



higher education
& training

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TSHWANE NORTH TVET COLLEGE
Technical and Vocational Education and Training College

2021 ANNUAL PERFORMANCE REPORT





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1. INTRODUCTION

Tshwane North TVET College is a culmination of a merger of three former Further Education and Training Colleges, namely, Mamelodi, Pretoria and Soshanguve FET Colleges in 2002. The college acquired Temba Campus through the cross-border demarcation and re-categorization of municipal boundaries around 2006 from Orbit TVET College in the North-West Province. The College had two satellite campuses which were offering skills programmes at the time but later converted into fully fledged campuses i.e., Soshanguve North and Rosslyn campuses.

Tshwane North TVET College (TNC) consists of six (6) campuses and a Central Office. The 6 campuses are Pretoria Campus (the biggest and in the urban area), Mamelodi Campus (previously disadvantaged area), Soshanguve South and North Campuses (previously disadvantaged area), Rosslyn Campus (Automotive industrial area) and Temba Campus (semi-rural area).

The College employs approximately 600 staff members and enrolled approximately 17 923 students in 2021.

According to the 2011 census data, the current total population within the Tshwane Metropolitan Municipality is 2 921 488. The Tshwane Municipality's 2019/20 Annual Report indicated that in 2017, there was a total of 386 000 people unemployed in Tshwane, which is an increase of 150 000 from 236 000 in 2007. The total number of unemployed people in Tshwane constitutes 18,64% of the total number of unemployed people in Gauteng. Tshwane experienced an average annual increase of 5,06% in the number of unemployed people, which is better than that of Gauteng, which had an average annual increase in unemployment of 5,64%.¹

The thrust of TVET Colleges is to include national social and economic goals like economic growth and development, poverty reduction, employment creation, unequal income distribution, sustainable livelihoods, youth development, innovation and industrial advancement by providing high quality education and training programmes in the democratic developmental state. Tshwane North TVET College offers Occupational, and Skills Programmes and the Ministerial approved programmes across its delivery sites aimed at addressing the skills shortages among its communities. The limited resources available have prompted the college to form partnerships with Industry, Business and the Sector Education and Training Authorities (SETAs) in an endeavour to improve the quality of training, development, and work experience. The college through the Partnerships and Linkages Unit remains committed to continuously improve the provision of quality education and training with the aim of improving the lives of its people.

2. ABBREVIATIONS AND ACRONYMS

AET	Adult Education and Training
AFS	Annual Financial Statements
APP	Annual Performance Plan
CBMT	Competency Based Modular Training
CET Act	Continuing Education and Training Act
CFO	Chief Financial Officer (Deputy Principal: Finance)
COS	Centre of Specialisation
DHET	Department of Higher Education and Training (Department)
DP	Deputy Principal
E&A	Examination and Assessment
ETQA	Education and Training Quality Assurance
GETC	General Education and Training Certificate
GRAP	Generally Recognised Accounting Practice
HE	Higher Education
HRDS-SA	Human Resource Development Strategy for South Africa
ICT	Information Communication Technology
IDP	Integrated Development Plans
M&E	Monitoring and Evaluation
MIS	Management Information System
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NC(V)	National Certificate (Vocational) qualification at NQF levels 2-4
NDP	National Development Plan
NEET	Not in employment nor in education and training (youth)
NEHAWU	National Education Health and Allied Workers Union
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
OLC	Open Learning Centre
PQM	Programme Qualification Mix
PSET	Post-School Education and Training
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management System
RO	Regional Office: Free State and Gauteng
SAQA	South African Qualifications Authority
SETA	Sector Education and Training Authority
SNE	Special Needs Education
SO	Strategic Objective
SP	Strategic Plan
SSP	Sector Skills Plan
SWOT	Strengths, weaknesses, opportunities, threats
TVET	Technical and Vocational Education and Training
UMALUSI	Council for Quality Assurance in General and Further Education and Training
WIL	Work Integrated Learning
WBE	Work Based Experience



PART

GENERAL OVERVIEW

A



3. MESSAGE FROM THE CHAIRPERSON OF COUNCIL

A College Council, as the highest decision-making body, is collectively accountable to the public for its performance in governing a Technical and Vocational Education and Training (TVET) College. Consequently, as a way of accounting to the public, it gives the Tshwane North TVET College (TNC) Council the greatest honour in presenting the Annual Report (AR) of the TNC for the reporting period 2021. In essence, the report reflects on the achievements of the TNC as per its 2021 strategic outcomes and further disclose the relevant financial information in relation to our continued efforts in fulfilling the TNC strategic objectives as set-out in the Strategic Plan (SP) and the targets as detailed in the Annual Performance Plan (APP).

The year 2021 started off positively with few disruptions to teaching and learning across all sites of delivery. The College continues to observe the Covid-19 regulations and is gradually moving towards offering fully blended mode of education. The state of affairs at TNC is fairly stable with minimal student unrests and there is also a sense of labour peace within TNC. The TNC Council has also adopted an open-door policy wherein all stakeholders are encouraged to ventilate their issues internally before escalating to Council, this approach has contributed significantly to the improved relations with all stakeholders (internal and external) of the College – hence a fairly stable College.

The College Council in concurrence with the Academic Board adjusted the 2021 College's five-year SP which incorporated the vision, mission, values, goals, and financial planning of the College. The adjusted plan emphasized the importance of blended modes of learning anchored on sound ICTs and the aspirations of the College to gradually move towards creating smart campuses in an endeavour to enhance the teaching and learning experience of our student community.

In supporting the College's strategic focus areas, targets were then set in the 2021 Annual Performance Plan (APP) which then provided a yardstick against which the College must measure its performance.

Council through its sub-committees monitors the effective implementation of the strategic plan by holding management to account through quarterly comprehensive reporting on matters relating to the strategic focus areas of the College. Unfortunately, due to the advent of Covid-19 pandemic (to certain extent) the College was not able to attain all its strategic objectives and the set targets.

In regard to the financial performance of the college, all the sub-committees of Council are fully functional and are convened quarterly to amongst others track spending against the approved budget. For the 2021 academic year, the College has not exceeded its allocated budget - noting re- adjustments on the approved budget as per the spending trends.

As thus, the College is liquid or a going concern and thus in a position to carry on its mandate for the ensuing years. Of note, the College has been on disclaimed audit outcomes for years, however, there has been a significant breakthrough post Council intervention. The 2021 Audit Improvement Plan as approved by Council is rigorously monitored by the Audit & Risk Committee which in turn reports to Council.

The high staff turnover of Deputy Principal Finance has in the years destabilised the Finance Unit – this is also exacerbated by a high vacancy rate within Senior and Middle Management. However, Council shall continue

to support management in filling vacancies on contractual basis taking into cognizance the operational needs of the College and the gradual implementation of the Post Provisioning Norms by the College Implementation Committee.

The College Council is also aware of the fact the TNC is strategically located in the Capital of the Republic and the hub of the Automotive Industry, cutting edge Research and Development, Aerospace and Defence Industries – thus giving the College a competitive advantage to leverage. The college Council will thus continue to influence curriculum offering through accreditations in the areas alluded to above in an endeavour to remain relevant and responsive to the economic and social needs of our immediate communities. It thus remains our business to ensure that if TNC was to disappear tomorrow the effect of such must be felt across all sectors of society.

For the 2021 academic year, our theme was “Be committed and make difference” – hence, Council would like to thank everyone (within and outside of the College) and more specifically the Student Representative Council (SRC) (as a statutory body of the College) for the hard work and determination in ensuring that the College strive towards being a center of excellence in skills development.

“A Journey of a Thousand Miles Begins with a Single Step” and we are stepping in the right direction one step at a time.

Thank you, Council, for your passion and selflessness in re-positioning TNC to be one of the best TVETs in the country. May 2022 be the year where all our strategic outcomes are reached.

Thank you all who make the TNC work!

Yours in education



Prof. TS Phendla (Chairperson of Council)

Date:



4. THE ACCOUNTING OFFICER'S FOREWORD

The Academic Years 2020 and 2021 were the most difficult years across the world as normal life and operations were disrupted by the advent of COVID-19. The college's COVID-19 Steering Committee, established in 2020 worked endlessly to put measures in place to curb and prevent the spread of corona virus across delivery sites. The COVID-19 Steering Committee also enforced adherence and compliance to health and safety regulations/protocols. The DHET's initiative in collaboration with Higher Health and the Department of Health to make vaccination sites accessible to colleges and universities made a huge impact in getting both staff and students vaccinated.

College attendance was mainly staggered during the COVID-19 season (2020/21) and this resulted in the Department adjusting the college calendar by extending the third trimester to overlap into the 2022 academic year (February 2022).

The college continues to improve the quality of education and training including sound financial management to ensure responsiveness and efficient utilisation of resources. The college's commitment to continuous improvement is evidenced by the improved 2021 audit outcomes. There was a move from eight years of sustained disclaimers of audit opinions to a qualified audit opinion in 2021.

Further, the overall college performance remains a priority to achieving the strategic outcomes of the college. The college management continues to support the work of the College Council through its committees to ensure statutory compliance in line with the provisions of the Continuing Education Training Act 16 of 2006. Sound relations between management and council remain a key enabling factor in realising the strategic outcomes of the college.

Some of the achievements and highlights in the 2021 Academic Year are:

- Audit Task Team established by Council as an intervention measure to oversee the improved audit outcome
- Council intervention to appoint three finance technical support staff on fixed term contracts due to vacancies in the Finance Division.
- Establishment and installation of the 2021 SRC and CRC including the provision of tools of trade (laptops and data)
- Recognition and utilisation of students that completed and acquired qualifications in projects for work-based exposure.
- Improvements in managing the CIEG projects with 100% of work packages approved and all tenders awarded in 2021. Thus, committing the allocated funding to the approved work packages.
- Progress in getting the Vocational Training Centres Infrastructure project funded by the People's Republic of China off the ground.
- Functional and effective College Implementation Committee (CIC) to implement the Post Provisioning Norms (PPN) policy.
- Hosting of a successful virtual Graduation Ceremony that was streamed live as well as hosting of the 18th Decade of Artisan Campaign.
- Upgrade of the Adapt IT business management system and training to end users.
- Accreditation of workshops in pursuit of developing more artisans in different trades.
- Appointment of Social Workers which was beneficial to both staff and students by providing psycho-social support during the period of the pandemic.

Some of the challenges experienced in 2021 include:

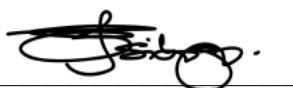
- The high staff turnover in the position of CFO which perpetuates instability. The CFO was appointed in January 2021 and resigned in August of the same year.
- NSFAS Allowances still a contributing factor to college instability due to unrests.
- Student Dropouts

On behalf of the college management and staff, it is fitting to thank Ms Margaret Motloba, the Deputy Principal Corporate Services for her immense positive contributions at Tshwane North College. Ms Motloba retired on 31 December 2021. We wish her good health, prosperity, and a well-deserved retirement. Further, we wish to acknowledge and express our appreciation to the college council that gave the college support during the most difficult COVID-19 season. My gratitude also goes to all the staff members & the Student Representative Council (SRC) for their dedication. They all rose above the COVID-19 pandemic challenges by demonstrating resilience, commitment, and hard work - this is evidenced in the improved academic results.

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

1. All information and amounts disclosed throughout annual report are consistent.
2. The annual report has been prepared in accordance with the guidelines issued by the Department of Higher Education and Training.
3. The annual financial statements have been prepared in accordance with the relevant standards, frameworks and guidelines issued by National Treasury.
4. The accounting officer, i.e., the principal, is responsible for the preparation of the annual financial statements and for the judgements made in this document.
5. The accounting officer, i.e., the principal, is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
6. The Auditor-General of South Africa expressed an independent opinion on the annual financial statements.



Ms TE Tsibogo
Principal

6. LEGISLATION AND OTHER DIRECTIVES

6.1 LEGISLATIVE FRAMEWORK

Tshwane North TVET College is enjoined by Section 44(3) of the Continuing Education and Training (CET) Act, No. 16 of 2006 (as amended) read in conjunction with section 25(3) of the same Act to prepare and submit to the Minister for Higher Education and Training an annual report.

In terms of Sections 25(3) and 25(4) of the CET Act, public Technical and Vocational Education and Training (TVET) colleges are required to produce annual financial reports and to comply with any reasonable additional reporting requirement established by the Minister. Moreover, Section 44 of the Act requires colleges to annually report to the Minister in respect of its performance and its use of available resources.

In addition, these pieces of legislation govern and steer the college in terms of achievement of its strategic and performance objectives.

Tshwane TVET North College is enjoined by Section 44(3) of the CET Act, read in conjunction with section 25(3) of the same Act, to prepare and submit an annual report to the Minister for Higher Education and Training.

In terms of Sections 25(3) and 25(4) of the CET Act, public TVET colleges are required to produce annual financial reports and to comply with any reasonable additional reporting requirement established by the Minister. Moreover, Section 44 of the Act requires colleges to annually report to the Minister in respect of their performance and their use of available resources.

In addition, these pieces of legislation govern and steer the College in terms of achievement of its strategic and performance objectives. Further sets of legislation that impact on the TVET Colleges Sector and its strategic and national imperatives are listed below:

- Continuing Education and Training Act (No 16 of 2006)
- National Qualifications Framework (NQF) Act (No 67 of 2008)
- Higher Education (HE) Act (No 101 of 1997)
- Skills Development Act (No 97 of 1998) - Skills Development Levies Act (no 9 of 1999)
- The National Student Financial Aid Scheme (NSFAS) Act (No 56 of 1999)
- General and Further Education and Training Quality Assurance Act (No 58 of 2001)
- The Public Financial Management Act (1999) (Act No 1 of 1999) and Treasury Regulations (2005) (as amended)
- Preferential Procurement Policy Framework Act 5 of 2000
- The Preferential Procurement Policy Framework Act 5 of 2000 and Preferential Procurement Regulations
- The Employment Equity Act (1998) (Act no 55 of 1998) (as amended)
- The Basic Conditions of Employment Act (1997) (Act no 75 of 1997) (as amended)
- The Labour Relations Act (Act no 66 of 1955) (as amended)
- Occupational Health and Safety Act (Act no 85 of 1993) (as amended)
- Skills Development Act (as amended) - Protected Disclosure Act 2000 (Act no 26 of 2000)
- Promotion of Access to Information Act 2000 (Act no 2 of 2000)
- Promotion of Administrative Justice Act 2000 (Act no 3 of 2000).

6.2 LEGISLATIVE AND OTHER MANDATES

In terms of Sections 25(3) and 25(4) of the Continuing Education and Training (CET) Colleges Act, No. 16 of 2006 (as amended), public Technical and Vocational Education and Training (TVET) colleges are required to produce annual financial reports and to comply with any reasonable additional reporting requirement established by the Minister. Moreover, Section 44 of the Act requires colleges to annually report to the Minister in respect of its performance and its use of available resources. In addition, these pieces of legislation govern and steer the college in terms of achievement of its strategic and performance objectives.

The Constitution of the Republic of South Africa (Section 29(1) - (4)) provides for the right of basic and further education to everyone in the official language of their choice provided equity, redress and practicability are taken into account. In addition, the CET Act provides for the regulation of continuing and further education and training through the establishment, governance and funding of public TVET colleges and the promotion of quality in continuing and further education and training.

In addition, the white paper for Post-School Education and Training mandates delivery and strategic priorities in the TVET college sector. Other policy mandates include:

- ✓ National Trade Testing Regulations;
- ✓ SETA Grant Regulations;
- ✓ National Skills Development Strategy;
- ✓ Public TVET College attendance and Punctuality Policy; and
- ✓ Policy on the Conduct of National Examinations and assessment.

A close-up, high-angle photograph of a person's hand holding a blue pen over a laptop keyboard and a document. The document features a faint pie chart. The scene is dimly lit, with a purple diagonal graphic element in the bottom-left corner.

PART
GOVERNANCE

B

7. REPORT OF COUNCIL CHAIRPERSON

7.1.1 CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

i. Composition of Council:

For the 2021 Academic Year, the College Council was fully constituted with no vacancies. The Chairperson and the Deputy Chairperson of Council were elected from the external members of Council as per the dictates of the College Statute and Council Operating Procedures Manual for a period of three years and are eligible for re-election of two consecutive terms.

The Chairpersons of Committees of Council were also elected and seconded by a fully constituted Council.

