

ETQA

4.1 Education Training Quality Assurance (ETQA)

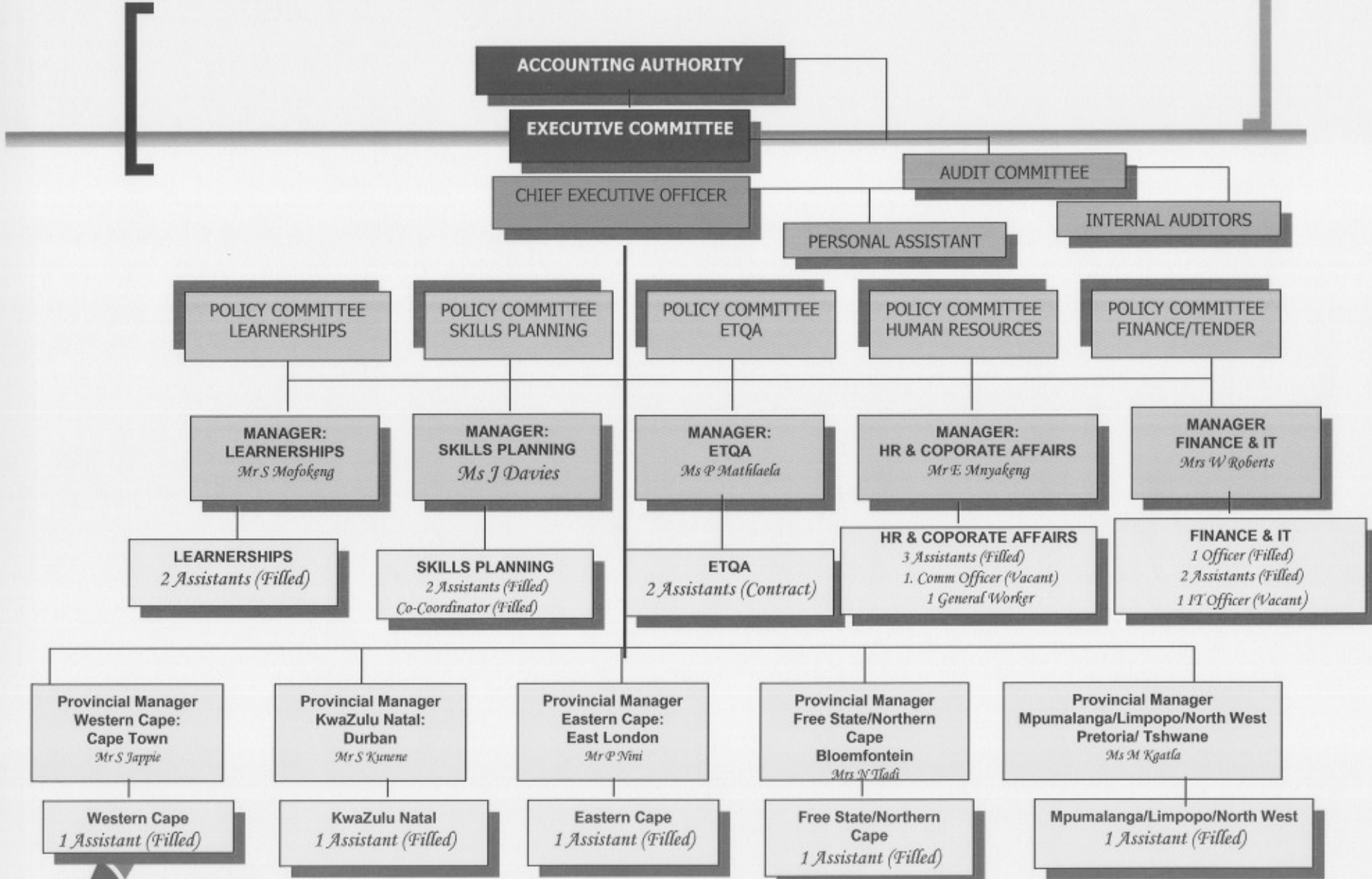
- The LGSETA has been re-accredited by South African Quality Authority (SAQA) on 27 September 2005 to fulfill the functions as contemplated in the ETQA Regulations (R 1127 of 1998) section 9, for the qualifications and standards outlined in the letter of accreditation to perform the following quality assurance functions:
 - Report to the South African Qualifications Authority (SAQA) as required :
 - Develop and register standards and qualification through the standards generating bodies (SGB)
 - Accredited providers and promote overall quality amongst the constituents providers
 - Support the emerging and BEE providers (especially rural)
 - Implementation of Quality assurance of learner achievements or results by Moderating and certificating all training in the primary focus of LGSETA.
 - Monitor and evaluate the quality of training and the impact thereof.
 - Promote and implement the recognition of prior learning (RPL)
 - Supporting current and former Local government education and training professional bodies, or potential institute intending to carryout such functions
 - Continuous training and registration of assessors/Mentors , Moderators/Verifiers, coaches and RPL advisors
 - The outcome of SSP review indicated the need for the following areas to be supported and addressed
 - Identifying and supporting centers of excellence etc

SUPPORT FUNCTIONS Contd/...

