Goal 2:* To adequately capacitate individual institutions to effectively provide or facilitate all learning.

7.4.3 *Strategic Goal 3:* To increase the number of students successfully entering the labour market upon completion of training.

7.4.4 *Strategic Goal 4:* To expand the research, development and innovation capacity for economic growth and social development.

7.4.5 *Strategic Goal 5:* To create college curriculums that are responsive to the demands of the market place and can transform and adapt quickly and effectively to changing skills needs, with special emphasis on artisan training.

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- 7.4.6 *Strategic Goal 6:* To create credible institutional mechanisms for skills planning to support an inclusive economic growth path.
- 7.4.7 *Strategic Goal 7:* To sustain highly effective, professional and efficient administration informed by good corporate governance practices.

8. Legislative and other mandates

Constitutional mandate

The Department of Higher Education and Training derives its legislative mandate from the supreme law of the Republic, the Constitution, within the purport of Section 29, read with Schedule 4, which lists education at all levels, excluding tertiary education as a functional area of concurrent national and provincial legislative competence, whereas Section 29 states the following:

- ‘(1) Everyone has the right
- (a) to a basic education, including adult basic education
 - (b) to further education, which the state, through reasonable measures, must make progressively available and accessible.
- (2) Everyone has the right to receive education in the official language of their choice in public educational institutions where that education is reasonably practicable. In order to ensure the effective access to, and implementation of this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account
- (a) equity
 - (b) practicability and
 - (c) the need to redress the results of past racially discriminatory laws and practices.
- (3) Everyone has the right to establish and maintain, at their own expense, independent educational institutions that
- (a) do not discriminate on the basis of race
 - (b) are registered with the state and
 - (c) maintain standards that are not inferior to standards at comparable public educational institutions.
- (4) Subsection (3) does not preclude state subsidies for independent educational institutions’.

Legislative Mandates

Legislation	Principal Minister	Relevant to the Minister of Higher Education and Training
Adult Education and Training Act (AET Act) Provides for the establishment of public and private adult learning centres and for the governance of public centres	Minister of Higher Education and Training	Entire Act
Further Education and Training Act (FET Act) Provides for the governance and funding of FET colleges and related matters in providing FET college education	Minister of Higher Education and Training	Entire Act
General and Further Education and Training Act (GENFETQA) – UMALUSI is the Quality Council for FET colleges and AET centres	Whole to Minister of Basic Education – except areas relevant to the Minister of Higher Education and Training	In as far as public and private centres offering AET as per the AET Act, offering further education as per the FET Act and section 2(b) & (c), 3, 16-21, 23, 26 and 28
Higher Education Act (HE Act) Provides for a unified and nationally planned system of higher education and for the statutory Council on Higher Education (CHE)	Minister of Higher Education and Training	Entire Act
National Student Financial Aid Scheme Act (NSFAS Act) Provides for the granting of loans and bursaries to eligible students at universities, as well as for the administration of such loans and bursaries	Minister of Higher Education and Training	Entire Act
National Qualifications Framework Act (NQF Act) Provides for managing the NQF level dispensations and related matters, as well as for qualifications and quality assurance of qualifications required on the sub-frameworks of the NQF	Minister of Higher Education and Training	Entire Act
Skills Development Levies Act Provides for the imposition of skills development levies and related matters	Minister of Higher Education and Training	Entire Act

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Legislation	Principal Minister	Relevant to the Minister of Higher Education and Training
Skills Development Act Provides for the creation of the National Skills Agency, establishment of the Quality Council for Trade and Occupation, regulation of apprenticeships and learnerships and matters related to skills development	Minister of Higher Education and Training	Whole except the following to the Minister of Labour: Section 2(1) g & h, 2(2)(a)(v), (vi) & (xii), 5(4) (only with respect to the productivity of SA), 22(1), 23(1)(a) & (d), (2), (3), 24, 25, 26, 26K, 26L, 26M, 26N, 32(2), 36(o), (p) & (q), item 7 of Schedule 2A & Schedule 4; and Section 32(1), 33 and 36(a) & (s) and any other provision to the extent that these provisions apply to 'employment services', as defined in Section 1, or Productivity South Africa, as established by Section 26K, but excluding Section 23(1)(b) & (c)

Policy Mandates

Within the context of Higher Education and Training, key policies and legislation were developed and can be summarised as follows:

Sole legislation:

1. The Higher Education Act (HEA), 1997 (Act No. 101 of 1997), provides for a unified and nationally planned system of higher education. It also provides for a statutory Council on Higher Education, (CHE) which advises the Minister while being responsible for quality assurance and promotion. The Higher Education Act and Education White Paper 3: A Programme for the Transformation of Higher Education (1999), formed the basis for the transformation of the higher education sector with implementation guided by the National Plan for Higher Education (2001).
2. The National Student Financial Aid Scheme (NSFAS) Act, 1999 (Act No. 56 of 1999), provides for the granting of loans and bursaries to eligible students attending public higher educational institutions, as well as for the administration of such loans and bursaries.
3. The Adult Education and Training (AET) Act, 2000 (Act No. 52 of 2000), provides for the establishment of public and private adult learning centres, funding for AET, the governance of public centres, as well as for quality assurance mechanisms for the sector.
4. The Further Education and Training (FET) Colleges Act, 2006 (Act No. 16 of 2006), provides for the regulation of further education and training, the establishment of governance bodies and the funding of public FET colleges, the registration of private FET colleges and the promotion of quality in further education and training.
5. The National Qualifications Framework (NQF) Act, 2008 (Act No. 67 of 2008), provides for the National Qualifications Framework, the South African Qualifications Authority and the Quality Councils. The National Qualifications Framework is the principal instrument through which national education and training qualifications are recognised and quality assured.
6. The Skills Development Levies Act, 1999 (Act No. 9 of 1999), provides for the imposition of the skills development levy and connected matters.

The administration powers and functions originally entrusted to the Minister of Labour by the Skills Development Levies Act and the Skills Development Act, with the exception of provisions dealing with Productivity South Africa and employment services, were transferred to the Minister of Higher Education and Training, effective from 1 November 2009, by way of Presidential Proclamation 56 of 2009.

Shared legislation:

7. The Skills Development Act, 1998 (Act No. 97 of 1998), provides for an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce, to integrate those strategies within the National Skills Framework, to provide for learnerships that lead to the recognition of occupational qualifications, to provide for the financing of skills development by means of a skills development levy and the National Skills Fund.
8. The National Education Policy Act, 1996 (Act. No. 27 of 1996), regarding the administration, powers and functions pertaining to the determination of policy for public and private centres, established as envisaged in the Adult Education and Training Act, 2000: This includes public and private colleges providing further

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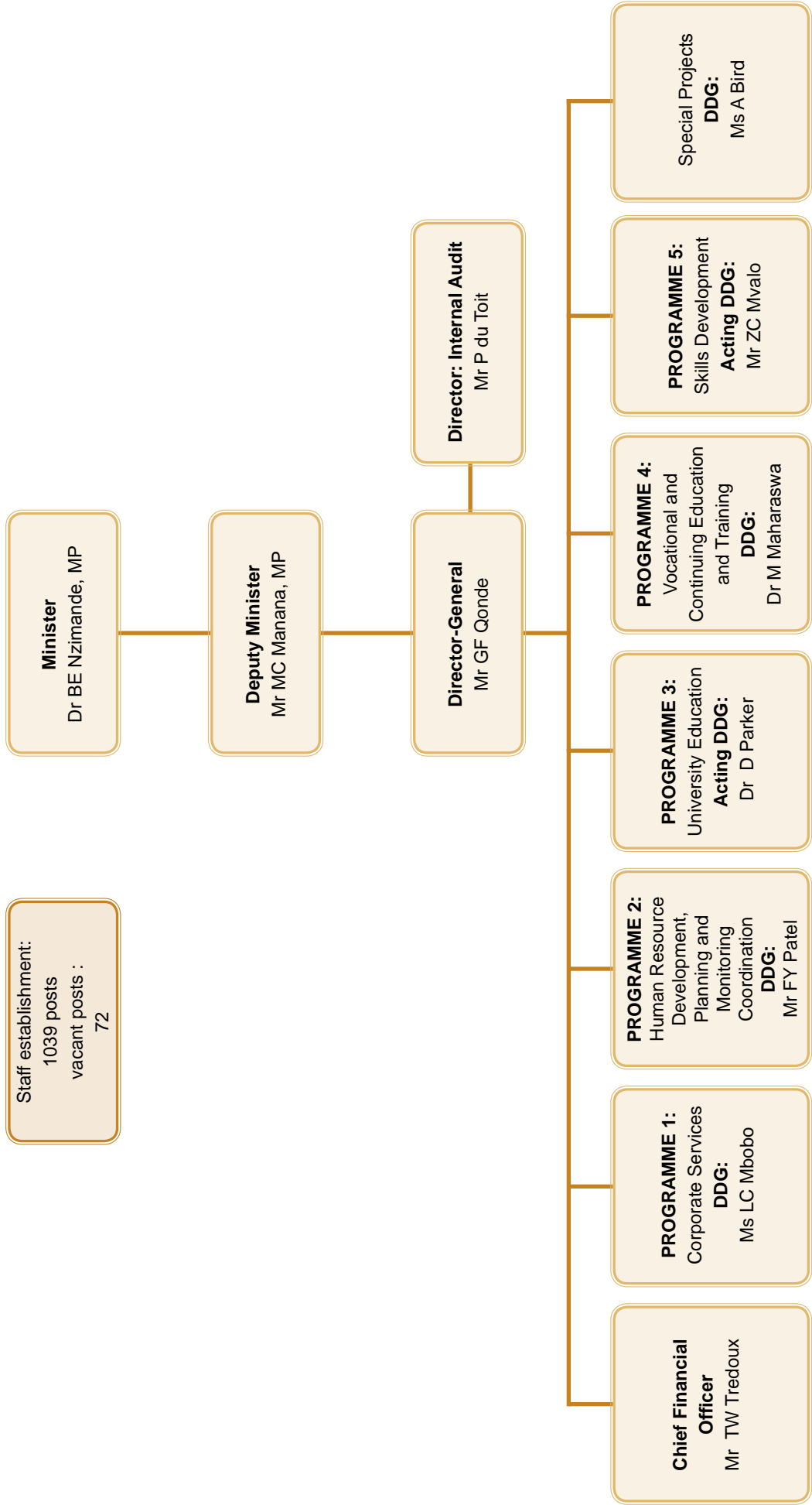
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education as envisaged in the FETC Act, 2006, transferred to the Minister of Higher Education and Training. The Act was designed to inscribe into law the policies, as well as the legislative and monitoring responsibilities of the Minister of Education and to formalise the relations between national and provincial authorities. It laid the foundation for the establishment of the Council of Education Ministers (CEM), as well as for the Heads of Education Departments Committee (HEDCOM), as inter-governmental forums to collaborate in developing a new education system. As such, it provides for the formulation of national policies in general and for further education and training, for curriculum assessment and language policy as well as quality assurance. The Act embodies the principle of co-operative governance, as elaborated on in Schedule 3 of the Constitution.

9. The Employment of Educators Act, 1998 (Act No. 76 of 1998) regarding the administration, powers and functions pertaining to adult education centres; the South African Council for Educators Act, 2000 (Act No. 31 of 2000) regarding the administration, powers and functions pertaining to the South African Council for Educators and to adult learning centres. The General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001) includes the administration, powers and functions entrusted to Umalusi in relation to public and private centres offering adult education and training as envisaged in the Adult Education and Training Act, 2000. Public and private FET colleges were partially transferred to the Minister of Higher Education and Training.
10. In the interim, the applicable provisions of the National Education Policy Act, the Employment of Educators Act and the South African Council for Educators Act were incorporated in the principal acts by way of the Higher Education Laws Amendment Act, 2010 (Act No. 26 of 2010) (HELA).

9. High level organisational structure



10. Entities reporting to the Minister

The following entities report to the Minister of Higher Education and Training:

Name of entity	Legislation	Financial Relationship	Nature of Business
Agriculture Sector Education and Training Authority (AGRISETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in both primary and secondary agriculture sectors
Banking Sector Education and Training Authority (BANKSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the banking and micro-finance sector
Construction Sector Education and Training Authority (CETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the construction industry
Council on Higher Education (CHE)	Higher Education Act 101 of 1997	Transfer payments	Advising the Minister of Higher Education and Training on all higher education policy matters, implementation of the system of quality assurance for higher education, monitoring the state of the higher education system and contribution to the development of higher education through intellectual engagement
Chemical Industries Education and Training Authority (CHIETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the chemical industries sector
Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority (CATHSSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the arts, culture, tourism, hospitality and sport sectors
Energy and Water Sector Education and Training Authority (EWSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the energy and water sector
Education, Training and Development Practices (ETDPSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the education, training and development sector
Fibre Processing and Manufacturing Sector Education and Training Authority (FP&MSETA)	Skills Development Act 97 of 1998	Transfer payments	Facilitate, coordinate and monitor the implementation of the NSDS in the fibre processing and manufacturing sector

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Name of entity	Legislation	Financial Relationship	Nature of Business
Financial and Accounting Services Sector Education and Training Authority (FASSET)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the financial and accounting services sector
Food and Beverages Sector Education and Training Authority (FOODBEV)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the food and beverage sector
Health and Welfare Sector Education and Training Authority (HWSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the health and welfare sector
Insurance Sector Education and Training Authority (INSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the insurance sector
Local Government Sector Education and Training Authority (LGSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the local government sector
Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the manufacturing, engineering and related services sector
Media, Information and Communication Technologies SETA (MICTS)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the information system, electronics and telecommunications technologies sector
Mining Qualifications Authority (MQA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the mining and minerals sector
National Skills Funds (NSF)	Skills Development Act 97 of 1998	Transfer payments	To fund national skills development priority projects as identified in the National Skills Development Strategy and projects related to achieving the purpose of the Act as determined by the Accounting Authority

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Name of entity	Legislation	Financial Relationship	Nature of Business
National Student Financial Aid Scheme (NSFAS)	NSFAS Act 56 of 1999	Transfer payments	Responsible for administering and allocating loans and bursaries to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training, raising funds, recovering loans, maintaining and analysing a database, undertaking research for the better utilisation of financial resources and advising the Minister on matters relating to student financial aid.
Public Service Sector Education and Training Authority (PSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the public service sector
Quality Council for Trades and Occupations (QCTO)	NQF Act 2008 and Skills Development Act of 2008	Transfer payments Agency services provided	Develop criteria to ensure the quality of the occupational qualifications that are responsive to labour market and developmental state initiatives.
Safety and Security Education and Training Authority (SASSETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the safety and security sector
Services Sector Education and Training Authority (SERVICES SETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the services sector
South African Qualifications Authority (SAQA)	SAQA Act 58 of 1995	Transfer payments	SAQA focuses on upholding the principles of the National Qualification Forum, including ensuring access, quality, redress and development for all learners, through an integrated national framework of learning achievements
Transport Education and Training Authority (TETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the transport sector
Wholesale and Retail Sector Education and Training Authority (W&R SETA)	Skills Development Act 97 of 1998	Transfer payments	Provision of relevant, quality and accessible education, training and development in the wholesale and retail sector





PART B:

PERFORMANCE INFORMATION

1. Auditor-General's Report: Predetermined Objectives

The Auditor-General's finding on the Annual Performance information is included in the Report of the Auditor-General in Part E: Financial Information.

2. Overview of Departmental performance

2.1 Service delivery environment

Introduction

During the financial year ending 31 March 2014, the Department made significant progress towards the achievement of its strategic goals as set out in the 2010/11 - 2014/15 Strategic Plan. The Department offered five programmes as follows: Programme 1: Administration; Programme 2: Human Resource Development, Planning and Monitoring Coordination; Programme 3: University Education; Programme 4: Vocational and Continuing Education and Training and Programme 5: Skills Development.

In view of the 2012/13 audit findings by the Auditor-General, the Department undertook a review of the 2013/14 Annual Performance Plan during the year under review, with a view to ensure full adherence to the requirements of the Framework for Strategic Plans and Annual Performance Plans regarding to predetermined objectives, targets and performance indicators. In some instances performance indicators as well as targets had to be amended to ensure that they are SMART (Specific, Measurable, Achievable, Relevant and Time-bound). The changes were approved by the Minister and are reflected in the specific budget programmes in this report.

University Sector

An overview of the service delivery environment during the past year

The total student headcount enrolment at the 23 established universities reached 953 373 in the 2012 academic year, which includes both full-time and part-time enrolments for contact and distance study. This is a 13.79% absolute growth in university headcount enrolments from the baseline of 837 779 in 2009, a notable contribution towards the national aim to increase the total headcount enrolments to 1.6 million by 2030 as envisaged by the National Development Plan (NDP) and the recently published White Paper for Post-School Education and Training (PSET). The total number of university graduates per annum for this period has also increased by 14%, from 145 426 in the 2009 academic year to 165 995 in the 2012 academic year. Notably, the number of Research Masters and PhD graduates increased at a higher rate than the overall graduation rate which is critical because it is on post-graduates that the country depends for our future academics, researchers and other leaders in knowledge-intensive professions. The number of Research Masters graduates increased by 45% from 4 179 in the 2009 academic year to 6 076 in the 2012 academic year, and Doctoral graduates increased by 36% from 1 380 PhD graduates to 1 879 over the same period.

Linked to the expansion of the university system is the establishment of two new comprehensive universities. Substantial planning, technical work and stakeholder consultation over the previous two financial years enabled the Minister to promulgate Sol Plaatje University (SPU) in Kimberley, Northern Cape and the University of Mpumalanga (UMP) in Mbombela, Mpumalanga, as juristic persons through the publication of Government Gazettes in August 2013. SPU and UMP opened their doors to their first intake of students in February 2014. This achievement has changed the shape of the university education system from 23 to 25 universities, 11 general academic universities; 8 comprehensive universities and 6 universities of technology, and over time will contribute to the increased capacity for contact students in the system.

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The Department is planning to promulgate a third new contact university during 2014 to assist with the expansion of the health and allied sciences education. The Joint Task Team appointed to advise the Minister on the separation of the MEDUNSA campus from the University of Limpopo and the establishment of a new university that would incorporate that campus, completed its report. The Minister announced his intention to establish a new comprehensive Health and Allied Sciences University and called for nominations to its Interim Council and for suggested names. It is expected that the new institution will be established in 2014 and incorporate the MEDUNSA campus by January 2015.

The expansion of the higher education sector, in line with the NDP and the White Paper, will be assisted through the publication of the *Policy for the Provision of Distance Education in South African Universities in the Context of an Integrated Post-school System*, which will be published during 2014. The policy provides for contact universities to embark on distance provisioning and will enable universities to diversify their mode of delivery and assist with the expansion of the system, especially at the post-graduate level. A policy framework for differentiation of the Higher Education and Training System has also been developed and will be published for public comment during 2014. When this policy framework is finalised, it will enable more effective steering of the system towards offering more diverse opportunities to post-school citizens.

The expansion of the system has also enabled the establishment of the Department's infrastructure and efficiency programme. The Minister approved infrastructure projects amounting to R6 billion across the 23 established institutions for the 2012/13 - 2014/15 infrastructure cycle in line with departmental priorities and criteria during the 2012/13 financial year. During the 2013/14 financial year, R2 billion was disbursed for a range of new infrastructure projects for these 23 universities, with a focus on historically disadvantaged campuses and on student housing. A strategic decision was taken to change the process for the allocation of infrastructure and efficiency funds for the 2015/16 to 2017/18 cycle. Universities were requested to undertake full infrastructure, maintenance and disability audits and develop comprehensive needs analyses and campus master plans for the next 20 years. These will be used to develop a 20-year infrastructure development and maintenance plan for the system and to guide the prioritisation of infrastructure projects and the allocation of funds to institutions in the 2015/16 to 2017/18 infrastructure funding cycle.

In relation to SPU and UMP, a total amount of just over R2 billion was made available over the MTEF for the establishment and development of both institutions. New infrastructure will be built in phases in line with ten-year spatial development programmes and academic expansion plans. During the latter part of 2013, the infrastructure programme focused on the renovation and refurbishment of existing infrastructure at each campus to support the 2014 academic intake. Further refurbishment will continue during 2014 to ensure that the 2015 academic programme is effectively accommodated. A new infrastructure build has started at UMP's Siyabuswa Campus, and planning permissions and design is advanced in preparation for the start of the new infrastructure build at the main campuses of each university from September 2014 onwards.

The Report of the Ministerial Committee on the Review of Funding of Universities was approved and published during the final quarter of 2013/14. A Task Team and a Reference Group were appointed to model the implications of the recommendations and to develop a revised funding framework for approval by the Minister for implementation over the next funding cycle. The reviewed framework should take into account the policy direction of the White Paper for PSET. The funding framework it develops will be consulted widely with key stakeholders in the system before being published for public comment and submitted to the Council on Higher Education (CHE) for advice, as required by the Higher Education Act of 1997 (as amended).

The implementation of DHET responsibilities with regard to the Integrated Strategic Planning Framework for Teacher Education and Development (2011), is continuing. Nine Provincial Teacher Education and Development Committees have been established with the core function to assist in the coordination of teacher education and

development activities at and between national and local levels. The Siyabuswa Teacher Education campus was established and a new Bachelor of Education in Foundation Phase Teaching has been initiated at the campus. The campus is established as part of the University of Mpumalanga. The Policy on Professional Qualifications for Lecturers in Technical and Vocational Education and Training was published on 11 June 2013 and it puts in place a full set of appropriate higher education qualifications for lecturers teaching at FET colleges. Universities are supported to develop and offer a range of qualifications for this purpose. A draft policy on professional qualifications for educators in the adult education and training sector is ready to be published for public comment. A policy statement on the management and use of the teaching development grant over the 2014/15-2016/17 cycle was finalised and it will guide universities to address national and institutional priorities including a strong focus on teaching competence, implementation of effective tutorship and mentorship programmes and promoting the study of teaching and learning at universities.

The expansion of funding assistance to students at FET colleges and universities via the National Student Financial Aid Scheme (NSFAS) will continue to enable more students to access education in these sub-sectors. The final year programme, which provides full cost loans to students in their final year of undergraduate study, was implemented in 2011/12. During 2012/13 the innovation in the student financial aid sector will continue as the recommendations of the 2010 NSFAS review are implemented. A substantial shortfall in funding for university students has put considerable strain on the system.

During 2013/14 the Department undertook an intensive enrolment planning exercise to develop and finalise the Ministerial Enrolment Planning Statement for 2014/15 to 2019/20. A strategic decision was taken to change aspects of the enrolment planning process to ensure improved integrated planning for a diverse and differentiated university sector integrated within the post-school education and training system. The length of the enrolment planning cycle was increased from the traditional three years to six years, with a mid-term review. Universities were requested to develop their enrolment plans in an integrated fashion, taking into consideration infrastructure planning, research development, teaching development, staff development and realistic expansion possibilities in a restricted fiscal environment.

Reflection on successes and significant developments

The most important successes over the 2013/14 financial year include:

- The promulgation of two new universities, Sol Plaatje University in the Northern Cape Province and the University of Mpumalanga in Mpumalanga Province.
- The establishment of the National Institute for Humanities and Social Sciences (NIHSS).
- The finalisation of the *Ministerial Statement on Enrolment Planning (2014/15 to 2019/20)*.
- The approval of the Joint Task Team Report on the establishment of a new Health and Allied Sciences University that will incorporate the MEDUNSA Campus of the University of Limpopo.
- The publication of the Ministerial Review on the Funding of Universities in the Government Gazette.
- The publication of the Policy on Professional Qualifications for Technical and Vocational Education Lecturers as final policy in the Government Gazette and the responsiveness of universities to develop new programmes in line with this policy.
- The approval of the new Teaching Development Grant policy and the development of university teaching development plans focused on improving student success and university teaching.
- The successful Conference on Childhood Education, jointly hosted by the Department and the South African Research Association for Early Childhood Education (SARAECE), which marked the final year

of *The Strengthening Foundation Phase Teacher Education Programme* and highlighted the outstanding achievements of this programme.

- Additional funds of approximately R1.4 billion were secured to support NSFAS with the 2013 shortfall to ensure that all continuing students would be assisted to complete their studies.

The most significant developments during the 2013/14 financial year that will impact on the work of the Programme Three include:

- The publication of the *White Paper on Post-school Education and Training*, published in January 2014. The White Paper defined the new policy terrain and set targets for the university system within an integrated and expanded post-school education and training system. This sets the scene for the development of a new National Plan for Post-school Education and Training, that will replace the *National Plan for Higher Education* (DoE, 2003), that will define the work of the Department and Programme Three over the next ten to twenty years.
- Cabinet approved a Joint Technical Task Team comprising of the Departments of Agriculture, Forestry and Fisheries and the Department of Higher Education and Training, to be established to develop mechanisms and plans for the transfer of agricultural colleges from the Departments of Agriculture, Forestry and Fisheries to the Department of Higher Education and Training.
- The Minister approved the Ministerial Report on the Funding of Universities and established a Technical Team and Reference Group to model its recommendations and develop a new funding framework for public comment.
- The Minister agreed that the DHET will become the lead department for all processes linked to the BRICS Academic Forum and Think Tank activities. A task team was established to investigate and make recommendations on a model and funding for a permanent South African BRICS Think Tank that would lead South Africa's engagement in the BRICS Think Tanks Council and coordinate South Africa's participation in the BRICS Academic Forums in the future.
- A task team was established to investigate the feasibility of and mechanism for implementing a Community Service Programme for all university graduates in the future.
- A task team was established to review the Higher Education Act.
- A comprehensive plan for staffing South African universities, including the retention and improvement of existing staff and ensuring the production of the next generation of academics, was developed.

Challenges that might have impacted on the performance of the Department in the implementation of the strategic plan and annual performance plan.

External consultation processes required in terms of the Promotion of Administrative Justice Act (PAJA) and the need for high-level consultation for all policy development and expansion projects, continues to slow down the finalisation of policies and processes. The new reporting regulations have not yet been published owing to the need for further consultation with Higher Education South Africa (HESA) and the University Council Chairs Forum (UCCF). The new Health and Allied Sciences University that will incorporate the Medical University of South Africa (MEDUNSA) campus of the University of Limpopo, has not yet been established as a legal entity owing to the need for continued stakeholder engagement. The Distance Education Policy and the Policy on Qualifications for Adult Educators have also been delayed owing to the need to obtain advice from the Council on Higher Education (CHE), in terms of the Higher Education Act of 1997, as amended.

The most significant impact on the service delivery of the Branch, relates to the restricted operational budgets available for all sections to carry out their monitoring and evaluation functions. In particular this had the effect of

restricting site visits to institutions to qualitatively monitor the infrastructure development projects at universities as well as the effective use of other earmarked grants. Financial constraints will remain a major impediment to the work of the Branch going forward. A decision to undertake site visits to institutions and their campuses on a two to three year cyclical basis, was made in order to manage the need to physically monitor and evaluate activity, while staying within the financial resources available.

Funding also remains a major constraint regarding the National Student Financial Aid Scheme (NSFAS) support. As has been well-documented, the demand for financial aid far outstrips the amount available and not all financially needy but academically capable university students, can be supported through loans. While substantial additional funds of approximately R1.4 billion were secured during the third quarter from the National Skills Fund (NSF) and Sector Education and Training Authorities (SETAs) to assist with the shortfall, NSFAS was not able to process these amounts effectively before the end of the 2013 academic year. The late allocation of these funds had a major impact on the release of the 2013 student results and on student registrations at the beginning of the 2014 academic year. In addition the shortfall of funds continues to have a knock-on effect with substantial numbers of students not supported for the 2014 academic year leading to financial exclusions across the system. This led to a volatile beginning of the 2014 academic year with a general student strike called and violent protest action occurring across a number of university campuses. The system remains under immense pressure owing to the political expectation of students that all academically successful but financially needy students, will be supported by the state.

A further issue is the human resource capacity constraints. The University Education Branch experienced severe human resource capacity constraints for most of the financial year, which impacted on the timeous delivery of services. However, towards the end of the financial year, human resources capacity for this programme improved significantly. Thirteen posts were advertised in September 2013, and by the end of the fourth quarter, 12 had been successfully processed and nine of the selected incumbents had taken up their positions. Significantly at director level, all posts advertised were filled permanently, or in one case, through an appropriate secondment from a university. However, the volatile staffing environment remains a challenge and requires on-going monitoring and attention. Four vacant funded posts, including the post of Chief Director: Financial Planning and Information Systems, that became vacant in the third quarter, have not been advertised owing to fiscal constraints.

A further challenge is related to the verification of enrolment data on the racial composition of university students. Provision is made in the HEMIS reporting system for the universities to report 'No information' for the race of a student where a student has not provided this information at the point of registration. This could have an impact on the targeted number of African students in the Higher Education system as stated in the APP.

Vocational and Continuing Education and Training

The Vocational and Continuing Education and Training Branch undertook various activities to:

- ensure continued relevance of vocational education and training programmes offered at Technical Vocational Education and Training (TVET) Colleges by supporting the continuous review and development of a diverse range of high quality and responsive vocational education and training qualifications and programmes in consultation with relevant role players
- facilitate the collaboration between Higher Education institutions and TVET colleges (formerly Further Education and Training (FET) Colleges) towards delivery of learning programmes at Level 5 and 6 of the National Qualifications Framework (NQF)
- expand the institutional base for the provision of quality post-school education and training through (1) registering new private TVET colleges and monitoring the registered for compliance (2) monitoring

and supporting of AET centres towards increasing enrolments in the General Education and Training Certificates (GETC) programmes; and (3) developing the National Senior Certificates for Adults (NASCA) qualification for implementation in 2016

- increase access to programmes leading to intermediate and high-level learning through the establishment in rural areas of twelve (12) new VET college campuses with modern teaching and learning facilities and student accommodation; and through ensuring colleges comply with the DHET-FET bursary disbursement guidelines and regulations
- improve the TVET sector output by increasing the year-on-year certification rate of TVET college students in vocational programmes by initiating and supporting interventions such as providing training and support to lecturers and student support services managers
- improve participation in vocational education and training for poor students by increasing the number of FET students bursary recipients in colleges
- process the migrating TVET and detectors from a provincial to a national competence
- improve financial management systems of the FET colleges, through a partnership with the South African Institute of Chartered Accountants (SAICA) towards building capacity of college Chief Financial Officers (CFOs) and the establishment of sound financial systems
- manage and administer a credible and efficient examinations and assessment system for TVET institutions.

Reflection on successes and significant developments

The White Paper for Post-School Education and Training articulates the Department's vision to establish a single, integrated, coherent and well-articulated post-school education and training system, which is characterised by improved access and success, articulation between the various components of the system and multiple points of entry and exit. TVET colleges and community colleges (planned for establishment) are central to the realisation of this vision.

A significant amount of resources and effort (as detailed below) have been channelled into expanding the TVET college sector, revitalising of TVET colleges infrastructure, improving the quality of learning programmes offered and provisioning of bursaries for TVET college students.

- In expanding the post-school provision to improve access, the student enrolment at FET and AET has grown from 358 393 headcount enrolments in 2010 to 670 455 in 2013. The total of the budget for TVET colleges has increased from R3.8 billion in 2010 to R5.4 billion in the current financial year.
- Strengthening institutions to improve quality, the following supporting work is continuously carried out:
 - support regarding TVET colleges human resource management aspects
 - twenty (20) human resource generalists have been appointed and deployed at colleges. Fifty (50) chartered accountants have been deployed to support TVET colleges in financial management - the Department has collaborated with SAICA in this support project
 - the Department through JET services is implementing College Improvement Projects in the Eastern Cape and Limpopo Province.
- A policy conference with college student leadership and governance structures was held in 2013. Continuous student leadership capacity development initiatives are underway.

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- Substantive actions that are currently implemented in TVET colleges in pursuit of improved student academic performance include the following:
 - daily monitoring of student attendance, particularly for bursary recipients where travel and accommodation allowance disbursement is linked to attendance
 - the administration of the student selection and placement test at the commencement of the academic year to, among other things, identify student numeracy and literacy gaps and to advise on the most suitable programmes of study given students' career interests and academic competency levels
 - the introduction and implementation of the Attendance and Punctuality Policy for students
 - delivery of academic support programmes such as winter schools for students, to supplement learning areas such as Mathematics and Mathematical Literacy; focused content training for lecturers on learning areas and programmes wherein the academic performance is below par; and focused remedial classes for students on areas wherein they perform poorly
 - the recruitment of qualified Student Support Services (SSS) managers
 - training and capacity development for support of SSS managers on the various elements of the student support services framework, including entry and on-course student support as well as strategic planning in support of SSS.
- A vision and pathway was set out for achieving a coherent post-school system with articulation, collaboration and coordination between the different components, as well as alignment between the various institutional types and between education and training institutions and the labour market, allowing for multiple points of entry and exit.
- TVET college's infrastructure including student accommodation was revitalised. R2.5 billion has been set aside towards construction of twelve (12) new TVET college campuses with student accommodation facilities. Additional R7.5 billion is required for the TVET college sector to broadly deal with the backlog of student accommodation, refurbishment and building of new classrooms and workshops.

Challenges that might have impacted on the performance of the Department in the implementation of the Strategic Plan and Annual Performance Plan.

Various activities linked to the performance indicators in the APP that were outside the direct control of the Department, have been identified. The Department's direct involvement in these externally administered activities was limited to monitoring and support and in some cases collection of data from the implementing agencies. Such areas include:

- Non-compliance of private TVET colleges with regulations. Decisive action regarding registered private TVET colleges that failed to comply with regulations for maintenance of their registration, was taken. Cancellations of registration and removal of names of defaulting colleges from the Register of private TVET colleges was effected
- Student headcount enrolments in both private TVET colleges and AET centres. Some AET centres were temporarily suspended as a result of 2013 poor student enrolments, whereas non-compliant private FET colleges were de-registered owing to the lack of compliance with regulations. The consequence of both the suspensions and de-registrations was a lower than envisaged response rate of AET centres and private TVET colleges responding to an annual survey conducted by the Department
- Insufficient human and financial resources within the Branch internally impacted on other delivery aspects.

Skills Development and Training

An overview of the service delivery environment during the past year

The year 2013/14 was the year in which the Sector Education and Training Authorities' (SETAs) Grant regulations regarding monies received by SETA and related matters was published by the Minister in the Government Gazette on 3 December 2012. The changes in SETA funding regulations came into effect on 1 April 2013. The regulations were introduced to address the challenges towards the delivery of training by SETAs and to introduce the first ever funding model of the Quality Council for Trade and Occupations (QCTO) to allow it to carry out its mandate as per the Skills Development Act.

The Ministerial Task Team (MTT) concluded and published its report on SETA performance in August 2013. The MTT was tasked to assess the performance of SETAs by analysing results including its governance and to recommend assistance to ensure that SETA performance in short, medium and long term planning is improved.

The Skills Branch focused on the training of artisans and declared the year 2013 as 'Year of Artisans' in order to massify and respond to the massive artisan shortage in the country. The programme was aimed at elevating artisanship such that it is universally recognised as a career choice for the South African youth, particularly those in the post-school education and training system and reinforce appreciation for artisan skills development opportunities that are available.

The Skills Branch, through the National Skills Authority (NSA), consolidated and developed a NSDS III progress implementation report for the period 2011/12 to 2012/13 outlining the results achieved, as well as the challenges experienced. The report also began to identify crucial factors to be considered for the development of a future strategy. The report was printed and distributed widely to the implementing agents including stakeholders in skills development.

Reflection on successes and significant developments

The establishment of Work Integrated Learning and Partnerships Unit within the Skills Development Branch (in conjunction with SETAs) which facilitate placement of FET graduates and students from Universities of Technology and Comprehensive Universities requiring work-integrated learning was a positive development. This unit mobilises employers and facilitates graduate and student placement in order to assist those for whom workplace placement is a qualification requirement. It also addresses graduate unemployment. As a result 27 346 FET and University of Technology students were placed in employment for workplace experience. Big strides were achieved in terms of addressing the shortages of artisans in the country. A total of 27 670 learners were registered for artisan training (against a target of 26 000) and a total of 18 110 completed and qualified as artisans (against a target of 12 000).

In order to bring SETA services closer to the people, especially in townships and rural areas, SETAs opened more than 40 offices in various TVET colleges in different parts of the country. The offices will further solidify the much needed partnership between the SETAs and TVET colleges to cooperate in various programmes such as the placement of TVET learners into workplaces, alignment of TVET curriculum to the industry's needs, training of artisans and many more.

More SETAs are now focusing on Professional, Vocational, Technical and Academic Learning (PIVOTAL) programmes leading to part or full qualification instead of short and unaccredited skills courses. This change was as a result of the grant regulations that were published and came into effect in April 2013.

Challenges that might have impacted on the performance of the Department in the implementation of the Strategic Plan and Annual Performance Plan.

There is a delay in publishing the Trade Test Regulations which is aimed at implementing a single national artisan trade testing and certification system across all economic sectors, quality assured by the Quality Council for Trade and Occupations. Furthermore, the regulations are aimed at improving access to quality trade testing in order to provide industry and the broader economy with suitably qualified artisans.

There is little incentive in the industry to open workplaces for the TVET college learners to acquire workplace experience owing to the prevalent challenges in the TVET colleges which the Department is currently addressing with the aim of making TVET colleges the institutions of choice.

There is also unavailability of funds for repair, recapitalisation and maintenance of the trade testing facilities at INDLELA. The Department of Public Works indicated that a highly necessary security upgrade project alone will cost R29 million.

The unavailability of funds to convert posts that are currently funded by the National Skills Funds, to permanent fund posts for the various contract staff that currently run the various units linked to national artisan development inclusive of NAMB and Artisan RPL systems and processes, remains a problem.

There is no IT linkage and integration between SETAs and the Department systems for reporting and analysis purposes. The Department is currently in the process of developing an information system that will facilitate the collection of data for the NSDS reporting requirements.

The National Skills Conference was successfully held in October 2013 where the Minister and the Deputy Minister were able to engage about 1 200 delegates from various organisations such as the institutions of education and training, trade unions, business, community, government departments, and international partners. Exhibitions to promote awareness of training opportunities to more than 3 000 school learners, ran parallel to the conference. The Deputy Minister graced the Skills Awards Ceremony that recognised companies that promoted the placement of learners.

The last five Consultative Provincial Workshops on the NSDS III implementation were concluded in conjunction with the NSA. A full report on the findings and progress made by the various provinces was also developed and circulated to enhance the stakeholder participation and to strengthen the provincial roll-out of skills development interventions.

Service Delivery Improvement Plan

During the year under review, the Department's Service Delivery Improvement Plan has been placed on the Department's website and intranet to ensure that it is easily accessible to all staff and intended beneficiaries. More interventions will be put in place to promote understanding and buy-in and to encourage compliance during the 2014/15 financial year.

During the first quarter of the 2014/15 financial year, the plan will be shared with the Government Communication and Information System (GCIS) for placement on their website, which is the first port of call for most people looking for information about any government department or service. Any collateral material and information about the Service Charter will also be made available at their resource centres in Cape Town, Pretoria and other smaller offices country wide. Large posters will be printed and displayed in the reception area of every DHET building so that citizens walking through the Department's doors know what level of service to expect and what recourse they have if they receive unsatisfactory service.

Smaller leaflets containing the most important information will be printed and made available at all departmental access points.

The DHET call centre (0800 87 2222) will be reflected on the posters as the primary entry point for service-related enquires. Notices via print or News Flash, will be put up whenever there is new information to be shared regarding departmental services.

Two-way engagement between the Director-General or his representatives and employees is recognised as a critical success factor and will be promoted through staff sessions and incentives for service excellence.

2.2 Organisational environment

The Department managed to reduce the vacancy rate to 6.93% (funded posts). Of the 1 041 approved posts on the staff establishment, 967 posts have been filled. The target of four (4) months to fill a post was achieved. There has been significant progress in resolving departmental cases and all grievances and disciplinary cases were finalised within the stipulated timeframe.

The overall African representation is above 75% and disability representation is currently 1,2%. The Department complied with the Human Resource Planning Implementation Framework and there is gradual improvement in the capacity of the unit.

The Department's communication services, including media, communications, client services and information resource functions, have been significantly enhanced. The Call Centre received 18 015 enquiries to which it responded smoothly and satisfactorily during 2013/14. The resolution rate for calls received during the period under review was 99.72%, with only two cases outstanding as on 31 March 2014. All major milestones of the Department have been widely publicised, including the Nelson Mandela Career Festival, the launch of two new universities, the announcement of post-school education and training opportunities and the launch of the 'Decade of the Artisan'. Information booklets have been published and widely distributed to share information and promote better understanding regarding the Department, its institutions and its key programmes.

The current assessment on security compliance is at 99% in terms of progress made to fully establish a functional Occupational Health and Safety Committee. The biometric access control system has been re-installed and is fully functional. Permanent staff members have been issued with access cards for identification purposes. Random security checks of vehicles as well as bags and validation of laptops have been implemented in compliance with the Minimum Information Security Standards (MISS) document. All security officers are trained and comply with the PSIRA Act. The Security and Occupational and Health Policy was approved. The Occupational Health and Safety Committee and representatives have been appointed as specified in section 17 of the Occupational Health and Safety Act in February 2014.

The Department's overall expenditure percentage for the period under review including direct charges was 99.5% while the percentage spent on voted funds was 100%. The greater portion of that expenditure went to subsidies to Higher Education Institutions. Austerity measures implemented by the Department assisted in avoiding any unauthorised expenditure. Savings on direct charges resulted from levies not received based on the estimates received from National Treasury.