Moreover, the College Council has opted for a full-time secretary as opposed to nominating and electing one amongst its external members. Of note, the College Statute does not prohibit the secretary of Council to be either internal or external, as thus, there is no non-conformance to regulation.

As per the dictates of Chapter 3 of the CET Act, a fully constituted Council comprises 16 members (both internal and external). The constitution the TNC Council and its Governance Structure for the 2021 academic year is as follows:

Name	Surname	Designation
Prof. Thidziambi Sylvia	Phendla	Council Chairperson and the EXCO of Council
Adv. Vusi Nicholas	Mgwenya	Deputy Chairperson of Council, Chair of the Human Resources & Remuneration Committee and a member of the Audit and Risk Committee
Ms. Palesa	Kadi	External member of Council, Chairperson of the ICT Governance Committee, and a member of the Stakeholder Committee
Dr. Koena Isaac	Boshomane	External member of Council, Chairperson of the Planning & Resources Committee, member of the Academic Board and member of Stakeholder Committee
Mr Tshinyiwaho	Phidane	External member of Council, member of both the Planning & Resources & Finance Committee
Mr Dumisani	Hlongwane	External member of Council, Chair of the Finance Committee and a member of the Planning & Resources Committee
Mr Tshabedi Richard	Serote	External member of Council, Chair of the Audit and Risk Committee and a member of the Human Resources & Remuneration Committee
Ms Mapeu Cecilia	Matabane	External member of Council, a member of the Academic Board and Human Resources & Remuneration Committee
Mr Sihle Joel	Ngubane	External member of Council, a member of the Planning & Resources, Finance & ICT Governance Committees
Mr Nwahesu Desmond	Khoza	External member of Council (Representing the Donor Community), Chairperson of the Stakeholder Committee and a member of the ICT Governance Committee
Ms Thembi Ethel	Tsibogo	Principal
Mr Selaelo Peter	Sebetleng	Delegated by the Academic Board
Mr Edward	Gumede	Delegated by the support staff
Ms Naomi	Kone	Delegated by the lecturing staff
Mr Rudzani	Baloyi	Delegated by the SRC
Ms Dolly	Tsoku	Delegated by the SRC

ii. Appointments made in the year in terms of sections 10(4) and 10(6) of the CET Act.

Mr T Phidane was appointed by the Minister in terms of section 10(4)(b). Mr Phidane is a replacement for Ms Kiyasha Thambi who resigned in March 2020.

iii. Governance Meetings held in the 2021 Academic year:

Council

Ordinary Meetings	Special Meetings
2021/01/15	2021/03/11
2021/05/19	2021/04/18
2021/10/01	2021/04/22
2021/12/21	2021/03/11
	2021/04/18
	2021/05/20
	2021/06/01
	2021/06/02
	2021/06/07
	2021/06/08
	2021/06/09
	2021/10/18

Sub-committees of council:

EXCO

Ordinary Meetings	Special Meetings
2021/05/14	2021/08/11
2021/09/22	2021/09/08

Human Resources and Remuneration Committee

Ordinary Meetings	Special Meetings
2021/05/03	2021/11/29
2021/08/06	
2021/11/15	

Stakeholder Committee

Ordinary Meetings	Special Meetings
2021/07/30	2021/06/21
2021/11/09	2021/12/13

Ad hoc Committees:

Audit Readiness Task Team	Ad hoc Committee on the audit improvement strategy	Joint sittings: ARC & FINCO
2021/03/24	2021/09/13	2021/02/22
2021/04/12	2021/09/27	2021/05/21
2021/04/19	2021/10/06	2021/06/05
2021/05/05	2021/09/13	2021/07/09
2021/05/18		
2021/05/27		
2021/08/30		

Planning & Resources Committee

Ordinary Meetings	Special Meetings
2021/04/09	2021/20/2
2021/08/18	
2021/11/18	

ICT Governance Committee

Ordinary Meetings	Special Meetings
2021/05/05	
2021/08/24	
2021/12/06	

Finance Committee

Ordinary Meetings	Special Meetings
2021/05/11	2021/12/03
2021/09/01	2021/12/15
2021/12/02	

Audit & Risk Committee

Ordinary Meetings	Special Meetings
2021/05/07	2021/03/15
2021/09/09	2021/06/21
2021/12/08	2021/08/24
	2021/09/28
	2021/10/07

Academic Board

Ordinary Meetings	Special Meetings
2021/04/06	
2021/07/21	
2021/11/24	

iv. Performance of Council in terms of its Statutory functions:

The CET Act as the chief legislation in the TVET sector dictates that Council should in essence perform the following key statutory functions:

Appointment of staff – section 20(1)(b) of the CET Act vests Council with the requisite authority to appoint staff in addition to those appointed by the Minister. In the context of TNC, Council has performed exceptionally well on this indicator since taking office in 2019. Council has approved a college paid structure to ensure that appointments are as per the operational needs of the College and subsequently, made key strategic appointments in an endeavour to ensure that the College discharge its mandate of teaching and learning efficiently and effectively.

Safekeeping function – section 25 of the Act dictates that college Councils must keep records of all its proceedings (meetings, resolutions; accounting records of college and all its substructures and other bodies operating under college). To this effect, the College Council has all the minutes (with resolutions) of all its proceedings – thus including those of all its sub / ad hoc committees. Further, the Finance Committee as the custodian of all matters relating to college finances is continuously tracking on spending against the approved budget and has reported that the College spending has not exceeded the Council approved 2021 budget. The College is thus a going concern – consequently, in a position to carry on its mandate for the ensuing years.

Reporting function - section 20(5) of the Act provides that when Council presents annual financial statements as required in terms of section 25 of the same Act, it must provide sufficient details of any posts envisaged, estimated costs relating to employment of staff and how costs will be met. The Human Resources & Remuneration Committee of Council has done exceptionally well in providing oversight on all staff related matters. It has requested that the college paid structure be costed before same was approved by Council. The approved structure has standardised appointments within the College and ensured that all Council posts are funded. Hence the savings on the Cost of Employees. However, the college council remains weary of the high vacancy rate within the college more specifically in both senior and middle management. The college currently operates with only one Deputy Principal: Academic Services – and has 3 vacant senior management positions and 12 vacant Assistant Director positions.

Further, section 25(3) requires Council to report on: the overall management & governance of the college; students' performance. Here, the sub-committees of Council have provided adequate oversight on the management function of the college and continuously held management to account through quarterly reporting. The college has improved its nation raking from 42 to 22, improved its NC(V) certification rate by 6%.

Planning function - section 44(1) of the Act requires Council to prepare & approve the strategic plan of the College as per the norms and standards issued by the Department. The Council has approved a five-year strategic plan (2020 – 2024) which delineates the vision, mission, and funding needs of the College in concurrence with the Academic Board. The Strategic Plan, supported by the Annual Performance Plan is adjusted annually to ensure relevance and responsiveness. The 2021 Strategic Plan and Annual Performance Plan were approved by Council and the College is awaiting approval letter from the Minister.

Policy Function – section 10(3) of the Act provides that Council must provide a structure on policy development. Since its inception, the College has approved policies and charters as means of internal controls to guide and effect principles of good corporate governance. For the 2021 Academic Year Council has approved at least 30 new / reviewed Policies. Further, Council has ratified (02) two new sub-committee Charters and reviewed four more Charters which were aligned with the CET Act, Council Operating Procedures Manual and College Statute.

Accreditation Function - section 10(2)(c) and 11 of the Act requires Council to ensure that the college complies with accreditation requirements. In the 2021 Academic Year, Council embarked on a rigorous oversight role of ensuring that the college receives accreditation to offer full occupational qualifications as well as the skills

programmes. To this end, the college received total of seven and six full occupational qualifications and skills programmes respectively. Apart from the seventy-six students that were registered for the short skills programmes in the general studies field, the college registered thirteen students for the Installation, Repair and Maintenance (IRM) in partnership with the NBI. In 2022, from the funding received from NSF, the college will roll out more occupational and skills programmes and to equip workshops with modern technological equipment. It should also be noted that Council has also set aside funds in the college approved budget to support accreditation initiatives. There is also a need for Council to work closely with the Academic Board and local industries to influence the College's Programme Qualification Mix. Council also notes and appreciate the Minister's effort to fund occupational and skills programmes. However, Council should continue working on strategies to source funding to reshape the college's curriculum as we are moving towards our vision of being an innovative center of excellence in skills development.

Self-regulatory function - section 10(9E) (a) – (b) of the Act requires Council to adopt a code of conduct to which all members of council, committees, and all persons who exercise functions of Council must subscribe to. Council has approved all the Charters of its sub-committees, put systems in place for all its members to make annual declaration in regard to their financial interests and ensured that all members are well aware of their fiduciary roles. Moreover, there are clear guidelines on how to disqualify a member as a member of Council or a sub-committee of Council. Moreover, there are clear rules on how to suspend a member from attending meetings after due process. Over and above the provisions contained in these sections, Council's operations also informed and guided by the TVET Councils Operating Procedures Manual of 2015 and also reports on matters of compliance on a quarterly basis to the Department.

Having regard to the provisions of the Act, Council has discharged its statutory duties exceptionally well in the 2021 Academic Year.

Tshwane North TVET College had a fully functional College Council by the end of 2021. The Council held 4 ordinary and twelve Special Council meetings in 2021. Subsequent to it being fully constituted, the College Council then established the following sub-committees to carry on its legislative mandate: Finance, Audit and Risk, Human Resources, Planning and Resources and ICT Governance which in essence expected to meet at least once every quarter in preparation of the ordinary quarterly meetings of the College Council in an endeavour to render oversight support to the College management to achieve the College strategic objectives. However, circumstances in 2021 led to either few or more than expected sub-committee meetings.

The CET Act (herein after referred to as "the Act") vests the governance of TVETs in College Councils. The Act in essence expect the College council to amongst other:

Ensure statutory compliance and inculcate the spirit of good governance by determining the strategic direction of the College within the framework set by the Department; approve the 3-year strategic plans, annual performance plan, operational plan and annual budget of the College as required in terms of sections 10 (2) (a) and 44 (1) of the Act. In keeping with this statutory requirement, the Tshwane North TVET Council together with management has convened a strategic planning session in October 2019 wherein the 3-year strategic plan of the College was presented and endorsed by Council. Subsequently, the same plan was revised by Council in October 2020 thereafter the 2021 Annual Performance Plan was also endorsed by Council. Council also approved the 2021 College Budget in line with the Department's budgetary framework after a series of engagements in December 2020 thus fulfilling its legislative mandated in terms of sections 10 and 44 of the CET Act. Moreover, the College Council also approved the College Fee structure in consultation with both the Academic Board and the SRC as required by the ACT.

The College Council performed most of its functions, including the review of some of the College Policies and Council Committee Charters, which are necessary to ensure honest application of policies to decide on issues in the best interest of the College.

The Council supported the 5-year Strategic Plan of the College which incorporated the mission, vision, values, strategic objectives supported by a sound Annual Performance Plan with attainable targets.

• DUTIES OF THE COLLEGE COUNCIL

The primary role College Council is in essence four-fold:

- Steer planning;
- Monitor the implementation of the plan;
- Report on performance in regard to the plan; and
- Evaluate and reflect on the implementation of the plan and adjust the plan where necessary.

It is against this backdrop that the College Council is expected to:

- Report on the college data and performance information with integrity – as expected in terms of section 45(2) of the CET Act.
- Manage performance of the college in terms of the implementation of the strategic plan and policies and standard operating procedures so as to be effective (doing the right things) and efficient (doing things right).
- The management of resources – human resources and finances
- The **college's achievement of its outcomes and outputs defined in the strategic and annual performance plans** - determine on an annual basis the extent to which the college has achieved these strategic objectives and targets.
- Addressing specific needs of most marginalized and vulnerable groups – by reflecting on the questions as below:
- How many female students are registered in for example priority skills programmes? How many students with disabilities are there? How many students have bursaries?
- Monitor the maintenance and expenditure in terms of infrastructure.
- **Monitor the efficiency and effectiveness of its governance and structures and evaluate its performance** – to be reported on in the annual report and also the mid-term by assessing council's own compliance and performance – e.g. adopting policies such as Admission Policy, approving strategic plan, drafting annual report amongst other.

Without derogating from the generality of subsection (1), the Council -

- a. makes rules for the College;
- b. establishes the Council Committees and determines the composition and functions of each committee;
- c. establishes, in consultation with the Academic Board, joint Committees of the Council and the Academic Board to perform functions which are common to the Council and the Academic Board;
- d. subject to applicable policy and the approval of the Director-General, determines the student admission policy of the College, after consultation with the Academic Board;
- e. determines and provides student support services after consultation with the SRC;
- f. subject to the approval of the Director-General, determines the language policy of the College, after consultation with the Academic Board;
- g. determines tuition fees, accommodation fees and any other fees payable by students as well as accommodation fees payable by employees;
- h. approves the annual budget of the College; and
- i. may conclude a loan or overdraft agreement, with the approval of the Minister.

Further, as part of its legislative mandate vested upon Council by virtue of s (5)(3) of the CET Act, Council is also expected to -

- a. determines conditions of service, code of conduct and privileges and functions of its employees and may, in the manner set out in the code of conduct, suspend or dismiss employees of the College; and
- b. may order an employee of the College who has been suspended to refrain from being on any premises under the control of the College and to refrain from participating in any of the activities of the College, or issue such other conditions as it may consider necessary.

• COMPOSITION OF COUNCIL

The Council, as contemplated in section 10(4) of the Act, consists of –

- a. the Principal;
- b. five external persons appointed by the Minister;
- c. one member of the Academic Board elected by the Academic Board;
- d. one lecturer elected by the lecturers at the College;
- e. two students of the College elected by the SRC;
- f. one member of the support staff elected by the support staff of the College;
- g. one external member representing donors; and
- h. at least four members contemplated in section 10(6) of the Act with a broad spectrum of competencies in the fields of education, business, finance, law, marketing, information technology and human resource management appointed by the Council in consultation with the Minister.

At least 60 per cent of the members of the Council must be external persons who are not employed by the Minister or Council, or are not students of the College.

The Council members contemplated in section 10(8) and (9) of the Act must have knowledge and experience relevant to the objects and governance of the College.

7.2 REPORTS BY COMMITTEES OF COUNCIL

Include in this section narrative reports on activities and performance by the:

i. Audit Committee.

Below is the presentation of our report for the financial year ended December 2021

Audit and Risk Committee Responsibility

The Audit and Risk Committee complied with its responsibilities arising from Section 25 (1) (c) of the Continuing Education and Training Act, Act 16 of 2006 by “implementing internal audit and risk management systems which are not inferior to the standards contained in the Public Finance Management Act, 1999 (Act 1 of 1999)” and Generally Recognised Accounting Practices (GRAP).

The Audit and Risk Committee was fully constituted in 2020 in accordance with its Charter. An independent member was appointed in October 2020 to strengthen the capacity of the Committee.

The Effectiveness of Internal Control

The audit improvement plan was compiled for external audit findings, approved by the committee, and monitored by Internal Audit. It was presented to Audit and Risk Committee on quarter 3 and 4 of 2021. The plan has assisted the college to receive a better audit outcome for 2021 which is a qualified opinion. The committee will ensure that management compile another plan to address outstanding issues raised by AGSA.

The audit action plans were compiled based on both external audit by the AGSA and internal audit findings however they were found not to be comprehensive as indicated by the AGSA Audit Outcome. The College will be more focussed in the ensuing years to develop comprehensive audit action plans that address the root of the problems experienced with the aim of improving future audit opinions.

The College commenced with the implementation of the audit action plans in 2020. Audit findings tracking register for both Internal and external audit findings was developed and monitored by Internal Audit unit and was presented to Audit and Risk Committee on quarterly basis.

Evaluation of Financial Statements

The Audit and Risk Committee has:

Been presented with audited annual financial statements in the annual report and after review recommended for approval to Council.

Reviewed the External auditor management report and management's responses thereto

Evaluated the 2021 financial statements before being presented to AG for audit.

Internal Audit

The Internal audit function was mainly Co-sourced with one permanent internal staff member. The new company was appointed in July 2021. The following reviews were conducted in 2021 by the Internal Audit unit:

HRM-Acting Allowances Audit Review: Presented to ARC in quarter 2 of 2021

SCM tender review: Presented to ARC in quarter 1 & 2 of 2021

Audit Improvement Plan Review: Presented to ARC in quarter 3 of 2021

Records Management Review: Presented to ARC in quarter 1 of 2022

Asset Management Review: Presented to ARC in quarter 1 of 2022

Human Resources Management follow-up review: Presented to ARC in quarter 1 of 2022

The 2021 approved internal audit plan was based on high-risk areas and covering most of the issues that led the college to the previous audit opinion.

