

ANNUAL REPORT



2019/20



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



**Free State
CET College**
Community Education
and Training College



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FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

ANNUAL REPORT 2019/20

Version Control

Version number	Date Submitted	Comments
1	21 September 2020	Report presented to Planning and Resource Committee
2	29 September 2020	Draft submitted to Executive Council Committee
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PART A: GENERAL INFORMATION

1. MESSAGE FROM THE COUNCIL CHAIRPERSON

CHAIRPERSON



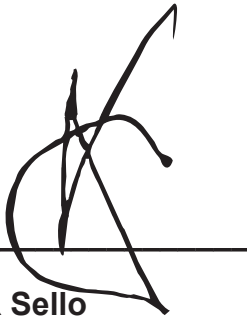
Mr F R SELLO
College Council Chairperson

This is the last statement that I am writing as the chairperson, and I am humbled by the support received over the years from all. God's grace and guidance saw me through it all, and granted me continued strength and wisdom. I have run the race and it is now time for me to hand over the baton. It was not an easy 5 years with its ups and downs, but I could not have finished the journey without my fellow Council members, management and our valuable employees.

As our college council rides off into the sunset, I cannot but pause and reflect on the journey that is coming to an end. It was a journey about leadership, governance and more importantly, about transformation. While leadership and governance presented us with unique challenges and opportunities in this new PSET sector, it was transformation that became central to our day to day business. The sector had to be transformed to address the broader challenges of poverty, unemployment and inequality in our communities. We had to adopt an approach that was fit for the purpose, an approach that sought to explore phenomena as part of the developmental process.

I want to thank the honourable minister and his DHET team of dedicated professionals for firstly entrusting us with the responsibility of being a governance structure in such a critically important sector, but secondly for providing us with the necessary support when we needed it most. Free State Community Education and Training College has as a result been steadfast in its commitment to provide skills training and development, specifically for out of school youths and adults. A sizeable number of our youths and adults are now able to participate in the economy of our country

I also have to thank each and every council member for their contributions, as well as management and our valued employees who are always holding the fort and ensuring the success of the college. It has been a pleasure to serve as the Chairperson of Council.



Mr FR Sello

College Council Chairperson

Date: 30 September 2020

2. OVERVIEW BY THE ACCOUNTING OFFICER

PRINCIPAL



Ms MA Matlawa
Principal

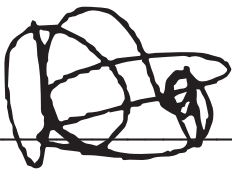
The 2019/20 financial year was the fourth financial year since the establishment of the Community Education and Training Colleges by the Minister of Higher Education and Training and the fourth year after function shift from Provincial Department of Education to Department of Higher Education and Training took place.

The management of the transitional arrangement continued to be the biggest challenge faced by the college as there was limited capacity for administration. The college focused on ensuring stability and functionality of the Community Learning Centres. The college managed to successfully ensure that teaching and learning took place as expected, with no incident of instabilities relating to the conditions of service unlike the previous year. This annual report highlights performance of the college using the following performance indicators:

- Number of Student enrolled.
- Success rate (%).
- Compliance with national assessment policies.

- Number of students and lecturers provided with LTSM.
- Number of lecturers capacitated.
- Number of Memorandum of Understanding signed on partnership.

I would like to thank the College Council for the leadership and guidance they have provided over the years and during this reporting period. I would like to express my appreciation for the wonderful work done by the management and staff at the College including SAICA staff, centre manager, lecturers and the students for their hard work and contribution.



Ms MA Matlawa

Principal

Date: 30 September 2020

3. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT


I, the undersigned, Ms MA Matlawa 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 is 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 Free State CET College for the financial year ended 31 December 2019.

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



Ms MA Matlawa

Accounting Officer

Date: 30 September 2020

4. STRATEGIC OVERVIEW

4.1. Vision

Uplifting and empowering communities with relevant knowledge and skills.

4.2. Mission

To widen participation and access to community education, skilling, training and educating for employment and entrepreneurship and providing second chance learning opportunities.

4.3. Values

- Respect
- Loyalty
- Integrity
- Honesty
- Team-work
- Innovation
- Transparency
- Responsiveness

4.4. Strategic Objectives

- Expanded access to CET opportunities
- Improved success and efficiency in CET programmes and qualifications
- Improved quality of provision CET Colleges
- Improved responsiveness of CET College system
- Improved business operations within the college

5. LEGISLATIVE AND OTHER MANDATES

5.1. Constitutional Mandate

The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) (Section 29(1)-(4)) states as follow:

- 1) Everyone has the right-
 - a) to basic education, including adult basic education; and
 - b) to further education, which the state, through reasonable measures, must make progressively available and accessible.

- 2) Everyone has the right to receive education in the official language or language of their choice in public educational institutions where that education is reasonably practicable. In order to ensure the effective access to, and implementation of, this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account-
 - a) equity;
 - b) practicability; and
 - c) the need to redress the results of past racially discriminatory law and practices.

- 3) Everyone has the right to establish and maintain, at their own expenses, independent educational institutions that -
 - a) do not discriminate on the basis of race;
 - b) are registered with the state; and
 - c) maintain standards that are not inferior to standards at comparable public educational institutions.

- 4) Subsection (3) does not preclude state subsidies for independent educational institutions. Section 22 states that every citizen has the right to choose a trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law.

5.2. Legislative and Policy Mandates

Further sets of legislation that impact on the CET colleges sector and its strategic and national imperatives are listed below:

5.2.1. Continuing Education and Training Act (No 16 of 2006)

Continuing Education and Training Act, 2006 (Act No. 16 of 2006) provides for the regulation of continuing education and training through the establishment, governance and funding of public colleges including community education and training colleges and the promotion of quality in continuing education and training.

5.2.2. Skills Development Levies Act 9 of 1999

To provide for the imposition of the levy with regard to improvement of work force skills where every employer is obliged to pay a skills development levy at a certain rate of percentage of the leviable amount.

5.2.3. Skills Development Act 97 of 1998

To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce, learnerships that lead to recognised occupational qualifications and regulate employment services.

5.2.4. General and Further Education and Training Quality Assurance Act (No 58 of 2001)

To provide for the establishment, composition and functioning of the General and Further Education and Training Quality Assurance Council, quality assurance, to provide for the norms and standards for the curriculum and assessment, issue of certificate and conduct of examinations.

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

To provide the National Qualification Framework and to provide for the responsibilities of the Minister of Higher Education and Training, South African Qualification Authority as well as Quality Councils.

5.2.6. Promotion of Access to Information Act 2 of 2000)

To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.

5.2.7. Promotion of Administrative Justice Act 3 of 2000

To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of south Africa, 1996; and to provide for matters incidental thereto.

5.2.8. Labour Relations Act 66 of 1995

To advance economic development, social justice, labour peace and the democratisation of the workplace by fulfilling the primary objects of the Act.

5.2.9. Employment Equity Act, No 55 of 1988

To achieve equity in the work place by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure equitable representation in all occupational categories and levels in the workplace.

5.2.10. Occupational Health and Safety Act 85 of 1993

The Occupational Health and Safety Act, No 85 of 1993 provides for the health and safety of persons at work as well as the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work.

5.2.11. Public Finance Management Act 1 of 1999 and its Regulations

Public Finance Management Act, No 1 of 1999 (as amended by Act 29 of 1999), deals with funding and spending of the State monies. The Act promotes the objective of good financial management in order to maximize delivery through the efficient and effective use of limited resources.

5.2.12. Public Service Act of 1994

To provide for the organisation and administration of public service of the republic, the regulation of condition of employment, terms of office, discipline, retirement and discharge of members of the public service and matters connected therewith.

5.3. Other policy and legislative mandates

- National Policy on Community Colleges, 2015
- South African Council of Educators Act collective agreements of the relevant Bargaining Councils
- Higher Education and Training Management Information Systems Policy
- Human Resource Development Strategy
- National Skill Development Plan
- National Student Financial Aid Act
- Examinations and assessment policies
- Curriculum Policies
- National Development Plan: Vision 2030
- Electoral Mandate of the Sixth Administration
- National Norms and Standards for Funding Community Education and Training Colleges
- DHET Strategic Plan:2020/21-2024/25
- Sector Skills Plans
- White Paper for Post-School Education and Training, 2014;
- National Trade Testing Regulations

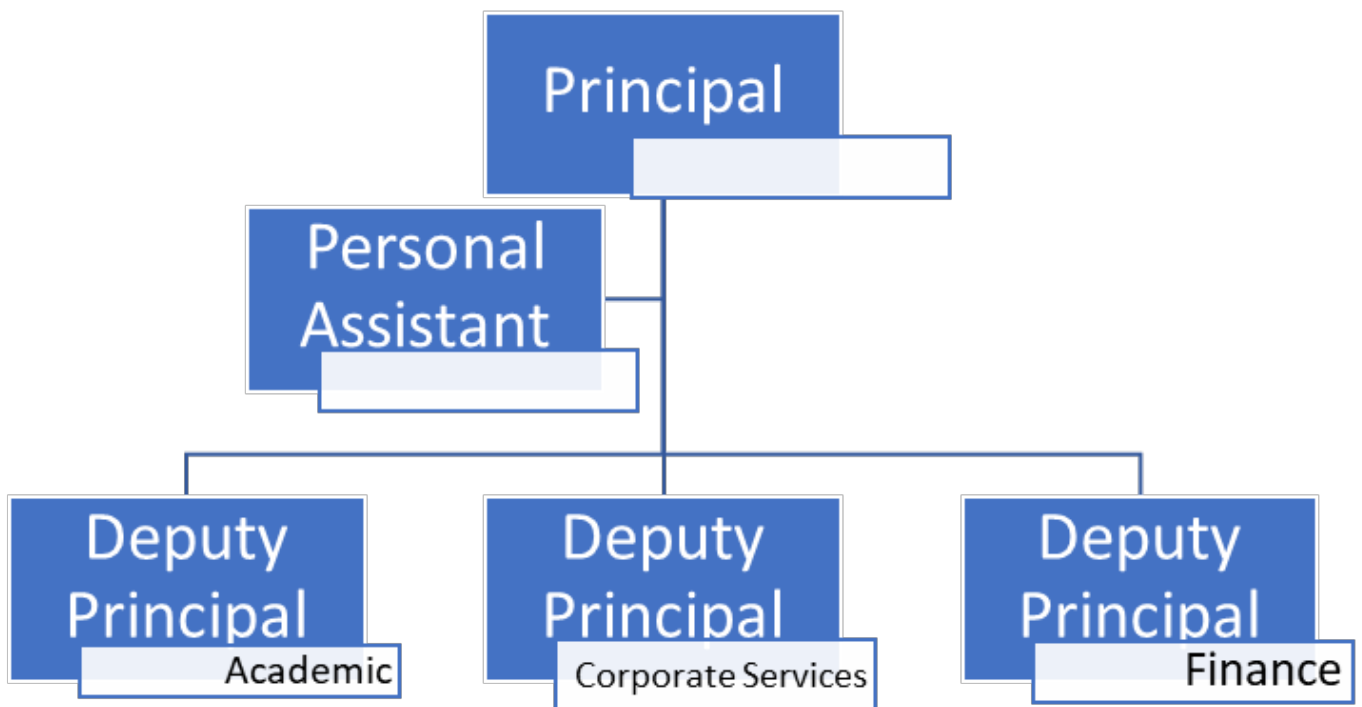
- SETA Grant Regulations
- Presidential Infrastructure Coordinating Commission Report, 2012
- Skills for and through SIPs, 2014.
- Free State Growth and Development Strategy (2013). Free State Vision 2030 – The future we want
- Integrated Development Plans (IDPs) – Mangaung Metropolitan Municipality, Xhariep District Municipality, Thabo Mofutsanyana District Municipality, Lejweleputswa District Municipality and Fezile Dabi District Municipality.

5.4. Institutional Policies

- Language Policy
- Admission Policy
- Student Code of conduct
- SRC Constitution
- Bereavement Policy
- Risk Management Policy
- Unauthorised, Irregular and Fruitless & Wasteful Expenditure Policy
- Control of Gifts, Donations and Sponsorship Policy
- Accounting Records Policy
- Asset Management Policy
- Bank Reconciliation Policy
- Borrowing Policy
- Credit and Garage Card Policy
- Creditors Management Policy
- Debt Managing Policy
- Tuition Fee Policy
- Payroll Administration Policy
- Subsistence and Travel Policy

- Vehicle Rental Policy
- Cash Management Policy
- Petty cash Policy
- Facility Hire Policy
- Use of telephone Policy
- Cellular Telephone and Mobile Device Reimbursement Policy

6. HIGH-LEVEL ORGANISATIONAL STRUCTURE



NB: Lack of approved organogram for the CET Colleges impacted negatively to the performance of the college.