2.3 Key policy development and legislative changes

2.3.1 *Further Education and Training Colleges Amendment Act, 2013 (Act No. 1 of 2013)*

This legislation aims to amend the Further Education and Training Colleges Act, 2006, so as to clarify certain definitions; to amend the provisions relating to the establishment of a public college; to establish the South African Institute for Vocational and Continuing Education and Training; to provide for the composition, functions and functioning of the Institute; to provide for transitional arrangements, to repeal the Adult Education and Training Act, 2000 and to amend certain other laws.

2.3.2 *White Paper for Post-School Education and Training*

In order to confront our developmental challenges, South Africa needs a single, coherent, differentiated, highly articulated and yet diverse and non-racial post-school education and training system, with all sectors playing their role as part of a coherent but differentiated whole. Building on the advances of the past twenty years, during the last quarter of 2013/14 the Department of Higher Education and Training (DHET) published the White Paper for Post-School Education and Training.

The aim of this White Paper is to create a framework that defines DHET's focus and priorities and that enables it to shape its strategies and plans for the future. This White Paper will drive and deepen transformation of the entire post-schooling sector, improving the capacity of the post-school education and training system to meet the needs of the country. It aims to set out policies to guide the DHET and the institutions for which it is responsible in order to contribute to building a developmental state with a vibrant democracy and a flourishing economy.

3. Strategic outcome-orientated goals

The primary objective of the mandate of the Department of Higher Education and Training (DHET) is to expand access to and improve success within the post-school education and training system. The DHET is responsible for Outcome 5 of the Government's Performance Monitoring and Evaluation system, namely, **Outcome 5: 'A skilled and capable workforce to support an inclusive growth path'**. In the quest to deliver on this mandate, the Department set itself the following strategic goals for the period 2010/11 to 2014/15:

- Expand access to education and training for the youth.
- Capacitate educational institutions for effective provision or facilitation of learning.
- Increase the number of students successfully entering the labour market upon completion of training.
- Expand the research, development and innovation capacity for economic growth and social development.
- Ensure a college curriculum that is responsive to the demands of the market place and can transform and adapt quickly and effectively to changing skills needs, with a special emphasis on artisan training.
- A credible institutional mechanism for skills planning to support an inclusive economic growth path.
- A highly effective, professional, efficient administration informed by good corporate governance practices.

During the year under review, the following progress in respect to the above strategic goals was made between 2012/13 and 2013/14

- Student headcount enrolments at universities increased by 2% from 938 201 to 953 373.
- First-time enrolments at universities decreased by 5% from 179 105 to 169 767.
- Graduates from universities increased by 3% from 160 626 to 165 995.
- Graduates in Engineering Sciences increased by 6% from 9 387 to 9 974.
- Graduates in Human Health and Animal Health decreased by 1% from 8 070 to 8 015.
- Graduates in Natural and Physical Sciences increased by 15% from 5 526 to 6 366.
- Research Masters graduates increased by 15% from 5 281 to 6 076.
- Initial teacher education graduates increased by 30% from 10 543 to 13 740.
- Headcount enrolments at FET colleges increased by 2% from 657 690 to 670 455.
- 27 346 graduates received Work Integrated Learning in 2013.
- Sub-frameworks of the National qualifications have been determined.
- All current qualifications have been allocated to a sub-framework.

The service delivery targets for Outcome 5 relate to increasing access to programmes leading to intermediate and high level learning, increasing access to occupationally directed programmes in needed areas (thereby expanding the availability of intermediate level skills with a special focus on artisan skills) and increasing the access to high level occupationally-directed programmes in needed areas. During the year under review the following particular successes were recorded for the service delivery aspects of the agreement:

Output 5.1: Establishment of a credible institutional mechanism for skills planning

The following frameworks have been developed:

- *Information Framework on Education Information Policy* for providing information on current skills provisioning and attainment
- *Career Advice Framework* for cooperation on the provision of career guidance and information services in the country
- *Framework for Cooperation on the Provision of Career Guidance and Information Services* in the country.

The Department conducted a survey of government initiatives in *Career Development Services* and identified gaps and duplication in services. Departments in the Social Cluster, SETAs and the broader stakeholders represented in the Task Team were consulted after which Cabinet was briefed on the progress of the establishment of national Career Development Services and endorsed the development of a Career Development Services Policy across all spheres of Government.

The first phase of the development of the National Career Advice Portal was concluded (contract with SAQA) and the system has been transferred to the DHET after year-end. The system was tested and prepared for Phase II development.

The Department signed a contract with SAQA to run the national helpline, radio programmes, the social media campaign, exhibitions, as well as the strategy on walk-in centres up to September 2014.

The *Management Information System Interface* of all administrative databases within the DHET (and its entities) for the supply and attainment of skills, was available per dataset from March 2013 to March 2014.

The *Comprehensive Career Guidance and Career Information Dissemination and Collection System* is fully operational. A summative evaluation on the SAQA helpdesk and CAS activities was completed and the report submitted to the DHET. A survey on career development activities in government departments, organisations and institutions took place to identify gaps and duplication and recommendations have been implemented.

The development of the National Career Advice Portal (system) is completed along with the 500 learning pathways selected from the Organising Framework for Occupations (OFO). The first phase of the system with the learning pathways, learning directory and ePortfolio is completed and in use. A *Business Intelligence Information System* that interfaces all sources of information relating to the stock, supply and demand of skills, is fully operational.

Output 5.2: Increase access to programmes leading to intermediate and high-level learning

The AET Levels 1-4 enrolments target for 2013/14 was 278 000. 290 106 learners were enrolled at these levels including Grade 10, 11 and 12 out of school youth. However, worth noting is the fact that the Department does not have control over the budget that should support expansion in this area, as this is still a provincially funded function.

Regarding the success rate of students enrolled at Levels 2, 3 and 4 of the National Certificate (Vocational) (NC(V)), the certification rate target set for the 2014 academic year is 50% across all levels. However, the 2013 provisional academic performance report indicates that the TVET college system's performance is too erratic to predict with any level of certainty that these targets will be achieved by the end of the 2014 academic year. The 2013 provisional academic performance report indicates that NC(V) Levels 2, 3 and 4 candidates achieved the certification rate of 32.8%, 30.2% and 37.1% respectively.

According to the sub-output 5.2.4 of Outcome 5, the student enrolment target on the N4-N6 programmes was set at 250 000 by 2014. By October 2013, a total of 285 562 students were enrolled on these programmes. This already exceeds the 2014 target by 35 562 students.

Output 5.3: Increase access to occupational directed programmes in needed areas and thereby expand the availability of intermediate level skills (with a special focus on artisan skills)

The 2013/14 target of 2 000 bursaries per annum has been achieved as at the end of the year was 5 640 (282%). SETAs partnered with the NSFAS in awarding bursaries to students within their respective sectors.

The 2013/14 target for the number of qualified artisans per annum has been achieved. 18 110 Persons qualified as artisans during the period April 2013 – March 2014 (target was 12 000).

A national artisan career guidance and management system has been implemented. To date, all 125 trades have been captured on NCAP. '2013 Year of the Artisan' was completed. 'Decade of the Artisan' was launched on 3 February 2014.

The trade test pass rate is 45% for persons tested at INDLELA which is below the targeted 48%. In relation to the placement of graduates from the Universities of Technology and Further Education and Training Colleges, there were 5 885 and 9 567 graduates placed up to December 2013. SETAs also placed 12 483. The target for placement of NC(V) and N course graduates is 70% for 2014.

A total of 22 911 learners have entered learnerships on NQF Level 5 and above, thereby surpassing the 20 000 target. The number of unemployed individuals completing internships also followed suit as 23 823 unemployed individuals completed internships compared to the targeted 20 000. The number of unemployed individuals

obtaining bursaries per annum was 13 979 (target was 8 000) and 18 853 unemployed individuals completed skills programmes which is also above the 2014 target of 16 000.

A reporting system to distinguish between learnership levels has been developed. It enables SETAs to report on NQF levels of programmes.

Output 5.4: Access to high level occupationally-directed programmes in needed areas

There were 6 366 Natural and Physical Sciences graduates against the target of 5 387 for 2013/14. There has also been remarkable progress on the number of Teacher Education graduates as there were 13 740 graduates recorded against the target of 10 673.

Infrastructure allocation to universities represented an increase from R474 million in 2010/11 - 2011/12 to R662.460 million in 2012/13 - 2014/15. The 2012/13 - 2014/15 cycle is specifically for new teacher education infrastructure at universities. The opening of the two new universities will accommodate the scarce skills areas of engineering, health and teacher education. A draft report on the establishment of teaching schools to support the practice component of initial teacher education programmes, was presented by the researchers to the DHET in March 2014.

Output 5.5: Research development and innovation in human capital for a growing knowledge economy

The Department has a new revised criteria for the use of Research Development Grants titled 'Criteria for the Use and Management of the Research Development Grant to Universities (2014/15 – 2016/17)'. A workshop was held with the Higher Education sector to present and deliberate on these criteria. Proposals covering a three-year period were submitted by all 23 institutions.

The number of Honours graduates for 2014 was 20 975 (target was 24 019). The National Research Foundation (NRF) supported 3 094 Honours students. The number of research Masters graduates for 2014 was 6 076 (target was 4 978). NRF supported 3 410 Masters students. The number of Doctoral graduates for 2014 was 1 878 (target was 1 785). NRF supported 2 061 Doctoral students but the number of post-doctoral students enrolled surpassed the targeted 600 as 1 342 were enrolled. NRF supported 445 Post-doctoral students.

For the 2013/14 period, a Research Development Grant of R176.820 million was allocated to universities for specific projects.

4. PERFORMANCE INFORMATION BY PROGRAMME

Programme 1: Administration

The purpose of the programme is to provide overall management and administration of the Department.

There are four budget sub-programmes:

- Ministry
- Department Management
- Corporate Services
- Office Accommodation

Strategic objectives

- Improve efficiency by implementing the necessary information technology infrastructure and systems.
- Provide effective and efficient human resource planning and management services.

- Ensure adherence to policies and standards on logistical services.
- Provide effective communication services and events management.
- Ensure a safe and healthy physical environment.
- Prevent fraud and corruption.
- Ensure an efficient and effective system of financial and asset management, governance and controls in the Department and its public entities.

Significant achievements during 2013

The Department's ICT governance maturity level has moved from Level 1 in 2012 to Level 3 in 2013/14. The Department also developed information security policies, and the ICT Charter which was approved in 2012 by the DG. These lead to the establishment of the ICT Governance structures in the Department.

The network connectivity is 99.5%. The network performance in the period under review was slightly affected owing to a power failure at SITA which affected not only the Department, but the entire Government. This explains the 0.5% variance of network performance.

The IT services were available throughout the period under review. This includes email availability and internet services.

The Department managed to reduce the vacancy rate to 6.93 % (funded posts) from 11% in 2012. Of 1 041 approved posts, 967 posts have been filled and 74 are not filled. The target of four (4) months to fill a post, was achieved during the period under review.

There has been progress in resolving departmental cases, all grievances have been finalised within the stipulated timeframe. The disciplinary cases managed, were finalised within the 90 day turnaround time.

The overall African representation is above 75% and disability representation at 1.2%. The Department has complied with the Human Resource Planning Implementation Framework and there is gradual improvement in the capacity of the unit.

The Department's Call Centre received 18 015 calls to which it responded smoothly and satisfactorily during 2013/14. 10 788 toll free calls were received and 10 683 (99%) were resolved from April 2013 to March 2014. Of 3 811 website enquires received, 3 740 (98.1%) were resolved. The Department has resolved a total of 14 423 (98.8%) calls from April 2013 to March 2014. On the Presidential Hotline (PHL) 3 416 enquiries were received, of which 3 369 were resolved. Overall percentage for PHL resolved cases is 98.6%.

The public profiles of the Department's political principals, particularly their reputations, have been carefully managed through media profiling, outreach programmes and stakeholder forums. Career guidance exhibitions increased in number and both quantity and quality of information made available to learners and stakeholders improved. The political principals' programme of iZimbizo covered all provinces and ensured that different communities, particularly rural communities, had easy access to the Department's information.

The current assessment on security compliance is at 99% in terms of progress made to fully establish a functional Occupational Health and Safety Committee. The biometric access control system has been re-installed and is fully functional. Permanent staff members have been issued with access cards for identification purposes.

Changes to performance indicators during the year

No significant changes were made to planned targets and indicators during the period under review except for minor refinements to ensure adherence to the SMART principle (Specific, Measurable, Achievable, Relevant and Time-bound).

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Programme performance: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 1: ADMINISTRATION						
(4.1.1.1)* To improve efficiency by implementing the necessary information technology infrastructure and systems	ICT governance maturity level achieved	Maturity level 1	ICT governance maturity level 2	ICT governance maturity level 3	Target exceeded One more level than the target	The ICT Governance Framework, information security policies, ICT Charter were developed and approved and the ICT charter led to the establishment of the ICT governance structures
	Percentage network connectivity uptime	100%	99.9%	99.5%	Target not achieved The actual achievement is 0.5% below the target	A power failure at SITA affected not only the Department but the entire Government
	Period of availability of IT services to DHET users	24/7	24/7	24/7	Target achieved	None

* Numbering is linked to the actual numbering of strategic objectives in the Annual Performance Plan

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 1: ADMINISTRATION						
(4.1.1.2) To provide effective and efficient human resource planning and management services	Average period it takes to fill a funded vacancy from the date of advertisement (in terms of months) to the date of recommendation	4 months	4 months	4 months	Target achieved	None
	Vacancy rate of funded posts in the Department	11%	10%	7%	Target exceeded by 4%	The cleaning up on Persal.
	Average number of days to resolve disciplinary cases	148 days	90 days	74 days	Target achieved	None
	Percentage performance of the Human Resource Strategic Planning Framework as measured by the Department of Public Service and Administration (DPSA) assessment tool	63%	98%	98%	Target achieved	None

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 1: ADMINISTRATION						
	Percentage personnel with performance agreements whose performance was assessed at the end of the financial year in compliance with performance management framework	100%	100%	95%	Target not achieved Below target by 5%	Management and staff discipline in meeting deadlines
(4.1.1.3) Ensure adherence to policies and standards on logistical services	Percentage compliance to SCM transactional processes complying with SCM policies	Compliance to SCM and Logical Policies and standards except for the incidents mentioned in the comments	100%	100%	Target achieved	None
	Average period of time to pay invoices from service providers from the day the invoice was received (in terms of days)	30 days except for a few exceptions	28 days	30 days except for a few exceptions	Target not achieved	Valid claims/invoices with no queries were settled within 30 days during online periods of BAS

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 1: ADMINISTRATION						
(4.1.1.4) To provide effective communication services and events management	Functional DHET website updated daily on the basis of approved content by the Functional Head	Website available 365 days per year with 4 quarterly newsletters published	Functional DHET website updated daily	Functional DHET website updated daily	Target achieved	None
	Four DHET internal newsletters	One DHET internal newsletter	Four DHET internal newsletters	Four issues of electronic newsletters	Target achieved	None
	Percentage response to queries via call centre	97.3%	100%	100%	Target achieved	None
	Number of exhibitions/Public Relations events conducted	11	10	30	Target exceeded by 20%	More outreach programmes were undertaken by both political principals and the Department's branches than originally anticipated by the support teams

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 1: ADMINISTRATION						
(4.1.1.5) To ensure a safe and healthy physical environment	Percentage compliance with Occupational Health and Safety (OHS)	90%	99%	100%	Target achieved	None
	Percentage compliance with security directives		95%	99%	Target achieved	None
(4.1.1.6) To prevent fraud and corruption	Percentage of potential cases of fraud identified through early warning systems approved by the DG for implementation	Fraud and anti-corruption policy implemented Whistle-blowing system developed and implemented	All potential cases (100%) of fraud identified through early warning systems approved by the DG for implementation (31 March 2014)	Risk management committee, strategy and policy developed and approved	Target not achieved	There was no capacity in the previous three quarters which has since been put in place

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 1: ADMINISTRATION						
(4.1.1.7) To ensure an efficient and effective system of financial and asset management, governance and controls in the Department and its public entities	Average period of time taken to process transfers and payments from the date of request	Within five days	Five days	Five days	Target achieved	None
	DHET financial statements approved by the DG	Approved financial statements	DHET financial statements approved	DHET financial statements approved	Target achieved	None
	Percentage compliance to PFMA	The majority of PFMA compliance matters	100% compliance to PFMA	100% compliance to PFMA	Target achieved	None
	Number of agreements concluded and projects supported	No new agreements were signed	10 agreements concluded and projects supported	No new agreements were signed but programmes on existing agreements were supported	Target not achieved	Agreements were not signed as the management of partnerships for post-school education is decentralised linked to different functions in all branches. Support was provided to existing agreements with international and local donors
	Percentage of assets lost and/or unauthorised movements	Less than 1%	Less than 1%	Less than 1%	Target achieved	None

Strategy to deal with underperformance

- On achieving the network connectivity uptime, the Department will liaise with SITA on power failures which affect the Department and Government.
- The Department is reporting a deviation from planned targets in as far as the PMDS policy is concerned. The only way of addressing this constant deviation is to hold Managers and Supervisors who provide direct reports, accountable for ensuring that the planning and assessment timelines issued by HR are met. This will be effective from 1 April 2014.
- Agreements were not signed as the management of partnerships for post-school education is decentralised, linked to different functions in all branches. Support was provided to existing agreements with international and local donors.
- Managing certain key areas like payments of invoices from service providers especially in Supply Chain Management should be improved. Consideration is given to appoint officials on contract.
- With respect to potential cases of fraud identified through early warning systems, a risk management committee, strategy and policy were developed and approved. Potential cases will be identified during the first quarter of 2014/15.

Linking programme performance with budgets

SUB-PROGRAMME	2013/14			2012/13		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	29 753	29 733	20	29 701	29 635	66
Department Management	35 643	35 570	73	30 371	30 241	130
Corporate Services	105 167	104 579	588	92 180	91 883	297
Office Accommodation	33 166	33 162	4	19 899	19 896	3
Total	203 729	203 044	685	172 151	171 655	496

Programme 2: Human resource development, planning and monitoring coordination

The purpose of the programme is to provide strategic direction in the development, implementation and monitoring of Departmental policies and the Human Resource Development Strategy for South Africa.

There are six budget sub-programmes:

- Programme Management
- Human Resource Development, Strategic Planning and Coordination
- Planning, Information, Monitoring and Evaluation Coordination
- International Relations
- Legal and Legislative Services
- Social Inclusion in Education

Strategic Objectives

- Establish and maintain an integrated education and training management information system, linking all providers of education and training into a single system, to provide accurate data on skills supply and demand in the country.
- Establish and maintain a coherent career management and career information system by 2014.
- Promote research and innovation in the Higher Education and Training Sector by publishing an annual academic journal of contributions from stakeholders in the sector.
- Manage and maintain a credible planning and budgeting process for the Department annually.
- Pursue and strengthen bilateral relations with priority countries in Africa, the Middle East, South and the North as well as with multilateral agencies such as COMEDAF, SADC, AU, ADEA, UNESCO, ILO, OECD and the Commonwealth.
- Maintain a database of international engagements of all public post-school institutions and publish an annual report on international collaborations.
- Support, advise and monitor the implementation of the post-school education and training system legislative framework annually.
- Establish well-functioning social inclusion, equity and transformation services within the DHET and its entities.
- Monitor and support the implementation of the National Qualifications Framework Act.

Significant achievements during 2013

It can be reported that 100% of public institutional data for 2010, 2011 and 2012 were integrated into a single management information system including 50 Further Education and Training Colleges, 23 Higher Education Institutions and 21 SETAs.

The standard of publication of post-school education and training statistical reports has been developed and published in the Government Gazette, number 37461 of March 2014. The purpose of the standard is to specify the rules for the publication of statistical reports on the post-school education and training sector to ensure the quality of the publication.

The Data Dissemination Standard has been drafted and presented to the Higher Education and Training Information Standards Committee on 6 March 2014. The Committee has approved and recommended the standard to be published. The standard has been routed to the Minister for approval.

The concept paper for the online Work Integrated Learning (WIL) system has been developed. The purpose of WIL is to provide an accurate and up to date database of students requiring work integrated learning or placement for workplace based learning; to provide an accurate and up to date database of employers willing to provide opportunities to students seeking WIL; to provide a system that will match students to the appropriate employers; and provide information regarding WIL for reporting purposes. The concept paper has been consulted with various stakeholders including the Higher Education and Training Information Standards Committee, the Deputy Director-General (DDG) forum and the Department of Higher Education and Training Data Manager Forum. The concept paper has been routed to the Director-General for approval.

The Department of Higher Education and Training, in consultation with various national and provincial government departments, bodies, entities and institutions has developed an implementation framework for the development of a Career Development Service policy, implementation strategy and consultation process across all spheres of

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government. Cabinet approved the development of a Career Development Services policy and implementation plan in January 2014.

Career Development stakeholders have been collaborating under the coordination of the Department. An Interim National Career Development Forum, represented by various government departments, agencies, entities, bodies and institutions, has been established that will bring key stakeholders in career development together within an institutional structure to provide a mechanism for national communication, consultation, cooperation and coordination.

The National Career Advice Portal (NCAP) has been developed as an integrated education and training career development information system and is live (<http://careerhelp.org.za/ncap>). Two further modules have been developed. 100% of public institutional data was integrated into the NCAP (learning directory module) (Public TVET Colleges and Universities).

A multi-platform helpline has been operational (radio, exhibitions, helpline and web portal including website and mobi-site).

The White Paper for Post-School Education and Training was launched and specific direction is given to the development of open learning in the post-school education and training system.

The first phase of the open learning in post-school education and training initiative was concluded through the development of a 'Concept Document: Open Learning in Post-school Education and Training'. Four consultative workshops for Adult Education, FET colleges, universities and Skills Development took place and resulted in the 'Concept Framework for an Open Learning System in Post-school Education and Training in South Africa' identifying specific programmes to conduct open learning pilots in the identified five areas.

The Minister's request for a scarce skills list has been taken up by the Directorate and the list of the occupations in demand has been finalised and submitted to the Minister to publish for public comment. The publication of the White Paper has resulted in the involvement of the Research Directorate in its advocacy and an examination of its implications. The Research and Monitoring Evaluation Directorate was also given the responsibility of drafting a five year review of the Department of Higher Education and Training. A research forum on PSET has been established and its first meeting was held on 18 March 2014. Issues requiring on-going attention are the Labour Market Intelligence Project and the matters pertaining to the skills planning mechanism.

The publication of the Statistical Report on 2012 data was delayed owing to lack of data on AET centres from three provinces. The publication of the research bulletin was delayed owing to design and layout challenges, the resignation of a staff member in October 2013 and new tasks in relation to the inter-branch committee.

The programme is also responsible for the coordination of strategic planning and reporting and ensures a credible planning process for the Department on an annual basis. For the 2013/14 financial year an Annual Performance Plan for 2014/15 was developed with indicators and approved by the Minister.

The annual production of four quarterly performance progress reports on the implementation of the Strategic Plan was efficiently coordinated.

The Department's first international relations strategy document was approved by the Director-General in 2013.

The Department participated in a 10-year review of IBSA hosted by DIRCO and worked with HESA on South Africa's participation in the IBSA Academic Forum, which was later postponed by India. Projects were selected through the NRF under the IBSA Academic Mobility Fund.

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The Minister paid a working visit in May 2013 to the United Nations Education, Scientific and Cultural Organisation (UNESCO) and the International Institute for Education Planning (IIEP) to explore common fields of interest and knowledge-sharing in skills development and education and training. The Minister also met with middle income UNESCO Member States on the Post-Shanghai Technical and Vocational Education and Training Conference resolutions. The Minister and senior officials attended the UNESCO General Conference in Paris in November 2013. On the margins of the conference, the Minister hosted the first meeting of BRICS Ministers of Education.

The Minister led a delegation to the International Labour Organisation (ILO) Conference in Geneva in June 2013, where meetings with ILO representatives were also held. As a follow-up to discussions, a departmental delegation visited Turin in November 2013 to explore the possibility of establishing an ILO training centre at an institution in South Africa.

The Deputy Minister led the DHET delegation to the Southern African Development Community (SADC) Meeting of Ministers responsible for Education and Training held in September 2013 in Mozambique. The meeting discussed the progress report on the implementation of the SADC Protocol on Education and Training amongst other matters.

The Minister participated in a meeting of OECD Ministers of Education in Istanbul, Turkey in October 2013. The Department officially engaged the OECD to undertake a review of South Africa's vocational education and training system.

The Minister attended the World Education Forum in the United Kingdom in January 2014.

The Department hosted three delegations on familiarisation visits from counterpart Ministries in Uganda, Burundi and Iraq, to identify possible areas of cooperation and to facilitate institutional collaboration. The Department also hosted a delegation from the Norwegian Centre for International Cooperation in Education to explore possible areas for cooperation.

A draft concept paper on the management of scholarships was submitted to the Department's Scholarships Committee. The Department facilitated the uptake of scholarships offered to the DHET as part of government to government cooperation including scholarships to study in Mauritius, Singapore, Poland, Russia, China and Mexico.

A Joint Declaration on Cooperation in Vocational Education and Training was signed with Germany in July 2013.

The Deputy Minister represented the Department at the SA/EU Summit held in Pretoria in July 2013 and the Department participated in a side event on employment and social affairs dialogue. The Department was also represented at the SA/EU Joint Cooperation Council in Brussels in October 2013 and a workshop on internationalisation in education held on the margins.

The Minister visited China in September 2013. The visit focused on mid-level skills training initiatives as well as meeting with the leadership of the Confucius Institutes responsible for cultural exchanges and scholarships.

Two delegations from the Department undertook study visits to Germany supported by the German Development Agency (GIZ) in October 2013.

The revision of the electronic data capturing system for the database of international engagements of institutions was delayed owing to system development delays. The updated data collection and storage instrument was completed in March 2014, and the survey was then submitted to universities. Content will be updated by July 2014.

All litigations were dealt with. A matter that requires on-going attention is that court cases are managed within timeframes set by Rules of Court. These timeframes must be managed as and when the Minister or the Director-General is required to act.

Both the Learning Programme and Trade Test Regulations were not finalised and could therefore not be promulgated. The delay was as a result of complications in definitions and typology and the objection by the QCTO Council regarding the credit accumulation clause, which caused the delay in the finalisation of the Trade Test Regulations.

All legal opinions and agreements were scrutinised as requested.

The Social Inclusion Policy Framework was approved by the Minister and submitted to the Ministerial Oversight Committee on Transformation for inputs. The implementation monitoring report was also compiled and submitted to the DG.

The implementation monitoring report was submitted later than 31 March 2014 owing to waiting for the Minister's Oversight Committee on Transformation to submit inputs on the policy as directed by the Minister.

The draft monitoring and evaluation report was submitted to the Director-General for approval on 15 April 2014. In terms of Section 8(2)(c) of the National Qualifications Act (NQF Act), 2008 the Minister should publish guidelines which set out the government's strategy and priorities for the NQF and which may be updated annually. There were no guidelines required for the period 2013/14.

Changes to performance indicators during the year

No significant changes were made to planned targets and indicators during the period under review except for minor refinements to ensure adherence to the SMART principle (Specific, Measurable, Achievable, Relevant and Time-bound).

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Programme performance: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
(4.2.1.1)* Establish and maintain an integrated education and training management information system, linking all providers of education and training into a single system, to provide accurate data on skills supply and demand in the country	Percentage of public institutional data integrated into education and training management information system	80% (Public FET and HE institutions and SETAs)	100% (50 Public FET and 23 HE institutions and 21 SETAs) (31 March 2014)	100% (50 Public FET and 23 HE institutions and 21 SETAs) (31 March 2014)	Target achieved	None

* Numbering is linked to the actual numbering of strategic objectives in the Annual Performance Plan

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
(4.2.1.2) Establish and maintain a coherent career management and career information system by 2014	Career management and information system modules developed and approved by the DG	The National Career Advice Portal (NCAP) is established and two additional models are completed	Career management and information system modules developed and approved by the DG (31 March 2014)	Career management and information system modules developed and approved by the DG (31 March 2014)	Target achieved	None
	Number of users reached by career guidance services through different platforms	Radio: 1.991 million Exhibitions: 34 800 Helpline: 19 828 Web portal: 91 903	Radio: 3 million Exhibitions: 28 000 Helpline: 15 000 Web portal: 120 000	Radio: Estimated 22.8 million Exhibitions: 176 842 Helpline: 25 499 Web Portal: 209 081 Website: 90 970 Mobi-site: 118 111	Target exceeded	The CAS project provided additional career advice platforms: Radio: Over 19.8 million Exhibitions: Over 142 042 Helpline: Over 10 499 Web Portal: Over 89 081

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
(4.2.1.3) Promote research and innovation in the Higher Education and Training Sector by publishing an annual academic journal of contributions from stakeholders in the sector	A research bulletin approved and published by the DG	A research bulletin approved by the DG, but will still be published	A research bulletin approved and published (31 March 2014)	The research bulletin published on the DHET website on 11 April 2014	Target not achieved There was a 10-day delay in the publication of the research bulletin	The publication of the bulletin was delayed owing to late submission of articles and the additional time required for editing
(4.2.1.4) Manage and maintain credible planning and budgeting process for the DHET annually	DHET Annual Performance Plan (APP) developed with performance indicators and approved by the Minister	APP developed with performance indicators	APP developed with performance indicators and approved by the Minister (31 March 2014)	APP developed with performance indicators and approved by the Minister (31 March 2014)	Target achieved	None
	Annual MTEF Bid developed and approved by the DG	Annual MTEF Bid developed	Annual MTEF Bid developed and approved by the DG (30 September 2013)	Annual MTEF Bid developed and approved by the DG (30 September 2013)	Target achieved	None

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
	Number of quarterly performance progress reports on the implementation of the strategic plan and the APP produced and approved by DG within two months after the end of the quarter	Four	Four	Four	Target achieved	None
	An investment report on education and training compiled and approved by the DG	Draft education and training investment report produced	An investment report on education and training compiled and approved by the DG (31 March 2014)	The investment report on education and training was compiled and approved on 26 May 2014	Target not achieved	An investment report on education and training was compiled but could not be finalised before the end of March 2014 owing to capacity constraints within the unit. Therefore the report was submitted late to the DG but was eventually approved albeit two months after the end of the financial year

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
(4.2.1.5) Pursue and strengthen bilateral relations with priority countries in Africa, Middle East, South and North as well as with multilateral agencies such as COMEDAF, SADC, AU, ADEA, UNESCO, ILO, OECD and the Commonwealth	International relations operational framework strategy developed and approved by the DG Engagement plans developed and implementation report compiled and approved by the DG	Draft international relations operational framework strategy developed Engagement plans with priority countries and multilateral agencies developed	International relations operational framework strategy developed and approved by the DG (31 March 2014) Engagement plans developed and implementation report compiled and approved by the DG (31 March 2014)	The implementation report compiled and approved by the DG Engagement plans developed and implementation report compiled	Target achieved Target achieved	None None
(4.2.1.6) Maintain database of international engagements of all public post-school institutions and publish an annual report on international collaborations	A publication on international collaboration produced and approved by the DG Database of international engagements of all public post-school institutions updated and approved by the DG	A publication on international cooperation produced Database of international engagements of all public post-school institutions maintained	A publication produced and approved by the DG (31 March 2014) Database of international engagements of all public post-school institutions updated and approved by the DG (31 March 2014)	A publication produced Data collection and storage instrument updated. Survey submitted to universities and data will be updated (July 2014)	Target achieved Target not achieved	None The survey responses have not yet been received back from institutions in order to update the information stored in the database. The revision of the electronic data capturing system was delayed owing to system development delays

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
(4.2.1.7) Support, advise and monitor the implementation of the post-school education system legislative framework annually	Percentage of litigations against the Department dealt with in line with prescribed court rules	100%	100%	100% (38)	Target achieved	None
	Percentage of legislation and regulations drafted and amended	100%	100% (31 March 2014)	100%	Target achieved	None
	Percentage of requested legal opinions and agreements drafted	100%	100% (31 March 2014)	100%	Target achieved	None

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
(4.2.1.8) Establish a well-functioning social inclusion, equity and transformation services within the DHET and its entities that will focus on policy research, monitoring and evaluation in matters relating to race, class, gender, age, disability, HIV/AIDS and on career information services and counselling	A policy document on Social Inclusion Framework developed and approved by the DG	Monitoring report developed	One implementation monitoring report of the Social Inclusion Policy Framework compiled and approved by the DG (31 March 2014)	One implementation monitoring report has been compiled and submitted to the DG	Target not achieved	The report was submitted late, after 31 March 2014. The Social Inclusion and Equity Unit waited for the Minister's Oversight Committee on Transformation to submit inputs on the policy, which was not received

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target 2013/14	Actual achievement	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT, PLANNING AND MONITORING COORDINATION						
(4.2.1.9) Monitor and support actions needed to implement the statutory functions assigned to the Minister, Director-General, SAQA, CHE, Umalusi and QCTO in terms of the National Qualifications Act	A monitoring and evaluation report on the mandatory role of the Quality Councils and SAQA compiled and approved by the DG	Monitoring report developed	A monitoring and evaluation report on the mandatory role of the Quality Councils and SAQA compiled and approved by the DG (31 March 2014)	Draft monitoring report available	Target not achieved	The submission will be submitted during the first and second week of April 2014 to DDG:H and the DG for approval
	Annual Ministerial policy guidelines developed and approved by the Minister	Ministerial policy guidelines developed and approved by the Minister	Annual Ministerial policy guidelines developed and approved by the Minister (31 March 2014)	No Ministerial guidelines were issued in 2012/13	Target not achieved	The Minister is required by the NQF Act, 2008 (section 8(2)(c) to "publish guidelines which set out government's strategy and priorities for the NQF and which <u>may</u> be updated annually. Submission: Guidelines on Strategy and Priorities for the National Qualifications Framework (NQF), Financial Year 2013/14
	Percentage and number of requests for advice answered within standards approved by the Branch Head	100%	100%	100%	Target achieved	None

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Strategy to deal with underperformance

- A research bulletin was approved and published: The publication of the Bulletin was delayed owing to late submission of articles and the additional time required for editing. The Research Bulletin was published on the DHET website on 11 April 2014.
- The reports on the investment report on education and training: The draft investment report on education and training was produced but could not be finalised before the end of March 2014 owing to capacity constraints within the unit. The report will be finalised before the end of the first quarter for 2014/15 (report awaiting approval).
- Data collection and storage instrument regarding international engagements of all post-school institutions will be updated by July 2014.
- The implementation of the Social Inclusion Policy and Framework could not be finalised before the end of March 2014. It will be finalised before the end of the first quarter for 2014/15.
- A monitoring and evaluation report on the mandatory role of the Quality Councils and SAQA compiled and approved by the DG: The report will be submitted to DDG:H and the DG for approval during the first quarter of the financial year.
- The Ministerial guidelines were not issued in 2013/14. As required by the NQF Act, 2008 (Section 8(2)(c)) the Minister is required to 'publish guidelines which set out government's strategy and priorities for the NQF, and which may be updated annually'.

Linking programme performance with budgets

SUB-PROGRAMME	2013/14			2012/13		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management: Human Resource Development, Planning and Monitoring Coordination	3 674	3 656	18	4 067	4 024	43
Human Resource Development, Strategic Planning and Coordination	11 259	11 198	61	9 247	9 127	120
Planning, Information, Monitoring and Evaluation Condition	7 486	7 419	67	6 630	6 511	119
International Relations	10 347	10 268	79	10 954	10 852	102
Legal and Legislative Services	7 226	7 183	43	7 174	7 142	32
Social Inclusion in Higher Education and Training	3 835	3 811	24	5 173	5 173	-
Total	43 827	43 535	292	43 245	42 829	416

Programme 3: University Education

The purpose of the programme is to develop and coordinate policy and regulatory frameworks for an effective and efficient university education system, provide financial support to universities, the National Student Financial Aid Scheme and the National Institutes for Higher Education.

There are six budget sub-programmes:

- Programme Management
- University - Academic Planning and Management Support
- University - Financial Planning and Information Systems
- University - Policy and Development
- Teacher Education
- University Subsidies.

Strategic Objectives

- Expand the Higher Education sector in order to increase equitable access with success.
- Improve success rates in Higher Education studies at public institutions and therefore increase graduate outputs by 2014.
- Monitor good governance and management of the Higher Education system in order to build capacity and efficiency.
- Develop and enhance the research capacity and productivity of universities.
- Maintain and enhance the Higher Education Management Information System (HEMIS).

Significant achievements during 2013

The Minister established two new universities, Sol Plaatje University (SPU) in the Northern Cape and the University of Mpumalanga (UMP) in Mpumalanga, as juristic persons through the publications of Government Gazette Number 36771 (Notice 630, 23 August 2013) and Government Gazette Number 36772 (Notice 631, 22 August 2013). Interim Councils were appointed to govern each institution. The SPU was formally launched at an event in Kimberly on 19 September 2013 and the UMP at an event in Mbombela on 30 October 2013. Both universities appointed interim management teams and academic staff to enable their successful start-up in the 2014 academic year. Both universities opened their doors to their first intake of students in February 2014.

The infrastructure development programme for the new universities is successfully underway. The spatial development plans were finalised and approved and the environmental impact analyses finalised. Refurbishment of existing buildings at both universities to ensure the effective start-up of the 2014 academic programme, was completed in time. Further renovations will continue during 2014/15 to ensure readiness for the 2015 intake. Planning for the buildings of new infrastructure for both universities is on track with the appointment of teams of architects following successful national competitions. New buildings are currently under construction on the Siyabuswa Campus of UMP in preparation for January 2015. All planning permissions for the first substantive phase of new buildings for both universities' main campuses are at an advanced stage and it is expected that the first new infrastructure packages for this phase will commence by September 2014 and the buildings will be ready for use by January 2016.

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The Minister established a National Institute for the Humanities and Social Sciences through the publication of Regulations in the Government Gazette (Notice 952 in Gazette Number 37118, 5 December 2013) and appointed a board to operate the Institute.

The *Ministerial Statement on Enrolment Planning (2014/15 - 2019/20)*, was successfully negotiated with all institutions during the 2013/14 financial year. A strategic decision was taken to change aspects of the enrolment planning process to ensure improved integrated planning for a diverse and differentiated university sector integrated within the post-school education and training system. The length of the enrolment planning cycle was increased from the traditional three years to six years, with a mid-term review. Universities were requested to develop their enrolment plans in an integrated fashion, taking into consideration infrastructure planning, research, teaching and staff development and realistic expansion possibilities in a restricted fiscal environment. The new statement takes into account the National Development Plan and the new White Paper targets and principles.

R2 billion in infrastructure and efficiency allocations were allocated to institutions and improved monitoring and oversight systems were put in place. An infrastructure oversight team consisting of Departmental officials together with facilities managers from selected universities and the Higher Education Facilities Management Association (HEFMA) was established to provide support for 13 institutions that were previously identified as not having strong infrastructure project teams. These institutions were all provided with funding to set up their own project offices and the oversight team will be monitoring their work and assisting with developing capacity. A strategic decision was taken to change the process for the allocation of infrastructure and efficiency funds for the 2015/16 to 2017/18 cycle. Universities were requested to undertake full infrastructure, maintenance and disability audits and develop comprehensive needs analyses and campus master plans for the next 20 years and submit these to the Department by July 2014. These will be used to develop a 20-year infrastructure development and maintenance plan for the system and to guide the prioritisation of infrastructure projects and the allocation of funds to institutions in the 2015/16 to 2017/18 infrastructure funding cycle.

The report of the Joint Technical Task Team appointed to provide advice on the establishment of a new Health and Allied Sciences University that would incorporate the MEDUNSA campus of the University of Limpopo (UL) was finalised and approved by the Ministers of Higher Education and Training and of Health. Linked to this was the publication of two Government Gazette notices, one announcing the Minister's intention to establish the new Health and Allied Sciences University in Gauteng and requesting public comments and one calling for nominations to the Interim Council of the new university and for a suggested name for the institution.

The Central Applications Clearing House (CACH) was implemented for the second year and operated successfully from the first week of January to the end of March 2014. CACH was utilised to guide and advise prospective students on the different learning opportunities available within the post-school system.

The *Policy on Professional Qualifications for Technical and Vocational Education Lecturers* was finalised and published in the Government Gazette for implementation. The Department engaged proactively with all universities through the HESA Education Deans Forum and during enrolment planning meetings to encourage them to develop TVET Lecturer qualification programmes. Eighteen universities indicated their interest in developing programmes with the support of the Department; eight more than targeted. This is significant, because it indicates the responsiveness of universities to national needs.

The *Ministerial Committee Report on the Review of Funding of Universities* was approved and published in the Government Gazette. A Technical Team and a Reference Group were established to model the recommendations of the Ministerial Report and to develop a new funding framework that will be published for public comment by the end of the 2014/15 financial year.

The Minister approved a new Teaching Development Grant (TDG) Policy Statement to better guide the management and use of TDG funds by universities. All universities submitted three-year Teaching Development Plans in line with the policy statement. A national reference group was established to evaluate the plans and make recommendations for improvement. The plans focus on interventions to improve student success in university education through strengthening university teaching and learning support activities, including mentoring, tutoring programmes and improvement of lecturer qualifications (for teaching and research). Funding for the 2014/15 cycle will be released on the basis of approved plans as well as on satisfactory progress with respect to the previous funding cycle. The implementation of the new process should significantly improve the utilisation and management of TDG over the 2014/15 – 2016/17 funding cycle.