The Audit and Risk Committee remains concerned about the adequacy of internal audit resources to ensure complete coverage of high-risk areas. The combined assurance approach will continue to be applied to effectively focus on limited internal audit resources.

Risk Management

The College is lacking in taking responsibility and ownership for the implementation of the Enterprise Risk Management (ERM) methodology and function. The position of Risk Officer at Assistant Director remains vacant due the finalisation of the Post Provisioning Norm (PPN) process which has taken longer than expected. The appointment will assist in ensuring the establishment and functionality of the unit.

The college does not have a dedicated Risk Officer; however, Internal Audit is assisting with facilitation of Risk Management. Strategic risk register was developed in 2020 and updated in October 2021. Operational risk registers and fraud risk registers were developed and approved by committee in March 2022.

External Auditor's Report

Improvements have been made with regards to the Committee as no deficiencies were noted when assessing it in line with its approved charter.

The college has improved and received a qualified opinion in 2021. Management needs to address the following issues:

- Trade and other receivables from exchange transactions
- Inventories
- Other financial liabilities
- Trade and other payables from exchange transactions
- Project liabilities
- Debt impairment
- Prior year adjustments

The Audit and Risk Committee concurs and accepts the conclusions of the External Auditor on the annual financial statements.

The college has started with the implementation of the recommendations raised from the audit findings and furthermore an audit improvement plan will be developed by management in addressing the outstanding issues raised by AGSA

Mr T SEROTE: Audit and Risk Committee Chairperson

ii. Finance Committee.

For the period under review, the Finance Committee's focus was on improved finance governance and controls to instil financial discipline and consistent reporting aligned with strategy

The committee with management agreed on an improvement plan to yield quick results to build and improve financial performance, reporting and better audit outcomes.

Basic controls of financial discipline were enforced to ensure that there are regular reconciliations by the finance team, daily processing and reviews and clear segregation of responsibilities adhered to. Critical policies were reviewed and recommended for approval.

Funding of the TVET was more geared towards teaching and learning programs including structural and ICT infrastructure investment to cater for online education and training and to further address students concerns relating to learning and campus experience.

In the 2020 annual report, The Committee reported that a high staff turnover of senior personnel in the finance department was a major concern. The Committee is happy to announce that there has been an aggressive plan to capacitate the team and a recommendation of a Deputy Principal Finance (CFO) will be announced in due course since interviews were concluded.

The Committee is pleased with the continuous improvement and commitment by the entire management and change of attitude to ensure areas identified as risk areas are addressed and controls are being adhered to.

Supply Chain Management will remain an area of focus for efficiency and capacitation for improved turnaround times and improved service level agreements with other internal stakeholders to drive service delivery.

The Finance Committee is pleased with the AGSA audit report that showed an improved audit outcome.

Mr D Hlongwane: Finance Committee Chairperson

iii. Human Resources and Remuneration Committee.

The College statute (clause 14(1)(d)) provides for the establishment of the Human Resources Committee (the Committee) to oversee governance matters pertaining to the provision of human resource services to college staff. The Committee comprises of a split of external and internal Councillors and two Campus Managers delegated by their peers to advocate for the human resources needs of campuses.

The Committee held four (4) mandatory pre-scheduled meetings and one (1) special meeting in the 2021 financial year. Though not all meetings enjoyed 100% attendance from the members, generally, all Committee meetings attain a quorum. The College has adopted various ways to avert non-attendance or poor attendance of meetings including holding meetings after hours to accommodate Council members.

Key amongst the Committee's strategic achievements under the 2021 financial year includes:

- o recommended the approval of 14 HR policies in endeavour to put controls in place and increase the capabilities of the College to reach its strategic outcomes,
- o revised and recommended a sound College Paid Structure to accommodate the dynamic operational needs of the College in consultation with the Finance Committee – the latter ensured that there are funds available to operationalise the revised Structure,
- o recommended critical Council posts to support the strategic focus areas of the College having regard to the concomitant financial implications,
- o consolidated the HR related negative audit findings and demanded that Management account through reports with tangible activities on how it is planning to close such findings, and
- o provided a stringent oversight on labour related matters in an endeavour to ensure a sense of labour peace within the College.

As thus, for the 2021 fiscal year, the Committee has fairly discharged its mandate as enumerated in its Charter and will continue to oversee governance matters pertaining to the provision of human resource services to the college in an attempt to ensure that such are effective and efficient in supporting the core business of the College – teaching and learning.

For the 2022 academic year, the Committee is aiming at introducing an Annual Workplan aligned to both the Strategic Plan of College (2020 – 2024) and its Charter. The chief objective of introducing the Annual Workplan is to ensure that the Committee remains focused on the College's strategic outcomes and report to Council on the attainment of same.

Consequently, reporting to the Committee will be for purpose and impact, aligned to the strategic of objectives of the College, integrated and target driven.

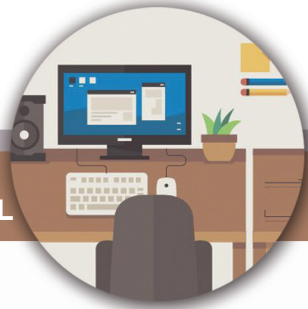
Our motto for 2022 is the HRRC

“Train people well enough so they can leave. Treat them well enough so they don't want to.” – Sir Richard Branson

Adv. VN Mgwenya: Chair of the HRRC

College Organizational Structure

The College Council has approved the High-Level Organisational Structure as stated below:



OFFICE OF THE PRINCIPAL

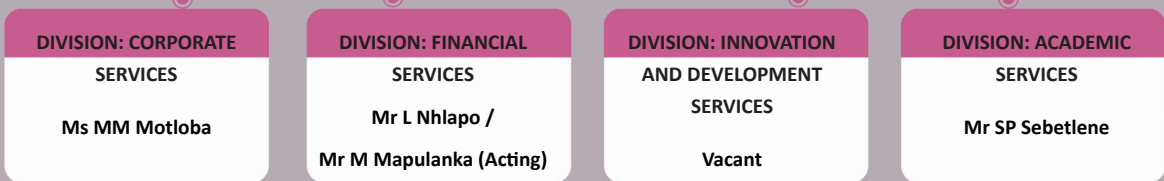
PURPOSE:

TO PROVIDE EFFECTIVE AND EFFICIENT TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

FUNCTIONS:

- Manage corporate services
- Manage financial services
- Manage academic services
- Manage innovation and development services
- Provide internal audit and quality assurance services
- Provide risk, fraud, ethics and integrity management

1 x Principal (Ms TE Tsibogo)	Level 13 JE
1 x Personal Assistant (Ms C Masombuka)	Level 7 JE
1 x Assistant Director (Vacant)	Level 9/10 JE
1 x Senior Admin Officer: Planning, Monitoring & Evaluation (Vacant)	Level 8 JE
1 x Senior Admin Officer: Governance (Mr Lamola)	Level 8 JE

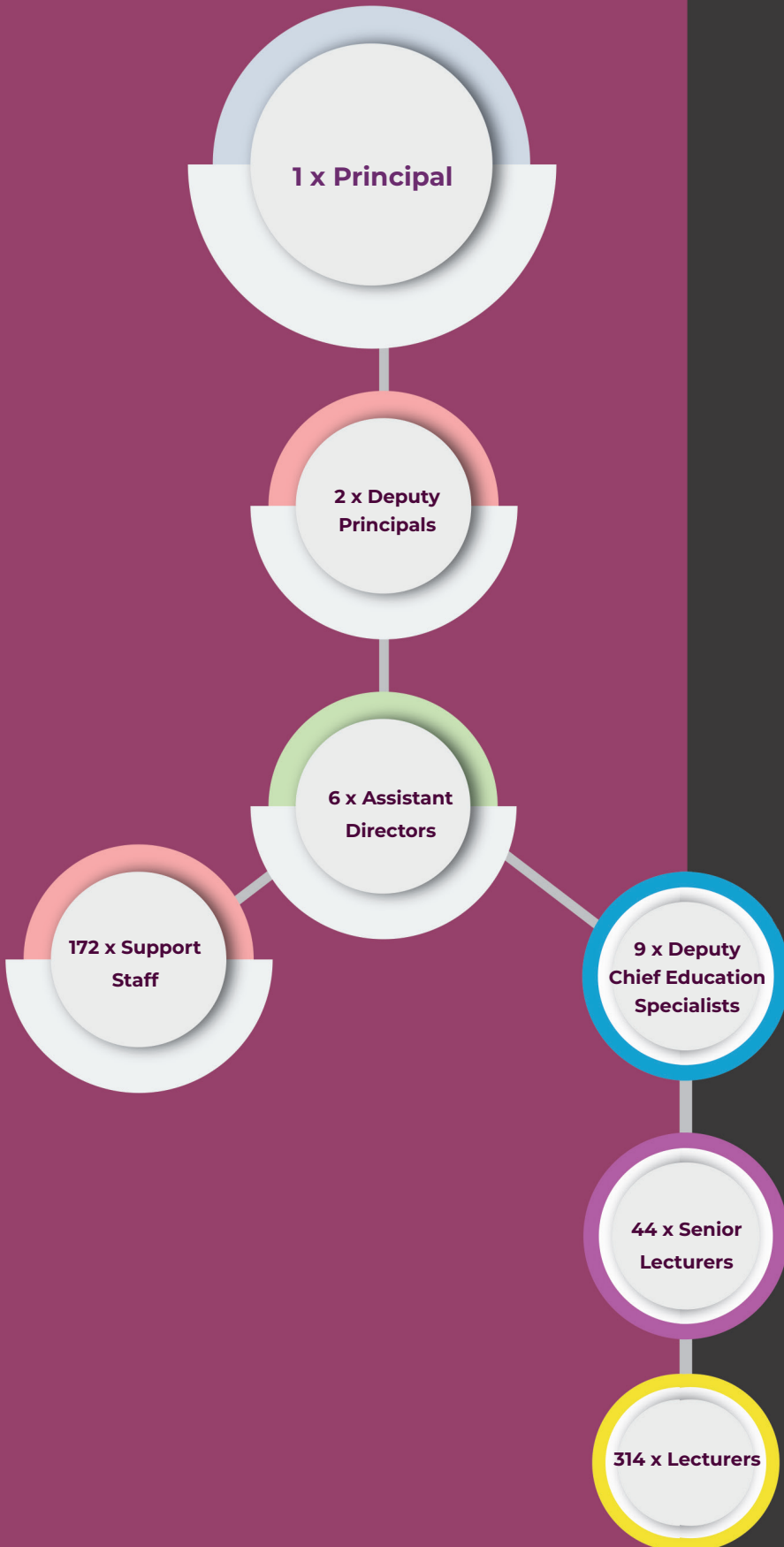


CAMPUS MANAGERS:



- Mr M Moru** - Mamelodi Campus
- Ms ME Masemola** - Pretoria Camps
- Mr CT Masithi** - Rosslyn Campus
- Mr SW Nkabinde** - Soshanguve South
- Mr MJ Masalesa** - Soshanguve North
- Mr S Modise** - Temba Campus

The College had a total number of 549 Staff members (AS AT 31 DECEMBER 2021)



iv. Planning and Resource Committee.

The planning and Resources Committee is established by the college to undertake an oversight role in respect to overall college planning and Infrastructure, Maintenance and Repairs projects.

Purpose

- o To establish the college Infrastructure financial allocation and implementation of the annual budget.
- o To ensure that the infrastructure is enabling and risk free for access by all.
- o To account to the college Council on the improvement, development of the buildings.

The Planning and Resource Committee is fully constituted with members with the requisite set of skills and expertise. The College Council appointed the Chairperson of the Committee on the 07th August 2020 who is an external Council member in compliance with the requirements of the Act.

The Committee held three ordinary meetings and one Special Meeting in the 2021 financial year. All matters relating to infrastructure are dissected by the Committee. To date, the Committee has dealt with and resolve on contentious matters such as student accommodation and visited sites of delivery to oversee the implementation of the College's annual maintenance plans as presented and noted by the Committee. Moreover, the Committee has noted the submitted infrastructure development plans awaiting funding from the Department and will closely monitor the implementation thereof if the plans are approved. It is the vision of the Committee to ensure that the infrastructure of the College is conducive for teaching and learning and able to accommodate all students irrespective of their state of disabilities.

Impact of COVID -19 on the activities and functions of the Committee

With the dawn of COVID-19, the College Council was tasked with the responsibility to ensure that the College complies with the Regulations and Guidelines provided by the Department of Health. This includes but not limited to:

- Appointment and constitution of Planning & Resources Committee by Council to give oversight into the Infrastructure, Safety and Maintenance of the college
- Establishment of COVID -19 Committee 2020
- OHS & Wellness committees were established and formally appointed.
- Communication Committee was formed to facilitate centralised and standardised the COVID-19 briefs, announcements and communication to staff and students
- Campus OHS & Wellness Committee appointed
- Re-allocation of funds for Covid 19 operations
- Policy and Terms of reference were developed and approved by Council.
- COVID-19 Personal Protective Equipment were bought and distributed to staff and students with record kept.

PROGRESS ON THE CAPITAL INFRASTRUCTURE EFFICIENCY GRANT (CIEG) PROJECTS AS AT 31 DECEMBER 2021

All approved work packages for the 2019 – 2021 MTEF have been awarded and committed. The below update report provides progress by the end of December 2021:

College Name / Campus	Project	Ref No. [Project]	Amount Approved	Project Status / Progress to date on site (%)	Expenditure to date	Completed Project Expenditure	Comments
1	Rosslyn Roofs and Ablutions	TNC-RC-CE01 and TNC-RC-CE02	R7,233 332.60	34%	R2,069,019.90	R0	The ceiling of roofs is progressing well on schedule
2	Rosslyn Fencing	TNC-RC-CE03	R2,408 408.46	100%	R2488,286.11	R2,488 286.11	Project 100% complete, full project report to be sent after the final retention amount is paid, thereby deeming the project closed.
3	Temba Roofs and Ablutions	TNC-TC-CE01 & TNC-TC-CE02	R17 226 959.96	15%	R 2,488,993.15	R0	There are intermittent disruptions caused by the change in community representation. New councillor has been appointed and has his own understanding of projects. Engagements with the community underway. The contractor elected not to claim for November but to include the claim in the December month. The ceiling of roofs progressing well.
4	Mamelodi Roofs and ablutions	TNC-MC-CE01 & TNC-MC-CE02	R8 783 334.49	34%	R2,471,403.96	R0	Roof ceiling underway and progressing on schedule.
5	Soshanguve North Roofs and Ablutions	TNC-SN-CE01 & TNC-SN-CE02	R12,899 612.58	5%	R68,094.05		Alteration work has commenced and progressing well.
6	Pretoria Ablutions repairs	TNC-PC-CE01	R468 148.00	100%	R484,415.00	R484,415.00	Project was completed in 2019.
7	Pretoria Roofs and Associated items	TNC-PC-CE01-21	R 17 260,134.25	57%	R 7 750,921.51	R0	Central roofing that houses the main administration block is underway. The contractor has elected to do more work during the college recess.
Total			R66 279 930.34		R17 821,133.68	R2,972,701.11	

Mr I Boshomane: Planning and Resource Committee Chairperson

7.3 ACADEMIC BOARD REPORT

The functions and powers of the Academic Board are set out in the Continuing Education and Training Act, No.: 16 of 2006.

The Academic Board remains accountable to the Council for:

- All teaching, learning, research and academic functions of the College (both Ministerial and Occupational Programmes);
- Promoting the participation of women and the disabled in its learning programmes;
- Establishing internal academic monitoring and quality promotion mechanisms;
- Ensuring the requirements of accreditation to provide learning in accordance with standards and qualifications registered in the National Qualifications Framework;
- Performing such other functions as may be delegated or assigned to it by the Council;
- The planning, organisation and supervision of programme delivery and examinations;
- Advising the Council on the student code of conduct and rules;
- Advising the Council on the conditions applicable to any scholarships/financial aid;
- The establishment of any committees;
- Advising the Council on student admission requirements;
- Reporting to the Council on reports, research projects and recommendations;
- The Academic Board does not have decision making authority but, submits recommendations for approval to the College Council;
- The Academic Board of Tshwane North TVET College consisted of:

The Principal; Deputy Principal: Academic Affairs; Deputy Principal: Finance; Deputy Principal: Corporate Services; Curriculum Manager; Three External Members of Council; Six Campus Managers; Heads of Departments; Programme Managers; Lecturing Staff; Two Members of the Student Representative Council; Lecturing Staff representative in the College Council; Unit Managers: Student Support; Occupational Programmes; Partnership and Linkages; Marketing & Communications; Registration Services; Management Information Systems; Placement.