7. PERFORMANCE REPORT

7.1. Significant achievements during the academic year

7.1.1. GETC Ceremony

The college managed to organise and hold a very successful GETC certification and award ceremony for 2018 Examination results. The college received 49.1% GETC Certification rate based on the number of students who wrote five or more Learning Areas. The purpose of the event was to promote a culture of excellent performance in the community learning centres. The best performing lecturers, centre managers and students were awarded trophies and certificates. The best performing CLC received the laptop and a printer. Because of this event, teaching and learning was effective in all CLCs as everyone strives to be the best. All the CLC continued to implement and administer Site Based Assessment tasks for the GETC students and Common Formative Assessment Tasks for AET sub-levels 1-3. Moderations of portfolios took place at all three level. The provincial moderation report indicated that the overall management and administration of the SBAs was good. All the computerised mark sheets were submitted to the Examination and Assessment Directorate at the provincial moderation.





7.1.2. Financial Management and Systems

Through the DHET SAICA Project, the College complied with the written assurance certificate in terms of section 38(1)(j) of the PFMA. This achievement enabled the college to receive the grant from DHET and was also able to manage and administer its own funds and procurement for the first time since its establishment in 2015. The Microsoft dynamics software was installed, and internal control systems were established. Appointment for SAICA support staff has been finalised.

7.1.3. Office Space

The office space was secured for the college administration which enabled the college to have internet connectivity and its own server. The communication system has also been improved because of the phone that have been installed.

7.1.4. Advocacy and Marketing

The local newspapers were always invited to cover the college events. During September month, the advocacy and marketing event was held in Welkom. This has been the highlight in the sense that different departments and non-government organisations were invited to give information to the CET community. The international literacy day was also celebrated as declared by UNESCO.

7.1.5. Qualification Mix

In addition to AET Levels 1 to 4 and ASC, the college has introduced non formal and occupational part qualifications in the Community Learning Centres that are pilot centres.

In addition to the six pilot centres, programme diversification is visible and is summarised as follows:

NO	NAME OF CLC	ENROLMENT	PROGRAMME	PARTNERSHIP
1.	Tirisana CLC Ponelopele CLC Lehlabile CLC Tswelopele CLC Rebone CLC Vulamehlo CLC	100 from 6 CLCs	Auto Body repair at C3. (Students attend formal programmes at their CLCs in the afternoon)	merSETA (funding) C3 (training provid- er, work space and workshops)
2.	Nthabeleng CLC	20	Driver's learners. Additional class for GETC students	None The college provided K53. CLC Lecturer offer tuition.
3.	Tshimologo	7	Braille	Blind SA

No.	NAME OF CLC	ENROLMENT	PROGRAMME OFFERED	PARTNERSHIP	RESOURCES	ASSISTANCE NEEDED FROM DHET
2.	Letjhabile	670	<p>AET Sub Level 2 = 8 AET Sub Level 3 = 114 GETC = 508 Grade 12/ASC = 36</p> <p>Skills: Assistant Arc Welder= 20 Completed practicals in June 2019. Gardening = 25 Poultry = 50 student registration forms completed.</p>	<p>MerSETA and Goldfields TVET College HWSETA</p>	<p>Welding Equipment Workshop</p>	<p>Urgent need to increase operational hours of the centre and appointment of a cleaner, security and admin clerk. Building of workshops Budget for equipment.</p>

No.	NAME OF CLC	ENROLMENT	PROGRAMME OFFERED	PARTNERSHIP	RESOURCES	ASSISTANCE NEEDED FROM DHET
3.	Tumahole	304	AET Sub Level 3 = 18 GETC = 61 Grade 12/ASC = 59 Skills Formal (ICT) = 190 (not accredited) Non formal=20 K53 Learners' license Bricklaying = 35 registered	HWSETA CBM / Construction SETA	50 computers, screen, data projector, and 5 small printers Additional lecturers	Urgent need to increase operational hours of the centre and appointment of a cleaner, security and admin clerk. Accreditation of the centre. Additional Budget to procure

No.	NAME OF CLC	ENROLMENT	PROGRAMME OFFERED	PARTNERSHIP	RESOURCES	ASSISTANCE NEEDED FROM DHET
4.	Zakhele Ikusasa	106	AET Sub Level 1=14 AET Sub Level 2=23 AET Sub Level 3=18 GETC = 10 Grade 12/ASC = 41 Non formal = Basic Gardening: 5 CLCs participated.	SANCB HWSETA CWP (Community Work Programme) Edu-plant Food & Trees. (workshop held on 14 & 15 August at the CLC)	Braille Machines Assistive devices LTSM in braille	Accreditation of the centre to offer braille. Additional Budget for resourcing the CLC taking the needs into considerations. Urgent need to increase operational hours of the centre and appointment of a cleaner, security and admin clerk.

No.	NAME OF CLC	ENROLMENT	PROGRAMME OFFERED	PARTNERSHIP	RESOURCES	ASSISTANCE NEEDED FROM DHET
5.	Boitumelo	148	AET Sub Level 2= 20 AET Sub Level 3= 35 AET Sub Level 4= 39 Grade 12/ ASC=54 Gardening	HWSETA	Gardening equipment	Appointment of a cleaner and an admin clerk.

No.	NAME OF CLC	ENROLMENT	PROGRAMME OFFERED	PARTNERSHIP	RESOURCES	ASSISTANCE NEEDED FROM DHET
6.	Tjheseho	102	-AET Sub level 2= 4 -AET Sub level 3=13 -AET Sub level 4= 27 -Gr 12= 8 -Occupational part programmes: Upholstery =15 Garment Making=15 t Machinery and farming equipment Heavy Duty Driver license = 30 completed learners' Driver license(busy) ICT = 50 Was completed, busy with placement.	FP & MSETA HWSETA MICTSETA	Sewing machines Computers, work placement - Heavy Duty transport Training Manuals Farming machinery & equipment	-Urgent appointment of Centre Manager to work for 5 days and during school holidays. Appointment of admin clerk.

7.1.6. Reitz Ministerial Project

The college has made progress in 2019 after the launch of this project. Below is the progress for each SETA that made commitments on the implementation of Tjheseho Community Learning Centre as an Agricultural Skills Hub:

a) Local Government Sector Education and Training Authority

The Local Government Sector Education and Training Authority (LGSETA) has committed for the funding of 300 students in the following skills programmes:

Programme	SAQA ID	Skills Programme	No of beneficiary
Automotive repair and maintenances	NQF2- 78523	SP 0845/13-17 Automotive Service Workshop Assistance	60 students
Automotive body repair	NQF2- 64709	SP 0928/15-17 Workshop assistant (ABR) part 2	70 students
Automotive spray painting	NQF2- 64410	SP 0929/15-17 Spray painting workshop assistance (part 2)	70 students
Welding application and practice	NQF2- 57881	SP 0950/15-17 Assistant Arc Welder (Phase 2)	100 students
Total number of beneficiaries			300 students

LGSETA issued a letter of intention to award with timeframes to be complied with before the Memorandum of Agreement (MOA) could be issued in 2019. Several meetings and interactions between the Free State CET College and LGSETA took place in 2019 to ensure the successful implementation of the project.

The College received a support in 2019/20 from both national and regional LGSETA office to be able to register and upload students on their registration system.

The College worked with LGSETA regional office to ensure compliance with the award letter since 2019 and the conditions.

b) Health and Welfare Sector Education and Training Authority

Health and Welfare Sector Education and Training Authority (HWSETA) has funded various programmes in accordance with the MOA that was signed on 6 March 2019

with the Free State CET College. The training interventions were divided into short and long term plans. The progress per programme is as follows:

I. University Bursary in South African Sign Language

A memorandum / advertisement was circulated inviting the interested members of the local community, schools and all stakeholders to apply. Free State CET College also approached University of Free State to identify prospective students from Nketoana Local Municipality.

II. Heavy Duty Driver's licenses

Thirty (30) out-of-school youth and adults were registered for code 14 driver's license in 2019. All thirty students have obtained their learner driver's license.

c) Fibre Processing and Manufacturing Sector Education and Training Authority

MOA between the Free State CET College and Fibre Processing and Manufacturing Sector Education and Training Authority was signed on 20 October 2018. The project was delayed by lack of venue to conduct the training.

The training of 30 beneficiaries in upholstery (15) and garment making (15) commenced in February 2020 and it was disrupted by the National Lockdown.

d) Education, Training and Development Practices Sector Education Training Authority

The Free State CET College signed an MOA with Education, Training and Development Practices Sector Education Training Authority (ETDPSETA) on 12 November 2018. The progress per programme is as follows:

I. Bursaries in Mathematics

Ten (10) lecturers were trained in Mathematics content knowledge by the University of Free State and they all received certificates. During the training all lecturer also received the laptop as part of the support from ETDPSETA.

II. Assessor

The training of thirty (30) lecturers from Nketoana Local Municipality and surrounding town to become assessors was completed in 2019 and the certificates were issued.

III. Learnership for Practitioner in Early Childhood Development

Twenty-five (25) lecturers from Nketoana Local Municipality and surrounding towns

are being trained in a two year Early Childhood Development qualification registered at NQF Level 5. The training commenced in 2019 and is expected to be completed by the end of 2020. Qualified lecturers in Early Childhood Development will assist the college to get accreditation from quality assurer for same qualification.

e) Media, Information and Communication Technologies Sector Education and Training Authority

MICT SETA committed to fund learnership for fifty (50) out-of-school youth and adults catered for in CET College sector. Fifty (50) beneficiaries were trained in Information Technology programming and were all placed in various organisations around Nketoana Municipality in 2019.

will depend on the infrastructure.

f) Wholesale and Retail Sector Education and Training Authority

Funding for development of the infrastructure as enshrined in project proposal was identified as an enabler for the success of the project. W&RSETA made a commitment of R60 million funding towards infrastructure.

7.1.7 Training of centre managers and lecturers

The College trained 95 centre managers on labour relation (24), nonformal education (23), payroll management (48). This was not planned for on the annual performance plan for the period but due to the needs, the college successfully organised this training. The College also managed to train a total of 118 lecturers of which 19 got accredited certificate on moderator course and 26 on assessor course.

7.2. Annual performance achievements

During the period of reporting, the college managed to achieve as per the table below:

Planned Target 2019/20	Actual Achievement 2019/20
Enrol 17323 students	Not achieved
Achieve GETC Certification rate of 45%	Achieved
Achieve a retention rate of 55%	Achieved
Progression Rate for AET Sub-Levels 1-3 of 64%	Achieved
Provide 3000 LTSM to students	Achieved
Train 100 lecturers	Achieved
Provide 2 reports on compliance to assessment regulations and policy on conduct of exams	Achieved
Develop college assessment plan	Achieved
Conduct 1 common sub-level 3 examination	Achieved
1 mark schedules and working mark sheets are available for moderation and verification	Achieved
1 MoU signed	Achieved

All the objectives were achieved except the number of student enrolment. Actual number of student registered was 25, and due to the unit level requirements, only 15 670 was reported. This was as a result of students without Identity Documents and other supporting documents.

7.3. College performance in terms of strategic objectives

The Council managed to play an oversight to the college to ensure the achievement of the following strategic objectives:

- To expand access and success to community education and training programmes that focus on raising the learning base, intermediate formal qualifications, community focused skills programmes and part qualifications by March 2020.
- To provide appropriate LTSM to students and lecturers for the effective delivery of the curriculum by March 2020.
- To build the capacity of lecturers for the effective delivery of the CET programmes by March 2020.

- To effectively manage and administer assessment in all community learning centres by March 2020.
- Build the capacity of management and governance structures of CET college.
- Forge and maintain partnerships.

