



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



GAUTENG
Community Education and Training
CET COLLEGE

GAUTENG CET COLLEGE

Annual Report 2022



"community education in action"

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Abbreviations and Acronyms:

AFS	Annual Financial Statements
ANHC	Ancillary Health Care
APP	Annual Performance Plan
ASC	Amended Senior Certificate
CBST	Centre Base Support Team
CET Act	Continuing Education and Training Act
CLC	Community Learning Centre
DAF	District Assessment Forum
DHET	Department of Higher Education and Training
E&A	Examinations and Assessment
ECDV	Early Childhood Development
FTE	Full-Time Equivalent
GETC	General Education and Training Certificate
GRAP	Generally, Recognised Accounting Practices
IDP	Integrated Development Plan
LAC	Learning Area Committee
LED	Local Economic Development
LTSM	Learning Teaching and Support Material
MIS	Management Information System
MNE	Monitoring and Evaluation
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTSF	Medium Term Strategic Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEET	Not in Employment, Education, or Training
NQF	National Qualifications Framework
OPS Plan	Operational Plan
PAT	Provincial Assessment Team
PPP	Public-Private Partnerships
PSET	Post School Education and Training
SAQA	South African Qualifications Authority
SBA	Site-Based Assessment
SETA	Sector Education and Training Authority
SSS	Student Support Services

PART A: GENERAL OVERVIEW

1. Message from the Council Chairperson:



The College Council of Gauteng CET College governs the College in terms of the CET Act no. 16 of 2006, as amended, and it is committed to always act in the best interest of the College and to comply with its fiduciary responsibilities. The overarching role of the Council is to ensure that the resources are managed effectively and efficiently in a manner that promotes the delivery of services to the public. This is the mandate of the Council to ensure that the College plays a central role in building a capable institution committed to implementing government priorities.

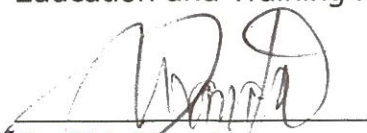
Against this background, it is an honour to present the 2022 Annual Report of Gauteng CET College. This Report, guided by the objectives as outlined in the Strategic Plan and matching Annual Performance Plans, focuses on how the College performed against College targets set in 2022. Among the activities, the College planned for were increased enrolments, provision of LTSM, developing of the capacity of lecturers, managers, and curriculum facilitators, and the development of partnerships. This report will provide details of performance against targets in all key performance areas. In addition to implementing planned activities, Council also developed the Strategic Plan and the Annual Performance Plan of the College.

In carrying out its governance function, Council worked very closely with management. To this end, Council used sub-committee meetings to interrogate reports presented by management. Whereas it has been exciting to see steady progress and notable achievements in some areas, there have also been some concerns in others. Regarding these concerns, Council is committed to working even harder to address them.

The following is a summary of some of the challenges the College is currently facing:

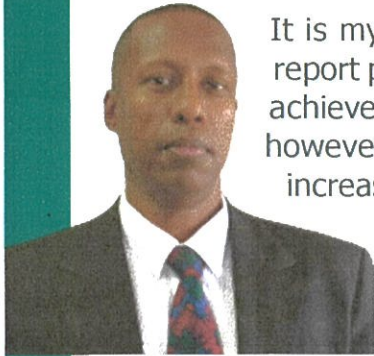
- *Dealing with some aspects of conditions of service.*
- *Inadequate funds for expansion of programmes and the necessary infrastructure.*
- *Increased evictions from schools hosting some satellites and/or CLCs.*
- *Lack of sufficient funding for staff development.*

Notwithstanding the concerns we have in certain areas of our plan and some challenges, I would like to take this opportunity to applaud members of the Council, Management, and staff for their continued efforts, commitment, and dedication to serve the community of Gauteng with pride. Council also wants to express its appreciation to the Department of Higher Education and Training for providing much-needed guidance and support to the College.

A handwritten signature in black ink, appearing to read 'Manota', written over a horizontal line.

Dr. PM. Manota
Gauteng CET College
Council Chairperson

2. Overview by the Accounting Officer:



It is my pleasure to table the 2022 Annual Report of the Gauteng CET College. The report provides an overview of the College's programmes, projects, and activities. The achievements and challenges for the period under review have been daunting, however, despite this, the College continues to make plans to ensure the mandate of increasing access and success is achieved, thus improving the quality of education.

The report focuses on the progress made against the five outcomes as outlined in the College Strategic Plan 2020-2024, including the Annual Performance Plan and Operational Plan to improve access and success.

Most of the challenges encountered were HR and related matters including infrastructure and evictions. The College received support from the Regional officials during their monitoring and evaluation exercise for the provision of the curriculum activities. The regional office has experienced attrition of Human Resources and has resulted in huge challenges to ensure continued curriculum development support in the classrooms. The filling of these critical vacancies will undoubtedly assist the College in better serving the communities.

Looking forward, the major focus will be to improve academic excellence followed by expanding student's enrolments numbers with an emphasis on growing occupational qualifications and skills programmes.

The College continued to offer the following programmes at all 47 Community Learning Centres (CLCs):

1. *GETC;*
2. *Senior Certificate; and*
3. *Vocational and occupational programmes.*
4. *Non formal programmes*

The following depicts a summary of the challenges faced by the College:

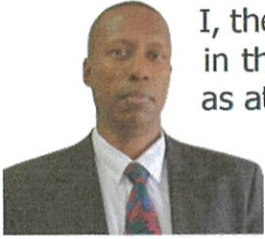
- *Filling of all vacant and substantive posts at CLCs and College levels;*
- *Increased evictions from hosting schools and exorbitant rentals from schools, Catholic Church, and TVET Colleges;*
- *Poor functional supply chain management in place; and*
- *Training of Centre Managers, Council, Lecturers, and Senior Management to enhance capacity to meet the pressing demands.*

Allow me to express my sincere appreciation to the College's Council, DHET Head Office, Regional CET officials, Centre Managers, lecturers, students, and Central Office Staff who contributed towards the achievements; especially in those critical areas where we lack capacity.

A handwritten signature in black ink, appearing to read 'Mr. Clifford K. Wee'. The signature is written in a cursive style and is positioned above a horizontal line.

Mr. Clifford K. Wee
Gauteng CET College
Principal

3. Statement of Responsibility and Confirmation of accuracy:



I, the undersigned, Mr. Clifford Wee hereby declare that the information contained in the Annual Report is to the best of my knowledge and belief, true and correct as at the date set forth herein below my signature.

I further certify that:

- As the Accounting Officer, I am 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, human resource information, and Annual Financial Statements.
- I am responsible for and take full responsibility for the preparation of this Annual Report and Annual Financial Statements and any decision made in connection therewith.
- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate, and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines and prescripts issued by the National Treasury and the Department of Higher Education and Training.
- The Annual Financial Statements have been prepared in accordance with the relevant standards, frameworks, and guidelines issued by National Treasury.
- The external auditors expressed an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of Gauteng CET College for the financial year ended 31 March 2023

I acknowledge and understand that any intentional or negligent misrepresentation of the information contained in the aforesaid Report and Annual Financial Statements constitutes an act of misconduct and may result in the institution of disciplinary action as well as criminal or civil proceedings against me in terms of the relevant legislation.

Signature:



Mr. Clifford K. Wee
Accounting Officer

Date 28/09/2023

4. STRATEGIC OVERVIEW:

4.1. Vision, Mission, and Value Statements:

Vision

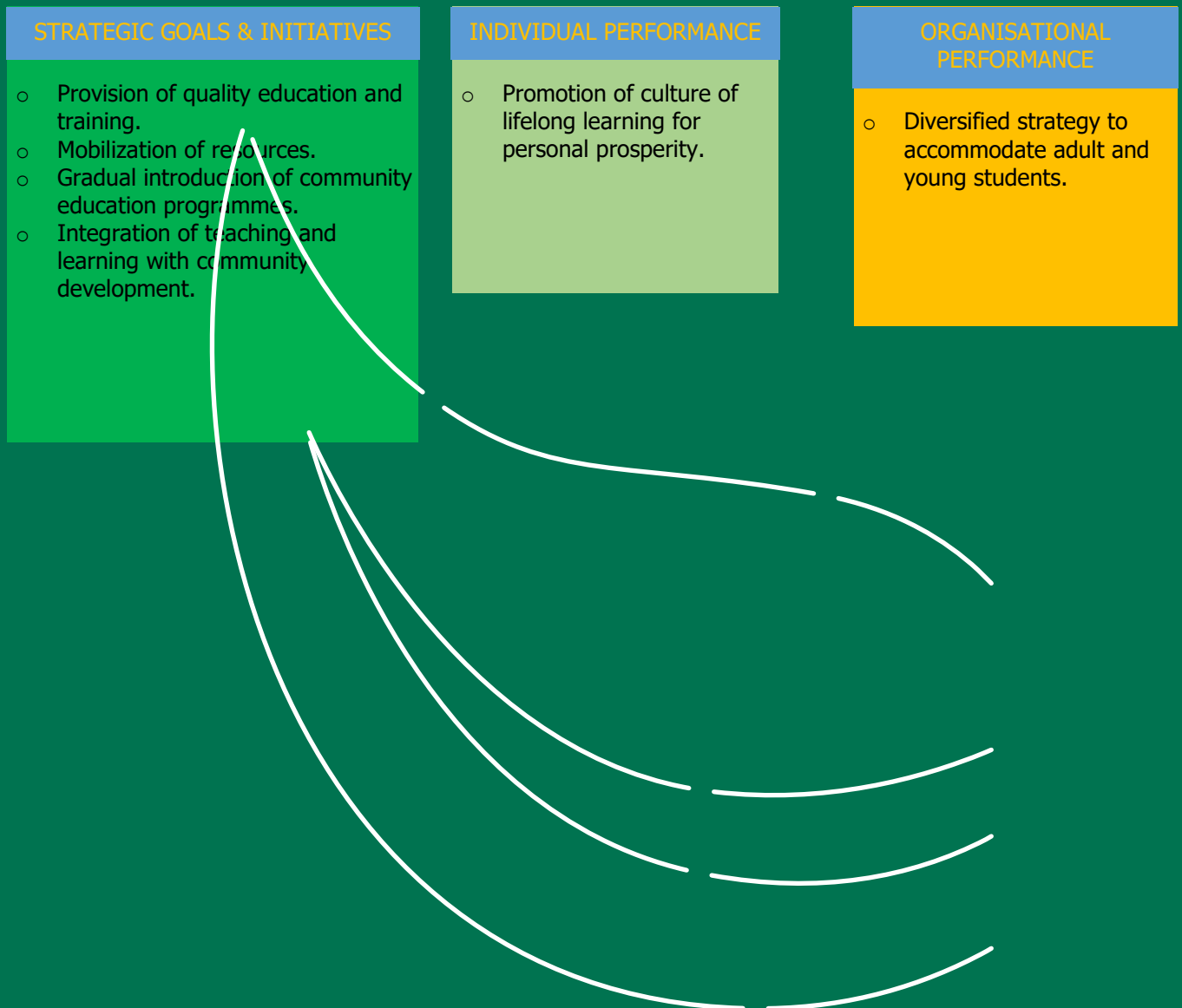
Institution of choice driving social change for adults and out-of-school youth through community education and training programmes.

Mission

To increase access and success through relevant community education and training programmes for socio - economic impact for adults and out-of-school youth.

Values

1. Shared values,
2. Batho Pele principles orientated,
3. Competitiveness; and
4. Ethical leadership.



4.2. Strategic Objectives

Gauteng CET College Outcome Objectives	
Strategic Outcome 1	Expanded access to CET College opportunities
Outcome Statement	To expand access to 76 722 students with a pass rate of 50%(GETC) that focuses on raising the learning base to intermediate formal qualifications, community-focused skills programmes, and part qualifications by 31 March 2023
Baseline	63 511 statistics
Justification	Advocacy and branding
Links	NDP, White Paper, and CET Act
Strategic Outcome 2	Improved success and efficiency in CET programmes and qualification
Outcome Statement	Improved percentage of students completing programmes and qualifications at the College by 31 March 2023
Baseline	AET Level 1-3(83%), GETC (55%), NQF Level 4(64%), Occupations (52%)
Justification	Adequate Budget for provisioning of LTSM
Links	PFMA, Treasury Regulations, and LTSM Policy
Strategic Outcome 3	Improved quality of provision in CET Colleges
Outcome Statement	To build the capacity of lecturers, improvement of maths and science, and capacity increased through the provision of strategic leadership and governance programmes for the effective delivery of the CET programmes by 31 March 2023
Baseline	Lecturers (250), accredited qualifications (12), managers (51)
Justification	Strengthening of partnerships with Setas, Commerce, and Industry
Links	NDP, MTSF, Skills Development Act, and White Paper
Strategic Outcome 4	Improved responsiveness of CET College system
Outcome Statement	To effectively increase accredited occupational programmes offered at CLCs by 31 March 2023
Baseline	Unaccredited skills programmes like sewing, baking, computers, etc
Justification	To increase employability and uptake of entrepreneurial programmes
Links	NDP, MTSF and White Paper, Seta SSPs,
Strategic Outcome 5	Excellent business operations within the CET College
Outcome Statement	Continuous improvement and effective maintenance of College records for students, staff, and finances are well kept
Baseline	2 record systems
Justification	Compliance with relevant legislation
Links	DHET Strategic plan and APP

5. LEGISLATIVE AND OTHER MANDATES

5.1. Legislative Framework:

In terms of Sections, 25(3) and 25(4) of the Continuing Education and Training Act, No. 16 of 2006 (as amended), Community Education and Training Colleges are required to prepare Annual Financial Statements and to comply with all relevant reporting requirements established by the Department of Higher Education and Training.

Section 44 (2) of the Continuing Education and Training Act, further provides that a Public College must prepare and submit to the Minister an Annual Report in respect of its performance and its use of available resources.

Additionally, the relevant policy documents that influence the provision of programmes in the sector are listed below:

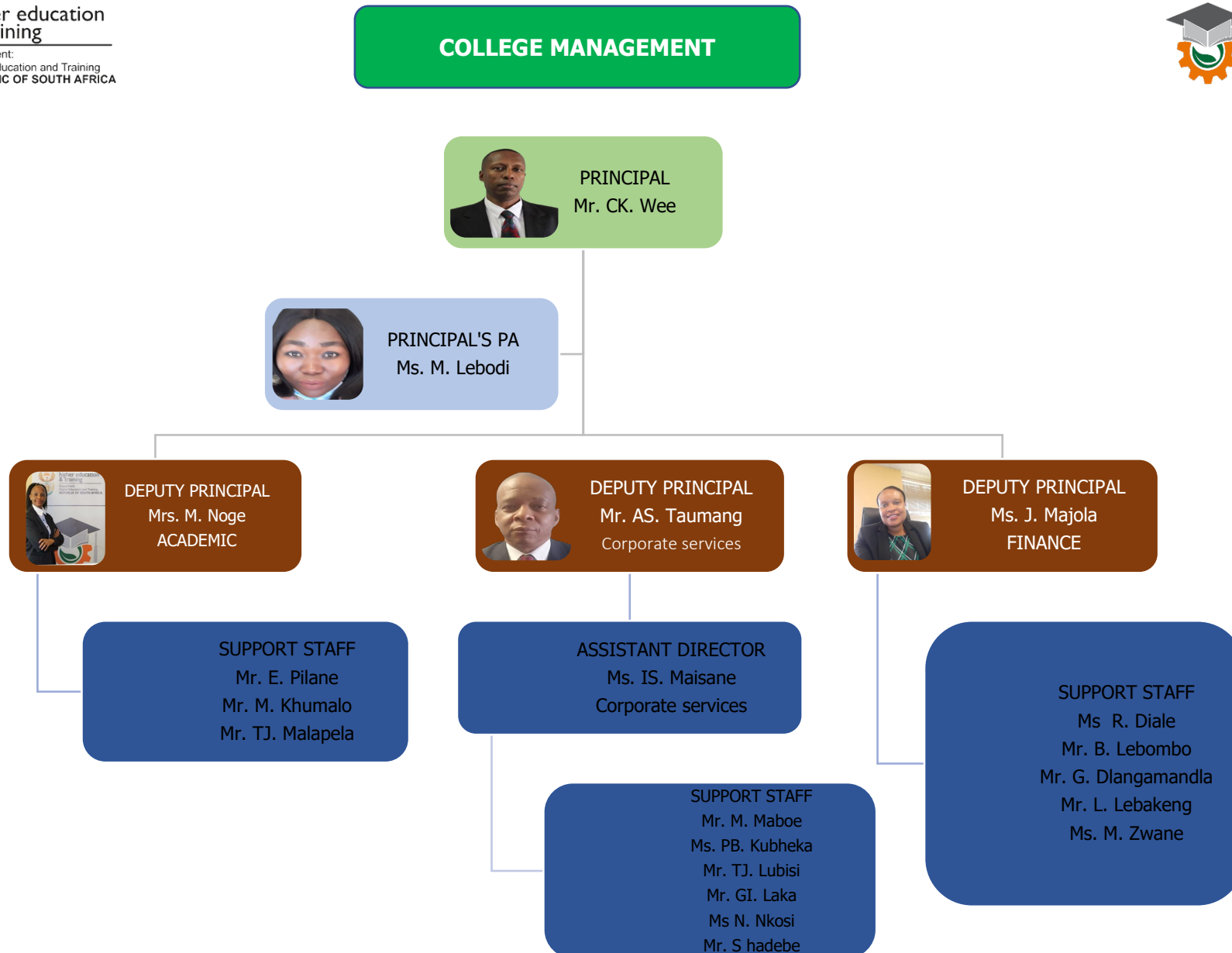
- *Constitution of South Africa 1996.*
- *Higher Education Act 1997.*
- *White Paper for Post-School Education and Training (PSET) 2014.*
- *The Continuing Education and Training Act, 2006 (Act No. 16 of 2006) is the legislation underpinning the provision of Community Education and Training Colleges and Community Learning Centres (CLCs). The Act replaces the Adult Education and Training Act, No. 52 of 2000.*
- *National Qualifications Framework Act 2008.*
- *Examinations and Assessment Policies.*
- *Human Resource Development Council.*
- *Public Finance Management Act, 1999.*
- *National Norms and Standards for Funding Community Education and Training Colleges, 2015.*
- *National Development Plan 2030.*
- *The Medium-Term Expenditure Framework (2014 – 2020).*
- *Department of Higher Education and Training (DHET) Strategic Plan and Annual Performance Plan.*
- *Industrial Policy Action Plan.*
- *Gauteng Strategic Plan 2014-2020.*
- *Municipal Systems Act, 2000.*
- *Gauteng Metropolitans and Municipals Integrated Development Plans 2016/2021.*
- *Gauteng Youth Employment Strategy (2013 – 2030).*
- *Labour Relations Act 66/1995 as amended.*
- *SETA Grant Regulations; and*
- *National Skills Development Strategy.*

5.2. Annual Cycle of Reporting Cycle

The Annual Report of the Community Colleges must be submitted to the Department of Higher Education on the last day of September the following year. These reports, referred to in Sections 25 and 44 of the CET Colleges Act, must include:

- *A report on the overall management and governance of the College.*
- *A report on its overall performance and use of available resources.*
- *A duly audited Annual Financial statements; and*
- *Any additional information is required by the DHET and the Minister in terms of the Act.*

6. High-Level Organisational Structure



EKURHULENI CLUSTER

Centre Managers



AARON MOETI CLC
Mr. Musa Sidzumo



DAVEYTON CLC
Ms. Zandile Nyembe



DUDUZA CLC
Ms. Nombuyiselo Lephuthing



KWA-THEMA CLC
Ms. Lindiwe Sondiyazi



KWAZINI CLC
Mr. Evans Mavuso



ST ANTHONY'S CLC
Ms. Sefora Mashaba



TEMBISA CLC
Mr T. Mokaonyana



THOKOZA CLC
Mr. J. Vilakazi



THUTOMFUNDO CLC
Mr. Daniel Ramaoka



TSAKANE CLC
Ms. Dinah Diphoko



VUNANIMFUNDO CLC
Mr. Ephraim Sekhala



WATTVILLE CLC
Mr. Christopher Lebopa



JOHANNESBURG CLUSTER

Centre Managers



21 BATTALION CLC
Mr. Emanuel Kayizzi



ALEXANDRA CLC
Ms. Marriam Kau



CHIAWELO CLC
Ms. Shandukani Davhana



CITY DEEP CLC
Mr. Edwin Shabalala



DIEPKLOOF CLC
Mr. Lucky Maroga



ED MAFOLE CLC
Ms. Maggy Ngwenya



FOURWAYS CLC
Mr. Amos Modiselle



IVORY PARK CLC
Mr. Reuben Maila



JOSIAH KHUMALO CLC
Mr. Bhekisisa Sithole



MORAKAPULA CLC
Ms. Eva Ndobe



PETER LENGENE CLC
Mr. Martin Madisha



PQ VUNDLA CLC
Ms. Manono Buthelezi



SETLAKALANE CLC
Ms. Beauty Nzama



SYDNEY MASEKO CLC
Mr. Sabelo Mkhonza

GAUTENG CET COLLEGE

SEDIBENG CLUSTER

Centre Managers



SEBOKENG CLC
Ms. M. Rachael Raluombe



SHARPEVILLE CLC
Ms. Mapule Phale

WEST RAND CLUSTER



BEKKERSDAL CLC
Ms Ethel Nkhomi



KAGISO CLC
Mr. Nkgopoleng Musholombi



KHUTSONG CLC
Mr. Sekorpele Moleko



WEDELA CLC
Ms. Aletta Dlamini

TSHWANE CLUSTER

Centre Managers



BETHSAIDAY CLC
Mr. Moses Makanatlang



DWT NTHATE CLC
Mr. Victor Makakaba



GAEGOLELWE CLC
Ms. Finkie Kekama



GAEROBE CLC
Ms. Sarah Maodi



HAMMANSKRAAL CLC
Mr. Jeremiah Letsoalo



HOLLY TRINITY CLC
Ms. Linda Mmekwa



MAMELODI CLC
Mr. Mthunzi Fipaza



MOEPATHUTSE CLC
Ms. Phuthi Malesa



PRETORIA CENTRAL CLC
Mr. Lucas Chauke



RENEILWE CLC
Ms. Nelly Madonsela



TAAMANE CLC
Ms. Caroline Mphelo



VICTORY CLC
Mr. John Mokoane

PART B: PERFORMANCE INFORMATION

1. College Performance and Organisational Environment:

The College's Central Administrative hub manages forty-seven (47) Community Learning Centres (CLCs) within three (3) Metropolitan cities (Ekurhuleni, Tshwane, and Johannesburg) and two (2) District Municipalities (Sedibeng and West Rand).

The geographical spread of the Community Learning Centres assist and enable the Centres to align their Centre operational plans to their respective Municipalities' Integrated Development plans in support of the Growing Gauteng Together initiatives. This arrangement provided the Centres with the opportunity to offer a reasonable Programme Qualification Mix (PQM) to a diverse population in their region and leverage opportunities for collaborations and possible funding. The geographical footprint incorporates some of the most marginalized and poor communities in the Gauteng Province. An analysis of the 2022 academic performance indicators shows that the College achieved some performance targets and acknowledges that there are areas of great concern that need immediate attention.

2. Performance Reporting:

2.1. Significant Achievements during the 2022 Academic year:

The College managed to forge partnerships with twenty one (21) stakeholders and the majority are Setas. The most notable is that Setas have provided funding in more than one occasion for capacity building of lecturers, training of students and acquisition of equipment.

The College Management have facilitated for the first time the implementation of Integrated Quality Management System to a total number of one thousand six hundred and forty eight (1648) lecturers with the primary purpose of improving accountability for teaching and learning.