The Academic Board meetings

The principal is the chairperson of the Academic Board. To improve its functionality, the College Council approved the co-option of an expert on student support services and research to be part of the Academic Board. For the 2021 Academic Year, the Board held three meetings, on 6 April 2021, 27 July 2021, and 23 November 2021.

The robust deliberations amongst members and inputs from Board members contributed towards addressing the challenges that were experienced and most importantly towards the achievements that were attained in 2021.

The DP: Academic reported achievements and challenges with regards to the provision of education and training, student support services, Occupational Programmes including updates on accreditation status, WIL and WBE and management of student leadership at each meeting.

In 2021, the College continued to deliver quality education and training to its client base despite the challenges that were experienced. Amongst the challenges, the College had to comply with Covid-19 protocols and regulations and as such students had to follow a staggered class timetable. The College assessment plan had to be adjusted due to the revised Covid-19 Alert Levels as the country battled with the pandemic since March 2020.

The Trimester 3 examinations were as a result deferred to end of January 2022. Another challenge was the three-day student unrest that took place in October 2021. Notwithstanding the challenges the college registered an improvement on its certification, throughput, and retention rates.

To ensure students were supported for remote learning, lecturers continued to receive data and supported students through WhatsApp groups and by also uploading teaching and learning material/video, previous question papers on the college website. Furthermore, 19 peer tutors were appointed across the six campuses to support students in poor performing subjects and there were noticeable improvements in the identified subjects.

To diversify its programme qualification mix (Mix), a Manager for NSF and Special Projects was appointed with special focus on rolling out occupational and skills programmes. Occupational programmes included the National Certificate -Beauty and Nail Technology L4 combined with ITEC qualification at Pretoria campus. The Installation, Maintenance and Repairer skills programme was also offered at Soshanguve South campus. Other occupational and skills programmes could not be implemented due to Covid-19 restrictions and non-availability of funding.

The College achieved among others the following:

- The college received more than 10 accreditations on the occupational and skills programmes in 2021. These accreditations would go a long way in ensuring that the college offers programmes relating to occupations in high demand (OIHD) and priority skills in the form of learnerships and apprenticeship. A total of 122 students were registered in occupations in high demand.
- A total of 336 and 182 students were provided with an opportunity to gain practical experience for Work Integrated Learning (WIL) and Work Based Exposure (WBE) respectively in 2021. The targets for WIL were 300 whilst the target for WBE was 250 for the 2021 Academic Year.
- Both SRC and CRC members were elected in March 2021 and received three leadership training after the induction session.
- To enhance communication amongst SRC/CRC members with their constituency and management, the SRC were given gadgets with data.
- The Learner Profiler was administered to new students per enrolment cycle in 2021. The placement and selection tool was conducted online to comply with Covid-19 regulations.
- Career guidance was provided across all campuses during the 2021 enrolment cycles. Each campus had an information desk within the Student Support Services responsible for information sharing throughout the year.
- Bursary Clerks across 6 campuses assisted students by ensuring that those who qualified for financial assistance were supported during the application process.
- The Welcoming and Orientation programme for new students was a major success at all campuses in compliance with Covid-19 regulations.
- The college appointed social workers as interns to provide psycho-social support to students.
- A total of 86 special needs in education (SNE) students were registered and were provided with assistive devices to enhance their teaching and learning experiences and performance.
- A total of 9 297 students received financial support from NSFAS. Of the total number, 5163 students received transport allowance whilst 4 134 got transport allowance.

Subsequent to the Academic Board's recommendations, College Council approved three new policies, two revised policies, revised Academic Board Charter and the 2022 Fee Structure amongst others.

Tshwane North TVET College acknowledges the importance of structured participation in extra-curricular activities (sports, arts and culture) and strives to create opportunities for holistic development of students. Unfortunately, due to Covid-19, students could not take part in the different sporting codes and all sporting activities and competitions were cancelled.

Ms TE Tsibogo: Chairperson: Academic Board

7.4 STUDENT REPRESENTATIVE COUNCIL REPORT

Tshwane North TVET College recognizes and values the Student Representative Council as the umbrella representative body of students. SRC and CRC elections were held in March 2021 and the SRC and CRC members were sworn into office on the same month.

To capacitate and develop the student leaders, the SRC and CRC members were exposed to an induction session and three leadership training sessions. The SRC Induction took place at St George Hotel on 21- 23 May 2021. A service provider was appointed to facilitate the training. The second training to induct them on internal policies and college processes and procedures took place at Southern Sun Hotel on 28- 30 June 2021. Campus Managers and Sectional Heads took student leadership through college policies and the implications thereof. The College SRC further attended a third leadership training at Bela Bela on 24-26 September 2021. The last training took place in October 2021 at Sparkling Waters in Rustenburg in the



One of the SRC leadership training sessions.

On 26 August 2021, The SRC Subcommittee on Health and Welfare hosted a Gender Based Violence (GBV) and Mental Health at Temba Campus. The event was graced by the presence of the Public Protector, Ms Busisiwe Mkwebane; Ms South Africa, Shudufhadzo Musida, the SAPS, and Skeem-Sam actress, Ms Mohau Motlhatswi among others. The event was aimed at raising awareness on GBV and promoting mental health amongst students.



Temba Campus Manager, Mr S Modise, Miss South Africa, Shudufhadzo Musida and the Deputy Principal: Corporate Services, Ms Motloba.

On 26 November 2021, The Student Representative Council Subcommittee on Academic and Transformation hosted a successful Disability Awareness Campaign at Pretoria campus. The event hosted various stakeholders such as School for the Blind, students with special needs in education and the college community. The event was also live on the social media platforms through live streaming.

Some of the people who attended the Disability Awareness campaign.

TNC values and respects the SRC as a major stakeholder and an integral part of the governance in the institution. The SRC President and the Secretary General were members of the College Council. Members also served in the Academic Board and the Stakeholder Committees. SRC members attended meetings of Council and Committees and participated in the decision-making processes and also setting direction for the College amongst others.





PART

PERFORMANCE
INFORMATION

6

8. REPORT BY PRINCIPAL ON MANAGEMENT AND ADMINISTRATION

Tshwane North TVET College through the COVID-19 Steering Committee succeeded in enforcing the health and safety protocols from March 2020 into the 2021 Academic Year to curb and prevent the spread of corona virus across delivery sites. Despite the challenges presented by the pandemic, the college remained fairly stable with less disruptions. Management with the support of council endeavoured to stay focussed with the aim of improving the audit outcomes as well as the academic results. All lecturing staff were allocated tools of trade including data as enablers to academic support and blended learning. The new Deputy Principal: Finance assumed duty in 2021 but resigned after seven months in service. By the end of 2021, three Deputy Principal's vacant posts (Corporate Services, Finance and Innovation and Development) were advertised. With the existing personnel, college operations continued effectively and efficiently. The college received a qualified audit opinion after eight years of sustained disclaimers of audit opinions.

The Department approved the Post Provisioning Norms (PPN) for implementation over a period of three years. The College Implementation Committee (CIC) was established to ensure fair and transparent implementation of the new organisational structure recommended by council for approval by the Minister. The CIC matched and placed all officials on the new structure and identified staff to be migrated to Persal in the first phase of implementation in March 2022. The council also approved the college structure to close gaps in line with operational requirements as the PPN implementation processes unfold.

The academic results showed an improvement in 2021 compared to the 2020 examination cycles. The pass rate for the 2021 Examinations for students who sat for the exams in NC(V) and Business & General Studies is recorded as: 72% and 76% respectively. Whereas the Engineering results slightly dropped to 57% in 2021.

In summation, for the 2021 academic year the College performed as follows:

- ❖ Moved out of eight years of consecutive audit disclaimers to a qualified audit opinion,
- ❖ Achieved 100% compliance with governance standards,
- ❖ Achieved 75% of its planned partnership (which includes 1 international partner),
- ❖ Exceeded the planned targets in student placement for Work Based Exposure and Work Integrated Learning,
- ❖ Improved its certification rate for NC(V) by 6%,
- ❖ Improved its national ranking in academic results – from number 42 to 22,
- ❖ Reduced its number of negative audit findings from 66 to 28 (a comparison between the 2019 and 2020 AFS),
- ❖ Successfully hosted the 18th Decade of Artisan Campaign and the event will be adopted and adapted by the College to be held annually as a community outreach programme,
- ❖ Committed all its CIEG funds for improved infrastructures and partnered with the Chinese to build new structures at chosen sites – thus worse off campuses,
- ❖ Acquired 07 full occupational qualifications and 6 skills programmes in 2021 and accredited Workshops to offer such programmes,
- ❖ Received Discretionary Funding for Disability Special Skills Development Projects for 60 beneficiaries for a period of twelve months and Capacity Building and Occupational Programmes for 407 beneficiaries for a period of 36 months.

However, the College also under performed in the following strategic focus areas:

- ❖ Under enrolled in the Pre-Vocational Learning Programme (PLP), National Certificate Vocational (NC(V)) and the Skills and Occupational Learning Programmes. However, the College is in the process of building distance learning programme to increase access and has also developed a partnerships and linkages plan to achieve the set 2022 targets for Skills and Occupational programmes.

9. COLLEGE PERFORMANCE AND ORGANISATIONAL ENVIRONMENT

The management of the College considers having clear strategic direction objectives, and sufficient resources, as imperative for the college environment to achieve optimal performance. Governance and management structures are key to the achievement of the strategic goals and operational targets.

10. PERFORMANCE REPORTING

10.1 STRATEGIC OBJECTIVE 1:

TO DEVELOP GOVERNANCE FRAMEWORK; POLICIES AND SYSTEMS TO ENABLE EFFECTIVENESS OF THE INSTITUTION.

The College is fortunate to have an experienced core of Council members, especially qualified professionals from the Audit and Legal Sector. With the induction of a fully constituted Council in the year 2020/21, it is trusted that all Council members will have a clear understanding of their roles and responsibilities and would also be equipped to perform their functions well. Further, management will strive to be more structured by developing clear terms of reference that will ensure that focused meetings take place on regular intervals.

Reporting should be continuous and of high calibre. The current Council has already provided strategic direction where management reported on implementation, progress and performance. The areas of focus to strengthen governance in the 2022 Academic Year will be on Enterprise-wide Risk Management Processes and to establish a functional Quality Management System which will continuously provide the necessary tools to monitor, evaluate and improve performance.

10.2 STRATEGIC OBJECTIVE 2:

TO PROVIDE TVET PROGRAMMES BY INCREASING QUALITY AND SUCCESS IN TERMS OF ACADEMIC THROUGHPUT AND RETENTION

Enrolment Performance (headcounts)

Enrolments in terms of headcounts increased from 15973 in 2020 to 17923 in 2021, an increase of 10.9%

Although there was an improvement of 10.9% compared to 2020, the college still recorded low enrolments in the PLP, occupational qualifications and skills programmes. The college has since begun with aggressive marketing initiatives to recruit more students in the 2022 Academic Year.

The NSF has confirmed funding of over R37 million, and the College will thus enrol more students in occupational and skills programmes in the 2022 Academic Year.

The College continued to grow in both Engineering and Business & General Studies Report 191 programmes.

10.3 ANNUAL PERFORMANCE ACHIEVEMENTS

TABLE: COLLEGE HEADCOUNT TRENDS - 2019 to 2021

Programme	2019	2020	2021	%
NC(V)	3838	3682	3636	-6%
Report 191 Engineering studies	10930	6782	8303	+21%
Report 191 Business & General Studies	10853	5424	8606	+37%
Occupational and Skills Learning Programmes	230	19	132	+86%
Pre Vocational Learning Programme	47	86	29	-66%
Total	25898	15993	20706	23%

The table above shows an increase of 10.9% from the 2020 to 2021 actual enrolments.

2021 Academic Results

The table below provides an analysis of the NC(V) Levels 2 – 4 2021 examination results in terms of subject pass, retention rates, as well as certification rates:

Level	No. Enrolled	No. Written	No. Passed	% Pass	% Cert. pass	% Retention
Level 2	7802	6479	4214	63	28	83
Level 3	4998	4581	3344	72	45	91
Level 4	3429	3236	2480	76	50	94
Total	16229	14296	10038	70	41	89

Student retention particularly at Level 2 requires attention. Reasons for possible dropouts need to be identified and Student Support Services to come up with recommendations for decision making and or retention strategy in 2022.

The Table below provides an analysis of the Report 191 Business and General Studies N4 - N6 2021 Examination results in terms of subject pass, retention rates, as well as the certification rates per level:

Level	2021: Semester 1						2021: Semester 2					
	No. Enrolled	No. Written	No. Passed	% Pass	% Cert. pass	% Retention	No. Enrolled	No. Written	No. Passed	% Pass	% Cert. pass	% Retention
N4	4690	3762	2947	78	39	80	5122	4146	3237	78	44	81
N5	4000	3782	2869	76	56	95	3607	3458	2735	79	61	96
N6	3257	3125	2302	74	54	96	3500	3353	2516	75	61	96
Total	11947	10669	8118	76	50	90	12229	10957	8488	77	55	91

Report submitted first time when it was requested. The above data is incorrect

Level	2021: Semester 1						2021: Semester 2						
	No. Enrolled	No. Written	No. Passed	% Pass	% Cert. pass	% Retention	Level	No. Enrolled	No. Written	No. Passed	% Pass	% Cert. pass	% Retention
N4	4787	3838	3050	79%	63%	80%	N4	5214	4205	3339	79%	63%	81%
N5	3856	3654	2790	76%	72%	95%	N5	3459	3319	2649	80%	76%	69%
N6	3188	3059	2260	74%	71%	96%	N6	3455	3314	2497	75%	72%	96%
Total	11830	10551	8100	77%	68%	89%	Total	12128	10838	8485	78%	69%	89%

The table below provides an analysis of the N1 to N6 examination results in terms of subject pass and retention rates, as well as the certification rates on each level.

Level	2021: Trimester 1						2021: Trimester 2						2021: Trimester 3					
	No. Enrol	No. Written	No. Passed	% Pass	% Cert. pass	% Ret.	No. Enrol	No. Written	No. Passed	% Pass	% Cert. pass	% Ret.	No. Enrol	No. Writ-ten	No. Passed	% Pass	% Cert. pass	% Ret.
N1	1734	1441	1119	78	41	83	1929	1501	1279	85	47	78	1369	938	750	80	38	69
N2	1715	1653	903	55	28	96	1673	1590	842	53	29	95	1861	1785	1005	56	29	96
N3	1575	1527	840	55	37	97	1403	1349	636	47	24	96	1303	1246	578	46	24	96
N4	822	789	440	56	22	96	976	941	569	60	39	96	867	825	439	53	26	95
N5	623	588	340	58	24	94	669	651	525	62	36	97	689	656	379	58	34	95
N6	470	444	181	41	8	94	585	555	250	45	24	95	608	576	279	48	27	95
Total	6939	6442	3823	57	27	93	7235	6587	4101	57	33	93	6696	6027	3430	57	30	91

2021 Overall College performance across programmes

Programme & Level	No. Enrolled	No. Written	No. Passed	% Pass	% Cert. pass	% Retention
NC(V) L2 – L4	16229	14296	10042	70	41	90
Report 191 Business & Gen. studies N4 – N6	23958	21389	18938	78	69	91
Report 191 Engineering studies N1 – N6	20870	19055	11242	58	30	92
Totals	61502	55188	37998	66	41	91

The table above shows an overall average pass rate of 66%. The Engineering Studies results stand at 57% compared to the NC(V) and Business & General Studies at 72% and 76% respectively. However, the certification rate of 41% remains an area of concern. The implementation of the College Improvement Plan will also address the low certification rates to ensure the return in investment.