The table below indicates the performance of the college in terms of the strategic objectives:

Strategic Objective	Performance Indicator	Planned Target	Actual Achievement	Deviation from planned	Comment on deviation
4.3.1 To expand access and success to community education and training programmes that focus on raising the learning base, intermediate formal qualifications, community focused skills programmes and part qualifications by March 2021	Student enrolment (n)	17 373	14 552	-2821	Unavailability of Management of Information System. No staff to work on surveys and unit level.
	Success rate (%)	45%	49.1%	+4.1%	Training of lecturers was done and they motivated to receive accredited certificates. GETC Award and certification ceremony
	Retention rate (%)	55%	72%	+17%	
	Progression Rate for AET Sub-Levels 1-3	64%	76,4%	+12.4%	Training of lecturers was done and they motivated to receive accredited certificates.

Strategic Objective	Performance Indicator	Planned Target	Actual Achievement	Deviation from planned	Comment on deviation
4.3.2 To provide appropriate LTSM to students and lecturers for the effective delivery of the curriculum by March 2021	Students provided with LTSM (n)	3 000	3 710	+ 710	
	All lecturers provided with LTSM		145	+145	This was an addition
4.3.3 To build the capacity of lecturers for the effective delivery of the CET programmes by March 2021	Lecturers trained (n)	100	118	+18	The overachievement was due to the support from ETDPSETA and MQA
4.3.4 To effectively manage and administer assessment in all community learning centres by March 2021	Reports on compliance to assessment regulations and policy on conduct of exams	2	2	-	
	College assessment plan is available	1	1	-	
	Common sub level 3 examination conducted	1	1	-	
	Mark schedules and working mark sheets are available for verification and moderation	1	1	-	
4.3.5 Build the capacity of management and governance structures of CET colleges	Managers trained (n) college management		95	+95	This was achieved despite college not having the target for this period.
	Council members trained (n)				

Strategic Objective	Performance Indicator	Planned Target	Actual Achievement	Deviation from planned	Comment on deviation
4.3.6 Forge partnerships	Signed MoU on partnerships	1	5	+4	Intensive marketing and advocacy of the college. The functional partnership and liaison committee and the additional support by the chairperson of the committee.

7.4. Strategy to deal with under-performance

Strategic Objective	Performance Indicator	Planned Target	Actual Achievement	Deviation from planned	Strategy to deal with under-performance
To expand access and success to community education and training programmes that focus on raising the learning base, intermediate formal qualifications, community focused skills programmes and part qualifications by March 2021	Student enrolment (n)	17 373	14 552	-2821	Training of Centre Managers on the student registration and Unit level capturing. Procurement of procurement of student management system. Request staff to work with Management of Information System.

8. CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

8.1. COLLEGE COUNCIL 2019 AND ITS DESIGNATED FUNCTIONS

COLLEGE COUNCIL

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Sello FR	Ministerial Appointee Section 10(4) (b) member Chairperson of College Council
Rantsane WR	Ministerial Appointee Section 10(4) (b) member Deputy Chairperson of College Council Chairperson of Partnership and Liaison Committee
Mkhize N	Ministerial Appointee Section 10(4) (b) member Chairperson of Finance Committee resigned.
Komape M	Section 10 (6) Additional member appointee Chairperson of Risk and Audit Committee
Dlamini N	Section 10 (6) Additional member, appointee Chairperson of Human Resources Committee
Matlawa MA	Internal Member, Principal of College
Mothate GT	Internal Member, Support Staff
Lawerlot	Internal Member, Lecturer resigned
Khakanye NM	SRC
Lehare TP	SRC

8.2. Committees of the council

The Council managed to establish the following committees and their functionality was in terms of the CET Act:

- Partnership Liaison
- Human Resource
- Executive
- Planning
- Finance
- Audit and Risk committee

8.2.1. EXECUTIVE COMMITTEE

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Sello FR	Ministerial Appointee Section 10(4) (b) member Chairperson of College Council
Rantsane WR	Ministerial Appointee Section 10(4) (b) member Deputy Chairperson of College Council Chairperson of Partnership and Liaison Committee
Mkhize N	Ministerial Appointee Section 10(4) (b) member Chairperson of Finance Committee resigned.
Komape M	Section 10 (6) Additional member appointee Chairperson of Risk and Audit Committee
Dlamini N	Section 10 (6) Additional member appointee Chairperson of Human Resources Committee
Matlawa MA	Internal Member, Principal of College

8.2.2. Partnership and Liaison Committee

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Sello FR	Ministerial Appointee Section 10(4) (b) member Chairperson of College Council
Rantsane WR	Ministerial Appointee Section 10(4) (b) member Deputy Chairperson of College Council Chairperson of Partnership and Liaison Committee
Khambule TP	Internal Member Acting Deputy Principal Academic
Sebeela M	Internal Member Deputy Principal Corporate Services
Matlawa MA	Internal Member, Principal of College

8.2.3. Human Resources Committee

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Rantsane WR	Ministerial Appointee Section 10(4) (b) member Deputy Chairperson of College Council Chairperson of Partnership and Liaison Committee
Dlamini N	Section 10 (6) Additional member appointee Chairperson of Human Resources Committee

Sebeela M	Internal Member Deputy Principal Corporate Services
Matlawa MA	Internal Member, Principal of College
Mothate GT	Internal Member, Support Staff
Lawerlot	Internal Member, Lecturer resigned

8.2.4. Planning and Resource Committee

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Sello FR	Ministerial Appointee Section 10(4) (b) member Chairperson of College Council
Rantsane WR	Ministerial Appointee Section 10(4) (b) member Deputy Chairperson of College Council Chairperson of Partnership and Liaison Committee
Matlawa MA	Internal Member, Principal of College
Sebeela M	Internal Member Deputy Principal Corporate Services
Lawerlot	Internal Member, Lecturer resigned

8.2.5. Finance Committee

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Mkhize N	Ministerial Appointee Section 10(4) (b) member Chairperson of Finance Committee resigned.
Komape M	Section 10 (6) Additional member appointee Chairperson of Risk and Audit Committee
Matlawa MA	Internal Member, Principal of College
Lukusa H	Internal Invitee SAICA SFA

8.2.6. Audit and Risk Management Committee

SURNAME & INITIALS	DESIGNATED FUNCTION AND MEMBERSHIP
Mkhize N	Ministerial Appointee Section 10(4) (b) member Chairperson of Finance Committee resigned.
Komape M	Section 10 (6) Additional member appointee Chairperson of Risk and Audit Committee
Matlawa MA	Internal Member, Principal of College
Lukusa H	Internal Invitee SAICA SFA

8.2.7. Academic Board

9. NO.	SURNAME	INITIALS	DESIGNATION
1.	Matlawa	A.M	College Principal
2.	Khambule	T.P	Acting Deputy Principal
3.	Rantsane	W.M	Deputy Chairperson of College Council
4.	Segwe	N.G	Regional Office Official
5.	Hlole	M.C	Centre Manager
6.	Mothudi	A	Centre Manager
7.	Lelosa	S	Lecturer
8.	Mahalapa	M	Centre Manager
9.	Mothijoa	P.A	Centre Manager
10.	Nkomo	P.P	Lecturer
11.	Motshale	M	Lecturer
12.	Motseng	M	Lecturer
13.	Cupido	G.H	Centre Manager
14.	Letoane	M.S	Lecturer
15.	Moqekane	N.G	Centre Manager
16.	Malo	K.E	Centre Manager
17.	Putsoane	S	Centre Manager
18.	Phumo	T.S	Centre Manager
19.	Charles	V.I	Lecturer
20.	Lehare	T.P	SRC Secretary
21.	Mocejane	E	SRC DP President

8.2.8. Student Representative Council

NO.	TITLE	INITIALS	SURNAME	POSITION	DISTRICT	CLC
1.	Ms	NM	Khakanya	President	Fezile – Dabi	Kutlwano -Siyavana
2.	Ms	E	Mocejane	Deputy President	Xhariep	Retsweleleng
3.	Ms	TP	Lehare	Secretary	Xhariep	Retsweleleng
4.	Mr	DC	November	Deputy Secretary	Fezile – Dabi	Boitumelo

5.	Ms	MP	Tsetsa	Treasurer	Thabo – Mofutsanyana	Phuthaditjhaba
6.	Ms	MM	Mokapela	Sports, Arts and Culture	Lejweleputswa	Letjhabile
7.	Mr	LZ	Rantoe	Student Development and Support Service	Thabo – Mofutsanyana	Mathuwathaba

10. RISK MANAGEMENT

In recognition of its role as an integral component in the oversight of the risk management process, the committee reviewed the activities of the risk management function. Significantly, the committee:

- had oversight of the strategic risks of the organization, where it monitored the implementation of the mitigations agreed with management to manage the risks to an acceptable level, as well as approved the strategic risk profile for the 2019-20 performance period
- had oversight of the assurance received from the internal auditors on the risk management function
- reviewed issues raised by internal audit functions and the corrective action committed to and undertaken by management to address the associated exposure.

The committee is satisfied with the effectiveness of its oversight of the governance of risk and the effectiveness of the design and implementation of the internal controls to address organizational risks. Furthermore, the committee considered the information presented to it relating to the control environment as reported by the various assurance providers, and is pleased to report that while there are areas requiring improvement, the internal controls in place are largely adequate and effective, with an overall risk rating of “medium”.

The aim of the risk register is to identify the risks associated with the college and try to analyse its impact and eventually mitigate these risks. Each and every unit within the college should identify its risks and the mitigate them. The role of finance is to coordinate these risks and compile a risk register for the entire college. These risks are frequently evaluated to see if responsible units at the college have tried to mitigate them so that the impact is minimised.

These risks are presented and tabled to the audit and risk committee of the college on a quarterly basis.

Risk Number	Strategic objective	Risk description at Strategic Objective level	Impact	Likelihood (Probability)	Inherent risk	Existing controls	Perceived control effectiveness	Residual Risk	Actions to improve management of the risk
1	Increasing access to and improving success in CET programmes	Programmes not responsive to community needs	Catastrophic	Likely	VERY HIGH	Initiation of partnerships with government and non-government institutions such as SETA, etc.	Ineffective	ACTION REQUIRED	Management is still going through the process of identifying more stakeholders whom can provide the relevant resources for our training needs
2	Increasing access to and improving success in CET programmes	Low awareness of the College and it's programmes by the communities	Major	Likely	HIGH	The College is continuing operation with the processes put whilst still under DHET and no marketing strategies has been developed	Not assessed	ACTION REQUIRED	Management is undergoing the process of advertising the College and it's programmes in communities
3	Provision of LTSM	Materials might not be obtained by the centres on time	Moderate	Possible	MEDIUM	Materials are obtained in advance and kept at Head office to be distributed to the CLCs	Partially Effective	ACCEPTABLE	Put stringent retrieval mechanisms in place
4	Provision of LTSM	Lack of relevant materials from publishers	Major	Almost certain	VERY HIGH	Improvising notes by the lecturers	Partially Effective	MONITOR	Develop own study guides and educational materials
5	Capacity building of lecturers	Lack of subject specialists	Major	Possible	MEDIUM	Continuous trainings provided to lecturers	Partially Effective	ACCEPTABLE	Appointment of qualified lecturers

Risk Number	Strategic objective	Risk description at Strategic Objective level	Impact	Likelihood (Probability)	Inherent risk	Existing controls	Perceived control effectiveness	Residual Risk	Actions to improve management of the risk
6	Effective management and administration of assessment	Data loss - Information stored in multiple computers, may not be recovered in case of disaster	Major	Almost certain	VERY HIGH	Use of personal storage components (such as USB, external hard drives) is encouraged, up to a period when resources are available and provided to staff	Ineffective	ACTION REQUIRED	SAICA has provided IT infrastructure (such as server) is be built
7	Effective management and administration of assessment	Non-compliance with assessment regulations due to unclear policies and directives	Major	Almost certain	VERY HIGH	The College is currently relying on the Deputy Principal - Academic to develop assessment instruments	Ineffective	ACTION REQUIRED	Sourcing of service providers for the development of the assessment instruments
8	Effective management and administration of assessment	Lack of resources may lead to poor performance by staff personnel as well as delay in execution of planned activities/ tasks	Major	Almost certain	VERY HIGH	Majority of employees uses personal resources, such as laptops, to operate. Chairs and tables were obtained from DHET and TVETs during transition	Ineffective	ACTION REQUIRED	An SCM department is operational to begin procurement of needed materials/resources
9	Capacity building of management and council	Non-compliance with the CET Act due to vacancy in the council sub-committees	Major	Likely	HIGH	Appointment of council members with relevant knowledge have been appointed. Risk and Audit Committee does not have a chairperson	Partially Effective	MONITOR	Invitations to qualified stakeholders to serve in the Risk and Audit Committee is still in the process.