New *Criteria for the allocation of the research development grant to universities (2014/15 – 2016/17)* were developed in consultation with the sector and approved for implementation. For the first time all universities received RDGs, however, the criteria differentiated between different universities depending on their historical research capability and output and funding was allocated. All universities are required to develop three-year Research Development Plans to be submitted in the first quarter of the next financial year. The criteria provide guidelines for the development of the plans and also identify the types of programmes and projects that the Department might fund through the grant. A national review panel for evaluating the plans was set up. This new process should see a more focused use of the RDG and result specifically in improved lecturer qualifications, particularly at Masters and PhD level.

The new *Reporting Regulations for Public Higher Education Institutions* were finalised after incorporation of public comments and intensive further consultation with key stakeholders in the sector, specifically Higher Education South Africa (HESA) and the University Chairs of Council Forum (UCCF). It is expected that the regulations will be published as a final policy in a Government Notice within the first quarter of 2014/15 and will come into effect for the reporting year commencing on 1 January 2015.

The *Policy for the Provision of Distance Education in South African Universities in the Context of an Integrated Post-School System* was also finalised after the analysis of public comments and an extensive review of the draft in the light of these. It is expected that it will be published in the Government Gazette as a final policy in the first quarter of 2014/15, for implementation during the 2015/16 financial year.

The draft *Policy on Professional Qualifications for Adult Educators and Community Education and Training Lecturers* was widely consulted and finalised after the analysis and consideration of public comments and advice from the Council on Higher Education (CHE). It is expected that the Policy will be published during 2014 for implementation during 2015.

The final draft of the revised *Policy on the Measurements of Research Outputs* was completed after analysis and consideration of public comments and submitted to the CHE for advice before publishing as a final policy in the Government Gazette. It is expected that the Policy will be published during 2014 for implementation during the 2015/16 financial year.

The Branch, in collaboration with the Human Sciences Research Council (HSRC) and the Department of International Relations and Cooperation (DIRCO), ensured the successful participation of South Africa in the 2014 BRICS Think Tanks Council (BTTC) meeting and the 2014 BRICS Academic Forum held in Rio de Janeiro, Brazil, in March 2014. During the year a number of significant BRICS related events were successfully organised including an academic forum in July 2013 to interrogate the draft BRICS vision document and develop it further into a South African position document. This led to the finalisation of a document presented at the BTTC meeting in Rio de Janeiro. A mid-term meeting of the BTTC was successfully organised and held in South Africa in

October 2013, which involved representatives from all the BRICS countries. A joint mini-forum was also held in January 2014, in which the wider network of South African BRICS researchers and academics participated to discuss the 12 papers that would be presented at the 2014 Academic Forum. South Africa's participation in the BTTC meeting, as outgoing chair, was significant. The meeting finalised the Terms of Reference for the Council, as well as agreed to a document 'Towards a Long-Term Strategy for BRICS: Recommendations by BTTC', based on the vision document produced by South Africa, that will be presented to the heads of state at the 2014 Summit. A process for the development of a set of five strategic documents, focusing on five key pillars/themes, was also agreed upon, with each country assigned to lead as follows: Promoting cooperation for economic growth and development (China); Peace and Security (Russia); Social Justice, Sustainable Development and Quality of Life (South Africa); Political and Economic Governance (India); and Progress through Knowledge and Innovation Sharing (Brazil).

In relation to teacher education, the Department's European Union budget supported *Strengthening Foundation Phase Teacher Education Programme* continued to make a significant qualitative difference in this sector. A successful national conference on childhood education was jointly hosted with the South African Research Association for Early Childhood Education (SARAECE), marking the final year of funding for the programme. The conference highlighted a number of outstanding achievements of the programme, show-piecing many of its products including teacher education learning support materials, video products and research outputs. The achievements include:

- the marked expansion of Foundation Phase initial teacher education at 21 universities now participating (up from 13 in 2009) and significant growth in headcount enrolments (up by 98%) and graduates (up by 93%) since the inception of the programme in 2009
- scholarship support for seven Honours, 54 Masters and 40 PhD students in Childhood Education
- seed funding support for the establishment of the South African Journal of Childhood Education, which has already achieved full accreditation; support for the establishment of SARAECE
- the development of a vibrant research culture that has thus far produced 28 peer reviewed journal articles, with a further 21 articles accepted for publication and 36 articles in various stages of preparation.

A successful governance-training workshop for Ministerial appointed University Council members was held. The Department, together with the University Council Chairs of Forum (UCCF), also agreed to develop and jointly host a series of regional governance workshops for all University Council members over the next financial year.

Changes to performance indicators during the year

The APP for the programme was revised during the year to deal with the following issues:

- The misalignment between the targets for any particular academic year and the date on which these could be reported. The targets indicated in the original APP in the 2013/14 column specified the target for the 2013 academic year, however this could not be reported in that financial year as it would only be audited and verified by October 2014. In order to ensure that the reporting of verified data on planned enrolment targets are aligned to the financial year, the APP had to be adjusted. In the revised APP, all targets are the expected HEMIS audited enrolment/graduate data for the 2012 academic year, reported and verified by October 2013.
- The unrealistic targets for scarce skills graduates indicated in the Minister's PME agreement. As reported in the 2012/13 annual report and in the PME monitoring reports, specifically the targets for Engineering, and Human and Animal Health graduations were not achievable and needed to be adjusted. These

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targets were adapted to be in line with actual expected outputs for the 2012 academic year that could be reported in the 2013/14 financial year, as follows:

Performance indicator	Original 2013/14 target *	Revised 2013/14	Original PME Target (for 2014/15)
Number of graduates in Engineering Sciences from universities	11 247	9 974 graduates in Engineering Sciences from universities for the 2012 academic year, verified through HEMIS audits (October 2013)	15 000
Number of graduates in Human and Animal Health Sciences from universities	9 006	8 015 graduates in Human Health and Animal Health from universities for the 2012 academic year, verified through HEMIS audits (October 2013)	15 000

*PME target for the 2013 academic year indicated in the first version of the APP

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Programme performance: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective*	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
(4.4.1.1) Expand the higher education sector in order to increase equitable access with success	Number of students enrolled in higher education studies at universities	938 201	909 716 (2012 academic year, verified by October 2013)	953 373 (2012 academic year, verified by October 2013)	Target achieved 43 657 more students enrolled than targeted (4.8%)	The target was set through a national enrolment planning negotiation with universities in 2010 and it was expected that there would be approximately a 2 % variation on either side of the target; the system has grown at a higher rate than originally predicted
	Percentage headcount enrolment at universities over 20 to 24 year old	17.9%	17.9%	19.2%	Target achieved 1.3 % above the target	The target was set through a national enrolment planning negotiation with universities in 2010; the system has grown at a higher rate than originally predicted

* Numbering is linked to the actual numbering of strategic objectives in the Annual Performance Plan

** The 2012/13 data represents the actual HEMIS audited data for the 2011 academic year, reported in October 2012

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of first time enrolments at universities	179 105	179 793 (2012 academic year, verified by October 2013)	169 767 (2012 academic year, verified by October 2013)	Target not achieved 10 026 fewer first time enrolments in the 2012 academic year than targeted (5.58% below expected target)	The target was set through a national enrolment planning negotiation with universities in 2010 and it was expected that there would be approximately a 2% variation on either side of the target; the First Time Entry (FTEN) in 2012 was below expectation and less than the 2011 academic year FTEN. There could be a number of reasons for this. One reason may be insufficient NSFAS funds to support FTEN students in the system, as continuing students had to be prioritised and there was a huge shortfall

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of public higher education institutions established	Preparation for environmental impact study completed, applications submitted and studies underway. Full studies on all land parcel not complete	Two	Two	Target achieved	None
	Number of public higher education institutions that offer training in foundation phase teacher education	20	20	21	Target achieved One more institution than originally targeted (University of Mpumalanga)	When the target was set the University of Mpumalanga was in an early planning phase. However, the institution was successfully established during 2013/14 and took its first intake into the Bachelor of Education (Foundation Phase Teaching) (February 2014)

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of African students enrolled at universities	640 443	593 260 (2012 academic year, verified by October 2013)	662 123 (2012 academic year, verified by October 2013)	Target achieved 68 863 more African students enrolled than targeted. (11.6% above target)	The target was set through a national enrolment planning negotiation with universities in 2010 and it was expected that there would be approximately a 2% variation on either side of the target; the number of African students in the system has grown at a far higher rate than originally predicted
	A monitoring report on the implementation of FET Lecturer Qualifications Policy produced and approved by DG	Final draft was completed and was submitted to the CHE for comments as required by the Higher Education Act	A monitoring report on the implementation of FET Lecturer Qualifications Policy produced and approved by DG by 31 March 2014	A monitoring report on the implementation of FET Lecturer Qualifications Policy produced and approved by DG on 28 April 2014	Target not achieved within timeframe	Target completed but not within timeframe owing to administrative processes

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Strategic objective	Performance indicators	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of universities offering programmes for FET college lecturers in line with new FET lecturer qualification policy		10 universities identified and supported to develop FET college lecturer qualifications in line with the policy for submission for approval by 2014	18 universities have indicated interest to develop FET college lecturer qualifications. Two Universities have submitted programmes for evaluation and will be likely to start offering it in 2015. Other universities are at various stages of development in preparation to offer the programmes	Target achieved: 8 more universities than expected have expressed interest and are being supported to develop programmes	The Department originally expected that 10 universities would be supported. However, through advocacy and in-depth discussions on the need for the production of VCET college lecturers through the HESA Education Deans Forum and enrolment planning meetings, universities have responded positively and 18 universities expressed an interest
	A policy on adult educator qualifications developed and approved by the Minister for implementation		A draft policy for public comment	The draft policy was finalised and submitted to the Minister for approval to be published for public comment	Target not achieved	The final submission was delayed while waiting for comments from the CHE and is now awaiting approval from the Minister for publication

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of female students enrolled at universities	542 997	539 596 (2012 academic year, verified by October 2013)	554 840 (2012 academic year, verified by October 2013)	Target achieved 15 244 more than the target (2.8% above target)	The target was set through enrolment planning negotiations with universities during 2010 and it was expected that there would be approximately a 2% variation on either side of the target. The number of female students has grown at a higher rate than predicted
	Total number of students in foundation provisioning programmes at universities	14 359	14 600 (2012 academic year, verified by October 2013)	14 518 (2012 academic year, verified by October 2013)	Target not achieved 82 students less than the enrolment target (0.6% below target)	The targets are set through enrolment planning negotiations with universities and it is expected that there would be approximately a 2% variation on either side of the target
	Rand value of infrastructure grant provided to universities for the improvement of different projects	R1.8 billion	R2 billion	R2 billion	Target achieved	None

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
(4.4.1.2) Improve success rates in higher education studies at public institutions and therefore increase graduate outputs by 2014	Number monitoring and evaluation reports on the use of infrastructure grants to universities produced and approved by DG	One report on the effective use of infrastructure funds at universities	One report on the effective use of infrastructure funds at universities approved by the DG (31 March 2014)	One report on the effective use of infrastructure funds at universities produced and approved (2 April 2014)	Target not achieved	Target completed but not within timeframe owing to administrative processes
	Number of monitoring and evaluation reports on the use of teaching development grants to universities produced and approved by DG	Analysis of current use of funding done and a report produced	One report on the effective use of teaching development funds at universities approved by the DG (31 March 2014)	One report on the effective use of teaching development funds at universities approved by the DG (14 April 2014)	Target not achieved	Target completed but not within timeframe owing to administrative processes
	Percentage success rate of students enrolled at public higher education institutions on foundation provisioning	75%	80% (October 2013)	79% (October 2013)	1% lower success rate than expected	The target was set through enrolment planning negotiations with universities in 2010. It was expected that there would be approximately a 2% variation on either side of the target. This increase may be attributed to the increased effort by universities to improve teaching and support learning

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Percentage success rate of students enrolled in higher education studies at public institutions		76% (2012 academic year, verified through HEMIS audits by October 2013)	76% (2012 academic year, verified through HEMIS audits by October 2013)	Target achieved	None
	Number of graduates from universities	160 626	167 807 (2012 academic year, verified through HEMIS audits by October 2013)	165 995 (2012 academic year, verified through HEMIS audits by October 2013)	Target not achieved 1 812 graduates less than the target (1.1% below target)	The target was set through enrolment planning negotiations with universities in 2010 and it is expected that there would be approximately a 2% variation on either side of the target
	Number of graduates in Engineering Sciences from universities	9 387	9 974 (2012 academic year, verified through HEMIS audits by October 2013)	9 974 (2012 academic year, verified through HEMIS audits by October 2013)	Target achieved	None

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of graduates in Human Health and Animal Health from universities	8 070	8 015 (2012 academic year, verified through HEMIS audits by October 2013)	8 015 (2012 academic year, verified through HEMIS audits by October 2013)	Target achieved	None
	Number of graduates in Natural and Physical Sciences from universities	5 526	5 387 (2012 academic year, verified through HEMIS audits by October 2013)	6 366 (2012 academic year, verified through HEMIS audits by October 2013)	Target achieved 979 more graduates than targeted (18,2% more than target)	There has been a greater than expected growth in graduates in this field. This may be the knock-on effect of the change in CESM categories reported in the previous financial year.
	Number of graduates in initial Teacher Education from universities	10 543	10 673	13 740	Target achieved 3 067 more graduates than targeted (28,7% more than target)	The high growth in Teacher Education is a result of the multi-pronged support and investment provided for growth in the sector since 2007. The targets set were defined in line with the Minister's PME targets, which were too low. Targets set for the 2014/15 APP are more realistic

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
(4.4.1.3) Monitor good governance and management of the Higher Education system in order to build capacity and efficiency	Percentage of 23 public higher institutions with good governance and management	78%	83%	86.9 % (20 of 23) Only one university is currently under administration; two other institutions have been identified as at risk	Target achieved 3.9% higher than target	When the target was set there were two universities under administration; another three institutions that had been identified with problems (five out of 23, or 78%); it was predicted that by the 2013 academic year this would have been reduced to four institutions with difficulties. There has been better progress than predicted

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Percentage of registered private higher education institutions compliant with the regulatory criteria	99%	100%	97% Four of a total of 116 registered institutions are under notice of intent to cancel owing to some form of non-compliance	Target not achieved 3% below target	The target of 100% of PHEIs complying with regulatory criteria is an ideal goal. All institutions are evaluated for compliance and those that are found not to comply, with all the regulations are warned and if they do not comply put on notice to deregister. Institutions may appeal and if their appeal is successful and they show compliance then the notice is withdrawn. If they fail to comply then they are deregistered and activity is monitored to ensure that they do not operate illegally. By the end of the financial year, all cases of non-compliance were dealt with and non-compliant institutions have either been deregistered or are on notice of withdrawal. Four institutions remain on notice of withdrawal

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Percentage of statutes of universities reviewed and published in Government Gazette	100%	100%	100% (Two requests for the review of university statutes were received by the Department; and two statutes were reviewed and published in the Government Gazette)	Target achieved	None
	Number of universities with five Ministerial council appointees appointed	17	24	17 of 25 universities have statutes that specify five Ministerial appointees. Of these 17, seven institutions have vacancies, which still need to be filled by the Minister	Target not achieved Seven universities do not have statutes which specify five Ministerial appointees	Universities are autonomous institutions and their individual statutes determine the number of Ministerial appointees for their Council. The Department has requested universities to review their statutes to enable the Minister to appoint five members to their Councils. While some of these universities indicated they are considering the request, others have indicated that they do not intend to comply. This indicator will be discontinued in the future

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
(4.4.1.4) To develop and enhance the research capacity and productivity of universities	Number of governance training workshops for Ministerial appointees	One governance training workshop successfully held on 1 February 2013	One governance training workshop for Ministerial appointees	One governance training workshop for Ministerial appointees successfully held	Target achieved	None
	Number of postgraduate graduates	43 067	44 301 (2012 academic year, verified through HEMIS audits by October 2013)	45 598 (2012 academic year, verified through HEMIS audits by October 2013)	Target achieved 1 297 more graduates than targeted (2.9% above target)	The target was set through enrolment planning negotiations with universities in 2010, and it was expected that there would be approximately a 2% variation on either side of the target
	Number of Honours graduates	21 378	24 019 (2012 academic year, verified through HEMIS audits by October 2013)	20 975 (2012 academic year, verified through HEMIS audits by October 2013)	Target not achieved 3 044 fewer graduates than targeted (12.7% below target)	The target was set through enrolment planning negotiations with universities in 2010, and it was expected that there would be approximately a 2% variation on either side of the target. The number of Honours graduates is lower than predicted by institutions

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of Research Masters graduates	5 281	4 978 (2012 academic year, verified through HEMIS audits by October 2013)	6 076 (2012 academic year, verified through HEMIS audits by October 2013)	Target achieved 1 098 more graduates than targeted (22% above target)	The target was set through enrolment planning negotiations with universities in 2010 and it was expected that there would be approximately a 2% variation on either side of the target. The much greater number than expected graduates reflect a change in focus of universities from course work Masters programmes to research Masters and an emphasis on growing research in the system and investment by the DHET and NRF over time

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Number of Doctoral graduates	1 576	1 785 (2012 academic year, verified through HEMIS audits by October 2013)	1 879 (2012 academic year, verified through HEMIS audits by October 2013)	Target achieved 94 more graduates in the 2012 academic year than targeted (5.2% higher than target)	The targets were set through enrolment planning negotiations with universities in 2010, and it was expected that there would be approximately a 2% variation on either side of the target. The much greater number than expected graduates reflect an emphasis on growing research in the system and increased investment by the DHET and NRF over time
	Number of publications units	11 191	10 807 (2012 calendar year, as reported in the Research Outputs Report, approved by the DG by January 2014)	12 363 (2012 calendar year, as reported in the Research Outputs Report, approved by the DG by January 2014)	Target achieved 1 556 publication units more than targeted (14.4% higher than target)	The target was set through enrolment planning negotiations with universities in 2010, and it was expected that there would be approximately a 2% variation on either side of the target. Universities have focused on improving their publication and research records in order to attract greater subsidies and have improved their research outputs much more than predicted

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Strategic objective	Performance indicators	Actual achievement 2012/13**	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation
PROGRAMME 3: UNIVERSITY EDUCATION						
	Ratio of research output units per instructional/research staff	1.25	1.30 (2012 as reported in the Research Outputs Report, approved by the DG by January 2014)	1.38 (2012 as reported in the Research Outputs Report, approved by the DG by January 2014)	Target achieved The ratio is 0.08 higher than the target	The target was set through enrolment planning negotiations with universities in 2010, and it was expected that there would be approximately a 2% variation on either side of the target. Universities have performed far better than predicted
(4.4.1.5) To maintain and enhance the Higher Education Management Information System (HEMIS)	Number of updates on the HEMIS for audited student and staff data	Two updates for 23 universities	Two updates for 23 universities	Two updates for 23 universities	Target achieved	None
	Number of updates on the HEMIS system for final building space data from the universities	One annual update for 23 universities	One annual update for 24 universities	One annual update for 24 universities	Target achieved	None

Strategy to deal with underperformance

The following areas of underperformance were noted. In each case, strategies to deal with the underperformance are indicated where appropriate.

- 10 026 fewer first-time headcount enrolments in the 2012 academic year than targeted. The target was set through a national enrolment planning negotiation with universities in 2010 and it was expected that there would be approximately a 2% variation on either side of the target. The First-Time Entry (FTEN) in 2012 was below expectation and less than the 2011 academic year FTEN. There could be a number of reasons for this. One reason may be insufficient NSFAS funds to support FTEN students in the system, as continuing students had to be prioritised and there was a huge shortfall. The Department has put in place the Central Applications Clearing House mechanism to assist with this issue and is in the process of developing the National Career Development and Central Applications System, that will, over the long run, ensure that all qualifying applicants have a fair opportunity of finding a placement in the PSET system.
- A draft policy on Adult Educator Qualifications was finalised, but not published in the Government Gazette for public comment as planned. The draft policy document had been widely consulted and finalised early in the third quarter, however the submission to the Minister was delayed until the beginning of the fourth quarter while awaiting comments and advice from the CHE, as required by the Higher Education Act (of 1997, as amended). The draft policy is awaiting approval by the Minister and once approved, will be published.
- 82 fewer students were enrolled in foundation provisioning programmes than targeted. Through the enrolment planning process institutions have been encouraged to utilise the foundation provisioning grant more effectively and develop more programmes to support student success. The Department will closely monitor enrolments in foundation provisioning programmes.
- 1 812 fewer students graduated from universities in the 2012 academic year than targeted. The Department has put in place new criteria for the use of teaching development grants and all institutions have had to develop plans to show how they will utilise these funds to support teaching and learning and improve student throughput.
- Only 97% of PHEIs were compliant with the regulations, an underachievement when compared to the target of 100% compliance (four of a total of 116 registered institutions, i.e. 3%, are under notice of intent to cancel owing to some form of non-compliance). The target of 100% of PHEIs complying with regulatory criteria is an ideal goal. All institutions are evaluated for compliance and those that are found not to comply with all the regulations, are warned and if they do not comply they will be put on notice to deregister. Institutions may appeal and if their appeal is successful and they show compliance then the notice is withdrawn. If they fail to comply then they are deregistered which activity is monitored to ensure that they do not operate illegally. By the end of the financial year, all cases of non-compliance were dealt with and non-compliant institutions have either been deregistered or are on notice of withdrawal. The fact that the target of 100% has not been achieved and that at the end of the fourth quarter 97% of registered institutions were compliant and the rest were on notice of withdrawal, is an indication that the monitoring system is operating well. The indicator will be changed for the 2014/15 APP as it is very unlikely that it is achievable in any specific year.
- Seventeen of 25 universities have statutes that specify five Ministerial appointees rather than 24 as targeted. Universities are autonomous institutions and their individual statutes determine the number of Ministerial appointees for their Council. Currently seven of the 25 universities have statutes that do not specify five Ministerial Appointees. The Department has requested these universities to review their statutes to enable the Minister to appoint five members to their Councils. While some of these universities

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have indicated they are considering the request, others have indicated that they do not intend to comply. The review of the Higher Education Act (of 1997, as amended) currently underway, will consider this issue and whether or not the Act should stipulate that councils should have five Ministerial appointees. Any change in the Act will require these universities to review their statutes. In the meantime this indicator will be removed from the APP in 2014/15 as the Department is not able to ensure that universities comply.

- 3 044 fewer Honours graduates from universities in the 2012 academic year than targeted. Some research needs to be done to understand the reasons for this in the context of significant increases in research Masters and PhD graduates. It is possible that a lack of funding for Honours students may be an issue. The research could feed into the plan for developing the pipeline of new academics, which is currently being developed for implementation across the system.

Linking programme performance with budgets

SUB-PROGRAMME	2013/14			2012/13		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management: University Education	1 791	1 786	5	1 667	1 620	47
University Academic Planning and Management Support	5 870 908	5 870 868	40	5 290 794	5 290 734	60
University Financial Planning and Information Systems	8 723	8 685	38	10 049	9 894	155
University Policy and Development	20 272	20 226	46	16 880	16 761	119
Teacher Education	9 046	8 947	99	7 020	6 925	95
University Subsidies	22 388 767	22 388 767	-	20 902 860	20 902 779	81
Total	28 299 507	28 299 279	228	26 229 270	26 228 713	557

Programme 4: VOCATIONAL AND CONTINUING EDUCATION

The purpose of the programme is to plan, develop, evaluate, monitor and maintain national policy, programmes, assessment practices and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education and training.

There are three budget sub-programmes:

- Programme Management
- Planning and Institutional Support
- Programmes and Qualifications

Strategic Objectives

- Increase access and success in programmes leading to intermediate and high-level learning by 2014.
- Strengthen the institutional capacity of Technical and Vocational Education and Training (TVET) institutions to improve their performance and efficiency.
- Manage and administer a credible and efficient examinations and assessment system for TVET institutions.
- Provide support for the implementation of monitoring, evaluation and research for the improvement of the vocational education and training sub-system.

Significant achievements during 2013

The expansion and growth of the TVET sector of the post-school environment as envisioned in the *White Paper for Post-School Education and Training* (2013) remained a strategic priority of the VCET Branch.

The targeted 650 000 headcount enrolments for TVET Colleges was exceeded as 670 455 students were enrolled in a variety of college programme offerings. This demonstrated the need for education and training opportunities for the youth.

The Branch continued to intensify lecturer training and student support services in TVET colleges to increase the throughput and certification rates. Colleges were further supported to offer Levels 5 to 6 programmes during the year under review. The strategic intent of this initiative is to expand access to learning opportunities by the youth in areas not directly serviced by Higher Education institutions of learning.

In accordance with the Minister's delivery agreement with the President, the expansion of the AET sector continued as planned. 290 106 learners in the year under review, took up various NQF Level 1 to 4 programmes. Planned activities to develop the National Senior Certificates for Adults (NASCA) and to amend the Senior Certificate were also undertaken in pursuance of expanded access to education and training opportunities for both the youth and the adult cohorts.

Seven TVET and two AET examination cycles were conducted in the year under review. Colleges have various learning sites in which they conduct examinations and assessments according to the *National Policy on Conduct, Administration and Management of Examinations*. Colleges and AET centres are continuing to improve by complying with the national examinations policy. Colleges also developed internal assessment policies to drive improvement of internal student assessments. Various colleges were targeted with interventions for on-going improvement in the administration and management of examinations. Improvement is determined through the reduction of the number and the frequency of examination irregularities encountered per cycle. For the integrity and reliability of examinations it is imperative that all institutions improve the quality of the conduct of examinations for approval of results by the quality councils.

Changes to performance indicators during the year

No significant changes were made to planned targets and indicators during the period under review except for minor refinements to ensure adherence to the SMART principle (Specific, Measurable, Achievable, Relevant and Time-bound).

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Programme performance: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective*	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
(4.5.1.1) Increase access to and improve success in programmes leading to intermediate and high-level learning by 2014	Number of learners enrolled in AET centres	250 738	278 000	290 106	Target exceeded by 12 106	The target was exceeded because the indicator is inclusive of AET Level 1-4, Grade 10, 11, and 12 learners who are out of school. It is not limited to AET Levels 1-4
	Number of headcount enrolments in FET colleges	657 690	650 000 (31 December 2013)	670 455	Target exceeded by 20 455	The Department and the Ministry has implemented various FET colleges advocacy campaigns. These campaigns including the 'Apply Now' campaign, sought to alter the largely negative perceptions about TVET colleges has resulted in increased access to colleges

* Numbering is linked to the actual numbering of strategic objectives in the Annual Performance Plan

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Number of FET college students awarded bursaries	188 182	222 817 (31 December 2013)	273 679	Target exceeded by 50 862	More funding has been allocated to cover more students. Stringent application of the bursary guidelines is also attributed to effective disbursement of funds
	Revised NC(V) qualification policy approved by the DG	NC(V) qualification policy not revised	One new three year NC(V) qualification registered on the NQF (31 March 2014)	Recommendations on the Ministerial Task Team Report compiled for the Minister's approval	Target not achieved	The NC(V) qualifications policy will only be revised once the Minister has approved the Departmental recommendations. Umalusi will work in collaboration with the Department in the revision of the policy, which will be completed during 2015. Delay in the completion of this output is attributable to the extensive stakeholder consultative process undertaken in formulating the final recommendations to the Minister

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	National Senior Certificate for Adults (NASCA) developed and approved by the DG	Curriculum support programmes not developed	National Senior Certificate for Adults (NASCA) Learning and Teaching Support material developed and approved (31 March 2014)	Learning Support material was not developed owing to delay in the registration of the qualification	Target not achieved	Curriculum and materials development could not commence in the absence of a registered qualification by Umalusi. Qualification was registered after a protracted engagement on articulation by the DBE, DHET, Umalusi and SAQA. Curriculum subject experts have been appointed
	Number of AET educators and FET college lecturers trained for the NASCA and the GETC	New indicator	3 600	3 186	Target not achieved	The qualification was not registered on time for the Department to develop the relevant curriculum and the learning and teaching support material on which training would be based

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Amended National Senior Certificate (Orientation) developed and approved by the DG	New indicator	Amended National Certificate (Orientation) developed and approved (31 March 2014)	Engagement with Umalusi to develop the NC (OR) qualification	Target not achieved	Umalusi is currently involved in the development of qualifications of the NC (OR) qualification. Parallel to this the Department is compelled to secure student funding for enrolments in the colleges in 2016
	Higher Certificate (Foundation) developed and approved by the DG	New indicator	Programmes leading to the Higher Certificate (Foundation) developed (31 March 2014)	Higher Certificate (Foundation) developed by University of Free State and approved by the DHET	Target achieved	None
	Amended National Senior Certificate for Adults out of school youth developed and approved by the DG	New indicator	Amended National Senior Certificate for Adults out of school youth developed and approved by the DG (31 March 2014)	Senior Certificate qualification approved by the DG and Minister	Target achieved	None
	NASCA related policies and regulations developed and approved by the DG	New indicator	NASCA related policies and regulations developed and approved by the DG (31 March 2014)	Draft policy related to NASCA National Senior Certificate NQF Level 4 has been developed	Target not achieved	None

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Number of colleges offering NQF Level 5 to 6 programmes	Eight colleges supported to offer NQF Level 5 to 6 programmes	10 colleges supported to offer NQF Level 5 to 6 programmes (31 March 2014)	Seven colleges supported to offer NQF Level 5 to 6 programmes	Target not achieved Below target by three	The number of colleges offering HE programmes reduced from the eight reported in the previous year to seven in the current year and three less than the target of 10. This is attributed to the fact that this offering is not funded and students are expected to fund their complete studies at their own cost. This proved unachievable given the present economic climate
	Certification rates in the VET qualification	GETC: 37% NC(V) L2: 43% NC(V) L3: 43% NC(V) L4: 41% N1-N3: 26% N4-N6: 30%	GETC: 40% NC(V) L2: 50% NC(V) L3: 50% NC(V) L4: 52% N1-N3: 43% N4-N6: 48% (31 March 2014)	GETC: 38.6% NC(V) L2: 32.8% NC(V) L3: 30.2% NC(V) L4: 37.1% N1-N3: 54.4% N4-N6: 45% (31 March 2014)	Target not achieved Data provided is provisional data	Poor student attendance and intermittent disruptions to teaching and learning activities owing to industrial actions by students and staff

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Pass rate in Maths and Maths Literacy	<p>Maths:</p> <p>NC(V) L2: 44%</p> <p>NC(V) L3: 36%</p> <p>NC(V) L4: 43%</p> <p>Maths Literacy:</p> <p>NC(V) L2: 65%</p> <p>NC(V) L3: 78%</p> <p>NC(V) L4: 85%</p>	<p>Maths:</p> <p>NC(V) L2: 48%</p> <p>NC(V) L3: 44%</p> <p>NC(V) L4: 55%</p> <p>Maths Literacy:</p> <p>NC(V) L2: 70%</p> <p>NC(V) L3: 80%</p> <p>NC(V) L4: 85%</p> <p>(31 March 2014)</p>	<p>Maths:</p> <p>NC(V) L2: 45%</p> <p>NC(V) L3: 39%</p> <p>NC(V) L4: 41%</p> <p>Maths Literacy:</p> <p>NC(V) L2: 67.4%</p> <p>NC(V) L3: 80.3%</p> <p>NC(V) L4: 82.2%</p>	<p>Target not achieved</p> <p>Data provided is provisional data</p>	<p>Poor student attendance and intermittent disruptions to teaching and learning activities owing to industrial actions by students and staff</p>
	Certification rates of bursary recipients	<p>NC(V) L2: 36%</p> <p>NC(V) L3: 34%</p> <p>NC(V) L4: 35%</p> <p>N1-N3: 26%</p> <p>N4-N6: 30%</p>	<p>NC(V) L2: 44%</p> <p>NC(V) L3: 46%</p> <p>NC(V) L4: 47%</p> <p>N1-N3: 45%</p> <p>N4-N6: 45%</p>	<p>NC(V) L2: 31%</p> <p>NC(V) L3: 34%</p> <p>NC(V) L4: 39%</p> <p>N1-N3: 23%</p> <p>N4-N6: 38%</p>	<p>Target not achieved</p> <p>Data provided is provisional data</p>	<p>The significantly lower certification rate of bursary recipients suggests that FET colleges may not effectively apply the academic merit eligibility criteria outlined in the Bursary Scheme Administration Guidelines</p>

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Number of reports on the coordination of the following donor-funded projects: Amended National Senior Certificate produced and approved by the DG: Business Management Standards, Qualifications, review, NC(V) selected subjects review and Student Support Services interventions implemented to selected FET colleges	Four quarterly reports	Two half-yearly reports on the coordination of donor-funded projects produced and approved (31 March 2014)	One half-yearly report on the coordination of donor funded projects approved by the DG (30 September 2013)	Target not achieved	None
	Number of lecturers, SSS managers and PDE/regional offices trained to implement the comprehensive student support services framework	201 lecturers, Student Support Services (SSS) managers and PDE/regional offices trained to implement the comprehensive student support services framework	130 lecturers, Student Support Services (SSS) managers and PDE/regional offices trained to implement the comprehensive student support services framework (31 March 2014)	167 lecturers, SSS managers trained to implement the comprehensive student support services framework	Target exceeded by 37	FET colleges sent more representatives than to the workshops than the Department invited

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
(4.5.1.2) Strengthen the institutional capacity of VET institutions to improve their performance and efficiency	Number of lecturers trained to support curriculum delivery	708	600 (31 March 2014)	692	Target exceeded by 92	The FET colleges sends more lecturers to the workshop than the Department had invited
	Number of Provincial Education Department (PED) officials trained to support new curriculum delivery	35	60	75	Target achieved	The training was decentralised to the level of districts in each province
	Number of personnel in vocational education and training institutions trained to support curriculum delivery in AET and colleges	No training took place	130 (31 March 2014)	307	Target achieved	The training was decentralised to the level of districts in province
	Number of fully constituted college councils	31	50 (31 March 2014)	46 FET college constituted college councils i.e. Ministerial appointments have been made as contained in the FETC Act 16 of 2006 (as amended)	Target not achieved	The outstanding college councils were as a result of their term of office having come to an end, while the process of appointing new college councils was not finalised. In other instances some college council members had resigned

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Number of College Councils trained in institutional and corporate governance		50 (31 March 2014)	None (31 March 2014)	Target not achieved	Training has been delayed. This is a result of not having fully constituted College Councils
	Number of personnel at public FET colleges trained in financial management	No training took place	184 (31 March 2014)	256	Target achieved	The training was also decentralised to provinces
	Number of public institutions to be declared as community colleges in the next financial year	New indicator	Nine	Nine	Target achieved	None
	Number of new public FET college campuses built and completed	New indicator	Six (31 March 2014)	None	Target not achieved	There were delays caused by environmental impact assessment, procurement process and limited funding
	Number of personnel at public FET colleges trained in Strategic and Operational planning	300	300 (31 March 2014)	363 (31 March 2014)	Target achieved	The training was decentralised to provinces

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Human Resource Management and Planning (HRM&P) framework for FET colleges developed and approved by the DG for implementation	A draft generic HRM&P framework developed	HRM&P framework implemented in 30 colleges (31 March 2014)	HRM&P framework document developed	Target achieved	None
	Percentage of AET centres with improved conditions of service for educators	Signed Collective Agreement on conditions of service for AET educators	100% (31 March 2014)	None	Target not achieved	Could not obtain funding for provinces to implement mandate
	Number of provinces where training and assessment of the implementation of the Collective Agreement is conducted		Nine (31 March 2014)	Nine	Target achieved	None
	Percentage of public FET college functions transferred to the DHET	100% (3)	100% (31 March 2014)	The TVET and AET sector have shifted from a provincial to a national competence. There are other aspects of the function shift that require conclusion	Target achieved	None

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
(4.5.1.3) Manage and administer a credible and efficient examinations and assessment system for VET institutions	An efficient registration, resulting and certification system per examination cycle	Candidates in all 449 examination centres were successfully registered for exams. All Report 191 candidates who had successfully completed their part qualifications were certificated	100% (31 March 2014)	All eligible candidates were certificated for the Report 190/1 part-qualifications. Not all eligible NC(V) candidates were certificated and the backlog of 38,199 still existed at the close of the 2013/14 financial period	Target not achieved	None
	Percentage of FET colleges conducting improved assessments	100%	100% (31 March 2014)	96% Two public FET colleges reported irregularities – Majuba and East Cape Midlands	Target not achieved	None
	Percentage of AET centres conducting improved assessments	100%	100% (31 March 2014)	100%	Target achieved	None
	A national examination report compiled and approved by the Minister	An annual national examination report	A national examination report compiled and approved by the Minister (31 March 2014)	Draft report compiled	Target not achieved	Draft report compiled and then amended to reflect a full academic year instead of only the November examination cycle

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
(4.5.1.4) Provide support for the implementation of monitoring, evaluation, and research for the improvement of the vocational education and training sub-system	Business Management System standard set for public FET colleges and approved by the DG	BMS expanded to seven public FET colleges	BMS Reporting standard set for 50 public FET Colleges (31 March 2014)	BMS Reporting standard set for 50 public FET colleges by 31 March 2014 but not approved by the DG at the time of reporting	Target not achieved	Implementing colleges are doing this on their own volition. This objective has not been funded
	Number of AET centres responding to an annual survey conducted by DHET	2 695	3 083	2 264	Target not achieved	De-registration or suspension of AET centres as a result of low enrolments is a contributing factor to the 2 264 centres provisionally provided
	Number of public FET colleges responding to an annual survey conducted by DHET	50	50 (31 March 2014)	50 (31 March 2014)	Target achieved	None

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement	Comments on deviation
PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING						
	Percentage of private FET Colleges responding to an annual survey conducted by DHET	100%	100% (31 March 2014)	57%	Target not achieved	Some private colleges don't have IT systems to respond to the data fields in the Annual Survey
	A report on the implementation of a public FET college Model developed and approved by the DG	A model for FET colleges expansion developed	FET college model implemented in all new projects (31 March 2014)	A model was developed and approved in the 2012/13 financial year. The current project constructing new campuses and refurbishing the existing, is conceptualised on the FET college	Target achieved	None
	Percentage of private colleges complying with applicable regulations	490	100%	100%	Target achieved	The 37 non-compliant colleges were de-registered and their names removed from the Register of Private FET colleges

Strategy to deal with underperformance

- Private colleges responding to the Annual Survey: The Department needs to enforce the Regulation relating to submission of information by all private colleges. Proper sanctions will be applied.
- Number of fully constituted FET college councils: All College Councils will be constituted during the 2014/15 financial year.
- All College Councils will be trained in institutional and corporate governance during the 2014/15 financial year.
- Number of campuses built: The environmental impact assessment and procurement process will be speeded up during the 2014/15 financial year. A bid for additional funding will be submitted to the National Treasury.
- Improved conditions of services for the AET Educators: The matter shall be referred back to HEDCOM, CEM and the National Treasury to secure additional funding to standardise the conditions of service of educators in the AET sector.
- Number of FET colleges implementing the Business Management System: The new approach that the Department has adopted is to publish the standards for data collection according to which the colleges should submit data, without prescribing the type of the Business Management System.
- Number of FET colleges offering Level 5 and 6 qualifications: The entire funding regime has to be addressed to ensure that as many students access L5 programmes in colleges as possible. This is currently looked at by the University Education Branch since the funding for all HE programmes falls within that funding jurisdiction. No additional or separate funding was available to enable this output.
- Dealing with student under-performance and certification rates in VET qualification: There are currently focused interventions in Mathematics which includes lecturer training in the use of learning tools to develop the cognate skills of learners in mathematical operations. Plans are already in place to establish Mathematics and Science Hubs at colleges in order to build the expertise required in these critical learning areas. Best practices workshops are held to improve the conduct of practical assessment. There is ongoing evaluation and improvement of student textbooks to ensure that student learning materials enhance their chances of success in the examinations.
- Training on the NASCA and GETCA: The training on the NASCA and the GETCA is expected to take place during the 3rd and 4th quarter of the 2014/15 financial year after the curriculum has been developed, which is targeted for September 2014.
- New three-year NC(V) qualification policy development: The recommendations of the Task Team Report were submitted to Umalusi to go ahead with the implementation. The Department will work with Umalusi to develop the new NC(V) qualification policy.
- Amended National Certificate (Orientation) developed and approved: Umalusi is currently involved in the development of qualifications of the NC (OR) qualification. Parallel to this the Department is compelled to secure student funding for enrolments in the colleges in 2016.
- Certification rates of bursary recipients: The significantly lower certification rate of bursary recipients suggests that FET colleges may not effectively apply the academic merit eligibility criteria outlined in the Bursary Scheme Administration Guidelines.
- A national examination report compiled and approved by the Minister: A draft report was compiled and then amended to reflect a full academic year instead of only the November examination cycle. It will be submitted to the Minister for approval.

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- 3 083 AET centres responding to an annual survey conducted by DHET: The number of centres responding to the surveys is beyond DHET control. The Department shall determine how many and which AET centres are operational so that only those that are operational can submit the survey forms. This is against the background of the reason for underperformance.