ANNUAL PERFORMANCE ACHIEVEMENTS

The tables below report on achievements of annual performance targets

Strategic Objective 1: To provide quality technical and vocational education and training services academic achievement and success of student

PERFORMANCE INDICATORS	COLLEGE 2020/21 PLANNED TARGET	COLLEGE 2020/21 ACHIEVEMENT	EXPLANATOR Y REMARKS
Appropriate teaching and learning support plan developed and implemented	1	1	The Teaching and Learning plan could not be effectively implemented due to Covid-19. The Academic Calendar and Assessment Plans had to be adjusted according to lockdowns levels.
Appropriate student support plan developed and implemented	1	1	Covid-19 negatively impacted on the implementation of the SSS plan particularly on student placement and extra-curricular activities.
Improved certification rates in: NC(V) L4	40%	41%	The College surpassed its target for the certification rate. Poor performing subjects have been identified and interventions will be implemented to improve student performance.
Throughput rate (%)	36%	9%	The College exceeded the target for the throughput rate at NC(V) Level 4.
Funded NC(V) L4 students obtaining qualification within stipulated time (%)	36%	9%	The college exceeded its target set for the year.
TVET students enrolled in foundation or bridging programmes (n)	100	75	The PLP target was not met. The programme was not adequately advocated for at the campuses. Advocacy drives will be implemented for the 2022 Academic Year and the programme will also be offered at the other two campuses.
Students completing artisan-related programmes (n)	0	0	The college applied for NSF funding to rollout artisan development related programmes in the 2022 Academic Year.

Strategic Objective 2: To have adequate infrastructure and systems in place to increase access and provide effective services to students

PERFORMANCE INDICATORS	COLLEGE 2020/21 PLANNED TARGET	COLLEGE 2020/21 ACHIEVEMENT	EXPLANATOR Y REMARKS
Head count enrolment (n) - State funded	20 689	17 923	The target was not reached due to under enrolment in PLP and Occupational and skills programmes. Covid-19 also impacted negatively on the enrolment targets.
Head count enrolment (n) - Funded from other sources	542	145	Some of the students received funding from employers, and some were self-paying students.
Qualifying students obtaining financial assistance (n)	7 262	9 297	The target exceeded and 2035 more students received financial assistance.

Strategic Objective 3: To develop partnerships and maintain good stakeholder relations to increase the number of students who are adequately prepared to enter the labour market, or further and higher learning opportunities

PERFORMANCE INDICATORS	COLLEGE 2020/21 PLANNED TARGET	COLLEGE 2020/21 ACHIEVEMENT	EXPLANATOR Y REMARKS
TVET students placed in workplaces / industry for specified periods for work exposure, experiential learning and certification purposes (n)	370	517	The target was exceeded however, the college have placed more as some host employers could not accommodate our students at their workplaces due to Covid-19.

STRATEGIC OBJECTIVE 4: To develop Governance Framework; Policies and Systems to enable effectiveness of the institution.

PERFORMANCE INDICATORS	COLLEGE 2020/21 PLANNED TARGET	COLLEGE 2020/21 ACHIEVEMENT	EXPLANATOR Y REMARKS
Compliance to governance standards (%)	100%	100%	The College Council is adequately constituted and together with its committees discharged their functions as per their respective Charters. Reviewed policies and new policies were amongst others approved by the Council.
Compliance to policies and regulations applicable to the TVET College sector (%)	100%	100%	Management ensured that there was compliance to policies in the execution of college operations. Standard Operating Procedures were developed and implemented by different college business units. The College has been submitting the monthly and quarterly financial reports on TVETMIS as well as on the DHET portal.
Obtaining unqualified audits or assessments (n)	0	0	The College had a backlog of unaudited AFS, as such has not been able to implement any AG findings. The College plans to implement the findings for the 2021 AFS moving forward for an improved audit opinion.
Compliance with national policy of college examination centres conducting exams and assessments (%)	100%	96%	Although the target was not achieved, overall, the campuses complied with examinations and assessment policies. The college is in a process of acquiring an OHS certificate and the 100% compliance target will be achieved.

Strategic Objective 5: To monitor and evaluate all College processes in terms of the framework for TVET College Quarterly performance and reports

PERFORMANCE INDICATORS	COLLEGE 2020/21 PLANNED TARGET	COLLEGE 2020/2021 ACHIEVEMENT	EXPLANATORY REMARKS
Accurate M&E quarterly reports submitted (n)	4	4	All reports submitted on time

COLLEGE ACHIEVEMENT IN TERMS OF TVET SYSTEM TARGETS

SYSTEM TARGET	2020/21 Planned National Target	TVET College 2021/22 Planned Target	TVET College 2021/22 Achievement	Explanatory Remarks
Head count enrolment (n) – State funded	524 096	20 689	17 923	The college did not reach its targets due to low enrolments in PLP and occupational and skills programmes.
Head count enrolment (n) – funded from other sources	186 439	542	145	There were low enrolments in these programmes due to limited funding.
Certification rate NC(V)	40%	40%	41%	The college exceeded the target by 1%.
Certification rate N3 (%)		40%	35%	The certification target was not reached. Intervention programmes will be introduced in 2022.
Certification rate N6 (%) Eng. studies	65%	40%	21%	The college failed to reach the target by 19%. College Improvement Plan will be implemented in 2022.
Certification rate N6 (%) Bus. & Gen. studies		50%	53%	The target was exceeded by 3% however, the college can still do better when the improvement plan is implemented in 2022.
Throughput rate (%)	65	36%	9%	The college failed to reach its target. The impact of Covid-19 could have negatively affected student performance.
Funded NC(V) L4 students obtaining qualification within stipulated time (%)		36%	9%	The target was not reached. Intervention strategies will be implemented in 2022.
Qualifying TVET students obtaining financial assistance (n)	484 111	7 262	9 297	The target was exceeded for funded students.
Students enrolled in artisan-related or occupational programmes (n)		542	145	The college failed to meet its target due lack of funding from other sources. With NSFAS funding approval, the college will be able to reach its target in 2022.
TVET students placed in workplaces/industry for workplace based learning (n)		370	517	The college surpassed its placement target. More students were afforded an opportunity for practical exposure and training as workplaces.
TVET lecturers placed in workplaces for specified purpose (n)		3%	4%	The target was exceeded by 1%. and the college managed to place 16 lecturers for exposure at workplaces. More partners are required for lecturer placement. Some of the partners were reluctant to take lecturers due to Covid-19.
Compliance with governance standards (%)		100%	100%	There is full compliance to governance as the College Council is fully constituted and Council together with its committees, if fully functional. SRC elections were conducted, and members came into office in March 2021.

SYSTEM TARGET	2020/21 Planned National Target	TVET College 2021/22 Planned Target	TVET College 2021/22 Achievement	Explanatory Remarks
College examination centres compliant with national policy (%)		100%	96%	Due to non-availability of the OHS certificate, the college could not reach its target. Efforts are underway to obtain such a certificate.

Improved responsiveness of TVET College to the world of work

As per the White Paper on Post School Education and Training every workplace should be turned into a training space. The college partnered with industries, organisations, government departments and SETAs for purposes of work integrated learning (WIL) and work-based exposure for both students and lecturers. Furthermore, the college also signed more than 10 MOUs and agreements with other institutions for donations and also to offer skills programmes. To this end, the college signed more than ten MOUs in 2021. Partners include amongst others, Ford SA, Chinese Culture Centre, South African Nuclear Energy Corporation (NECSA), Protect training, National Business Initiative, StudentHub, Tshimologong, Digititan, W&R SETA, CATHSSETA, ETDP SETA, FP&M SETA, MICT SETA and INSET amongst others. A total of sixteen (16) lecturers were placed for WBE in the 2021 Academic Year.

On student placement, TNC students were placed at different institutions, industries, and government departments for both WIL and WBE. The College responded to several Discretionary Grants advertised in 2020 for 2021 implementation.

These assisted greatly as more students were placed on the 18 months WIL programme. Of note is that some of the students were funded by the College whilst some were funded privately i.e., individual students found work placements and secured private funding. A total of 366 students were placed for WIL whilst 182 students were placed for WBE and thus the college exceeded its placement target of 370 as 517 students were placed.

A total of R8 884 800.00 was secured from SETAs for WIL whilst the College put aside over a R1 000 000, 00 for both WIL and WBE. Some of the SETAs that funded WIL include, FP&MSETA, CATHSSETA, INSETA, W&R SETA and MICT SETA.



Above: Induction of the Hospitality and Catering and Tourism students on CATHSSETA WIL Programme.

Below: Students receiving logbooks and timesheets prior placement start date.



The highlight of our WIL projects for 2021 was the partnership with City of Tshwane. One of the Public Management subjects is Municipal Administration, it is required that the students should be exposed in the subject matter hence the commitment of the City of Tshwane to place 200 students with N6 from TNC in the municipality.



Above: Public Management, Human Resource Management, Management Assistant, Public Relations and Financial Management N6 students signing contracts at City of Tshwane (COT)



Contract signing at the City of Tshwane



Above and Below: Tsholanang Maswanganyi – Hospitality and Catering student placed at the Manhattan Hotel



Workplace-Based Experience.

The College has on the other hand registered a significant improvement in the number of students placed with industry for WBE. The exposure would not have been possible without the partnership with employers such as the South African Police Services, Avary Cars-Menlyn, Big Save, Ocean Breeze, Morning Start Hotel, The Park Lodge Hotel, Pretoria National Zoological Gardens, and many others.

10.4 STRATEGY TO DEAL WITH UNDERPERFORMANCE

The college continued with implementing a staggered timetable across its delivery sites to comply with Covid-19 regulations. Lecturers were provided with data to provide remote learning support. Internet connectivity was strengthened across all delivery across all sites for students to access online teaching and learning resources.

- a) Improving student performance and development
- The Teaching and Learning Plan was compiled and was submitted to the DHET after receiving inputs from campuses. From the analysis by the DHET, the college received an average rating of “good” as the College displayed commitment to improve student performance and development in all sections of the plan.
 - The 2020 results analysis was conducted
 - The certification rate for the NC(V) improved from 55% in the 2020 examinations to 61% in the 2021 examinations i.e., an improvement of 6%.
 - With Report 191 Business and General Studies Programmes, the college achieved 61% in the 2021 S2 examinations which was a decline of 2% from the 63% achieved in the 2021 S1 examination results.
 - The college achieved 65% certification rate in the 2022 S2 Report 191 Business and General Studies examinations – an improvement of 4% compared to 63% which was achieved in the 2021 S2 examinations.
 - For Report 191 Engineering studies 2021 T3 examinations, there was a decline of 10% compared to the 2021 T2. The college achieved 31% and 21% in the 2021 T2 examinations and 2021 T3 examinations respectively.
 - On the throughput rate, the college achieved 9%, which is an increase of 4% compared to the 5% attained on the 2020 NC(V) results.
 - Best performing subjects (subjects with 80% and above) and poor performing subjects (subjects with 40% and 50% in the Report 191 and NC(V) subjects respectively) were identified.
 - A total of 85 lecturers performed well whilst 28 lecturers performed poorly in some of the subjects.
 - The table below indicates the College's performance in terms of rankings during the 2020 final examinations and in the 2021 end of the year examinations:

Programme	National (50 TVETC)	Regional (12 TVETC)	Provincial (8 TVETC)
NC(V)	22	8	5
Report 191 Bus & Gen. Studies	22	7	4
Report 191 Engineering Studies	18	2	1

- The College has improved from No. 42 on national ranking to No. 22 but declined from No.5 to No. 8 regionally and from No. 3 to No. 5 in the province.
- For Report 191 Bus. and Gen. Studies, TNC declined from No. 20 in S1 to No. 22 in on the national ranking, from No. 6 to No. 8 regional ranking and retained the same spot, No. 4 in the province.
- With Report 191 Engineering Studies, the college has improved in all categories.


- Campus Improvement Plans will be implemented in 2022 and will include subject content training for lecturers, awarding bursaries to lecturers to acquire teaching qualification, Saturday classes for Information Processing N4, N5 and N6 and appointing peer tutors to support struggling students amongst others.
- The college will continue offering psycho-social support to students through social workers.

b) Student registration and enrolment planning

- Applications for the 2021 Academic Year 2021 opened on the 1st of September 2020. Enrolment management plans were developed and distributed to campuses and pre-enrolment of new students started in October 2020.
- For all enrolment cycles in the 2021 academic year, the college administered online applications and registration services to minimise the walk-in applicants and to minimize the risks associated with Covid-19.
- The college received high number of applications and applications were subjected to rigorous selection process. A functional College Selection Committee comprising of Campus Managers, Student Support Services Manager Registration Services Manager, SRC members and other college officials ensured that students who met the admission requirements were admitted. The Terms of Reference for the Selection Committees and the Scoring Sheets were developed and implemented across Campuses in line with the Standard Operating Procedures.
- The College managed to submit student data and for M&E reports as well as examination and assessment entries.
- To improve the retention rate, classroom attendance was closely monitored and students with high absenteeism were engaged by their respective HODs. The social workers also assisted in this regard.

c) Management of examinations and assessment

- The College Assessment Plan for the 2021 Academic Year was finalised in November 2020.
- ICASS training across all campuses was conducted at the beginning of 2021.
- The DHET, Umalusi, QCTO and the Curriculum unit monitored the conduct of ICASS and ISAT across the delivery sites. Overall, from those visits, the college obtained an average rating of 80% which is below the 100% target.
- Before the commencement of all examination cycles, training of invigilators was conducted across campuses in preparation for the conduct of the final year examinations. Furthermore, examination meetings were organised for students to inform them about the rules and regulations of examinations in preparation for their examination.
- Monitoring of the conduct, administration and management of external examinations was also conducted by Umalusi, DHET, QCTO and the Curriculum unit of the college. The college obtained an average rating of 96% as the college could not present an OHS certificates. Efforts are underway to obtain the Occupational Health and Safety certificate so that the college is fully compliant with examination requirements.
- Due to Covid-19, decentralised marking model was adopted, and internal marking was conducted at campuses.



PART
FINANCIAL
INFORMATION

D

11. FINANCIAL REPORTING

AUDITED ANNUAL FINANCIAL STATEMENTS

Report of the auditor-general to the minister of Higher Education, Science and Technology and the council on Tshwane North Technical Vocational Education and Training College

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

1. I have audited the financial statements of the Tshwane North Technical and Vocational Education and Training College set out on pages 56 to 101, which comprise the statement of financial position as at 31 December 2021, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended 31 December 2021, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report the financial statements present fairly, in all material respects, the financial position of the Tshwane North Technical Vocational Education and Training College as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Continuing Education and Training Act 16 of 2006 (CET Act).

Basis for qualified opinion

Trade and other receivables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence that trade and other receivables from exchange transactions for the current and previous year had been properly accounted for. This was due to the status of the accounting records, as supporting documentation was not provided. I was unable to confirm trade and other receivables from exchange transactions and the resultant impact on debt impairment by alternative means because the college's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to trade and other receivables from exchange transactions stated at R141,9 million (2020: R172,8 million) in the statement of financial position and note 4 to the financial statements, as it was impractical to do so.

Inventories

4. I was unable to obtain sufficient appropriate audit evidence that inventories for the current and previous year had been properly accounted for. This was due to the status of the accounting records as the supporting documentation could not be provided to confirm the inventory balance at year-end. I was unable to confirm the inventories by alternative means because the college's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to inventories stated at R6,7 million (2020: R3,8 million) in the statement of financial position and note 3 to the financial statements, as it was impractical to do so.

Other financial liabilities

5. I was unable to obtain sufficient appropriate audit evidence that other financial liabilities for the current and previous year had been properly accounted for. This was due to the status of the accounting records, as the college could not substantiate the other financial liabilities balance and supporting documentation was not provided. I was unable to confirm the other financial liabilities by alternative means because the college's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to other financial liabilities stated at R138,6 million (2020: R183,7 million) in the statement of financial position and note 14 to the financial statements, as it was impractical to do so.

Trade and other payables from exchange transactions

6. During 2020, I was unable to obtain sufficient appropriate audit evidence for trade and other payables from exchange transactions due to the status of accounting records, as underlying schedules and supporting documentation were not provided. I was unable to confirm the trade and other payables from exchange transactions by alternative means because the college's systems did not permit this. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of trade and other payables from exchange transactions, stated at R19,2 million in the statement of financial position and note 11 to the financial statements, as it was impractical to do so.

Project liabilities

7. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for project liabilities. As described in note 32 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means because the college's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to the project liabilities corresponding figure stated at R1,3 million in the statement of financial position and note 12 to the financial statements, as it was impractical to do so.

Debt Impairment

8. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for debt impairment. As described in note 32 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means because the college's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to the debt impairment corresponding figure stated at R19,1 million in the statement of financial performance, as it was impractical to do so.