Risk Number	Strategic objective	Risk description at Strategic Objective level	Impact	Likelihood (Probability)	Inherent risk	Existing controls	Perceived control effectiveness	Residual Risk	Actions to improve management of the risk
10	Capacity building of management and council	Shortage of staff personnel	Major	Possible	MEDIUM	DHET and SAICA entered into a contract for the secondment of management staff in the finance directorate.	Not assessed	MONITOR	Appointment of interns to fill vacant posts. Approval of the organisational structure, in order to determine functions needing more capacity.
11	Effective financial management	Lack of financial system to record transactions	Major	Almost certain	VERY HIGH	An excel spreadsheet is used to record transactions and preparation of AFS, which is prepared by the TVETS responsible for the college	Partially Effective	MONITOR	SAICA & DHET has provided a financial system to the College called Microsoft Dynamics, Business Central
12	Effective financial management	Audited Financial Statements for the prior years might not be submitted to DHET on time	Major	Likely	HIGH	Secondment agreement entered into between DHET and SAICA, in order to increase capacity of the finance division of the college. The SCM and Internal Audit manager were appointed on the 01 May 2019. Whereas the Accounting manager was appointed on 01 Decemember 2019. Six interns were appointed on the 06 January 2020.	Effective	ACCEPTABLE	Time frames have been put in place to allow management to prioritize activities. An Accounting Manager has been appointed to drive the process.

Risk Number	Strategic objective	Risk description at Strategic Objective level	Impact	Likelihood (Probability)	Inherent risk	Existing controls	Perceived control effectiveness	Residual Risk	Actions to improve management of the risk
13	Effective financial management	Non-compliance with the SCM policies, procedures and regulations	Major	Possible	MEDIUM	An SCM Manager has been appointed, through a contract between DHET and SAICA, to drive the procurement processes and ensure that goods and services are acquired in accordance with the proper SCM processes. Four interns were also appointed in February 2020 to assist with the operations of SCM	Effective	ACCEPTABLE	SCM unit and the relevant procurement committees are appointed to ensure compliance with SCM policies and regulations during procurement of goods and services
14	Effective financial management	Lack of Payroll system at the College	Major	Almost certain	VERY HIGH	The College has a manual excel spreadsheet for S&T payments and correspondences were made with SARS to keep a spreadsheet of all taxable payments made to employees for the purpose of tax reconciliations	Ineffective	ACTION REQUIRED	A payroll system will be provided to the College by SAICA, as part of the contract entered into with DHET
15	Forge and maintain partnerships	Inability to identify third parties/partners with common goals as the College	Major	Likely	HIGH	The College, through DHET has a relationship with SETA to identify organisations that provides trainings to the community members whom did not manage to get access to or complete tertiary education	Partially Effective	MONITOR	Meetings with relevant stakeholders are still undergoing to ensure that enough sponsors are identified

11. REPORT OF COMMITTEES OF THE COUNCIL

11.1 Executive Committee

The executive committee of the council has developed the charter that has been approved by the college council. They ensured that they submit for council consideration and recommendation that will implement the college strategic plan, monitor the college operations and financial performance and address other matters as necessary.

11.2 Academic Board

The academic board was established in 2018 and the process was democratic. The board was accountable to the council for the academic functions of the college, participation of women and the disabled persons in the learning programmes. Ensured that the accreditation requirements are met. The academic board established the LTSM Committee to assist with the selection for the procurement of the relevant LTSM. The academic has been functional as per the CET Act.

The meetings of the Academic Board were held in accordance with the prescripts of the law, which is at least one meeting per quarter. At those meetings crucial decisions were made and they were later tabled to the ordinary meetings of the college council for approval.

The following were developed by the academic board and approved by the council:

- approval to organise and hold the GETC Certification and award ceremony;
- approval of the language policy,
- admission policy,
- code of conduct for students as well as the Constitution of the Student Representative Council.
- Approval for the establishment of the Learning and Teaching Support Materials Committee.

11.3 Student Representative Council

In line with the CET Act, students have representation on all Free State CET College governance structures. As an institution, Free State CET College recognises and values our Student Representative Council as the umbrella representative body of students.

The election processes of the SRC usually starts every January up to February yearly. The trained official conducts all the elections, ensuring that the election processes were fair, transparent and done in a democratic manner.

The newly elected SRC members attended an induction programme. The programme covered different topics which include amongst others; SRC Constitution, including the Code of Conduct and the role of SRC in the Council.

The student leadership development not only assist student leaders through an experiential approach that is grounded in a theoretical framework, but it also communicates to students leaders that they are valued, appreciated and considered integral to the governing structures at Free State CET College.

11.4 Finance Committee

The task of the committee was to ensure that all 29 College finance policies are reviewed by the committee and recommended to College Council for approval. The committee did review and recommend these finance policies to the College Council, and all policies were approved by the Council. This was to ensure that all finance activities are in accordance with legislated prescripts and the implementing officials are guided properly with regard to conducting their day-day finance activities.

The committee has also discharged its duties diligently by ensuring that all annual financial statements from 2015-2019 are in accordance with the GRAP standards and recommended these financial statements to Council. This was done in one year and the college complied with the due date as gazetted by the Minister of Higher Education and Training. Normally the College organised for a joint sitting of both the finance committee and the audit and risk committee when reviewing the annual financial statements. From 2015-2018 the College's procurement was done by TVET Colleges on its behalf. Furthermore, the College did pass the audit test in as far as the written assurance certificate that it adhered to section 38(1)(j) of the PFMA. After passing this test it simply meant that the College could handle its own funds and procurement, and as a result be in a position to receive subsidy from the department. Since April 2019, the college managed to administer their own funds through the oversight role played by the finance committee.

The finance committee further had to ensure that quarterly finance reports are submitted to it. These reports were tabled about the financial performance of the College and it looks promising that the College is in a better position to manage its finances.

Lastly, the finance committee did handle one of the most important tools in the College. It handled the submission of the budget for the smooth day-day running of the College. Comprehensive budgets over the years were submitted to the committee for review before they were approved by the College Council.

The finance committee also played a crucial role to motivate for the approval of Council, the office space for the administration of the college.

11.5 Supply Chain Management Committee

It should be put into perspective that since the inception of the college in 2015 up to March 2019, procurement of goods and services for community learning centres was done by two colleges, namely, Motheo and Flavius Mareka TVET Colleges, on behalf of the college. The DHET managed the operational budget of the college from 2015 up to March 2019. The Free State CET College started to do its own procurement from April 2019. As a result, the SCM policy dictated that we establish bid committees for all procurement above R500 000. Bid committees established were the specification, evaluation and adjudication committees. Furthermore, the SCM policy stipulates that we had to use the evaluation and adjudication committees for all procurement between R300 000 and R500 000.

In November 2018 we had to use these committees to procure the services of the external auditors to audit prior years from 2015-2018. The specification committee drafted the terms of reference and it was approved by the Accounting Officer. We managed to advertise a tender and the normal supply chain management processes unfolded. The tender documents were evaluated and adjudicated by the committees, and the tender was awarded to the Nexia SAB & T.

During 2020 the same process was followed and the college appointed members of the bid committees. A request for quote was sent to audit firms in and around Bloemfontein and the quote was evaluated and adjudicated on. The rationale to send request for quote around Bloemfontein was to reduce the price in terms of disbursements. Eventually, the same audit firm, Nexia SAB & T, was awarded to do the external audit for the 2019 financial year.

The challenge regarding these committees is that we do not have enough staff members at the head office from whom we can select people as members of these committees. We have to nominate centre managers who resides in the Motheo district to come and assist in terms of being

members of the committees. This affects the frequency of attending meeting because they had to claim to attend these meetings.

11.6 Human Resources Committee

The HR Committee reports that it has, as far as possible, complied with its responsibilities arising from CET Act, including all other relevant legislative requirements.

The HR Committee has effectively and efficiently executed the following responsibilities:

- Periodically reviewed and approved new human resource policies of the College.
- Monitored the College performance against its HR or workforce plan.
- Monitored the performance management and development systems and their impact on individual and organisational performance.
- Monitored the College performance against defined strategic HR targets.
- Monitored systems and procedures for all Council-approved human resources and employment equity policies
- Monitored the management development programmes of the College.
- Reviewed and reported to the full Council, with recommendations.

The HR Committee fully supported the College in its vision, as embodied in the strategic documents, and in its journey of improved service delivery to the students of the College.

11.6.1 Staff Establishment as at March 2020

Academic Staff

NO	DISTRICTS	CENTRE MANAGERS	ACTING - CENTRE MANAGERS	LECTURERS	TOTAL
1.	FEZILE DABI	31	4	131	166
2.	LEJWELEPUTSWA	30	4	118	152
3.	MOTHEO	55	2	252	298
4.	THABO MOFUTSANYANA	51	4	176	228
5.	XHARIEP	16	3	71	90
TOTAL					941

Support Staff

PRINCIPAL	DEPUTIES	ASD: ADMIN	PA	INTERN S	VACANCIES
1	3 (1 Act DP Academic)	1	1	6	1 X SAO 1X DP: ACADEMIC

SAICA Staff Appointments

- 1 HRBP
- 1 Senior Financial Advisor
- 2 (1 Audit Manager and 1 Supply Chain Manager)
- 8 Interns

11.6.2 Labour matters

The CET Sector is having employees affiliated under different Unions. Employees are temporary and their conditions of services has always been a bone of contention. It must be noted that 2019 did not have much of disturbances compared to 2018. The following grievances and disputes were recorded.

11.6.3 Grievance cases

District	Number	Description of the grievance	Outcome
Motheo	1	The under payment of the improvement of qualification (outstanding)	Awaiting feedback from Department
Thabo Mofutsanyana	2	<ul style="list-style-type: none"> • The non-payment of the improvement of qualification • Payment of Centre Manager's allowance 	Awaiting feedback from Department
Lejweleputswa	1	Payment of Acting Allowance before the DDG's approval	The matter was closed

11.6.4 Disputes

District	Number	Description of the Dispute	Outcome
Head Office	1	Unfair dismissal	The dispute was dismissed and the ruling was in favour of the employer. The applicant has lodged an appeal and the college is still awaiting the feedback from DHET.
Motheo	1	Unfair dismissal	This matter still to sit at Labour Court

11.7 Planning and Resourcing Committee

The college had a functional planning and resource committee. The functions of the committee included the development of the college strategic plan, annual performance plan and prepare annual report for the approval by the council. The committee also ensured that the college operational plan has been developed in line with the approved annual performance plan.

11.8 Partnership and Liaison Committee

The partnership and Liaison Committee held its meetings at least once per quarter. Resolutions and recommendations were made and presented to the ordinary council meetings. As a result of the effectiveness and functionality of this committee, the Free State CET College was able to enter into partnerships with strategic stakeholders. Such partnerships enabled students to acquire skills by participating a skills programmes.

The table below provides the information on partnership entered:

PARTNERSHIP REGISTER FROM 2015 TO 30 JUNE 2020	PARTNER	DESCRIPTION	VALUE OF THE AGREEMENT	SIGNATORY	DATE
1.	GOLDFIELDS TVET COLLEGE	Establishment of Tjheseho as Agricultural Skills Hub	Participation and support of the Reitz Project	Me M.A Matlawa	08/04/2019
2.	MQA	Provision of training of the college lecturers. Assessor and Moderator (MOU extension)	Lecturers acquire skills and knowledge of being moderators and assessors	Me M.A Matlawa	11/06/2019
3.	EDUCATORY ELECTRO SERVICES	Provision of training in electrification of property.	Will be determined by the funder.	Ms M.A Matlawa	18/10/2019
4.	HWSETA	Bursary funding	Funding for AET sub levels 1-3 for 46 students, AET level 4 for 55 students and Non-Formal programme for 45 students TOTAL: 146 students	Ms M.A Matlawa	30/09/2019
5.	HWSETA	Internship	Three (3) interns	Ms M.A Matlawa	10/10/2019

12. COUNCIL RESPONSIBILITY AND APPROVAL

Council performed all their duties in terms of the Act. In terms of financial oversights, all budget approvals were done, and they made management to account for the finances of the College. Council approved and submitted the five-year strategic plan 2020/24 to the Minister together with the annual performance plan 2020/21 and annual report 2019/20 were also submitted.