2.2. Annual Performance Achievements:

OUTCOME OBJECTIVES	OUTCOME INDICATORS	2022 Target	2022 Achieved	EXPLANATORY REMARKS
	Total number of students enrolled in 2022	76 722	57 599	Target not achieved due to low intake in AET level 1 – 3. Outreach and advocacy programmes will be strengthened through the marketing unit.
1. To expand access to 122 875 students with a pass rate of 50% in full GETC qualification and focus on raising the learning base to intermediate formal qualifications, community skills programmers, vocational and occupational community-based programmes, and part qualifications by March 2022	AET Level 1-4(31%)	39 589	11 945	Outreach and advocacy programmes were not implemented adequately. The current strategy will be improved
	NQF Level 4(59%)	17 569	44 976	Target achieved and has been exceeded by 61%
	Occupations (5%)	7 672	158	Outreach and advocacy programmes were not implemented adequately. The current strategy will be improved
	Entrepreneurship (5%)	7672	0	The Academic Division is liaising with other stakeholders like TVET Colleges, Setas for support in order to commence with the Programme
	Non-Formal	4220	520	The Target not achieved. The current strategy will be improved and implemented
	Equity targets: Women (60%) SNE (2%)	46 033 1 535	34 559 45	75% of the student women population achieved
	African (93%) Indian (2%) Coloured (4%) Whites (1%)	71 352 1 534 3 069 767	53 567 1 152 2 304 576	More interventions are needed to improve enrolments in our Coloured, Indian and White communities

2. To provide appropriate LTSM to students for fundamentals and lecturers guides, and stationery packs for students for the effective delivery of the curriculum by March 2022	% of success rate in AET Level 1-3 by 31 March 2023	83%	73%	Target not achieved. There is a decline of 10%. More interventions are needed to improve the success rate.
	% of certification rate In GETC by 31 March 2023	55%	67%	Target achieved and has been exceeded by 12%.
	% of success rate NQF Level 4 by end of 31 March 2023	64%		No data received from GDE to do analysis
	The % success rate of students exiting Occupations	52%	87%	Target achieved and has been exceeded by 35%.
	The % Success rate of Entrepreneurship	41%	0	The Programme was not implemented in 2022
	Number of MoA's signed for Infrastructure utilization	10	15	Exceeded the target by 5 MoAs
	Number of Centres and Satellites monitored for functionality	47	47	Achieved. Support provided by regional officials
3. Improved quality of provision CET Colleges	The number for lecturers trained on underperforming learning areas and subject by 31 March 2023.	250	250	Achieved. All lecturers trained
	Number of Centres on pilot concept by end 31 March 2023	12	19	Achieved. Implementation plan in place and monitored monthly.
	Number of Centres on pilot concept for Maths and science by 31 March 2023	2	2	Achieved. Funding for training offered by ETDP Seta.
	The number of accredited CLC by March 2023	2	13	Programme accreditation achieved at DWT Nthate, City Deep, Wattville, Thutomfundo, 21 Battalion (Main Centre), 21 Battalion (St Charles), Tembisa, Kwazini, Sydney Maseko, Bethsaida, Kwa-Thema, Sharpeville, Mamelodi CLCs
	The number of Pilot Centres using blended learning mode by 31 March 2023	4	0	It has been challenging to introduce blended learning because of lack of internet connectivity infrastructure. The situation will change after implementing Wholesale and Retail Seta project.
	The number of students receiving learning and teaching support material by 31 March 2023	36380	36380	Achieved. All learning material provided as planned.
	The number of lecturers receiving learning and teaching support materials	250	250	Achieved. All teaching support material provided as planned
	The number of students receiving student support services	76 722	57 599	Achieved 75%. Student and Community Support Services coordinated activities at every Community Learning Centre
	Provide capacity building for students' leadership to members of the SRC	12	12	Achieved. Training provided as planned

	Provide leadership and institutional governance programmes for College management (4)	4	4	Achieved. Training provided through Infomage
	Centre management (47)	47	47	Achieved. Training provided through Seta funding, ETDP Seta levy
	Members of Council (16) biannually	16	15	No formal training conducted except for DHET workshops and induction sessions.
	The percentage of 47 examination Centres complying with the standards for the conduct, administration, and management of examination	100%	100%	Target Achieved.
	Report on the teaching and learning improvement plans (CSIP)	2	2	Centre Academic Support Improvement plans implemented
4. Improved responsiveness of CET College system	Four (4) new occupational programmes are offered at 12 pilots CLCs	4	4	Achieved. A combination of accredited and non-accredited programmes offered
5. Excellent business operations within the CET College	Number of Proper record Management systems development	3	3	Achieved. The Financial Management system, HR global scanning system and payroll system are in place
	Revised SCM policy implemented	1	1	Target achieved
	Improved financial audit reporting	1	1	Target achieved
	ICT for CLCs implemented	12	19	Target achieved, 6 x ICT labs completed under W & R Seta, 13 x ICT labs completed under Ecolab
	Develop HR and HRD policies	2	2	Target Achieved

2.3. College Achievement against Expected outcomes:

An analysis of the 2022 academic performance indicators shows that the College achieved some performance targets and acknowledges that there are areas of great concern that need immediate attention.

Of the 35 targets set for 2022, 23 have been achieved. However, an achievement on the critical targets such as equity, AET levels 1-3, occupational skills, entrepreneurship, non-formal courses are problematic. The College has analyzed the situation and encouraged Centre Managers to introduce more short courses such as food gardening. The Centre Managers are involved in planning sessions and the development of the Centre Operational Plans so that they understand the importance of target setting for their Centres. The Academic Unit has analyzed the results and trends and in doing so has identified various gaps which will drive the implementation of intervention programmes together with Student and Community Support Servicers (SCSS) officers that are stationed at Centres.

2.4. Strategy to deal with underperformance:

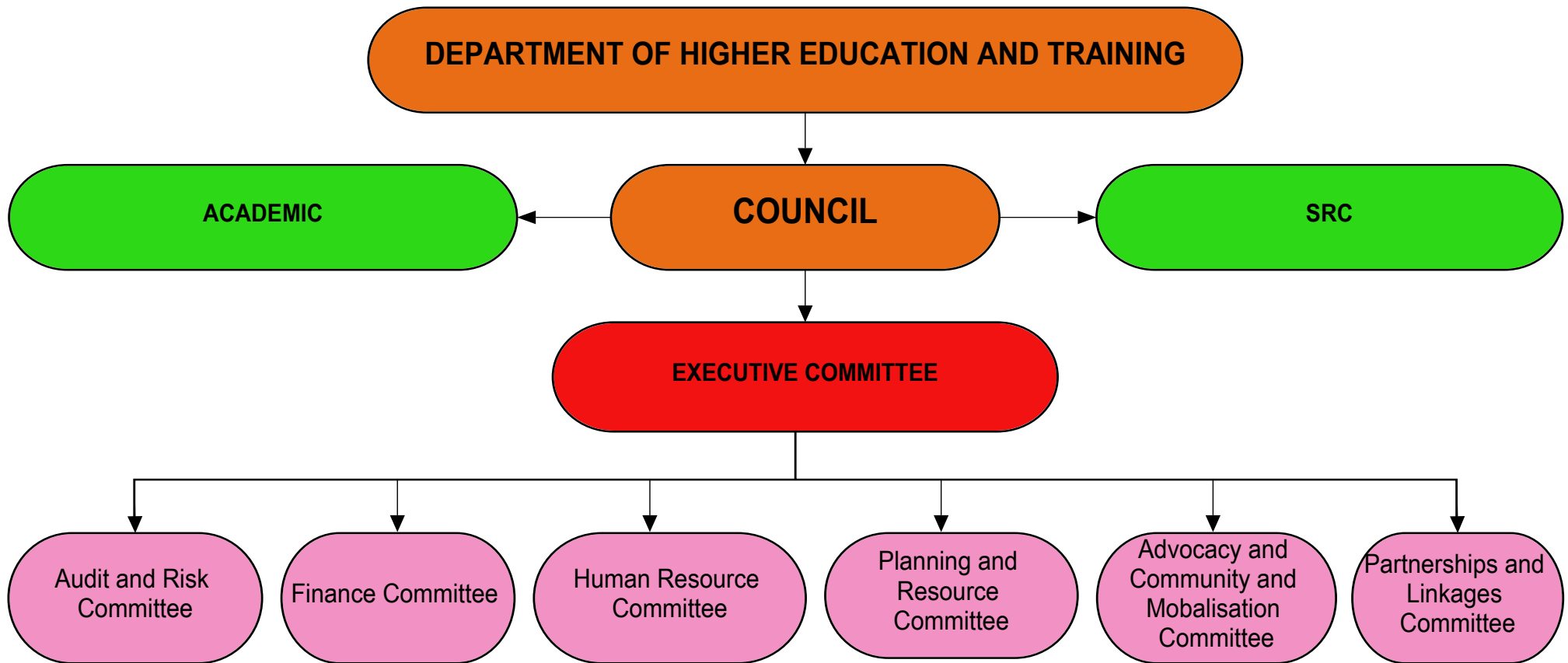
The College will develop standard operating procedures within the key operational units and Community Learning Centres. All relevant procedures must be communicated with our internal stakeholders to improve quality delivery in terms of administration and compliance. The College must engage different platforms to reach out to stakeholders in order to improve communication. To improve the overall student performance, we have embarked on a strategy to ensure each CLC has and understands its own targets and how it will contribute towards the overall Gauteng CET College targets. There is an attempt by the College Student Data Unit to centralize and coordinate capturing of enrolment forms at Central office. The Centre Administrative Assistance receive support in real-time and ensure immediate submission and timeous corrections. The main objective of the Centers is to develop a culture of teaching and learning which will stimulate academic performance. Our expectation is that there will be further improvements when the electronic enrollment system is implemented at all Centers and attendance will be monitored electronically.

PART C: GOVERNANCE

1. Constitution of the College Council and Governance structures:

The College Council is constituted in terms of the provisions of the Continuing Education and Training Act, 16 of 2006 as amended. This structure is also governed by the corporate governance principles that are embodied in various DHET legislative frameworks. The Council established the following Sub – Committees in 2022:

Figure 1: Governance Structures:



THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURE:



CHAIRPERSON
Dr. PM. Manota



DEPUTY CHAIRPERSON
Ms. L. Mabunda



MEMBER
Mr. G. Ngonyama



MEMBER
Ms. GJ. Mashabela



MEMBER
Mr. M. Matlala



MEMBER
Mr. P. Buthelezi



MEMBER
Ms. S. Ngubane



MEMBER
Prof. W. Matli



MEMBER
Mr. S. Gouden



PRINCIPAL
Mr. Ck. Wee

2. College performance in terms of strategic objectives:

The enrolment target is a key indicator of the achievement of strategic objectives. It is used for funding allocation of Colleges and post provisioning. The enrolment target for the College in 2022 was 76 722 and the College has achieved 57 599 enrolments. The Department had revised the targets downwardly for all CET Colleges after submissions were made by Colleges explaining the challenges experienced by not meeting the targets due to lack of infrastructure, academic staff, and support staff.

3. Risk Management:

In 2022, the position of the internal auditor was filled, and many potential risks were minimised in terms of managing the College's financial matters effectively. A risk register was developed, and key risk areas were identified. Some risk areas were effectively controlled whilst the College has still some concerns in the Supply Chain Management unit. The Audit and Risk Committee has been established. This Committee is responsible for developing the risk policy and risk register and advising Council on how to mitigate the risk elements.

4. Table 1: College Council Composition:

The following members proudly served on the Gauteng CET College Council during the 2022 academic year:

No	Title	Initials	Surname	Appointment	Designation
1	Dr	PM	Manota	Ministerial Appointment	Council Chairperson
2	Ms	L	Mabunda	Ministerial Appointment	Deputy Chairperson
3	Ms	J	Mashabela	Ministerial Appointment	External Member
4	Dr	W	Matli	Ministerial Appointment	External Member
5	Mr	S	Gounden	Ministerial Appointment	External Member
6	Mr	G	Ngonyama	Additional Appointment	External Member
7	Mr	P	Buthelezi	Additional Appointment	External Member
8	Mr	M	Nomngqokwana	Additional Appointment	Lecturer Representative
9	Mr	CK	Wee	Internal Member	Principal
10	Ms	S	Ngubane	Internal Member	External Member
11	Mr	O	Mabuya	Internal Member	Academic Representative
12	Ms	M	Matlala	Internal Member	Support Staff Representative
13	Mr	R	Zondo	Additional Appointment	External Member

The Deputy Principals attended Council meetings as ex-officio members and had no voting rights. They supported the Principal with reporting and addressing key management issues.

The Council met on four occasions during the period under review. The Council's role, assisted by the committees of the Council, is to:

- *Effectively discharge its fiduciary duties*
- *Monitor organisation performance of the College*
- *Monitor the governance and financial management of the College*
- *Monitor compliance with relevant legislation and policies*

4.1. Table 2: Executive Committee (EXCO):

Title	Initials	Surname	Appointment	Designation
Dr	PM	Manota	Ministerial	Chairperson
Ms	L	Mabunda	Ministerial	Deputy Chairperson
Mr	CK	Wee	Internal	Principal
Mr	G	Ngonyama	Additional Appointment	External
Ms	S	Ngubane	Additional Appointment	External
Mr	LP	Buthelezi	Additional Appointment	External
Ms	J	Mashabela	Ministerial	External

The committee is functional and meets regularly in line with the approved council management meeting plan. It serves as an executive body of the Council and assumes the authority of the College Council when the Council is not in session. It also receives and considers recommendations of Council committees for approval. It coordinates the functioning of committees and structures of the College and monitors their activities.

4.2. Table 3: Audit and Risk Committee & Information Communication and Technology:

Title	Initials	Surname	Appointment	Designation
Mr	G	Ngonyama	Additional Appointment	Chairperson
Ms	AH	Legodi	Additional Appointment	External
Dr	W	Matli	Ministerial	External
Mr	CK	Wee	Internal	Principal
Mr	S	Gounden	Ministerial	External
Mr	LP	Buthelezi	Additional Appointment	External
Mr	M	Nomggokwana	Internal	Lecturer
Ms	J	Majola	Internal	Deputy Principal - Finance
Ms	L	Matswane	Internal	Internal Auditor
Mr	AS	Taumang	Internal	Deputy Principal - Corporate
Ms	M	Noge	Internal	Deputy Principal - Academic
Mr	M	Khumalo	Internal	Academic Board

The Audit & Risk Committee met four times during the year and among other items, the Committee focused on reviewing the effectiveness of the internal control systems which included ensuring that management was effectively overseeing the College's risks. The main focus was placed on the top 10 strategic risks as identified in the Risk Register. The Committee recommended the appointment of an external auditor; Tic & Mend to Council and held meetings with them when necessary.

The Committee played its role in overseeing the external audit process which span over a couple of years. In addition, the Committee was able to review the appropriateness of the accounting policies and the assumptions made by Management in preparing the financial statements.

4.3. Table 4: Finance Committee (Fincom):

Title	Initials	Surname	Appointment	Designation
Mr	P	Buthelezi	Additional Appointment	Chairperson
Dr	PM	Manota	Ministerial	Council Chairperson
Mr	O	Mabuya	Additional Appointment	Academic Board
Mr	CK	Wee	Internal	Principal
Mr	M	Nomggokwana	Internal	Lecturer
Mr	M	Matlala	Internal	Support Staff
Ms	J	Majola	Internal	Deputy Principal - Finance

The Finance Committee evaluates and makes recommendations to the College Council in respect of the budget, cash flow, and financial statements of the College. It has an overall responsibility for the review of the appropriateness and applicability of financial policies and recommends suitable changes to Council. Fincom recommends the College budget to the Council, including deviations, and quarterly revisions whilst ensuring that the outputs to be delivered are specific and consistent with the desired outcomes.

4.4. Table 5: Human Resource Committee:

Title	Initials	Surname	Appointment	Designation
Ms	S	Ngubane	Additional Appointment	Chairperson
Mr	S	Gounden	Ministerial	External
Mr	G	Ngonyama	Additional Appointment	External
Mr	AS	Taumang	Internal	Deputy Principal - Corporate
Mr	CK	Wee	Internal	Principal
Mr	M	Matlala	Internal	Support Staff

The committee is functional and constituted in terms of the CET Act 16 of 2006 as amended. It advises the Council in the determination of the condition of service of employees, and it also formulates Human Resource policies and disciplinary provisions including oversight role and compliance to Governance matters. Furthermore, it makes recommendations to Council on any matters relating to human capital and assists College Management to develop consistent, fair, and impartial strategies, policies, and procedures to attract, motivate and retain talented people.

4.5. Table 6: Planning and Resource Committee (PLANCO):

Title	Initials	Surname	Appointment	Designation
Ms	S	Ngubane	Ministerial	Chairperson
Mr	CK	Wee	Internal	Principal
Mr	AS	Taumang	Internal	Deputy Principal - Corporate
Ms	J	Mashabela	Ministerial	Council Member
Dr	W	Matli	Ministerial	Council Member
Mr	M	Nomgqokwana	Internal	Lecturer
Ms	J	Majola	Internal	Deputy Principal - Finance
Ms	M	Noge	Internal	Deputy Principal - Academic
Mr	TG	Kganane	Internal	Member

The committee is functional and has been constituted as per the College's statutes and meetings were held regularly as per Council Management Plan. PLANCO assisted in the facilitation of the development of the College's Strategic Plan 2020-24, APP 2022/23, and Annual Report which were both submitted to DHET for compliance. The Committee managed to monitor and evaluate the Annual Performance Plan activities and reported progress and challenges to the EXCO Committee of Council.

4.6. Table 7: Advocacy and Community and Mobilisation Committee:

Title	Initials	Surname	Appointment	Designation
Ms	L	Mabunda	Additional Appointment	Chairperson
Ms	S	Ngubane	Additional	CA
Mr	CK	Wee	Internal	Principal
Mr	M	Matlala	Internal	Support Staff
Dr	PM	Manota	Ministerial	Council Chairperson
Mr	O	Mabuya	Internal	Academic Board
Ms	M	Khumalo	Internal	SRC (SCSS)
Ms	M	Noge	Internal	Deputy Principal - Academic
Mr	E	Pilane	Internal	Academic Board
Mr	AS	Taumang	Internal	Deputy Principal - Corporate
Mr	TG	Kganane	Internal	Member

The committee is functional and meets regularly in line with the approved council management meeting plan. The committee submitted the first Advocacy and Community and Mobilisation Committee Charter for Community Colleges. The Charter has been submitted to the DHET and is being used by other CETs as a benchmark for matters related to the Advocacy and Community and Mobilisation Committee.

4.7. Table 8: Partnerships and Linkages Committee:

Title	Initials	Surname	Appointment	Designation
Mrs	J	Mashabela	Ministerial	Chairperson
Mr	S	Ngonyama	Internal	CA
Mr	LP	Buthelezi	Ministerial	CA
Mr	CK	Wee	Internal	Principal
Mr	AS	Taumang	Internal	Deputy Principal - Corporate
Mr	O	Mabuya	Internal	Academic Board
Mr	M	Khumalo	Internal	Academic Board

The Partnerships and Linkages Committee was established to support and address key strategic objectives in terms of Public-Private Partnerships and collaboration with all relevant stakeholders and interest groups. The College managed to forge 21 partnerships mostly with Sector Education and Training Authorities (SETAs) in various skills training during the year under review.

4.8. Table 9: Academic Board Members:

NO	Title	Initials	Surname	Appointment	Designation
1	Mr	CK	Wee	Internal	Principal
2	Ms	M	Noge	Internal	Deputy Principal: Academic
3	Ms	L	Mabunda	Ministerial	Council Member
4	Dr	W	Matli	Ministerial	Council Member
5	Mr	V	Makakaba	Internal	Acting Centre Manager
6	Ms	S	Maodi	Internal	Acting Centre Manager
7	Ms	B	Nzama	Internal	Acting Centre Manager
8	Ms	M	Rakgatlha	Internal	Regional Official
9	Mr	S	Dlamini	Additional Appointed	Member
10	Mr	D	Nsibande	Additional Appointed	Member
11	Ms	NL	Moatshe	Additional Appointed	Member
12	Mr	TO	Mabuya	Additional Appointed	Council Member
13	Ms	BB	Baleni	Additional Appointed	Member
14	Ms	S	Mhlongo	Additional Appointed	Member
15	Mr	E	Pilane	Internal	Centre Manager
16	Mr	M	Khumalo	Internal	Project Manager
17	Mr	F	Mangwiro	Internal	Subject Coordinator
18	Mr	M	Legodi	Internal	Lecturer
19	Ms	N	Mlangeni	Internal	Academic Board
20	Ms	L	Moholo	Internal	Academic Board
21	Ms	N	Tshabalala	Internal	Academic Board
22	Ms	L	Moholo	Internal	SRC
23	Ms	N	Tshabalala	Internal	SRC
24	Ms	N	Mlangeni	Internal	SRC
25	Mr	U	Radebe	Internal	SRC

4.9. Table 10: Student Representative Council:

Title	Name	Surname	Appointment	Designation
Ms	Amanda	Magopane	Internal	SRC President
Ms	Nobuhle	Sibeko	Internal	Deputy President
Ms	Celiwe	Mcunu	Internal	Secretary
Mr	Guriel	Oliphant	Internal	Deputy Secretary
Ms	Nosipho	Mtshali	Internal	Treasurer
Ms	Zinhle	Mazibuko	Internal	Sports, Arts, and Culture
Ms	Motsweding	Khumalo	Internal	Student Support
Ms	Lesego	Moholo	Internal	Academic Board
Ms	Nokukhanya	Tshabalala	Internal	Academic Board
Ms	Ntokozi	Mlangeni	Internal	Academic Board
Ms	Unathi	Radebe	Internal	Additional Member
Ms	Boitumelo	Litabe	Internal	Additional Member
Ms	Meisie	Moletsane	Internal	Additional Member
Mr	Thabang	Shikwe	Internal	Additional Member
Ms	Minnie	Kutluano	Internal	Additional Member

Academic Services (SCSS) played a very important role in Student Support Services. To ensure that College students thrive, 4 lecturers were identified in each Centre. Each lecturer was assigned to coordinate one (1) pillar out of the four (4) pillars of support;

1. College Entry Support,
2. Teaching, Learning, Development & Wellness Support,
3. Inclusive Support
4. Community Linkages & Exit Support

These lecturers were tasked with the coordination of student support services activities. A handbook was developed with the aim of standardising SCSS activities in all 47 Centres and their respective satellites. 94 lecturers and ten regional curriculum officials were trained on the handbook. A multi-disciplinary approach to offering student support is key for students. It is through their success that we all succeed, and the country will also thrive. A five-year student support services plan is in place.

The 2022 SRC was elected as per the SRC Constitution, and the election process was facilitated by the Provincial Independent Electoral Commission. The process was robust but democratic. Each Community Learning Centre elects its own SRC representatives as guided by the SRC Constitution. The SRC comprised of 15 members who were inducted towards the end of February 2022. The induction included training with respect to the roles and responsibilities of the members.