Linking programme performance with budgets

SUB-PROGRAMME	2013/14			2012/13		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management: Vocational and Continuing Education and Training	8 165	8 120	45	4 749	4 717	32
Planning and Institutional Support	5 488 878	5 488 860	18	4 862 349	4 862 215	134
Programmes and Qualifications	189 763	189 408	355	181 054	179 009	2 045
Total	5 686 806	5 686 388	418	5 048 152	5 045 941	2 211

Programme 5: Skills Development

The purpose of the programme is to promote and monitor the National Skills Development Strategy. Develop a skills development policy and a regulatory framework for an effective skills development system.

There are four budget sub-programmes:

- Programme Management
- SETA Coordination
- National Skills Development Services
- Quality Development and Promotion.

Strategic Objectives

- Provide a dynamic interface between the workplace and the learning institutions and to promote quality learning at work and for work by 2016
- Promote the alignment of skills development outputs to the needs of the workplace and to the broader growth needs of the country's economy.

Significant achievements during 2013

The establishment of Work Integrated Learning and Partnerships unit within the Skills Development Branch which facilitate placement of FET graduates in conjunction with SETAs was a positive development. This unit mobilises employers and facilitates graduate and student placement to assist those whom the workplace placement is the requirement to complete their qualifications and address graduate employability. As a result a total of 27 346 FET and University of Technology students were placed by SETAs for workplace experience. Big strides were

achieved in terms of addressing the shortages of artisans in the country. A total of 27 670 students were registered into artisan training (against a target of 26 000) and a total of 18 110 completed and qualified as artisans (against a target of 12 000). In addition, TVET students continue to be integrated into workplaces; alignment of TVET curriculum to the industry's needs; training of artisans and many more.

More SETAs are now focusing on Professional, Vocational Occupation and Academic Learning (PIVOTAL) programmes leading to part or full qualifications instead of short and unaccredited skills courses. This change was as a result of the grant regulations that were published and came into effect in April 2013.

In order to bring SETA services closer to the people especially in townships and rural areas, the SETAs opened more than 40 offices in various TVET colleges in different parts of the country. The offices will further solidify the much needed partnership between the SETAs and TVET colleges to work together on various programmes such as the placement of TVET students into workplaces, alignment of TVET curriculum to the industry's needs, training of artisans and many more.

Changes to performance indicators during the year

The gazetting of the National Skills Fund (NSF) as a Schedule 3A public entity by the Minister of Finance with effect from 1 April 2012, has necessitated the Department to effect changes to its Annual Performance Plans (APP) especially in relation to performance indicators for Programme 5. For this reason, during the year the Minister of Higher Education and Training approved an addendum to the 2013/14 APP effectively changing the compilation of the performance indicators for this programme. As such the following three performance indicators together with the associated strategic objectives were removed from the original APP:

- Amount earmarked to support projects of national priority
- Number of projects supported by National Skill Fund
- Number of learners trained in NSF projects.

The NSF will table its own Annual Report for the 2013/14 financial year and will in that report provide detail of performance information; three performance indicators relating to this.

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Programme performance: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective*	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation (both over and under achievement)
PROGRAMME 5: SKILLS DEVELOPMENT						
(4.5.1.1) Provide a dynamic interface between the workplace and learning institutions and to promote quality learning at work and for work by 2014	The number of artisan learners registered nationally	21 849	26 000 (31 March 2014)	27 670	Target exceeded by 1 670	High intake owing to centralised and standardised system implemented by DHET and major stakeholders' buy-in
	Number of artisan candidates found competent nationally	15 277	12 000 (31 March 2014)	18 110	Target exceeded by 6 110	High output owing to centralised and standardised system implemented by DHET and major stakeholders' buy-in
	Number of graduates receiving Work Integrated Learning (WIL)	14 961	27 279 (31 March 2014)	27 346	Target exceeded by 67	Owing to operationalisation of the PIVOTAL Grant Regulations
	Percentage of national artisan learners pass trade test (INDELELA only)	45%	48% (31 March 2014)	45%	Target 3% below target (INDELELA only)	Artisan RPL System still in pilot phase to assist persons who are RPL candidates are tested at INDELELA

* Numbering is linked to the actual numbering of strategic objectives in the Annual Performance Plan

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation (both over and under achievement)
PROGRAMME 5: SKILLS DEVELOPMENT						
	Secure trade testing system developed and implemented at all trade test centres	Not achieved	Secure trade testing system developed and piloted at five test centres by 31 March 2014	Secure trade testing system not developed and piloted	Not achieved	Delay in supply chain processes and delay in completing trade test regulations
	Number of audits conducted at SETA or QCTO accredited trade test centres	52	30 (31 March 2014)	46	Target exceeded by 16	Good progress made owing to the successful collaboration with SETAs
	Scarce and Critical Skills List compiled, approved by the DG and published annually		Scarce and Critical Skills List compiled, approved by the DG and published (31 March 2014)	Draft Scarce and Critical Skills List compiled	Target not achieved	The list is prepared and is awaiting Minister's approval for publishing
	Number of SETAs with partnerships with public FET colleges and universities		21 SETAs with at least four partnerships with public FET colleges and universities	A total of 284 partnerships have been entered into by SETAs	Target exceeded by 280	SETAs entered into partnerships with different colleges and for different programmes
	Percentage of SETAs implementing NSDS III with approved service level agreement	100% (21)	100% (31 March 2014)	100% (31 March 2014) NSDS quarterly implementation reports compiled	Target achieved	None

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Strategic objective	Performance indicator	Actual achievement 2012/13	Planned target for 2013/14	Actual achievement 2013/14	Deviation from planned targets to actual achievement 2013/14	Comments on deviation (both over and under achievement)
PROGRAMME 5: SKILLS DEVELOPMENT						
(4.5.1.2) Promote the alignment of skills development outputs to the needs of the workplace and to the broader growth needs of the country's economy	Number of SETAs Strategic Plans analysed and approved by the Minister (in relation to the Sector Skills Plans)	21	21 (31 March 2014)	21 SETAs	Target achieved	None
	Number of SETA Fora held to improve communication (Department and SETAs)	Four	Four (31 March 2014)	Five	Target exceeded by one	The introduction of the grant regulations necessitated more forums to be held
	Number of SETA NSDS implementation reports compiled and approved by the DG	Four quarterly SETAs NSDS implementation reports	Four NSDS Annual Reports	Four SETA quarterly NSDS implementation reports compiled	Target achieved	None
	Number of Annual NSDS Review Reports approved by the DG	Not achieved	One	One	Target achieved	None

Strategy to deal with underperformance

- 48% of national artisan learners passed the trade test by 2013/14 (INDLELA only); the final result achieved was 45%. The majority of the persons tested at INDLELA are persons who have developed artisan skills informally and have been on formal programmes such as apprenticeships. These are therefore Recognition of Prior Learning (RPL) candidates. The result is that many of such persons have not developed enough skills that cover the entire scope of learning required to be a competent artisan in a specific trade. INDLELA is in the process of developing a national recognition of prior learning model that will ensure the persons who are RPL candidates first complete a portfolio of evidence as required by the full scope of the trade and based on the evaluation of that evidence be given access to a trade test. A total of 265 candidates are involved in the pilot project and the model will be completed by 31 March 2015 for national roll-out within the TVET college system.
- A secure trade testing system was developed and implemented at all trade test centres. The development of this system was initially issued for tender to external service providers but owing to an objection received from SITA, it had to be re-routed for development with SITA and a period of six months was lost on development. Since then a User Requirements Specification for the System was developed by SITA and a project manager appointed to develop the technical design of the system. The system is based on the National Trade Test Regulations that were not completed owing to differences between the DHET (NAMB) and the QCTO on credit for trade tasks but the differences are being resolved. Both the regulations and system are scheduled for completion by 31 March 2015.
- The draft Scarce and Critical Skills list was prepared and is awaiting the Minister's approval for publishing.

Linking programme performance with budgets

SUB-PROGRAMME	2013/14			2012/13		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Management: Skills Development	1 324	1 223	101	2 061	2 049	12
SETA Coordination	69 231	69 062	169	65 033	64 997	36
National Skills Development Service	7 729	7 691	38	5 887	5 864	23
Quality Development and Promotion	21 747	21 747	-	20 352	20 352	-
Total	100 031	99 723	308	93 333	93 262	71

5. Summary of financial information

Departmental receipts

The tariffs charged by the Department are in respect of National Technical Examinations, Private Further Education and Training Colleges, Private Higher Education Institutions and trade tests. Different policies apply to these tariffs and details of the tariffs charged are included in the Report of the Accounting Officer.

During the year under review no bad debts were written off.

Table 1: Departmental Receipts

	2013/14			2012/13		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Departmental receipts						
Sales of goods and services produced by department	5 583	6 042	(459)	4 530	4 949	(419)
Sales of scrap, waste and other used current goods	60	29	31	24	16	8
Transfers received	-	-	-	20	80	(60)
Interest, dividends and rent on land	3 096	3 374	(278)	3 514	3 458	56
Sale of capital assets	-	-	-	-	-	-
Transactions in financial assets and liabilities	2 176	2 435	(259)	2 497	2 410	87
Total	10 915	11 880	(965)	10 585	10 913	(328)

Increases in revenue are mainly attributable to better than the projected collection of revenue in respect of trade test fees.

Programme expenditure

The total expenditure excluding direct charges for the 2013/14 financial year, amounts to R34 331.969 million which represents a spending rate of 99.99%. The main reason for under-expenditure was savings realised on funds provided for posts on the staff establishment of the Department that became vacant during the year and that could not be filled as projected and the concomitant savings that resulted from this, legal and legislative fees for claims not received for court cases as projected and funds provided for the Ndinaye building which was occupied during the 2013/14 financial year. The minimal savings on the Vote did not negatively impact on service delivery within the Department.

Detail expenditure information can be obtained from Financial Statements as reflected in Part E: Financial Information.

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Table 2: Programme Expenditure

Programme Name	2013/14			2012/13		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	203 729	203 044	685	172 151	171 655	496
Human Resource Development, Planning and Monitoring Coordination	43 827	43 535	292	43 245	42 829	416
University Education	28 299 507	28 299 279	228	26 229 270	26 228 713	557
Vocational and Continuing Education and Training	5 686 806	5 686 388	418	5 048 152	5 045 941	2 211
Skills Development	100 031	99 723	308	93 333	93 262	71
Subtotal	34 333 900	34 331 969	1 931	31 586 151	31 582 400	3 751
Statutory Appropriation	12 090 186	12 090 186	-	11 694 493	11 694 493	-
Total	46 424 086	46 422 155	1 931	43 280 644	43 276 893	3 751

Transfer payments to public entities

Public entities

Table 3: Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity 2012/13	Amount transferred to the public entity 2013/14
		R'000	R'000
Education Training and Development Practices SETA	Provision of relevant, quality and accessible education, training and development in the education, training and development sector	175	-
Council on Higher Education (CHE)	Advise to the Minister of Higher Education and Training on all higher education policy matters, implementation of the system of quality assurance for all higher education, monitoring the state of the higher education system and contribution to the development of higher education through intellectual engagement	39 993	41 888
National Student Financial Aid Scheme (NSFAS)	It is responsible for administering loans and bursaries and allocating these to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training, raising funds, recovering loans, maintaining and analysing a database, undertaking research for the better utilisation of financial resources and advising the Minister on matters relating to student financial aid	5 195 661	5 769 405
South African Qualifications Authority (SAQA)	SAQA focuses on upholding the principles of the National Qualification Forum, including ensuring access, quality, redress and development for all learners, through an integrated national framework of learning achievements	45 723	49 401
Quality Council for Trades and Occupations (QCTO)	To develop and quality assure occupational qualifications that are responsive to the labour market and developmental state initiatives	20 352	21 747
National Skills Fund (NSF)	To fund national skills development priority projects as identified in the NSDS and projects related to achieving the purpose of the Act as determined by the Accounting Authority	2 338 898	2 416 368

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Name of public entity	Services rendered by the public entity	Amount transferred to the public entity 2012/13	Amount transferred to the public entity 2013/14
		R'000	R'000
Sector Education and Training Authorities			
Agriculture Sector Education and Training Authority (AGRISETA)	Provision of relevant, quality and accessible education, training and development in both primary and secondary agriculture sectors	223 761	261 707
Banking Sector Education and Training Authority (BANKSETA)	Provision of relevant, quality and accessible education, training and development in the banking and micro-finance sector	703 956	457 535
Construction Education and Training Authority (CETA)	Provision of relevant, quality and accessible education, training and development in the construction industry	464 728	436 397
Energy and Water Sector Education and Training Authority (EWSETA)	Provision of relevant, quality and accessible education, training and development in the energy and water sector	209 484	206 825
Education, Training and Development Practices (ETDP)	Provision of relevant, quality and accessible education, training and development in the education, training and development sector	303 727	325 635
Financial and Accounting Services Sector Education and Training Authority (FASSET)	Provision of relevant, quality and accessible education, training and development in the financial and accounting services sector	373 559	396 236
Food and Beverages Sector Education and Training Authority (FOODBEV)	Provision of relevant, quality and accessible education, training and development in the food and beverages sector	225 886	247 754
Health and Welfare Sector Education and Training Authority (HWSETA)	Provision of relevant, quality and accessible education, training and development in the health and welfare sector	292 361	303 907
Chemical Industries Education and Training Authority (CHIETA)	Provision of relevant, quality and accessible education, training and development in the chemical industries sector	392 090	431 724
Transport Education and Training Authority (TETA)	Provision of relevant, quality and accessible education, training and development in the transport sector	506 034	543 392
Public Service Sector Education and Training Authority (PSETA)	Provision of relevant, quality and accessible education, training and development in the public service sector	1 491	1 399

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Name of public entity	Services rendered by the public entity	Amount transferred to the public entity 2012/13	Amount transferred to the public entity 2013/14
		R'000	R'000
Insurance Sector Education and Training Authority (INSETA)	Provision of relevant, quality and accessible education, training and development in the insurance sector	317 301	326 267
Media, Information and Communication Technologies SETA (MICTS)	Provision of relevant, quality and accessible education, training and development in the information system, electronics and telecommunications technologies sector	575 264	580 263
Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA)	Provision of relevant, quality and accessible education, training and development in the manufacturing, engineering and related services sector	1 043 287	1 157 926
Mining Qualifications Authority (MQA)	Provision of relevant, quality and accessible education, training and development in the mining and minerals sector	823 849	859 647
Safety and Security Education and Training Authority (SASSETA)	Provision of relevant, quality and accessible education, training and development in the safety and security sector	200 484	211 423
Service Sector Education and Training Authority (SERVICES SETA)	Provision of relevant, quality and accessible education, training and development in the services sector	1 071 772	1 237 704
Culture, Arts, Tourism, Hospitality and Sport Education and Training (CATHSSETA)	Provision of relevant, quality and accessible education, training and development in the culture, arts, tourism, hospitality and sport sectors	228 026	253 541
Wholesale and Retail Sector Education and Training Authority (W&R SETA)	Provision of relevant, quality and accessible education, training and development in the wholesale and retail sector	732 626	752 680
Local Government Education and Training Authority (LGSETA)	Provision of relevant, quality and accessible education, training and development in the local government sector	392 035	408 352
Fibre Processing and Manufacturing Sector Education and Training Authority (FP&MSETA)	Facilitate, coordinate and monitor the implementation of the NSDS in the fibre processing and manufacturing sector	273 874	273 504

The Department received written assurance in terms of Section 38(1)(j) certificates from all public entities reflecting effective, efficient and transparent financial management and internal control systems during 2013/14.

With regard to the monitoring of expenditure, all public entities, including the SETAs, provide quarterly reports as legally required.

Transfer payments to all organisations other than public entities

Transfer payments (excluding public entities)

Table 4: Transfer payments (excluding public entities)

Name of transferee	Purpose for which funds were used	Compliance with section 38(1)(j) of the PFMA	Amount transferred R'000
Universities			
Cape Peninsula University of Technology	Subsidy	Yes	975 540
Central University of Technology, Free State	Subsidy	Yes	428 626
Durban Institute of Technology	Subsidy	Yes	770 718
Mangosuthu University of Technology	Subsidy	Yes	331 923
Nelson Mandela Metropolitan University	Subsidy	Yes	784 804
North West University	Subsidy	Yes	1 228 919
Rhodes University	Subsidy	Yes	358 917
Tshwane University of Technology	Subsidy	Yes	1 494 423
University of Cape Town	Subsidy	Yes	1 127 750
University of Fort Hare	Subsidy	Yes	457 347
University of Free State	Subsidy	Yes	968 944
University of Johannesburg	Subsidy	Yes	1 385 540
University of KwaZulu-Natal	Subsidy	Yes	1 512 305
University of Mpumalanga	Subsidy	Yes	58 153
Sol Plaatje University	Subsidy	Yes	180 302
University of Limpopo	Subsidy	Yes	850 172
University of Pretoria	Subsidy	Yes	1 810 933
University of South Africa	Subsidy	Yes	2 155 212
University of Stellenbosch	Subsidy	Yes	1 125 066
University of Venda	Subsidy	Yes	445 329
University of Western Cape	Subsidy	Yes	731 479
Witwatersrand University	Subsidy	Yes	1 212 593
University of Zululand	Subsidy	Yes	485 370
Vaal University of Technology	Subsidy	Yes	596 452
Walter Sisulu University of Science and Technology	Subsidy	Yes	804 988
National Institute for Higher Education: Mpumalanga	Subsidy	Yes	78 389
National Institute for Higher Education: Northern Cape	Subsidy	Yes	28 573

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Name of transferee	Purpose for which funds were used	Compliance with section 38(1)(j) of the PFMA	Amount transferred R'000
Foreign Government and International Organisations			
Commonwealth of Learning	Contribution	No	2 416
India-Brazil-South Africa Trilateral Commission	Contribution	No	511
Non-Profit Institutions			
Higher Education South Africa (HESA)	Earmarked funds for HIV/AIDS project	Yes	7 000
Buffalo City College	Subsidy	Yes	53 155
East Cape Midlands College	Subsidy	Yes	78 652
Ikhala College	Subsidy	Yes	51 165
Ingwe College	Subsidy	Yes	71 649
King Hintsa College	Subsidy	Yes	56 143
King Sabata College	Subsidy	Yes	80 898
Lovedale College	Subsidy	Yes	38 071
Port Elizabeth College	Subsidy	Yes	59 712
Flavius Mareka College	Subsidy	Yes	24 718
Gold Fields College	Subsidy	Yes	27 431
Maluti College	Subsidy	Yes	49 015
Motheo College	Subsidy	Yes	91 473
Central Johannesburg College	Subsidy	Yes	45 146
Ekhurhuleni East College	Subsidy	Yes	58 558
Ekhurhuleni West College	Subsidy	Yes	71 648
Sedibeng College	Subsidy	Yes	96 265
South West College	Subsidy	Yes	126 946
Tshwane North College	Subsidy	Yes	71 319
Tshwane South College	Subsidy	Yes	46 627
Western College	Subsidy	Yes	86 034
Coastal College	Subsidy	Yes	80 245
Elangeni College	Subsidy	Yes	85 279
Esayidi College	Subsidy	Yes	66 109
Majuba College	Subsidy	Yes	152 318
Mnambithi College	Subsidy	Yes	54 934
Mthashana College	Subsidy	Yes	37 253
Thekwini College	Subsidy	Yes	39 498
Umfolozu College	Subsidy	Yes	99 461

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Name of transferee	Purpose for which funds were used	Compliance with section 38(1)(j) of the PFMA	Amount transferred R'000
Umgungundlovu College	Subsidy	Yes	28 359
Capricorn College	Subsidy	Yes	39 107
Lephalale College	Subsidy	Yes	10 356
Letaba College	Subsidy	Yes	22 548
Mopani College	Subsidy	Yes	42 482
Sekhukhune College	Subsidy	Yes	22 137
Vhembe College	Subsidy	Yes	88 314
Waterberg College	Subsidy	Yes	13 804
Ehlanzeni College	Subsidy	Yes	78 654
Gert Sibande College	Subsidy	Yes	115 250
Nkangala College	Subsidy	Yes	63 376
Rural College	Subsidy	Yes	24 305
Urban College	Subsidy	Yes	23 568
Orbit College	Subsidy	Yes	128 254
Taletso College	Subsidy	Yes	46 607
Vuselela College	Subsidy	Yes	43 911
Boland College	Subsidy	Yes	42 204
Cape Town College	Subsidy	Yes	31 361
False Bay College	Subsidy	Yes	51 323
Northlink College	Subsidy	Yes	66 903
South Cape College	Subsidy	Yes	41 813
West Coast College	Subsidy	Yes	88 831

R33 750.482 million (98.30%) of the total allocation of R34 333.900 million excluding direct charges, was allocated to transfers and subsidies on the Department's vote. Direct charges amount to R12 090 million.

Transfer payments from voted funds were in respect of the FET Colleges Conditional Grant, subsidies to 50 FET colleges, subsidies to 23 universities and universities of technology as well as public entities (National Student Financial Aid Scheme, South African Qualifications Authority, Council on Higher Education and the Quality Council for Trades and Occupations), international organisations (Commonwealth of Learning and the India-Brazil-South Africa Trilateral Commission), non-profit institutions (Higher Education South Africa for the HEAIDS project) and the Education, Training and Development Practices SETA.

Transfer payments from the direct charges of the National Revenue Fund were made to 21 Sector Education and Training Authorities (SETAs) and the National Skills Fund for levies received from the South African Revenue Service.

With regard to the monitoring of expenditure, the Department is receiving expenditure reports on the spending of the FET Colleges Conditional Grants on a monthly basis from provincial education departments. Regarding

universities and universities of technology annual reports are evaluated by the Department. The transfers to international organisations and the Education, Training and Development Practices SETA are annual member contributions and no monitoring of this expenditure takes place.

6. Conditional grants

Conditional grants and earmarked funds paid

The table below details the conditional grant paid during the period 1 April 2012 to 31 March 2013.

Table 5: FET Colleges Conditional Grant

Department to whom the grant was transferred	Provincial education departments
Purpose of the grant	To ensure the successful transfer of the function of FET colleges to the Department of Higher Education and Training
Expected outputs of the grant	<ul style="list-style-type: none"> • Transfer of FET colleges management staff to the Department of Higher Education and Training finalised • Transfer of non-management staff to the Department of Higher Education and Training finalised • Secondment of provincial education department staff to the Department of Higher Education and Training finalised • Post-provisioning model for FET colleges finalised • Implementation of the funding norms and standards for FET colleges • Implementation of the new programme cost for funding FET colleges • Monitor the support of FET colleges by provincial education departments • Implementation of 37% in lieu of benefits for FET colleges

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Actual outputs achieved	<ul style="list-style-type: none"> • 210 management posts were transferred to the Department of Higher and Training • Collective agreements for the transfer of non-management staff were tabled at the ELRC and GPSSBC. The collective agreement for support staff was signed in the GPSSBC and is a waiting ratification. The collective agreement for lecturing staff was ratified on 4 February 2014 • 110 provincial staff members were seconded to DHET • The Post-provisioning Model (PPM) was drafted and presented to the South African Institute of Chartered Accountants (SAICA) and senior management in the Department. The PPM will be piloted in nine FET colleges • The implementation of the Funding Norms and Standards for FET colleges is a continuous function which is managed by the provincial education departments (PEDs). With the function shift processes, this function will be managed by the Department of Higher Education and Training • The programme costs for 2014 were developed and distributed to all FET colleges for implementation. A full verification on the implementation of the programme costs will be conducted once the detailed verification plan with clear processes, timelines and outcomes has been developed and approved • The PEDs officials have been trained in the analysis of student performance in the examinations. They have monitored the progress and implementation of the improvement plans at the campus level • 39 FET colleges have implemented the 37% in lieu of benefits prior to the signing of the collective agreement. 11 FET colleges are implementing the split benefits and are currently considering implementing 37% in lieu of benefits once the collective agreement is signed and ratified by the relevant parties
Amount per amended DORA (R'000)	2 454 188
Amount transferred (R'000)	2 454 188
Reasons if amount per DORA not transferred	N/A
Amount spent by the provincial education departments (R'000)	2 422 614
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	The Department receives expenditure reports on the spending of the FET Colleges Conditional Grants on a monthly basis from provincial education departments. Monitoring visits are conducted

Transfer payments were made as originally scheduled in terms of the transfer payment schedule approved by National Treasury.

The Department did not retain any portion of the conditional grant for administration costs.

Amounts allocated to Higher Education Subsidies, the National Student Financial Aid Scheme, the Higher Education HIV and AIDS Programme and the establishment of universities in Mpumalanga and Northern Cape were earmarked during the 2013/14 financial year. All these amounts were utilised for the purpose originally earmarked.

Conditional grants and earmarked funds received

None.

7. Donor funds

The tables below detail the donor funds received during the period 1 April 2013 to 31 March 2014.

Table 6: Donor funds: European Union (claims recoverable)

Name of donor	European Union
Full amount of funding	R141 million
Period of the commitment	2010 - 2013
Purpose of the funding	European Union Primary Education Sector Support Programme
Expected outputs	Research, programme development and materials development for Foundation Phase Teacher Education, post-graduate scholarships, bursaries for initial teacher education and seeding the establishment of an academic journal and a research association for this sector
Actual outputs achieved	Achievements include: support for 13 research and development projects at 20 universities aimed at strengthening/establishing foundation phase teacher education programmes; 21 universities now participating (up from 13 in 2009) and significant growth in headcount enrolments (98%) and graduates (93%) since the inception of the programme in 2009; scholarship support for seven Honours, 54 Masters and 40 PhD students in Childhood Education; 200 bursaries for African mother-tongue foundation phase teacher education students; 24 new academics employed at universities to support the start-up of new programmes; the establishment of the South African Journal for Early Childhood Education (an academic journal that will become self-funding in 2014/15, and has already established itself by being accredited); the establishment of a South African Research association for Early Childhood Education (SARAECE) (a research association that will become self-funding in 2014/15); a number of regional conferences and a successful final conference; the development of a vibrant research culture that has thus far produced 28 peer reviewed journal articles, with a further 21 articles accepted for publication, and 36 articles in various stages of preparation; the establishment of a new Foundation Phase programme at Siyabuswa, the former Ndebele College of Education site, now part of the University of Mpumalanga, and the establishment of a teaching school linked to that campus
Amount received (R'000)	15 511
Amount spent by the Department (R'000)	18 406
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Progress reports to be submitted to the donor.

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Table 7: Donor funds: European Union Budget Support (In Cash)

Name of donor	European Union Budget Support
Full amount of funding	R60 million
Period of the commitment	1 October 2012 - 30 September 2014
Purpose of the funding	General
Expected outputs	<p>Part A: Policy and Research Services: Implementation of the activities identified in the National Framework for Cooperation in the Provision of Career Development (Information, Advice and Guidance) Services.</p> <ul style="list-style-type: none"> • An advocacy and communication action plan for integrated career services in the country • Guidelines and protocols for partnerships in career services • A career services agenda for the country and the commissioning of initial research on international benchmarking and impact of the services • A competency framework for the provision of career services, that is specific to the South African context and in line with international standards • Implementation of a plan for the establishment of a national career development forum for the country. <p>Part B: System Development: Further development of the National Career Advice Portal.</p> <ul style="list-style-type: none"> • Expand the National Career Advice Portal modules with an occupation information centre, geospatial components, a funding module and a career services advice module • Expand the National Career Advice Portal content, including learning pathways and multi-media materials.
Actual outputs achieved	<p>Protocols were signed by the National Youth Development Agency, Finance and Accounting Services SETA, Manufacturing, Engineering and Related Services SETA, Chemical Industries SETA and the South African Qualifications Authority. The National Career Advice Portal (NCAP) was developed as an integrated education and training career development information system and is live (http://careerhelp.org.za/ncap). Three modules were developed, viz. the Interest Questionnaire module, the Pathways module and the Learning Directory module. 100% of public institutional data was integrated into the NCAP. The NCAP was transferred to the Department of Higher Education and Training and evaluation of the source code was completed and further development have commenced. Service providers for the 'Competency Framework for Career Development Practitioners' and the development of content for the NCAP were contracted and a further 100 pathways were developed. A contract was entered into with the South African Qualifications Authority to run the national helpline, radio programmes, the social media campaign, exhibitions, as well as the strategy on walk-in centres up to September 2014</p>
Amount received (R'000)	4 286

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Amount spent by the Department (R'000)	1 155
Reasons for the funds unspent	Owing to late appointment of project staff, the activities on this project commenced later than originally projected. The business plan for the project was accordingly updated and approved
Monitoring mechanism by the donor	Progress reports to be submitted to the donor

Table 8: Donor funds: European Union Budget Support (In Cash)

Name of donor	European Union Budget Support
Full amount of funding	R99 million
Period of the commitment	Commences in October 2014
Purpose of the funding	General
Expected outputs	Continuation of Career Development Services Project
Actual outputs achieved	Additional allocation
Amount received (R'000)	-
Amount spent by the Department (R'000)	-
Monitoring mechanism by the donor	Progress reports to be submitted to the donor

Table 9: Donor funds: European Union Budget Support (In Cash)

Name of donor	European Union
Full amount of funding	R53 million
Period of the commitment	Commences in 2014
Purpose of the funding	General
Expected outputs	Development of an open learning system for post-school education and training
Actual outputs achieved	The first phase of the Open Learning in Post-school Education and Training initiative was concluded through the development of a 'Concept Document: Open Learning in Post-school Education and Training'. Four consultative workshops for Adult Education, FET colleges, universities and skills development took place and the 'Concept Framework for Open Learning System in Post-school Education and Training in South Africa' was developed as a result of the four workshops and other consultations identifying specific programmes to conduct open learning pilots in the identified five areas
Amount received (R'000)	-
Amount spent by the Department (R'000)	-
Monitoring mechanism by the donor	Progress reports to be submitted to the donor

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Table 10: Donor funds: Danish Government (In Kind)

Name of donor	Danish Government
Full amount of funding	R32 million
Period of the commitment	Up to December 2014
Purpose of the funding	To support the education and skills development programme in South Africa
Expected outputs	Assistance to 12 FET colleges in four different provinces to improve student support services with a focus on entry, on-course and exit support. Assistance to the Department to continue development of a student support services framework on the basis of field experience and other inputs
Actual outputs achieved	Support FET colleges in terms of finalising their funding proposals. Assessment and approval of the proposal of colleges' funding
Amount received (R'000)	7 461
Amount spent by the Department (R'000)	7 461
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Progress reports to be submitted to the donor

Table 11: Donor funds: Netherlands Government (In Kind)

Name of donor	Netherlands Government
Full amount of funding	R21.906 million
Period of the commitment	Four year period commenced in 2011/12
Purpose of the funding	To strengthen the National Certificate Vocational (NC(V)) programmes in line with the labour market demands for FET colleges
Amount received (R'000)	4 654
Amount spent by the Department (R'000)	4 654
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Progress reports to be submitted to donor

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Table 12: Donor funds: Netherlands Government (In Kind)

Name of donor	Netherlands Government
Full amount of funding	R27.432 million
Period of the commitment	Four year period commenced in 2011/12
Purpose of the funding	To strengthen the Management Information Systems and Information Management processes within the Department and FET colleges
Expected outputs	Capacity building in higher education through the Netherlands Universities Foundation for International Cooperation: Implementation of standardised business management system in three pilot further education and training colleges
Amount received (R'000)	10 325
Amount spent by the Department (R'000)	10 325
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Progress reports to be submitted to donor

Table 13: Donor funds: Japanese Government (In Kind)

Name of donor	Japanese Government
Full amount of funding	R62.154 million
Period of the commitment	December 2013 - March 2016
Purpose of the funding	To train students in productivity, soft and innovation skills through the two-week Employability Improvement Project
Expected outputs	Trained students in productivity, soft and innovation skills
Actual outputs achieved	Two Japanese experts were dispatched to the Department to assist the Department with policy planning and implementation of human resource development that meets industry demand and to mainstream the 'Employability Improvement Project' into the programmes of each university
Amount received (R'000)	-
Amount spent by the Department (R'000)	-
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Joint monitoring system between Japan and the university where training takes place for each lecturer course, as well as student course by using a formed monitoring sheet developed by this project

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Table 14: Donor funds: USAID (In Cash)

Name of donor	USAID
Full amount of funding	R1.147 million
Period of the commitment	2013 - 2015
Purpose of the funding	To fund Doctorate candidates from selected countries at the University of Pretoria Faculty of Law
Expected outputs	Doctorate candidates from selected countries to study at the University of Pretoria Faculty of Law
Actual outputs achieved	Doctorate candidates from selected countries studied at the University of Pretoria Faculty of Law
Amount received (R'000)	1 147
Amount spent by the Department (R'000)	1 147
Reasons for the funds unspent	N/A

Table 15: Donor funds: European Union (In Kind)

Name of donor	European Union
Full amount of funding	Three Million Euros
Period of the commitment	Five years
Purpose of the funding	Mobility scheme for South African Masters and Doctoral students, as well as academics and other staff members to spend part of their studies, research or working time at a European university
Expected outputs	South African Masters and Doctoral students, as well as academics and other staff members spent part of their studies, research or working time at a European university
Actual outputs achieved	92 Masters and Doctoral students were sent to European universities as part of the Erasmus Mundus Scholarship Programme
Amount received (R'000)	N/A
Amount spent by the Department (R'000)	N/A
Reasons for the funds unspent	N/A

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Table 16: Donor funds: Chinese Government (In Kind)

Name of donor	Chinese Government
Full amount of funding	-
Period of the commitment	Ongoing
Purpose of the funding	Scholarships to study at Chinese universities
Expected outputs	Students to study at Chinese universities
Actual outputs achieved	22 students received scholarships to study at Chinese universities
Amount received (R'000)	N/A
Amount spent by the Department (R'000)	N/A
Reasons for the funds unspent	N/A

Table 17: Donor funds: Russian Government (In Kind)

Name of donor	Russian Government
Full amount of funding	-
Period of the commitment	Ongoing
Purpose of the funding	Scholarships to study marine and aeronautical engineering in Russia
Expected outputs	Students to study marine and aeronautical engineering in Russia
Actual outputs achieved	Four students received scholarships to study in Russia
Amount received (R'000)	N/A
Amount spent by the Department (R'000)	N/A
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	N/A

Table 18: Donor funds: European Union (In Kind)

Name of donor	European Union Dialogue Facility
Full amount of funding	R4.169 million
Period of the commitment	Ongoing
Purpose of the funding	Funding for a proposal for research on skills planning
Expected outputs	Proposal for research on skills planning
Actual outputs achieved	The proposal for the study on skills planning was approved by the European Union Dialogue Facility. The terms of reference for the commissioning of research was prepared and approved by the European Union. The European Union is in the process of procuring the service
Amount received (R'000)	400
Amount spent by the Department (R'000)	400
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	N/A

8. Capital investment, maintenance and asset management plan

The acquisition of IT equipment and furniture for incumbents and new posts and to replace obsolete assets to be disposed of, is an on-going process. All obsolete furniture was disposed of in accordance with the rules and regulations of National Treasury. In order to ensure that the Department's Asset Register remains up to date during the period under review, assets were bar-coded immediately when received and the Asset Register was updated accordingly. Monthly reconciliations were also performed between the Asset Register and BAS. The current state of the Department's capital stock at this stage is that 57% is in a good condition, 30% is in a fair condition and 13% is in a bad condition, but the replacement of assets is done through life-cycle management and needs analysis with recommendations before every purchase.



SOL PLAATJE UNIVERSITY



PART C:

GOVERNANCE

1. Introduction

The Department is committed to maintain the highest standards of governance. Good governance structures are in place to ensure effective, efficient and economic utilisation of state resources funded by the tax payers. The Risk Manager was appointed late in 2013.

Regular management meetings are conducted and cases of possible irregularities are followed up immediately when discovered. Controls for payment processes and segregation of duties in payment processes are in place. Policies for various matters have been developed and have been communicated to staff members.

The budget of the Department is aligned to the Strategic Plan and Annual Performance Plan of the Department and monthly budget monitoring is conducted through the monthly cash flow statements that are issued to the Minister and the Department.

2. Risk Management

The Department's Risk Management policy and strategy was approved.

The risk assessments are conducted regularly as prescribed and risk registers are being finalised per Branch.

The Risk Management Committee is functional. All the Branches within the Department are represented in the Committee that provides advice on the overall system of Risk Management.

Progress on implementation of the Risk Management processes is reported regularly to the Audit Committee and the Committee provides advice where needed.

Risk Management within the Department has recently been established as the unit started to function in November 2013.

Thus far there is progress on implementation of the Risk Management processes; however Risk Management's contribution towards improvements on the Department's performance is reliant on effective implementation of the processes by the key stakeholders and incorporation into critical processes such as Planning, Monitoring and Reporting.

3. Fraud and Corruption

A Fraud Prevention Plan is in place as required by the Treasury Regulations to prevent and detect fraudulent activities and to protect assets and other resources from any dishonest, unethical conduct. A Whistle-Blowing Policy forms part of the Fraud Prevention Plan and the Department utilises the National Public Service Anti-Corruption Hotline. During the period fraudulent activities that were identified by Internal Audit and cases received by the National Public Service Anti-Corruption Hotline, were investigated and reported to the relevant authorities.

4. Minimising Conflict of Interest

All senior managers in the Department are compelled to declare their financial interests to the Minister on an annual basis. Furthermore, all employees of the Department are compelled to request permission from the Director-General before they do any work outside the Department that generates additional remuneration for them. Regular news flashes are available to alert all staff members on the process.

In addition, all staff appointed within the Supply Chain Management unit, complete a Declaration of Interest and acknowledgement of the content of the Code of Conduct form which is kept on file by the Director: SCM.

Any non-compliance identified is dealt with through the Labour Relations processes and corrective actions are taken where required.

5. Code of Conduct

The Code of Conduct for Public Servants, developed by the Public Service Commission to promote a high standard of professional ethics in the public service, was implemented in the Department and managers ensure that all staff members adhere to it. Copies of the two Codes of Conduct for Public Servants were distributed to every official in the Department and have been fully implemented. Copies of the Code of Conduct are also placed on the personnel files after new employees signed receipt. Labour Relation workshops were held to introduce the Code of Conduct to all staff members.

Normal disciplinary procedures will be followed in an event of a breach of the code.

6. Health Safety and Environmental Issues

An Occupational Health and Safety Officer was appointed. The Policy on Health and Wellness was approved and introduced. The policy is available on the Department's Intranet.

7. Portfolio Committee

The Portfolio Committee on Higher Education and Training held various meetings with the Department regarding the Strategic Plan, Annual Performance Plan and quarterly and annual reporting during the year under review.

8. SCOPA Resolutions

None.

9. Prior modifications to audit reports

None.

10. Internal Audit and Audit Committee

Key activities and objectives of Internal Audit

The role of the Internal Audit Unit is to provide management and the Audit Committee with independent, objective assurance and consulting services, designed to add value and improve the Department's operations. It is furthermore aimed at assisting the Department to accomplish its objectives by establishing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.

The Internal Audit Unit operates with skilled personnel and functions as required by the Treasury Regulations and the Public Finance Management Act (PFMA). An audit plan was developed from the risk assessment conducted in

the Department and approved by the Audit Committee. During the year under review, internal audit engagements were performed in accordance with the Audit Plan. Owing to a lack of staff to execute all the work on the audit plan, the Department decided to make use of consultants to provide co-sourcing to assist with the audits. The main activities of Internal Audit:

- Compile a three-year rolling strategic and annual audit plan
- Perform internal audit on the following systems:
 - Risk management systems
 - Control systems
 - Governance systems
- Report to management and the Audit Committee.

Internal Audit work

The following activities as per audit plan were completed:

- Corporate governance
- Information systems audit
- Transfer payments
- Division of revenue act payments
- Performance information
- Personal administration
- Inventory and assets
- Tenders
- Follow-up on Internal Audit and Auditor-General reports
- Financial statements
- Other operational audits

Key activities and objectives of the Audit Committee

The objective of the Audit Committee is to assist the Accounting Officer in fulfilling oversight responsibilities regarding the financial reporting process, the system of internal control and management of risks, the audit process and the monitoring of compliance with laws and regulations and the Department's own code of business conduct.

The main activities are:

- Consider the effectiveness of the internal control systems
- Understand the scope of internal and external auditor review of internal control over financial reporting, and obtain reports on significant findings and recommendations together with management's responses
- Assess whether the Department's assets have been properly safeguarded and used
- Review the Department's risk profile on an annual basis and ensure management is effectively managing the risks

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- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management investigation and follow-up (including disciplinary action) of any instances of non-compliance
- Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information and annually review the Annual Financial Statements and recommend its approval to the DG.

The Audit Committee is in place and functions effectively, as required by the Treasury Regulations and the PFMA. The Audit Committee held five meetings during the period under review and was assisted by Internal Audit, which provides secretarial services.

Attendance of audit committee meetings:

Name	Qualifications	Internal/ External member	Appointed	Meetings attended	Resigned
Prof. DP van der Nest	D Tech	External	1/11/2010	5	N/A
Ms S Padayachy	M Comm	External	1/11/2010	4	N/A
Mr S Makhubu	CA, SA	External	6/6/2011	5	N/A



*This beacon commemorates the inauguration
Sol Plaatje University
by the honourable
Minister of Higher Education and Training,
Dr. Bonginkosi Emmanuel Nzimande, MP
19 September 2013*



PART D:

HUMAN RESOURCE MANAGEMENT

Introduction

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

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether the Department of Higher Education and Training:-

- is exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,
- is achieving national transformation priorities established by the Cabinet, for example, affirmative action.