The most crucial contribution of this Council is that in 2019, they have managed to ensure the audited financial statements for the period 2015-2018 are submitted to the DHET within the time frames as gazetted by the Minister.

In 2019, the council managed to secure office space for the administration of the College and also ensured the establishment of the financial management and IT systems.

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. During this period, the college managed its finances through DHET-SAICA Project. The College introduced for the first time the proper delegation of responsibilities with clear framework, effective accounting and standard operating procedures. Segregation of duties was also introduced 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.

The council has reviewed the College's cash flow forecast for the year to 31 December 2019 and, is satisfied that the College has adequate resources to continue in operational existence for the foreseeable future. The External Auditors were responsible for independently auditing and reporting on the College's financial statements and his report is presented with these financial statements.

13. REPORT OF THE ACCOUNTING OFFICER

The management of the college had to work hard to ensure that the strategic priorities were achieved for effective teaching and learning to take place and sought to improve student achievement and success by focusing on the following strategic objectives:

- To expand access and success to community education and training programmes that focus on raising the learning base, intermediate formal qualifications, community focused skills programmes and part qualifications by March 2020.
- To provide appropriate LTSM to students and lecturers for the effective delivery of the curriculum by March 2020.
- To build the capacity of lecturers for the effective delivery of the CET programmes by March 2020.
- To effectively manage and administer assessment in all community learning centres by March 2020.
- Build the capacity of management and governance structures of CET College.
- Forge and maintain partnerships.

13.1 Student enrolment

The students enrolment was as follows:

DISTRICT	GRAND TOTAL Staff	AET Sub-Level 1	AET Sub-Level 2	AET Sub-Level 3	GETC-ABET Level 4	Senior Certificate Grade 12	Occupational Qualifications	Non-Formal Programmes	GRAND TOTAL Students
LE-JWELEPUTSWA	170	6	54	173	1 429	875	0	0	2 537
XARIEP	94	3	67	49	248	290	0	29	686
MOTHEO	305	54	112	298	1 314	3 190	0	14	4 982
FEZILE DABI	195	160	236	361	1 434	1 137	0	70	3 398
TMED	229	48	197	500	1 516	634	0	54	2 949
GRAND TOTAL	993	271	666	1 381	5 941	6 126	0	167	14 552

The target for student enrolment according to 2019/20 Annual Performance Plan is 17373 and the total student enrolment according to the quarterly report is **14 552**

The college continued to provide tuition for the students with disability in the Zakhele-Ikusasa, Tshimologo, Lediboho and Boithuso CLCs. More students were enrolled in skills programme and part qualifications. In addition to the GETC and Senior Certificate, the college managed to enrol students to the following programmes: Assistant Arch Welding, Gardening, Broiler production, Heavy duty drivers license, upholstery, Drivers 'learners license.

13.2 Student Performance

In terms of student performance, the GETC results were as follows:

The Data used the 2019 analysis of ABET Level 4 results is based on data received from Free State Province Examinations & Assessment Directorate on 26 February 2020. The GETC % for this analysis is based on no. of candidates that wrote 5 or more subjects.

- **GETC Certification Rate for 2019**

The performance of students in CET College per district is summarized as follows:

DISTRICT	NO. OF LEARNERS WROTE 2019	NO. OF GETC 2019	% PASS 2019
Thabo Mofutsanyana	640	345	53.9
Lejweleputswa	448	213	47.5
Motheo	487	201	41.3
Xhariep	54	32	59.3
Fezile Dabi	392	202	51.5
COLLEGE	2021	993	49.1

GETC Learning Area Performance 2019

Learning Area	Number of Students wrote	Number of Students pass	% Pass 2019
Afrikaans	54	22	66.7
Ancillary Health Care	2145	635	37.3
Applied Agriculture and Agricultural Technology	55	8	21.6
Arts and Culture	116	78	72.2
Early Childhood and Development	1460	578	49.6
Economic Management Sciences	786	38	6.7
English	2908	1019	43.3
Human and Social Sciences	455	250	67.2
Information Communication Technology	79	49	80.3
Isixhosa	7	2	40
Life Orientation	2701	1686	79
Mathematical Literacy	2574	755	38.5
Mathematics, Mathematical Science	313	35	13.6
Natural Sciences	128	35	37.6
Sesotho	701	452	83.2
Tswana	66	28	56
Small Medium and Micro Enterprises	391	137	44.2
Technology	38	01	10
Travel and Tourism	1751	627	44.3
Wholesale and Retail	517	71	16.6

The 2019 performance for AET sub-levels 1-3 was as follows:

AET SUB LEVEL 1

DISTRICT	NO. WROTE	NO. COMPETENT	% PASS
Thabo Mofutsanyana	7	5	71
Motheo	126	114	90.4
Lejweleputswa	06	06	100
Xhariep	0	0	0
Fezile Dabi	121	78	64.4

AET SUB LEVEL 2

DISTRICT	NO. WROTE	NO. COMPETENT	% PASS
Thabo Mofutsanyana	64	29	45.3
Motheo	117	102	87.1
Lejweleputswa	17	15	88.2
Xhariep	44	36	81.8
Fezile Dabi	277	165	60

AET SUB LEVEL 3

DISTRICT	NO. WROTE	NO. COMPETENT	% PASS
Thabo Mofutsanyana	237	157	66.2
Motheo	197	162	82.2
Lejweleputswa	19	14	73.6
Xhariep	1	1	100
Fezile Dabi	364	197	54.1

13.3 Provisioning of Learning, Teaching and Support Material

The college managed to provide more than the targeted number of LTSM to students. Lecturers were also provided with LTSM even though they were not planned for.

13.4 Capacity Building

The lecturers were trained on Assessor, Moderator, Content Mathematics and English. Some lecturers were trained on non formal education. Centre Managers were also trained on Labour Relations, Payroll administration and non-formal education.

13.5 Partnerships

The college has entered into MoA with ETDP SETA, HWSETA, Merseta, MQA, and EE Services which enabled the college to open doors for more students.

More students were enrolled in skills programme and part qualifications. In addition to the GETC and Senior Certificate, the college managed to enrol students to the following programmes: Assistant Arch Welding, Gardening, Broiler production, Heavy duty drivers license, upholstery, Drivers' learners license.

The College operated within the provided legislative frameworks such as White Paper for Post School Education and Training, 2013; Continuing Education and Training Act 16 of 2006, National Qualification Framework Act of 2008; General and Further Education and Training Act of 2008 and Public Finance Management Act etc. The College also started to implement the 29 College finance policy in the management and administration of the new financial system. This period became historical as the College started to administer their own funds since its establishment in 2015.

The college has focused, amongst others, on the recruitment of the additional human resource capacity in finance through DHET/SAICA project, the establishment of the financial system, securing office space for the administration of the College and started the process of the institutionalisation of community learning centres and satellites centres in terms of the Community Education and Training Sector plan, introduction of occupational qualifications, initiating partnerships, improving success and increasing access to the many adults and out of school youth in the Free State Province who have a need for educational opportunities.

The MOA in which MerSETA committed to fund fifty students for automotive repairs and another fifty for Spray painting. Another MOA for the funding of the programme of Assistant Arch Welding was also signed.

The MOA was signed with HWSETA for funding the following programme:

Basic Gardening for 150 Students was funded by HWSETA and the college partnered with Glen Agricultural College which is accredited by AgriSETA to provide training in Basic Gardening for the following CLCs:

- Tumahole
- Ng Noord
- Nthabeleng
- Vulamehlo
- Letjhabile
- Rutegang
- Boitumelo

Pictures of students doing basic gardening.









Basic Broiler Production—Poultry for 45 students was also conducted by Glen Agricultural College. Training started on the 21 to 25 October 2019. The 45 students from Letjhabile were provided with accommodation and catering there. Glen Agricultural College also transported the students from their locality and back.



Students of Letjhabile CLC attending broiler production at Glen Agricultural College



The achievement hinted above, could not have been realized without the incredible effort of Free State CET College Management, centre managers, lecturers, support staff, and most important students who trusted us with their future. I am forever grateful to the commitment displayed unreservedly by the College Council. I also trust that this Annual Report will encourage all of us to urgently take up the challenge ahead of us and gear-up accordingly.

14. REPORT OF AUDIT AND RISK COMMITTEE

The audit committee (the committee) is a statutory structure, constituted in terms of section (12)(1) of the CET Act and is accountable to the Free State CET College Council. The committee's powers and responsibilities are outlined in its terms of reference. In accordance with its terms of reference, in this report, the committee presents a synopsis of how it fulfilled its powers and responsibilities for the financial year ended 31 December 2019.

14.1. Overview of activities

The committee met at least once in the performance year under consideration in line with their work plan. The role was to look into the reports compiled by the internal auditor of the college in order to beef up internal controls especially in the finance and human resources sections. The

strengthening of the internal controls would have been in accordance with the 3 year internal audit plan approved by the audit and risk committee. There had been some improvement in terms of findings raised and the way in which these findings were closed. This was to ensure that section heads respond to the findings raised so that gaps can be identified and closed.

Another responsibility was to provide oversight in terms of the risk management where the risk register had to be compiled and presented to the audit and risk management committee.

Furthermore, the responsibility of the committee, after annual financial statements are audited, was to go through the end of the year management reports and ensure that findings raised are closed. In closing these findings, an audit action plan for each year that findings were raised had to be drafted and implemented.

Details of the oversight activities undertaken by the committee are outlined in the below topics. The audit committee provided feedback on the progress of the appointed external auditors.

14.2. Evaluation of the financial statements

The committee reviewed the audited financial statements as well as the integrated annual report for the year ended 31 December 2019. No significant matters were identified by the committee relating to the financial statements. In arriving at that conclusion, the committee:

- considered the confirmation received from management relating to the going concern
- considered accounting treatments, significant unusual transactions and accounting judgements
- considered the appropriateness of accounting policies adopted and any changes
- considered the extent and effectiveness of internal financial controls • reviewed compliance with the Generally Recognised Accounting Practice, CET Act and PFMA
- reviewed whether the financial statements fairly presents the financial position of the Free State CET College at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended
- reviewed the management representation letter
- considered any problems identified, and reviewed any significant legal matters that could have a material impact on the financial statements
- reviewed the report of the external auditors, considered the accounting policies and the summary of uncorrected misstatements.

The committee is satisfied that the financial statements and the annual report present a balanced view of the organization's financial performance for the period under review, as well as the quality and integrity of the information contained in the integrated annual report.

14.3. Internal audit

The committee received, the internal audit plan and considered reports from internal auditors on the expenditure audit conducted in the year under review. Although concerns are raised around the state of the organization's information technology environment, the committee notes that concerns are not pervasive. It is the committee's view that the concerns raised are concentrated in one functional area out of numerous functional areas, and management has made firm commitments to aggressively address the weaknesses noted. Furthermore, during the current performance period, the committee:

- reviewed and approved the internal audit three-year rolling plan
- reviewed and approved the annual internal audit plan
- revised the internal audit charter in order to incorporate recommendations arising out of the independent quality assessment performed in the previous year
- evaluated the independence, effectiveness and performance of the internal audit function and the chief audit executive
- received assurance that an adequate and effective system of internal control and risk management has met separately with the internal auditors, without management present, to ensure that the quality, credibility and effectiveness of the internal audit process is maintained at all times.

As a result of the above, the committee is satisfied that there were no weaknesses in the design and operating effectiveness of the control environment in the period under consideration that have not been addressed or are not being addressed by management.

14.4. External audit

The audit committee is satisfied that the external auditor, SAB&T Nexia, is independent and not conflicted as required by Section 39(2)(c) of the PAA. In relation to the external auditors, during the current performance period, the committee:

- reviewed and approved the annual audit plan, including the proposed audit approach, audit risks, key findings, budgeted fee and terms of engagement

- ensured that non-audit services are evaluated and do not compromise the independence of the external auditor
- met separately with the external auditors, without management present, to ensure that the quality, credibility and effectiveness of the external audit process is maintained at all times

Although the College had received unfavourable audit opinions from 2015-2018, there is some expectation that an improved audit opinion will be delivered in the 2019 financial year. This is despite the challenges that the sector is facing in terms of capacity, manpower, expertise and other challenges that could perhaps hinder the positive audit opinion. It will be better if the College could have permanent staff members to do all the important work like auditing, human resources, assets and supply chain management. These are some of the most pivotal functions that determine the viability of an efficient and improved internal control systems in terms of auditing. Currently, the audit manager is on contract and it does not augur well in terms of stability and continuity.