4.10. Achievements-Special Needs:

- Provided assistive devices (Braille Machines, talking calculators) to visually impaired students in three (3) CLCs
- Training of SCSS Lecturers on Braille Volume 1 and 2.
- Mental Health for SCSS Lecturers.
- Appointment of a Blind Braille facilitator and teacher at Wattville CLC.
- Appointment of four (4) Sign Language interpreters in four (4) CLCs in three (3) clusters.
- 6 Scribes appointed for May/June examinations for visually impaired and physically impaired students. (Pretoria Central, Diepkloof, Thokoza and Tembisa)

PART D: FINANCIAL INFORMATION

1. Council Responsibility and Approval:

- The Council is required by the CET Act to maintain adequate accounting records and is responsible for the content and integrity of these financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that these financial statements fairly present the state of affairs of the College at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the Generally Recognised Accounting Practices (GRAP).
- External Auditors were engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records, related data, and relevant parties.
- These financial statements have been prepared in accordance with the Standards of GRAP including any interpretations, guidelines, and directives issued by the ASB.
- These financial statements are based on appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgments and estimates.
- Council acknowledges that it is ultimately responsible for the system of internal financial control established by the College and places considerable importance on maintaining a strong control environment, which includes the safeguarding of assets and compliance with relevant legislation. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing risk in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting and other procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the College and employees and management are required to maintain the highest ethical standards in ensuring the College's business is conducted in a manner that in all reasonable circumstances is above reproach.
- The focus of risk management in the College is on identifying, assessing, managing, and monitoring all known forms of risk across the College. While operating risk cannot be fully eliminated, the College endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.
- The Council accepts its responsibility to ensure that the College is managed in a responsible manner, considering the interest of all stakeholders, including the DHET, unions, employees, students, local communities, and creditors. Responsible management entails, inter alia, compliance with applicable statutory and regulatory requirements, including risk management.
- The Council is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements and that the financial statements are free from material misstatement, whether due to fraud or error. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.
- The Council has reviewed the College's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, it is satisfied that the College has, or has access to, adequate resources to continue in operational existence for the foreseeable future.
- The College is dependent on DHET for continued funding of operations in line with the annual DHET programme funding allocation. These financial statements are prepared on the basis that the College is a going concern and that DHET has neither the intention nor the need to liquidate or curtail materially the scale of the College's operations.
- External auditors are responsible for independently auditing and reporting on the College's financial statements and their report is presented with these financial statements.
- These financial statements set out on pages one to thirty were approved by the Council and were signed on its behalf by:

Signature:



Chairperson of the Council



Name of Chairperson/ Representative

2. Report of the Accounting Officer:

The College Management would like to express their gratitude towards the College Council and in particular Finance and Audit and Risk committees which played an important role in this area of Financial Management. The College has lost two key positions in the Finance Department. The Finance Manager and the Senior Financial Advisor. Although the replacement of a Financial Manager was concluded, unfortunately, that was not the case with the Senior Financial Advisor. The outlook for the traditional sources of revenue for the College in the next few years are likely to be constrained. Tuition revenue growth will continue to be limited by affordability pressures due to socio-economic conditions and unemployment. The College Management has considered increasing special projects as a third stream of revenue to mitigate the shortfall.

3. Report of the Audit Risk Committee:

The Audit and Risk Committee met four times during the year and among other matters, the Committee focused on reviewing the effectiveness of the internal control systems which included ensuring that Management was effectively oversee the College's risks. The main focus was placed on the top 10 strategic risks as identified in the Risk Register. The Committee not only recommended the appointment of an external auditor, Tic & Mend, to Council but held meetings with the external auditor, when necessary. The Chairperson of the Committee also held a meeting with the external auditor to discuss issues relating to fraud prevention and related matters.

The Committee played its role in overseeing the external audit process which spanned a couple of years. In addition, the Committee was able to review the appropriateness of the accounting policies and the assumptions made by Management in preparing the financial statement. Together with the external auditor and Management, the Committee reviewed the auditing concerns and findings identified as a result of the external audit.

4. Audited Annual Financial Statement for the year ended 31 December 2022

- 4.1. Report of the Auditor General
- 4.2. Statement of Financial Position as of 31 December 2022
- 4.3. Statement of Financial Performance
- 4.4. Statement of Changes in Net Assets
- 4.5. Cash Flow Statement
- 4.6. Accounting Policies
- 4.7. Note to the Financial Statement



GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Annual Financial Statements
for the year ended 31 December 2022

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2022
GENERAL INFORMATION

Controlling entity	Department of Higher Education and Training (DHET)
Financial Statements relate to	GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE (Individual entity and not group)
Domicile, legal form and jurisdiction	The College is a Community Education and Training College, constituted in terms of the Continuing Education and Training Act No. 16 of 2006, as amended (CET Act), and operates within the Republic of South Africa.
Nature of business and principal activities	To provide continuing education and training to registered students for all learning and training programmes leading to full qualifications or part qualifications at level 4 of the National Qualifications Framework as well as skills programmes as determined by the community.
Council members	Dr. PM Manota Ms. L Mabunda Ms. GJ Mashabela Dr. W Matli Dr. AH Legodi (Resigned 4 April 2022) Mr. G Ngonyama Mr. S Gounden Mr. PL Buthelezi Ms. SP Ngubane Mr. O Mabuza Mr. M Matlala Mr. N Nomgqokwana Ms. A Magopane 2022 SRC President
Principal	Mr C Wee
Deputy Principal: Finance	Ms J Majola
Deputy Principal: Academic	Ms MME Noge
Deputy Principal: Corporate Services	Mr AS Taumang
Registered office	100 Parkway Crownwood Office Park , Block B Ormonde Johannesburg 2091
Bankers	ABSA
Auditors	Bonakude Incorporated

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2022
INDEX

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

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Statement of Changes in Net Assets	10
Statement of Cash Flows	11
Accounting Policies	12 - 21
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ABBREVIATIONS

Auditor General of South Africa	AGSA
Accounting Standards Board	ASB
Department of Higher Education and Training	DHET
Generally Recognised Accounting Practice	GRAP
South African Revenue Services	SARS
Value Added Tax	VAT
CET Act No.16 of 2006, as amended	CET Act
National Skills Fund	NSF
Deputy Principal Finance	DPF
Sector Education and Training Authority	SETA
National Student Financial Aid Scheme	NSFAS

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2022
Council's Responsibilities and Approval

The council is required by the Continuing Education and Training Act No. 16 of 2006, as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of council to ensure that the financial statements fairly present the state of affairs of the College as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with GRAP. The external auditors were engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records, related data and relevant parties.

The financial statements have been prepared in accordance with the Standards of GRAP including any interpretations, guidelines and directives issued by the ASB and in the manner required by the Minister of Higher Education and Training.

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

Council acknowledges that it is ultimately responsible for the system of internal financial control established by the College and places considerable importance on maintaining a strong control environment, which includes the safeguarding of assets and compliance with relevant legislation. To enable the council to meet these responsibilities, the council sets standards for internal control aimed at reducing risk in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting and other procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the College and employees and management are required to maintain the highest ethical standards in ensuring the College's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the College is on identifying, assessing, managing and monitoring all known forms of risk across the College. While operating risk cannot be fully eliminated, the College endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The council accepts its responsibility to ensure that the College is managed in a responsible manner, considering the interest of all stakeholders, including the DHET, unions, employees, students, local communities and creditors. Responsible management entails, inter alia, compliance with applicable statutory and regulatory requirements, including risk management.

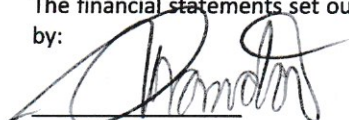
The council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements and that the financial statements are free from material misstatement, whether due to fraud or error. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The council has reviewed the College's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, it is satisfied that the College has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

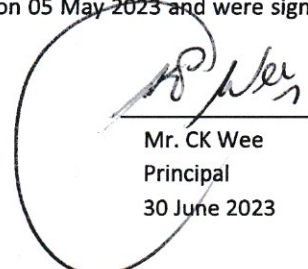
The College is dependent on the DHET for continued funding of operations in line with the annual DHET programme funding allocation. The financial statements are prepared on the basis that the College is a going concern and that the DHET has neither the intention nor the need to liquidate or curtail materially the scale of the College's operations.

The external auditors are responsible for independently auditing and reporting on the College's financial statements and their report is presented with these financial statements.

The financial statements set out on page 4 to 31 were approved by the council on 05 May 2023 and were signed on its behalf by:



Dr PM Manota
Chairperson of the Council
30 June 2023



Mr. CK Wee
Principal
30 June 2023

Report of the independent auditor to the Council on Gauteng Community Education and Training College

Report on the audit of the financial statements

Qualified opinion

1. We have audited the financial statements of the Gauteng Community Education and Training College set out on pages 1 to 35 which comprise the statement of financial position as at 31 December 2022, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the College as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice and the requirements of the Continuing Education and Training Act of South Africa 16 of 2006 (CET Act).

Basis for qualified opinion

Tuition and related fees

3. The college did not recognise tuition and related fees on accrual basis as required by GRAP 9, *Revenue from exchange transactions*. Tuition fees were recognised on cash basis using deposit slips from students and debtors are not accrued for. In addition, we were unable to obtain sufficient appropriate audit evidence for tuition and related fees to determine the full extent of the misstatement due to the status of record keeping. We could not confirm this by alternative means. We were unable to determine the full extent of the understatement of tuition and related fees, stated at R15 213 507 (2021:13 505 661) in note 9 to the financial statements, and related receivable from exchange transactions, stated at R11 651 564 (2021: 2 626 167) in note 4 to the financial statements, as it was impracticable to do so.

Property, plant and equipment

4. Adequate systems were not in place to record assets in accordance with GRAP 17, *Property plant and equipment*. Assets were not recorded in the current and previous years, and assets could not be located during the asset verification process. We were unable to confirm these assets by alternative means.
5. In addition, an assessment was not performed at the end of the financial year of whether there were indications that the college's expectations about the residual values and the useful lives of any items of property, plant and equipment have changed since the preceding period, in accordance with GRAP 17, *Property plant and equipment*. Consequently, we were unable to determine whether any adjustment was necessary to property, plant and equipment, stated at R20 812 786 (2021: R22 284 985) in note 6 to the financial statements.

Context for the opinion

6. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
7. We are independent of the college in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to our audit in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

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

Restatement of corresponding figures

10. As disclosed in note 32 to the financial statements, the corresponding figures for 2021 were materially restated as a result of errors in the financial statements of the college at, and for the year ended, 31 December 2022.

Responsibilities of the council for the financial statements

11. The council is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP Standard and the requirements of the CET Act; and for such internal control as the council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the council is responsible for assessing the college's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the college or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

15. The college is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is not required in terms of the entity's specific legislation.

Report on the audit of compliance with legislation

Introduction and scope

16. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The council is responsible for the college's compliance with legislation.

17. We performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
18. Through an established processes, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of college, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
19. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Financial statements

20. The financial statements submitted for auditing were not supported by complete accounting records and prepared in accordance with the SA Standards of GRAP, as required by section 25(1)(b) and 25(3) of the CET Act. Material misstatements identified by the auditors in the submitted financial statements on non-current assets and revenue because of supporting documents that could not be provided resulted in the financial statements receiving a qualified opinion.

Other information in the annual report

21. The council is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.
22. Our opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and we do not express an audit opinion or any form of assurance conclusion on it.
23. Our responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

25. We considered internal control relevant to our audit of the financial statements and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
26. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material finding on compliance with legislation included in this report.
27. Daily, monthly, and annual reporting processes were not undertaken and overseen in a diligent and systematic manner to enable the effective and efficient reconciliation of recorded amounts to underlying records. As a result, preventative internal controls were either not appropriately designed, were missing or were not implemented at all.



.....
Ziphonke Mdluli
Director
Registered Auditor

Date: 30 June 2023

16 Culross Road
Bryanston
Sandton
2191

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2022
Statement of Financial Position as at 31 December 2022

	Note	2022 R	2021 Restated R
ASSETS			
Current assets		53,421,392	45,548,041
Cash and cash equivalents	3	31,946,849	29,903,874
Trade and other receivables from exchange transactions	4	7,785,543	2,626,167
Receivables from non-exchange transactions, including transfers	5	13,689,000	13,018,000
Non-current assets		20,848,166	22,317,198
Property, plant and equipment	6	20,812,786	22,284,985
Intangible assets	7	35,380	32,213
Total assets		74,269,558	67,865,239
LIABILITIES			
Current liabilities		6,390,090	4,084,153
Trade and other payables from exchange transactions	8	6,389,407	4,081,628
Bank overdraft	3	683	2,525
Total liabilities		6,390,090	4,084,153
Net assets		67,879,468	63,781,086
Accumulated surplus		67,879,468	63,781,086
Total net assets and liabilities		74,269,558	67,865,239

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2022
Statement of Financial Performance

	Note	2022 R	2021 Restated R
Revenue			
Revenue from exchange transactions		28,680,452	20,586,676
Tuition and related fees	9	15,213,507	13,505,661
Other transfers and sponsorships	10	12,238,527	5,525,367
Rental of facilities and equipment	11	674,369	1,011,945
Investment income	12	554,049	543,703
Revenue from non-exchange transactions		581,497,308	562,949,681
Transfers	13	581,497,308	562,948,255
Public contributions and donations	14	-	1,426
Total revenue		610,177,760	583,536,357
Expenses			
Employee related costs and DHET management fee	15	(549,089,142)	(532,860,079)
Impairment of debtors	16	(3,866,021)	-
Depreciation and amortisation	17	(4,938,016)	(4,147,175)
Cleaning		(1,628,265)	(1,189,924)
Books and learning materials	18	(4,598,975)	(2,911,957)
Student support services		(850,562)	(551,352)
Repairs and maintenance	19	(1,576,132)	(2,122,528)
Operating lease expense	20	(11,178,530)	(8,138,734)
Travel, accommodation and entertainment		(5,189,478)	(4,034,926)
Security		(413,869)	(85,036)
Professional fees	21	(364,358)	(924,047)
External audit fees		(250,500)	(262,800)
Municipal services		(3,879,804)	(3,490,741)
Telephone, postage, internet, network and communication costs		(842,682)	(845,875)
Staff development and training		(5,619,240)	(1,482,457)
Printing and stationery		(2,601,240)	(3,373,983)
Finance costs		-	(226)
Other expenses	22	(9,192,564)	(4,327,911)
Total expenses		(606,079,378)	(570,749,751)
Surplus/(Deficit) for the year		4,098,382	12,786,606

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2022
Statement of Changes in Net Assets

	Note	32	
		Accumulated Funds	Total: Net Assets
		Accumulated Surplus/ (Deficit)	
		R	R
Balance at 31 December 2020 as previously reported		51,116,051	51,116,051
Correction of errors	24.	(121,571)	(121,571)
Balance at 01 January 2021 as restated		50,994,480	50,994,480
Surplus for the year		12,786,606	12,786,606
As previously reported		13,093,365	13,093,365
Correction of errors	24.	(306,759)	(306,759)
Balance at 01 January 2022 as restated		63,781,086	63,781,086
Surplus for the year		4,098,382	4,098,382
Balance at 31 December 2022		67,879,468	67,879,468

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2022
Cash Flow Statement

	Note	2022 R	2021 Restated R
Cash flows from operating activities			
Receipts			
		74,326,055	64,262,935
Tuition and related fees		15,213,507	10,879,494
SETA project income		3,213,130	5,525,367
Rental of facilities and equipment		674,369	1,011,945
Interest		554,049	543,703
Government grants and subsidies		54,671,000	46,301,000
Public contributions and donations		-	1,426
Payments			
		(68,812,254)	(54,612,871)
Employee costs		(22,906,654)	(21,985,824)
Suppliers		(45,905,600)	(32,626,821)
Finance costs		-	(226)
Net cash flows from operating activities	23	5,513,801	9,650,064
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,438,984)	(5,997,080)
Purchase of intangible assets		(30,000)	-
Net cash flows from investing activities		(3,468,984)	(5,997,080)
Net increase in cash and cash equivalents			
		2,044,817	3,652,984
Cash and cash equivalents at the beginning of the year	3	29,901,349	26,248,365
Cash and cash equivalents at the end of the year		31,946,166	29,901,349

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

1. ACCOUNTING POLICIES

1.1 Presentation of Financial Statements and Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and in the manner prescribed by the Minister of Higher Education and Training in terms of the Continuing Education and Training Act No. 16 of 2006, as amended. The financial statements are presented in South African Rand.

These financial statements have been prepared using the accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an approved and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenue and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

1.2 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the College.

1.3 Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing financial statements. These judgements, estimates and assumptions affect the amounts presented in the financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements:

DHET management fee

The College's staff consists of two groups:

- i) Employees and management staff appointed on Persal
- ii) Employees appointed in the College payroll

The management and other staff who are stationed at a College (College's staff) and are paid through Persal are employed by DHET on DHET's Persal payroll. Therefore in terms of labour legislation they are DHET employees and not College employees. However, these employees are stationed permanently and exclusively at the College and are also subject to the governance and management oversight of the Council of the College and the intention is for the College to operate with relative autonomy. The employees are therefore substantively under the operational control of the College, with DHET performing and supporting certain HR related functions, e.g. administering the payroll and appointment, performance management, termination and disciplinary processes.

In terms of the CET Act and the Funding Norms for CET Colleges, the Colleges are funded (Programme Funding) based on their Full Time Equivalent (FTE) student numbers. Therefore, in terms of the CET Act and the Funding Norms, a College receives Programme Funding to enrol and train a certain number of students for the year and that Programme Funding accrues to the College in terms of the CET Act and the Funding Norms and the accrual is separate and independent from how the funds are distributed to the College. The full amount of allocated Programme Funding therefore has to be paid to the College by DHET, irrespective of how it is paid. DHET settles its liability for Programme Funding towards the College in part by paying the employment cost of the College employees employed by DHET, via Persal. The remaining liability towards the College is settled in cash.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

What happens, in layman's terms, is that DHET employs the College's management and other staff for it, performs certain HR related functions for the College and uses the College's funds to pay the salaries of the College staff in DHET's employment.

There is therefore a College expense (outflow of College economic resources) which has to be accounted for by a College and the questions that remain are how that expense should be classified and measured.

With respect to the classification, the nature of the expense is clearly related to employee cost, but is not classified as employee cost, because the College is not the employer in terms of labour and related legislation. The expense is therefore classified as a DHET management fee expense in the hands of a College. On the face of the Statement of Financial Performance, it is aggregated with the College's Employee cost expense and it is disclosed separately in the notes.

With respect to the measurement of the expense, DHET settles the liability for Programme Funding towards the College, by assuming an employee cost liability towards the College's employees employed by DHET and paid via Persal. The cost or value of the expense for the College is therefore the same as the amount by which the liability that DHET owes to the College decreases as a result of DHET assuming the employee cost liability towards the College employees. This is inclusive of all short and long term employee benefits, e.g. leave and bonus accruals, capped leave and long service awards.

The transactions and amounts are disclosed in note 15.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the College's accounting policies the following estimates, were made:

Debt impairment

The College assesses its financial assets for impairment at the end of each financial year. In determining whether an impairment loss should be recorded in surplus or deficit, the College makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment is considered first for individually significant financial assets and then calculated on a portfolio basis for individually insignificant financial assets, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to items in the portfolio and scaled to the estimated loss emergence period.

Refer to the respective notes for the carrying amounts of financial assets impaired.

Provisions

Provisions are measured at the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

Useful lives and residual values of assets; depreciation and amortisation

The College's management determines the estimated useful lives and residual values of all non-current, non-financial assets. These estimates are based on industry norms and then adjusted to be College specific. Management determines at reporting date whether there are any indications that the College's expectations of useful lives or residual values have changed from previous estimates. Where indications exist the expected useful lives or residual values are revised accordingly.

Depreciation and amortisation recognised on property, plant and equipment and intangible assets respectively are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the College's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets. Generally, depreciation is accrued over the useful lives of assets on a straight-line basis.

Refer to the respective notes for the carrying amounts of non-financial assets affected.

Contingent assets and liabilities

After their initial recognition contingent liabilities recognised are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28 .

1.4 Property, plant and equipment

Property, plant and equipment include:

Class	Useful Life Range in Years
Leasehold building improvements	20
Infrastructure	20
Vehicles	5
Furniture and fittings	6
Office equipment	6
Computer equipment	3
Educational equipment	6

Property, plant and equipment is initially measured at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

For property, plant and equipment acquired through exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary asset or assets, the cost is measured at fair value of the asset or assets given up. Where the fair value of the asset or assets given up is not reliably measurable, it is measured at the fair value of the asset or assets received. Where the fair value of neither the asset or assets given up, nor the asset or assets received is reliably measurable, its cost is measured at the carrying value of the asset(s) given up. Any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management is included in the measurement of cost. Trade discounts and rebates are deducted in arriving at the cost.

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Refer to note 6 for the estimated useful lives.

At reporting date it is assessed whether there are any indications that the College's expectations of useful lives or residual values have changed from previous estimates. Where indications exist the expected useful lives or residual values are revised accordingly.

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

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

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

1.5 Intangible assets

Intangible assets include:

Class	Useful Life Range in Years
Computer Software	3

Intangible assets are initially measured at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

The cost of an item of intangible assets is the purchase price and directly attributable costs of preparing the asset for its intended use, i.e. costs that are directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its cost is measured at its fair value at acquisition date and directly attributable costs of preparing the asset for its intended use, i.e. costs that are directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

For intangible assets acquired through exchange for a non-monetary asset/s, or a combination of monetary and non-monetary asset/s, the cost is measured at fair value of the asset/s given up. Where the fair value of the asset/s given up is not reliably measurable, it is measured at the fair value of the asset/s received. Where the fair value of neither the asset/s given up, nor the asset/s received is reliably measurable, its cost is measured at the carrying value of the asset(s) given up. Directly attributable costs of preparing the asset for its intended use, i.e. costs that are directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management is included in the measurement of cost. Trade discounts and rebates are deducted in arriving at the cost.

The College assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. Refer to note 7 for the estimated useful lives.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Statutory receivables

Funding receivable from DHET arise from non-contracted arrangements as the basis for DHET funding is found in the Continuing Education and Training Act (CET Act) and the The National Norms and Standards for Funding Technical and Vocational Education and Training Colleges. Cash receivable from DHET as part of programme funding is regarded as a "statutory receivable".

The statutory receivable is initially measured at the transaction amount, being the amount allocated to the college in terms of the allocation letter received from the DHET, and subsequently measured using the cost-method, which changes the initial measurement to reflect any impairment or amounts derecognised. An explanation on when the DHET programme funding and any related receivables or payables are recorded is provided in note 1.3 and 1.12.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

The college assesses at each reporting date whether there is any indication that a statutory receivable is impaired by applying, as a minimum, the following indicators as stipulated in GRAP 108 Statutory Receivables:

- i) Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- ii) It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- iii) A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- iv) Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the college measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the college considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the college discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

Furthermore, the college assumes that the DHET has neither the intention nor the need to liquidate or curtail materially the scale of the College's operations.

The statutory receivable is included in Receivables from non-exchange transactions. Refer to note 5.

1.7 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

1.8 Cash and cash equivalents

Cash and cash equivalents consist of the following:

- i) cash;
- ii) cash in current bank accounts;
- iii) cash in interest bearing bank accounts or money market accounts where the funds are available immediately; and
- iv) fixed term deposits used to deposit funds until it is needed for the operations of the College, where the maturity date does not exceed three months from the reporting date. Longer term fixed deposits are classified as other financial assets.

1.9 Employee benefits

When an employee has rendered service to the College during a reporting period, the College recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the College recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The College recognises the expected cost of bonus, incentive and performance related payments when the College has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the College has no realistic alternative but to make the payments.

DHET management fee

The remuneration of management and other personnel appointed on Persal, paid through Persal using the College's funds is measured at the cost of the management remuneration to DHET and / or the Provincial Department of Education, inclusive of leave, bonus and other employee related accruals and/or provisions, as and when incurred by DHET / the Provincial Department of Education. The related expense is recognised as a DHET management fee expense as per note 15.

1.10 Provisions and contingencies

After their initial recognition contingent liabilities recognised in College combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28X.