Prior-year adjustments

9. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures. As disclosed in note 32 to the financial statements, these restatements were made to rectify previous year misstatements. These adjustments could not be substantiated as the supporting information was not provided. I was unable to confirm these restatements by alternative means because the college's systems did not permit this. Consequently, I was unable to determine whether any adjustments were necessary to the restatements as disclosed in note 32 to the financial statements, as it was impractical to do so.

Context for the opinion

10. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
11. I am independent of the college in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities of the council for the financial statements

13. The council's responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the CET Act, and for such internal control as the council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

14. 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-general's responsibilities for the audit of the financial statements

15. My 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 my 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.
16. A further description of my 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

17. The college is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is not required in terms of the CET Act.

Report on the audit of compliance with legislation Introduction and scope

Introduction and Scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the college's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

20. The financial statements submitted for auditing were not prepared in accordance with the GRAP and supported by complete accounting records, as required by 25(1)(b) and 25(3) of CET Act.
21. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified of opinion.
22. Financial statements were not submitted for auditing within the prescribed period after the end of the financial year, as required by section 25(3) of CET Act.

Other information

23. 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.
24. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements presented in the annual report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and if I conclude that there is a material misstatement therein, I am 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, I 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

28. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my 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 the basis for the qualified of opinion, and the findings on compliance with legislation included in this report.
29. The council did not adequately exercise oversight of financial reporting and compliance with applicable legislation and the related internal control, while management did not ensure implementation of the same. This is evidenced by the internal control deficiencies identified during the audit.
30. Management did not implement controls over financial reporting, resulting in material misstatements being identified through the audit process. These misstatements were not prevented and detected by the college due to the lack of daily and monthly processing and reconciling controls as well as deficient controls over regular reporting.
31. Management did not implement proper record management systems to ensure that the financial statements are supported by complete, relevant and accurate schedules and/or documents that are readily available. This has resulted in information not being available to support the reported transactions, balances and disclosures. Some of the information was subsequently submitted for audit.
32. The council did not design and implement controls over information technology systems to ensure the reliability of the systems as well as accuracy of information, resulting in misstatements in the recorded financial information. In addition, the college did not have an approved information technology governance framework that supports and enables the business, delivers value, and improves performance.
33. The council did not implement appropriate risk management activities to ensure that regular risk assessments are conducted, including the consideration of information technology risks and fraud prevention.

Auditor-General

Pretoria



AUDITOR-GENERAL
SOUTH AFRICA

31 July 2022

TSHWANE NORTH TVET COLLEGE

Annual Financial Statements for the year ended 31 December 2021

Council's Responsibilities and Approval

The council is required by the CET Act No.16 of 2006, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the council to ensure that the annual 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 period then ended. The Auditor- General South Africa was engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon 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 place considerable importance on maintaining a strong control environment. To enable the council to meet these responsibilities, the council sets standards for internal control aimed at reducing the risk in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the college and all employees 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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

The council has reviewed the college's cash flow forecast for the year to 31 December 2022 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 annual financial statements set out on page 6 to 46, which have been prepared on the going concern basis, were approved by the council members on 29 July 2022 and were signed on its behalf by:



Professor T Phendla

Chairperson of Council

Tshwane North TVET College

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Figures in Rand	Note(s)	2021	2020
			Restated*
Assets			
Current Assets			
Inventories	3	6 718 244	3 821 150
Trade and other receivables from exchange transactions	4	141 853 054	172 795 788
Receivables from non-exchange transactions	5	49 114 380	58 587 187
Prepayments	6	-	764 139
Accrued interest income	7	400 159	234 559
Cash and cash equivalents	8	276 321 399	226 390 497
		474 407 236	462 593 320
Non-Current Assets			
Property, plant and equipment	9	208 660 472	196 132 904
		683 067 708	658 726 224
Liabilities			
Current Liabilities			
Conditional grants	10	6 872 000	6 872 000
Trade and other payables from exchange transactions	11	28 129 179	19 196 843
Project liabilities	12	2 617 419	1 328 911
Provisions	13	-	58 607
Other financial liabilities	14	138 642 978	183 661 000
		176 261 576	211 117 361
		176 261 576	211 117 361
Net Assets			
Accumulated surplus		506 806 132	447 608 863
		506 806 132	447 608 863
		506 806 132	447 608 863

Tshwane North TVET College

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STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Tuition and related fees	15	66 047 081	60 872 998
Rental of facilities and equipment	16	103 537	97 440
Other income	17	2 492 109	329 773
Interest received - bank balances	18	3 065 924	4 611 495
Total revenue from exchange transactions		71 708 651	65 911 706
Revenue from non-exchange transactions			
Other			
Services in kind	19	34 283 941	32 569 744
Transfer revenue			
Government grants & subsidies	20	342 671 092	367 831 971
Public contributions and donations	21	-	179 899
Total revenue from non-exchange transactions		376 955 033	400 581 614
Total revenue		448 663 684	466 493 320
Expenditure			
Employee related costs and DHET management fee	22	(240 062 010)	(238 117 076)
Repairs and maintenance	23	(6 062 485)	(10 481 314)
Depreciation		(13 241 757)	(13 033 377)
Impairment loss – Property, plant and equipment		(14 109)	(2 224 547)
Projects - Stipends	24	(1 155 276)	(1 172 157)
Debt Impairment		362 828	(19 081 527)
Notional rental expense	19	(34 283 941)	(32 569 744)
Books and learning material	25	(9 310 872)	(10 863 678)
General expenses	26	(85 698 793)	(83 714 930)
Total expenditure		(389 466 415)	(411 258 350)
Surplus for the year		59 197 269	55 234 970

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	464 680 273	464 680 273
Adjustments Correction of errors	(72 306 380)	(72 306 380)
Restated Balance as at 01 January 2020	392 373 893	392 373 893
Changes in net assets Surplus for the year	55 234 970	55 234 970
Total changes	55 234 970	55 234 970
Restated* Balance as at 01 January 2021	447 608 863	447 608 863
Changes in net assets Surplus for the year	59 197 269	59 197 269
Total changes	59 197 269	59 197 269
Balance at 31 December 2021	506 806 132	506 806 132

Tshwane North TVET College

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Cash Flow Statement

		2020 Restated*
Cash flows from operating activities		
Receipts		
Tuition and related fees	98 217 252	31 437 083
Government Grants and subsidies	129 332 970	158 855 268
Rental of facilities and equipment	103 537	97 440
Public contributions and donations	-	179 899
Interest received- bank balances	2 900 323	4 379 610
Other income	1 263 633	329 773
	<u>231 817 715</u>	<u>195 279 073</u>
Payments		
Employee costs	(27 723 888)	(29 140 373)
Suppliers	(82 040 593)	(186 120 525)
Project Stipends	(1 155 276)	(1 172 157)
	<u>(110 919 757)</u>	<u>(216 433 055)</u>
Net cash flows from operating activities	28	<u>120 897 958</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	9	(25 783 434)
Movement in accrued interest income		(165 600)
		<u>(234 559)</u>
Net cash flows from investing activities		<u>(25 949 034)</u>
Cash flows from financing activities		
Movement in financial liability		(45 018 022)
		<u>94 752 438</u>
Net increase/(decrease) in cash and cash equivalents		<u>49 930 902</u>
Cash and cash equivalents at the beginning of the year		226 390 497
		<u>159 928 585</u>
Cash and cash equivalents at the end of the year	8	<u>226 390 497</u>

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

Accounting Policies

Figures in Rand	Note(s)	2021	2020
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board 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 annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and the figures have been rounded to the nearest R1.

In the absence of an issued 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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

Management and Council have made the assessment that the college is a going concern and the financial statements have been prepared on a going concern basis. These annual financial statements have been prepared based on the expectation that the college will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

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.

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

1.3 Significant judgements and sources of estimation uncertainty

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

IMPAIRMENT TESTING

i) Financial assets

The college assesses its financial assets (including trade and other receivables) for impairment at the end of each financial year. In determining whether an impairment loss should be recorded in surplus or deficit, the college makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is considered first for individually significant financial assets and then calculated on a portfolio basis for individually insignificant financial assets, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to items in the portfolio and scaled to the estimated loss emergence period. On trade debtors an impairment loss is recognised in the surplus and or deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cashflows discounted at the effective interest rate computed at initial recognition.

ii) Non- financial assets

In testing for and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cashflows (in the case of cash-generating assets). For non-cash generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

iii) Useful lives and residual values of assets; depreciation and amortization

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, investment property 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.

SERVICE IN KIND REVENUE

The college recognised notional rental for the current and the prior year for the rental benefit which the college is deemed to have paid on the campuses that they do not have title deeds on the land. The college does not have title deeds on Central Office campus, Soshanguve North and South Campus, Mamelodi campus and two Temba campuses. A Professional Valuer was used in the determination of the market value of the notional rental benefit.

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

The market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Valuer placed a value on the rights attaching to the property and the benefits of occupation and/or ownership thereof. In the valuation process, cognizance was taken of the purpose for which the property is capable of being used and the future income or amenities, which it is likely to produce. At the same time, however, the property must be compared with available substitutes and/or alternative investment opportunities. The object of the valuation process, therefore, is to arrive at a figure which will reflect the point of equilibrium between supply and effective demand at the time of valuing the rental benefit.

14 Property, plant, and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is stated at cost less accumulated depreciation and adjusted for any impairment. Property, plant and equipment acquired at no cost are stated fair value as at the date of acquisition less any subsequent accumulated depreciation.

Property, plant and equipment is depreciated on a straight-line basis over their expected useful lives to their estimated residual values. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary 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.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e., impairment losses are recognised).

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Annual Financial Statements for the year ended 31 December 2021

1.4 Property, plant, and equipment (cont.)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	30-50 years
Computer equipment	Straight-line	05-10 years
Furniture and office equipment	Straight-line	05 to 17 years
Machinery and equipment	Straight-line	05 to 14 years
Motor vehicles	Straight-line	05-10 years

The college assesses at each reporting date whether there is any indication that the college expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the college revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the 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 information about the historical cost is not available, the acquisition cost is measured using a surrogate value (deemed cost) at the date the college adopted the Standards of GRAP. Deemed cost is determined as the fair value of an asset at the measurement date.

1.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of the college and financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from the college's statement of financial position.

A financial asset is:

- cash;
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the college.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the college.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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1.5 Financial Instruments

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the college had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments.

Classification

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:

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Class	Category
Cash and Cash Equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured 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
Payables from non-exchange transactions	Financial liability measured at
amortised cost Project liabilities	Financial liability measured at
amortised cost	

INITIAL RECOGNITION

The college recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The college recognises financial assets using trade date accounting.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The college measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures all financial assets and financial liabilities after initial recognition at amortised cost. All financial assets measured at amortised cost are subject to an impairment review.

RECLASSIFICATION

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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IMPAIRMENT AND UN-COLLECTABILITY OF FINANCIAL ASSETS

The college assesses at the end of each reporting period whether there any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivable where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the trade receivable account and the allowance account is reversed. Subsequent recoveries of amounts of amounts previously written off are credited in surplus or deficit. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

Cash and cash equivalents are stated at amortised cost, which due to their short-term nature, closely approximate their fair value.

DERECOGNITION

FINANCIAL ASSETS

The entity derecognises a financial asset only when:

* the contractual rights to the cash flows from the financial asset expire, are settled or waived;

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

FINANCIAL LIABILITIES

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e., when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit

Tshwane North TVET College

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1.6 Statutory receivables Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

RECOGNITION

The college recognises statutory receivables as follows:

- The receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

INITIAL MEASUREMENT

The college initially measures statutory receivables at their transaction amount.

SUBSEQUENT MEASUREMENT

The college measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

DERECOGNITION

The college derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire, or are waived.
- the college transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the college, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

1.7 LEASES

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.

Tshwane North TVET College

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18 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are issued, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

19 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by a college in exchange for service rendered by employees.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions.
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service.

Tshwane North TVET College

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DHET MANAGEMENT FEE

The college's staff consists of two groups:

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The college measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

1.10 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the college has a present obligation as a result of a past event.
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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.

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.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

Tshwane North TVET College

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1.11 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Capital commitments arise when the college has entered into a contract on or before the end of the financial year to incur expenditure over subsequent accounting periods relating to construction of infrastructure, the purchase of major items of property, plant and equipment.

Operational commitments arise when the college has ordered goods/services in the normal course of business but for which no delivery has taken place at the reporting date.

DISCLOSURE OF OPEN ORDERS

Open order represents a firm commitment by the college. Open orders are for once off transactions for which settlement of the expenditure is expected to take place from the budget of the current financial year.

CONTRACTUAL COMMITMENTS

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the college receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

RECOGNITION

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.

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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.

TUITION

Tuition fees are recognised as income at the fair value of the consideration received or receivable in the period to which they relate (academic year).

MEASUREMENT

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the college either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the college.

RECOGNITION

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.

MEASUREMENT

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.

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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 AND PRIVATE GRANTS

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the College with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Grants, gifts and donations (other than services in-kind) are recognised when the definition of an asset is met, and the recognition criteria of an asset are satisfied.

NON-CONDITIONAL GRANTS

For grants, gifts and donations received without conditions attached, revenue is recognised when the asset is recognised. Transferred assets are measured at their fair value as at the date of acquisition.

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

CONDITIONAL GRANTS

For grants, gifts and donations received that have conditions attached to it, a liability will be recognised to the extent that the conditions have not been met and will be reduced as the conditions are satisfied with a corresponding increase in revenue.

PROGRAMME FUNDING

The direct funding allocated to the college in terms of the CET Act, the funding Norms and the final grant letter received from the department is recognised in full in the College's financial year during which the enrolment and training of students, to which the grant pertains, are performed by the college. The portion of the programme funding retained by DHET for paying salaries through PERSAL is recognised to the extent that DHET has incurred Persal expenditure for employees placed at the College up to reporting date and to the extent that the conditions in the funding norms have been met at the reporting date.

SERVICES IN-KIND

Except for financial guaranteed contracts, 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 college and the fair value of the assets can be measured reliably.

Where 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 college discloses the nature and type of services in-kind received during the reporting period.

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1.13 ACCOUNTING BY PRINCIPALS AND AGENTS IDENTIFICATION

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

IDENTIFYING WHETHER AN ENTITY IS A PRINCIPAL OR AN AGENT

When the college is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the college is a principal, or an agent requires the college to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

BINDING ARRANGEMENT

The college assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

ASSESSING WHICH ENTITY BENEFITS FROM THE TRANSACTIONS WITH THIRD PARTIES

When the college in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the college concludes that it is not the agent, then it is the principal in the transactions.

The college is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the college has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The college applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the college is an agent.

Based on the assessment done by management, it was concluded that no principal-agent arrangements have been entered into by the College.

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1.14 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.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 SEGMENT INFORMATION

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

MEASUREMENT

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only

if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

Based on the assessment done by management, there are no segments, and the following factors were considered in arriving at such a conclusion:

- There is(are) no other activity(activities) by the central office or the six campuses, individually and/or together, that generated any form of economic benefits, that management had the interest of reviewing regularly, apart from its main activity of providing learning programmes to students. (AND):
- There is no separate financial information prepared by the college, that being the central office and the campuses, apart from the annual financial statements.

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1.16 COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The college does not fall within the scope of GRAP24 Presentation of Budget Information in Financial Statements, as its budgets are not required to be made publicly available and has not elected to do so as per GRAP 24. Therefore, the college does not present and disclose the comparison of actual and budgeted amounts.

1.17 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies.

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

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the college.

The college is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the college to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the college is exempt from the disclosures in accordance with the above, the college discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.18 EVENTS AFTER 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 can be 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).