The committee is satisfied that it has complied with all its statutory and other responsibilities. Having had regard to all factors that may have an impact on the integrity of the financial statements and the integrated annual report, the committee recommends to the Principal that she may sign the annual report and the accompanying financial statements.

15. DECLARATION OF AUTHENTICITY AND ACCURACY OF INFORMATION CONTAINED IN THE ANNUAL REPORT

I, the undersigned, Mr FR Sello, 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 is 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 Free State CET College for the financial year ended 31 December 2019.

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



Mr FR Sello

Council Chairperson

Date: 30 September 2020



higher education
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Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



**Free State
CET College**
Community Education
and Training College

PART B:

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2019
GENERAL INFORMATION

Controlling entity	Department of Higher Education and Training (DHET)
Financial Statements relate to	FREE STATE 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 1 of the National Qualifications Framework as well as skills programmes as determined by the community.
Councillors	FR Sello (Chairperson) Adv MI Komape MA Matlawa (Principal) N Mkhize MW Rantsane N Dlamini TP Khambule ZB Lawerlot T Mothate T Lehare N Khakanga
Principal	Ms MA Matlawa
Chief Financial Officer (CFO)	Position currently vacant
Registered office	Spitskop Building 86 Kelner Street Westdene Bloemfontein 9301
Bankers	Absa
Preparer	The annual financial statements were internally compiled by: Hortense Lukusa CA (SA), RA
Auditors	Nexia SAB&T

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

Annual Financial Statements for the year ended 31 December 2019

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 2020 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 33 were approved by the council on 12 November 2020 and were signed on its behalf by:



WK De Wee

Chairperson of the Council

20 November 2020



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



**Free State
CET College**
Community Education
and Training College

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

Independent auditor's report to the Council of Free State Community Education and Training College

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of Free State Community Education and Training College set out on pages 4 to 33, which comprise the statement of financial position as at 31 December 2019, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Free State Community Education and Training College as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the requirements of the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Continuing Education Act 16 of 2006 (CET Act).

Basis for Opinion

3. We conducted our audit in accordance with 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 this auditor's report.
4. We are independent of the College in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of professional conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

6. We draw attention to the matters below. Our opinion is not modified in respect of these matters.

Restatement of Corresponding figure

7. As disclosed in note 21 to the financial statements, the corresponding figures for 31 December 2018 were restated as a result of an error in the financial statements of the College at, and for the year ended, 31 December 2019.

Transfer of Function

8. Note 28 to the financial statements indicate that the property, plant and equipment disclosed therein are measured at provisional amounts in accordance with directive 13, which provides relief in applying the standards of GRAP on the effective date of the transfer of functions being 1 April 2015. Instead of the two year measurement period in paragraph 71 of GRAP 106, the CET colleges are allowed a period until 31 December 2021 to recognise and measure assets acquired and liabilities assumed on acquisition date.

Responsibilities of the Council for the financial statements

9. The Council is responsible for the preparation and fair presentation of financial statements in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Continuing Education and Training Act No.16 of 2006 (CET Act), and for such internal control as Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. 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

11. 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.
12. 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

13. 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 also not required in terms of the entity's specific legislation.

Report on the audit of compliance with legislation

Introduction and scope

14. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the College with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
15. The material finding on compliance with specific matters in key legislations are as follow:

Annual Financial Statement

16. The financial statements submitted for auditing were not prepared in accordance with generally recognised accounting practice or supported by complete accounting records, as required by section 25(1) (b) of the CET Act.
17. Material misstatements of revenue and expenditure identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Other information

18. The Council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
19. Our opinion on the financial statements and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
20. 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.
21. 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

22. We considered internal control relevant to our audit of the financial statements, reported and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in opinion, and the findings on compliance with legislation included in this report.
23. Internal audit function was not effective for the period under audit. This resulted in significant and recurring control deficiencies relating to the preparation of financial and compliance with legislation.
24. Audit committee was not effective for the period under audit. Lack on inputs from an oversight committee results in unidentified weaknesses in the financial reporting process, system of internal control, audit process and process for monitoring compliance with laws and regulations that leads to material exposure within the entity.
25. Senior management did not detect material misstatements in the financial statements during the preparation and review process. This is indicative of the weaknesses in monitoring and internal controls with regard to the review processes.

Auditor tenure

26. We report that Nexia SAB&T has been the auditor of the Free State Community Education and Training Centre for 5 years.

Nexia SAB&T

Nexia SAB&T
Myburgh Wessels
Director
Registered Auditor

20 November 2020
Bloemfontein

Annexure – Auditor’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

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

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2019
Statement of Financial Position as at 31 December 2019

	Note	2019 R	2018 R
ASSETS			
Current assets		6,554,916	5,386,545
Cash and cash equivalents	3	5,061,700	74,619
Other receivables from non-exchange transactions, including transfers	4	1,493,216	5,311,926
Non-current assets		1,911,410	2,139,317
Property, plant and equipment	6	1,911,410	2,139,317
Total assets		8,466,326	7,525,862
LIABILITIES			
Current liabilities		1,905,005	1,902,701
Trade and other payables from exchange transactions	7	962,448	1,200,000
Finance lease liability	8	942,117	702,701
Bank overdraft	3	440	-
Non-current liabilities		279,449	765,910
Finance lease liability	8	279,449	765,910
Total liabilities		2,184,454	2,668,611
Net assets		6,281,872	4,857,251
Accumulated surplus		6,281,872	4,857,251
Total net assets and liabilities		8,466,326	7,525,862

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2019
Statement of Financial Performance

	Note	2019 R	2018 R
Revenue			
Revenue from exchange transactions		6,000	1,250
Rental of facilities and equipment	10	6,000	1,250
Revenue from non-exchange transactions		180,195,790	176,323,826
Government grants and subsidies	11	180,195,790	176,323,826
Total revenue		180,201,790	176,325,076
Expenses			
Employee related costs and DHET management fee	12	(172,029,947)	(168,823,320)
Depreciation and amortisation	13	(1,055,548)	(976,711)
Books and learning materials	14	(808,780)	(2,862,910)
Student support services	15	(179,784)	(218,964)
Repairs and maintenance	16	(48,824)	(15,320)
Operating lease expense	17	(1,208,126)	(874,775)
Travel, accommodation and entertainment		(1,475,866)	(1,312,259)
Security		(70,237)	(5,548)
External audit fees		(194,280)	(300,000)
Municipal services		(161,670)	(5,850)
Telephone, postage, internet, network and communication costs		(120,795)	(13,499)
Printing and stationery		(157,243)	(239,852)
Finance costs	18	(128,815)	(159,110)
Other expenses	19	(649,779)	(713,766)
Total expenses		(178,289,694)	(176,521,884)
Surplus/(Deficit) for the year		1,912,096	(196,808)

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2019
Statement of Changes in Net Assets

	Note	27	
		Accumulated Funds	
		Accumulated Surplus/ (Deficit)	Total: Net Assets
		R	R
Balance at 31 December 2017 as previously reported		1,139,131	1,139,131
Correction of errors		1,958,438	1,958,438
Balance at 01 January 2018 as restated		3,097,569	3,097,569
Surplus/(deficit) for the year		(196,808)	(196,808)
Correction of errors		1,956,490	1,956,490
Balance at 01 January 2019		4,857,251	4,857,251
Surplus / (deficit) for the year		1,912,096	1,912,096
Prior year adjustments Retained income		(487,475)	(487,475)
Balance at 31 December 2019		6,281,872	6,281,872

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Annual Financial Statements for the year ended 31 December 2019
Cash Flow Statement

	Note	2019 R	2018 R
Cash flows from operating activities			
Receipts			
Rental of facilities and equipment		6,000	1,250
		6,000	1,250
Payments			
Suppliers		4,615,254	(86,802)
Finance costs		4,486,439	(86,802)
		128,815	
Net cash flows from operating activities	20	4,621,254	(85,552)
Cash flows from investing activities			
Purchase of property, plant and equipment		(36,795)	-
Net cash flows from investing activities		(36,795)	-
Cash flows from financing activities			
Repayment of other financial liabilities		653,132	-
Finance lease repayments		(250,950)	-
Net cash flows from financing activities		402,182	-
Net increase/(decrease) in cash and cash equivalents		4,986,641	(85,552)
Cash and cash equivalents at the beginning of the year	3	74,619	160,171
Cash and cash equivalents at the end of the year		5,061,260	74,619

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2019

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.

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.

These accounting policies are consistent with the previous year.

1.2 Presentation currency

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

1.3 Going concern assumption

Management and council have made the assessment that the entity is a going concern and the financial statements have been prepared on a going concern basis.

1.4 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:

Accounting estimates to the degree associated with determination of useful lives and residual values of Property, Plant and Equipment.

Interest rate used in discounting future minimum lease payments of finance leases.

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:

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2019

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.

Effective interest rate

The College uses an appropriate interest rate, taking into account guidance provided in GRAP, and applying professional judgement to the specific circumstances, to discount future cash flows, to the present value of the item being discounted.

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

Government funding

Programme funding is allocated to the College by DHET in terms of the CET Act and the National Norms and Standards for Funding of CET Colleges. The budget allocated to the College takes into account the historical background on how PALCs were previously funded by PEDs.

A portion of the government funding is paid via Persal by DHET, directly to the DHET staff placed at the College. This constitutes a service in kind to the College by DHET and it is judged to be accrued when it is paid by DHET and the revenue and related expenses are recognised accordingly.

The College also receives a goods and services allocation in the DHET Procurement budget. Goods and services procured by DHET for the Colleges from these funds constitute goods and services in kind and it is judged to be accrued when it is paid by DHET.

Furthermore, DHET allocates a portion of the College's funding to it in the form of cash transfers. These amounts are transferred to TVET Colleges, who administer it on behalf of the College. These amounts accrue in terms of the allocation letters issued by DHET, and is recognised as revenue as per the accrual dates stipulated in the allocation letters.

The transactions and amounts are disclosed in Note 11.

Employee related costs and 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

Management and other personnel appointed on Persal were remunerated by the DHET. They were not College employees and their remuneration cannot be classified as an employee expense of the College and is therefore classified as "DHET management fee".

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2019

ACCOUNTING POLICIES continued...

1.5 Property, plant and equipment

Property, plant and equipment include:

Furniture and Fittings

Office Equipment

Computer Equipment

Class	Depreciation method	Useful Life Range in Years
<i>Furniture and Fittings</i>	Straight-line method	8 years
<i>Office Equipment</i>	Straight-line method	3 years
<i>Computer Equipment</i>	Straight-line method	3 years

Furniture and fittings are depreciated using the straight-line method of depreciation over a useful life of 8 years with NIL residual value.

Office equipment is depreciated using the straight-line method of depreciation over a useful life of 3 years with NIL residual value.

Computer equipment is depreciated using the straight-line method of depreciation over a useful life of 3 years with NIL residual value.

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.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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.

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2019

ACCOUNTING POLICIES continued...

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.

Deemed cost

When the College initially recognises an asset using the Standards of GRAP, it measures such assets using either cost or fair value at the date of acquisition (acquisition cost). Where the accounting for assets is incomplete at the start of the reporting year as the acquisition cost of an asset is not available at that time, acquisition cost is measured using a surrogate value (deemed cost) at the date the College adopted the Standards of GRAP (the measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.

1.6 Financial instruments

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

Class	Category
Trade and other receivables from exchange transactions	Financial asset at amortised cost
Other receivables from exchange transactions	Financial asset at amortised cost

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

Class	Category
Trade and other payables	Financial liability at cost

The College measures a financial asset and financial liability initially at its fair value plus transaction costs (for financial instruments at amortised cost) that are directly attributable to the acquisition or issue of the financial instrument.

The College measures all financial instruments after initial recognition as follows:

- Financial instruments at fair value: Fair-value at reporting date
- Financial instruments at amortised cost: Amortised cost using the effective interest rate method, less any impairment losses.
- Financial instruments at cost. Cost, less any impairment losses.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE

Notes to the Annual Financial Statements

for the year ended 31 December 2019

ACCOUNTING POLICIES continued...

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 - lessor

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

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

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

Operating leases - lessee

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

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 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
for the year ended 31 December 2019

ACCOUNTING POLICIES continued...