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders.

Personnel Related Expenditure

Expenditure

Note: During 2013/14 a total of R 76.879 million was spent on remuneration for examiners and moderators. This amount is excluded from the personnel expenditure tables as these officials are remunerated on a claim per task basis. The inclusion of this in the following tables would give a false reflection on the personnel numbers and cost in the tables.

Below the Department's budget is set out in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 1.1) and by salary bands (Table 1.2). In particular the tables provide an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the Department.

Human Resources Oversight Statistics

TABLE 1.1 – Personnel costs by programme, 1 April 2013 to 31 March 2014

Programme	Total expenditure	Personnel expenditure	Professional and Special Services	Training expenditure	Personnel cost as a % of total expenditure	Average personnel cost per employee	Number of employees
	(R'000)	(R'000)	(R'000)	(R'000)		(R'000)	
1	203 044	109 076	2 974	777	53.72	328.542	332
2	43 535	35 138	116	8	80.71	516.735	68
3	28 299 279	33 129	694	26	0.12	409.000	81
4	5 686 388	79 182	3 001	176	1.39	375.270	211
5	99 723	65 046	0	0	65.23	236.531	275
Sub total	34 331 969	321 571	6 785	987	0.94	332.544	967
Statutory	12 090 186	0	0	0	0	0	0
Total	46 422 155	321 571	6 785	987	0.69	332.544	967

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TABLE 1.2 – Personnel costs by salary bands, 1 April 2013 to 31 March 2014

Salary band	Personnel expenditure	% of total personnel cost	Average personnel cost per employee
	(R'000)		(R'000)
Lower skilled (Levels 1-2)	995	0.31	49.750
Skilled (Levels 3-5)	46 197	14.36	126.912
Highly skilled production (Levels 6-8)	65 662	20.42	275.891
Highly skilled supervision (Levels 9-12)	131 543	40.91	496.389
Senior Management (Levels 13-16)	77 174	24.00	964.675
Total	321 571	100.00	332.544

The following tables provide a summary per programme (Table 1.3) and salary bands (Table 1.4), of expenditure incurred as a result of salaries, overtime, home owner's allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 1.3 – Salaries, Overtime, Home Owner's Allowance and Medical Assistance by programme, 1 April 2013 to 31 March 2014

Programme	Salaries			Overtime		Home Owner's Allowance		Medical Assistance	
	Personnel costs	Amount	Salaries as a % of personnel cost	Amount	Overtime as a % of personnel cost	Amount	HOA as a % of personnel cost	Amount	Medical assistance as a % of personnel cost
	(R'000)	(R'000)		(R'000)		(R'000)		(R'000)	
1	109 076	73 384	67.28	2 394	2.19	2 311	2.12	3 428	3.14
2	35 138	24 288	69.12	18	0.05	549	1.56	720	2.05
3	33 129	22 710	68.55	131	0.40	450	1.36	777	2.35
4	79 182	52 180	65.90	2 741	3.46	1 761	2.22	2 586	3.27
5	65 046	44 660	68.66	1 793	2.76	2 243	3.45	3 537	5.44
Total	321 571	217 222	67.55	7 077	2.20	7 314	2.27	11 048	3.44

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TABLE 1.4 – Salaries, Overtime, Home Owner's Allowance and Medical Assistance by salary bands, 1 April 2013 to 31 March 2014

Salary band	Salaries			Overtime		Home Owner's Allowance		Medical Assistance	
	Personnel costs	Amount	Salaries as a % of personnel cost	Amount	Overtime as a % of personnel cost	Amount	HOA as a % of personnel cost	Amount	Medical assistance as a % of personnel cost
	(R'000)	(R'000)		(R'000)		(R'000)		(R'000)	
Lower skilled (Levels 1-2)	995	647	65.03	2	0.20	90	9.05	41	4.12
Skilled (Levels 3-5)	46 197	26 204	56.72	3 624	7.84	2 648	5.73	3 705	8.02
Highly skilled production (Levels 6-8)	65 662	41 538	63.26	2 503	3.81	2 129	3.24	3 335	5.08
Highly skilled supervision (Levels 9-12)	131 543	90 803	69.03	948	0.72	1 720	1.31	3 253	2.47
Senior Management (Levels 13-16)	77 174	58 030	75.19	0	0.00	727	0.94	714	0.93
Total	321 571	217 222	67.55	7 077	2.20	7 314	2.27	11 048	3.44

2. Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 2.1), salary band (Table 2.2) and critical occupation (Table 2.3). Departments have identified critical occupations that need to be monitored. Table 2.3 provides establishment and vacancy information for the key critical occupations of the Department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 2.1 – Employment and vacancies by programme, 31 March 2014

Programme	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
1	350	332	5.14	18
2	76	68	10.53	0
3	100	81	19.00	0
4	218	211	3.21	4
5	295	275	6.78	2
Total	1 039	967	6.93	24

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Note: Due to the newness of the Department it was necessary to implement additional posts to the staff establishment in which to appoint officials to perform the related tasks. Once the vacant posts have been filled the posts will be removed from the establishment.

TABLE 2.2 – Employment and vacancies by salary bands, 31 March 2014

Salary band	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	21	20	4.76	0
Skilled (Levels 3-5)	369	364	1.36	5
Highly skilled production (Levels 6-8)	252	238	5.56	3
Highly skilled supervision (Levels 9-12)	297	265	10.77	5
Senior Management (Levels 13-16)	100	80	20.00	11
Total	1 039	967	6.93	24

TABLE 2.3 – Employment and vacancies by critical occupation, 31 March 2014

Critical occupation	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Educators (Level 9-12)	14	14	0.00	0
Total	14	14	0.00	0

The information in each case reflects the situation as at 31 March 2014. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

Note: The Department was created with effect from 1 April 2010. During 2010/11, 2011/2012, 2012/2013 and 2013/2014 the Department was in a process of filling critical posts. The main functions of the Department are policy formulation and implementation where different kinds of skills are necessary at different stages. The specialised nature of work in most of the areas of the Department necessitates the use of highly skilled people who are at some stages not readily available for permanent appointment and have to be appointed on contract for periods as may be required. The Department also seconded highly skilled professionals from tertiary institutions and other organisations to address specific needs that arise. These people are appointed against posts on the fixed staff establishment of the Department for short periods, for example three to six months. The above practice might create the impression of a higher than normal staff turnover which is in fact not the case.

3. Job Evaluation

The Public Service Regulations 1999, introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisations. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table (Table 3.1) summarises the number of jobs that were evaluated during the year under review. **Posts on the new proposed structure of the Department which have been job evaluated are included in this table, therefore it may appear as if there were more post evaluated than the post on the existing structure.** The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 3.1 – Job Evaluation by salary band for the period 1 April 2013 to 31 March 2014

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	21	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	369	0	0.00	0	0.00	0	0.00
Highly skilled production (Levels 6-8)	252	0	0.00	0	0.00	0	0.00
Highly skilled supervision (Levels 9-12)	297	0	0.00	0	0.00	0	0.00
Senior Management Service Band A (Level 13)	75	91	100.00	0	0.00	0	0.00
Senior Management Service Band B (Level 14)	18	32	100.00	0	0.00	0	0.00
Senior Management Service Band C (Level 15)	6	8	100.00	0	0.00	0	0.00
Senior Management Service Band D (Level 16)	1	1	100.00	0	0.00	0	0.00
Total	1 039	132	12.7	0	0.00	0	0.00

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded.

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TABLE 3.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2013 to 31 March 2014

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with disabilities	0	0	0	0	0

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation.

TABLE 3.3 – Employees whose salary level exceeds the grade determined by job evaluation, 1 April 2013 to 31 March 2014 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation in 2013/14				0
Percentage of total employment				0

Table 3.4 summarises the beneficiaries of the above in terms of race, gender and disability.

TABLE 3.4 – Profile of employees whose salary level exceeds the grade determined by job evaluation, 1 April 2013 to 31 March 2014 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

4. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (Table 4.1) and by critical occupations (Table 4.2). (These “critical occupations” should be the same as those listed in Table 2.3).

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TABLE 4.1 – Annual turnover rates by salary band for the period 1 April 2013 to 31 March 2014

Salary band	Number of employees per band as on 1 April 2013	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Lower skilled (Levels 1-2)	14	6	0	0.00
Skilled (Levels 3-5)	326	84	51	15.64
Highly skilled production (Levels 6-8)	220	39	24	10.90
Highly skilled supervision (Levels 9-12)	230	56	32	13.91
Senior Management Service Band A (Level 13)	46	7	2	4.34
Senior Management Service Band B (Level 14)	16	6	7	43.75
Senior Management Service Band C (Level 15)	4	0	0	0.00
Senior Management Service Band D (Level 16)	1	0	0	0.00
Total	857	198	116	13.53

TABLE 4.2 – Annual turnover rates by critical occupation for the period 1 April 2013 to 31 March 2014

Occupation	Number of employees per occupation as on 1 April 2013	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Educators (Level 9-12)	14	0	2	14.28
Total	14	0	2	14.28

Table 4.3 identifies the major reasons why staff left the Department.

TABLE 4.3 – Reasons why staff are leaving the Department

Termination Type	Number	% of total
Death	3	2.59
Resignation	28	24.14
Transfers to other Public Service Departments	19	16.38
Expiry of contract	54	46.55
Employee initiated severance packages	0	0.00
Discharge due to ill health	0	0.00
Dismissal – misconduct	3	2.59
Retirement	9	7.75
Total	116	100

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TABLE 4.4 – Promotions by critical occupation

Occupation	Employees as on 1 April 2013	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Educators (Level 9-12)	14	0	0.00	14	100.00
Total	14	0	0.00	14	100.00

TABLE 4.5 – Promotions by salary band

Salary band	Employees as on 1 April 2013	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	14	0	0.00	0	0.00
Skilled (Levels 3-5)	326	31	9.51	211	64.72
Highly skilled production (Levels 6-8)	220	15	6.82	159	72.27
Highly skilled supervision (Levels 9-12)	230	33	14.34	160	69.57
Senior Management (Levels 13-16)	67	2	2.99	63	94.02
Total	857	81	9.45	593	69.19

5. Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

TABLE 5.1- Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014

Occupational category (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Managers (Level 13-16)	27	4	1	11	18	1	4	14	80
Educators and Middle Managers (Level 9-12)	112	4	6	27	90	1	3	22	265
Officers and Senior Clerks, Machine Operators (Level 4-8)	171	5	0	8	252	8	3	34	481
Elementary occupations (Cleaners, Messengers, Food Services AIDS, Security) (Level 1-3)	75	1	0	0	65	0	0	0	141
Total	385	14	7	46	425	10	10	70	967
Employees with disabilities	4	0	0	2	2	0	0	2	10

TABLE 5.2- Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	1	0	1	2	2	0	0	1	7
Senior Management (Level 13-14)	26	4	0	9	16	1	4	13	73
Educators and Middle Managers (Level 9-12)	112	4	6	27	90	1	3	22	265
Skilled and academically qualified workers (Level 6-8)	58	4	0	5	130	6	3	32	238
Semi-skilled and discretionary decision making (Level 3-5)	182	1	0	3	174	2	0	2	364
Unskilled and defined decision making (Level 1-2)	6	1	0	0	13	0	0	0	20
Total	385	14	7	46	425	10	10	70	967

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TABLE 5.3- Recruitment for the period 1 April 2013 to 31 March 2014

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	0	0	0	0	0	0
Senior Management (Level 13-14)	4	0	1	1	2	0	0	0	8
Educators and Middle Managers (Level 9-12)	9	0	0	3	5	0	0	1	18
Skilled and academically qualified workers (Level 6-8)	1	0	0	0	5	1	0	0	7
Semi-skilled and discretionary decision making (Level 3-5)	1	0	0	0	3	0	0	0	4
Unskilled and defined decision making (Level 1-2)	2	0	0	0	4	0	0	0	6
Total	17	0	1	4	19	1	0	1	43
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 5.4- Promotions for the period 1 April 2013 to 31 March 2014

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	0	0	0	0	0	0
Senior Management (Level 13-14)	1	0	0	0	1	0	0	0	2
Educators and Middle Managers (Level 9-12)	12	1	0	1	17	0	0	1	32
Skilled and academically qualified workers (Level 6-8)	5	0	0	0	9	0	1	0	15
Semi-skilled and discretionary decision making (Level 3-5)	8	0	0	1	23	0	0	0	32
Unskilled and defined decision making (Level 1-2)	0	0	0	0	0	0	0	0	0
Total	26	1	0	2	50	0	1	1	81
Employees with disabilities	0	0	0	0	0	0	0	0	0

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TABLE 5.5 Terminations for the period 1 April 2013 to 31 March 2014

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	0	0	0	0	0	0
Senior Management (Level 13-14)	2	0	0	1	6	0	0	0	9
Educators and Middle Managers (Level 9-12)	11	0	0	3	14	0	1	3	32
Skilled and academically qualified workers (Level 6-8)	9	0	0	0	12	0	0	3	24
Semi-skilled and discretionary decision making (Level 3-5)	25	0	0	0	26	0	0	0	51
Unskilled and defined decision making (Level 1-2)	0	0	0	0	0	0	0	0	0
Total	47	0	0	4	58	0	1	6	116
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 5.6- Disciplinary action for the period 1 April 2013 to 31 March 2014

Type of disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	2	0	0	0	0	0	0	0	2
Suspension with pay	0	0	0	1	0	0	0	0	1
Dismissal	3	0	0	0	0	0	0	0	3
Total	5	0	0	1	0	0	0	0	6

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TABLE 5.7-Skills development for the period 1 April 2013 to 31 March 2014

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Managers (Level 13-16)	17	0	0	3	13	0	1	3	37
Educators and Middle Managers (Level 9-12)	8	0	1	4	15	2	1	5	36
Officers and Clerks (Level 4-8)	87	2	0	0	103	0	0	6	198
Elementary occupations (Cleaners, Messengers, Food Services AIDS, Security) (Level 1-3)	19	0	0	0	3	0	0	0	22
Total	131	2	1	7	134	2	2	14	293
Employees with disabilities	0	0	0	0	0	0	0	0	0

6. Signing of Performance Agreements by SMS Members

The following tables indicate the numbers and percentages of SMS members who signed performance agreements as on 31 July 2013 (Table 6.1), reasons for not having concluded performance agreements (Table 6.2) and disciplinary steps taken against SMS members for not having concluded performance agreements (Table 6.3).

TABLE 6.1 – Signing of performance agreements by SMS members as on 31 July 2013

SMS Level	Total number of funded SMS posts per level	Total number of SMS members per level	Total number of signed performance agreements per level	Signed performance agreements as % of total number of SMS members per level
Director-General (Level 16)	1	1	1	100.00
Deputy Director-General (Level 15)	6	4	4	100.00
Chief Director (Level 14)	18	16	16	100.00
Director (Level 13)	75	46	46	100.00
Total	100	67	67	100.00

TABLE 6.2 – Reasons for not having concluded performance agreements for all SMS members as on 31 July 2013

1. None

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TABLE 6.3 – Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 July 2013

1. None

7. Filling of SMS posts

The following tables indicate the number of SMS posts filled and vacant as on 31 March 2013 (Table 7.1), as on 30 September 2013 (Table 7.2), advertising and filling of SMS posts as on 31 March 2014 (Table 7.3), reasons for not having filled vacant posts (Table 7.4) and disciplinary steps taken for not complying.

TABLE 7.1 – SMS posts information as on 31 March 2014

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100.00	0	0.00
Deputy Director-General (Level 15)	6	4	66.67	2	33.33
Chief Director (Level 14)	18	14	77.78	4	22.22
Director (Level 13)	75	61	81.33	14	18.67
Total	100	80	80.00	20	20.00

TABLE 7.2 – SMS posts information as on 30 September 2013

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100.00	0	0.00
Deputy Director-General (Level 15)	6	4	66.67	2	33.33
Chief Director (Level 14)	18	14	77.78	4	22.22
Director (Level 13)	75	49	65.33	26	34.67
Total	100	68	68.00	32	32.00

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TABLE 7.3 – Advertising and filling of SMS posts as on 31 March 2014

	Advertising	Filling of posts	
SMS Level	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months after becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General (Level 16)	0	0	0
Deputy Director-General (Level 15)	2	0	0
Chief Director (Level 14)	1	1	2
Director (Level 13)	12	0	0
Total	15	1	2

TABLE 7.4 – Reasons for not having complied with the filling of funded vacant SMS posts – advertised within 6 months and filled within 12 months after becoming vacant

Reasons for vacancies not being advertised within 6 months:
1. None

Reasons for vacancies not being filled within 12 months:
1. Candidates were short-listed and interviewed but were not found to be suitable for the particular posts. The posts were readvertised.

TABLE 7.5 – Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months

1. None

8. Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender and disability (Table 8.1), salary bands (Table 8.2) and critical occupations (Table 8.3).

TABLE 8.1 – Performance rewards by race, gender and disability, 1 April 2013 to 31 March 2014

Beneficiary Profile				Cost	
Race	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Male	120	385	31.17	1 312	10
Female	134	425	31.52	1 538	11
Indian					
Male	3	7	42.86	67	22
Female	3	10	30.00	59	20
Coloured					
Male	5	14	35.71	82	16
Female	2	10	20.00	18	9
White					
Male	34	46	73.91	472	14
Female	20	70	28.57	585	29
Total	321	967	33.20	4 133	13

TABLE 8.2 – Performance rewards by salary bands for personnel below Senior Management Service, 1 April 2013 to 31 March 2014

Salary band	Beneficiary profile				Cost		
	Total personnel expenditure for level (R'000)	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	995	0	20	0.00	0	0	0.00
Skilled (Levels 3-5)	46 196	78	364	21.31	366	5	0.79
Highly skilled production (Levels 6-8)	65 662	117	238	49.16	1 053	9	1.60
Highly skilled supervision (Levels 9-12)	131 543	121	265	45.66	2 440	20	1.85
Total	244 396	316	887	35.63	3 859	12	1.58

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TABLE 8.3 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Note: This task has not been finalized for the 2013/14 assessment year and only the following figures are currently available.

Salary band	Beneficiary profile				Cost		
	Total personnel expenditure for level (R'000)	Number of beneficiaries	Number of employees	% of total within band	Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
(Level 13-16)	77 174	5	80	6.25	274	55	0.36
Total	77 174	5	80	6.25	274	55	0.36

9. Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 9.1 – Foreign workers, 1 April 2013 to 31 March 2014, by salary band

Salary band	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Level 13	0	0.00	1	50	1	50
Level 12	0	0.00	1	50	1	50
Total	0	0.00	2	100	2	100

TABLE 9.2 – Foreign workers, 1 April 2013 to 31 March 2014, by major occupation

Major occupation	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
Educators	0	0.00	0	0.00	0	0.00
Total	0	0.00	0	0.00	0	0.00

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10. Leave utilisation for the period 1 January 2013 to 31 December 2013

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 10.1) and disability leave (Table 10.2). In both cases, the estimated cost of the leave is also provided.

TABLE 10.1 – Sick leave, 1 January 2013 to 31 December 2013

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification
Lower skilled (Levels 1-2)	337	57.27	106	10.96	3	73	193
Skilled (Levels 3-5)	2 593	76.51	336	34.76	7	971	1 984
Highly skilled production (Levels 6-8)	2 145	77.99	233	24.09	9	1 532	1 673
Highly skilled supervision (Levels 9-12)	1 562	74.51	233	24.09	6	2 660	1 164
Senior Management (Levels 13-16)	421	86.93	59	6.10	7	1 320	366
Total	7 058	76.22	967	100.00	7	6 556	5 380

TABLE 10.2 – Disability leave (temporary and permanent), 1 January 2013 to 31 December 2013

Salary band	Total days taken	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certificate
Lower skilled (Levels 1-2)	67	100.00	3	20.00	22	25	67
Skilled (Levels 3-5)	159	100.00	5	33.30	32	128	159
Highly skilled production (Levels 6-8)	224	100.00	5	33.30	45	599	224
Highly skilled supervision (Levels 9-12)	90	100.00	1	6.70	90	323	90
Senior Management (Levels 13-16)	22	100.00	1	6.70	22	52	22
Total	562	100.00	15	100.0	37	1 127	562

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Table 10.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 10.3 – Annual leave, 1 January 2013 to 31 December 2013

Salary band	Total days taken	Average per employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	1 570	79	20
Skilled (Levels 3-5)	8 568	24	364
Highly skilled production (Levels 6-8)	5 352	23	238
Highly skilled supervision (Levels 9-12)	6 210	23	265
Senior Management (Levels 13-16)	1 880	24	80
Total	23 580	24	967

TABLE 10.4 – Capped leave, 1 January 2013 to 31 December 2013

Salary band	Total days of capped leave taken	Average number of days taken per employee	Number of employees who took capped leave
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	9	5	2
Highly skilled production (Levels 6-8)	7	2	3
Highly skilled supervision (Levels 9-12)	23	8	3
Senior Management (Levels 13-16)	11	6	2
Total	50	5	10

TABLE 10.5 – Leave payouts for the period 1 April 2013 to 31 March 2014

The following table summarises payments made to employees as a result of leave that was not taken.

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Capped leave payout on termination of service	13	1	13 000
Total	13	1	13 000

11. HIV and AIDS and Health Promotion Programmes

TABLE 11.1 - Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	Education awareness and prevention programmes
	Distribution of universal precautions
	First aid kits installed on all floors of the building
	Condom distribution

TABLE 11.2 - Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	yes		Mr B Masuku HRMD and Labour Relations
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	yes		Two officials
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	yes		To assist employees with task- related and personal problems.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	yes		Each Branch is represented in the committee.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	yes		<ul style="list-style-type: none"> • Leave Policy • Employee Assistance Programme Policy • Recruitment Policy • HIV and AIDS and TB Management Policy
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	yes		<ul style="list-style-type: none"> • HIV and AIDS Workplace programme • Condom distributions

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Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	yes		Through HCT campaign the uptake of officials who underwent pre-test counseling was 677 and those who tested were 72. HCT campaign is conducted quarterly, which will ensure that officials keep their status and be able to live a healthy life.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	yes		<ul style="list-style-type: none"> • Training in First Aid Programmes • Distribution of condoms • Protective gloves distribution • Awareness campaign • Information session • Distribution of booklets and pamphlets on HIV and AIDS • Introduced wellness programmes i.e. soccer and netball

12. Labour Relations

The following collective agreements were entered into with trade unions within the Department.

TABLE 12.1 - Collective agreements, 1 April 2013 to 31 March 2014

Subject matter	Date
None	-

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

TABLE 12.2 - Misconduct and disciplinary hearings finalised, 1 April 2013 to 31 March 2014

Outcome of disciplinary hearings	Number	% of total
Correctional counselling	0	0.00
Verbal warning	0	0.00
Written warning	6	46.00
Final written warning	2	15.00
Suspended without pay	1	8.00
Fine	0	0.00
Demotion	0	0.00
Dismissal	3	23.00
Not guilty	0	0.00
Case withdrawn	1	8.00
Total	13	100.00

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TABLE 12.3 - Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 to 31 March 2014

Type of misconduct	Number	% of total
Mismanagement of funds	8	100.00
Negligently cause loss of state property	0	0.00
Total	8	100.00

TABLE 12.4 - Grievances lodged for the period 1 April 2013 to 31 March 2014

	Number	% of total
Number of grievances resolved	15	58.00
Number of grievances not resolved	11	42.00
Total number of grievances lodged	26	100.00

TABLE 12.5 - Disputes lodged with Councils for the period 1 April 2013 to 31 March 2014

	Number	% of total
Number of disputes upheld	4	33.34
Number of disputes dismissed	1	8.33
Number of dispute outstanding	7	58.33
Total number of disputes lodged	12	100.00

TABLE 12.6 - Strike actions for the period 1 April 2013 to 31 March 2014

Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 12.7 - Precautionary suspensions for the period 1 April 2013 to 31 March 2014

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

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13. Skills development

This section highlights the efforts of the Department with regard to skills development.

TABLE 13.1 - Training needs identified 1 April 2013 to 31 March 2014

Occupational category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total number of courses
Senior Managers (Level 13-16)	Female	33	17	<ul style="list-style-type: none"> • Job Evaluation Panel • Monitoring and Evaluation 		2
	Male	34	20			
Educators and Middle Managers (Level 9-12)	Female	107	23	<ul style="list-style-type: none"> • Mentoring and Coaching • Advanced Management Development • Emerging Management Development • Security Graded Training • Share Point 		5
	Male	123	13			
Officers, Clerks and Machine Operators (Level 3-8)	Female	247	109	<ul style="list-style-type: none"> • Work Study • Mentoring and Coaching • Job Evaluation Analysis • Computer Training • BAS and Logis 		5
	Male	156	90			
Elementary occupations (Cleaners, Messengers, Food Services AIDS, Security, Interns) (Level 1-2)	Female	71	3			
	Male	86	19	<ul style="list-style-type: none"> • Occupational Health and Safety • Security Grades Teaching 		2
Sub Total	Female	458	152			
	Male	399	142			
Total		857	294			14

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TABLE 13.2 - Training provided 1 April 2013 to 31 March 2014

Occupational category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total
Senior Managers (Level 13-16)	Female	33	17	<ul style="list-style-type: none"> • Job Evaluation Panel • Monitoring and Evaluation 		2
	Male	34	20			
Educators and Middle Managers (Level 9-12)	Female	107	23	<ul style="list-style-type: none"> • Mentoring and Coaching • Advanced Management Development • Emerging Management Development • Security Graded Training • Share Point 		5
	Male	123	13			
Officers, Clerks and Machine Operators (Level 3-8)	Female	247	109	<ul style="list-style-type: none"> • Work Study • Mentoring and Coaching • Job Evaluation Analysis • Computer Training • BAS and Logis 		5
	Male	156	90			
Elementary occupations (Cleaners, Messengers, Food Services AIDS, Security, Interns) (Level 1-2)	Female	71	3			
	Male	86	19	<ul style="list-style-type: none"> • Occupational Health and Safety • Security Grades Training 		2
Sub total	Female	458	152			
	Male	399	142			
Total		857	294			14

14. Injury on duty

The following table provides basic information on injuries on duty.

TABLE 14.1 - Injury on duty, 1 April 2013 to 31 March 2014

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	100.00
Temporary Total Disablement	0	0.00
Permanent Disablement	0	0.00
Fatal	0	0.00
Total	4	100.00

15. Employee initiated severance packages

The Minister for the Public Service and Administration (MPSA) has with effect from 1 January 2006 in terms of section 3(3)(c) of the Public Service Act, 1994, as amended, issued a determination on the introduction of an employee initiated severance package (EISP) for employees. The procedure relevant to the granting of an EISP to an employee entails that the comments of the MPSA must first be obtained before departments make a final decision in this regard. The following table provides information in respect of EISP granted during the period 1 April 2013 to 31 March 2014.

TABLE 15.1 - Granting of employee initiated severance packages, 1 April 2013 to 31 March 2014

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior Management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

16. Utilisation of Consultants

TABLE 16.1 - Report on consultant appointments using appropriated funds for the period 1 April 2013 to 31 March 2014

Note: In cases where companies were granted the tender, the number of consultants and duration of work days spent on the tasks is unknown and is indicated as unknown in the following tables.

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Project title/ description of task	Total number of consultants that worked on the project	Duration: Work days/ months	Contract value in Rand (R'000)
Request for service providers to perform internal audit functions for the DHET and the NSF for a period of one year	Ernst & Young Advisory Services (Pty) Ltd 20 Consultants	14/12/2012 13/11/2013	4 488 750
Request to appoint a service provider to provide a central application call centre for DHET for a period of four to six months	I-Choice Call Centre 60 Consultants	25/11/2013 31/03/2014	5 029 144

TABLE 16.2 - Report on consultant appointments using Donor funds

Project title	Total number of consultants that worked on the project	Duration: Work days/ months	Donor and Contract value in Rand (R'000)
Request for proposal to manage funds for the Human and Social Science project (HSS) on behalf of Department of Higher Education and Training	Centre for Education Policy Development 5 Consultants	05/06/2012 to 04/06/2013	NSF Donor 7%
Support to DHET: Skills Development Branch	Mzabalazo Advisory 1 Consultant	01/05/2013 to 30/04/2014	NSF Donor 1 137 847
The development of Learning pathways for the National Career Advice Portal (NCAP)	Independant Research Services 2 Consultants	671 Days	534 149
Appointment of a service provider to test and further develop the National Career Advice Portal system (Phase 1) to enable supplementary development of and the inclusion of additional modules to the system (Phase 2)	Praxis Computing 4 Consultants	02/01/2014 to 31/03/2014	752 764
Appointment of a service provider to assist the National Skills Fund to transform into a fully-fledged Schedule 3A Public Entity.	Ernst & Young Advisory Services (Pty) Ltd 52 Consultants	01/03/2014 to 28/02/2014	30 838 868
Backup, Archiving & Recovery Solution	Sithabile Technology Services	01/03/ 2014 to 30 /06/ 2014	1 883 306

TABLE 16.3 - Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None			



PART E:

FINANCIAL INFORMATION

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

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Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2014.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed below and should meet at least four times per annum as per its approved terms of reference. During the current year five meetings were held.

Name of member	Number of meetings attended
Prof. DP van der Nest	5
Ms S Padayachy	4
Mr S Makhubu	5

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the Public Finance Management Act and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its committee charter, has conducted its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA requirements, Internal Audit and the Auditor-General South Africa (AGSA) assures the Audit Committee and management that the internal controls are adequate and effective. This is achieved by means of evaluating the effectiveness regarding the management of identified risks, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The reports from internal and external audit indicated that the system of internal control was not entirely effective during the year under review, as several instances of non-compliance with internal controls were reported. There were also a number of repeat findings from one or more previous years. The Audit Committee will continue to monitor progress against the corrective action plans implemented by management, specifically the system of controlling the generation, collation and reporting of performance information. This continues to be an area of concern to the Audit Committee.

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

The reporting of performance information against set objectives continues to be a cause for concern.

Evaluation of Financial Statements

The Audit Committee has

- reviewed and discussed the audited financial statements to be included in the annual report, with the AGSA and the Accounting Officer
- reviewed the AGSA's management report and management's response thereto
- reviewed changes in accounting policies and practices
- reviewed the Departments compliance with legal and regulatory provisions
- reviewed significant adjustments resulting from the audit and
- reviewed information on predetermined objectives to be included in the annual report.

The Audit Committee concurs with, and accepts the AGSA's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AGSA.

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Department in its audits. Internal audit was able to complete the audit plan approved by the audit committee.

Risk Management

During November 2013 a Risk Manager was appointed and the risk management implementation plan was developed in line with the risk management strategy of the Department. Risk management still needs to be embedded in the management processes of the Department.

Auditor-General South Africa

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.

Conclusion

The Audit Committee wishes to thank the Director-General and the relevant staff of the Department for their continued commitment to good governance within the Department. The Audit Committee also congratulates the Department on achieving another unqualified audit report for the year under review. Our appreciation is also extended to the Chief Financial Officer and the finance team for their efforts regarding the financial statements for the year and to the team from the AGSA for the value they continue to add to the Department. The Audit Committee will monitor the improvements made by management in addressing control deficiencies identified by external and internal audit.



Prof D.P. van der Nest
Chairperson of the Audit Committee
Date: 1 August 2014

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REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

Report by the Accounting Officer to the Executive Authority and the Parliament of the Republic of South Africa.

1. General review of the state of financial affairs

The original allocation to the Department for the 2013/14 financial year, excluding direct charges, which was included in the Estimates of National Expenditure 2013, increased by 9% from R31 500.357 million in 2012/13 to R34 322.391 million. This included R22 388.767 million for Higher Education Institutions (HEIs) and R5 769.405 million for the National Student Financial Aid Scheme (NSFAS) (82% of the Department's total budget for 2013/14, compared to 82.9% in 2012/13). The Department's allocation increased by an amount of R11.509 million in the Adjusted Estimates for 2013/14, amounting to a total of R34 333.900 million. The increase was made up as follows:

	R'000
• Other adjustments for the increase in improvement of conditions of service in respect of Further Education and Training (FET) college personnel.	11 509

The total expenditure, excluding direct charges, for the 2013/14 financial year, increased by 8.7% from R31 582.400 million in 2012/13 to R34 331.969 million in 2013/14, which represents a spending rate of 99.99% (99.99% in 2012/13). The expenditure was made up as follows (in R'000):

	2012/13	2013/14	Increase/ (Decrease)
Compensation of employees	360 434	398 450	38 016
Departmental operations	142 775	150 031	7 256
Departmental earmarked funds	24 896	40 162	15 266
Subsidies to HEIs	20 902 779	22 388 767	1 485 988
NSFAS	5 195 661	5 769 405	573 744
Subsidies to public entities	106 068	113 036	6 968
Conditional grants to the provinces for FET colleges	4 844 607	2 454 188	(2 390 419)
Subsidies to FET colleges	-	3 013 189	3 013 189
Other transfers	5 180	4 741	(439)
Total expenditure	31 582 400	34 331 969	2 749 569

The surplus on the vote for the financial year, excluding direct charges, amounted to R1.931 million (R3.751 million in 2012/13) and was made up as follows (in R'000):

	2012/13	2013/14
Compensation of employees	2 640	453
Departmental operations	1 003	1 318
Departmental earmarked funds	3	4
Subsidies to HEIs	81	-
Other transfers	24	156
Total savings	3 751	1 931

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REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

A decrease in the projected spending on the skills development levy resulted in a decrease of R103 million in the allocation in respect of direct charges from R12 403 million to R12 300 million in the Adjusted Estimates for 2013/14. The total expenditure on direct charges in the 2013/14 financial year amounted to R12 090.186 million (R11 694.493 million in 2012/13) based on the actual collection of levies, and was made up as follows (in R'000):

	2012/13	2013/14
Sector Education and Training Authorities (SETAs)	9 355 595	9 673 818
National Skills Fund	2 338 898	2 416 368
Total expenditure	11 694 493	12 090 186

Important policy decisions and strategic issues

The 2013/14 financial year marked the launch of the White Paper on Post-school Education and Training that was published in January 2014. The White Paper aims to improve the capacity of the post-school education and training system and outlines policy directions to develop the country and improve the economic, social and cultural life of its people. Some of the key principles that are addressed in the White Paper include:

- Strengthening and expanding the Technical and Vocational Education and Training (TVET) colleges.
- The establishment of Community Education and Training Colleges that will build on the programmes that are currently funded through Public Adult Learning Centres in order to expand vocational, skills development and non-formal programmes.
- To promote quality improvements and build appropriate diversity within the University sector.
- The improvement of access and success for people with disabilities.
- Creating a post-school distance education landscape based on an open system.
- Improve the link between education and the workplace.

On advice from SAQA, the Minister amended the sub-frameworks that comprise the National Qualifications Framework and appointed a Ministerial Committee on Articulation Policy that produced a report to be published for public comment. The Regulations for the Establishment of a National Institute for the Humanities and Social Sciences, Learning Programme Regulations and Trade Test Regulations were published. The draft Social Inclusion Policy Framework was referred to the Ministerial Oversight Committee on Transformation for inputs.

Cabinet approved the development of a Career Development Services Policy and implementation plan in January 2014. A *Concept Framework for an Open Learning System in Post-school Education and Training in South Africa* with policy recommendations was developed.

The Department's first International Relations Strategy Document was approved during 2013.

The Department continued with the quality assurance functions for the Report 190/1 N4 to N6 part-qualifications and the National N Diploma delegated to it by the Quality Council for Trades and Occupations in 2012. The backlog certification project carried over from the 2012/13 period to 2013/14, which is usually the function of the quality assurance body, was conducted by the Department in the period under review. The Department reached an agreement with Umalusi to pay a reduced fee for certificates issued, as this is a cost usually paid by the TVET colleges.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

In response to concerns raised by Umalusi as the quality assessor regarding the legitimacy and the quality of the site-based assessment tasks set and administered at site level, the Department had to expand the monitoring and moderation processes focusing on site-based assessment to include Report 190/1 part-qualifications over and above the NC(V) qualifications targeted in 2012/13. Furthermore, the Department expanded the centralised marking of N part-qualifications to N2, N4 and N5 per province and continued with the centralised national marking of N3 and N6 (deemed 'exit' points) to address the concerns raised by the quality assessor and to lend credibility to the results for N part-qualifications. Although this activity marginally increased the operational budget used for the marking function during the 2013/14 financial year, it had a significant and positive impact on the standard and integrity of the marking process.

During the period under review, the Department facilitated the involvement of the Office of the National Police Commissioner in the investigations related to the leakage of Report 190/1 question papers to assist with the identification of the origin thereof. In an attempt to eliminate the repeated leakages experienced with Report 190/1 question papers in each trimester examination cycle, the Department revised the delivery model by Skynet from one consignment to two consignments, one to two weeks in advance of the examination timetable to the daily delivery of papers the afternoon before the examination.

Audit panels had to be convened per Engineering Studies trimester examination cycle yet again during this financial period to determine the nature and extent of the leakages in subjects in which question papers were reported to have been leaked. Although this also had a marginal impact on the budget of the function, it was critical for the approval of results by the quality assessor and integrity of the N1-N6 part-qualifications.

With regards to Adult Education and Training, a draft Policy on Community Education and Training Colleges was developed, the Regulations on the Assessment Process and Procedures for Adult Education and Training National Qualifications Framework Level 1 was approved, the National Senior Certificate for Adults was registered by the South African Qualifications Authority in December 2013 and the processes on '*A Résumé of subjects for the Senior Certificate, Report 550 (2014/7)*', underpinning the Senior Certificate as an alternative qualification for adult learners, was approved.

A thorough analysis of 2012 year-end examination results and provincial road shows that laid the basis for the development of College Academic Performance Improvement Plans took place in 2013/14. Furthermore, the Association of Colleges South Africa (AoCSA) through the Skills for Employability partnership between the Department and the British Council was launched. AoCSA is a national body of public TVET colleges aimed at providing a coordinated voice from the college sector on pertinent policy issues on the Post-school Education and Training system. The launch of the South African Further Education and Training Student Association in 2013/14 intended to assist with the advancement of student interest in the technical and vocational education and training sector, as well as with the coordination of student leadership and development initiatives.

At the end of the 2013 academic year, the TVET college student attendance and punctuality policy was introduced. Through an external audit of the bursary management and administration processes in selected TVET colleges, the rules and guidelines for the management and administration of the Department's TVET college bursary scheme were strengthened. The Higher Education and Training HIV/AIDS Programme (HEAIS) was extended to TVET colleges during the year which provided the first national programme on HIV prevention in TVET colleges through voluntary counselling, testing and treatment services. This initiative has three additional pillars on gender and reproductive health, male medical circumcision as well as alcohol and substance abuse screening.

During the period under review, the National Skills Authority advised the Minister: 1) to place the Local Government SETA under administration owing to poor performance in accordance with section 15 of the Skills Development Act and 2) to review the SETA fund grant regulations to ensure that SETA funding addresses government and sector

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priorities and to approve trade test regulations. The National Skills Authority also undertook the responsibility to develop the annual implementation report for the National Skills Development Strategy.

The Grant Regulations came into effect on 1 April 2013 and a Ministerial Task Team Report on the SETA performance was published for public comment.

The advocacy programme called the '2013 Year of Artisan' Programme was rolled out across all nine provinces during the 2013/14 financial year. Thousands of young people participated in the programme that was based at public TVET colleges. Owing to the success of the programme, it was expanded until 2024 and will be known as the 'Decade of the Artisan'. This programme will maintain the awareness for qualified artisans and is aimed primarily at advocating the need for young people to consider technical and vocational programmes at TVET colleges and artisan development in particular as a career of choice, as opposed to only a university based career.

As part of the implementation of the removal of the national artisan learner funding blockage as identified by the Human Resource Development Council, the Minister approved a Policy for a Generic National Artisan Learner Grant Funding and Administration System in June 2013. The Policy established for the first time in the country a single guaranteed funding model for all artisan trades applicable to all sectors including a single, simple artisan learner administration and grant disbursement system. All artisan learners registered on a SETA registered artisan learning programme, receive the same grant value payable in four tranches over the length of the programme. This policy has already created a significant level of stability and sustainability within the national artisan development system. The SETAs, the National Skills Fund and all other funding agencies are aligning their funding policies to include the Artisan Learner Funding Policy.

A series of Expenditure and Performance Reviews (EPR) was approved in September 2013 by the Minister's Committee on the Budget to be implemented by National Treasury and the Department of Performance Monitoring and Evaluation for the promotion of priority development projects for the country. Artisan Development was identified as one such priority development project and an EPR was initiated in November 2013. A detailed analysis of all national artisan development activities and costs attached to such activities has been completed and a series of national artisan development scenarios developed that are aligned to the National Development Plan target of producing at least 30 000 qualified artisans per year by 2030.

Significant events that have taken place and major projects undertaken or completed during the year

A number of key events critical to the country and its economy took place during the 2013/14 financial year. This includes the establishment and launch of two new universities, Sol Plaatje University (SPU) in the Northern Cape and the University of Mpumalanga (UMP) in Mpumalanga. Interim Councils were appointed to govern each institution. SPU was formally launched at an event in Kimberley on 19 September 2013 and UMP at an event in Mbombela on 30 October 2013. Both universities opened their doors to their first intake of students in February 2014. The Minister also established a National Institute for Humanities and Social Sciences and appointed a board to operationalise the institute. The report of the Joint Technical Task Team to provide advice on the establishment of a new Health and Allied Sciences University that would incorporate the Medunsa campus of the University of Limpopo (UL) was finalised and approved by the Ministers of Higher Education and Training and of Health. Subsequently, the Minister published a notice in the Government Gazette announcing his intention to establish a new Health and Allied Sciences University.