The college will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The college will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

1.19 PREPAYMENTS

Prepayments are payments made in advance for services that have not been delivered for which the entity expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

Tshwane North TVET College

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2 New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the college has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 7 (as revised 2010): Investments in Associates 	01 April 2020	No impact
<ul style="list-style-type: none"> IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 6 (as revised 2010): Consolidated and Separate Financial Statement 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 106 (as amended 2016): Transfers of functions between entities not under common control 	01 April 2020	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> GRAP 20: Related parties 		
<ul style="list-style-type: none"> GRAP 105: Transfers of functions between entities under common control 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 18 (as amended 2016): Segment Reporting 	01 April 2020	The adoption of this has not had a material impact on the results of the College, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> GRAP 108: Statutory Receivables 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 109: Accounting by Principals and Agent 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 32: Service Concession Arrangements: Grantor 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 8 (as revised 2010): Interests in Joint Ventures 	01 April 2020	No impact
<ul style="list-style-type: none"> GRAP 25 on Employee Benefits 	01 April 2020	No impact

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2. New standards and interpretations (continued)

Standard/ Interpretation:

- GRAP 34: Separate Financial Statements
- GRAP 35: Consolidated Financial Statements
- GRAP 36: Investments in Associates and Joint Ventures
- GRAP 37: Joint Arrangements
- GRAP 38: Disclosure of Interests in Other Entities
- GRAP 110 (as amended 2016): Living and Non-living Resources
- GRAP 104 (as amended): Financial Instruments

Effective date: Years beginning on or after

01 April 2021

01 April 2021

01 April 2021

01 April 2021

01 April 2021

01 April 2021

01 April 2025

Expected impact:

Unlikely there will be a material impact

Unlikely there will be a material impact

Unlikely there will be a material impact

Unlikely there will be a material impact

Unlikely there will be a material impact

Unlikely there will be a material impact

Unlikely there will be a material impact

Tshwane North TVET College

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5. Receivables from non-exchange transactions

The above statutory receivables arose from the National Norms and Standards for Funding TVET Colleges (NNSF-TVET) from which college funding is split between the Compensation of Employees (CoE) grant which retained by DHET and the Direct Transfers. The unspent CoE grant is transferrable in cash to the college. The Direct Transfer is paid in four tranches of which the final one is receivable in January of the following year. Both statutory receivables were received in the first quarter of 2021.

None of the statutory receivables was past due at reporting date and both were collected in the first quarter of 2021.
Additional text

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6. Prepayments

Prepaid expenses relate to the college transactions with the publishers. On an annual basis, the college purchases textbooks which are handed to the students. The publishers do not deliver until payment has taken place in full. An amount of R764 139 relates to payments made to publishers where the books have not been delivered at the end of the financial year.

7. Accrued interest income

Accrued income relates to December interest income that the college receives at the beginning of January on the college's ABSA Call Account. The interest accrued for 2021 (R400 159) and 2020 (R 234 559)

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 658	6 390
Bank balances	276 317 741	226 384 107
	276 321 399	226 390 497

The entity had the following bank accounts

Account number / description Bank statement balances Cash book balances

	31 December 2021	31 December 2020	31 December 2019	31 December 2021	31 December 2020	31 December 2019
Absa bank - Pretoria campus - 1418410074	1 315 463	3 649 762	1 492 767	1 315 463	3 649 762	1 492 767
Absa Bank - Soshanguve South Campus -4049207164	-	957 985	474 768	-	957 985	474 768
Absa Bank - Mamelodi Campus - 4061083079	-	1 244 325	600 204	-	1 244 325	600 204
Absa bank - Rosslyn Campus - 4064980056	-	2 864 977	1 566 205	-	2 864 977	1 566 205
Absa - Temba campus - 4067186952	-	1 983 438	1 073 789	-	1 983 438	1 073 789
Absa bank - Soshanguve North Campus - 4065917121	-	1 091 125	642 108	-	1 091 125	642 108
Absa bank - National Skills Fund -4079880065	158 129	159 089	158 736	158 129	159 089	158 736
Absa bank- Capital Infrastructure- 405297985	51 647 704	64 094 648	45 665 994	51 647 704	64 094 648	45 665 994
Absa bank - Training centres - 4063212989	291 053	532 020	397 392	291 053	532 020	397 392
Absa bank - Main - 454922418	50 626 724	28 415 607	16 029 373	50 626 724	28 415 607	16 029 373
Absa bank -Hostel/NSFAS- 4061385344	32 388 193	32 400 019	6 428 095	32 388 193	32 400 019	6 428 095
Absa Bank - Community college projects - 4974866191	1 315 580	1 316 540	1 374 047	1 315 580	1 316 540	1 374 047
Absa Bank - Call - 4095404467	138 574 895	87 674 572	84 022 061	138 574 895	87 674 572	84 022 061
Total	276 317 741	226 384 107	159 925 539	276 317 741	226 384 107	159 925 539

Five accounts were closed in 2021 and there are: Absa Bank Soshanguve South account, Absa Bank Mamelodi account, Absa account and Absa bank Soshanguve North account.

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9. Property, plant and equipment

	2021		2020			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	21 086 590	-	21 086 590	21 086 590	-	21 086 590
Buildings	325 778 689	(182 138 980)	143 639 709	310 298 313	(175 730 996)	134 567 317
Furniture and office equipment	13 994 076	(7 522 626)	6 471 450	13 284 657	(6 714 724)	6 569 933
Motor vehicles	7 457 013	(4 042 903)	3 414 110	7 457 013	(3 656 820)	3 800 193
Machinery and equipment	32 207 760	(23 506 839)	8 700 921	30 111 963	(21 576 294)	8 535 669
IT equipment	39 947 606	(21 797 354)	18 150 252	39 647 203	(18 074 001)	21 573 202
Work in progress	7 197 440	-	7 197 440	-	-	-
Total	447 669 174	(239 008 702)	208 660 472	421 885 739	(225 752 835)	196 132 904

Reconciliation of property, plant and equipment

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	21 086 590	-	-	-	21 086 590
Buildings	134 567 317	15 480 376	(6 407 984)	-	143 639 709
Furniture and office equipment	6 569 933	709 419	(807 889)	(13)	6 471 450
Motor vehicles	3 800 193	-	(386 083)	-	3 414 110
Machinery and equipment	8 535 669	2 095 797	(1 920 834)	(9 711)	8 700 921
IT equipment	21 573 202	300 402	(3 718 967)	(4 385)	18 150 252
Work in progress	-	7 197 440	-	-	7 197 440
	196 132 904	25 783 434	(13 241 757)	(14 109)	208 660 472

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	21 086 590	-	-	-	21 086 590
Buildings	140 817 335	-	(6 250 018)	-	134 567 317
Furniture and office equipment	7 342 938	418 164	(888 827)	(302 342)	6 569 933
Motor vehicles	5 259 656	-	(598 581)	(860 882)	3 800 193
Machinery and equipment	8 371 144	2 023 913	(1 668 495)	(190 893)	8 535 669
IT equipment	21 611 180	4 459 908	(3 627 456)	(870 430)	21 573 202
	204 488 843	6 901 985	(13 033 377)	(2 224 547)	196 132 904

Reconciliation of Work-in-Progress Disclosure

	Included within	Total
	Buildings	
Additions/capital expenditure	7 141 109	7 141 109

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Land and Buildings	5 446 895	9 534 207
Furniture and Office Equipment	145 308	267
Motor Vehicles	239 124	240 280
Machinery and Equipment	216 353	606 497
Computer Equipment	14 805	100 063
	6 062 485	10 481 314
10. Conditional grants		
Current		
Missing middle grant not allocated	6 872 000	6 872 000

Conditional grant relates to additional funding made available by the DHET to the college to subsidise the missing middle. Government describes missing middle as those who are too poor to afford higher education, yet not poor enough to qualify for funding through the National Student Financial Aid Scheme (NSFAS). The funds are exclusively intended to subsidise the fee adjustments for the poor and the missing middle students to a maximum of 8% until they are fully utilised. For the funds to be allocated, the college must implement the required systems, processes and procedures to identify qualifying students.

11. Trade and other payables from exchange transactions

Trade payables	2 045 937	5 344 470
Other payables	442 850	360 878
Other student bursaries	458 282	994 487
Payroll creditors	554 142	105
Leave pay accrual	115 985	320 047
Accrued expenses	24 511 983	12 176 856
	28 129 179	19 196 843

12. Project liabilities

Project liabilities comprises of:

Unspent funds from project funders

SETAs and other funders	2 617 419	1 328 911
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Project liabilities relates to funds received from sponsors to address work placement issues relating to the students of the college. It is mandatory for students to undergo work placement before they can obtain certification. The funds received from funders which are mainly used to pay stipends to the students during the course of the training/ placement are recognised as a liability until stipends are disbursed.

Tshwane North TVET College

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Notes to the Annual Financial Statements

Figures in Rand 2021 2020

13. Provisions

Reconciliation of provisions - Disclosure

	Opening Balance	Reversed during the year	Total
Other employee benefit provisions (legal matters)	58 607	(58 607)	-

Reconciliation of provisions - 2020

	Opening Balance	Additions	Total
Other employee benefit provisions (legal matters)	-	58 607	58 607

Provisions were recognised in the prior year as a result of matters that were under arbitration at the time and have since been settled.

14. Other financial liabilities

NSFAS Control Account	138 642 978	183 661 000
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The college receives upfront payments from National Student Financial Aid Scheme (NSFAS). The amount will then be allocated to students when the college receives NSFAS remittance list.

15. Tuition and related fees

Application fee	-	1 500
Refund Admin Fee	9 800	-
Class Fee: Report 191	30 688 893	15 057 923
Class Fee: Skills	374 226	-
Pre-Vocational programme	2 746 260	4 167 286
Fees: examination and registration	711 160	481 140
Class Fees: National Certificate Vocational (NCV)	31 516 742	41 165 149
	66 047 081	60 872 998

16. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	103 537	97 440
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The rental relates to the funds received on a monthly basis from a company that has erected signal towers at the Mamelodi campus. The rental is effectively for the lease of land.

17. Other income

Sundry	2 317 306	197 473
Project Income	174 803	132 300
	2 492 109	329 773

18. Interest income

Bank	3 065 924	4 611 495
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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
19. Services in Kind		
Notional rent refers to the rental benefit which the college deemed to have paid on the campuses that they do not have title deeds on the land. The rental per campus is as follows:		
Site/location	Estimated annual rental	Estimated annual rental
	2021	2020
Central office	4 406 844	4 186 502
Temba Campus	5 082 800	4 828 660
Temba Campus	1 304 112	1 238 906
Soshanguve South Campus	8 809 555	8 369 078
Soshanguve North Campus	7 020 561	6 669 533
Mamelodi Campus	7 660 069	7 277 065
	34 283 941	32 569 744
20. Government grants and subsidies		
Operating grants		
Capital Infrastructure Efficiency Grant	-	19 549 578
Programme funding: Grants paid in cash	129 329 920	116 885 000
Programme funding: Grants paid via Persal	212 338 122	226 015 386
Skills development grant-DHET	1 003 050	1 127 007
Covid-19 Subsidy	-	4 255 000
	342 671 092	367 831 971
21. Public contributions and donations		
Donations received: private	-	179 899
22. Employee related costs		
Employee Related Costs- Salaries and Wages	25 423 967	26 730 431
Travel allowances	63 936	47 962
Workers Compensation Assistance	1 662 491	1 070 718
Staff Development: Bursaries	777 556	1 065 887
Leave pay accruals	(204 062)	225 375
	27 723 888	29 140 373
Remuneration of the Principal - TE Tsibogo		
Annual Remuneration	797 340	814 885
Performance Bonuses	66 445	66 445
Contributions to UIF, Medical and Pension Funds	103 656	105 935
Other	171 733	179 275
	1 139 174	(1 166 540)
Remuneration of Deputy Principal -Academic :S Sebetlene		
Annual Remuneration	622 067	612 868
Performance Bonuses	52 224	50 692
Contributions to UIF, Medical and Pension Funds	80 869	79 673
Other	149 260	132 017
	904 420	875 250

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
22. Employee related costs (continued)		
Remuneration of Deputy Principal Corporate: M Motloba		
Annual Remuneration	613 389	622 024
Performance Bonuses	53 007	52 224
Contributions to UIF, Medical and Pension Funds	82 074	80 870
Other	180 331	133 896
	928 801	889 014
Remuneration of Deputy Principal Finance: Mr M. Mapulanka (with effect from 1 September 2021)		
Annual Remuneration	289 669	241 059
Other	15 255	-
	304 924	241 059
Remuneration of Deputy Principal Finance: LE Nhlapo (from 1 January 2021 to 31 August 2021)		
Annual Remuneration	403 029	-
Contributions to UIF, Medical and Pension Funds	52 394	-
Other	161 807	-
	617 230	-
Remuneration of Deputy Principal Finance: Ndlazulwana TG (resigned 30 April 2020)		
Annual Remuneration	-	289 669
DHET management fee cost		
Annual Remuneration	212 338 122	208 976 703
Total employee cost		
Total employee cost and DHET management fee	240 062 010	238 117 076
23. Repairs and maintenance		
Property, plant and equipment	6 062 485	10 481 314
24. Project Stipends		
College students placements	1 155 276	1 172 157
<p>It is a requirement that the students of the college require experiential learning to obtain their certificates and to eventually graduate. Learners with no workplace experience can therefore complete their qualification but never get to obtain their certificates. In order to redress this matter, the college within available resources places its students to obtain workplace experience and disburse the stipends to these students for the duration of the placements.</p>		
25. Books and learner material		
Learner material	9 310 872	10 863 678

Tshwane North TVET College

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Figures in Rand	2021	2020
26. General expenses		
Accounting fees	271 865	48 761
Advertising	94 231	175 879
Programme excursions	3 865	135 721
Audit fees	2 782 699	3 779 274
Bank charges	317 201	540 925
Cleaning services	11 624 727	13 913 105
Catering expenses	597 924	180 717
Sport and cultural expenses	-	495 563
Consulting and professional fees	2 331 275	4 487 138
Cleaning materials	2 582 502	51 445
Diploma ceremony	31 175	-
Job placement costs	1 065 273	-
Subscription Fees	1 303 752	1 770 610
Water and electricity	9 880 566	12 052 684
Insurance	5 247 885	4 895 404
Rates and taxes	5 060 664	5 282 362
Conferences and seminars	1 092 590	343 074
Diesel costs	5 099	50 088
Incorporation costs	-	300 020
Services rendered for projects	149 175	-
Rental of photocopying and printing machines	1 791 526	1 488 331
Promotions and sponsorships	5 060 884	2 342 622
Medical expenses	1 876 812	443 412
Packaging	1 244 086	345 931
Pest control	121 220	251 006
Printing and stationery	1 656 841	3 856 971
Security (Guarding of municipal property)	15 663 343	15 662 010
Membership fees and subscriptions	151 840	127 344
Telephone and fax	4 775 658	4 460 747
Training and staff development	1 684 821	558 866
Travel - local	587 699	1 476 073
Business information systems licenses	1 086 952	475 568
Consumable material	4 750 881	3 531 394
Student Transportation	1 040	-
Fire Equipment	137 882	-
Parking expenses	48 000	-
Other expenses	616 840	191 885
	85 698 793	83 714 930

Tshwane North TVET College

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27. Related parties

Relationships		
Council Members	Significant Influence	
Members of key Management	Day to day management of the college	
Department of Higher Education and Training, Science and Innovation (DHET)	Controlling Entity	
National Skills Fund (NSF)	Under common control of DHET	
Various Sector Education and Training Authorities	Under common control of DHET	
National Student Financial Aid Scheme (NSFAS)	Under common control of DHET	
Minister of Department of the Higher and Training, Science and Innovation	Under common control of DHET	
TVET colleges	Under common control of DHET	
Community education and training colleges	Under common control of DHET	
State Universities	Under common control of DHET	
South African Qualifications Authority	Under common control of DHET	
Council for Higher Education and Quality Council for Trades and Occupations.	Under common control of DHET	

Related party balances

Trade and other receivables from non-exchange transactions

DHET: Unspent management fees and other subsidies	40 195 144	49 668 314
NARYSEC	314 400	347 600
CATHSETA	336 819	-

Project liabilities

WR SETA	(770 817)	(102 544)
FOOD BEV SETA	-	(382 466)
ETDP SETA	(491 162)	(315 620)
P SETA	(215 963)	(222 525)
FP&M SETA	(403 879)	(347 375)
MERSETA	(525 881)	-
INSETA	(738 929)	(688 448)
MICT Project	(122 007)	-

Unspent Conditional grants

Unspent Conditional grants (DHET)	(6 872 000)	(6 872 000)
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Related party transactions

Grants: DHET

Programme funding : Grants paid via Persal (Management fee)	212 338 122	208 976 703
Programme funding : Grants paid cash (Operational grants)	129 329 920	116 885 000
Programme funding : Programme Funding – Persal Savings	-	17 038 683
Skills development grant: DHET	1 003 050	1 127 007
Covid 19 subsidy: DHET	-	4 255 000
CIEG Grants	-	19 549 578

Remuneration of management

Council members

2021

Name	Honorarium	Travel Allowance	Total
Professor Thidziambi Phendla- Chairperson **	256 270	5 670	261 940
Advocate Vusi Mgwanya- Deputy Chairperson **	180 976	1 605	182 581
Mr Isaac Boshomane **	137 380	1 337	138 717

Tshwane North TVET College

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27. Related parties (continued)			
Ms CM Matabane *	129 783	7 857	137 640
Mr TR Serote *	248 982	-	248 982
Mr D Hlongwane*	197 778	4 827	202 605
Mr SJ Ngubane*	95 010	-	95 010
Ms P Kadi**	105 838	2 555	108 393
Mr ND Khoza	140 830	600	141 430
Mr T Phidane	30 447	-	30 447
	1 523 294	24 451	1 547 745

2020

Name	Honorarium	Travel Allowance	Total
Professor Thidziambi Phendla- Chairperson **	116 418	548	116 966
Advocate Vusi Mgwenya- Deputy Chairperson **	129 683	1 010	130 693
Mr Isaac Boshomane **	112 211	1 209	113 420
Ms CM Matabane *	108 084	3 003	111 087
Mr TR Serote *	125 711	-	125 711
Mr D Hlongwane*	124 117	2 651	126 768
Mr SJ Ngubane*	118 794	3 726	122 520
Ms P Kadi**	118 839	1 194	120 033
ND Khoza	38 223	88	38 311
D Setlhake	7 557	1 077	8 634
	999 637	14 506	1 014 143

** - denotes that the council member was appointed by the Minister in terms of s. 10(4) (b) of the CET Act ,No. 16 of 2006 (as Amended) effective on the 10th of April 2019.