1.11 Revenue from exchange transactions

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

Rendering of services

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

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

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

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest, royalties, dividends and tuition fees

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the College's right to receive payment has been established.

Tuition fees are recognised over the period of instruction.

1.12 Revenue from non-exchange transactions

When the College receives an asset or a service as part of a non-exchange transaction and the definition and recognition criteria of an asset is met, the College recognises the asset and initially measures it at its fair value as at the date of acquisition.

When there are conditions on transferred assets or services received by the College which result therein that the College has a present obligation on initial recognition, which meets the definition and recognition criteria of a liability, the College recognises a corresponding liability, initially measured as the best estimate of the amount required to settle the present obligation at the reporting date.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the College satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the College.

When, as a result of a non-exchange transaction, the College recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Programme funding

The full programme funding allocated to the College in terms of the CET Act, the Funding Norms and the final grant letter received from the department is recognised in full in the College's financial year during which the enrolment and training of students, to which the grant pertains, are performed by the College. It is measured at the total amount allocated to the College by DHET, inclusive of both the part paid in cash and the part paid via Persal as per note 13.

Services in-kind

The College recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the College's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type of services in-kind received during the reporting period is disclosed.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

When the criteria for recognition are satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition.

1.13 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following persons and their close family members are related parties of the College:

- Any person considered to have control or joint control over the College;
- Any person considered to have significant influence over the College; or
- Any member of the College Council, Council sub-committees and Any member of the management team of the College. The management team of the College consists of the Principal and Deputy Principals of the College.

The following entities are related parties of the College:

- The College's controlling entity, being DHET and all other entities which are also controlled by DHET;
- Entities which may be associates of the College, or of which the College may be an associate, or entities which may be a joint venture of the College, or of which the College may be a joint venture. Members of the economic entity of which such entities may be part, will also be related parties of the College;
- Where the College may be party to a joint venture relationship, where the College and other entities are joint ventures of a third party, the other entities that are also part of the joint venture are related parties of the College as well as associates of the third party, but the third party is not.
- Post employment plans for the benefit of the employees of the College, i.e. Council appointed employees.
- Any entity which is jointly controlled or jointly controlled by a person who is considered to have control or joint control over the College;
- Any entity over which, a person considered to have control or joint control over the College, has significant influence, or of which such a person is a member of management of that entity, or its controlling entity.

Control is the power to govern financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that person in their dealings with the College. This includes at least:

- Someone married to the person, or in a similar relationship with the person; or
- A person separated by no more than two degrees of natural or legal consanguinity or affinity.

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

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

ACCOUNTING POLICIES continued...

The College only provides related party transaction disclosure in the form of narrative information about the nature of the transactions and the related outstanding balances to enable users of the College's financial statements to understand the effect of related party transactions on its financial statements, on transactions occurring within the following parameters:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the College to have adopted if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by the College's legal mandate.

1.14 Transfer of functions

Transfer of functions between entities not under common control, whereby PALCs were transferred to the College and applying transitional provisions on initial adoption of GRAP to the transfer. Transfer of functions between entities not under common control, where the College is the acquirer is accounted for by applying the acquisition method. The acquisition date is identified as the date on which the College obtained control of the acquiree or transferor. As of the acquisition date, the College recognises, the identifiable assets acquired and the liabilities of the acquiree that was assumed by the College and these are measured at their acquisition-date fair values, except in the cases detailed below. There are no non-controlling interests in transactions in which the College has been involved.

Cases where the measurement of assets and liabilities are at values other than the at-acquisition date fair values: - Assets or liabilities related to acquirees' employment benefit arrangements are recognised in accordance with College's normal employee benefit accounting policy disclosed above.

In the College's current transactions, the College did not transfer any consideration in the transaction and the net value of the assets acquired and liabilities assumed as of the acquisition date is recognised in surplus or deficit. The net asset value is measured at the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the accounting policy detailed above.

Acquisition related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

The College has made use of the transitional provisions provided for in GRAP 106 and in Directive 13, whereby provisional amounts for assets and liabilities may be reported in the financial statements, if the initial accounting for the transfer of functions is incomplete at financial year ends, during the measurement period. Whilst GRAP 106 provides for a measurement period of two years from acquisition date, in terms of Directive 13 the College is allowed a period until 31 December 2021, to recognise and / or measure assets acquired and liabilities assumed on acquisition date. The measurement period does not apply to transactions or other events that occurred after the acquisition date.

During the measurement period, the College retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the College also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the College receives the information it was seeking about facts and circumstances that existed at the acquisition date or learns that more information is not obtainable.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

Note	2022 R	2021 Restated R
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2. Standards, amendments to Standards, Directives and Interpretations issued but not yet effective

The following Standards of GRAP and / or amendments thereto have been approved by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The College has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

Title of the standard and nature of impending changes in accounting policy and expected impact	Standard number	Effective date (Periods starting on or after)	Expected impact
Financial Instruments	GRAP 104	1 April 2025	No impact
Employee benefits	GRAP 25 (amended)	Not yet set	No impact
Heritage assets	GRAP 103 (amended)	Not yet set	No impact
Presentation of Financial Statements	GRAP 1 (amended)	Not yet set	No impact
The effect of Past Decision on Materiality	iGRAP 21	Not yet set	No impact
Limit on a Defined Benefit Asset Min Fund Requirement and Interact	iGRAP 7 (as revised)	Not yet set	No impact
Guideline on Accounting for Landfill Sites	Guideline	Not yet set	No impact
The Application of Deemed Cost	Directive 7	1 April 2020	No impact

3. Cash and cash equivalents

Cash on hand	-	3,000
Cash at bank	21,304,756	17,310,988
Call investments	10,641,410	12,587,361
Total	31,946,166	29,901,349
Cash on hand	-	3,000
Total cash and cash equivalents	31,946,849	29,903,874
Total bank overdraft	683	2,525

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
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4. Trade and other receivables from exchange transactions

31 December 2022

SETA's
 Deposits
Total trade and other receivables

Gross Balances R	Provision for Doubtful Debts R	Net Balance R
11,649,792	(3,866,021)	7,783,771
1,772	-	1,772
11,651,564	(3,866,021)	7,785,543

31 December 2021

SETA's
 Deposits
Total trade and other receivables

Gross Balances R	Provision for Doubtful Debts R	Net Balance R
2,624,395	-	2,624,395
1,772	-	1,772
2,626,167	-	2,626,167

SETA's: Ageing

Current (0 – 30 days)
 31 - 60 Days
 61 - 90 Days
 91 - 120 Days
 121 + Days
Total

3,994,070	229,600
2,782,441	750
243,210	-
52,500	-
4,577,571	2,394,045
11,649,792	2,624,395

Deposits: Ageing

121 + Days
Total

1,772	1,772
1,772	1,772

5. Receivables from non-exchange transactions, including transfers

Government grants and subsidies
Total other debtors

13,689,000	13,018,000
13,689,000	13,018,000

Terms and conditions of other receivables

Government grants and subsidies

- The statutory receivables relate to grants receivable from the DHET. The DHET makes payments to colleges on a quarterly basis
- No impairment losses were recognised on statutory receivables during the period
- No statutory receivables were past due at the reporting date

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

	2022		2021 Restated	
	R	R	R	R

6. Property, plant and equipment

	2022		2021	
	Cost	Accumulated Depreciation and Impairment	Cost	Accumulated Depreciation and Impairment
	R	R	R	R
Land and buildings	1,828,630	(149,108)	1,321,980	(81,640)
Infrastructure	11,093,048	(1,784,452)	11,060,647	(1,223,447)
Vehicles	596,084	(528,393)	596,084	(403,132)
Furniture and Fittings	12,510,923	(7,297,475)	11,536,693	(5,259,449)
Office Equipment	3,567,308	(1,654,137)	2,916,171	(959,452)
Computer Equipment	5,386,129	(3,120,191)	4,207,313	(1,775,954)
Educational equipment	590,849	(226,429)	486,030	(130,859)
Total	35,572,971	(14,760,185)	32,124,918	(9,839,933)
				22,284,985

Reconciliation of Property Plant and Equipment - 2022

	Carrying Value Opening Balance		Additions		Disposals		Depreciation		Transfers		Impairment loss reversal		Other movements		Carrying Value Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and buildings	1,240,340	506,650	-	-	-	-	(67,468)	-	-	-	-	-	-	-	-	1,679,522
Infrastructure	9,837,200	32,400	-	-	-	-	(561,004)	-	-	-	-	-	-	-	-	9,308,596
Vehicles	186,952	-	-	-	-	-	(119,261)	-	-	-	-	-	-	-	-	67,691
Furniture and Fittings	6,277,244	974,230	-	-	-	-	(2,038,026)	-	-	-	-	-	-	-	-	5,213,448
Office Equipment	1,956,719	651,137	-	-	-	-	(694,685)	-	-	-	-	-	-	-	-	1,913,171
Computer Equipment	2,431,359	1,169,748	-	-	-	-	(1,335,169)	-	-	-	-	-	-	-	-	2,265,938
Educational equipment	355,171	104,819	-	-	-	-	(95,570)	-	-	-	-	-	-	-	-	364,420
Total	22,284,985	3,438,984	-	-	-	-	(4,911,183)	-	-	-	-	-	-	-	-	20,812,786

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	2022		2021 Restated	
	R	R	R	R

Property, plant and equipment continued...

Reconciliation of Property Plant and Equipment - 2021

	Carrying Value		Opening Balance		Additions	Acquisitions through entity combinations		Disposals	Depreciation		Transfers	Impairment loss	Impairment reversal	Other movements	Carrying Value Closing Balance	
	R	R	R	R		R	R		R	R					R	R
Land and buildings	322,172	968,700		(50,532)												1,240,340
Infrastructure	8,867,086	1,518,761		(548,647)												9,837,200
Vehicles	306,212			(119,260)												186,952
Furniture and Fittings	6,760,762	1,450,765		(1,934,283)												6,277,244
Office Equipment	2,010,179	382,400		(435,860)												1,956,719
Computer Equipment	1,842,282	1,541,951		(952,874)												2,431,359
Educational equipment	302,720	134,503		(82,052)												355,171
Total	20,411,413	5,997,080		(4,123,508)												22,284,985

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2022

	2022		2021 Restated	
	R	R	R	R

7. Intangible assets

	2022		2021		Note
	Cost	Accumulated Amortisation and Impairment	Cost	Accumulated Amortisation and Impairment	
Computer Software	R 101,000	R (65,620)	R 71,000	R (38,787)	
Total	101,000	(65,620)	71,000	(38,787)	

Reconciliation of Intangible Assets - 2022

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Impairment reversal	Internally Developed	Other movements	Carrying Value Closing Balance
Computer Software	R 32,213	R 30,000	-	-	R (26,833)	-	-	R -	R -	R 35,380
Total	32,213	30,000	-	-	(26,833)	-	-	-	-	35,380

Reconciliation of Intangible Assets - 2021

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Impairment reversal	Internally Developed	Other movements	Carrying Value Closing Balance
Computer Software	R 55,880	-	-	-	R (23,667)	-	-	R -	R -	R 32,213
Total	55,880	-	-	-	(23,667)	-	-	-	-	32,213

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
8. <u>Trade and other payables from exchange transactions</u>			
Trade creditors		5,906,684	3,945,104
Accrued leave pay		261,671	-
Accruals		57,348	-
Employee related accruals		163,704	136,524
Total creditors		6,389,407	4,081,628
9. <u>Tuition and related fees</u>			
Tuition fees paid directly by students or private bursaries			
Tuition fees - students (Full-time)		15,213,507	13,505,661
		15,213,507	13,505,661
Total Tuition Fees		15,213,507	13,505,661
10. <u>Other transfers and sponsorships</u>			
Project income			
SETA projects		12,164,099	5,305,767
Partnership projects		74,428	219,600
		12,238,527	5,525,367
Total other transfers and sponsorships		12,238,527	5,525,367
11. <u>Rental of facilities and equipment</u>			
Rental of facilities		674,369	1,011,945
- Straight-lined operating lease income		674,369	1,011,945
Total rentals		674,369	1,011,945
12. <u>Investment income</u>			
Interest - Bank		554,049	543,703
Total investment income		554,049	543,703

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
13. Transfers			
Transfers are comprised as follows:			
Programme funding: Grants paid cash		55,342,000	52,074,000
Services in kind - Persal salaries		526,155,308	510,874,255
Other Government Grants and Subsidies		-	-
		<u>581,497,308</u>	<u>562,948,255</u>

Reconciliation of Movement - 2022

	Balance unspent at beginning of year R	Current year receipts R	Conditions met - transferred to revenue R	Conditions still to be met - remain liabilities R
Programme funding: Grants paid cash	-	(54,759,000)	54,759,000	-
Services in kind - Persal salaries	-	(526,155,308)	526,155,308	-
Other Government Grants and Subsidies	-	(583,000)	583,000	-
Total Government Grant and Subsidies	-	<u>(581,497,308)</u>	<u>581,497,308</u>	-

Reconciliation of Movement - 2021

	Balance unspent at beginning of year R	Current year receipts R	Conditions met - transferred to revenue R	Conditions still to be met - remain liabilities R
Programme funding: Grants paid cash	-	(52,074,000)	52,074,000	-
Services in kind - Persal salaries	-	(510,874,255)	510,874,255	-
Total Government Grant and Subsidies	-	<u>(562,948,255)</u>	<u>562,948,255</u>	-

14. Public contributions and donations

Donations	-	1,426
Total public contributions and donations	-	<u>1,426</u>

15. Employee related costs and DHET management fee

Employee related costs			
Employee related costs - PERSAL paid salaries		(526,416,979)	(510,874,255)
Employee related costs - College paid salaries		(22,672,163)	(21,985,824)
Total employee related costs and DHET management fee		<u>(549,089,142)</u>	<u>(532,860,079)</u>

16. Impairment of debtors

Changes in debt impairment provision	(3,866,021)	-
	<u>(3,866,021)</u>	-

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
17. Depreciation and amortisation			
Property, plant and equipment		(4,911,183)	(4,123,508)
Intangible assets		(26,833)	(23,667)
		(4,938,016)	(4,147,175)
18. Books and learning materials			
Learning, Training, Skills Material & Text Books		(4,598,975)	(2,911,957)
		(4,598,975)	(2,911,957)
19. Repairs and maintenance			
Buildings and infrastructure		(1,576,132)	(2,122,528)
		(1,576,132)	(2,122,528)
20. Operating lease expense			
Rental of buildings		(9,180,179)	(6,225,880)
Rental of office equipment		(1,987,929)	(1,894,801)
Other rentals		(10,422)	(18,053)
		(11,178,530)	(8,138,734)
21. Professional fees			
Accounting fees		(294,905)	-
Legal fees		(28,394)	(37,162)
Consulting fees		(41,059)	(217,224)
Teaching and learning services		-	(669,661)
		(364,358)	(924,047)
22. Other expenses			
Advertising		(945,287)	(315,882)
Bank charges		(1,030,517)	(431,260)
Consumables		-	(4,722)
Council fees		(969,655)	(747,832)
Fuel and oil		(637,769)	(53,542)
Insurance		(161,723)	(53,957)
Computer and IT expenses		(500,182)	(109,500)
Subscription, membership fees and levies		(15,113)	(12,700)
Protective gear, sanitizers and other health and safety expenses		(245,470)	(5,119)
Petty cash expenses (Refreshments, consumables and printing)		(3,973,486)	(2,415,187)
Catering and refreshments		(713,363)	(178,212)
		(9,192,565)	(4,327,913)

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
23. Cash flows from operating activities			
Surplus/(deficit) for the year		4,098,382	12,786,606
Adjustment for:			
Depreciation and amortisation		4,938,016	4,147,175
Debt impairment		3,866,021	-
Prior period error		-	(121,571)
		12,902,419	16,812,210
Changes in working capital:			
Decrease in trade and other receivables from exchange transactions		(9,025,397)	(2,626,167)
Decrease in receivables from non-exchange transactions		(671,000)	(5,773,000)
Increase in trade and other payables from exchange transactions		2,307,779	1,237,021
Net cash flows from operating activities		5,513,801	9,650,064

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
24. Correction of error		2021	2020
		R	R
During the year the following correction of errors occurred:			
Expense transactions related to prior years was identified. The expenses were recorded in the applicable financial years, and led to an increase in operational expenditure and an increase in trade payables.			
Effect of expenses related to the 2020 financial year:			
Catering and refreshments			10,500
Cleaning materials, consumables and pest control			27,831
Printing and stationery			66,440
Repairs and maintenance			16,800
			<u>121,571</u>
Effect of expenses related to the 2021 financial year:			
Catering and refreshments		4,255	
Cleaning materials, consumables and pest control		145,295	
Municipal services		(199,431)	
Operating lease expense		174,345	
Printing and stationery		44,895	
Repairs and maintenance		68,994	
Student support services		6,944	
Telephone		(363)	
Travel, accommodation and entertainment		92,921	
Interest paid		87	
Furniture and fixtures		20,873	
Computer Equipment		147,200	
		<u>506,015</u>	
The comparative amounts have been restated as follows:			
Statement of financial position			
Property, plant and equipment		168,073	
Trade and other payables from exchange transactions		(506,015)	-
		<u>(337,942)</u>	<u>-</u>
Statement of financial performance			
Catering and refreshments		4,255	
Cleaning materials, consumables and pest control		145,295	
Municipal services		(199,431)	
Operating lease expense		174,345	
Printing and stationery		44,895	
Repairs and maintenance		68,994	-
Student support services		6,944	-
Telephone		(363)	-
Travel, accommodation and entertainment		92,921	-
Interest paid		87	-
		<u>337,942</u>	<u>-</u>

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
<i>Correction of error continued...</i>			
Net effect on Accumulated surplus opening balance		121,571	-

25. Irregular, Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Fruitless and wasteful expenditure current year	14,946	-
Fruitless and wasteful expenditure awaiting condonement	14,946	-

Incident

Disciplinary steps/criminal proceedings

Fruitless and wasteful expenditure relates to SARS penalties and is currently under investigation.

26. Operating lease commitments

At the reporting date the College has outstanding commitments under operating leases which fall due as follows:

Operating lease arrangements

Lessee

The major category of asset leased is Photocopier machines

At the reporting date the College had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Not later than one year

Later than one year and not later than five years

946,900	1,987,929
112,756	1,059,656
1,059,656	3,047,585

Operating Leases consists of the following:

Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years. No contingent rent is payable.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
27. Commitments			
COMMITMENTS IN RESPECT OF CAPITAL EXPENDITURE			
- Approved and contracted for PPE		9,327,903	-
Establishment of ICT Labs		9,327,903	-
Total capital commitments		9,327,903	-
COMMITMENTS IN RESPECT OF OPERATIONAL EXPENDITURE			
Total operational commitments		-	-
The operational commitments will be financed from			
- Government Grants		9,327,903	-
		9,327,903	-
28. Contingent liabilities			
Eviction of unlawful occupation		100,000	100,000
<p>The College is in the process of evicting an employee who erected 2 unlawful shacks in the Moepathutse Centre. The contingent liability includes estimated legal costs of R100 000.</p>			
29. Related parties			
29.1 Control			
<p>The college is controlled by the Department of Higher Education and Training through the Minister. The College is dependent on the DHET for funding of operations in line with the annual DHET programme funding.</p>			
29.2 Related party transactions			
29.2.1 Revenue received from the DHET			
<p>Services in-kind from DHET in respect of salaries for PERSAL paid Grants</p>			

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
<i>Related parties continued...</i>			
29.3 Remuneration of management			
29.3.1 Council members			
2022			
		(a) Fees for services as a member of council	(b) Claims
			Total
Dr. Manota		68,670	3,840
Ms. Mabunda		197,448	16,008
Ms. Mashabela		71,998	8,694
Dr. Matli		96,414	6,300
Mr. Gounden		67,554	27
Mr. Buthelezi		143,316	4,075
Ms. Ngubane		133,691	6,024
Dr. Legodi		3,888	767
Mr. Ngonyama		134,649	6,293
Mr. M Zungu		-	-
		917,628	52,027
			969,655
2021			
		(a) Fees for services as a member of council	(b) Claims
			Total
Dr. Manota		142,662	28,000
Ms. Mabunda		164,537	47,795
Ms. Mashabela		43,998	21,391
Dr. Matli		51,702	10,293
Mr. Gounden		61,230	2,349
Mr. Buthelezi		39,822	2,750
Ms. Ngubane		54,858	4,845
Dr. Legodi		26,730	7,329
Mr. Ngonyama		30,822	3,924
Mr. M Zungu		-	2,795
		616,361	103,471
			747,832

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
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30. Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
 Recoverable amounts of property, plant and equipment

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the College's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets
 Provisions

31. Restatement of comparative information

The following comparative information have been restated

Consulting fees was moved from "Other expenses" and aggregated with "Legal fees", and renamed "Professional fees" on the face of the Statement of Financial Performance, as these expenses are similar in nature.
 Cleaning expenses was moved from "Other expenses" and presented separately on the face of the Statement of Financial Performance.

The restatements resulted in the following adjustments:

Statement of Financial Performance

Professional fees	(669,661)
Other expenses	1,859,585
Cleaning	(1,189,924)
Employee costs	2,287,100
Travel, accommodation and entertainment	(2,287,100)
	<u>-</u>

32. Net Assets

In terms of the CET Act, the Minister of Higher Education and Training may close a public college subject to certain conditions. In such a case, the net assets of the College, comprising the accumulated surplus and reserves, will vest in the Minister of Higher Education and Training after the settlement of all liabilities.

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

Note	2022 R	2021 Restated R
------	-----------	--------------------

33. Risk management and other financial instrument disclosures

Maximum credit risk exposure

Credit risk exposure arise from mainly from cash deposits, cash equivalents and trade debtors. The College only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base, comprising mainly of students of the College. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the council. The utilisation of credit limits is regularly monitored.

The financial assets expose the College to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets:

Cash and cash equivalents

Receivables from non-exchange transactions, including transfers

31,946,849	29,903,874
13,689,000	13,018,000

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the College's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2022

Trade and other payables

Not later than one month	Later than one month and not later than three months
6,389,407	

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2022

	Note	2022 R	2021 Restated R
<i>Risk management and other financial instrument disclosures continued...</i>			
Bank overdraft		2,525	
2021			Later than one month and not later than three months
Trade and other payables		4,081,628	

Interest rate risk

As the College has no significant interest-bearing assets, the College's income and operating cash flows are substantially independent of changes in market interest rates.

The College's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the College to fair value interest rate risk. College policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	10,641,410	12,587,361
-----------------	------------	------------

Interest rate risk sensitivity analysis

The susceptibility of the College's financial performance to changes in interest rates can be illustrated as follows:

2022

Interest income

Interest rate increase of 25 basis points	26,604
Interest rate decrease 25 basis points	(26,604)

2021

Interest income

Interest rate increase of 25 basis points	31,468
Interest rate decrease 25 basis points	(31,468)

34. Tax exemption

The College is exempt from normal taxation in terms of Section 10(1)(cN) of the Income Tax Act, 1962 (Act No.58 of 1962).