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the College settles the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If the College has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the College has a detailed formal plan for the restructuring, identifying at least:

- the activity/operating unit or part of a activity/operating unit concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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.

Contingent assets

The college does not recognise a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the college in the notes to the annual financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the annual financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the annual financial statements of the period in which the change occurs.

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Notes to the Annual Financial Statements

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ACCOUNTING POLICIES continued...

Contingent liabilities

The college does not recognise a contingent liability, but discloses details of any contingencies in the notes to the annual financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The entity does not have any contingent liabilities as it did not have any pending lawsuits thus no contingent liabilities are disclosed in the annual financial statements.

Where a fee is received by the College for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the College considers that an outflow of economic resources is probable, the College recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.10 Revenue from exchange transactions

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the College has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the College retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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

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Notes to the Annual Financial Statements

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ACCOUNTING POLICIES continued...

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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.

1.11 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 the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Government funding

The portion of government funding emanating from the procurement of goods and services by DHET for the Colleges; as well as the portion emanating from DHET for paying the remuneration of management and employees stationed at the College through Persal, are recognised when DHET makes the relevant payments.

The government funding received through these avenues are measured at the amount of payments made by DHET in this respect, in accordance with payment reports received from DHET. The related revenue is recognised as Goods and services received in kind as per note 11. The related expense for goods and services procured by DHET are recognised as assets or expenses and classified according to the nature of the asset or expense. The related expense for Persal salaries paid by DHET are classified a DHET management fee expense as per note 12..

The portion of government funding paid in cash to TVET Colleges, to administer on behalf of the College, is recognised as per the accrual dates indicated on the allocation letter issued by DHET and it is measured at the amounts indicated on the allocation letter.

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ACCOUNTING POLICIES continued...

Transfers

Apart from Services in kind, which are only recognised as indicated below, the College recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The College recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The College recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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.

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.

Programme funding and DHET procurement transactions are services in-kind, and are dealt with under Government funding.

1.12 Comparative figures

When the presentation or classification of items in the financial statements is amended due to better presentation and/or better understandability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are reclassified. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

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.

Significant influence may be exercised in several ways, usually by representation on the governing body but also, for example, by participation in the policy-making process, material transactions between entities within an economic entity, interchange of managerial personnel or dependence on technical information.

Significant influence may be gained by an ownership interest, statute or agreement or otherwise. With regard to an ownership interest, significant influence is presumed in accordance with the definition contained in the Standard of GRAP on Investments in Associates.

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Notes to the Annual Financial Statements

for the year ended 31 December 2019

ACCOUNTING POLICIES continued...

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 management in their dealings with the College.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.14 Events after the reporting date

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

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

Reporting date means the date of the last day of the reporting period to which the financial statements relate. The reporting date of the College is 31 December 2019.

The college adjusts the amounts recognised in its financial statements to reflect adjusting events after the reporting date. The college does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

The Coronavirus (Covid-19) pandemic has developed rapidly in 2020, with a significant number of cases recorded globally. Measures taken by various governments to contain the virus have affected the economic activity. We have taken a number of measures to monitor and mitigate the effects of Covid-19, such as safety and health measures for our people (such as social distancing and working from home) and securing the supply of cleaning materials that are essential in our fight against the virus.

At this stage, the impact of our business and results has not been significant [and based on our experience to date we expect this to remain the same]. As the business mainly relies on subsidies from the Department of Higher Education and Training to fund its operations, there has not been any cut in the subsidies earmarked for 2020 as per the final allocation letter received from the Department. The effect of Covid-19 has therefore been insignificant. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

We also refer to note 26 of the annual financial statements regarding the ability of the college to continue to operate as a going concern. There has not been any impact on the going concern assumption as a result of Covid-19.

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
Annual Financial Statements for the year ended 31 December 2019

Note	2019 R	2018 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	Effective date (Periods starting on or after)	Financial year in which the College plans to apply the Standard initially
GRAP20 Related Party Disclosures: Currently use it as guidance for accounting policies, therefore no impact expected on initial adoption.	01 April 2020	31 December 2021
GRAP32 Service Concession Arrangements: Grantor: None	01 April 2019	31 December 2020
GRAP108 Statutory Receivables: No changes to recognition and measurement are expected, but additional disclosures and separate classification in the notes will be done on adoption.	01 April 2019	31 December 2020
GRAP109 Accounting by Principals and Agents: No changes to recognition and measurement are expected, but additional disclosures in the notes will be done on adoption.	01 April 2019	31 December 2020
IGRAP 17 Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset: None	01 April 2020	31 December 2021
Directive12 The Selection of an Appropriate Reporting Framework by Public Entities: None	01 April 2018	31 December 2019

3. Cash and cash equivalents

Cash at bank	5,061,260	74,619
	5,061,260	74,619

The College has the following bank accounts:

ABSA

Absa Cheque Account Number: 4088673869

Cash book balance at beginning of year	74,619	160,171
Cash book balance at end of year	5,061,260	74,619
Bank statement balance at beginning of year	74,619	160,171
Bank statement balance at end of year	5,061,260	74,619
Total cash and cash equivalents	5,061,260	74,619
Total bank overdraft (enter as negative)	(440)	-

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	2019	2018
Note	R	R
4. <u>Other receivables from non-exchange transactions, including transfers</u>		
Statutory receivable: Government grants and subsidies (Refer also note 11)	1,266,000	-
Flavius Mareka TVET College	-	3,872,496
Motheo TVET College	82,890	1,439,430
Deposits	144,326	-
Total other debtors	1,493,216	5,311,926

Terms and conditions of other receivables

Statutory receivable: Government grants and subsidies

The DHET Grant allocated to the College, was administered by Flavius Mareka TVET College and Motheo TVET College during the financial year. DHET paid the grant to the two TVET Colleges and they administer it on behalf of the College (i.e. they use it to do procurement for the College), in terms of a MOA between the College and each of the TVET Colleges, respectively. On 1 April 2019, the College took over management of its own funds after successfully passing the readiness audit by DHET.

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
Notes to the Annual Financial Statements
Annual Financial Statements for the year ended 31 December 2019

Note	2019 R	2018 R
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Other receivables from non-exchange transactions, including transfers continued...

Credit quality of other receivables from non-exchange transactions

The receivable relates to both unspent grants transferred to Flavius Mareka TVET College and Motheo TVET College by DHET belonging to the college. Since these monies are current and not outstanding for more than 30 days, the credit quality is performing (as explained below).

Method of determining credit quality of other receivables from non-exchange transactions

We internally assess the quality of the receivables based on a number of factors such as delinquency and the financial strength of individual borrowers and guarantors. Because many of these indicators are difficult to apply across an entire class of receivables, we evaluate individual loans on a quarterly basis and classify these loans into three categories based on the key credit quality indicators for the individual loan. These three categories are performing, watchlist and non-accrual. We measure delinquency based on the contractual payment terms of our finance receivables. In determining the delinquency aging category of an account, any/all principal and interest received is applied to the most past-due principal and/or interest amounts due. If a significant portion of the contractual portion of the contractually due payment is delinquent, the entire finance receivable balance is reported in accordance with the most past-due delinquency aging category.

The credit quality of other receivables from non-exchange transactions

Internally determined credit quality (weighted average credit quality of the balance)	Externally determined credit quality (weighted average credit quality of the balance)
--	--

Statutory receivable: Government grants and subsidies
 Flavius Mareka TVET College
 Motheo TVET College
 Deposits

1,266,000	
-	3,021,729
82,890	276,031
144,325	-
1,493,215	3,297,760

Fair value of other receivables from non-exchange transactions

The carrying value of trade and other receivables approximates their fair value. The approach used to determine the fair value is as follows: The amount that was transferred to Flavius Mareka TVET College and Motheo TVET College by DHET as substantiated by the BAS report and DHET allocation letters.

5. Comparative figures

Comparative figures were restated to achieve fair presentation. A prior year error note has been disclosed to this effect.

FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE
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Annual Financial Statements for the year ended 31 December 2019

	Note	2019 R	2018 R
6. Property, plant and equipment			
		2019	2018
		Cost	Cost
		Accumulated Depreciation and Impairment	Accumulated Depreciation and Impairment
		Carrying Value	Carrying Value
		R	R
Furniture and Fittings		720,081	541,585
Office Equipment		(147,367)	(67,914)
Computer Equipment		(1,889,621)	(1,064,206)
		274,785	289,288
Total		4,312,883	3,485,242
		(2,401,473)	(1,345,925)
		1,911,410	2,139,317

Reconciliation of Property Plant and Equipment - 2019

	Carrying Value Opening Balance	Additions	Depreciation	Carrying Value Closing Balance
	R	R	R	R
Furniture and Fittings	473,671	178,496	(79,453)	572,714
Office Equipment	1,376,358	512,968	(825,415)	1,063,911
Computer Equipment	289,288	136,177	(150,680)	274,785
Total	2,139,317	827,641	(1,055,548)	1,911,410

Reconciliation of Property Plant and Equipment - 2018

	Carrying Value Opening Balance	Additions	Depreciation	Carrying Value Closing Balance
	R	R	R	R
Furniture and Fittings	304,388	219,131	(49,848)	473,671
Office Equipment	2,192,601	16,330	(832,573)	1,376,358
Computer Equipment	56,952	326,626	(94,290)	289,288
Total	2,553,941	562,087	(976,711)	2,139,317

Estimated useful lives

The annual depreciation rates are based on the following estimated asset useful lives:

Class	Useful Life Range in Years
<i>Furniture and Fittings</i>	8 years
<i>Office Equipment</i>	3 years
<i>Computer Equipment</i>	3 years

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Note	2019 R	2018 R
Property, plant and equipment continued...		
Repairs and maintenance incurred		
2019:		
	Employee related costs and DHET management fee	Repairs and maintenance
Furniture and Fittings	-	
Computer Equipment	-	
	<u>-</u>	<u>48,824</u>
2018:		
Furniture and Fittings	-	
Office Equipment	-	6,000
Computer Equipment	-	9,320
	<u>-</u>	<u>15,320</u>

PPE for which the College does not have the legal title, but has control

The College entered into a finance lease for 20 Photocopying machines with Sunlyn (Pty) Ltd in 2017 and 2018 respectively. The duration of the lease with Sunlyn is for 5 years. In October 2019, the College entered into another type A lease with ITEC. The duration of the lease is for 2 years. The lease was initially a type B lease until its expiry in July 2019. Although the lease term is for two years, it was agreed with the lessor that ownership will pass to the lessee. An ownership letter was extended to the college in this regard.

7. Trade and other payables from exchange transactions

Trade creditors	804,880	1,200,000
Accruals	157,568	-
Total creditors	<u>962,448</u>	<u>1,200,000</u>

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	Note	2019 R	2018 R
8. Finance lease liability			
		Future Minimum lease payments	Present value of future minimum lease payments
2019		R	R
Amounts payable under finance leases			
Within one year		1,013,120	942,117
Within two to five years		288,667	279,449
Total future minimum lease payments		1,301,787	1,221,566
Less: Amount due for settlement within 12 months (current portion)		(1,013,120)	(942,117)
Non-current future minimum lease payments		288,667	279,449
		Future Minimum lease payments	Present value of future minimum lease payments
2018		R	R
Amounts payable under finance leases			
Within one year		813,878	702,701
Within two to five years		803,233	765,910
Total future minimum lease payments		1,617,111	1,468,611
Less: Amount due for settlement within 12 months (current portion)		(813,878)	(702,701)
Non-current future minimum lease payments		803,233	765,910

Finance Leases consists of the following:

The College entered into two finance leases for photocopying machines as follows:

- 11 Machines over 3 years at a total monthly instalment of R 42 823, starting 1 November 2017 with the last payment to be made on 1 October 2020. The effective interest rate is 10.25%. The assets are included in PPE as office equipment.
- 9 Machines over 3 years at a total monthly instalment of R 25 200, starting 1 April 2018 with the last payment to be made on 1 March 2021. The effective interest rate is 10.25%. The assets are included in PPE as office equipment. In October 2019, the College entered into another finance lease with monthly installment of R 23,740.64 at prime interest rate of 10.25% starting in October 2019 and ending in September 2021.

9. Sale of goods and rendering of services

Details

The revenue refers to grants received from MERSETA in respect of projects undertaken by the College.