* - denotes that the council member was appointed by the Council in terms of s. 10(6) (b) of the CET Act ,No. 16 of 2006 as Amended) with requisite skill..

Council members are remunerated as per the TVET lettered circular HV-2018/19 Remuneration of non-official member commission, committees of inquiry and audit committees dated 04 June 2019 effective retrospectively from 01 April 2018. Council members do not receive any remuneration.

Executive management

2021

Name	Basic salary	Bonuses	Pension Funds Contributions	Other benefits received	Total
TE Tsibogo- Principal	797 340	66 445	103 656	171 727	1 139 168
Sebetlene S- DP Academic	622 067	52 224	80 869	148 479	903 639
Motloba M- DP Corporate	613 389	53 007	82 079	198 331	946 806
Mapulanka M- DP Finance *	289 669	-	-	15 255	304 924
Nhlapo LE - DP Finance **	403 029	-	52 394	161 806	617 229
	2 725 494	171 676	318 998	695 598	3 911 766

2020

Name	Basic salary	Bonuses	Pension Funds Contributions	Other benefits received	Total
TE Tsibogo- Principal	814 885	66 445	105 935	179 275	1 166 540
Sebetlene S- DP Academic	612 868	50 692	79 673	132 017	875 250
Motloba M- DP Corporate	622 024	52 224	80 870	133 896	889 014

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

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27. Related parties (continued)

2020

Name	Basic salary	Bonuses	Pension Funds Contributions	Other benefits received	Total
TE Tsibogo- Principal	814 885	66 445	105 935	179 275	1 166 540
Sebetlene S- DP Academic	612 868	50 692	79 673	132 017	875 250
Motloba M- DP Corporate	622 024	52 224	80 870	133 896	889 014
Mapulanka M- DP Finance *	241 059	-	-	-	241 059
Ndlazulwana TG- DP Finance	289 669	-	-	-	289 669
	2 580 505	169 361	266 478	445 188	3 461 532

*- Acting DP Finance with effect from 21 September 2020 until 31 December 2020. Became the DP Finance after the resignation of Mr Nhlapo in September 2021.

**- Mr Nhlapo became the DP Finance in January 2021 and resigned in August 2021.

28. Net cash flows from operating activities

Surplus	59 197 269	55 234 970
Adjustments for:		
Depreciation and amortisation	13 241 757	13 033 377
Impairment deficit	14 109	2 224 547
Provision for doubtful debts	(362 828)	19 081 527
Changes in working capital:		
Inventories	(2 897 094)	(3 821 150)
(Increase) decrease in trade and other receivables from exchange transactions	30 942 734	(77 002 529)
(Increase) decrease in Provision for doubtful debts	362 828	(19 081 527)
(Increase) decrease in other receivables from non-exchange transactions	9 472 805	7 910 263
Increase (decrease) in provisions	(58 607)	58 607
(Increase) decrease in prepayments	764 139	(764 139)
Increase (decrease) in payables from exchange transactions	8 932 338	(14 612 188)
Increase (decrease) in project liabilities	1 288 508	(3 415 740)
	120 897 958	(21 153 982)

Tshwane North TVET College

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
29. Commitments		
Capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	30 295 269	17 129 317
Total capital commitments		
Already contracted for but not provided for	30 295 269	17 129 317
Operational expenditure		
Already contracted for but not provided for		
• Goods and Services	55 902 154	22 412 043
Total operational commitments		
Already contracted for but not provided for	55 902 154	22 412 043
Financing of commitments		
Breakdown for financing of the commitments		
Capital infrastructure efficiency grant	37 019 741	15 581 197
College internal resources	49 177 682	23 960 163
	86 197 423	39 541 360
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	2 019 057	1 574 948
- in second to fifth year inclusive	1 896 076	2 320 559
	3 915 133	3 895 507

Operating lease payments represent rentals payable by the college for certain of its photocopying and printing machines. No contingent rent is payable. The rental remains the same throughout the period of the lease.

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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30. Contingencies

Eviction of unlawful occupiers

The college is in a dispute with unlawful occupiers of the parking area, belonging to the Tshwane North TVET College. The parking area is situated in the city centre of Pretoria, Tshwane. The parking area is not occupied on any permanent or temporary basis. The parking area is being utilised on an intermittent basis by persons who have illegally occupied the building adjacent thereto. This building does not belong to the college. The unlawful users frequent the parking area to use the mobile toilets and water tanks, which have been unlawfully placed in the parking area.

The college intends to lay a charge of trespassing at the South African Police Services to attend to the removal of the gate and the reconstruction of the wall and the removal of the mobile toilets and mobile tanks, as they are entitled to do as owners of the land. The costs implications will vary depending on cause of action brought but an estimation of R150 000.00 should be considered

Human Resources dispute

The college is a defendant against matters brought by two of its former employees for unfair dismissal. The two employees are seeking for retrospective reinstatement. It is impractical to anticipate the outcome of the bargaining processes as well as the total expenditure that maybe required to settle the obligations should the rulings on the matters be made against the college. There is a likelihood that the matter will be finalised by December 2022. The estimated settlement costs to be in the range of R1 193 133.50 in the event that the college loses the cases.

31. Change in estimate Property, plant and equipment

During the current financial year a physical verification and condition assessment was undertaken. This resulted in changes in the conditions of certain assets and the remaining useful life of these assets were adjusted. The effect of this revision is as follows:

Decrease in computer equipment depreciation expense amounting to R2 346

Decrease in Furniture and Office Equipment depreciation expense amounting to R739

Increase in Machinery and Equipment depreciation expense amounting to R583

Increase in Motor Vehicle depreciation expense amounting to R339 110

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

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32. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2020

	Note	As previously reported	Correction of error	Restated
Receivables from non- exchange transactions		80 025 172	(21 437 985)	58 587 187
Receivables from exchange transactions		25 633 320	147 162 468	172 795 788
Property, plant and equipment		262 504 911	(66 372 005)	196 132 906
Cash and cash equivalents		226 386 470	4 027	226 390 497
Inventory		-	3 821 150	3 821 150
Project liabilities		(5 571 304)	4 242 393	(1 328 911)
Accrued interest income		-	234 559	234 559
Trade and other payables from exchange transactions		(30 687 019)	11 490 173	(19 196 846)
Other financial liabilities		-	(183 661 000)	(183 661 000)
		558 291 550	(104 516 220)	453 775 330

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Restated
Tuition and related fees		60 868 678	4 320	60 872 998
Services in kind		-	32 569 744	32 569 744
Interest received- bank balances		4 379 610	231 885	4 611 495
Government grants and subsidies		367 831 608	363	367 831 971
Employee related costs and DHET management fee		238 189 641	(72 565)	238 117 076
Impairment loss		-	(19 081 527)	(19 081 527)
Books and learning material		(15 590 518)	4 726 840	(10 863 678)
Depreciation and amortisation		(25 469 451)	12 436 073	(13 033 378)
Impairment		(2 356 793)	132 246	(2 224 547)
Repairs and maintenance		(10 469 073)	(12 241)	(10 481 314)
General expenses		(69 532 164)	(14 182 766)	(83 714 930)
Notional rental expense		-	(32 569 744)	(32 569 744)
Surplus for the year		547 851 538	(15 817 372)	532 034 166

Cash flow statement

2020

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Tuition and related fees		57 453 318	(26 016 235)	31 437 083
Government grants and subsidies		145 327 183	13 528 085	158 855 268
Employee costs		(25 681 940)	(3 458 433)	(29 140 373)
Public contributions and donations		-	179 899	179 899
Other income		1 477 772	(1 147 999)	329 773
Suppliers		(109 767 303)	(76 587 781)	(186 355 084)
Project stipends		-	(1 172 157)	(1 172 157)
		68 809 030	(94 674 621)	(25 865 591)

Tshwane North TVET College

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32. Prior-year adjustments (continued)

Cash flow from investing activities			
Purchase of property, plant and equipment	(6 828 195)	(73 790)	(6 901 985)
Accrued income	-	(234 559)	(234 559)
	(6 828 195)	(308 349)	(7 136 544)

Cash flow from financing activities			
Other financial liabilities	-	94 752 438	94 752 438

Disclosure

	Note	As previously reported	Correction of error	Restated
Commitments				
Operational commitments		11 443 278	10 968 765	22 412 043
Operating leases - Minimum lease payments due				
- within one year		502 351	1 072 597	1 574 948
- in second to fifth year inclusive		711 664	1 608 895	2 320 559
		1 214 015	2 681 492	3 895 507

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32. Prior-year adjustments (continued)

Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments.

Statement of Financial Position:

Property, plant, and equipment

During the year management embarked on a full asset verification to ensure the accuracy, completeness and validity of the register being compiled and submitted. Amongst others the following was identified:

Derecognition was done on Land and buildings as the college does not have ownership of these assets. The valuation of land was also done.

There were assets that were duplicated and omitted and that is why there were adjustments on the depreciation, impairment and accumulated depreciation.

Trade and receivables from exchange transactions

The error was due to sundry debtors control account balance which was omitted in the prior year. Correction was made to the students' debtors account and provision for impairment was raised

Receivables from non-exchange transactions

Some of the NSF project expenses which were incurred above the funds allocated by NSF were reclassified to project stipends because they were regarded as college expenses. The amount was aligned to the NSF debtor confirmation that was received

Other financial liabilities

NSFAS account was reclassified from receivables from exchange transactions to other financial liabilities

Cash and cash equivalents

There was a summary posting which was made in the call account in error but was reversed in the 2021 financial year. So, a correction was made to correct it in the prior year.

Project liabilities

The correction of error was done to HWSETA Project, Department of Rural Development and Land Reform (DRDLR), Food Bev project, NHBRC project and the CHIETA project. These projects have been completed but have been showing a credit balance due to misallocations. These credit balances have been written off.

Accrued income

There was interest that accrued on the ABSA Call Account but was not accrued in the prior year financial statements.

Trade and other payables from exchange transactions

The correction was done to reduce the student debtors' suspense account for R 4 633 250. This amount related to NSF project income that was received in 2017 but was credited into the student debtors' suspense account. Correction was made to reverse it from the student debtors' account. The accrual for water and electricity from Tshwane Municipality has been reclassified to accrued expenses. The other errors related to incorrect treatment of an invoice.

Accumulated Surplus

Net effect of reclassifications and correction of errors.

Inventory

Tshwane North TVET College

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32. Prior-year adjustments (continued)

A portion of books and learner material was reclassified to inventory

Statement of Financial Performance:

Tuition fees

The error was due to an incorrect classification of an NSFAS allocation as a revenue account (subject fees) instead of NSFAS.

Services in Kind

The college derecognised all the land and buildings that they do not have title deeds. Hence the professional valuer calculated the notional rental income benefit for the campuses that they do not have title deeds on the land.

Interest received bank balances

Interest that accrued in December 2020 but was received in January on the Absa Call Account. It was not accrued in the prior year working papers.

Government grants and subsidies

The DHET Program Funding - Persal account was incorrectly disclosed on the financial statements.

Depreciation and amortisation

Adjustments made to the property, plant and equipment has led to adjustments to be made on the depreciation.

Impairment of property, plant and equipment

An impairment assessment was re done and adjustments were made.

Books and learner material

Books and learner material to were reclassified to inventory

Employee related costs and DHET management fee

The error was due to leave pay being calculated on lecturing staff which was then reversed

General expenses

Water, electricity and rates and taxes bill for City of Tshwane was understated in the prior year. The other differences relate to bank charges and invoices not accounted for correctly in the prior year.

Repairs and maintenance

Correction was made for omitted invoices and other invoices incorrectly posted in the wrong financial year.

Impairment loss on debtors

The provision for doubtful debts for student debtors was calculated for the prior year. No calculation was done in the prior year before.

Commitments

There were two operational commitments that were identified during 2021 financial year which were not included in the prior year. The two service providers are Konica Minolta and Fidelity Security Service.

Tshwane North TVET College

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33. Financial Instruments and risk management				
Financial risk management				
Liquidity risk				
At 31 December 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	2 617 419	2 years	5 years	
Project liabilities		-	-	-
Payables from exchange transactions	28 129 178	-	-	-
At 31 December 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	1 328 911	2 years	5 years	
Project liabilities		-	-	-
Payables from exchange transactions	19 196 842	-	-	-
Provisions	58 607	-	-	-

In the course of the college's operations, it is exposed to liquidity, credit, interest rate and market risk. The college has developed risk strategies to monitor and control the risks. The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Prudent liquidity risk management implies maintaining sufficient cash and available funding.

The college's risk to liquidity is as a result of funds available to cover future commitments. The college manages the liquidity risk through an ongoing review of future commitments and the cash flows arising from DHET programme funding allocations. Balances of financial liabilities due within 12 months equal their carrying balances as the impact of discounting is not significant. The financial liabilities maturity analysis of the college for the reporting period shows contractual outflows on an undiscounted basis as indicated above.

The college's exposure to the interest rate is limited as the college has no significant interest-bearing liabilities. Furthermore, other than cash held by the college in the bank accounts, the college has no significant interest-bearing assets or liabilities. The entity's income and operating cash flows are substantially independent of changes in market interest rates.

In managing liquidity risk, the college has minimised risk of liquidity as shown by its sufficient cash and cash equivalents. The college also has a budget that is continually updated.

Other liabilities are only payable to grantors if the college does not meet some agreed upon conditions. At year end, the college expects to meet all conditions in relation to the liabilities. The table below analyses the entity's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Tshwane North TVET College

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33. Financial Instruments and risk management (continued) Credit and interest rate risks

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The college only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows for each class of financial assets. There is no portion of any accounts receivables that was pledged as security for any financial liabilities.

Financial assets carried at amortised cost which are less than 1 months past due are not considered to be impaired.

Financial instrument	Disclosure	2020
Trade and other receivables from exchange transactions	141 853 054	172 795 788
Cash and cash equivalents	276 321 399	226 386 109

Financial assets carried at amortised cost past due but not impaired

34. Going concern

The annual 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 the Department of Higher Education and Training for continued funding of operations in line with the annual programme funding allocation. The college's 2022 budget is fully funded by the cash reserves and the funding allocation from the Department of Higher Education and Training (DHET).

As of 31 December 2021, the college's current assets stood at R474 407 236 compared to current liabilities of R176 261 576. This resulted in a healthy current ratio of 2.69:1 which is way higher than the recommended ratio of 2:1.

On the same date, the cash and cash equivalents of the college were R276 321 399 resulting in a cash ratio of 1.57 to 1. These resources enable the college to continue to operate in the foreseeable future.

Tshwane North TVET College

Annual Financial Statements for the year ended 31 December 2021

35. Events after the reporting date

The only significant non-adjusting event that occurred was the payment of R30 million special CIEG for hostel refurbishment of student accommodation.

Other than the matter mentioned above, there were no significant adjusting and non-adjusting events that occurred after the reporting date.

Tshwane North TVET College

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