FINAL MANAGEMENT REPORT

GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE

YEAR-ENDED 31 DECEMBER 2022

Communicated to the Principal on: 26 June 2023

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MANAGEMENT REPORT TO THE COUNCIL ON THE AUDIT OF THE GAUTENG COMMUNITY EDUCATION AND TRAINING COLLEGE FOR THE YEAR ENDED 31 DECEMBER 2022





INTRODUCTION

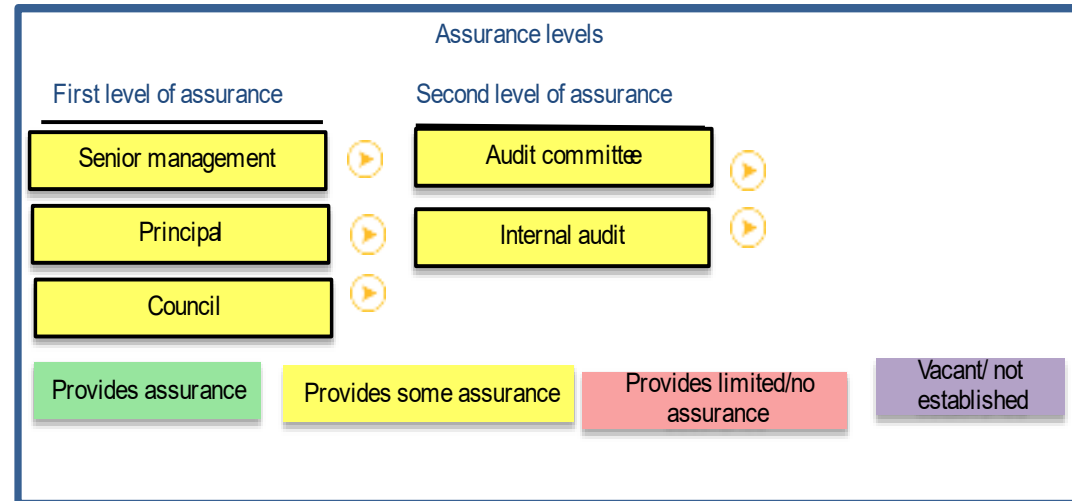
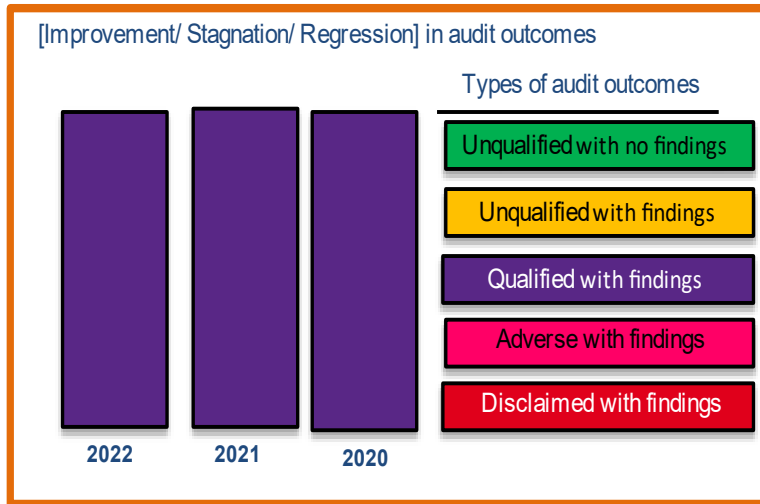
1. The purpose of the management report is to communicate audit findings and other key audit observations to the Council and to provide a summary of the material irregularities and suspected material irregularities of which the Principal was notified. The report does not constitute public information.
2. The management report includes audit findings arising from the audit of the financial statements, and compliance with legislation for the year ended 31 December 2022. These findings were communicated to management and this report details management's response to these findings. The report includes information on the internal control deficiencies that we identified as the root causes of the matters reported. Addressing these deficiencies will help to improve the audit outcome.
3. In accordance with the terms of engagement, our responsibility in this regard is to:
 - express an opinion on the financial statements
 - report on material findings relating to compliance with specific requirements in key applicable legislation, as set out in the general notice issued in terms of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA)
 - notify the principal of any material irregularity or suspected material irregularities identified during the audit, and report on it in the auditor's report.
4. Our engagement letter sets out our responsibilities and those of the principal in detail.
5. This management report consists of the overall message arising from the audit, summary of key findings and observations, annexures containing the detailed audit findings as well as the annexure to internal control deficiencies reported.
6. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report is signed. In adherence to section 50 of the PAA, we do not disclose any information obtained during the audit and contained in this management report.
7. Please note that the information contained in these documents is confidential, privileged and only for the information of the intended recipient(s). It may not be used, published or redistributed without the prior written consent of the Bonakude Assurance Incorporated (Bonakude). Any form of reproduction, dissemination, copying, disclosure, modification, distribution and/or publication of this material is strictly prohibited. Should the information be used or processed in a manner that contravenes any laws in the Republic of South Africa, the Bonakude Assurance is fully indemnified from liability that may arise from such contravention.

8. The **figure** that follows provides a pictorial summary of the audit results and our key messages on how to improve the audit outcomes with the focus on the following:

- Status of the audit outcomes
- Status of the level of assurance provided by key role players
- Status of the drivers of internal controls
- Status of risk areas
- Root causes to be addressed

9. Movement from the previous year is depicted as follows:

-  Improved
-    Unchanged / slight improvement / slight regression
-  Regressed



1 To improve/maintain the **audit outcomes** ...



2 ... the key role players need to **assure** that ...



5 ... the **root causes** are addressed ...



4 ... the **risk areas** and ...

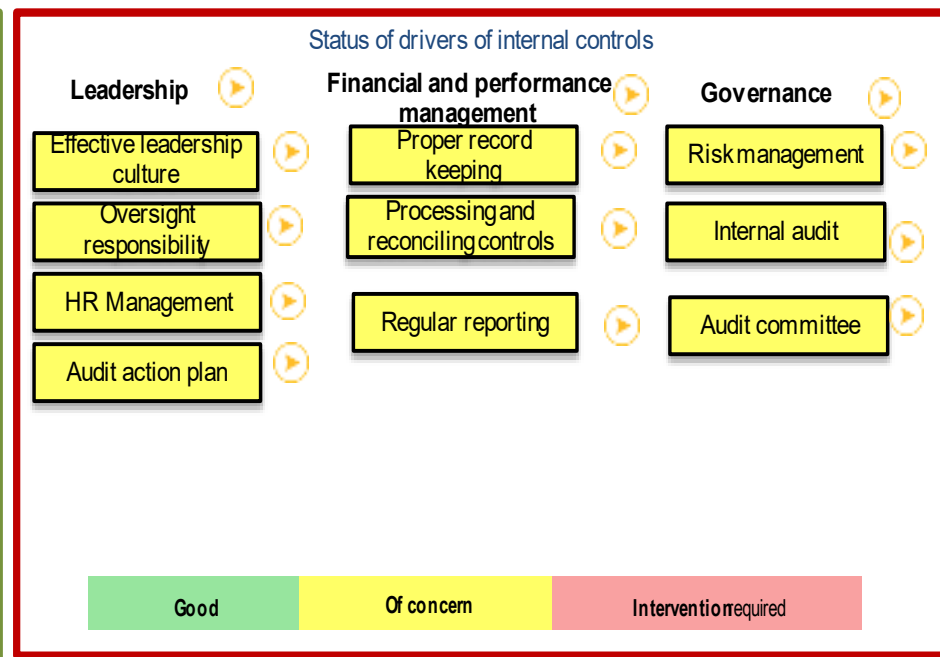
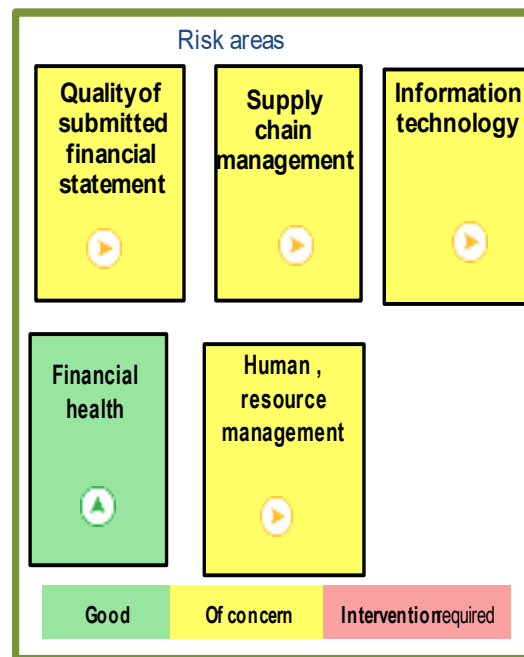


3 ... attention is given to the **key controls** and ...

... the **best practices** are maintained.

[Root causes should be addressed/Best practices should be maintained]

- Oversight responsibility
- Document control and management
- Monitoring oversight over action plan
- Proper record keeping
- Daily and monthly processing and reconciling transactions
- Regular, accurate and complete financial report



OVERALL MESSAGE

10. The audit outcomes does not paint a good story about the overall state of accounting and preventative internal controls at the college. The audit was found with many challenges ranging from the failure by leadership and management to provide reliable and accurate records on a timely basis to promote transparency and accountability. Although an action plan was put in place to address prior year audit findings, diligent oversight and monitoring did not take place at regular frequency by all role players in the accountability ecosystem to turn the tide of the poor state of key internal controls (sound and basic record management, key reconciliations, safeguarding of public assets, adherence to policies and procedures, day to day processes over staff performance so that they clearly understand how the work that they do fits into the financial reporting processes, and quality year-end processes that lead to the assembly and compilation of the financial statements and key disclosures).

SECTION 1: INTERACTIONS WITH STAKEHOLDERS RESPONSIBLE FOR OVERSIGHT AND GOVERNANCE

11. During the audit cycle, we met with the following key stakeholders responsible for oversight and governance to communicate matters relating to the audit outcome and matters identified during our status of records review/s of the college:

Key stakeholder	Purpose of interaction	Number of interactions
Council	Presentation of the engagement letter and audit strategy Presentation of the audit report and final management report	2
Audit committee	Presentation of the engagement letter and audit strategy Presentation of the audit report and final management report	2
Principal	Presentation of the engagement letter and audit strategy Presentation of matters affecting the auditors report and draft management report Presentation of the audit report and final management report Audit weekly steering committee meeting	8

12. At these interactions, we shared/highlighted the following key matters affecting audit outcomes and the auditee:

- Delays being experienced during the audit process;
- Draft findings and audit impact; and

13. All stakeholders made commitments to implement initiatives that can improve the audit outcome.

SECTION 2: MATTERS RELATING TO THE AUDITOR'S REPORT

AUDIT OF THE FINANCIAL STATEMENTS

14. We identified material misstatements in the financial statements during the audit. These misstatements were not prevented or detected by the college's system of internal control. These material misstatements also constitute non-compliance with section 25(1)(b) and 25(3) of the Continuing Education and Training Act, 2006 (Act No.16 of 2006) (CETA).

15. The following misstatements which were not corrected form the basis for the qualified opinion on the financial statements.

Material misstatement			Impact	Impact
Financial statement item	Finding	Occurred in prior year [2021] [Yes/No]]	R current year	R prior year
Material misstatements not corrected				
Revenue	Limitation of scope and incorrect basis of accounting on revenue.	Yes	15 213 507	13 505 661
Property, plant and equipment	Assets not compliant with requirements of GRAP: <ul style="list-style-type: none"> - Some assets not unbundled - Some assets with bar codes not included - Some assets not depreciated correctly - Some assets not variable - Some assets not included in the FAR. - Impairment assessment not done 	Yes	20 812 786	22,284,985
Material misstatements corrected				
Trade and other receivables from exchange transactions	Impairment of debtor not assessed.	No	3 866 020	N/A

Material misstatement			Impact	Impact
Financial statement item	Finding	Occurred in prior year [2021] [Yes/No]]	R current year	R prior year
Employee cost	Travel and subsistence account incorrectly mapped to employee cost.	No	3 559 898.18	N/A
Expenditure	Expenditure incomplete	Yes	1 658 036	19 037 149
Payables	Mistatement of paybles; <ul style="list-style-type: none"> - Payments made to suppliers not matched with invoices - Payable incorrectly included in the age analysis Payable incorrectly included in the age analysis	No	604 891	N/A

MATTERS TO BE BROUGHT TO THE ATTENTION OF USERS

Emphasis of matter paragraphs

16. The following emphasis of matter paragraphs will be included in our auditor's report to draw the users' attention to matters presented or disclosed in the financial statements:

Restatement of corresponding figures

17. As disclosed in note 32 to the financial statements the corresponding figures for 2021 were materially restated as a result of errors in the financial statements of the College, and for the year ended, 31 December 2022.

AUDIT OF COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The council is responsible for the college's compliance with legislation.
19. We performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of public sector reporting. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
20. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Financial statements

21. The financial statements submitted for auditing were not consistently prepared in accordance with GRAP Standards and/or supported by complete accounting records, as required by section 25 (1) (b) of the CET Act. Material misstatements of current asset, expenses and current liabilities were identified by the auditors in the submitted financial statements and were subsequently corrected and supporting documents were provided. Material misstatement of non-current assets and revenue were identified by the auditors in the submitted financial statements however the issue remains as an uncorrected misstatements because supporting documents could not be provided, thus resulting in the financial statements receiving a qualified opinion.

OTHER INFORMATION

22. The council is responsible for the other information. The other information does not include the financial statements. and the auditor's report.
23. Our opinion on the financial statements and findings on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on thereon.
24. In connection with our audit. our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements. or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROLS

26. The significant deficiencies in internal control that led to our overall assessment of the status of the drivers of key controls, as included in the figure in paragraph 8, are described below. The detailed assessment of the implementation of the drivers of internal control in the areas of financial statements and compliance with legislation is included in annexure D.

Leadership

Effective leadership culture

27. The college was governed by a council and various sub-structures throughout the financial year. The desired impact of these governing structures; however, were not achieved as similar findings raised in prior years were evident in the current year audit. Undue reliance was therefore placed on failed internal processes with high levels of tolerance for control deviations and reduced levels of accountability.

Oversight responsibility

28. Adequate oversight was not exercised over key control functions with a persuasive quest to demand credible and reliable information and important updates on a frequent basis over the state of risk and controls in the college. Due to these lapses, management failed to compile a reliable and accurate representation of its financial results in accordance with required reporting standards.

Action plans to address internal control deficiencies

29. The college developed an action plan to address external audit findings but the appropriate levels of leadership, management, as well as the audit committee did not sufficiently monitor adherence to the plan in a timely manner to ensure that key risk areas and prior findings were adequately addressed. In this regard, root causes of findings were clearly not addressed so that sustainable solutions were identified. Officials that were accountable for assigned responsibilities failed to execute their duties seriously within specific timeframes in terms of monthly progress reports and credible feedback on a quarterly basis to governance structures.

Proper record keeping

30. The college's record management system did not enable retrieval and submission of requested information in a timely manner, this is evidenced by delays experienced in respect of the submission of requested audit information. It is evident that management does not have the basics of consistent document control and safeguarding thereof. If the records management process is littered with challenges, the very essence of reported information is diluted as management cannot support what it has reported.

Daily and monthly processing and reconciling of transactions

31. The capturing of daily transactions were not subject to supervisory reviews, and key reconciliations to the general ledger accounts for receivables, revenue and assets were not performed with diligence. Areas of higher judgement which are prone to errors, were not carefully managed as part of daily and deliberate discipline.

Regular, accurate and complete financial reports

32. Adequate review processes were not in place to ensure that accurate and complete financial statements are prepared and supported by reliable information.
33. The financial statements contained numerous misstatements that were not corrected. This was mainly due to staff not fully understanding the requirements of the GRAP financial reporting framework, and lack of regular financial reporting, and the myriad of basic internal control failures. Moreover, internal controls over key financial reporting processes that are necessary to produce reliable reports were not appropriately verified by internal audit, the audit committee and line functions.

Summary

34. The matters above, as they relate to the basis for the qualified opinion will be summarised in the auditor's report as follows:
35. Daily, monthly and annual reporting processes were not undertaken and overseen in a diligent and systematic manner to enable the effective and efficient reconciliation of recorded amounts to underlying records. As a result, preventative internal controls were either not appropriately designed, were missing or were not implemented at all. In this regard, leadership and management did not adequately set the tone at the top and understand clearly how their roles and the cascading thereof contributed to need for the proper execution of tasks, consequence management and credible reporting by line functions. This was exacerbated by inadequate oversight and monitoring from all role players as actions taken to curb prior and current year audit issues were slow.

STATUS OF IMPLEMENTING COMMITMENTS AND RECOMMENDATIONS

36. Based on the post audit action plan provided, inadequate steps were taken by management to correct prior year misstatement, hence the recurring issues have been identified on property plant and equipment.

SECTION 3: SPECIFIC FOCUS AREAS

FINANCIAL VIABILITY

37. Our audit included a high-level overview of the college's financial viability as at year-end. The financial viability assessment provides useful information for accountability and decision-making purposes and complements the financial statements by providing insights and perspectives thereon. The financial viability assessment is expected to enhance timely remedial decision-making and policy reforms where financial viability may be at risk. It will also highlight to management those issues that may require corrective action and the urgency and magnitude of the reforms and decisions necessary to maintain operations. The

information should be used to complement, rather than substitute, management's own financial assessment.

FINANCIAL VIABILITY ASSESSMENT			
		AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
EXPENDITURE MANAGEMENT			
1.1	Creditor payment period	51 Days	46 Days
REVENUE MANAGEMENT			
2.1	Debtor-collection period (after impairment)	13 Days	10 Days
2.2	Debtors' impairment provision as a percentage of accounts receivable	49.6%	Nil
	<ul style="list-style-type: none"> • Amount of debtors' impairment provision • Amount of accounts receivable 	R3 866 021 R7 785 543	RNil R2,626,167
ASSET AND LIABILITY MANAGEMENT			
3.1	A deficit for the year was realised (total expenditure exceeded total revenue)	No	No
	<ul style="list-style-type: none"> • Amount of the surplus for the year 	R4 098 382	R12,786,606
3.2	A net current liability position was realised (total current liabilities exceeded total current assets)	No	No
	<ul style="list-style-type: none"> • Amount of the net current assets position 	R47 031 302	R41 463 888
3.3	A net liability position was realised (total liabilities exceeded total assets)	No	No
	<ul style="list-style-type: none"> • Amount of the net asset position 	R74 269 558	R67,865,239
CASH MANAGEMENT			
4.1	The year-end bank balance was in overdraft	No	No
	<ul style="list-style-type: none"> • Amount of year-end bank balance (cash and cash equivalents) 	R31,946,849	R29,903,874
4.2	Net cash flows for the year from operating activities were negative	No	No
	<ul style="list-style-type: none"> • Amount of net cash in/(out)flows for the year from operating activities 	R5,513,801	R9,650,064
4.3	Creditors as a percentage of cash and cash equivalents	20%	14%
	<ul style="list-style-type: none"> • Amount of creditors (accounts payable) • Amount of cash and cash equivalents at year-end 	R6,390 090 R31,946,849	R4,084,153 R29,903,874
OVERALL ASSESSMENT			
Overall the financial viability is assessed as:		Green (Good)	Green (Good)

FINANCIAL VIABILITY ASSESSMENT		
	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
* This (these) amount(s) has (have) been adjusted for uncorrected misstatements that resulted in the modification of the audit opinion and will therefore not agree with the initial submitted financial statement amounts.		

High-level comments

38. The college financial health is positive and has cash resources to meet financial obligations. The debtor collection days may be distorted in that revenue is accounted for on cash basis, therefore material amount receivable may have not been included.

FRAUD AND CONSEQUENCE MANAGEMENT

39. The primary responsibility for preventing and detecting fraud rests with management and those charged with governance. We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report that includes our opinion. Due to the inherent limitations of an audit, there is a risk that some material misstatements, including fraud, may not be detected.

SECTION 4. USING THE WORK OF INTERNAL AUDIT

40. The auditing standards allow external auditors the optional use of the work of internal auditors for external audit purposes and for direct assistance. During the period under review there were no internal audit reports provided.

SECTION 5: EMERGING RISKS

Accounting, reporting and compliance matters

New pronouncements

Standards of Generally Recognised Accounting Practice

41. The ASB has issued the following GRAP pronouncements, with effective dates as indicated:

GRAP pronouncement	Effective date
GRAP 25 on <i>Employee benefits</i> (revised)	1 April 2023
GRAP 104 on <i>Financial instruments</i> (revised)	1 April 2025
IGRAP 7 on <i>The limit on a defined benefit asset, minimum funding requirements and their interaction</i> (revised)	1 April 2023
IGRAP 21 on <i>The effect of past decisions on materiality</i>	1 April 2023
Guideline on <i>Accounting for landfill sites</i>	1 April 2023

Subsequent events

42. No subsequent events were identified and disclosed in the annual financial statements.

SECTION 6: RATINGS OF DETAILED AUDIT FINDINGS

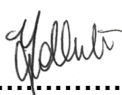
43. For purposes of this report, the detailed audit findings included in annexures A to C have been classified as follows:

- Matters to be included in the auditor's report: These matters should be addressed as a matter/ of urgency.
- Other important matters: These matters should be addressed to prevent them from leading to material misstatements of the financial statements or material findings on the performance report and compliance with legislation in future.
- Administrative matters: These matters are unlikely to result in material misstatements of the financial statements or material findings on the performance report and compliance with legislation.

SECTION 7: CONCLUSION

44. The matters communicated throughout this report relate to the three fundamentals of internal control that should be addressed to achieve sustained clean administration. Our staff remain committed to assist in identifying and communicating good practices to improve governance and accountability and to build public confidence in government's ability to account for public resources in a transparent manner.

Yours faithfully



.....
Ziphazonke Mdluli
Director
Registered Auditor

Date: 30 June 2023

16 Culross Road
Bryanston
Sandton
2191

SECTION 8: SUMMARY OF DETAILED AUDIT FINDINGS

Page no.	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
Revenue											
	Limitation of scope and incorrect basis of accounting of revenue.	✓					✓			0	N/a
Property, plant and equipment											
	Inconsistencies in the FAR and Verification	✓					✓			4	Not addressed
	Completeness - Assets not accounted for in the Fixed Asset Register and or the supporting schedule	✓					✓			4	Not addressed
	Existence - Assets that could not be verified	✓					✓			4	Not addressed
	Impairment Assessment not performed on Property Plant and Equipment	✓					✓			1	Not addressed
	Duplicate assets identified in the supporting schedule.	✓					✓			1	Not addressed
	Incorrect classification of Assets	✓						✓		1	N/a

Page no.	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
	Bundled assets in the Fixed Asset Register	✓					✓			0	Not addressed
Payables											
	Differences identified from invoices and age analysis/creditors' statement	✓					✓			1	N/A
Receivables from exchange transactions											
	No impairment assessment for receivables from exchange transactions	✓					✓			0	N/A
Employee cost											
	Travel and subsistence account incorrectly classified as employee costs	✓					✓			0	N/A
Expenditure											
	Expenditure incomplete	✓					✓			0	N/A
Leases											
	Non-disclosure of accounting policy and notes to the financial statements for lease liability.	✓					✓			0	N/A
Cash flow statements											
	Cash flow statement is misstated.	✓					✓			0	N/A

Page no.	Finding	Classification					Rating			Number of times reported in previous three years	Status of implementation of previous year(s) recommendation
		Misstatements in financial statements	Misstatements in annual performance report	Non-compliance with legislation	Internal control deficiency	Service delivery	Matters affecting the auditor's report	Other important matters	Administrative matters		
Compliance											
	Insufficient reasons for deviation								✓		N/A
	Limitation of scope								✓		N/A
	Payment made after 30 days								✓		N/A

DETAILED AUDIT FINDINGS: ANNEXURES A TO C

ANNEXURE A: MATTERS AFFECTING THE AUDITOR'S REPORT

REVENUE

1. Limitation of scope and incorrect basis of accounting of revenue.

Requirement

In terms of the Continuing Education and Training Act 16 of 2006 34 (1) a & b

Every private college must, in accordance with generally accepted accounting practice, principles, and procedures—

(a) keep books and records of income, expenditure, assets, and liabilities; and
(b) prepare financial statements within three months after the end of its financial year, including at least

- (i) a statement of income and expenditure for the previous year;
- (ii) a balance sheet as at the end of the previous year; and
- (iii) such other information as the registrar may require.