10. Rental of facilities and equipment

Rental of facilities	6,000	1,250
- Straight-lined operating lease income	6,000	1,250
Total rentals	6,000	1,250

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	Note	2019 R	2018 R
11. Government grants and subsidies			
Reconciliation of Movement - 2019			
		Balance unspent at beginning of year	Current year receipts
		Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
		R	R
Grant DHET		- (7,603,000)	7,603,000
Services in kind - Pearsal salaries		- (171,044,842)	171,044,842
Services in kind - Other		- (1,547,948)	1,547,948
Total Government Grant and Subsidies		- (180,195,790)	180,195,790
Reconciliation of Movement - 2018			
		Balance unspent at beginning of year	Current year receipts
		Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
		R	R
Programme funding: Grants paid cash		- (5,071,000)	5,071,000
Services in kind - Pearsal salaries		- (167,766,337)	167,766,337
Goods and services in kind - Other		- (3,486,489)	3,486,489
Total Government Grant and Subsidies		- (176,323,826)	176,323,826
12. Employee related costs and DHET management fee			
Employee related costs			
Employee related costs - Salaries and Wages		172,029,947	168,823,320
		172,029,947	168,823,320
Total employee related costs and DHET management fee		172,029,947	168,823,320
In terms of the CET Act, employees that are employed by DHET have a dual accountability towards the council and DHET respectively.			
13. Depreciation and amortisation			
Property, plant and equipment		1,055,548	976,711
		1,055,548	976,711
14. Books and learning materials			
Student materials: textbooks		808,780	2,862,910
		808,780	2,862,910

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	Note	2019 R	2018 R
15. Student support services			
Student prizegivings and graduation ceremonies		150,585	213,192
SRC events		-	5,772
Student support services: Accommodation and subsistence		29,199	-
		179,784	218,964
16. Repairs and maintenance			
Property, plant and equipment		-	15,320
Land, buildings and infrastructure		48,824	-
		48,824	15,320
17. Operating lease expense			
Rental of buildings		719,808	-
Rental of office equipment		433,652	874,775
Other rentals		54,666	-
		1,208,126	874,775
18. Finance costs			
Finance leases		123,552	159,110
Trade and other payables		5,263	-
		128,815	159,110
19. Other expenses			
Advertising		49,399	1,754
Bank charges		23,104	2,802
Cleaning		140,823	-
Consulting fees		90,715	-
Council fees		134,109	263,600
Cash shortages		16	-
Management fees		-	337,550
Uniforms, protective clothing and health & safety		49,784	-
Litigation settlements		6,971	5,589
Losses due to theft			38,789
Catering and refreshments		154,858	63,682
		649,779	713,766

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	Note	2019 R	2018 R
20. Cash flows from operating activities			
Surplus/(deficit) for the year		1,912,096	(196,808)
Adjustment for:			
Depreciation and amortisation		1,055,548	976,711
Finance costs (non-cash)		128,815	159,110
Government funding paid via Persal		(171,044,842)	(167,766,337)
Goods and Services received in kind		(1,547,948)	(3,486,489)
Cash grants paid to TVET Colleges			(5,071,000)
Non cash donations from TVET Colleges		-	-
Procurement of goods and services by TVET colleges			2,580,478
DHET Management fee expense		172,029,947	168,823,320
Portion of grant not received by year end		(1,266,000)	-
Goods and services expenses paid for by the DHET		1,547,948	3,895,463
		2,815,564	(85,552)
Changes in working capital:			
Increase in other receivables from non-exchange transactions		1,977,658	-
Increase in trade and other payables from exchange transactions		(171,968)	-
Net cash flows from operating activities		4,621,254	(85,552)

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Note	2019 R	2018 R
21. Correction of error	2019	2018
	R	R
During the year the following correction of errors occurred:		
Other receivables from non-exchange transactions that were previously understated		
Property, plant and equipment carrying values that were previously overstated		
Finance lease liabilities that were amortised at a higher interest rate		
Municipal services that were previously overstated		
The delivery and courier costs that were previously classified under "other expenses" in the 2018 signed annual financial statements have been reclassified under telephone, postage, internet, network and communication costs to achieve fair presentation.		
The financial impact of the above reclassification has a zero effect on the statement of financial performance of the college.		
The comparative amount has been restated as follows and the effect has been shown below:		
Statement of financial position		
Other receivables from non-exchange transactions	2,014,166	2,014,166
Property, plant and equipment	(628,560)	(628,560)
Trade and other payables from exchange transactions	448,836	448,836
Current portion of finance lease liability	5,763	5,763
Non-current portion of finance lease liability	(4,789)	(4,789)
	1,835,416	1,835,416
Statement of financial performance		
Government grants and subsidies	(19,461,702)	(19,461,702)
Public contributions and donations	72,206	72,206
Employee related costs and DHET management fee	19,461,702	19,461,702
Depreciation and amortisation	473,683	473,683
Municipal services	(448,836)	(448,836)
Interest paid: Finance lease	(25,604)	(25,604)
Telephone, postage, internet, network and communication costs	13,499	13,499
Other expenses	38,074	38,074
	123,022	123,022
Net effect on Accumulated surplus opening balance	1,958,438	1,958,438

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Note	2019 R	2018 R
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22. Operating lease commitments

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

Operating lease commitment arrangements

Lessee

The College entered into an operating lease for 16 Photocopying machines at a total monthly lease payment of R 63347.88. The lease term was for 2 years ending 28 February 2019, subject to the lessee serving a 90 day notice of cancellation of lease. In case notice was not given as stipulated in the agreement, the lease will be purported to run indefinitely. The lease payments were paid by Flavius Mareka up until May 2019. There was no cancellation of lease but an agreement to take on a new lease. From October 2019, a new lease was entered into place over the same photocopy machines for a further period of two years. The new lease is a type A lease since ownership of assets will transfer to the lessee at the end of the lease term. In March 2019, the college entered into a type B lease over premises. The monthly rental is R76,705 with escalation of 8%. The lease term is for 5 years non-cancellable lease. The lease commencement date is 1 May 2019 and termination date 30 April 2024.

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

Up to 1 year

1 to 5 years

969,220	316,739
3,815,700	-
4,784,920	316,739

23. In-kind donations and assistance

The College received the following in kind donations and assistance which was not recognised:

The DHET SAICA HR and Financial Management Support Project's services in kind transactions are not recognised, for the years they were in place :

DHET / SAICA CFO Support Project

The DHET SAICA HR and Financial Management Support Projects provide support to the College through the provision of a part time HR Business Partner and a full time SFA, as well as central project management support, including technical, policy development, governance and business management systems support. The project management support also includes a provincial management and performance management support, to assist the College in managing the HRBP's and the SFA's performance. The Project is funded by the National Skills Fund and the services are provided by SAICA as part of its Nation Building initiative on a recovery of cost basis, which is well below fair value.

DHET / SAICA HR Support Project

The HR Support project is scheduled to conclude on 31 December 2018 and the Financial Management Support Project is scheduled to conclude on 28 February 2021. After the conclusion of the Projects, the College will have to bear the cost of obtaining additional HR support that may be required and it will also have to bear the cost appointing any interim finance personnel placed at the College through the Project.

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	Note	2019 R	2018 R
24. Related parties			
Members of key management			<i>Members of Council, Principal and Deputy Principals</i>
Close family member of key management			<i>Close family members of members of Council, of Principal and/or of any Deputy Principal</i>
DHET			<i>Umbrella body, has control over the College</i>
Other CET Colleges			<i>Fellow colleges under control of DHET</i>
SETAs			<i>Institutions under control of DHET</i>
TVET Colleges			<i>Institutions under control of DHET</i>
Related party balances			
Amounts included in Receivable (Payable) regarding related parties			
Flavius Mareka TVET College		-	3,872,496
DHET		1,266,000	-
Motheo TVET College		82,890	1,439,430
Council remuneration			
Council remuneration		134,109	263,601
Related party transactions			
DHET Grants			
Programme funding: Grants paid cash		7,603,000	5,071,000
Services in kind - Persal salaries		171,044,842	167,766,337
Goods and services in kind - Other		1,547,948	3,486,489
Management fees			
Flavius Mareka TVET College		-	150,400
Motheo TVET College		-	103,150

25. Events after the reporting date**Non-adjusting events**

Since late January 2020, the number of COVID-19 cases and countries affected outside China has grown rapidly, and on 11 March 2020, the WHO declared COVID-19 to be a global pandemic. During this period, national governments and various private sector organisations have taken significant measures to contain the virus, including quarantines and school, store, plant and border closures. Consequences of the outbreak have also contributed to significant volatility in global stock markets since late February 2020. The college has assessed the impact of COVID-19 on its operations and assets and management did not find any adjustments necessary in the annual financial statements as a result of Covid-19.

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Note	2019 R	2018 R
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26. Going concern

We draw attention to the fact that at 31 December 2019, the College had accumulated surplus of R 6 281 872 and that the College's total assets exceed its liabilities by that amount.

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

The ability of the College to continue as a going concern is dependent on a number of factors. The most significant of these is that the College is dependent on programme funding received from DHET at a level which, when combined with other revenue generated by the College, is sufficient to fund the operations of the College.

The Covid-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations and measures taken by various government departments to contain the virus have not negatively affected the college's results in the reporting period. This is due to the fact that the college's main source of revenue is DHET grant and the latter showed a substantial increase of 44% from 2019 to R10,979,000 in 2020. For 2021 financial year, preliminary figures reveal a earmarked allocation of R10,910,000 despite the fact that the Department of Higher Education and Training has announced a budget cut. The decrease in grant of 0,63% is insignificant and will not cause harm to the college's ability to meet its liabilities when they are due in the normal course of business.

Management has prepared a cash flow forecast for 12 months after the financial year end and for 2021 financial year respectively, taking into account the impact of Covid-19. Management has concluded that there are no material uncertainties that may cast doubt about the college's ability to continue as a going concern and therefore whether the college will realise its assets and settle liabilities in the ordinary course of business at the amounts recorded in the financial statements.

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Note	2019 R	2018 R
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27. 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.

28. Transfer of functions

The transfer of functions was done to give effect to:

- i) Proclamation No.44 of 2009 which was published in Government gazette No.3237 of 1 July 2009. The proclamation transferred the administration of the Adult Education and Training Act, 2000 (Act No.52 of 2000) and the Continuing Education and Training Act, 2006 (Act No.16 of 2006) to the Minister of Higher Education and Training and
- ii) The Higher Education and Training Amendment Laws Act, 2010 (Act No.25 of 2010) which transferred the legislative responsibility for the Adult Education and Training (AET) sector to the Minister of Higher Education and Training (DHET).

There was no consideration transferred between the Provincial Department of Education, the National Department of Higher Education and Training and the CET College relating to the transfer of functions.

No receivables were acquired by the college on the transfer of functions.

Initial accounting for transfer of functions incomplete:

The initial accounting for the transfer of functions at 31 December 2019 was incomplete. This was largely due to difficulties in obtaining the relevant information as the annual financial statements were being prepared more than three years after the balance sheet date, and also due to the required information being in numerous different locations. The initial accounting that is incomplete relates to Property, Plant and Equipment as assets purchased prior to 2015 were not accounted for. However, the measurement period within which the initial accounting must be completed ends on 31 December 2021.

The measurement period may end at an earlier date if on that date the college receives the information it was seeking about the facts and circumstances that existed as of the acquisition date, or learns that more information is not obtainable.

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Note	2019 R	2018 R
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28. Risk management and other financial instrument disclosures

Maximum credit risk exposure

Credit risk exposure arise 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.

Other receivables consist of amounts being held by Public TVET Colleges, from which they must perform procurement for the College. Due to the fact that the Public TVET Colleges are also governed by DHET, the probability that the amounts will be recoverable is high.

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
Other receivables from non-exchange transactions, including transfers

5,061,260	74,619
1,493,216	5,311,926

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 planning it's future expenditure to be within the funding that the College must receive in the form of grants.

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.

2019

Not later than one month **Later than one month and not later than three months**

Trade and other payables

-	-
---	---

2019

Later than three months and not later than one year **Later than one year and not later than five years**

Gross finance lease obligations
Trade and other payables
Bank overdraft

71,610	1,149,956
962,448	-
440	-

2018

Not later than one month **Later than one month and not later than three months**

Trade and other payables

-	-
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	Note	2019 R	2018 R
<i>Risk management and other financial instrument disclosures continued...</i>			
2018		Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations		111,177	1,357,434
Trade and other payables		1,200,000	-

29. 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).