The Department, in collaboration with the Human Sciences Research Council (HSRC) and the Department of International Relations and Cooperation (DIRCO), ensured the successful participation of South Africa in the

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2014 BRICS Think Tanks Council (BTTC) meeting and the 2014 BRICS Academic Forum held in Rio de Janeiro, Brazil, in March 2014. During the year a number of significant BRICS related events were successfully organised including an academic forum in July 2013 to interrogate the draft BRICS vision document and to develop it further into a South African position document. This led to the finalisation of a document presented at the BTTC meeting in Rio de Janeiro. A joint mini-forum was also held in January 2014, in which the wider network of South African BRICS researchers and academics participated to discuss the 12 papers that would be presented at the 2014 Academic Forum. South Africa's participation at the BTTC meeting, as outgoing chair, was significant. The meeting finalised the Terms of Reference for the Council, as well as agreed on a document '*Towards a Long-Term Strategy for BRICS: Recommendations by BTTC*', based on the vision document produced by South Africa, that will be presented to the Heads of State at the 2014 Summit. A process for the development of a set of five strategic documents focusing on five key pillars/themes was also agreed upon.

Career guidance exhibitions increased in number, as well as both improved quantity and quality of information made available to learners and stakeholders. The Izimbiso programme covered all provinces and ensured that different communities, particularly rural communities, have easy access to the Department's information. Information brochures and leaflets have been produced and distributed via Izimbiso, exhibitions and GCIS resource centres.

During the year under review, public institutional data were integrated into a single management information system including TVET colleges, higher education institutions and SETAs. The Annual Performance Plan was developed and approved and quarterly reports were collated and submitted to the Minister and the Portfolio Committee. Regarding the implementation of the statutory functions assigned by the National Qualifications Act (2008), a monitoring and evaluation report was completed for the 2013/14 financial year.

The National Career Advice Portal (NCAP) has been developed as an integrated education and training career development information system and is live (<http://careerhelp.org.za/ncap>). The modules that have been developed include the Interest Questionnaire module, Pathways module and Learning Directory module. 100% of public institutional data was integrated into the NCAP (learning directory module), i.e. public TVET colleges and universities. Thousands of persons are reached through radio, exhibitions, telephone help lines, and Web Portal which includes the Website and Mobi-site. The NCAP has been transferred to the Department after year-end and evaluation of the source code was completed and further development has commenced. Additional learning pathways were also developed.

Career development services protocols have been signed by the National Youth Development Agency, Finance and Accounting Services SETA, Manufacturing, Engineering and Related Services SETA, Chemical Industries SETA and the South African Qualifications Authority.

The first phase of the Open Learning in Post-school Education and Training initiative was concluded through the development of a '*Concept Document: Open Learning in Post-school Education and Training*'. Consultative workshops for Adult Education, TVET colleges, universities and skills development took place and the '*Concept Framework for an Open Learning System in Post-school Education and Training in South Africa*' was developed as a result.

During 2013/14, the Department had bi-laterals with Iraq, the United Kingdom, Namibia, Gabon, Cuba, China, Malaysia and Saudi Arabia.

An implementation monitoring report for the Social Inclusion Policy Framework has been developed and a draft Social Inclusion Policy was completed.

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The Labour Market Intelligence Project was undertaken in partnership with a consortium of research organisations and a major five-year research project is being undertaken through the Education Policy Consortium. Both these projects are ongoing.

All audited data was loaded to HEMIS and reports were generated for monitoring and evaluation of universities.

In order to expand equitable access to and success in the higher education system, infrastructure grants amounting to R2 billion, teaching development grants amounting to R576 million and foundation provision grants amounting to R204.705 million were released in 2013/14 for specific projects/programmes.

The Report of the Ministerial Committee for the Review of the Funding of Universities was released on 28 February 2014 and a Technical Team and a Reference Group were established to consider all the recommendations, conduct modelling and also draft a new funding framework for comment.

The new Reporting Regulations for Public Higher Education Institutions have been finalised after incorporation of public comments and intensive consultation with key stakeholders in the sector, specifically Higher Education South Africa (HESA) and the University Chairs of Council Forum (UCCF). It is expected that they will be published as final policy in a Government Notice within the first quarter of 2014/15, and shall come into effect for the reporting year commencing on 1 January 2015.

The Central Applications Clearing House (CACH) was implemented for the second time, and operated successfully from the first week of January 2014 to the end of March 2014, CACH was utilised to guide and advise prospective students on the different learning opportunities available within the post- school education and training system.

The Policy on Professional Qualifications for Technical and Vocational Education Lecturers was finalised and published in the Government Gazette for implementation. Universities have been identified to develop programmes with the support of the Department.

During the period under review, the Department conducted workshops for the development and administration of site-based assessments to individual TVET colleges in provinces, provided briefing sessions on the conduct and administration of national examinations at provincial level, face-to-face briefing and supervision of internal moderators during the setting of question papers for 2014/15 and briefing workshops for all TVET college marking centre managers for both centralised and decentralised national marking centres and full implementation of question-based marking across all qualifications.

The Department delivered nine national examination cycles during 2013/14 of which seven were for the TVET college sector and two for the Adult Education and Training sector. During each of these cycles the Department engaged in and achieved the following:

- Registration of candidates
- Monitoring and registration of new public and private examination centres
- Setting and moderation of question papers and site-based assessment tasks
- Printing, packing and distribution of question papers for the TVET college sector
- Marking of all scripts for the TVET college sector
- Capturing of marks for the TVET college candidates
- Monitoring of the conduct of examinations and site-based assessment and marking sessions
- Standardisation of all examination marks as per the quality assurance directives
- Resulting and certification of candidates for the TVET college sector.

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As part of the implementation of the National Senior Certificate for Adults qualification, the Department has set up Working Groups for the development of the curriculum. Assessment regulations were gazetted and assessment guidelines were developed. In collaboration with the South African Qualifications Authority, a new qualification called the General Education and Training Certificate for Adults has been developed for Adult Education and Training levels 1 to 4 and is out for public comment. Officials were trained on curriculum and assessment in 2013/14. The focus of the interventions was around improvements in curriculum and understanding the assessment regulations.

The Department also embarked on a project of verifying the administrators' reports for all TVET colleges under administration.

Towards the improvement of workplace access programmes for students at TVET colleges and through donor funding, the Department enlisted the services of the Swiss-South Africa Cooperation Initiative to develop a Work Integrated Learning Framework for TVET colleges. The Framework is intended to provide clear guidelines for TVET colleges and to a lesser extent Sector Education and Training Authorities and employers in implementing a variety of work-access programmes for students. The Framework refers specifically to students enrolled for the National Certificate (Vocational) for whom work access programmes are not a qualification requirement, but merely serve to provide the practical application in the workplace.

During 2013, the Department successfully convened a National Skills Conference attended by various delegates drawn from key post-school education and training stakeholders including organised business, organised labour, national and provincial departments, and post-school education and training providers. The purpose of the conference was to monitor and evaluate the implementation of the National Skills Development Strategy (NSDS) III by considering progress made on the recommendations and outcomes of the 2011 Skills Conference, and to identify blockages and challenges impacting on the implementation of the NSDS III.

The Department successfully completed consultative workshops in all provinces aimed at engaging provincial stakeholders on the extent to which the NSDS III, as well as other pressing government imperatives are implemented at provincial level.

The Artisan Recognition of Prior Learning (ARPL) system was piloted in all provinces and a draft National Criteria Policy for ARPL has been completed and is being further developed along with the pilot process scheduled for completion in March 2015.

The Department developed the first ever national artisan development database of learners. The database is expanded to progressively include all data and information fields relevant to all artisan development activities inclusive of placement and continuous monitoring of employment of qualified artisans.

A national artisan '*Trade Certificate*' that replaces all SETA/Sector based certificates in industry, was implemented from 1 October 2013. The National Artisan Moderation Body now controls and coordinates all artisan certification processes as the artisan trade assessment quality partner of the Quality Council for Trades and Occupations. The new national certificate replaces all previous Manpower Training Act Section 13 and Section 28 Certificates, and greatly enhances the employability, mobility and portability of artisan competencies across sectors in the economy.

A national artisan development website, <http://nadsc.dhet.gov.za>, was developed and launched during 2013/14. The website allows for interaction with all stakeholders active across the eight different stakeholders and technical forums that are utilised for consultation and discussion. The website also has a registration mechanism for young people wanting to become artisans, employers who are looking for artisan learners to contract as well as persons

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with relevant experience to register for artisan recognition of prior learning. The Department will continue to develop the website to enhance the national artisan development database.

A national web-based artisan trade testing system has been scoped for design, development and implementation by April 2015 at all Quality Council for Trades and Occupation accredited trade test centres and sites. This work is being completed with the State Information Technology Agency (SITA) as the system has national strategic importance and requires relevant and necessary security features.

The Department implemented the internship programme since its establishment and adopted it as one of its flagship programmes. In 2013, the Department was awarded a certificate of excellence for its internship and work placement programme. All new employees receive appropriate induction on Batho Pele Principles and the Department's Code of Conduct is used to instil work ethics.

Spending trends

The under-expenditure of R1.931 million (R3.751 million in 2012/13) on the Department's programmes, measured against the allocations after virement, in R'000 as follows:

	2012/13		2013/14	
	Under-expenditure	Percentage	Under-expenditure	Percentage
1. Administration	496	0.29%	685	0.34%
2. Human Resource Development, Planning and Monitoring Evaluation	416	0.96%	292	0.67%
3. University Education	557	0.00%	228	0.00%
4. Vocational and Continuing Education and Training	2 211	0.04%	418	0.01%
5. Skills Development	71	0.08%	308	0.31%
Total	3 751	0.01%	1 931	0.00%

The under-expenditure did not impact negatively on the Department's programmes and service delivery. Factors that contributed to under-expenditure include savings realised on funds provided for posts on the staff establishment of the Department that became vacant during the year and could not be filled as projected and concomitant savings that resulted from this, Legal and Legislative fees for claims not received for court cases as projected and fewer active court cases outside Pretoria, under-spending on the Ndinaye building which was not occupied during 2013/14, Indlela security system because of transitional arrangements and extent of the project, as well as cost containment measures put in place to ensure that the Department would not overspend on its budget.

Expenditure was monitored on a monthly basis, whereby the responsible managers were requested to provide progress reports on projects. The Minister is also informed on a monthly basis of the spending levels in terms of the Public Finance Management Act. The reprioritisation of activities within the objectives of the Department is also considered when necessary.

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For more information on under-expenditure or savings, please refer to the Notes to the Appropriation Statement.

Virement

The virement applied within the Department, in R'000 as follows:

Shifted from	Shifted to	Amount
2: Human Resource Development, Planning and Monitoring Co-ordination	1: Administration	3 613
3: University Education	1: Administration	1 233
4: Vocational and Continuing Education and Training	1: Administration	4 202
5: Skills Development	1: Administration	5 022

The Department effected deliberate savings on various projects in order to address excess expenditure on costs for the International Attaché, Communications, Personnel Administration, Audit Fees, SITA accounts and Property Management in Programme 1: Administration, and examiner and moderator claims in Programme 4: Vocational and Continuing Education and Training. Treasury approvals, with reference number 9/4/4/4/13 dated 28 November 2013 and 18 December 2013, were obtained to increase the transfer payments to the India-Brazil-South Africa Trilateral Commission and the Commonwealth of Learning respectively owing to an increase in exchange rates. Treasury approval 9/4/4/4/13 dated 14 March 2014 was also obtained to utilise savings on interest and redemption on loans to cover costs for reviewing the clinical training grant. Funds were also shifted between programmes within compensation of employees, in order to accommodate possible over-expenditure on compensation of employees on some of the programmes.

The virement was approved by the Director-General in accordance with the Public Finance Management Act and reported to National Treasury and the Minister.

2. Services rendered by the Department

2.1 Services rendered

The Department was in the main responsible for the formulation of national higher education and training policy, and for monitoring and evaluating the implementation of policy. Revenue collected was for services that were rendered on a national basis in respect of TVET college examinations and certificates, registration of private HEIs, revenue generated by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments from fees for trade tests, boarding and rentals. The total revenue collected in this regard for the period under review amounted to R5.034 million (R4.637 million in 2012/13).

2.2 Tariff policy

National Technical Examinations

Tariffs for the services rendered in respect of the National Technical Examinations were as follows:

Tariff in R

Examination fees

a)	Enrolment fees per subject/instructional offering	20.00
b)	Enrolment fees per instructional offering Report 191 (N4 – N6)	27.00
c)	Concessions, amanuenses and additional time per subject/instructional offering	51.00
d)	Remarking per subject/instructional offering	81.00
e)	Rechecking per subject/instructional offering	14.50

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f)	Reissuing of/changes to/amendments of statement results	19.00
g)	National Senior Certificate (Technical), National Certificate (Vocational), National N3 Certificate and Subject Certificate	90.00
h)	Applications for the reissuing of the National Senior Certificate (Technical), National Certificate (Vocational), National N3 Certificate and Subject Certificate	90.00
i)	Confirmation document issued prior to the certificate (system-generated document)	15.00
j)	Letter to embassies (work/study abroad)	20.00
k)	Teacher certificates	30.00
l)	Statements for teacher qualifications	15.00
m)	Transfer of examination entries	25.00
n)	Exemption for, or recognition of subjects passed with other examining bodies	50.00
o)	Postage	
	• Africa	117.00
	• Overseas (diplomatic bag)	140.00
	• Overseas via the Post Office	200.00
p)	Verification of qualifications prior to 1992 for government organisations	15.00
q)	Verification of qualifications prior to 1992 for non-government organisations	35.00
r)	Late entry or amendments penalty	21.00
s)	Syllabuses (only applicable to examining bodies that supplied syllabuses to other examining bodies)	1.00

Private Further Education and Training Colleges

The tariffs for the services rendered in respect of private Further Education and Training colleges were as follows:

	Tariff in R
a) Application for registration	500.00
b) Amendments	500.00

Private Higher Education Institutions

The tariffs for the services rendered in respect of the Registrar of Private Higher Education Institutions were as follows:

	Tariff in R
a) Application for registration	500.00
b) Amendments	500.00
c) Conversions	500.00

Trade test tariffs

Trade test fees were charged as published in the *Government Gazette* No. 343 of 23 March 2009.

2.3 Free services

None

2.4 Inventories

The inventories on hand at year end amounted to R185 141 (R296 898 on 31 March 2013).

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3. Capacity constraints

A number of capacity constraints still exist within the Department. The function shift as per the FET Act Number 3 of 2012 led to increased pressure in the Department particularly for the human resource function as the Department has to manage recruitment processes for TVET colleges. The funding of these processes placed the Department under huge financial constraints. Inadequate funding for the filling of vacancies also contributed to capacity constraints.

Owing to the delay in the approval of the new organisational structure, the Department operated on a 20% shortfall of the required headcount. Branches heavily relied on interns and contract appointments to execute the work. The GITO office in the Department experienced huge staff turnover which essentially affected the IT service delivery in terms of turnaround times. The provision of IT support was hampered, however the appointment of a service provider for LAN, Server and Desktop Support Maintenance assisted the Department.

The University Education Branch managed to make some appointments, however some could not be advertised and filled because of financial constraints as well as being unfunded posts. The most significant capacity problem is at the high level professional end. The post of Deputy Director-General remains unfilled. The Branch continues to be overstretched.

The Vocational and Continuing Education and Training Branch experienced capacity constraints to undertake the vast scope of work under its jurisdiction and to deal with projects requiring high level expertise such as the development of the Costing Model to cost programmes offered at TVET and CET colleges. Some Directorates work on the basis of priority interventions rather than on the totality of interventions necessary to improve teaching and learning in colleges. The Branch also has not been in a position to monitor the delivery of AET programmes and qualifications owing to the lack of funds. The budget allocations for examinations and assessments are not sufficient to cover what is expected in terms of the expected standards of the quality assessor for credible examination processes. The fact that the examination function is currently located at the premises of the Department of Basic Education makes it extremely difficult for the Department to have full control of the security processes key to the national examinations function. With the relocation of this function to another premise, the Department will gain direct control over security of the national examinations function. While several attrition posts have been identified and are in the process of being filled, there are still several additional key posts that need to be filled in the Examinations and Assessment unit. The examination function has been underfunded for the mandate it is expected to deliver. This has led to the serious compromise of monitoring and quality assurance activities which impacts on the integrity of the entire examination cycle. The Department, continuously had to compromise several activities to prioritise activities directly associated with the approval of results. Progress has been limited in areas of policy and structure review, and has hindered the efficient and effective delivery of national examinations and the streamlining of the budget required to do so. Until such time that the TVET college curriculum and qualifications review process has been completed, the administration of examinations will remain cumbersome. Furthermore, the policy amendments which are required as a result of the findings of the internal audit, are being delayed as they cannot be actioned in an ad hoc manner. The backlog in the certification of NC(V) candidates continued. Progress has been very slow in this regard as the data challenges have taken time to resolve, some of which have to be corrected manually.

A leakage across all Engineering Studies trimester examination cycles remains a challenge. Audit panels were convened per Engineering Studies trimester examination cycle in this financial period to determine the nature and extent of the leakages in subjects in which question papers have been reported to have been leaked. The findings have been used to support the release of subject results to centres not deemed to have been affected by the leakages. Owing to internal measures put in place, it would appear that the papers are leaked after having been dispatched to examination centres. In addition, the delivery model of papers was reviewed to take place daily before an examination.

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The most critical constraint faced by National Artisan Development located at Indlela is the lack of sustainable funding which is necessary for the repair, recapitalisation and maintenance of the trade testing facilities at Indlela. Additionally the conversion of posts currently funded by the National Skills Fund to permanent posts for the various contract staff that currently run the various units linked to national artisan development, are included in the National Artisan Moderating Body and the Artisan Recognition of Prior Learning systems and processes. Furthermore, there is a need to upgrade the fencing and security at Indlela, but insufficient resources are delaying the project.

4. Utilisation of donor funds

The Department received new donations totalling R5.433 million in cash from foreign donors during the 2013/14 financial year. Expenditure of R2.302 million was incurred against funds held in the Reconstruction and Development Programme (RDP) Fund. The balance of the funds available to the Department in the RDP Fund, as at 31 March 2014, was R24.559 million.

Donor funds were mainly used as follows:

- The utilisation of R141 million over three years, from the European Union Primary Education Sector Policy Support Programme, was approved early in 2010 and continues to be rolled out. The project is proceeding well with indicators set for the programme in the financing agreement having already been met and exceeded. The activities include research, programme development and materials development for Foundation Phase teacher education, post-graduate scholarships, bursaries for initial teacher education, and seeding the establishment of an academic journal and a research association for this sector. An amount of R18.406 million was utilised during the 2013/14 financial year. A successful national conference on childhood education was jointly hosted with the South African Research Association for Early Childhood Education (SARAECE), marking the final year of funding for the programme. The conference highlighted a number of outstanding achievements of the programme, show-piecing many of its products including teacher education learning support materials, video products and research outputs.
- The European Union Dialogue facility approved a proposal for research on skills planning and provided funding of approximately R400 000. The Terms of Reference to commission service providers have been prepared and the European Union is in the process of procurement.
- Danish government support was received for the Education and Skills Development programme in South Africa. The purpose of this project is to identify, implement, and strengthen good practices in the support services provided to students in selected TVET colleges. Funds are allocated directly to these TVET colleges. A total amount of R7.461 million was spent on this project during 2013/14.
- Netherlands government supported the strengthening of the National Certificate (NC(V)) programmes in line with the labour market demands for TVET colleges. A total amount of R4.654 million was spent on this project during 2013/14.
- Netherlands government strengthened the Management Information Systems and Information Management processes within the Department and TVET colleges. A total amount of R10.325 million was spent on this project during 2013/14.
- The Japanese government supported the Employability Improvement Project whereby students are trained for two weeks in productivity, soft and innovation skills. The project has been extended from 2013 to 2015 and will be rolled out to all Universities of Technology.
- European Union supported the Career Development Services Project. Cabinet approved the development of a Career Development Services policy and implementation plan in January 2014. Social cluster

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departments were informed of the developments in Career Development Services and supported the development of National Career Development Service Policy across all spheres of Government. Protocols were signed by the National Youth Development Agency, Finance and Accounting Services SETA, Manufacturing, Engineering and Related Services SETA, Chemical Industries SETA and the South African Qualifications Authority. The National Career Advice Portal (NCAP) has been transferred to the Department and evaluation of the source code was completed and further development has commenced. Service providers for the '*Competency Framework for Career Development Practitioners*' and the development of content (learning pathways) for the NCAP have been contracted and additional pathways were developed. A contract was entered into with SAQA to run the national helpline, radio programmes, social media campaign, exhibitions, as well as the strategy on walk-in centres up to September 2014. Of the total allocation of R60 million, R1.155 million was spent on this project during 2013/14.

- United Kingdom supported the Skills for Employability: The focus of this project is to strengthen the capacity of selected TVET colleges in providing enhanced labour market outcomes for students. The project commenced in 2013 and will end in March 2016.
- USAID: Funding was received for the Rebuilding Constitutionalism in Post-conflict Societies through Comparative Analysis project. Doctorate candidates from selected countries are registered at the University of Pretoria Faculty of Law. They have access to teaching, research and publishing. Five candidates were selected and have registered at the University of Pretoria for the 2013 academic year onwards and are making satisfactory progress with their research proposals. A total amount of R1.147 million was spent on this project during 2013/14.
- Danish International Development Agency (DANIDA). Funds were utilised to obtain the services of the Swiss-South Africa Cooperation Initiative to develop a Work Integrated Learning Framework for TVET colleges.
- The EU's Erasmus Mundus Scholarship Programme (Window for South Africa), is valued at three million Euros over a period of five years, and is a mobility scheme for South African masters and doctoral students, as well as for academics and other staff members to spend part of their studies, research or working time at a European university.
- Chinese Government: 22 students received scholarships from the Chinese government to study at Chinese universities.
- Russian Government: Four students received Russian State Scholarships to study marine and aeronautical engineering in Russia.

5. Public entities

There were 26 public entities that reported to the Minister of Higher Education and Training, namely:

5.1 Council on Higher Education (CHE)

The CHE is an independent statutory body, established in terms of the Higher Education Act, 1997. The passing of the Higher Education Amendment Act, 2008 and the National Qualifications Framework Act, 2009 imply a significant change for the Council, from its function as an advisory institution that monitors and evaluates the achievement of South African higher education policy and goals, to a quality council for higher education. This new function mandates it to audit higher education institutions, accredit programmes offered, including the development of the higher education qualifications framework, and set standards. An amount of R41.888 million was transferred to the CHE in 2013/14.

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During 2013/14 the following strategic objectives were executed by the CHE:

- provided comments and input on the development of the Draft Regulations for the establishment of a National Institute for the Humanities and Social Sciences
- provided comments and inputs on the development of the Distance Education Policy for the Department
- provided legal advice to the Minister to close the loopholes which allowed private providers to offer tuition services on behalf of foreign institutions not registered in South Africa
- provided input and advice on the Higher Education and Training Information Policy
- provided input on the disestablishment of the National Institute for Higher Education in Mpumalanga and the Northern Cape
- completed a research project on '*Performance indicators to assess the state of the higher education system*' which was also updated on the website of the CHE
- initiated two more projects during the first quarter of this performance period and these were '*The 20 year review of higher education*' and '*The reflections on academic leadership*'
- the draft framework for Institutional Quality Enhancement was approved by the Higher Education Qualifications Committee
- the CHE carry out activities to build support for and facilitate understanding of the Quality Enhancement Project and launched the project in February 2014
- the CHE held training workshops for programme accreditation and re-accreditation, and the HEQSF as follows:
 - Three HEQSF workshops
 - Six re-accreditation workshops
 - Six Evaluator Continuous Professional Development workshops
 - Eight forums were held during the fourth quarter which included two Statutory Professional Bodies forums, two Public Providers' forums and two Private Providers' forums.

5.2 National Student Financial Aid Scheme (NSFAS)

NSFAS was established in terms of the National Student Financial Aid Scheme Act, 1999. It is responsible for administering loans and bursaries and allocating these to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training, raising funds, recovering loans, maintaining and analysing a database, undertaking research aimed at better utilisation of financial resources and advising the Minister on matters relating to student financial aid. An amount of R5 769.405 million was transferred to the NSFAS in 2013/14. Other sources of revenue are donor funds, money repayable on study loans and interest on investments.

During 2013/14, the number of students who received NSFAS financial assistance increased from 382 943 in 2012/13 to 416 359 in 2013/14, which includes TVET college bursary recipients.

5.3 South African Qualifications Authority (SAQA)

SAQA is a statutory body, established in terms of the South African Qualifications Act, 1995. As from 1 April 2009, SAQA has operated in terms of the National Qualifications Framework (NQF) Act, 2008, which replaced

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the former SAQA Act. In terms of the new NQF Act, SAQA continued to focus on upholding the principles of the NQF, including ensuring access, quality, redress and development for all learners through an integrated national framework of learning achievements. The Department transferred an amount of R49.401 million to SAQA during 2013/14.

During the 2013/14 financial year, SAQA:

- Provided advice to the Minister on the following matters emanating from the Determination of the Sub-frameworks:
 - Draft policy on the principles that should direct the articulation pathways in the NQF
 - Desirability of a qualification type at Level 5 of the GFETQSF
 - Investigation regarding occupational/workplace-based qualifications beyond NQF Level 6
 - The relationship between professional designations and the three sub-frameworks
 - Investigation of comparative admission practices, among professional bodies.

This advice resulted in the Minister publishing an amendment to the determination of three Sub-frameworks.

- Finalised the draft national policy and criteria for assessment and the draft national policy for credit accumulation and transfer, which were submitted to the Councils of the Quality Councils for further consultation. SAQA plans to submit these policies to the SAQA Board for approval early in the new financial year. These policies, together with the Level Descriptors, the Policy and Criteria for Recognising a Professional Body and Registering a Professional Designation for purposes of the NQF Act, the Policy and Criteria for Registration of Qualifications and Part Qualifications on the NQF, and the National Policy for the Implementation of the Recognition of Prior Learning, complete the full suite of NQF policies that are required to facilitate articulation, and which SAQA believes provides an enabling platform from which to take articulation forward.
- Recognised 17 professional bodies and registered 44 professional designations.
- Registered 198 qualifications on the NQF.
- Dealt with 33 051 applications for evaluation of foreign qualifications.
- Verified 56 409 records of qualifications.
- Assisted the Department with:
 - Delivery by the Task Team that was established per the Minister of Higher Education and Training's mandate in terms of Delivery Agreement 5.1. Progress on the activities of the Task Team was monitored and bi-monthly reports submitted to the DHET-CAS Steering Committee, the CAS Board Committee and the SAQA Board. Activities were undertaken within the overall agreed timeframes. The Task Team completed 100% of its tasks as delineated in Annexure B of Delivery Agreement 5.1 as per the Ministerial Delegation. The final workshop of the Task Team was held on 5 March 2014
 - The Apply Now! Campaign
 - The Mandela Day Career Festival
 - The Central Applications Clearing House (CACH) Campaign.
- Continued to work closely with the Department to provide a quality national NQF and a Career Advice Helpline.

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- Hosted the National RPL Conference 2014 from 23-26 February 2014 which focused on the RPL Policy, practice, coordination and providing RPL toolkits.
- Finalised the development of a glossary of NQF terminology (NQFpedia), to be launched early in the new financial year.

5.4 The National Skills Fund (NSF)

The NSF was established in 1999 in terms of the Skills Development Act, 1998. It is funded by 20% of the skills development levies collected by the South African Revenue Service (SARS). The fund's key functions include the funding of national skills development priority projects as identified in the third National Skills Development Strategy, funding projects related to achieving the purpose of the Act, as determined by the Accounting Authority and administering the fund. The Department transferred an amount of R2 416.368 million from direct charges to the NSF during 2013/14.

During the 2013/14 financial year, the NSF supported 164 projects resulting in grant disbursements towards these projects amounting to R3.4 billion. A total number of 77 913 learners received training from the projects funded by the NSF.

The increase in grant disbursements continued with an increase of 19% from R2.6 billion in 2012/13 to R3.1 billion in 2013/14. It is the first time in the Fund's history where grant disbursements exceeded the Fund's income as the Fund started to efficiently utilise its annual income, as well as historic accumulated reserves towards effective skills development projects.

The increase in grant disbursements is expected to continue in the next financial year to an estimated R5.6 billion as the Fund meets its commitments towards its current skills development projects. During the 2013/14 financial year, the NSF committed R11.3 billion towards skills development projects of national priority, effectively committing all of the NSF's accumulated surpluses of R8.4 billion as at year-end. Efficient cash flow management also assisted the NSF to increase its commitments to an additional R2.9 billion against future income, over and above commitments made against accumulated reserves.

As the NSF continues to put its resources to effective use in achieving the objectives and outcomes of the NSDS III, the increased disbursement rate will result in the NSF effectively utilising its income, as well as its accumulated surpluses of R8.4 billion over the next three years until the end of the NSDS III, benefiting many generations to come.

5.5 Sector Education and Training Authorities (SETAs)

During 2013/14, there were 21 SETAs that were mandated by Section 9 of the Skills Development Act, 1998 to provide skills development across various economic sectors. Their main objectives are to implement sector skills plans aimed at developing the appropriate skills, to develop and register learning programmes and to distribute skills development levy funds. The SETAs meet the NSDS targets by means of a legislated service level agreement with the Department. All SETAs are expected to implement learning programmes in terms of their service level agreements. These annual agreements are determined by the NSDS' five-year target, which is also calculated in annual terms. The Department transferred an amount of R9 673.818 million from direct charges to SETAs during 2013/14.

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The operations of all SETAs were refocused via NSDS III. During 2013/14, SETAs developed and implemented sector skills plans within the framework for the National Skills Development Strategy and other relevant strategies in order to develop appropriate skills, register learning programmes and distribute skills development levies as required.

The overall performance of the SETAs across all outcomes based on the year under review is satisfactory. The following NSDS III goals were achieved during the 2013/14 financial year:

- Total workers entered: learnerships, bursaries and skills programmes – 109 702 learners funded
- Total workers certificated: learnerships, bursaries and skills programmes – 107 795 learners funded
- Total unemployed entered: learnerships, internships, bursaries and skills programmes – 60 101 learners funded
- Total unemployed certificated: artisan, university graduate placement, TVET college partnerships, universities partnerships, AET programmes, co-operatives supported and small business supported – 48 603 learners certificated
- Total number of NGOs, NLPEs and CBOs supported and career guidance provided – 7 329.

5.6 The Quality Council for Trades and Occupations (QCTO)

The QCTO was established in terms of the Skills Development Act, 1998 and became operational in 2010. The primary functions of the QCTO are to design and develop occupational standards and qualifications and to submit these to SAQA for registration on the national qualifications framework, establish and maintain occupational standards and qualifications, ensure the quality of occupational standards and qualifications and learning in and for the workplace, promote the objectives of the national qualifications framework, liaise with the National Skills Authority on the suitability and adequacy of occupational standards and qualifications, and on the quality of learning in and for the workplace. The Department transferred an amount of R21.747 million to the QCTO during 2013/14.

During 2013/14:

- A total of 25 qualifications were approved by the Council for recommendation to SAQA for registration on the Occupational Qualifications Framework. These qualifications were submitted to SAQA for registration on the OQSF. Furthermore 11 qualifications were approved by the Qualifications Committee to go for public comment as part of the evaluation process.
- The QCTO Council approved the updated syllabi for seven subjects in the area of N4 – N6. The updated syllabi will be handed over to the Department of Higher Education and Training for the implementation process to commence. The Assessment and Examinations division of the Department conducted site visits and started issuing examination centre numbers to the QCTO accredited private providers offering N4 - N6 programmes. The Qualifications Development Facilitator Training Project commenced with an appointment of a Project Director.
- The QCTO delegated the Accreditation function to the Association of Private Providers of Education, Training and Development (APPETD).
- 16 monitors were appointed in the Monitoring and Evaluation Unit. A successful orientation workshop was held on 2 December 2013 and the feedback received from the new staff members was very positive.

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- QCTO embarked on a road show and made 13 presentations across the country that took six weeks. The purpose of the road show was to inform stakeholders and other partners about the developments in the organisation.
- The Examinations and Assessment Chief Directorate from the Department of Higher Education and Training tabled all the N4 – N6 offerings for standardisation decisions. All offerings were standardised and a decision taken to release the results as fair, credible and valid. Some TVET colleges both private and public still experience challenges of irregularities in the conduct and management of examinations. The QCTO will intensify its monitoring and support processes in order to curb irregular activities.
- QCTO moved to their own office building during the 2013/14 financial year.

6. Other organisations that receive transfer payments from the Department

6.1 Higher Education Institutions (HEIs)

Funds were transferred in order to support HEIs (universities and universities of technology) and to enable them to perform their core functions of lecturing and research, efficiently and effectively. This is linked to the broader policy goals and objectives outlined in the National Plan for Higher Education, which is underpinned by the need to ensure the sustainability, affordability and responsiveness of the higher education system, and to enable it to contribute to the social and economic development of South Africa. A total amount of R22 388.767 million was transferred to HEIs.

6.2 Sector Education and Training Authority (SETA)

In terms of the Skills Development Act, 1998, and the Skills Development Levies Act, 1999, no amount was transferred by the Department for its skills contribution.

6.3 FET Colleges

Funds were transferred in order to support the FET colleges and to enable them to perform their core functions. A total amount of R3 013.189 million was transferred to the 50 FET colleges.

6.4 Other transfers

- **Commonwealth of Learning**

An amount of R2.416 million was transferred to the Commonwealth of Learning, as membership fee for South Africa as member country.

- **India-Brazil-South Africa**

The India-Brazil-South Africa Trilateral Commission Dialogue Forum was established in 2003 by these three developing countries, in order to work towards a common vision for enhanced South-South co-operation. An amount of R511 305 was transferred to the Commission via the non-profit institution Higher Education South Africa (HESA) (Treasury approval reference number 9/4/4/4/13 dated 9 December 2011).

- **Higher Education South Africa (HESA)**

An amount of R7 million was transferred to HESA for the Higher Education HIV and AIDS programme.

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6.5 Conditional grants to Provincial Education Departments (PEDs)

The FET colleges Conditional Grant was allocated to the Department during the period under review. Before funds were transferred to the provinces, the Department ensured that all the requirements of the Division of Revenue Act, 2013, were met.

The total allocation for the conditional grant for 2013/14 (in R'000) was as follows:

Conditional grant	Total allocation	Amount transferred	Total amount spent by PEDs	% spent on allocation
FET colleges	2 454 188	2 454 188	2 422 614	98.7
Total	2 454 188	2 454 188	2 422 614	98.7

6.5.1 Further Education and Training (FET) Colleges

The main objective of the FET Colleges Conditional Grant is to ensure the successful transfer of the function of FET colleges to the Department of Higher Education and Training.

The following constituted the outputs of the grant, as per the agreed grant framework:

- transfer of FET colleges management staff to the Department of Higher Education and Training finalised
- transfer of non-management staff to the Department of Higher Education and Training finalised
- secondment of provincial education department staff to the Department of Higher Education and Training
- post-provisioning model for FET colleges finalised
- implementation of the funding norms and standards for FET colleges
- implementation of the new programme cost for funding FET colleges
- monitor the support of FET colleges by provincial education departments
- implementation of 37 per cent in lieu of benefits for FET colleges.

Achievements during the 2013/14 financial year included:

- The incumbents of 210 management posts at FET colleges were transferred to the Department of Higher Education and Training.
- Collective agreements for the transfer of non-management staff were tabled at the ELRC and GPSSBC. The collective agreement for support staff was signed in the GPSSBC and is awaiting ratification. The collective agreement for lecturing staff was ratified on 4 February 2014.
- 110 provincial staff members were seconded to the Department.
- The Post-Provisioning Model (PPM) has been drafted and presented to the South African Institute of Chartered Accountants (SAICA) and senior management in the Department. The PPM will be piloted in nine FET colleges.
- The implementation of the Funding Norms and Standards for FET colleges is a continuous function which is managed by the Provincial Education Departments (PEDs). With the function shift processes, this function will be managed by the Department.

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- The programme costs for 2014 were developed and distributed to all FET colleges for implementation. A full verification on the implementation of the programme costs will be conducted once the detailed verification plan with clear processes, timelines and outcomes has been developed and approved.
- The PED officials were trained in the analysis of student performance in the examinations. They monitored the progress and implementation of the improvement plans at the campus level.
- 39 FET colleges implemented the 37 per cent in lieu of benefits prior to the signing of the collective agreement. 11 FET colleges are implementing the split benefits and are currently considering implementing 37 per cent in lieu of benefits once the collective agreement is signed and ratified by the relevant parties.

6.5.2 Compliance with the Division of Revenue Act (DoRA)

In terms of Section 9(1) of DoRA, 2013, the duties of the receiving officer include submitting quarterly reports to the Department not later than 30 days after the end of each quarter. The submission of quarterly reports by the receiving officers has improved in 2013/14. On average, 98 per cent of quarterly reports were received from receiving officers on time. The transferring national officer submitted these reports to the National Treasury, the Portfolio Committee on Higher Education and the National Council of Provinces after consolidating all provincial reports according to the requirement of the grant framework.

6.5.3 Performance evaluation of conditional grants

In terms of Section 9(1) of DoRA, 2013, the transferring national officer must evaluate the performance of programmes that are funded or partially funded by the allocation, and submit the evaluation report to the National Treasury within four months after the end of the financial year. This obligation was duly adhered to and the 2012/13 annual performance evaluation of the FET Schedule 4 conditional grant was conducted and the Report was submitted to National Treasury on 31 July 2013. The evaluation of the performance of the 2013/14 conditional grant will commence soon and the evaluation report will be submitted to the National Treasury on 31 July 2014.

7. Public-Private Partnerships (PPPs)

None.

8. Corporate governance arrangements

8.1 The Department's Risk Assessment and Fraud Prevention Plan

During the period under review, a separate Risk Management unit was established and a Deputy Director was appointed in November 2013 to facilitate the implementation of the Risk Management processes within the Department. The Risk Management Policy, the Risk Management Strategy including an implementation plan and the Risk Management Committee Charter, have been developed. The Risk Management Committee for the Department has been established and is functional. Strategic risk assessments were conducted and risk registers are being finalised per Branch. Risk awareness was created during the risk assessment workshops through Risk Management presentations. Progress on implementation of the Risk Management processes within the Department was reported to the Risk Management Committee, the Audit Committee and Senior Management on a quarterly basis and, as and when required.

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8.2 Internal Audit Unit

The role of the Internal Audit Unit is to provide management and the Audit Committee with independent, objective assurance and consulting services, designed to add value and improve the Department's operations. It is furthermore aimed at assisting the Department to accomplish its objectives by establishing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.

The Internal Audit Unit operates with skilled personnel and functions as required by the Treasury Regulations and the Public Finance Management Act (PFMA). An Audit Plan was developed from the risk assessment conducted in the Department and approved by the Audit Committee. During the year under review, internal audit engagements were performed in accordance with the Audit Plan. Owing to a lack of staff to execute all the work on the audit plan, the Department made use of consultants to provide assistance.

8.3 The Audit Committee

The Audit Committee is in place and functions effectively, as required by the Treasury Regulations and the PFMA. The Audit Committee held five meetings during the period under review, and was assisted by Internal Audit, which provides secretarial services.

8.4 Management processes for minimising conflict of interest

All senior managers in the Department are compelled to declare their financial interests to the Minister on an annual basis. Furthermore, all employees of the Department are compelled to request permission from the Director-General before they do any work outside the Department that generates additional remuneration for them. All senior managers signed performance agreements.

8.5 Implementation of a Code of Conduct

The Code of Conduct for Public Servants, developed by the Public Service Commission to promote a high standard of professional ethics in the public service, was implemented in the Department and managers ensure that all staff members adhere to it. Copies of the two Codes of Conduct for Public Servants were distributed to every official in the Department and have been fully implemented.

Employees who violated the Codes of Conduct were disciplined in terms of the Disciplinary Code and Procedures for the Public Service.

8.6 Safety, health and environmental issues facing the Department

The biometric access control system has been re-installed. Permanent staff members were issued with access cards for identification purposes. Random security checks of vehicles as well as bags and validation of laptops were implemented to comply with the Minimum Information Security Standards document. All security officers have been trained and comply with the PSIRA Act. Security and Occupational Health policies have been approved. During February 2014, representatives were appointed to the Occupational Health and Safety Committee established in terms of the Health Act Section 17 as specified in Section 17.

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for the year ended 31 March 2014

8.7 Other governance structures

- **Bid Committees**

- **Bid Specification Committee (BSC)**

A minimum of three members constitute the BSC appointed by the relevant Deputy Director-General and confirmed by the Chief Financial Officer. A representative from the Legal Services and the Supply Chain Management units form part of the Committee. The role of the Committee is to draft specifications for projects that are above the threshold of R500 000, which are not on any transversal contract. The draft specification reflects the evaluation criteria and any special conditions that are determined by the Committee. The specifications drafted by the Committee should be unbiased to allow potential service providers to compete. Specifications are submitted or tabled at the BAC for adjudication before they are advertised.