In terms of the Continuing Education and Training Act 16 of 2006 45 (1)

A college must make information available for inspection by any person in so far as such information is required for the exercise and protection of the rights of such person.

GRAP 1 Presentation of Financial statements defines accrual basis as a basis of accounting under which transactions other events and conditions are recognised when they occur and not only when cash or its equivalent is received or paid. Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses.

IGRAP 1 Applying the Probability Test on Initial Recognition Revenue paragraph 9 states that at the time of initial recognition of exchange and non-exchange revenue it is not appropriate to assume that revenue will not be collected as the entity has an obligation to collect all revenue and this would be contrary to normal business principles. Accordingly, the Board concluded that the full amount of exchange and non-exchange revenue should be recognised at the initial transaction date after considering other factors that may impact the inflow of future economic benefits or service potential to the entity.

Audit Finding

The college is recognizing revenue based on deposit slips which is a cash basis of accounting. This is against the provision of GRAP standards and IGRAP 1 which prescribed that the college should not assess the possibility of collection of revenue at recognition stage.

Contrary to the abovementioned requirement, request for information no 12 was issued on the 19th of May 2023 and due for submission by management on the 22nd of May 2023.

Auditors ensured a follow up on the information not submitted through the following platforms:

1. Communication of audit finding(no. 1) was issued on the 24th of May 2023.

2. A letter for cut off was issued on the 5th of June 2023 however the letter was rebutted by management and an additional 2 working days were provided for the submission of the respective information as at 8th of June 2023.
3. Multiple informal engagements were held with management on the outstanding information however these actions remain unsuccessful for the 55% submission RFI 12.

Please refer to the table below for revenue information that was not submitted for audit purposes.

Annexure from Request for information no 12.

Posting Date	Document No.	Description	Credit
22/01/07	GJNL98005	CARDLESS CASH DEP 0110010433081 0733741778	500
22/01/07	GJNL98005	CARDLESS CASH DEP 0311045045086 0818886826	700
22/01/31	GJNL97952	CARDLESS CASH DEP ANTOINETTE 0763782128	100
22/01/31	GJNL97952	CARDLESS CASH DEP ASANDA 0653953845	300
22/01/31	GJNL97954	CARDLESS CASH DEP GCTC THUTOMFUNDO 0822172646	400
22/01/31	GJNL97952	CARDLESS CASH DEP JUDITH MOHLASEDI 0788829392	400
22/01/31	GJNL97952	CARDLESS CASH DEP KENEILWE 0764774947	300
22/01/08	GJNL97940	CARDLESS CASH DEP MAPHOTHOMA KARABO D 0724363275	300
22/01/31	GJNL97952	CARDLESS CASH DEP NONKULULEKO NKOSI 0849438747	410
22/01/31	GJNL97952	CARDLESS CASH DEP OLGA CHAUKE 0728406286	200
22/01/07	GJNL98012	CARDLESS CASH DEP ONICA MAHLARE 0715539029	100
22/01/31	GJNL97952	CARDLESS CASH DEP PITSI 0725008663	300
22/01/31	GJNL97952	CARDLESS CASH DEP PP MOKGOHLWA 0739575857	200
22/01/31	GJNL97952	CARDLESS CASH DEP PRUDENCE MALATJI 0672103887	400
22/01/31	GJNL97952	CARDLESS CASH DEP SANDISE VITSI 0765733573	400
22/01/31	GJNL97952	CARDLESS CASH DEP SELLOMOTAUNG 0731811671	300
22/01/31	GJNL97952	CARDLESS CASH DEP SHAUN MATHEBULA 0632493541	300
22/01/31	GJNL97952	CARDLESS CASH DEP TERRENE NDOU 0815906519	400
22/01/31	GJNL97954	CARDLESS CASH DEP THALENTE SIBISI 0813116375	300
22/01/31	GJNL97952	CARDLESS CASH DEP THOMAS 0777302505	300
22/01/31	GJNL97954	CARDLESS CASH DEP LUNGILE 0843179682	500
22/01/31	GJNL97954	ACB CREDIT THATO PHATSI	300
22/01/31	GJNL97954	ACB CREDIT TSHEGOFATSO MALOPE	400

This poses a limitation on the audit and therefore not able to confirm the accuracy of tuition and related amounts stated in the financial statements.

Impact

- This is in contravention with GRAP, CET Act 34(1) & 45(1) and PAA 15(1) which has resulted in a limitation of scope.

Internal control deficiency**Financial and performance reporting**

Lack of proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.

Recommendation

Management must ensure the College has in place an efficient and proper record keeping system that enables that all official documents to be properly filed and be readily available for inspection at the request of the auditors.

Management response

Agree/disagree?	Agree with the findings
Comments	The unavailability of Student management system in the College is creating poor student management system
Management Action	Management to ensure the student management system is procured to reduce, the internal control deficiencies when it comes to student management system as well as the revenue management
Responsible person	JMajola
Action Date	24/06/2023

Audit conclusion

Management comment noted, however the accounting of revenue was not in accordance with GRAP, the impact is unknown and the matter to be reported in the audit report. Furthermore we are placing a conclusion on the non-submitted information as a limitation of scope.

PROPERTY, PLANT AND EQUIPMENT**2. Inconsistencies in the FAR and Verification****Requirement**

In terms of Section 25 of the Further Continuing Education and Training College Act 2006

State that “ The council of a public college must, in the manner determined by the Member of the Executive Council-

- (a) keep records of all its proceedings;
- (b) keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and
- (c) implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

Audit Finding

Contrary to the abovementioned criteria during the verification of assets we identified discrepancies, whereby the physical condition of the assets were not consistent with information contained in the fixed asset register.

As per the fixed asset register, the below mentioned assets were acquired and available for use during the 2022 financial year however through observation and inquiry with the respective center managers the assets were acquired before the 2022 financial year. Our assessment of the condition also did not indicate that these assets were new acquisitions.

Asset Number	Description	Cost	Depr Start	Acquisition Date	Register Condition	Auditors Condition
90	Office Furniture	18 458.00	2022/08/23	2022/08/12	Good	Very Poor
FA004420	Office Furniture	54 963.00	2022/04/14	2022/05/27	Good	Very Poor

Internal Control Deficiency

Financial and performance reporting

Inadequate design and implementation of internal control to ensure that the fixed asset register contains accurate and complete information that is easily corroborated through physical verification.

Impact

- Noncompliance with 25 of the CET Act.
- Understatement of assets impairment loss on assets with evidenced poor condition, yet acquired in the reporting period.

Recommendation

- Management must prepare a fixed assets register that is compliant with the GRAP standards.
- Management must develop processes and methodologies to assess for asset impairment.

Management response

Agree/disagree?	Disagree with the Finding
Comments	The list of new assets as indicated above were unbundled, however, in this response the barcode numbers have been provided and the pictures have been submitted for auditors' assessment.
Management Action	Management is going to ensure that the newly procured assets pictures are captured on the system with pictures.
Responsible person	RDiale
Action Date	2023/09/30

Auditor conclusion

Management response noted, however the finding remains. The pictures provided are inconsistent with the supporting schedule register barcodes, therefore the evidence provided does not resolve the issue raised and the matter is to be reported in the audit report.

3. Completeness - Assets not accounted for in the Fixed Asset Register and or the supporting schedule.

Requirement

In terms of paragraph 9.3.3 of the Asset Management Policy

States that “All assets owned and controlled by the college must be recorded in an asset register, regardless of the funding source or value thereof”.

In terms of Section 25 of the Further Continuing Education and Training College Act 2006

State that “ The council of a public college must, in the manner determined by the Member of the Executive Council-

(a) keep records of all its proceedings; 30

(b) keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and

(c) implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

Audit Finding

Contrary to the abovementioned criteria, during the verification of assets the below selected assets with College specific bar codes from the different community learning centers could not be traced back to the fixed asset register.

Asset Number	Asset Description	Category	Location	Centre Manager	Auditor's condition
GCETC02 7898	Canon Printer, Black	Office Equipment	Herbert Mdingi	Thandi Mdletshe	Fair
GCETC02 7884	Canon Printer, White	Office Equipment	Herbert Mdingi	Thandi Mdletshe	Fair
GCETC03 5674	Office Desk	Furniture and Fixtures	Peter Lengene	Mr Ngwila	Poor
GCETC03 5229	Toshiba Office Printing Machine	Office Equipment	Peter Lengene	Mr Ngwila	Fair
GCETC03 8687	Filing Cabinet, Steel	Furniture and Fixtures	Peter Lengene	Mr Ngwila	Poor
GCETC04 2662	HP Desktop, White	Computer Equipment	Setlakalane	Beauty Nzama	Good
GCETC01 8951	Computer Desks, Wood	Furniture and Fixtures	Setlakalane	Beauty Nzama	Fair
GCETC06 5886	HP Desktop, White	Computer Equipment	Wattville	Christopher Lebopa	Good
GCETC06 5884	HP Desktop, White	Computer Equipment	Wattville	Christopher Lebopa	Good
GCETC06 5885	HP Desktop, White	Computer Equipment	Wattville	Christopher Lebopa	Good

Asset Number	Asset Description	Category	Location	Centre Manager	Auditor's condition
GCETC06 5881	HP Desktop, White	Computer Equipment	Wattville	Christopher Lebopa	Good
GCETC05 2422	HP Desktop, White	Computer Equipment	Wattville	Christopher Lebopa	Good
GCETC04 6186	HP Office Printer	Office Equipment	Kwa-Thema	Lindiwe Sondiyazi	Fair
GCETC04 1411	Filing Cabinet, Steel	Furniture and Fixtures	Kwa-Thema	Lindiwe Sondiyazi	Fair
GCETC01 2773	Dell Desktop, Black	Office Equipment	Bethsaida	Dr Mos Makanatleng	Fair
GCETC01 2666	Office Desk	Furniture and Fixtures	Bethsaida	Dr Mos Makanatleng	Fair
GCETC01 2675	Arm Rest Wooden Chair	Furniture and Fixtures	Bethsaida	Dr Mos Makanatleng	Fair
GCETC01 2671	Dell Desktop, Black	Office Equipment	Bethsaida	Dr Mos Makanatleng	Fair
GCETC01 2710	Office Printing Machine	Office Equipment	Bethsaida	Dr Mos Makanatleng	Fair
GCETC02 2564	Toshiba Office Printing Machine	Office Equipment	Holy Trinity	Linda Mmekwa	Fair
GCETC02 2560	Wooden Office Desk	Furniture and Fixtures	Holy Trinity	Linda Mmekwa	Fair
GCETC02 2567	HP Deskjet	Office Equipment	Holy Trinity	Linda Mmekwa	Fair
GCETC02 2583	KIC Grey Fridge	Office Equipment	Holy Trinity	Linda Mmekwa	Fair
GCETC00 2907	Wooden Office Desk	Furniture and Fixtures	Reneilwe	Zanele Madonsela	Fair
GCETC00 2905	Wooden Office Desk	Furniture and Fixtures	Reneilwe	Zanele Madonsela	Fair
GCETC06 7936	Lenovo Laptop	Computer Equipment	Reneilwe	Zanele Madonsela	Fair
GCETC00 2917	Wooden filing cabinet	Furniture and Fixtures	Reneilwe	Zanele Madonsela	Fair
GCETC06 8133	Dell Central Processing Unit	Computer Equipment	Reneilwe	Zanele Madonsela	Fair
GCETC02 7954	Filing Cabinet, Wood	Furniture and Fixtures	City Deep	E Shabalala	Fair
GCETC02 9316	Dell Desktop, Black	Computer Equipment	City Deep	E Shabalala	Fair
GCETC02 0567	Dell Desktop, Black	Computer Equipment	City Deep	E Shabalala	Good
GCETC05 0862	Acer Desktop	Computer Equipment	Aaron Moeti	Musa Sidzumo	Good
GCETC05 3892	Office Printing Machine	Office Equipment	Aaron Moeti	Musa Sidzumo	
GCETC05 2409	LG Desktop, Black	Computer Equipment	Ivory Park	Rubben Maila	Good
GCETC05 2407	LG Desktop, Black	Computer Equipment	Ivory Park	Rubben Maila	Good
GCETC05 2406	Central Processing Unit CPU	Computer Equipment	Ivory Park	Rubben Maila	Good
GCETC05 2403	Office Desk	Furniture and Fixtures	Ivory Park	Rubben Maila	Good
GCETC05 4556	Generator	Office Equipment	Thutomfundo	Mr Ramaoka	Good

Asset Number	Asset Description	Category	Location	Centre Manager	Auditor's condition
GCETC02 5363	Mecer Desktop, Black	Computer Equipment	ED Mafole	Mapule Ngwenya	Good
GCETC02 4010	Asus Laptop, Black	Computer Equipment	Diepkloof	Peter Maroga	Fair
GCETC03 2535	Office Printing Machine	Office Equipment	Fourways	Amos Modiselle	Fair
GCETC03 2540	Filing Cabinet	Furniture and Fixtures	Fourways	Amos Modiselle	Fair
GCETC01 2154	Office Desk	Furniture and Fixtures	Alexandra	Miriam Kau	Fair

Internal Control Deficiency

Financial and performance reporting

Inadequate design and implementation of internal control to ensure that the fixed asset register contains accurate and complete information.

Impact

- Non compliance with paragraph 9.3.3 of the GCET Asset Management Policy and section 25 of the CET Act.
- Property Plant and Equipment could be understated with a projected amount of R18 211 187,75 due to completeness.

Recommendation

- Management must ensure complete inclusion of all assets owned through detailed reconciliation of assets on the ground against the fixed asset register.

Management response

Agree/disagree?	Agree with the finding
Comments	Proper assets verification will be conducted twice a year to note the changes on assets
Management Action	Proper assets verification will be conducted twice a year to note the changes on assets
Responsible person	RDiale
Action Date	2023/06/22

Auditor conclusion

Management agreed to the finding and the matter will remain and reported in the audit report as adjustment not made.

4. Existence - Assets that could not be verified

Requirement

In terms paragraph 9.3 of the Asset Management Policy for Gauteng CET College

States, 'The following information should be included as a minimum on the asset register for capital assets.

- a) Acquisition and identification
 - Asset Class
 - Asset sub-class
 - Parent asset or standalone asset
 - For separately depreciable parts
 - Description of each asset
Unique asset number
 - Purchase date
 - Historical cost

In terms of National Treasury – Asset Management guide 2008, provides:

Provides that the following information to be included in the assets register.

- Asset class: should facilitate GRAP financial reporting requirements, e.g., PPE, investment property, intangible asset, etc.
 - Asset sub-class: should facilitate management and reporting, e.g., motor vehicle, furniture, road infrastructure, etc.
 - Asset functional group (if relevant): e.g., clinic, warehouse, hall.
- Parent asset or standalone asset:
- Asset number: a unique system-generated identifier, bar code or other unique number so that the individual asset can be distinguished from others.
- Asset specific identifiers (where applicable): e.g., serial numbers, registration number, erf. number.
- Asset description: e.g., 2005 Toyota Corolla 140i, brown wooden six-seater boardroom table, etc.
 - Asset dimensions/capacity (if relevant): e.g., 200 litre (tank), 4000 sq metre (building/land)
 - Asset construction (if relevant): e.g., brick, wood, cast iron.
- Location: e.g., Office 123, Store ABC, Erf. XYZ
 - Zoning: residential, agricultural, industrial, etc.
 - GPS: recommended for easy location (where relevant).

Audit Finding

Contrary to the abovementioned requirement, the following assets selected for the physical verification exercise could not be verified as the fixed assets register did not include sufficient information such as the asset number, location/GPS or detailed description.

1. Additions – Assets procured in 2022 Financial Year End

No	Fixed Asset No.	FA Description	FA Subclass Code	Book Value	FA Location Code	Agree or Disagree
1	17	Office Printers	OFFICE	15 998,00	PRINCIPAL	Disagree with the finding, pictures will be provided

No	Fixed Asset No.	FA Description	FA Subclass Code	Book Value	FA Location Code	Agree or Disagree
						with the barcode number. It was omitted on the FAR
2	19	TABLETS	OFFICE	26 297,92	PRINCIPAL	Agree with the finding, tablets were erroneously capitalised, they were bought for SRC members
3	201	OFFICE FURNITURE: ADJUSTABLE CHAIRS	FUR&FIX	28 559,51	SETLAKAL	Agree with the finding, during the asset's verification, the team noticed that the barcode numbers have been removed due to the poor quality. However, the Assets team is currently updating these assets information and will ensure that barcode numbers are captured as well
4	207	OFFICE FURNITURE: ADJUSTABLE CHAIRS	FUR&FIX	26 633,78	SYDNEY M	Agree with the finding, during the asset's verification, the team noticed that the barcode numbers have been

No	Fixed Asset No.	FA Description	FA Subclass Code	Book Value	FA Location Code	Agree or Disagree
						removed due to the poor quality. However, the Assets team is currently updating these assets information and will ensure that barcode numbers are captured as well
5	21	Water Tank Stand	INFRASTRUC	29 828,34	ALEXANDR	Disagree with finding, pictures will be provided. The water tank cannot be barcoded however the FA number is written on this asset
6	52232	AIR CONDITIONS	OFFICE	66 600,00	ALEXANDR	Disagree with finding, the necessary information is provided
7	66	COMPUTER	COMPUTER	16 423,89	SEBOKENG	Disagree with finding , pictures will be provided, however the barcode number was omitted on the FAR
8	FA000582	GENERATOR	OFFICE	36 611,59	SETLAKAL	Disagree with finding pictures will be provided.

No	Fixed Asset No.	FA Description	FA Subclass Code	Book Value	FA Location Code	Agree or Disagree
						The generator cannot be barcoded however the FA number is written on the asset
9	FA003790	ALL IN ONE DESKTOP	COMPUTER	30 701,01	WATTVILL	Disagree with finding, pictures will be provided with the barcode numbers
10	FA003830	SEWING MACHINES	FUR&FIX	23 110,12	MOEPATHU	Disagree with finding, pictures will be provided with the barcode numbers
11	FA003900	DESKTOPS	COMPUTER	23 403,70	TAAMANE	Disagree with finding, pictures will be provided with the barcode numbers
12	FA004160	INDIVIDUAL COMPUTER DESK	COMPUTER	21 801,24	CITY D_N	Disagree with finding, pictures will be provided with the barcode numbers
13	FA004190	OFFICE FURNITURE	COMPUTER	99 639,42	RENEILWE	Disagree with finding, pictures will be provided with the barcode numbers
14	FA004260	Generator	FUR&FIX	21 224,01	HAMMANSK	Disagree with finding pictures will be provided. The generator cannot be

No	Fixed Asset No.	FA Description	FA Subclass Code	Book Value	FA Location Code	Agree or Disagree
						barcoded however the FA number is written on the asset
15	FA004390	IT EQUIPMENT: CAMERA	COMPUTER	19 123,75	HEAD OFFIC	Disagree with finding , pictures will be provided
16	FA004430	Garden Equipment	EDUCATION	41 226,06	PQ VUNDL	Disagree with finding , pictures will be provided
17	FA004981	DESKTOP	COMPUTER	27 597,70	FOURWAYS	Disagree with finding , pictures will be provided, however the barcode number was omitted on the FAR
18	FA004991	Cameras	COMPUTER	26 177,78	KWAZINI	Disagree with finding , pictures will be provided with the FA number
19	ZIKIE WHITEBOARDS	ZIKIE WHITEBOARDS	FUR&FIX	95 040,00	PRINCIPAL	Disagree with finding , pictures will be provided with the FA number
20	MOBILE CLASS	MOBILE CLASS	BUILDINGS	478 000,00	TSAKANI	Disagree with finding , pictures will be provided with the FA number
21	20	LAPTOPS	OFFICE	24 845,44	RENEILWE	
22	208	OFFICE FURNITURE: ADJUSTABLE CHAIRS	FUR&FIX	34 780,00	KWAZINI	

No	Fixed Asset No.	FA Description	FA Subclass Code	Book Value	FA Location Code	Agree or Disagree
23	209	OFFICE FURNITURE: ADJUSTABLE CHAIRS	FUR&FIX	34 780,00	KWA-THEM	
24	88	LAWNMOWER	EDUCATION	26 224,79	THUTOMFU	
25	FA001080	Office Printer	COMPUTER	5 287,02	HERBET	

Opening Balance

No	Fixed Asset No.	Serial No.	FA Description	FA Subclass Code	BookValue	FA Location Code	
1	FA000400		Industrial Lawnmower 1	INFRASTRUC	4,258.31	PETER LE	Disagree with finding , pictures will be provided with the FA number
2	FA000410		Industrial lawnmower 2	INFRASTRUC	4,258.31	PETER LE	Disagree with finding , pictures will be provided with the FA number
3	FA000420		Brush Cutter 1	INFRASTRUC	1,175.37	PETER LE	Disagree with finding , pictures will be provided with the FA number
4	FA000430		Brush cutter 2	INFRASTRUC	1,175.37	PETER LE	Disagree with finding , pictures will be provided with the FA number
5	FA000440		Grass cutting scissor 1	INFRASTRUC	128.99	PETER LE	Disagree with finding , pictures will be provided with the

No	Fixed Asset No.	Serial No.	FA Description	FA Subclass Code	BookValue	FA Location Code	
							FA number
6	FA000450		Grass cutting scissor 2	INFRASTRUC	128.99	PETER LE	Disagree with finding , pictures will be provided with the FA number
7	FA000460		Grass cutting scissor 3	INFRASTRUC	128.99	PETER LE	Disagree with finding , pictures will be provided with the FA number
8	FA002640		Leather Machine Industrial	EDUCATION	23,404.03	SHARPEVI	Disagree with finding , pictures will be provided with the FA number
9	FA001990		health and safety kit	FUR&FIX	104,005.28	HEAD OFFIC	Disagree with finding , pictures will be provided
10	FA003230		Mobile Classroom	INFRASTRUC	328,123.99	KWA-THEM	Disagree with finding , pictures will be provided with the FA number
11	FA003240		Mobile Classroom	INFRASTRUC	326,608.87	GAEGOLEL	Disagree with finding , pictures will be provided with the FA number
12	FA002760		Generator 6KVA	INFRASTRUC	21,859.48	THOKOZA	Agree with finding, this

No	Fixed Asset No.	Serial No.	FA Description	FA Subclass Code	BookValue	FA Location Code	
							assets should not have been removed from the FAR
13	FA002930		Vertical Water Tank 5000L	INFRASTRUC	39,215.13	HAMMANSK	Disagree with finding, pictures will be provided with the FA number
14	FA002660		Smart Board Touch Panel	FUR&FIX	42,320.00	BETHSAID	Disagree with finding, pictures will be provided with the FA number
15	FA002660		Smart Board Touch Panel	FUR&FIX	42,320.00	BETHSAID	Disagree with finding, pictures will be provided with the FA number
16	FA002650		Toshiba Copier Black & White	OFFICE	113,736.67	VICTORY	Disagree with finding, pictures will be provided with the FA number
17	FA001960		ASUS Laptop 15.6" i7-8550; 8GB; 1TB; Grey	COMPUTER	6,894.85	Herbert Mdingi	
18	FA001960	GCETC000334	ASUS Laptop 15.6" i7-8550; 8GB; 1TB; Grey	COMPUTER	6,894.85	Ivory Park	
19	FA001960	GCETC000283	ASUS Laptop 15.6" i7-8550; 8GB; 1TB; Grey	COMPUTER	6,894.85	Ed mafole	

No	Fixed Asset No.	Serial No.	FA Description	FA Subclass Code	BookValue	FA Location Code	
20	FA001960	GCETC000439	ASUS Laptop 15.6" i7-8550; 8GB; 1TB; Grey	COMPUTER	6,894.85	Diepkloof	
21	FA001960	GCETC000330	ASUS Laptop 15.6" i7-8550; 8GB; 1TB; Grey	COMPUTER	6,894.85	Peter Lengene	
22	FA001960	GCETC000360	ASUS Laptop 15.6" i7-8550; 8GB; 1TB; Grey	COMPUTER	6,894.85	Sydney Maseko	
23	FA001960	GCETC000378	ASUS Laptop 15.6" i7-8550; 8GB; 1TB; Grey	COMPUTER	6,894.85	Fourways	
			Total		1,101,111.73		

Internal Control Deficiency

Financial and performance reporting

Inadequate design and implementation of internal control to ensure that the fixed asset register is GRAP compliant and includes the minimum required information as stipulated in the Asset Management Policy to enable the ease of physical verification of assets.