5.1 Marketing & Communications

- Following the resignation of the Communications Officer, the post has now been filled and the following were activities for marketing and communication during the year under review.
- Graduation Ceremonies took place in all provinces for Community Development Workers and most of the graduates have been placed in permanent positions
- Skills Development Awards activities are currently taking place in various provinces recognizing both municipalities and skills development facilitators for active role played in promoting skills development within the sector
- Various marketing and communication tools are continuously being developed and improved where necessary

APPROVED ORGANOGRAM OF THE LGSETA



FINANCE & INFORMATION TECHNOLOGY

- The mandate of the Finance and Information Technology (IT) Department is to plan, execute and to efficiently manage the finances of the SETA to ensure that assets are properly safeguarded, a fair and transparent procurement system is implemented, that all revenue is accounted for and to ensure the development and implementation of a fully functional integrated management information system (MIS), secure and stable network and Information Technology (IT) environment in ensuring that the organisation delivers on its mandate.
- The mission of the Finance and IT Department is to assist in making the organisation sustainable through the development, implementation and maintenance of an effective accounting system and administrative controls for record keeping and reporting, proper financial management policies and procedures in accordance with applicable legislation and internationally accepted accounting standards.
- In accordance with the PFMA the Accounting Authority of a Public Entity must ensure that there are effective, efficient and transparent financial, risk management and internal control systems and an internal audit system controlled by an Audit Committee.

FINANCE & INFORMATION TECHNOLOGY Contd/..

- The Audit Committee is accountable to the Accounting Authority of the SETA and must, *inter alia*, ensure that the SETA has taken appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, the implementation, evaluation and monitoring of policies and finance measures in compliance with Generally Accepted Accounting Principles (GAAP) and the Public Finance Management Act (PFMA) and that Treasury Regulations, which may be promulgated from time to time, are enforced.

- A Business Risk Analysis workshop is scheduled in March 2006 which will form the basis for the development of an internal audit operational plan, audit execution timetable and a detailed audit coverage plan for the 2006/2007-Financial Year. The following internal audits were completed during the year under review:
 - Finance and administration
 - Governance and Regulatory
 - Marketing and Communications
 - Human Resources
 - Procurement and Programmes
 - Information Technology and Systems

FINANCE & INFORMATION TECHNOLOGY Contd/...

- The LGSETA has received an unqualified audit opinion for the 2004/2005-Financial Year. Matters of Emphasis included in the Report of the Auditor-General on the Financial Statements for the year ended 31 March 2005 are currently receiving highest priority.
- On the IT side, an integrated Management Information System (DATANET), national database of employers, providers, moderators, verifiers, learnerships and registered learners in the sector and a secure and effective system to track levies and disburse grants have been implemented. A stable and virus-free IT and network environment is being maintained.

FINANCE & INFORMATION TECHNOLOGY Contd/...

OPERATIONAL BUDGET / LEVY/GRANT ADMINISTRATION

Skills Development Levy Income and Expenditure

- In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No 9 of 1999), registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Labour. The Department of Labour transfers 80% of the total skills development levy paid by employers in the sector to the LGSETA and 20% to the National Skills Authority. Member employer company levy payments for Skills Development levies are recognised in respect of Administration 10% (2005:10%), the Employer Grant Fund 50% (2005: 60%) and the Discretionary Grant Fund 20% (2005: 10%).
- There is a time lag of two (2) months between the time SARS receives the Skills Development Levies (SDL) paid by member companies in the sector and when the cash and financial data is received by the SETA. At the time of preparation of this report the income and data for January 2006 to March 2006 has not been received by the SETA. Accordingly an accrual has been raised based on an average of the actual income received for the nine (9) months. The projected total gross levies (100%) contributed by member companies in the sector for Skills Development Levies for the 2005/2006-Financial Year is R188, 9M.

FINANCE & INFORMATION TECHNOLOGY Contd/...

Skills Development Levy Income and Operational Expenditure

- The SETA operational expenses must be monitored to ensure that expenditure are within the prescribed limit of 10% and to prevent wasteful and fruitless expenditure. SETA's have been deregistered as VAT Vendors with effect from 1 April 2005. At the time of preparing this report the total SDL income received for the nine (9) months is R14,2M and operational expenditure incurred amounts to R13,2M.

Skills Development Levy Income and Disbursements - Mandatory Grants

- During the 2005/2006-Financial Year the actual Mandatory Grant Income (50%) for the nine (9) months in the current financial year is R70, 9M. At the time of preparation of this report, Mandatory Grants disbursed in the current financial year amounts to R12, 2M. These grants have been distributed quarterly and have been transferred directly into employers' bank accounts.

FINANCE & INFORMATION TECHNOLOGY Contd/...

- It is pointed out that Metropolitan Municipalities contribute approximately 61, 8% of the total income. Due to the fact that the Mandatory Grants for five (5) of the six (6) Metropolitan Municipalities have only recently been approved by the SSP Department but has not been through the Grant Disbursement approval system, it is anticipated that approximately R36,3M will be disbursed to the Metropolitan Municipalities prior to 31 March 2006..
- Total skills development levy income (80%) paid by employers in the sector for levy year 2006 and actual Mandatory Grant disbursements by demarcation province is illustrated in the charts below. It should be noted that the LGSETA Database only makes provision for a demarcation code for employers within the local government sector. Therefore "Other" in the chart represents employers in the water and waste management sector including employers which have been incorrectly registered with the LGSETA.