- **Bid Evaluation Committee (BEC)**

A minimum of three members constitute the BEC appointed by the relevant Deputy Director-General and confirmed by the Chief Financial Officer. A representative from the Legal Services and the Supply Chain Management units form part of the Committee. The Committee is responsible for evaluation of bids submitted, according to published evaluation criteria. The BEC submits a report and makes recommendations to award or not to award to the BAC after evaluation.

- **The Bid Adjudication Committee (BAC)**

The BAC is constituted with senior officials mainly from the branches within the Department and Legal Services appointed by the Director-General. A member with no voting authority from Supply Chain Management unit also forms part of the committee. The Director-General appointed alternate members to ensure that scheduled meetings take place when members are not present.

The BAC is responsible to review the specifications of the bids as proposed by the BSC, and make recommendations on these to the Director-General for approval before advertising, single-source appointments, emergency and urgent appointments. The BAC also adjudicates the recommendations of the Bid Evaluation Committee (BEC) and recommends to the Director-General the awards, extensions or cancellation of contracts. The Committee adjudicates whether the bidding processes were fair, equitable, transparent, competitive and cost-effective, and ensures that these processes comply with the PFMA prescripts, other relevant legislation and Treasury Regulations. The Committee is scheduled to meet at least once a month, but *ad hoc* meetings are arranged if necessary.

The bid committees are properly constituted if at least 60% of its members are present. The members of the committee sign a register at each meeting, serving as the attendance register as well as an undertaking of confidentiality and declaration of interests.

The meetings are presided over by chairpersons. The members of the committees do not serve on more than one bid committee.

- **Information Technology Steering Committee (ITSC)**

The purpose of the ITSC, which meets once a month, is to review and endorse ICT plans, policies and standards. Furthermore, the ITSC prioritises implementation of ICT projects and their funding. The ITSC co-ordinates and endorses compliance to the Department's ICT architecture, configuration and initiatives with the strategic directions of the Government Information Technology Officer Council (GITOC), as well

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as government policies and standards. The ITSC regulates the acquisition, deployment, use and disposal of all Information and Communications Technology, Information Systems and Information Management Systems (ICT/IS/IM) in the Department. This is done in terms of standardisation, need, quantity required, frequency of use, as well as the potential impact on work outcomes and cost advantages. Its role is to ensure that the office of the Government Information Technology Officer (GITO) plans and investments in ICT, supports the strategic goals of the Department.

9. Discontinued activities/activities to be discontinued

None.

10. New/proposed activities

None.

The Department is in the process of appointing a suitable independent service provider/s that can conduct job evaluations for the proposed regional organisational structure in the Department. With the migration of TVET and AET functions, the Department would like to retain a presence at provincial levels, through regional offices, without establishing provincial departments. These regional offices will be closer to institutions, stakeholders, beneficiaries, industry, partners and communities.

New activities that may have severe budgetary implications on the operations of the Department are:

- Implementation of a backup and archiving solution
- Implementation of the Ministerial Committee reports on the Recognition of Prior Learning and Articulation – R4 million
- Development of a disability policy framework through a Ministerial Committee – R2 million
- Management of the function shift of TVET and AET from provinces to the Department – R40 million.

New activities for which funding were obtained are:

- Data Centre Establishment to host all applications of the Department centrally from the Data Centre at SITA – R6.5 million from the National Skills Fund.
- Implementation of Cloud Call Centre – R3 million from the European Union.
- Career Guidance Services – R43 million from the National Skills Fund and R99 million from the European Union.
- Development of an open learning system for post-school education and training – R53 million from the European Union.

11. Asset management

11.1 Progress with regard to capturing assets in a register

All assets, including all newly acquired assets, were captured on the asset register.

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for the year ended 31 March 2014

11.2 Indication of the extent of compliance with the minimum requirements

The asset register complies with the minimum requirements.

11.3 Indication of the extent of compliance with the Asset Management Reform Milestones

All assets were recorded in the asset register and a policy was developed on the reconciliation of assets between the asset register and the basic accounting system.

11.4 Indication of problems experienced with the Asset Management Reform

The recording of assets in the asset register takes place according to component accounting, while the recording of the payments for assets on the financial systems is treated as a unit. This results in reconciliation discrepancies between minor and major assets. A policy on the reconciliation between the asset register and the basic accounting system was therefore developed and implemented.

12. Events after the reporting date

National Career Advice Portal. Note 28 of the Annual Financial Statements refers.

13. Information on predetermined objectives

The Department was responsible for the development of policy on educational and skills-related matters in relation to monitoring and evaluating policy implementation. The information on predetermined objectives is included under Part B: Performance Information of this report.

14. Standing Committee on Public Accounts (SCOPA) resolutions

None.

15. Prior modifications to audit reports

None.

16. Exemptions and deviations received from the National Treasury

None.

17. Interim Financial Statements

Interim Financial Statements were compiled according to the Treasury guidelines and submitted to National

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

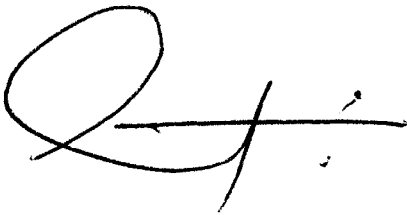
Treasury during the 2013/14 financial year.

18. Other

None.

19. Approval

The Annual Financial Statements, set out on pages 193 to 254, were approved by the Accounting Officer.

A handwritten signature in black ink, consisting of a large, stylized 'Q' followed by a horizontal line and a small flourish.

Mr GF Qonde
Director-General
Date: 30 May 2014

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 17: DEPARTMENT OF HIGHER EDUCATION AND TRAINING

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Higher Education and Training set out on pages 193 to 235, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Higher Education and Training as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the PFMA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Significant uncertainties

8. As disclosed in disclosure note 20 to the financial statements, the department is the defendant in lawsuits. The department is opposing the claims. The ultimate outcome of the matters cannot presently be determined.

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

10. The supplementary information set out on pages 236 to 254 does not form part of the financial statements and is presented as additional information. These schedules have not been audited and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
- Programme 3: university education, on pages 70 to 85
 - Programme 4: vocational and continuing education and training, on pages 89 to 101
 - Programme 5: skills development, on pages 105 to 107
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Programme 3: university education

Usefulness and reliability of reported performance information

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Programme 4: vocational and continuing education and training

Usefulness of reported performance information

17. I did not raise any material findings on the usefulness of the reported performance information for the selected programme.

Reliability of reported performance information

18. The material findings in respect of programme 4 are as follows:
19. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for significantly important targets to assess the reliability of the reported performance information. The department's records did not permit the application of alternative audit procedures. In addition, other significantly important targets were not valid, accurate and complete when compared to the source information or evidence provided. This was due to the absence of systems to verify the reporting of actual achievements against significant planned objectives, indicators and targets. This was also due to inadequate performance management to hold staff accountable for adequately addressing internal control deficiencies reported in the prior year.

Programme 5: skills development

Usefulness of reported performance information

20. I did not raise any material findings on the usefulness of the reported performance information for the selected programme.

Reliability of reported performance information

21. The material findings in respect of programme 5 are as follows:
22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Overall, significantly important targets were not reliable because I was unable to obtain sufficient appropriate audit evidence for a significantly important target. In addition, other significantly important targets were not valid, accurate and complete when compared to the source information or evidence provided. This was due to limitations placed on the scope of my work due to the absence of systems to verify the reporting of actual achievements against significant planned objectives, indicators and targets. The department's systems did not allow me to perform alternative procedures. This was also due to inadequate performance management to hold staff accountable for adequately addressing internal control deficiencies reported in the prior year.

Additional matters

23. I draw attention to the following matters:

Achievement of planned targets

24. Refer to the annual performance report on pages 70 to 85, 89 to 101 and 105 to 107 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected programmes reported in paragraphs 19 and 22 of this report.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for programme 3: university education, programme 4: vocational and continuing

education and training, and programme 5: skills development. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information.

Compliance with legislation

26. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

27. Effective, efficient and transparent systems of risk management and internal controls with respect to performance information and management were not in place, as required by Section 38(1)(a)(i) of the PFMA. The department did not have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets, as required by the FMPPI.

Annual financial statements, performance report and annual report

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by Section 40(1)(a) of the PFMA. Material misstatements of the impairment of receivables and commitments identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Human resource management and compensation

29. Employees were appointed without following a proper process to verify the claims made in their applications, in contravention of public service regulation 1/VII/D.8.
30. Funded vacant posts were not filled within 12 months, as required by public service regulation 1/VII/C.1A.2.

Procurement and contract management

31. Employees performed remunerative work outside their employment in the department without written permission from the relevant authority, as required by Section 30 of the Public Service Act of South Africa, 1994 (Act No. 103 of 1994).

Internal control

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

33. Management developed action plans to address previously reported root causes and recurring findings. However, some of these action plans had not been effectively implemented by year-end.
34. There was inadequate consequence management for action plans not implemented to address internal control deficiencies previously reported by the external and internal auditors.
35. Programme-level policies and procedures for collating, recording and verifying reporting on the achievement of planned objectives, indicators and targets were only developed at year-end and were therefore not implemented during the year.

36. There was a lack of integration between various branches within the department to ensure the review and verification of reported performance information. Information submitted by reporting branches was not adequately verified by the consolidation branch.
37. The department was unable to perform all the required verification and monitoring functions over its entities due to funding and human resource capacity constraints. As a result, the reliability of reported achievements by its entities and institutions consolidated into the achievements reported by the department was not always verified.

Financial and performance management

38. Management did not ensure that the annual performance report was adequately supported and evidenced by reliable information.
39. The branches did not perform the required checks to ensure the validity, accuracy and completeness of the reported achievements in the quarterly and annual performance reports for most of the reported information. Furthermore, no checks were performed on the consolidated quarterly and annual performance reports to ensure the integrity of the information reported to the accounting officer.
40. The department did not adequately monitor compliance with relevant laws and regulations, as evidenced by the recurring findings, especially in the areas of human resource management and supply chain management.

OTHER REPORTS

Performance audits

41. A performance audit of the adult basic education and training (ABET) programme was conducted. The audit focused on the economic, efficient and effective use of resources in the ABET programme. The audit is currently in the reporting phase and the findings will be reported in a separate report.

Investigations

42. An investigation was undertaken by an independent consulting firm regarding the supply chain management process followed for the procurement of a security system during March 2012 to May 2013. Non-compliance with departmental policies and procedures was confirmed. The employees involved were subject to disciplinary processes. One employee was subsequently suspended without pay for three months.
43. An investigation was undertaken by an independent consultant regarding the bidding process followed for a technical and vocational education and training infrastructure project during December 2013 to April 2014. A second phase of the investigation was instituted based on the results of the first phase. The expected date of the outcome of the second phase is unknown.

Auditor-General

Pretoria

31 July 2014



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme										2012/13	
2013/14											
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1. Administration											
Current payments	186 617	-	13 829	200 446	199 927	519	99.7	167 352	166 875		
Transfers and subsidies	175	-	17	192	27	165	14.1	1 219	1 172		
Payments for capital assets	2 867	-	224	3 091	3 090	1	100.0	3 580	3 575		
Payments for financial assets	-	-	-	-	-	-	0.0	-	33		
	189 659	-	14 070	203 729	203 044	685		172 151	171 655		
2. Human Resource Development, Planning and Monitoring Coordination											
Current payments	44 244	-	(3 831)	40 413	40 213	200	99.5	40 293	39 899		
Transfers and subsidies	2 864	-	220	3 084	3 094	(10)	100.3	2 640	2 639		
Payments for capital assets	332	-	(2)	330	228	102	69.1	312	291		
	47 440	-	(3 613)	43 827	43 535	292		43 245	42 829		
3. University Education											
Current payments	43 848	-	(1 833)	42 015	41 884	131	99.7	39 389	38 922		
Transfers and subsidies	28 256 516	-	600	28 257 116	28 257 115	1	100.0	26 189 548	26 189 468		
Payments for capital assets	376	-	-	376	280	96	74.5	333	323		
	28 300 740	-	(1 233)	28 299 507	28 299 279	228		26 229 270	26 228 713		
4. Vocational and Continuing Education and Training											
Current payments	222 799	-	(4 429)	218 370	218 267	103	100.0	202 169	200 102		
Transfers and subsidies	5 467 377	-	227	5 467 604	5 467 604	-	100.0	4 845 127	4 845 119		
Payments for capital assets	832	-	-	832	517	315	62.1	856	720		
	5 691 008	-	(4 202)	5 686 806	5 686 388	418		5 048 152	5 045 941		

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme									
2013/14								2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5. Skills Development									
Current payments	82 042	-	(5 539)	76 503	76 293	210	99.7	71 886	71 820
Transfers and subsidies	21 747	-	739	22 486	22 486	-	100.0	20 899	20 896
Payments for capital assets	1 264	-	(222)	1 042	944	98	90.6	548	546
	105 053	-	(5 022)	100 031	99 723	308		93 333	93 262
Subtotal	34 333 900	-	-	34 333 900	34 331 969	1 931	100.0	31 586 151	31 582 400
Statutory Appropriation									
Transfers and subsidies	12 090 186	-	-	12 090 186	12 090 186	-	100.0	11 694 493	11 694 493
TOTAL	46 424 086	-	-	46 424 086	46 422 155	1 931	100.0	43 280 644	43 276 893
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				11 880				10 913	
Aid assistance				5 433				883	
Actual amounts per Statement of Financial Performance (Total Revenue)				46 441 399				43 292 440	
Add:									
Aid assistance					2 302				883
Actual amounts per Statement of Financial Performance (Total Expenditure)					46 424 457				43 277 776

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per economic classification									
	2013/14						2012/13		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	402 700	-	(3 797)	398 903	398 450	453	99.9	363 074	360 434
Goods and services	176 850	-	1 994	178 844	178 134	710	99.6	158 015	157 184
Transfers and subsidies									
Provinces and municipalities	2 454 188	-	-	2 454 188	2 454 188	-	100.0	4 844 607	4 844 607
Departmental agencies and accounts	17 972 792	-	-	17 972 792	17 972 736	56	100.0	16 996 514	16 996 473
Higher education institutions	22 388 767	-	-	22 388 767	22 388 767	-	100.0	20 902 860	20 902 779
Foreign governments and international organisations	2 864	-	53	2 917	2 927	(10)	100.3	2 640	2 639
Non-profit institutions	3 020 189	-	-	3 020 189	3 020 189	-	100.0	5 000	5 000
Households	65	-	1 750	1 815	1 705	110	93.9	2 305	2 289
Payments for capital assets									
Machinery and equipment	5 446	190	-	5 636	5 032	604	89.3	5 629	5 455
Intangible assets	225	(190)	-	35	27	8	77.1	-	-
Payments for financial assets									
	-	-	-	-	-	-	0.0	-	33
Total	46 424 086	-	-	46 424 086	46 422 155	1 931	100.0	43 280 644	43 276 893

VOTE 17

for the year ended 31 March 2014

Statutory appropriation per economic classification									
	2013/14						2012/13		
Statutory appropriation per economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies									
Departmental agencies and accounts	12 090 186	-	-	12 090 186	12 090 186	-	100.0	11 694 493	11 694 493
Total	12 090 186	-	-	12 090 186	12 090 186	-	100.0	11 694 493	11 694 493

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 1 - Administration
for the year ended 31 March 2014

Details per sub-programme	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Ministry									
Current payments	25 859	-	3 025	28 884	28 864	20	99.9	28 432	28 377
Transfers and subsidies	-	-	5	5	5	-	100.0	695	685
Payments for capital assets	880	-	(16)	864	864	-	100.0	574	573
1.2 Department Management									
Current payments	28 924	-	6 113	35 037	34 965	72	99.8	29 558	29 434
Transfers and subsidies	-	-	-	-	-	-	0.0	128	126
Payments for capital assets	732	(1)	(125)	606	605	1	99.8	685	681
1.3 Corporate Services									
Current payments	98 882	-	4 477	103 359	102 936	423	99.6	89 463	89 168
Transfers and subsidies	175	-	12	187	22	165	11.8	396	361
Payments for capital assets	1 255	1	365	1 621	1 621	-	100.0	2 321	2 321
Payments for financial assets	-	-	-	-	-	-	0.0	-	33
1.4 Office Accommodation									
Current payments	32 952	-	214	33 166	33 162	4	100.0	19 899	19 896
Total	189 659	-	14 070	203 729	203 044	685	99.7	172 151	171 655

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 1 - Administration
for the year ended 31 March 2014

Programme 1 per economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	105 531	-	3 683	109 214	109 076	138	99.9	88 288	88 023
Goods and services	81 086	-	10 146	91 232	90 851	381	99.6	79 064	78 852
Transfers and subsidies									
Departmental agencies and accounts	165	-	-	165	5	160	3.0	260	219
Households	10	-	17	27	22	5	81.5	959	953
Payments for capital assets									
Machinery and equipment	2 649	190	224	3 063	3 063	-	100.0	3 580	3 575
Intangible assets	218	(190)	-	28	27	1	96.4	-	-
Payments for financial assets									
	-	-	-	-	-	-	0.0	-	33
Total	189 659	-	14 070	203 729	203 044	685	99.7	172 151	171 655

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 2 – Human Resource Development, Planning and Monitoring Coordination
for the year ended 31 March 2014

		2013/14						2012/13		
Details per sub-programme		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1	Programme Management: Human Resource Development, Planning and Monitoring Coordination									
	Current payments	4 107	-	(470)	3 637	3 631	6	99.8	4 050	4 008
	Payments for capital assets	26	-	11	37	25	12	67.6	17	16
2.2	Human Resource Development, Strategic Planning and Coordination									
	Current payments	11 593	-	(364)	11 229	11 188	41	99.6	9 104	8 998
	Payments for capital assets	16	-	14	30	10	20	33.3	143	129
2.3	Planning, Information, Monitoring and Evaluation Coordination									
	Current payments	8 874	-	(1 673)	7 201	7 172	29	99.6	6 575	6 458
	Transfers and subsidies	-	-	167	167	167	-	100.0	-	-
	Payments for capital assets	133	-	(15)	118	80	38	67.8	55	53
2.4	International Relations									
	Current payments	6 789	-	543	7 332	7 260	72	99.0	8 257	8 159
	Transfers and subsidies	2 864	-	53	2 917	2 927	(10)	100.3	2 640	2 639
	Payments for capital assets	104	-	(6)	98	81	17	82.7	57	54
2.5	Legal and Legislative Services									
	Current payments	8 997	-	(1 780)	7 217	7 174	43	99.4	7 166	7 135
	Payments for capital assets	9	-	-	9	9	-	100.0	8	7
2.6	Social Inclusion in Higher Education and Training									
	Current payments	3 884	-	(87)	3 797	3 788	9	99.8	5 141	5 141
	Payments for capital assets	44	-	(6)	38	23	15	60.5	32	32
	Total	47 440	-	(3 613)	43 827	43 535	292	99.3	43 245	42 829

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 2 – Human Resource Development, Planning and Monitoring Coordination
for the year ended 31 March 2014

Programme 2 per economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	38 397	-	(3 180)	35 217	35 138	79	99.8	33 699	33 412
Goods and services	5 847	-	(651)	5 196	5 075	121	97.7	6 594	6 487
Transfers and subsidies									
Foreign governments and international organisations	2 864	-	53	2 917	2 927	(10)	100.3	2 640	2 639
Households	-	-	167	167	167	-	100.0	-	-
Payments for capital assets									
Machinery and equipment	325	-	(2)	323	228	95	70.6	312	291
Intangible assets	7	-	-	7	-	7	0.0	-	-
Total	47 440	-	(3 613)	43 827	43 535	292	99.3	43 245	42 829

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 3 – University Education
for the year ended 31 March 2014

Details per sub-programme	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Programme Management: University Education									
Current payments	2 367	-	(680)	1 687	1 683	4	99.8	1 634	1 588
Transfers and subsidies	-	-	76	76	76	-	100.0	-	-
Payments for capital assets	26	-	2	28	27	1	96.4	33	32
3.2 University – Academic Planning and Management									
Current payments	10 024	-	88	10 112	10 083	29	99.7	9 019	8 960
Transfers and subsidies	5 860 694	-	-	5 860 694	5 860 694	-	100.0	5 281 625	5 281 626
Payments for capital assets	107	-	(5)	102	91	11	89.2	150	148
3.3 University – Financial Planning and Information Systems									
Current payments	9 765	-	(1 555)	8 210	8 185	25	99.7	10 006	9 855
Transfers and subsidies	-	-	463	463	462	1	99.8	-	-
Payments for capital assets	43	-	7	50	38	12	76.0	43	39
3.4 University – Policy and Development									
Current payments	12 885	-	228	13 113	13 087	26	99.8	11 736	11 619
Transfers and subsidies	7 000	-	61	7 061	7 061	-	100.0	5 063	5 063
Payments for capital assets	141	-	(43)	98	78	20	79.6	81	79
3.5 Teacher Education									
Current payments	8 807	-	86	8 893	8 846	47	99.5	6 994	6 900
Transfers and subsidies	55	-	-	55	55	-	100.0	-	-
Payments for capital assets	59	-	39	98	46	52	46.9	26	25
3.6 University Subsidies									
Transfers and subsidies	22 388 767	-	-	22 388 767	22 388 767	-	100.0	20 902 860	20 902 779
Total	28 300 740	-	(1 233)	28 299 507	28 299 279	228	100.0	26 229 270	26 228 713

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 3 – University Education
for the year ended 31 March 2014

Programme 3 per economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	36 526	-	(3 359)	33 167	33 129	38	99.9	30 891	30 579
Goods and services	7 322	-	1 526	8 848	8 755	93	98.9	8 498	8 343
Transfers and subsidies									
Departmental agencies and accounts	5 860 694	-	-	5 860 694	5 860 770	(76)	100.0	5 281 377	5 281 377
Higher education institutions	22 388 767	-	-	22 388 767	22 388 767	-	100.0	20 902 860	20 902 779
Non-profit institutions	7 000	-	-	7 000	7 000	-	100.0	5 000	5 000
Households	55	-	600	655	578	77	88.2	311	312
Payments for capital assets									
Machinery and equipment	376	-	-	376	280	96	74.5	333	323
Total	28 300 740	-	(1 233)	28 299 507	28 299 279	228	100.0	26 229 270	26 228 713

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 4 – Vocational and Continuing Education and Training
for the year ended 31 March 2014

		2013/14						2012/13	
Details per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Programme Management: Vocational and Continuing Education and Training									
Current payments	6 559	(18)	1 561	8 102	8 076	26	99.7	4 522	4 492
Payments for capital assets	39	-	24	63	44	19	69.8	227	225
4.2 Planning and Institutional Support									
Current payments	18 756	18	2 516	21 290	21 290	-	100.0	17 519	17 396
Transfers and subsidies	5 467 377	-	-	5 467 377	5 467 377	-	100.0	4 844 690	4 844 689
Payments for capital assets	104	-	107	211	194	17	91.9	140	130
4.3 Programmes and Qualifications									
Current payments	197 484	-	(8 506)	188 978	188 901	77	100.0	180 128	178 214
Transfers and subsidies	-	-	227	227	227	-	100.0	437	430
Payments for capital assets	689	-	(131)	558	279	279	50.0	489	365
Total	5 691 008	-	(4 202)	5 686 806	5 686 388	418	100.0	5 048 152	5 045 941

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 4 – Vocational and Continuing Education and Training
for the year ended 31 March 2014

Programme 4 per economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	152 982	-	3 127	156 109	156 061	48	100.0	148 910	147 152
Goods and services	69 817	-	(7 556)	62 261	62 206	55	99.9	53 259	52 950
Transfers and subsidies									
Provinces and municipalities	2 454 188	-	-	2 454 188	2 454 188	-	100.0	4 844 607	4 844 607
Departmental agencies and accounts	-	-	-	-	28	(28)	0.0	-	-
Non-profit institutions	3 013 189	-	-	3 013 189	3 013 189	-	100.0	-	-
Households	-	-	227	227	199	28	87.7	520	512
Payments for capital assets									
Machinery and equipment	832	-	-	832	517	315	62.1	856	720
Total	5 691 008	-	(4 202)	5 686 806	5 686 388	418	100.0	5 048 152	5 045 941

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 5 – Skills Development
for the year ended 31 March 2014

Details per sub-programme	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Programme Management: Skills Development									
Current payments	2 068	-	(749)	1 319	1 223	96	92.7	1 984	1 973
Payments for capital assets	9	-	(4)	5	-	5	0.0	77	76
5.2 SETA Coordination									
Current payments	72 192	-	(4 590)	67 602	67 506	96	99.9	64 057	64 024
Transfers and subsidies	-	-	739	739	739	-	100.0	547	544
Payments for capital assets	1 153	-	(263)	890	817	73	91.8	429	429
5.3 National Skills Development Services									
Current payments	7 782	-	(200)	7 582	7 564	18	99.8	5 845	5 823
Payments for capital assets	102	-	45	147	127	20	86.4	42	41
5.4 Quality Development and Promotion									
Transfers and subsidies	21 747	-	-	21 747	21 747	-	100.0	20 352	20 352
Total	105 053	-	(5 022)	100 031	99 723	308	99.7	93 333	93 262

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

APPROPRIATION STATEMENT

Detail per programme 5 – Skills Development
for the year ended 31 March 2014

Programme 5 per economic classification	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	69 264	-	(4 068)	65 196	65 046	150	99.8	61 286	61 268
Goods and services	12 778	-	(1 471)	11 307	11 247	60	99.5	10 600	10 552
Transfers and subsidies									
Departmental agencies and accounts	21 747	-	-	21 747	21 747	-	100.0	20 384	20 384
Households	-	-	739	739	739	-	100.0	515	512
Payments for capital assets									
Machinery and equipment	1 264	-	(222)	1 042	944	98	90.6	548	546
Total	105 053	-	(5 022)	100 031	99 723	308	99.7	93 333	93 262

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and Subsidies, the note on the statement of conditional grants paid to provinces and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note to Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	203 729	203 044	685	0.34
There were no material variances on this programme.				
Human Resource Development, Planning and Monitoring Coordination	43 827	43 535	292	0.67
There were no material variances on this programme.				
University Education	28 299 507	28 299 279	228	0.00
There were no material variances on this programme.				
Vocational and Continuing Education and Training	5 686 806	5 686 388	418	0.01
There were no material variances on this programme.				
Skills Development	100 031	99 723	308	0.31
There were no material variances on this programme.				

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NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

4.2 Per economic classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	398 903	398 450	453	0.11
Goods and services	178 844	178 134	710	0.40
Transfers and subsidies				
Provinces and municipalities	2 454 188	2 454 188	-	0.00
Departmental agencies and accounts	17 972 792	17 972 736	56	0.00
Higher education institutions	22 388 767	22 388 767	-	0.00
Foreign governments and international organisations	2 917	2 927	(10)	(0.34)
Non-profit institutions	3 020 189	3 020 189	-	0.00
Households	1 815	1 705	110	6.06
Payments for capital assets				
Machinery and equipment	5 636	5 032	604	10.72
Intangible assets	35	27	8	22.86

Foreign governments and international organisations: Overspending is due mainly to further foreign payment charges that was not reflected in the books of the Department at the time when Treasury approvals were obtained. Machinery and equipment: Under-spending is due mainly to cost cutting measures put in place on computer equipment in examination function to ensure that the vote does not overspend. Intangible assets: Under-spending is due mainly to cost cutting measures including the approval of all orders by the Chief Financial Officer put in place in the Department to prevent overspending on the vote.

4.3 Per conditional grant:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Higher Education and Training				
Further Education and Training Colleges Grant	2 454 188	2 454 188	-	0.00

There were no material variances.

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STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

		2013/14	2012/13
	Note	R'000	R'000
REVENUE			
Annual appropriation	1	34 333 900	31 586 151
Statutory appropriation	2	12 090 186	11 694 493
Departmental revenue	3	11 880	10 913
Aid assistance	4	5 433	883
TOTAL REVENUE		46 441 399	43 292 440
EXPENDITURE			
Current expenditure			
Compensation of employees	5	398 450	360 434
Goods and services	6	178 134	157 184
Aid assistance	4	1 155	-
Total current expenditure		577 739	517 618
Transfers and subsidies			
Transfers and subsidies	8	45 840 512	42 753 787
Aid assistance	4	1 147	883
Total transfers and subsidies		45 841 659	42 754 670
Expenditure for capital assets			
Tangible capital assets	9	5 032	5 455
Software and other intangible assets	9	27	-
Total expenditure for capital assets		5 059	5 455
Payments for financial assets	7	-	33
TOTAL EXPENDITURE		46 424 457	43 277 776
SURPLUS FOR THE YEAR		16 942	14 664
Reconciliation of Net Surplus for the year			
Voted Funds		1 931	3 751
Annual appropriation		1 931	3 751
Departmental revenue and NRF receipts	15	11 880	10 913
Aid assistance	4	3 131	-
SURPLUS FOR THE YEAR		16 942	14 664

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Current Assets		236 614	160 392
Cash and cash equivalents	10	6 167	8 812
Prepayments and advances	11	13 214	8 254
Receivables	12	214 942	141 197
Loans	13	2 291	2 129
Non-Current Assets		21 956	24 247
Loans	13	21 956	24 247
TOTAL ASSETS		258 570	184 639
LIABILITIES			
Current Liabilities		233 941	157 876
Voted funds to be surrendered to the Revenue Fund	14	1 931	3 721
Departmental revenue to be surrendered to the Revenue Fund	15	196	557
Bank overdraft	16	163 271	153 230
Payables	17	65 412	368
Aid assistance repayable	4	3 131	-
TOTAL LIABILITIES		233 941	157 876
NET ASSETS		24 629	26 763
Represented by:			
Capitalisation reserve		24 247	26 376
Recoverable revenue		382	387
TOTAL		24 629	26 763

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STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

	2013/14	2012/13
Note	R'000	R'000
Capitalisation Reserves		
Opening balance	26 376	28 431
Transfers:		
Other movements	(2 129)	(2 055)
Closing balance	<u>24 247</u>	<u>26 376</u>
Recoverable revenue		
Opening balance	387	308
Transfers:	(5)	79
Debts recovered (including in departmental receipts)	(265)	(62)
Debts raised	260	141
Closing balance	<u>382</u>	<u>387</u>
TOTAL	<u><u>24 629</u></u>	<u><u>26 763</u></u>

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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CASH FLOW STATEMENT

for the year ended 31 March 2014

		2013/14	2012/13
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		46 441 399	43 292 410
Annual appropriated funds received	1.1	34 333 900	31 586 121
Statutory appropriated funds received	2	12 090 186	11 694 493
Departmental revenue received	3	8 506	7 455
Interest received	3.2	3 374	3 458
Aid assistance received	4	5 433	883
Net (increase)/ decrease in working capital		(13 661)	(88 958)
Surrendered to Revenue Fund		(15 962)	(98 729)
Current payments		(577 739)	(517 618)
Payments for financial assets		-	(33)
Transfers and subsidies paid		(45 841 659)	(42 754 670)
Net cash flow available from operating activities	18	(7 622)	(167 598)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(5 059)	(5 455)
(Increase)/ decrease in loans		2 129	2 055
Net cash flows from investing activities		(2 930)	(3 400)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		(2 134)	(1 976)
Net cash flows from financing activities		(2 134)	(1 976)
Net increase/ (decrease) in cash and cash equivalents		(12 686)	(172 974)
Cash and cash equivalents at beginning of period		(144 418)	28 556
Cash and cash equivalents at end of period	19	(157 104)	(144 418)

ACCOUNTING POLICIES

for the year ended 31 March 2014

Summary of significant accounting policies

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual Financial Statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	Basis of preparation The Financial Statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The Financial Statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.
6	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the Appropriation Statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the Statement of Financial Performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the Statement of Financial Performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the Statement of Financial Position.
7.2	Departmental revenue Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise. Any amount owing to the National Revenue Fund at the reporting date is recognised as a payable in the Statement of Financial Position.

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ACCOUNTING POLICIES

for the year ended 31 March 2014

7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of Departmental revenue (excluding tax revenue) are recorded in the notes to the Financial Statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the Statement of Financial Performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the Department in respect of current employees are recognised in the Statement of Financial Performance on the date of payment.</p> <p>Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accrued expenditure payable</p> <p>Accrued expenditure payable is recorded in the notes to the Financial Statements when the goods are received or, in the case of services, when they are rendered to the Department.</p> <p>Accrued expenditure payable is measured at cost.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the Financial Statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the Financial Statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

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ACCOUNTING POLICIES

for the year ended 31 March 2014

9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the annexure to the Financial Statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the Statement of Financial Position.</p> <p>Bank overdrafts are shown separately on the face of the Statement of Financial Position.</p> <p>For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the Statement of Financial Position when the Department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments are expensed when invoices or claims for services rendered or goods received are provided.</p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
13	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the Financial Statements.</p>
14	<p>Payables</p> <p>Loans and payables are recognised in the Statement of Financial Position at cost.</p>

ACCOUNTING POLICIES

for the year ended 31 March 2014

15	Capital Assets
15.1	<p>Immovable capital assets</p> <p>Immovable capital assets are initially recorded in the notes to the Financial Statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
15.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
15.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the Financial Statements when the Department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>

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ACCOUNTING POLICIES

for the year ended 31 March 2014

16	Provisions and Contingents
16.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the Financial Statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
16.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
16.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.</p>
16.4	<p>Commitments</p> <p>Commitments are recorded at cost in the notes to the Financial Statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
17	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the Statement of Financial Position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the Statement of Financial Performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
18	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the Financial Statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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ACCOUNTING POLICIES

for the year ended 31 March 2014

19	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Changes in accounting estimates</p> <p>None.</p>
21	<p>Prior period errors</p> <p>None.</p>
22	<p>Non-adjusting events after the reporting date</p> <p>None.</p>
23	<p>Agent-Principal arrangements</p> <p>None.</p>

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
VOTE 17
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. Annual Appropriation

1.1 Annual Appropriation

	2013/14			Appropriation Received 2012/13
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	
Programmes	R'000	R'000	R'000	R'000
Administration	203 729	203 729	-	172 151
Human Resource Development, Planning and Monitoring Coordination	43 827	43 827	-	43 245
University Education	28 299 507	28 299 507	-	26 229 270
Vocational and Continuing Education and Training	5 686 806	5 686 806	-	5 048 122
Skills Development	100 031	100 031	-	93 333
Total	34 333 900	34 333 900	-	31 586 121

2. Statutory Appropriation

	Note	2013/14 R'000	2012/13 R'000
Sector Education and Training Authorities (SETAs)		9 673 818	9 355 595
National Skills Fund		2 416 368	2 338 898
Total		12 090 186	11 694 493
Actual statutory appropriation received		12 090 186	11 694 493

3. Departmental Revenue

Sales of goods and services other than capital assets	3.1	6 071	4 965
Interest, dividends and rent on land	3.2	3 374	3 458
Transactions in financial assets and liabilities	3.3	2 435	2 410
Transfer received	3.4	-	80
Total revenue collected		11 880	10 913
Departmental revenue collected		11 880	10 913

3.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department		6 042	4 949
Sales by market establishment		423	457
Administrative fees		4 294	3 915
Other sales		1 325	577
Sales of scrap, waste and other used current goods		29	16
Total		6 071	4 965

3.2 Interest, dividends and rent on land

Interest		3 374	3 458
Total		3 374	3 458

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

		2013/14	2012/13
	<i>Note</i>	R'000	R'000
3.3 Transactions in financial assets and liabilities	3		
Other receipts including recoverable revenue		2 435	2 410
Total		2 435	2 410
3.4 Transfers received	3		
International Organisations		-	20
Public corporations and private enterprises		-	60
Total		-	80
4. Aid Assistance			
4.1 Aid assistance received in cash from RDP			
Foreign			
Opening Balance		-	-
Revenue		5 433	883
Expenditure		(2 302)	(883)
Current		(1 155)	-
Transfers		(1 147)	(883)
Closing Balance		3 131	-
4.2 Total			
Opening Balance		-	-
Revenue		5 433	883
Expenditure		(2 302)	(883)
Current		(1 155)	-
Transfers		(1 147)	(883)
Closing Balance		3 131	-
4.3 Analysis of balance			
Aid assistance repayable		3 131	-
RDP		3 131	-
Closing balance		3 131	-
5. Compensation of employees			
5.1 Salaries and wages			
Basic salary		217 221	189 936
Performance award		5 495	2 624
Service based		364	315
Compensative/circumstantial		82 361	84 910
Periodic payments		921	119
Other non-pensionable allowances		55 535	49 554
Total		361 897	327 458

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

		2013/14	2012/13
	<i>Note</i>	R'000	R'000
5.2 Social contributions			
Employer contributions			
Pension		25 444	22 535
Medical		11 048	10 390
Bargaining council		60	50
Official unions and associations		1	1
Total		36 553	32 976
 Total compensation of employees		398 450	360 434
 Average number of employees		1 031	906
 6. Goods and services			
Administrative fees		245	142
Advertising		2 267	4 520
Minor assets	6.1	592	1 561
Bursaries (employees)		349	542
Catering		6 286	5 471
Communication		6 837	6 329
Computer services	6.2	25 772	23 400
Consultants, contractors and agency/outsourced services	6.3	9 950	8 564
Entertainment		92	50
Audit cost – external	6.4	7 594	6 317
Fleet services		878	1 516
Inventory	6.5	2 524	2 893
Consumables	6.6	19 424	20 597
Operating leases		2 653	2 465
Property payments	6.7	34 214	21 199
Rental and hiring		84	44
Transport provided as part of the departmental activities		297	955
Travel and subsistence	6.8	46 314	39 855
Venues and facilities		2 844	1 685
Training and staff development		987	1 751
Other operating expenditure	6.9	7 931	7 328
Total		178 134	157 184
 6.1 Minor assets	6		
Tangible assets		587	1 561
Machinery and equipment		587	1 561
Intangible assets		5	-
Total		592	1 561
 6.2 Computer services	6		
SITA computer services		22 624	20 933
External computer service providers		3 148	2 467
Total		25 772	23 400

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

		2013/14	2012/13
	<i>Note</i>	R'000	R'000
6.3 Consultants, contractors and agency/ outsourced services	6		
Business and advisory services		1 316	1 891
Laboratory services		-	49
Legal costs		991	1 440
Contractors		859	872
Agency and support/outsourced services		6 784	4 312
Total		9 950	8 564
6.4 Audit cost – external	6		
Regularity audits		5 486	5 613
Performance audits		157	104
Computer audits		1 951	600
Total		7 594	6 317
6.5 Inventory	6		
Clothing material and accessories		2	-
Food and food supplies		425	472
Fuel, oil and gas		57	60
Materials and supplies		2 039	2 355
Medical supplies		1	6
Total		2 524	2 893
6.6 Consumables	6		
Consumables supplies		1 400	1 309
Uniform and clothing		81	-
Household supplies		876	-
Building material and supplies		178	-
Communication accessories		16	-
IT consumables		101	-
Other consumables		148	1 309
Stationery, printing and offices supplies		18 024	19 288
Total		19 424	20 597
6.7 Property payments	6		
Property management fees		33 163	19 896
Maintenance and repairs		247	264
Other		804	1 039
Total		34 214	21 199
6.8 Travel and subsistence	6		
Local		39 667	33 644
Foreign		6 647	6 211
Total		46 314	39 855

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		2013/14	2012/13
	<i>Note</i>	R'000	R'000
6.9 Other operating expenditure			
Professional bodies, membership and subscription fees	6	195	10
Resettlement costs		1 381	2 948
Other		6 355	4 370
Total		7 931	7 328
7. Payments for financial assets			
Debts written off	7.1	-	33
Total		-	33
7.1 Debts written off	7		
Nature of debts written off			
Other debt written off			
Missing Photocopy Machine - Olivetti		-	33
Total		-	33
Total debt written off		-	33
8. Transfers and subsidies			
Provinces and municipalities	32	2 454 188	4 844 607
Departmental agencies and accounts	Annex 1A	17 972 736	16 996 473
Higher education institutions	Annex 1B	22 388 767	20 902 779
Foreign governments and international organisations	Annex 1C	2 927	2 639
Non-profit institutions	Annex 1D	3 020 189	5 000
Households	Annex 1E	1 705	2 289
Total		45 840 512	42 753 787
Unspent funds transferred to the above beneficiaries		32 012	18 976
<i>An amount of R32.012 million was surrendered by the provincial education departments for Limpopo (R802 000), North West (R584 000), Eastern Cape (R13.693 million), Free State (R15.540 million), Northern Cape (R1.393 million).</i>			
9. Expenditure for capital assets			
Tangible assets		5 032	5 455
Machinery and equipment	29	5 032	5 455
Intangible assets		27	-
Software	30	27	-
Total		5 059	5 455

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9.1 Analysis of funds utilised to acquire capital assets - 2013/14

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	5 032	-	5 032
Machinery and equipment	5 032	-	5 032
Intangible assets	27	-	27
Software	27	-	27
Total	5 059	-	5 059

9.2 Analysis of funds utilised to acquire capital assets - 2012/13

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	5 455	-	5 455
Machinery and equipment	5 455	-	5 455
Total	5 455	-	5 455

	2013/14	2012/13
<i>Note</i>	R'000	R'000

10. Cash and cash equivalents

Cash receipts	5	48
Cash on hand	23	23
Cash with commercial banks (Local)	6 139	8 741
Total	6 167	8 812

11. Prepayments and advances

Travel and subsistence	62	37
Prepayments	4 084	153
Advances paid	9 068	8 064
Total	13 214	8 254

11.1 Advances paid

National departments	<i>Annex 5A</i>	9 068	8 064
Total		9 068	8 064

		2013/14				2012/13
	<i>Note</i>	Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
12. Receivables						
Claims recoverable	12.1 <i>Annex 3</i>	160 875	400	51 656	212 931	139 928
Recoverable expenditure	12.2	437	382	59	878	493
Staff debt	12.3	458	236	5	699	413
Other debtors	12.4	-	393	41	434	363
Total		161 770	1 411	51 761	214 942	141 197

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		2013/14	2012/13
	<i>Note</i>	R'000	R'000
12.1 Claims recoverable	12		
National departments		4 240	773
Provincial departments		51 560	51 460
Public entities		156 896	87 605
Private enterprises		235	90
Total		<u>212 931</u>	<u>139 928</u>
<p><i>The increase in claims recoverable is due mainly to claims in respect of March 2014 for services rendered to the National Skills Fund and for the payments in respect of the NSF growth projects for the 2013/14 financial year and outstanding balances of the Gauteng Education Department that were taken over from the former Department of Education. Claims in respect of March 2014 payments were only issued in April 2014.</i></p>			
12.2 Recoverable expenditure (disallowance accounts)			
Dishonoured cheques		14	24
Salaries		179	39
No Shows		505	304
Miscellaneous		180	126
Total		<u>878</u>	<u>493</u>
12.3 Staff debt	12		
Motor accidents		240	43
Other		60	20
Pension Fund		192	176
Salary overpayment		207	174
Total		<u>699</u>	<u>413</u>
12.4 Other debtors	12		
Debt taken over from the Department of Education		35	35
Pension recoverable		15	15
Tax debt		-	17
Other debtors		384	296
Total		<u>434</u>	<u>363</u>
12.5 Impairment of receivables	12		
Estimate of impairment of receivables		51 458	-
Total		<u>51 458</u>	<u>-</u>

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		2013/14	2012/13
	<i>Note</i>	R'000	R'000
13. Loans			
Universities and technikons		24 247	26 376
Total		24 247	26 376
Analysis of balance			
Opening balance		26 376	28 431
Repayments		(2 129)	(2 055)
Closing balance		24 247	26 376
Cape Peninsula University of Technology		3 281	3 653
Durban Institute of Technology		6 654	7 107
Nelson Mandela Metropolitan University		215	281
Tshwane University of Technology		6 739	7 325
Vaal University of Technology		2 506	2 721
University of Johannesburg		4 344	4 693
University of Stellenbosch		508	596
		24 247	26 376
Current portion of loans		2 291	2 129
14. Voted funds to be surrendered to the Revenue Fund			
Opening balance		3 721	87 652
Transfer from Statement of Financial Performance		1 931	3 751
Voted funds not requested/not received	1.1	-	(30)
Paid during the year		(3 721)	(87 652)
Closing balance		1 931	3 721
15. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund			
Opening balance		557	721
Transfer from Statement of Financial Performance		11 880	10 913
Paid during the year		(12 241)	(11 077)
Closing balance		196	557
16. Bank overdraft			
Consolidated Paymaster-General Account		163 271	153 230
Total		163 271	153 230
<i>The bank overdraft is due mainly to claims in respect of March 2014 for services rendered to the National Skills Fund and for the payments in respect of the NSF growth projects for the 2013/14 financial year and outstanding balances of the Gauteng Education Department that were taken over from the former Department of Education. Claims in respect of March 2014 payments were only issued in April 2014.</i>			
17. Payables - current			
Advances received	17.1	64 852	-
Clearing accounts	17.2	312	256
Other payables	17.3	248	112
Total		65 412	368

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		2013/14	2012/13
	Note	R'000	R'000
17.1 Advances received	17		
Public entities		64 852	-
Total		64 852	-
17.2 Clearing accounts	17		
Tax RSA		312	256
Total		312	256
17.3 Other payables	17		
Unidentified deposits		128	97
Other		18	15
Bank rejected deposits		102	-
Total		248	112
18. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		16 942	14 664
Add back non cash/cash movements not deemed operating activities		(24 564)	(182 262)
(Increase)/decrease in receivables – current		(73 745)	(80 183)
(Increase)/decrease in prepayments and advances		(4 960)	(6 010)
Increase/(decrease) in payables – current		65 044	(2 765)
Expenditure on capital assets		5 059	5 455
Surrenders to Revenue Fund		(15 962)	(98 729)
Voted funds not requested/not received		-	(30)
Net cash flow generated by operating activities		(7 622)	(167 598)
19. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster-General Account		(163 271)	(153 230)
Cash receipts		5	48
Cash on hand		23	23
Cash with commercial banks (Local)		6 139	8 741
Total		(157 104)	(144 418)
20. Contingent liabilities and contingent assets			
20.1 Contingent liabilities			
Liable to	Nature		
Housing loan guarantees	Employees	70	267
Other guarantees		2 557	9 362
Claims against the department		13 830	11 800
Total		16 457	21 429

There is uncertainties relating to the amount of the outflow in respect of claims against the Department for the cases of Vital vs Vista University (R4 million) and Motaung vs the Department of Higher Education and Training (R1 million) as both these cases is dormant and it might not realise.