Impact

- Noncompliance with paragraph 9.3 of the Asset Management Policy
- Non-verification of these assets results in a material limitation of scope
- Property Plant and Equipment could be overstated by a projected amount R3 792 838.27 considering that other assets might have been disposed off.

Recommendation

- Management must ensure all assets are correctly referenced in the asset register for easier identification during physical verification.

Management response

Agree/disagree?	Disagree with the finding
Comments	The rest of the sample will be supported by pictures, the information received is that at some centres, the assets were not assessable due to unavailability of officials.
Management Action	To ensure that the audit is conducted earlier before the examinations so that the testing of assets completeness and existence is performed smoothly without challenges.

Responsible person	Ms R Diale
Action Date	30 January 2024

Audit conclusion

The pictures provided are hand written using a marker and in some instances the marker print is placed on assets with asset barcodes. Therefore, we cannot place reliance on hand written marks as it could have been made post to the selection of our sample. For an example, a picture was provided with a handwritten mark of FA20 which was placed above barcode GCETC040618. An inconsistency was noted in that, according to the fixed asset register FA20 is only inclusive of two(2) assets with asset barcodes; GCETC714492 and GCETC714493. Therefore the matter remains unresolved and will be reported in the audit report.

5. Impairment Assessment not performed on Property Plant and Equipment

Requirement

In terms of Section 25 of the Further Continuing Education and Training College Act 2006
State that “ The council of a public college must, in the manner determined by the Member of the Executive Council-

- (a) keep records of all its proceedings; 30
- (b) keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and
- (c) implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

In terms of paragraph 21 of Standard of Generally Recognized Accounting Practice – Property Plant and Equipment (GRAP 26)

States that “An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.”

Audit Finding

Contrary to the abovementioned requirement, during the audit of Property Plant and Equipment – Infrastructure Asset, we identified that the college has not performed any impairment assessment as required by GRAP 26, Par 21.

Internal Control Deficiency

Financial and performance reporting

Inadequate design and implementation of internal controls to ensure that an impairment assessment is conducted on all the assets. This is aimed at ensuring that all assets are valued accurately.

Impact

- Incorrect application with section 25 of the CET Act, Paragraph 21 of GRAP 26
- Understatement of impairment provision.

Recommendation

- Management must assess all their infrastructure assets for impairment.

Management response

Agree/disagree?	Agree with the findings
Comments	The management wanted to get the FAR in order first, before the process of impairment of assets resume
Management Action	To ensure the effective and efficient implementation of Assets Disposal Process
Responsible person	JMajola
Action Date	1 September 2023

Auditor conclusion

Management agreed to the finding, however no adjustments have been allowed due to the significance of the matter. The matter to be reported in the audit report.

6. Duplicate assets identified in the supporting schedule.**Requirement**

In terms of Section 25 of the Further Continuing Education and Training College Act 2006
State that " The council of a public college must, in the manner determined by the Member of the Executive Council-

- keep records of all its proceedings; 30
- keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and
- implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

Audit Finding

Contrary to the abovementioned criteria during the audit of the Property Plant and Equipment we identified that the following assets have been duplicated in the Barcoded List (supporting schedule feeding the balance on the Fixed Asset Register)

Please refer to the attachment below



Duplicated%20Items.
xlsx

Internal Control Deficiency

Financial and performance reporting

Inadequate design and implementation of internal control to ensure that the fixed asset register contains accurate information.

Impact

- Noncompliance with section 25 of the CET Act
- Property Plant and Equipment could be overstated by a projected amount of R1 315 474.12

Recommendation

- Management must prepare a fixed assets register that is compliant with the GRAP standards taking in to account the responsibilities of the accounting officer as per the Public Finance Management Act and CET Act.

Management response

Agree/disagree?	Agree with findings
Comments	Management to update the FAR and ensure that the overstated amount of R1 315 474.12 is removed. The duplicated transactions occurred during the process of unbundling some of the assets that were procured as bundled assets when the assets cards were generated from the FMS
Management Action	To ensure that FAR is 100 GRAP compliant
Responsible person	JMajola
Action Date	30 August 2023

Audit conclusions

Management comment noted, however no adjustments have been allowed due to the significance of the matter. The matter to be followed up in the following year.

7. Incorrect classification of Assets

Requirement

In terms of Section 25 of the Further Continuing Education and Training College Act 2006 State that “ The council of a public college must, in the manner determined by the Member of the Executive Council-

- (a) keep records of all its proceedings; 30
- (b) keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and
- (c) implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

In terms of paragraph 7 and 8 of Standard of Generally Recognized Accounting Practice – Property Plant and Equipment (GRAP 17)

States that “The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

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

Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Standard when they meet the definition of property, plant, and equipment. Otherwise, such items are classified as inventory in accordance with the Standard of GRAP on *Inventories* (GRAP 12).

GRAP 17 defines Property Plant and equipment as tangible items that:

- a. are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- b. are expected to be used during more than one reporting period.

Audit Finding

Contrary to the abovementioned criteria during the audit assets, we identified the following line item included in the fixed asset register while it does not meet the full definition of capital assets.

Fixed Asset No.	Serial No.	FA Description	FA Subclass Code	Acquisition Cost	Acquisition Date	YTD Depreciation	Accumulated Depreciation	Book Value
FA001990	123	health and safety kit	FUR&FIX	134,763.89	21/08/2013	22,460.65	30,758.61	104,005.28

Internal Control Deficiency

Financial and performance reporting

Inadequate design and implementation of internal control to ensure that the fixed asset register contains accurate and complete information.

Impact

- Noncompliance with section 25 of the CET Act and Paragraph 7 and 8 of GRAP 17.
- Property Plant and Equipment is overstated by R104 005.28 while operational expenses are understated with the same amount.

Recommendation

- Management must correctly apply the definition of assets and recognition criteria as per GRAP 17 when recognising an asset.

Management response

Agree/disagree?	Agree with the findings
Comments	Management will ensure that this item is removed from the FAR and ensure that it is classified correctly
Management Action	Management will review the FAR extensively to ensure that FAR is GRAP compliant
Responsible person	R Diale
Action Date	2023/08/30

Audit conclusions

Management comment noted. The matter to be followed up in the following year.

8. Bundled assets in the Fixed Asset Register**Requirement**

In terms of Section 25 of the Further Continuing Education and Training College Act 2006
State that “ The council of a public college must, in the manner determined by the Member of the Executive Council-

- keep records of all its proceedings;
- keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and
- implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

In terms of paragraph 17 and 18 of Standard of Generally Recognized Accounting Practice – Property Plant and Equipment (GRAP 17)

States that “ An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost and where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.”

In terms of paragraph 48 of Standard of Generally Recognized Accounting Practice – Property Plant and Equipment (GRAP 17).

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

In terms paragraph 9.3 of the Asset Management Policy for Gauteng CET College

States, 'The following information should be included as a minimum on the asset register for capital assets.

- b) Acquisition and identification
 - Asset Class
 - Asset sub-class
 - Parent asset or standalone asset
 - For separately depreciable parts
 - Description of each asset
Unique asset number
 - Purchase date
 - Historical cost

Audit Finding

Contrary to the abovementioned requirement, the following assets selected for the physical verification, depreciation recalculation and validity of the opening balance audit procedures however all the exercises could not be performed as the assets have been bundled in the fixed assets register and the supporting schedule as follows:

Fixed Asset No.	FA Description	FA Subclass Code	Acquisition Cost	Acquisition Date	YTD Depreciation	Accumulated Depreciation	Book Value
FA000860	Infrastructure - O/B 2019	INFRASTRUC	2,415,035.09	19/01/2001	120,769.41	603,493.95	1,811,541.14
FA000920	TVET assets bought for CLC o/b 2019	FUR&FIX	5,612,535.00	19/01/2001	935,949.98	-	4,676,585.02
FA000900	Offcie equip O/B – 2019	OFFICE	754,132.86	19/01/2001	176,932.09	-	577,200.77
	Total						7,065,326.93

Internal Control DeficiencyFinancial and performance reporting

Inadequate design and implementation of internal control to ensure that the fixed asset register contains accurate and complete information.

Impact

- Non-compliance with section 25 of the CET Act, Paragraph 17, 18. 48 of GRAP 17 and 9.3 of the GCETC Asset Management Policy
- The inability to perform the respective audit procedures on these assets results in a material limitation of scope which results in an overstatement of property plant and equipment.
- The impact on the depreciation of these assets is unknown.

Recommendation

- Management must prepare a fixed assets register that is compliant with the GRAP standards taking in to account the responsibilities of the accounting officer as per the Continuing Education Training Act to ensure accurate inclusion of all assets owned.
- Management should unbundle these assets using GRAP principles, apply the useful life ranges and retrospectively correct this error.

Management response

Agree/disagree?	Disagree with the findings
Comments	The assets were bundled in the previous years. However, the management managed to obtain supporting documents for audit assessment. The assets were unbundled since they were acquired in the previous years. The management still needs to conduct an assessment to ensure that all the fair value of the assets and that the depreciation is calculated accordingly
Management Action	To conduct an assets valuation process To ensure fair value of assets
Responsible person	JMajola
Action Date	2023/06/23

Audit conclusions

Management comment noted however management comment contradicts the action plan. From the comment management acknowledges that the assessment still needs to be done. The matter to be followed up in the following year.

ANNEXURE B: OTHER IMPORTANT MATTERS

PAYABLES

9. Misstatement of Payables

Requirement

In terms of Section 25 of the Further Continuing Education and Training College Act 2006

State that "The council of a public college must, in the manner determined by the Member of the Executive Council-

- (a) keep records of all its proceedings;
- (b) keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and
- (c) implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

Audit Finding

During the audit of payables we identified inconsistencies in the accounting of Trade and Other Payables.

1. Differences between suppliers' invoices and the balance as per the aged analysis for suppliers' statements.

Please refer to the tables below for further information.

No.	Name	Balance	Auditors restated Payables	Variance
1	BUHLEBE MFUNDO SECONDARY SCHOOL	49,500	-	49,500
2	JESUS IS LORD	38,500	-	38,500
3	LIBERTY COMMUNITY SCHOOL	35,000	-	35,000
4	PHAHAMA	42,000	-	42,000
5	Catholic Diocese JHB City Deep	323,548	268,421	55,127
6	Konica Minolta - Kagiso	40,167	(5,996)	34,172
	Total	528,716	262,425	254,299

Through detailed inspection of the respective invoices and proof of payment, confirmed that the above supplier' balance were incorrectly accounted for.

2. Through detailed inspection of sampled invoices and proof of payment the following suppliers were erroneously included in the Aged Analysis as at 31 December 2022 while the supporting information confirms the Payable is for the 2023 FYE.

		Currency Code	Balance	1 - 31 days	32 - 61 days	62 - 92 days	After 122 days
1	GROUP 24	ZAR	-42 855,00	0,00	0,00	0,00	-42 855,00
2	KLIQ 2 SAVE SOLUTIONS	ZAR	-75 300	0,00	-75 300	0,00	0,00

Impact

- Incorrect application of section 25 of the CET Act and Paragraph 17 of GRAP 1
- Trade and other payables is overstated with a projected amount of R1 105 310.23.

Internal control deficiency

Financial and performance reporting

Management did not in all instances implement proper record keeping to ensure the accurate and complete information is included in the Trade and Other Payables balance.

Recommendation

- Management should ensure that all creditor's statements are accurate and updated based on all payments made during the current financial year.
- Management should review the entire trade and other payables population to ensure that accurate and complete information is included for payables as at 31 December 2022

Management response

Management partially agree with the find based on the below comments:

No.	Name	Balance	Agree/Disagree	Comment
1	BUHLEBE MFUNDO SECONDARY SCHOOL	R 49 500,00	Disagree	On the 2 fincial year invoices only 1(the 2021) was paid in 2022, Please refer to the supporting document attached, ref: Buhlebemfundo Invoices
15	JESUS IS LORD	R 38 500,00	Agree	Credit Memo to be created
20	LIBERTY COMMUNITY SCHOOL	R 35 000,00	Disagree	On the 2 fincial year invoices only 1(the 2021) was paid in 2022, the invoice for 2022 was not paid at year end
24	PHAHAMA	R 42 000,00	Disagree	Credit Memo to be created

2	Catholic Diocese JHB City Deep	R 323 547,96	Agree	Credit Memo to be created for the one month rental
17	Konica Minolta – Kagiso	40 167.67	Agree	Credit Memo to be created
Agree/disagree?		Management partially agree with the find based on the below comments		
Comments		<p>Group 24: submitted an invoice in 2022, and it was not paid then as the management was still monitoring the progress on the payroll system. The 2022 invoice will be shared for auditors' assessment as the transaction occurred in 2022.</p> <p>KLIQ 2 SAVE SOLUTIONS: The Credit Memo will be generated to correct this error</p>		
Management Action		To ensure that proper supporting documents are provided for auditor's assessment. The entire population is currently visited and the supporting documents will be issued by COB today		
Responsible person		A Madube		
Action Date		2023/06/26		

Auditor's conclusion

Management comment noted. The first issue was resolved subsequent to the reauditing of the adjusted AFS, however the second issue will still be noted.

Please see below table:

No.	Name	Currency Code	Balance	1 - 31 days	32 - 61 days	62 - 92 days	93 - 122 days	After 122 days
AYIZ00514	AYIZE TRENDS		- 79 824,92	- 4 425,30	-75 399	0,00		-0,62
SAND00655	AFRICA SANDS CONSTRUCTION AND ENGINEERING	ZAR	-74 925,74	0,00	-74 925,50	0,00	0,00	-0,24
TIME00176	TIMELINE TRADING	ZAR	-75 400,00	0,00	-75 400,00	0,00	0,00	0,00

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

10.No impairment assessment for receivables from exchange transactions

Requirement

In terms of Section 25 of the Further Continuing Education and Training College Act 2006

State that “ The council of a public college must, in the manner determined by the Member of the Executive Council-

- (a) keep records of all its proceedings;
- (b) keep complete accounting records of all assets, liabilities, income and expenses and any other financial transactions of the public college as a whole, of its substructures and of other bodies operating under its auspices; and
- (c) implement internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 35 No. 1 of 1999).

GRAP 104 provides for a risk based approach to the impairment of non-exchange transactions based on the probability of non-payment. In accordance with GRAP 108.21 In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, an entity shall consider, **as a minimum**, the following indicators:

- (a) Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- (b) It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- (c) A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- (d) Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, an entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted. Where historical experience is used, the methodology and assumptions used to estimate future cash flows shall be reviewed regularly to reduce any differences between estimated and actual impairment losses.

An examination performed on the impairment of the **receivables from exchange transactions as disclosed in notes 5 to the AFS revealed the following:**

No evidence of risk assessing the non-exchange receivables based on the risk profile of the debtors into the categories as per the credit control policy was evident;

1. The minimum considerations required in GRAP 104 for impairment were not considered in the determination of the impairment loss;

2. There was no consideration of determining the present value of future cash flows which includes the amount and timing of cash flows for the purposes of impairment;
3. The impact of the time value of money was not considered for the purposes of determining the recoverable amount at reporting date.

In informing an impairment for receivables a step-wise approach would need to be undertaken to determine the impairment loss. A general provision/ratio (say 50%) is not an appropriate methodology for the impairment loss. Suggested for your understanding is an indication of how the impairment loss/expected loss should be determined:

Step 1 (Assumptions): *The municipality would need to develop assumptions based on various factors such as the category of the debtor, unemployment rate, economic conditions, and location of the debtor, breach of contracts, legal actions and defaults on payments (own emphasis adopted from GRAP 104/108) . In certain cases, a municipality may appoint an actuary to run a multiple regression analysis, taking into consideration multicollinearity, serial correlation and heteroscedasticity, and may have established the "unemployment rate" to be highly correlated with credit losses. It has been assumed that for example the unemployment rate will increase from 7% to 8% in the next financial year, and that this will trigger an increase of 10% in default losses.*

Step 2 (Ageing analysis): *The next step is then to do an age analysis that compares the invoice date of the debtor to the financial year-end to get an indication of the number of days the debt outstanding. During this step, the subsequent collections (payments after year-end) are calculated to determine the debts that are being partially not collected/collected to assess trends and also for the purposes of establishing the loss rates (write offs).*

Step 3 (Collection analysis): *Step 3 then involves performing a collection analysis on a month to month basis per debtor or group of debtors (as may have been profiled) to ascertain the net receivable at year end, which then also includes a determination of collections after the year end (future cash flows and customer behaviour patterns, which shall be discounted unless there is demonstrable*

evidence that discounting is not material. It is very rare that discounting would not be material especially where the outstanding amounts are high in value).

Audit Finding

Contrary to the abovementioned criteria during the audit of trade and other receivables from exchange transactions, we identified that the following receivables have indications that may not be recoverable. This is confirmed through detailed inspection of the invoices and evidence in the bank statements to date that no payments have been effected.

Refer to the table below for detailed information.

Details of invoices and balances						
Posting Date	Balance	22/12/01 ..22/12/31	22/11/01 ..22/11/30	22/10/01 ..22/10/31	22/09/01 ..22/09/30	Before 22/09/01
Total for W & R SETA	10 181 616,05	4 425 109,80	2 255 211,25	0,00	0,00	3 501 295,00

The balance of the R3 501 295 is inclusive of the following invoices:

1. Invoice PSI000036 - Dated 27 May 2022
2. Invoice PSI000011 - Dated 12 August 2021
3. Invoice PSI000012 - Dated 12 August 2021

The respective balance has indicators that it may not be recoverable. Through inspection of Bank Statement as at 31 March 2023 there is no evidence of payment having been effected in respect of the above invoices.

Details as per the Age analysis - 31 December 2022							
Posting Date	Original Amount	Balance	22/12/01 ..22/12/31	22/11/01 ..22/11/30	22/10/01 ..22/10/31	22/09/01 ..22/09/30	Before 22/09/01
Total for FASSET	ZAR	364 725,62	0,00	0,00	0,00	0,00	364 725,62

The balance of R364 752.62 has indicators that it may not be recoverable. Through inspection of Bank Statement as at 31 March 2023, no evidence of payment has been effected.

The balance of R364 725,62 is inclusive of the following invoices:

1. Invoice PSI000031 – Dated 20 May 2022
2. Invoice PSI000033 – Dated 20 May 2022
3. Invoice PSI 000034 – Dated 20 May 2022
4. Invoice PSI000037 – Dated 27 May 2022
5. Invoice PSI000042 – Dated 18 August 2022

The respective balance has indicators that it may not be recoverable. Through inspection of Bank Statement as at 31 March 2023 there is no evidence of payment having been effected in respect of the above invoices.

Internal Control Deficiency

Financial and performance reporting

Inadequate design and implementation of internal control to ensure that the College included receivables that are realisable and recoverable as per GRAP standards.

Impact

- Incorrect application of section 25 of the CET Act and Paragraph 17 and 68 of GRAP 1
- Overstatement of Trade and other Receivables and understatement of Debtor's Impairment.

Recommendation

- Management should perform an assessment on all receivables to determine the recoverability thereof. Where the receivables are not recoverable, the College needs to make a provision for doubtful debtors.

Management response

Agree/disagree?	In agreement.				
Comments	The SETA debtors will be provided for				
Management Action	Management has raised a provision for doubtful debts in the Annual Financial Statements as follows: <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Dr. Bad debts expense</td> <td style="text-align: right;">R3 866 020</td> </tr> <tr> <td>Cr. Provision for doubtful debts</td> <td style="text-align: right;">R3 866 020</td> </tr> </table>	Dr. Bad debts expense	R3 866 020	Cr. Provision for doubtful debts	R3 866 020
Dr. Bad debts expense	R3 866 020				
Cr. Provision for doubtful debts	R3 866 020				
Responsible person	J Majola				
Action Date	23 Jun 23				

Auditor's conclusion

Management's comment noted and the adjusted AFS were reaudited and the matter has been resolved.

EMPLOYEE COST

11. Travel and subsistence account incorrectly classified as employee costs

Requirement

In terms of the Continuing Education and Training Act 16 of 2006 34 (1) a & b

Every private college must, in accordance with generally accepted accounting practice, principles, and procedures—

(a) keep books and records of income, expenditure, assets, and liabilities; and
 (b) prepare financial statements within three months after the end of its financial year, including at least:

- a statement of income and expenditure for the previous year;
- a balance sheet as at the end of the previous year; and
- such other information as the registrar may require.

Audit Finding

Based upon the review of the evidence provided for audit purposes of employee cost, it was noted that the amount disclosed in note 15 of the annual financial statements is overstated with an amount of R 3 559 898 which relates to Travelling, Accommodation and Subsistence expenses account.

The following account was included in employee costs:

GL account	GL Description	Amount
39200	Travel, accommodation and subsistence	3 559 898.18

As a result, employee cost is overstated by R3,559,898 and travel and subsistence (under general expenses) was understated by the same amount.

Impact

The reported employee cost relating to college paid employees is materially misstated as information reported are not valid and accurate. This impacts the reliability of the employee cost could have a negative impact on the audit report.

Internal control deficiency

Financial and performance management

Management did not prepare accurate and complete financial statements that are supported and evidenced by reliable and accurate information. Inadequate preparation and review of the annual financial statements to adequately disclose the correct amount of employee related cost in the notes to the financial statements.

Recommendation

Management should ensure that the annual performance report is adequately reviewed for validity and accuracy of information presented and reported.

Management response

Agree/disagree?	In agreement.
Comments	The amount included in account 39200 of R3 252 845 has been reclassified as Travel, accommodation and subsistence expense in the AFS. The prior year amount was also restated and the note for the restatement was included in the AFS.
Management Action	AFS have been updated.
Responsible person	J Majola
Action Date	23 Jun 23

Auditor's conclusion

Management comment noted. Subsequent audit was performed on the adjusted AFS and the finding has been resolved.

LEASES

12. Non-disclosure of accounting policy and notes to the financial statements for lease liability.

Requirement

In terms of the Continuing Education and Training Act 16 of 2006 34 (1) a & b

Every private college must, in accordance with generally accepted accounting practice, principles, and procedures—

(a) keep books and records of income, expenditure, assets, and liabilities; and
(b) prepare financial statements within three months after the end of its financial year, including at least

- (i) a statement of income and expenditure for the previous year;
- (ii) a balance sheet as at the end of the previous year; and
- (iii) such other information as the registrar may require.

GRAP 1 paragraph 127 states that:

An entity shall disclose in the summary of significant accounting policies:

1. the measurement basis (or bases) used in preparing the financial statements.
2. the extent to which the entity has applied any transitional provisions of the Standards of GRAP; and
3. the other accounting policies that are relevant to an understanding of the financial statements.

GRAP 13 para 13 states that:

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Although the following are examples of situations which would normally lead to a lease being classified as a finance lease, a lease does not need to meet all these criteria in order to be classified as a finance lease:

c) the lease term is for the major part of the economic life of the asset even if title is not transferred.

GRAP 13 para 42 states that the:

Lessees shall, in addition to meeting the requirements of GRAP 104, make the following disclosures for operating leases and finance leases:

- (a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
- (i) not later than one year;
 - (ii) later than one year and not later than five years; and
 - (iii) later than five years;

Audit Finding

The following leases were noted, and payments are expensed. Using the college accounting policy of 6 years of office equipment and 3 years for office equipment, the lease terms for below lease is a major part of the economic life of the assets and may therefore qualify as finance lease as required by GRAP 13.

Centre	COMPANY	CONTRACT TYPE	Contract Start Date	Contract End Date	Annual Lease Payments 2022
GCETC	KONICA MINOLTA	EQUIPMENT RENTAL	Jan-20	31/08/2023	27,046.60
THUTOMFUNDO CLC	KONICA MINOLTA	MAINTENANCE AGREEMENT	19-Nov-18	18-Oct-23	81,529.99
WATTVILLE CLC	SMART OFFICE CONNECTION	SERVICE LEVEL AGREEMENT: PHOTOCOPIER MACHINE	21-Sep-17	20-Sep-23	49,640.28
ALEXANDRA CLC	KONICA MINOLTA	PHOTOCOPIER AND MAINTENANCE AGREEMENT	01-Jun-19	31-May-23	94,453.47
AARON MOETI CLC	KLOUD X	PHOTOCOPIER AND MAINTENANCE AGREEMENT	01-Sep-20	31-Aug-25	33,689.28
TEMBISA	KONICA MINOLTA	PHOTOCOPIER AND MAINTENANCE AGREEMENT	01-Jul-19	30-Jun-23	31,639.82
GAEGOLELWE	SERITI BUSINESS SOLUTION	PHOTOCOPIER AND MAINTENANCE AGREEMENT	01-Jun-19	31-May-23	166,779.62
KWATHEMA	XEROX	PHOTOCOPIER AND MAINTENANCE AGREEMENT	01-Jun-19	5/31/2023	50,346.57
KHUTSONG	Panasonic	PHOTOCOPIER AND MAINTENANCE AGREEMENT	01-Jun-19	31-May-23	15,214.84
HAMANSKRAAL	Toshiba online	PHOTOCOPIER AND MAINTENANCE AGREEMENT	01-Jun-19	31-May-23	99,487.51
					1,643,492.21

It was also noted that the notes to the financial statements were not disclosed for lease commitment amounting to R1 643 492,21 relating to the recognition and measurement in terms of the GRAP accounting standards and which is also required and is relevant to the understanding of the annual financial statements by users. Refer to Annexure A for more details.

Impact

Non-compliance with GRAP 13 disclosure requirement for the disclosure of significant accounting policies and notes to the financial statements. The annual financial statements is misstated with an amount of R1 643 492,21.

Internal control deficiency

Financial and performance reporting

Management did not prepare accurate and complete financial statements that are supported and evidenced by reliable and accurate information. Inadequate preparation and review of the annual financial statements in terms of GRAP 1 to ensure that significant accounting policies are disclosed.

Recommendation

Management should:

- adjust the annual financial statements to reflect the accounting policies used for these transactions or arrangements. These should be in line with their respective GRAP requirements.
- ensure that all the notes in the annual financial statements are adequately prepared and reviewed so that it is presented and disclosed in compliance with GRAP standards.
- recognise the operating lease/finance lease as assets or liabilities in the statement of financial position at amount equal to the fair value of the leased assets, or if lower, the present value of the minimum lease payments.

Management response

Agree/disagree?	Disagree with findings
Comments	In terms of GRAP 13, for a lease to be considered a finance lease, the College should carry the risks and rewards related to ownership of the assets. In the case of the copiers, they remain the property of the lessors, they are responsible for all maintenance and insurance of these assets. There is no risk to the College which is usually related to ownership. Therefore, the College is of the opinion that the leases were correctly accounted for as operating leases.
Management Action	The AFS have been adjusted with the disclosure related to findings 1 and 2 above.
Responsible person	Joy Majola
Action Date	23 Jun 23

Audit conclusion

Management comment noted, however the issue remain as all the GRAP 13 and prior period error requirement was note considered on the disclosure note. Also all no operating lease smoothing liability or asset was recorded in the financial position. Therefore the finding remains.

CASH FLOW STATEMENTS

13. Cash flow statement is misstated.

Requirement

In terms of the Continuing Education and Training Act 16 of 2006 34 (1) a & b

Every private college must, in accordance with generally accepted accounting practice, principles, and procedures—

- keep books and records of income, expenditure, assets, and liabilities; and
- prepare financial statements within three months after the end of its financial year, including at least
 - a statement of income and expenditure for the previous year;
 - a balance sheet as at the end of the previous year; and
 - such other information as the registrar may require.

Audit Finding

During the audit of the cash flow statement, we noted differences in the amounts relating to suppliers, employees, and cash at the beginning stated. In calculating the cash paid to suppliers and employee related cost, we used the indirect method, in terms of GRAP 2. The table below details all the items where differences were noted.

Table: Cash Flow Statement differences

Line Item in Cash Flow Statement	Amount per Cash Flow Statement	Auditor's Recalculation	Difference Noted (R)
Cash flow from operating activities			
Supplier	42 887 246,00	42 914 426,00	27 180,00
Employee cost	25 925 008,00	25 897 828,00	27 180,00
Cash at the beginning	29 901 349,00	29 903 874,00	2 525,00

Total misstatement R 56 885.00

Impact

The cash flow statement is misstated with an amount of R 56 885.00.

Internal control deficiency

Financial and performance reporting

Management did not prepare accurate and complete financial statements that are supported and evidenced by reliable and accurate information. Inadequate preparation and review of the annual financial statements to ensure that the cash flow statement is fairly stated.

Recommendation

- Management should adjust the cash flow statement to present the movements in accordance to GRAP 2.
- Management should ensure that the cash flow statement is adequately reviewed, and all amounts included are supported by appropriate and sufficient evidence to ensure that amounts presented are not misstated.

Management response

Agree/disagree ?	Agree to items 1 and 2, not in agreement with item 3.		
Comments	AFS have been adjusted to account for the R27180 difference in the cashflow statement. The difference of R2525 in the opening balance is due to the bank overdraft balance as at 31 Dec 2021 which should be added to the opening balance.		
		Auditors recalculation	Reclassification of claims paid

	Supplier	42 914 426,00	3 252 845,00	46 167 271,00
	Employee cost	25 897 828,00	- 3 252 845,00	22 644 983,00
Management Action	AFS have been adjusted.			
Responsible person	J Majola			
Action Date	23 Jun 23			

Audit conclusion

Management comment noted, adjusted cashflow was reaudited and the issue has now been resolved.

ANNEXURE C: ADMINISTRATIVE MATTERS

COMPLIANCE

14. Limitation of scope

Requirement

In terms of the Continuing Education and Training Act 16 of 2006 34 (1) a & b

Every private college must, in accordance with generally accepted accounting practice, principles, and procedures—

- (a) keep books and records of income, expenditure, assets, and liabilities; and
- (b) prepare financial statements within three months after the end of its financial year, including at least
 - (i) a statement of income and expenditure for the previous year;
 - (ii) a balance sheet as at the end of the previous year; and
 - (iii) such other information as the registrar may require.

In terms of the Continuing Education and Training Act 16 of 2006 45 (1)

A college must make information available for inspection by any person in so far as such information is required for the exercise and protection of the rights of such person.

In terms of the Public Audit Act 25 of 2004 Section 15(1)

When performing an audit referred to in section 11, the Auditor General or an authorised auditor has at all reasonable times full and unrestricted access to;

- a) any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position, or performance of the auditee.
- b) any of the assets of or under the control of the auditee; or
- c) any staff member or representative of the auditee

Audit Finding

Contrary to the abovementioned requirement, the following request for information has been requested and remain unsubmitted for audit purposes.

1. Request for Information 01

No. as per RFI	Information Requested	Date requested	Outstanding days	Management Comments
3	Minutes of Human Resource, remuneration and ethics committee from 01 January 2022- 31 December 2022	18 April 2023	27	Submitted

7	Fraud prevention plan	18 April 2023	27	Submitted
9	The List of members including positions, appointment letters, their CV's and proof of qualification and experience, Approved charter, Annual declaration, and Minutes of meetings for the following committees and internal bodies: Finance committee ICT committee Employment committee Council Planning Resource and Partnership committee Executive committee Audit committee	18 April 2023	27	Submitted
20	Insurance Policy for Assets	18 April 2023	27	Submitted
37	List of all lease agreements (which include, name of contractor, rented items, initial date, and expected final date and renewal dates)	18 April 2023	27	Submitted
39	Contract registers.	18 April 2023	27	Submitted
57	Signed off register of Irregular Fruitless and Wasteful; Losses due to Criminal Conduct for the 12 months period ending 31 December 2022	18 April 2023	27	To be confirmed
58	Investigation registers to determine if disciplinary steps need to be taken against liable officials.	18 April 2023	27	Submitted
59	List of financial misconduct	18 April 2023	27	To be confirmed
	Signature Specimen	18 April 2023	27	Submitted

2. Request for information 10

No. as per RFI	Information Requested	Date requested	Outstanding days	Management Comments
1	Payment vouchers for the selected sample (Tax invoices, Purchase orders, requisitions, Budget	19 May 2023	2	Partially submitted

	approval, payment advice, proof of payment etc.)			
	Annexure F - Operating expenditures	19 May 2023	2	Partially submitted
	Annexure E – Aggregated expenses	19 May 2023	2	Partially submitted

3. Request for information 11

No. as per RFI	Information Requested	Date requested	Outstanding days	Management Comments
1	Lease schedules/Service legal agreements between the Lessors and the college	19 May 2023	2	Submitted
2	Lease schedules as at 30 December 2022	19 May 2023	2	Submitted

4. Request for information No 12

No. as per RFI	Information Requested	Date requested	Outstanding days	Management Comments
1	List of the students from all the community learning centers Execution information required- Revenue (SETA Projects)- Annexure C	19 May 2023	2	Submitted
2	Deposit slips (Refer to Annexure B for the selected sample)	19 May 2023	2	Partially submitted
3	Students' yearly statements (Refer to Annexure A for the selected sample)	19 May 2023	2	Partially submitted
4	Contract Agreements	19 May 2023	2	Not yet submitted
5	Invoices along with evidence of incurring the respective expenditure	19 May 2023	2	Submitted
6	Proof of payment where applicable.	19 May 2023	2	Submitted

Impact

This is in contravention with CET Act 34(1) & 45(1) and PAA 15(1) which has resulted in a limitation of scope.

Internal control deficiency

Financial and performance reporting

Lack of proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.

Recommendation

Management must ensure the College has in place an efficient and proper record keeping system that enables that all official documents to be properly filed and be readily available for inspection at the request of the auditors.

Management response

Agree/disagree?	Partially agree with the findings
Comments	The management has been submitting the requested information, and the outstanding information is being prioritised. The delays have been acknowledged, however: the management is trying its level best to ensure that the outstanding information will reach your office within 2days from now.
Management Action	To ensure compliance in 2 day turnaround time
Responsible person	The College Management
Action Date	06/06/2023

Auditor's conclusion

Management comment noted, however the matter will remain as other administrative matters.

15. Payment made after 30 days

Requirement

In terms of Treasury Regulation 8.2.3 states

unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within thirty **(30)** days from receipt of an invoice, or in case of civil claims, the date of settlement or court.

In terms of creditors management policy paragraph 5.1 of payment process states

Unless determined otherwise, in a valid contract or other written agreement, all payments due to bona fide creditors must be settled within 30 days from the receipt of an invoice for goods or services already received or, in the case of civils claims, from the date of settlement or court judgment in accordance with best practice, Treasury Regulation 8.2.3

Audit Finding

The invoices submitted by suppliers on the specific dates, and they were paid by the colleges after 30 days on submission. Please refer to the table below.

No	Description	Amount	Date of payment	Date of invoice	limited to 30 days
1	Order PO002801	R181 346,00	29-Mar-22	15-Feb-22	42
2	Order PO004186	R1 600,00	30-May-22	22-Apr-22	38
3	Order PO004724	R11 818,10	04-Jul-22	20-Sep-21	287
4	Order PO005212	R18 500,00	19-Dec-22	02-Nov-22	47
5	Order PO004720	R3 441,46	03-Aug-22	25-Jun-22	39
6	Order PO002681	R96 856,42	06-Jun-22	15-Feb-22	111
7	Order PO001921	R91 059,30	28-Jul-22	21-Jan-22	188
8	Order PO002458	R70 498,85	01-Apr-22	01-Feb-22	59
9	Order PO005079	R474 650,00	21-Oct-22	15-Jul-22	98
10	Order PO004288	R8 609,41	20-Oct-22	07-Sep-22	43
11	Order PO001844	R19 960,92	28-Oct-22	31-Jan-22	270
12	Order PO004816	R20 020,00	05-Oct-22	31-Aug-22	35
13	Order PO004367	R8 700,00	29-Jun-22	25-May-22	35
14	Order PO005446	R11 600,00	02-Dec-22	22-Feb-22	283
15	Order PO005570	R8 775,00	06-Dec-22	26-Sep-22	71

Impact

This will result in a non compliance with the Treasury Regulation and Creditors Management Policy.

Internal control deficiency

Financial and performance reporting

Management did not in all instances implement controls over daily and monthly processing and reconciling of transactions.

Recommendation

Management should ensure suppliers invoices are paid within 30 days from the date of submission.

Management should have a tracking tool which indicates all outstanding invoices that need to be settle within 30 days from their submission.

Management response

Agree/disagree?	Partially agree
Comments	The delays in suppliers invoices is caused by suppliers documents not submitted in order (for example tax pin expired), and or not submitted in time by the user departments
Management Action	To train service providers on SCM processes and treasury regulations
Responsible person	A Madube
Action Date	2023/06/18

Auditor’s conclusion

Management comment noted, however the matter will remain as other administrative matters as it is still a none compliance with Treasury Regulation and Creditor’s management Policy

16. Insufficient reasons for deviation

Requirement

In terms of Gauteng CET College Supply Chain Management Policy Section 4.25.6 deviation from the normal Procurement Processes

Specific Case:

4.25.6.1. Urgent case

“Are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. However, a lack of proper planning should not be constituted as an urgent case.

4.25.6.2. Emergency cases

“Are cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery. Other cases which may require exemption from normal procurement procedure will be limited to the following situations.

- (a) Disaster like floods, fire etc
- (b) System failures; and

(c) Liquidation of existing supplier /contractor

The reason for urgency/emergency and for dispensing of competitive bids should be clearly recorded and approved by the accounting officer.

The Accounting Officer may dispense with the official procurement processes established by the policy and procurement processes established by the policy and procure any goods or services through any convenient process which may include direct negotiation but only in respect of

- a. Any contract relating to an emergency where it would not be in the interest of the college to invite bids.
- b. Any urgent cases where early delivery is of utmost importance.
- c. Any goods or services which are available from a single provider only.
- d. The acquisition of special works of art or historical objects where specifications are difficult to compile.

Audit Finding

During the testing of procurement and contract management, it was noted that the deviation reasons as per the table below did not meet the applicable circumstances identified as per the GCET College Supply Chain Management Policy section 4.25.6 to consider a deviation process.

No	Quotation number	Description of goods/services	Supplier name	Quotation value	Reason for deviation	RESPONSES Agree /or Disagree
1	DEV2022/01	Repairs and maintenance	NVPV TRADING AND PROJECTS	17 880,00	Emergency for exam purpose	Disagree with the finding , Done at the centre level, it was for exam, and lack of electricity will have the operation of the exam disrupted
2	DEV2022/02	Elections	IEMS INSTITUTION OF ELECTION MAN	165 600,00	The RFQ was advertised by the scm department, and no supplier quoted. We therefore requested IEMSA to quote us as they have assisted us with election from previous year	Disagree with the finding. Advert was posted on our RFQ portal, no responses. Advert is attached
3	DEV2022/09	Licence barcoding system	Taggit asset technologies	95 921,50	SCM processes were followed, and unfavourable quotes were received, and the ones received did not cater our need with regards to assets management system.	Disagree with the finding . The advert is attached, as well as the quotes
4	DEV2022/16	Accounting Services	INNOVA ACCOUNTING	120 000,00	We urgently need a service provider to assist us interns of preparation of financial statements	Disagree with the finding We had advertised, 3 Minimum quote were obtain, the 2 other quotes were attached. The advert is also attached on the

						supporting documents
5	DEV202 2/18	Training	ATAILPEDIA	118 000,00	The funded learners needed to be on W&R SETA MIS on or before the 4 March 2022 must be uploaded by the accredited service provider. The SCM process will take time and we might lose contract like what happened with LG SETA. The selected supplier meet the requirements and cost less than the other 2 suppliers	Disagree with the findings: There was a risk of losing the funding from the SETA project
6	DEV202 2/25	installation of blinds in the computer lab	Bio medical	18 037,30	The centre needed blinds for computer lab	Disagree with the findings: the project was urgently needed for SETA project
7	DEV202 2/39	An advert for carpet installation was submitted to the College for the procurement and we thereafter saw no need to continue with the request because they have tiles in the computer lab, hence a substitution to replace a request with painting the gutters and roof and it was an urgent matter at hand in preparation with SETA visitations.	LETGLED Construction and Projects	18 500,00	An advert for carpet installation was submitted to the college for the procurement and we saw there is no need for that procurement. We then suggested to take a substitute to replace that hence painting of roof and gutters. This project us urgent	Agree with the finding,
8	DEV202 2/40	Advertising of Council post	MEDIA 24	34 224,00	Advert should be in the newspaper on the 25 September .because the closing date of application is 07 October 2022.Sundaytimes was approved and they indicated that they did not have a slot on the requested date	Disagree with the finding .Written formal quotation were not received from other service provider, we considered this one as they are the only ones who assisted us with formal quotes. Email trail are attached as it was requested both via telephone and email.
9	DEV202 2/47	facillitation program	Abantwana publisher	130 900,00	The evaluation process didn't come out with the right level of the expertise and experience to conduct the strategic session at the governance level,including the	We agree with the finding, however the time was insufficient to obtain a service provider that provided the similar project previously

					colibre of speakers who were part of the strategic session.	
10	DEV202 2/53	Cleaning Materials	Makplan Developments and Infrastruc	27 853,56	The was an urgent need for hypiene at the centre while the SCM office busy sourcing qoutes from service providers since the last financial year	Agree with the finding
11	DEV202 2/56	Training	ITUMELENG WELLNESS SOLUTINS	220 000,00	The funded learners needed to be on W&R SETA MIS on or before the 4 March 2022 must be uploaded by the accredited service provider.The SCM process will will take time and we might lose contract like what happened with LG SETA.The selected supplier meet the requirements and cost less than the other 2 suppliers	Disagree with the finding . Please refer to the attached advert.

Impact

This results in non-compliance with the GCETC Supply Chain Management Policy. Therefore all expenditure payments made in respect of the abovementioned procurement should be deemed as irregular expenditure.

Internal control deficiency

Financial and performance reporting

Management did not in all instances review and monitor compliance with applicable laws and regulations.

Recommendation

Going forward, management must ensure that all deviations procurement is aligned to the approved GCETC Supply Chain Management Policy or applicable National Treasury notes requirements.

Management should ensure that procurement process is followed when procuring services and goods above R2000 unless those services and goods meet the minimum requirements to be classified as deviation.

Management should review the entire population of deviations to identify similar instances of non-compliance and report these as irregular expenditure.

Management response

Agree/disagree?	Please refer to the table above
Comments	Please refer to the table above
Management Action	Proper assessment of incidents to be properly evaluated to ensure compliance with the deviation processes
Responsible person	R.Diale
Action Date	30/September 2023

Auditor's conclusion

Management comment noted, however the matter will remain as other administrative matters as it is a none compliance with the regulation and policy.

INDEPENDENT EXTERNAL AUDIT
REPORT FOR GAUTENG
COMMUNITY EDUCATION AND
TRAINING COLLEGE
31 DECEMBER 2022

Report of the independent auditor to the Council on Gauteng Community Education and Training College

Report on the audit of the financial statements

Qualified opinion

1. We have audited the financial statements of the Gauteng Community Education and Training College set out on pages 1 to 35 which comprise the statement of financial position as at 31 December 2022, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the College as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice and the requirements of the Continuing Education and Training Act of South Africa 16 of 2006 (CET Act).

Basis for qualified opinion

Tuition and related fees

3. The college did not recognise tuition and related fees on accrual basis as required by GRAP 9, *Revenue from exchange transactions*. Tuition fees were recognised on cash basis using deposit slips from students and debtors are not accrued for. In addition, we were unable to obtain sufficient appropriate audit evidence for tuition and related fees to determine the full extent of the misstatement due to the status of record keeping. We could not confirm this by alternative means. We were unable to determine the full extent of the understatement of tuition and relates fees, stated at R15 213 507 (2021:13 505 661) in note 9 to the financial statements, and related receivable from exchange transactions, stated at R11 651 564 (2021: 2 626 167) in note 4 to the financial statements, as it was impracticable to do so.

Property, plant and equipment

4. Adequate systems were not in place to record assets in accordance with GRAP 17, *Property plant and equipment*. Assets were not recorded in the current and previous years, and assets could not be located during the asset verification process. We were unable to confirm these assets by alternative means.
5. In addition, an assessment was not performed at the end of the financial year of whether there were indications that the college's expectations about the residual values and the useful lives of any items of property, plant and equipment have changed since the preceding period, in accordance with GRAP 17, *Property plant and equipment*. Consequently, we were unable to determine whether any adjustment was necessary to property, plant and equipment, stated at R20 812 786 (2021: R22 284 985) in note 6 to the financial statements.

Context for the opinion

6. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
7. We are independent of the college in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to our audit in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

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

Restatement of corresponding figures

10. As disclosed in note 32 to the financial statements, the corresponding figures for 2021 were materially restated as a result of errors in the financial statements of the college at, and for the year ended, 31 December 2022.

Responsibilities of the council for the financial statements

11. The council is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP Standard and the requirements of the CET Act; and for such internal control as the council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the council is responsible for assessing the college's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the college or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

15. The college is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is not required in terms of the entity's specific legislation.

Report on the audit of compliance with legislation

Introduction and scope

16. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The council is responsible for the college's compliance with legislation.

17. We performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
18. Through an established processes, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of college, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
19. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Financial statements

20. The financial statements submitted for auditing were not supported by complete accounting records and prepared in accordance with the SA Standards of GRAP, as required by section 25(1)(b) and 25(3) of the CET Act. Material misstatements identified by the auditors in the submitted financial statements on non-current assets and revenue because of supporting documents that could not be provided resulted in the financial statements receiving a qualified opinion.

Other information in the annual report

21. The council is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.
22. Our opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and we do not express an audit opinion or any form of assurance conclusion on it.
23. Our responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

25. We considered internal control relevant to our audit of the financial statements and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
26. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material finding on compliance with legislation included in this report.
27. Daily, monthly, and annual reporting processes were not undertaken and overseen in a diligent and systematic manner to enable the effective and efficient reconciliation of recorded amounts to underlying records. As a result, preventative internal controls were either not appropriately designed, were missing or were not implemented at all.



.....
Ziphazonke Mdluli
Director
Registered Auditor

Date: 30 June 2023

16 Culross Road
Bryanston
Sandton
2191

Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the separate financial with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the separate financial statements as described in this auditor's report, we also:

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

Communication with those charged with governance

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

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Continuing Education and Training Act, 2006	25(3); 25(1)(b); 3(3); 44(1); 46(1)(a)(i); 46(1)(a)(ii);
Prevention and Combating Corrupt Activities Act 12 of 2004	34(1)