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		2013/14	2012/13
	Note	R'000	R'000
21. Commitments			
Current expenditure			
Approved and contracted		19 991	10 762
		19 991	10 762
Capital expenditure (including transfers)			
Approved and contracted		123	483
		123	483
Total Commitments		20 114	11 245

Commitments to the amount of R1.369 million is longer than a year.

			2013/14	2012/13
22. Accruals				
Listed by economic classification	30 days	30+ days	Total	Total
	R'000	R'000	R'000	R'000
Goods and services	18 676	7 932	26 608	7 482
Capital assets	339	-	339	73
Other	-	18 991	18 991	7 824
Total	19 015	26 923	45 938	15 379

	Note	2013/14	2012/13
		R'000	R'000
Listed by programme level			
Programme 1: Administration		16 972	951
Programme 2: Human Resource Development, Planning and Monitoring Coordination		1 797	233
Programme 3: University Education		1 099	317
Programme 4: Vocational and Continuing Education and Training		25 277	13 494
Programme 5: Skills Development		793	384
Total		45 938	15 379

Reasons for material accruals:

Claims in respect of the Rennie's account, examiners and moderators and Public Works were not received before closure of financial year.

23. Employee benefits			
Leave entitlement		5 893	10 211
Service bonus (Thirteenth cheque)		8 063	6 976
Performance awards		5 902	6 682
Capped leave commitments		11 382	11 523
Other		348	429
Total		31 588	35 821
23.1 Negative leave balances			
Differences in the reporting cycle for leave		1 914	105
		1 914	105

The increase in the negative leave balance is due to the fact that leave relating to the closure of the Department in December 2014 was already captured on the PERSAL system.

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24. Lease commitments

24.1 Operating leases expenditure

2013/14

	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	36 906	996	37 902
Later than 1 year and not later than 5 years	-	794	794
Total lease commitments	36 906	1 790	38 696

2012/13

	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	18 785	9 028	27 813
Later than 1 year and not later than 5 years	-	492	492
Total lease commitments	18 785	9 520	28 305

The lease agreement with the Department of Public Works is currently on a month to month basis and is calculated based on the current actual monthly rental payments to the Department of Public Works.

25. Irregular expenditure

Note

2013/14

R'000

2012/13

R'000

25.1 Reconciliation of irregular expenditure

Opening balance	1 295	558
Add: Irregular expenditure – relating to prior year	-	(119)
Add: Irregular expenditure – relating to current year	50	856
Irregular expenditure awaiting condonation	1 345	1 295

Analysis of awaiting condonation per age classification

Current year	50	856
Prior years	1 295	439
Total	1 345	1 295

25.2 Details of irregular expenditure – current year

Incident

Disciplinary steps taken/criminal proceedings

Correct procurement procedures with regards to tender processes were not followed due to the possibility of the splitting of transactions.

A forensic investigation was completed and disciplinary actions have been taken.

2013/14

R'000

50

50

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26. Related party transactions

List related party transactions

Ministerial Portfolio	Departmental Schedule	Public Entity
Higher Education and Training	3A	Council on Higher Education and Training
	3A	National Student Financial Aid Scheme
	3A	South African Qualifications Authority
	3A	Quality Council for Trades and Occupations
	3A	National Skills Fund
	3A	Sector Education and Training Authorities (SETAs):
		Agriculture Sector Education and Training Authority
		Banking Sector Education and Training Authority
		Construction Sector Education and Training Authority
		Energy and Water Sector Education and Training Authority
		Education, Training and Development Practices SETA
		Financial and Accounting Services SETA
		Food and Beverages Manufacturing Industry
		Health and Welfare Sector Education and Training Authority
		Chemical Industries Education and Training Authority
		Transport Education and Training Authority
		Public Service Sector Education and Training Authority
		Insurance Sector Education and Training Authority
		Media, Information and Communication Technologies SETA
		Manufacturing, Engineering and Related Services SETA
		Mining Qualifications Authority
		Safety and Security Sector Education and Training Authority
		Services Sector Education and Training Authority
		Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
		Wholesale and Retail Sector Education and Training Authority
		Local Government Sector Education and Training Authority
		Fibre Processing and Manufacturing SETA
		Government Departments and other entities in the same sphere of government
		All government departments and public entities in the same sphere of government are related parties to the Department of Higher Education and Training

All transactions were in arm's length with these institutions

27. Key management personnel

	No. of Individuals		
Political office bearers	2	3 993	3 690
Officials:			
Level 15 to 16	10	12 236	11 107
Level 14 (incl CFO if at a lower level)	26	22 917	19 977
Total		39 146	34 774

Minister: 2013/14: R2.107 million; 2012/13: R1.953 million.

Deputy Minister: 2013/14: R1.735 million; 2012/13: R1.609 million.

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28. Non-adjusting events after reporting date

National Career Advice Portal: This Portal was made available in March 2014 by SAQA who developed the software for the Department but it was only formally transferred in May 2014.

Total

2013/14

R'000

10 960

10 960

29. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	33 443	(109)	5 786	723	38 397
Transport assets	4 950	-	773	-	5 723
Computer equipment	17 930	(1)	3 565	689	20 805
Furniture and office equipment	9 300	(77)	612	14	9 821
Other machinery and equipment	1 263	(31)	836	20	2 048
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	33 443	(109)	5 786	723	38 397

Additions

29.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	5 032	-	-	754	5 786
Transport assets	773	-	-	-	773
Computer equipment	3 014	-	-	551	3 565
Furniture and office equipment	445	-	-	167	612
Other machinery and equipment	800	-	-	36	836
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	5 032	-	-	754	5 786

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Disposals

29.2 DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	723	723	-
Computer equipment	-	689	689	-
Furniture and office equipment	-	14	14	-
Other machinery and equipment	-	20	20	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	723	723	-

Movement for 2012/13

29.3 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	29 615	(332)	5 349	1 189	33 443
Transport assets	4 506	-	484	40	4 950
Computer equipment	15 566	7	3 440	1 083	17 930
Furniture and office equipment	8 481	(52)	914	43	9 300
Other machinery and equipment	1 062	(287)	511	23	1 263
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	29 615	(332)	5 349	1 189	33 443

Minor assets

29.4 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	65	5 994	6 059
Additions	9	632	641
Disposals	-	161	161
TOTAL MINOR ASSETS	74	6 465	6 539

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	1	19 988	19 989
Number of minor assets at cost	27	3 180	3 207
TOTAL NUMBER OF MINOR ASSETS	28	23 168	23 196

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Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	65	5 108	5 173
Current year adjustments to prior year balances	-	55	55
Additions	-	992	992
Disposals	-	161	161
TOTAL MINOR ASSETS	65	5 994	6 059

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	1	18 688	18 689
Number of minor assets at cost	25	3 029	3 054
TOTAL NUMBER OF MINOR ASSETS	26	21 717	21 743

Movable assets written off

29.5 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2014

	Machinery and equipment	Total
	R'000	R'000
Assets written off	161	161
Total	161	161

Intangible Capital Assets

30. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	665	-	27	-	692
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	217	(79)	-	-	138
TOTAL INTANGIBLE CAPITAL ASSETS	882	(79)	27	-	830

The current year adjustment to prior year balances in respect of Intangible Capital assets is as a result of communication hardware to the amount of R78 793.00 that was transferred to the Department of Basic Education.

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Additions

30.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Cash	Non-cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	27	-	-	-	27
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	27	-	-	-	27

Movement for 2012/13

30.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	665	-	-	665
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	217	-	-	217
TOTAL INTANGIBLE CAPITAL ASSETS	882	-	-	882

31. Transfer of Functions

Outstanding balances of the Department of Education

Since the Department of Education is still listed in Schedule 1 of the Public Service Act, it is not yet abolished. Funds are still paid into the account of the former Department of Education and ongoing clearing of accounts are done on this account. An amount of R5 081.35 was not cleared as at the end of March 2014. Separate financial statements have been prepared for the former Department of Education.

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32. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

	GRANT ALLOCATION				TRANSFER		SPENT			2012/13	
NAME OF PROVINCE/ GRANT	Division of Revenue Act	Roll-Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re- allocations by National Treasury or National Department	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
FET COLLEGES CONDITIONAL GRANT											
Eastern Cape	296 421	-	1 395	297 816	297 816	-	-	297 816	295 094	99.1	699 923
Free State	172 068	-	814	172 882	172 882	-	-	172 882	180 716	104.5	323 804
Gauteng	673 887	-	3 173	677 060	677 060	-	-	677 060	673 786	99.5	1 133 245
KwaZulu-Natal	325 736	-	1 532	327 268	327 268	-	-	327 268	288 559	88.2	858 862
Limpopo	375 709	-	1 769	377 478	377 478	-	-	377 478	389 029	103.1	545 768
Mpumalanga	130 670	-	617	131 287	131 287	-	-	131 287	131 287	100.0	345 285
Northern Cape	40 519	-	191	40 710	40 710	-	-	40 710	40 617	99.8	78 342
North West	76 232	-	358	76 590	76 590	-	-	76 590	71 339	93.1	261 789
Western Cape	351 437	-	1 660	353 097	353 097	-	-	353 097	352 187	99.7	597 589
	2 442 679	-	11 509	2 454 188	2 454 188	-	-	2 454 188	2 422 614		4 844 607

The Department hereby certifies that all transfers were deposited into the primary bank account of the province for the 2013/14 financial year. No conditional grant funds were utilised for the administration of this grant by the Department of Higher Education and Training. The total amount surrendered by Provincial Education Departments to the Department amounts to R32.012 million.

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Education Training and Development Practices SETA	165	-	-	165	-	0.0	175
Council on Higher Education	41 888	-	-	41 888	41 888	100.0	39 993
National Student Financial Aid Scheme	5 769 405	-	-	5 769 405	5 769 405	100.0	5 195 661
South African Qualifications Authority	49 401	-	-	49 401	49 401	100.0	45 723
Direct Charge: Sector Education and Training Authority	9 840 592	-	-	9 840 592	9 673 818	98.3	9 355 595
Direct Charge: National Skills Fund	2 459 408	-	-	2 459 408	2 416 368	98.2	2 338 898
Claims against the State	-	-	109	109	109	100.0	65
Quality Council for Trades and Occupations	21 747	-	-	21 747	21 747	100.0	20 352
Commercial Licences (Radio and TV)	-	-	-	-	-	-	52
Total	18 182 606	-	109	18 182 715	17 972 736		16 996 514

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ANNEXURE 1B

STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

	TRANSFER ALLOCATION					TRANSFER			2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	Amount not transferred	% of Available funds transferred		
NAME OF HIGHER EDUCATION INSTITUTION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Cape Peninsula University of Technology	832 101	-	143 441	975 542	975 540	2	100.0	925 275	
Central University of Technology, Free State	297 691	-	130 935	428 626	428 626	-	100.0	383 032	
Durban Institute of Technology	615 393	-	155 325	770 718	770 718	-	100.0	720 099	
Mangosuthu University of Technology	235 973	-	95 950	331 923	331 923	-	100.0	320 621	
Nelson Mandela Metropolitan University	673 777	-	111 026	784 803	784 804	(1)	100.0	746 351	
North West University	1 090 562	-	138 357	1 228 919	1 228 919	-	100.0	1 162 247	
Rhodes University	287 969	-	70 948	358 917	358 917	-	100.0	327 945	
Tshwane University of Technology	1 267 772	-	226 651	1 494 423	1 494 423	-	100.0	1 379 617	
University of Cape Town	1 011 245	-	116 505	1 127 750	1 127 750	-	100.0	1 082 443	
University of Fort Hare	294 861	-	162 486	457 347	457 347	-	100.0	396 307	
University of Free State	831 072	-	137 871	968 943	968 944	(1)	100.0	908 857	
University of Johannesburg	1 222 140	-	163 399	1 385 539	1 385 540	(1)	100.0	1 257 725	
University of KwaZulu-Natal	1 315 241	-	197 063	1 512 304	1 512 305	(1)	100.0	1 479 136	
University of Mpumalanga	-	-	58 153	58 153	58 153	-	100.0	-	
Sol Plaatje University	-	-	180 303	180 303	180 302	1	100.0	-	
University of Limpopo	652 618	-	197 554	850 172	850 172	-	100.0	813 480	
University of Pretoria	1 561 571	-	249 362	1 810 933	1 810 933	-	100.0	1 739 404	
University of South Africa	1 865 849	-	289 364	2 155 213	2 155 212	1	100.0	2 014 053	
University of Stellenbosch	1 018 519	-	106 547	1 125 066	1 125 066	-	100.0	1 074 793	
University of Venda	316 017	-	129 312	445 329	445 329	-	100.0	420 889	
University of Western Cape	611 473	-	120 006	731 479	731 479	-	100.0	686 329	
Witwatersrand University	1 081 451	-	131 142	1 212 593	1 212 593	-	100.0	1 229 173	
University of Zululand	323 103	-	162 267	485 370	485 370	-	100.0	463 852	

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1B (CONTINUE)

NAME OF HIGHER EDUCATION INSTITUTION	TRANSFER ALLOCATION					TRANSFER		2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	Amount not transferred	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Vaal University of Technology	460 513	-	135 939	596 452	596 452	-	100.0	546 909
Walter Sisulu University	571 673	-	233 315	804 988	804 988	-	100.0	769 341
Higher Education Institutions: Other Grants	3 253 437	-	(3 253 437)	-	-	-	-	-
Interest and redemption of private and government infrastructure loans	9 255	-	(9 255)	-	-	-	-	-
Academic clinical training grants	387 491	-	(387 491)	-	-	-	-	-
New universities – Establishment costs	150 000	-	(150 000)	-	-	-	-	-
New universities – Construction	150 000	-	(150 000)	-	-	-	-	-
National Institute for Higher Education: Mpumalanga	-	-	78 389	78 389	78 389	-	100.0	34 670
National Institute for Higher Education: Northern Cape	-	-	28 573	28 573	28 573	-	100.0	20 312
Total	22 388 767	-	-	22 388 767	22 388 767	-		20 902 860

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION							
Transfers							
Commonwealth of Learning	2 364	-	41	2 405	2 416	100.0	2 197
India-Brazil-South Africa Trilateral Commission	500	-	12	512	511	99.8	443
Total	2 864	-	53	2 917	2 927		2 640

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Higher Education South Africa (HESA)	7 000	-	-	7 000	7 000	100.0	5 000
Further Education and Training Colleges: Subsidies							
Buffalo City College	53 155	-	-	53 155	53 155	100.0	-
East Cape Midlands College	78 652	-	-	78 652	78 652	100.0	-
Ikhala College	51 165	-	-	51 165	51 165	100.0	-
Ingwe College	71 649	-	-	71 649	71 649	100.0	-
King Hintsa College	56 143	-	-	56 143	56 143	100.0	-
King Sabata College	80 898	-	-	80 898	80 898	100.0	-
Lovedale College	38 071	-	-	38 071	38 071	100.0	-
Port Elizabeth College	59 712	-	-	59 712	59 712	100.0	-
Flavius Mareka College	24 718	-	-	24 718	24 718	100.0	-
Gold Fields College	27 431	-	-	27 431	27 431	100.0	-
Maluti College	49 015	-	-	49 015	49 015	100.0	-
Motheo College	91 473	-	-	91 473	91 473	100.0	-
Central Johannesburg College	45 146	-	-	45 146	45 146	100.0	-
Ekurhuleni East College	58 558	-	-	58 558	58 558	100.0	-
Ekurhuleni West College	71 648	-	-	71 648	71 648	100.0	-
Sedibeng College	96 265	-	-	96 265	96 265	100.0	-
South West College	126 946	-	-	126 946	126 946	100.0	-
Tshwane North College	71 319	-	-	71 319	71 319	100.0	-
Tshwane South College	46 627	-	-	46 627	46 627	100.0	-
Western College	86 034	-	-	86 034	86 034	100.0	-

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1D (CONTINUE)

	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	
NON-PROFIT INSTITUTIONS	R'000	R'000	R'000	R'000	R'000	%	R'000
Coastal College	80 245	-	-	80 245	80 245	100.0	-
Elangeni College	85 279	-	-	85 279	85 279	100.0	-
Esayidi College	66 109	-	-	66 109	66 109	100.0	-
Majuba College	152 318	-	-	152 318	152 318	100.0	-
Mnambithi College	54 934	-	-	54 934	54 934	100.0	-
Mthashana College	37 253	-	-	37 253	37 253	100.0	-
Thekwini College	39 498	-	-	39 498	39 498	100.0	-
Umfolozo College	99 461	-	-	99 461	99 461	100.0	-
Umgungundlovu College	28 359	-	-	28 359	28 359	100.0	-
Capricorn College	39 107	-	-	39 107	39 107	100.0	-
Lephalale College	10 356	-	-	10 356	10 356	100.0	-
Letaba College	22 548	-	-	22 548	22 548	100.0	-
Mopani College	42 482	-	-	42 482	42 482	100.0	-
Sekhukhune College	22 137	-	-	22 137	22 137	100.0	-
Vhembe College	88 314	-	-	88 314	88 314	100.0	-
Waterberg College	13 804	-	-	13 804	13 804	100.0	-
Ehlanzeni College	78 654	-	-	78 654	78 654	100.0	-
Gert Sibande College	115 250	-	-	115 250	115 250	100.0	-
Nkangala College	63 376	-	-	63 376	63 376	100.0	-
Rural College	24 305	-	-	24 305	24 305	100.0	-
Urban College	23 568	-	-	23 568	23 568	100.0	-
Orbit College	128 254	-	-	128 254	128 254	100.0	-
Taletso College	46 607	-	-	46 607	46 607	100.0	-
Vuselela College	43 911	-	-	43 911	43 911	100.0	-

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1D (CONTINUE)

	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	
NON-PROFIT INSTITUTIONS	R'000	R'000	R'000	R'000	R'000	%	R'000
Boland College	42 204	-	-	42 204	42 204	100.0	-
Cape Town College	31 361	-	-	31 361	31 361	100.0	-
False Bay College	51 323	-	-	51 323	51 323	100.0	-
Northlink College	66 903	-	-	66 903	66 903	100.0	-
South Cape College	41 813	-	-	41 813	41 813	100.0	-
West Coast College	88 831	-	-	88 831	88 831	100.0	-
Total	3 020 189	-	-	3 020 189	3 020 189		5 000

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1E**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	
HOUSEHOLDS	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Employee Social Benefits	65	-	1 641	1 706	1 705	99.9	2 305
Total	65	-	1 641	1 706	1 705		2 305

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14 R'000	2012/13 R'000
Received in kind			
South Africa Netherlands Research Programme	Attendance of SANPAD conference in Durban	-	4
Nelson Mandela Metropolitan University	Attendance of Annual NMMU Research, Teaching and Engagement Awards in Port Elizabeth	-	6
Germany	Attendance of GIZ SAGEN study tour to visit wind energy training centres in Germany	208	68
University of Cape Town	Attendance of Annual Institutional Forum Induction Workshop	5	-
The Kresge Foundation in partnership with the Institute of International Education	Attendance of the 2014 achieving the Dream Conference in Orlando, Florida	31	-
Total		244	78

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1G

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
Received in cash in the PMG Account					
EU Budget Support	Career Guidance Services	-	4 286	1 155	3 131
USAID	Rebuilding constitutionalism in post-conflict societies through comparative analysis	-	1 147	1 147	-
Total		-	5 433	2 302	3 131
Received in cash in the RDP Fund					
EU Budget Support	Career Guidance Services	-	25 714	1 155	24 559
USAID	Rebuilding constitutionalism in post-conflict societies through comparative analysis	-	1 147	1 147	-
Total		-	26 861	2 302	24 559
Received in cash through the Department of Basic Education (Claims recoverable basis)					
European Union	EU Foundation Phase Project	-	15 511	18 406	(2 895)
Subtotal		-	15 511	18 406	(2 895)

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1G (CONTINUE)**Reconciliation of the PMG account**

Opening balance	-	-
Transferred from the RDP Fund	5 433	883
Paid during the year	(2 271)	(883)
Closing balance	3 162	-

Foreign aid assistance payable to the RDP Fund

European Union	3 162	-
Closing balance	3 162	-

Analysis of balance

Amounts payable to the RDP Fund

Closing balance	3 162	-
	3 162	-

Received in kind

Netherlands

Capacity building in Higher Education through Nuffic:
Implementation of standardized Business Management System in
3 pilot FET Colleges

10 325	2 811
--------	-------

Netherlands

Strengthening the National Certificate (NC(V)) programmes in line
with labour market demands

4 654	2 926
-------	-------

Danish Government

Support for Education and Skills Development III (SESIII)

7 461	6 219
-------	-------

Employability Improvement Project

-	6 417
---	-------

Funding for a proposal for research on skills planning

400	-
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Total

22 840	18 373
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14	2012/13
	R'000	R'000
Made in kind		
Farewell Gifts to Students who went to Russia to attend a scholarship program	-	1
Gifts for Minister's visit to Denmark	-	2
Gifts for Budget Day Event	48	-
Farewell Gifts to staff who went on pension	4	-
Gifts for the Deputy Minister of Higher Education and Scientific Research from Iraq	3	-
Gifts for Speakers at Workshop on the Post-2015 Development Agenda	5	-
Gifts to BRICS counterparts	3	-
Total	63	3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantees draw downs during the year	Guaranteed repayments/cancelled/reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing									
Employees	Housing	284	267	-	197	-	70	-	-
	Subtotal	284	267	-	197	-	70	-	-
Other									
North West University	Tertiary Institutions	2 750	129	-	129	-	-	-	-
Tshwane University of Technology	Tertiary Institutions	25 154	3 130	-	3 130	-	-	-	-
University of Cape Town	Tertiary Institutions	450	11	-	11	-	-	-	-
University of Free State	Tertiary Institutions	750	57	-	42	-	15	1	-
University of Johannesburg	Tertiary Institutions	14 382	3 816	-	2 045	-	1 771	98	-
University of Venda	Tertiary Institutions	54 752	377	-	248	-	129	3	-
Witwatersrand University	Tertiary Institutions	4 075	690	-	173	-	517	23	-
Walter Sisulu University for Technology and Science, Eastern Cape	Tertiary Institutions	29 726	840	-	840	-	-	-	-
	Subtotal	132 039	9 050	-	6 618	-	2 432	125	-
Total		132 323	9 317	-	6 815	-	2 502	125	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

Nature of Liability	Opening Balance 1 April 2013	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable	Closing balance 31 March 2014
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Damaged Cars	-	109	109	-	-
Johann Raath vs Minister of Higher Education and Training	1 800	-	-	-	1 800
Vital vs Vista University	4 000	-	-	-	4 000
Boss Tables cc vs Minister of Higher Education and Training	-	1 000	-	-	1 000
Kelly Group vs Minister of Higher Education and Training	-	150	-	-	150
Motaung vs Department of Higher Education and Training	6 000	-	5 000	-	1 000
N Taho vs Minister of Higher Education and Training	-	500	-	-	500
Hospital Association of SA vs Minister of Higher Education and Training	-	500	-	-	500
Road Freight Association vs Minister of Higher Education and Training	-	310	-	-	310
Business Unity SA vs Minister of Higher Education and Training	-	500	-	-	500
MP Ntshangase vs Minister of Higher Education and Training	-	200	-	-	200
LM Mapeka (Pilane) vs Department of Higher Education and Training	-	1 000	-	-	1 000
Solani Ramovha vs Department of Higher Education and Training	-	70	-	-	70
Moses Sithole & Others vs Mzukisi Dondole & Others	-	2 000	-	-	2 000
MT Jordan vs Minister of Higher Education and Training	-	800	-	-	800
Total	11 800	7 139	5 109	-	13 830

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 3**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Basic Education	-	-	2 901	493	2 901	493
Department of Health	-	-	6	6	6	6
Department of Justice	-	-	8	8	8	8
Department of Labour	-	-	18	18	18	18
South African Revenue Service	-	-	102	102	102	102
Human Science Research Council	-	-	200	-	200	-
Gauteng Department of Education	-	-	51 420	51 416	51 420	51 416
Limpopo Department of Education	-	-	80	-	80	-
KZN Department of Economic Development	-	-	13	-	13	-
Government Printers	-	-	2	2	2	2
Mpumalanga Provincial Government	-	-	13	13	13	13
Gauteng Department of Correctional Services	-	-	4	-	4	-
National Treasury Pensions	-	-	145	145	145	145
North West Provincial Administration	-	-	22	22	22	22
Western Cape Provincial Administration	-	-	3	3	3	3
Department of Roads and Public Works	-	-	833	5	833	5
SA Military Ombudsman	-	-	24	-	24	-
Limpopo Department of Health (Evuxakeni Hospital)	-	-	1	-	1	-
Eastern Cape Department of Roads and Public Works	-	-	5	-	5	-
	-	-	55 800	52 233	55 800	52 233

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 3 (CONTINUE)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Other Government Entities						
National Skills Fund	-	-	143 869	83 591	143 869	83 591
MERSETA	-	-	1	1	1	1
Services SETA	-	-	441	1	441	1
Quality Council for Trades and Occupations	-	-	12 379	4 012	12 379	4 012
SITA	-	-	30	30	30	30
Local Government SETA	-	-	176	-	176	-
	-	-	156 896	87 635	156 896	87 635
Total	-	-	212 696	139 868	212 696	139 868

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 4

INVENTORY

Inventory

Opening balance
Add/(Less): Adjustments to prior year balances
Add: Additions/Purchases – Cash
(Less): Issues
Add/(Less): Adjustments
Closing balance

2013/14		2012/13	
Quantity	R'000	Quantity	R'000
6 034	297	8	223
-	-	7 152	-
221 553	10 869	332 409	11 426
(221 415)	(10 957)	(333 535)	(11 346)
-	(24)	-	(6)
6 172	185	6 034	297

Additions include inventory bought through donor funds, NSF growth funds and NSF infrastructure funds.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 5A

INTER-ENTITY ADVANCES PAID (NOTE 11)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	-	-	4 617	1 941	4 617	1 941
Government Communications and Information System	-	-	4 451	6 123	4 451	6 123
Total	-	-	9 068	8 064	9 068	8 064

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 5B

INTER-ENTITY ADVANCES RECEIVED (NOTE 17)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
PUBLIC ENTITIES						
Current						
National Skills Fund FET Infrastructure Grant	-	-	64 852	-	64 852	-
Total	-	-	64 852	-	64 852	-



PART F:

DEPARTMENT OF EDUCATION

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General review of the state of financial affairs

The Department of Education closed down on 31 March 2010 as part of the restructuring process. No funds were therefore allocated to the Department during the 2010/11, 2011/12, 2012/13 and 2013/14 financial years. The books of account of the Department remained open during the 2011/12, 2012/13 and 2013/14 financial years due to funds still been paid into the PMG account of this Department and these balances could not be cleared or transferred to the newly established Departments of Basic Education as well as Higher Education and Training as at the end of March 2014. This balance amounts to R5 081.35 as at the end of March 2014.

Since the Department of Education is still listed in Schedule 1 of the Public Service Act, it is not yet abolished.

Important policy decisions and strategic issues

None.

Significant events that have taken place and major projects undertaken or completed during the year

None.

Spending trends

None.

Virement

None.

2. Services rendered by the Department

2.1 Services rendered

None.

2.2 Tariff policy

None.

2.3 Free services

None.

2.4 Inventories

None.

3. Capacity constraints

None.

4. Utilisation of donor funds

None.

5. Public entities

None.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

6. Other organisations to whom transfer payments have been made

6.1 Higher education institutions (HEIs)

None.

6.2 Other transfers

None.

6.3 Conditional grants to provincial education departments

None.

7. Public private partnerships (PPP)

None.

8. Corporate governance arrangements

8.1 The risk assessment and fraud prevention plan of the Department

None.

8.2 Internal Audit Unit

None.

8.3 The Audit Committee

The Audit Committee of the Department of Higher Education and Training is also responsible for the activities of the Department of Education.

8.4 Management processes for minimising conflict of interest

None.

8.5 Implementation of a code of conduct

None.

8.6 Safety, health and environmental issues facing the Department

None.

8.7 Other governance structures

None.

9. Discontinued activities/activities to be discontinued

None.

10. New/proposed activities

None. The Department closed on 31 March 2010 as part of the restructuring process of Government.

11. Asset management

None.

12. Events after the reporting date

None.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2014

13. Performance information

None.

14. Standing Committee on Public Accounts (SCOPA) resolutions

None.

15. Prior modifications to audit reports

None.

16. Exemptions and deviations received from the National Treasury

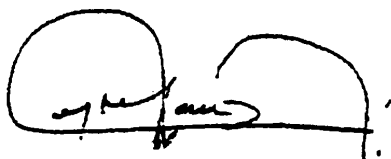
None.

17. Other

None.

18. Approval

The Annual Financial Statements set out on pages 259 to 271 have been approved by the Accounting Officer.

A handwritten signature in black ink, appearing to read 'TW Tredoux', with a large, stylized initial 'T' and 'W'.

Mr TW Tredoux

Accounting Officer

Date: 30 May 2014

Department of Education
APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per programme										
		2013/14						2012/13		
		Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.	Administration									
	Current payments	-	-	-	-	-	-	-	-	-
2.	System Planning and Monitoring									
	Current payments	-	-	-	-	-	-	-	-	-
3.	General Education									
	Current payments	-	-	-	-	-	-	-	-	-
4.	Further Education and Training									
	Current payments	-	-	-	-	-	-	-	-	-
5.	Social and School Enrichment									
	Current payments	-	-	-	-	-	-	-	-	-
6.	Higher Education									
	Current payments	-	-	-	-	-	-	-	-	-
7.	Auxiliary and Associated Services									
	Current payments	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
Reconciliation with Statement of Financial Performance										
Add:										
	Departmental receipts									
	Aid assistance									
	Actual amounts per Statement of Financial Performance (Total Revenue)									
	Add: Aid assistance									
	Actual amounts per Statement of Financial Performance (Total Expenditure)									

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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Department of Education

APPROPRIATION STATEMENT

for the year ended 31 March 2014

Appropriation per economic classification										
		2013/14					2012/13			
		Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
	Current payments									
	Compensation of employees	-	-	-	-	-	-	-	-	-
	Goods and services	-	-	-	-	-	-	-	-	-
	Payments for financial assets	-	-	-	-	-	-	-	-	-
	Transfers and subsidies									
	Provinces and municipalities	-	-	-	-	-	-	-	-	-
	Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
	Universities and technikons	-	-	-	-	-	-	-	-	-
	Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
	Non-profit institutions	-	-	-	-	-	-	-	-	-
	Households									
	Payments for capital assets									
	Machinery and equipment	-	-	-	-	-	-	-	-	-
	Software and other intangible assets	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
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Department of Education
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2014

None.

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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Department of Education

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

		2013/14	2012/13
	Note	R'000	R'000
REVENUE			
Departmental revenue		-	-
Aid assistance		-	-
TOTAL REVENUE		-	-
EXPENDITURE			
Current expenditure			
Compensation of employees		-	-
Goods and services		-	-
Aid assistance		-	-
Total current expenditure		-	-
Transfers and subsidies			
Transfers and subsidies		-	-
Aid assistance		-	-
Total transfers and subsidies		-	-
Expenditure for capital assets			
Tangible capital assets		-	-
Software and other intangible assets		-	-
Total expenditure for capital assets		-	-
Payments for financial assets		-	-
TOTAL EXPENDITURE		-	-
SURPLUS FOR THE YEAR		-	-
Reconciliation of Net Surplus for the year			
Voted Funds		-	-
Departmental revenue and NRF Receipts		-	-
Aid assistance		-	-
SURPLUS FOR THE YEAR		-	-

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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Department of Education

STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

		2013/14	2012/13
	Note	R'000	R'000
ASSETS			
Current Assets		5	5
Prepayments and advances		-	-
Receivables	1	5	5
Loans		-	-
Aid assistance receivable		-	-
Non-Current Assets		-	-
Loans		-	-
TOTAL ASSETS		5	5
LIABILITIES			
Current Liabilities		5	5
Voted funds to be surrendered to the Revenue Fund		-	-
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		-	-
Bank overdraft	2	2	2
Payables	3	3	3
Aid assistance unutilised		-	-
TOTAL LIABILITIES		5	5
NET ASSETS		-	-
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		-	-
TOTAL		-	-

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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Department of Education

CASH FLOW STATEMENT

for the year ended 31 March 2014

		2013/14	2012/13
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		-	-
Departmental revenue received		-	-
Aid assistance received		-	-
Net (increase)/ decrease in working capital		-	20
Surrendered to Revenue Fund		-	-
Surrendered to RDP Fund/Donor		-	-
Current payments		-	-
Payments for financial assets		-	-
Transfers and subsidies paid		-	-
Net cash flow available from operating activities	4	-	20
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/ decrease in loans		-	-
Net cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		-	-
Net cash flows from financing activities		-	-
Net increase/ (decrease) in cash and cash equivalents		-	20
Cash and cash equivalents at beginning of period		(2)	(22)
Cash and cash equivalents at end of period	5	(2)	(2)

Department of Education

ACCOUNTING POLICIES

for the year ended 31 March 2014

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual Financial Statements. These are based on the best information available at the time of preparation. Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The Financial Statements have been prepared in accordance with the modified cash standard.

2. Going concern

The Financial Statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

4. Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

5. Foreign currency translations

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.

6. Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the Appropriation Statement.

7. Revenue**7.1 Appropriated funds**

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the Statement of Financial Performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the Statement of Financial Performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the Statement of Financial Position.

7.2 Departmental revenue

Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund at the reporting date is recognised as a payable in the Statement of Financial Position.

7.3 Accrued Departmental revenue

Accruals in respect of Departmental revenue (excluding tax revenue) are recorded in the notes to the Financial Statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8. Expenditure**8.1 Compensation of employees****8.1.1 Salaries and wages**

Salaries and wages are recognised in the Statement of Financial Performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the Statement of Financial Performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the Financial Statements when the goods are received or, in the case of services, when they are rendered to the Department.

Accrued expenditure payable is measured at cost.

8.4 Leases**8.4.1 Operating leases**

Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment.

The operating lease commitments are recorded in the notes to the Financial Statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment.

The finance lease commitments are recorded in the notes to the Financial Statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the annexure to the Financial Statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the Statement of Financial Position.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

Prepayments and advances are recognised in the Statement of Financial Position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

Prepayments are expensed when invoices or claims for services rendered or goods received are provided.

12. Loans and receivables

Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13. Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the Financial Statements.

14. Payables

Loans and payables are recognised in the Statement of Financial Position at cost.

15. Capital Assets

15.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the Financial Statements at cost.

Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

15.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

15.3 Intangible assets

Intangible assets are initially recorded in the notes to the Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the Financial Statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

16. Provisions and Contingents

16.1 Provisions

Provisions are recorded in the notes to the Financial Statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

16.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

16.3 Contingent assets

Contingent assets are recorded in the notes to the Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

16.4 Commitments

Commitments are recorded at cost in the notes to the Financial Statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

17. Unauthorised expenditure

Unauthorised expenditure is recognised in the Statement of Financial Position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the Statement of Financial Performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

18. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the Financial Statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

19. Irregular expenditure

Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. Changes in accounting estimates

None.

21. Prior period errors

None.

22. Non-adjusting events after the reporting date

None.

23. Agent-Principal arrangements

None.


NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

	Note	2013/14				2012/13
		Less than one year	One to three years	Older than three years	Total	Total
		R'000	R'000	R'000	R'000	R'000
1. Receivables						
Claims recoverable	Annex 3	-	-	-	-	-
Recoverable expenditure		5	-	-	5	5
Total		5	-	-	5	5

	Note	2013/14	2012/13
		R'000	R'000
1.1 Recoverable expenditure (disallowance accounts)			
Miscellaneous		5	5
Total		5	5
2. Bank overdraft			
Consolidated Paymaster-General Account		2	2
Total		2	2
3. Payables - current			
Clearing accounts		3	3
Total		3	3
9.1 Clearing accounts			
Other		3	3
Total		3	3
4. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		-	-
Add back non cash/cash movements not deemed operating activities		-	20
(Increase)/decrease in receivables – current		-	17
(Increase)/decrease in prepayments and advances		-	-
Increase/(decrease) in payables – current		-	3
Surrenders to Revenue Fund		-	-
Net cash flow generated by operating activities		-	20
5. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster-General account		(2)	(2)
Total		(2)	(2)



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