



ANNUAL REPORT

2019

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PART A

GENERAL INFORMATION



1.1. Public entity's general information

Registered Name:	National Electronic Media Institute of South Africa
Registration Number:	1998/014825/08
Physical Address:	21 Girton Road, Parktown, Johannesburg, 2193
Postal Address:	P O Box 545, Auckland Park, 2006
Telephone Number/s:	+27 (0) 11 484 0583
Fax Number:	+27 (0) 11 484 0615
Email Address:	info@nemisa.co.za
Website Address:	www.nemisa.co.za
External Auditors:	Auditor-General of South Africa
Bankers:	Standard Bank of South Africa
Company Secretary:	FluidRock Co Sec (PTY) Ltd

1.2. List of abbreviations/acronyms

COID	Compensation for Occupational Injuries and Diseases
CoLab	Provincial e-Skills Knowledge Production and Collaborative Laboratory
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DoC	Department of Communications
DoL	Department of Labour
DHET	Department of Higher Education and Training
DoBE	Department of Basic Education
DTPS	Department of Telecommunications and Postal Services
ETDP	Education, Training and Development Practices SETA
EXCO	Executive Committee
e-SI	e-Skills Institute
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
HRDCSA	Human Resource Development Council of SA
IAS	International Accounting Standards
ICTs	Information of Communications Technologies
IDC	International Data Corporation
IMFO	Institute of Municipal Finance Officers
iNeSI	iKamva National e-Skills Institute
IPSAS	International Public Sector Accounting Standards
ISAD	Information Society and Development

ISSA	Institute for Space and Software Applications
ITU	International Telecommunications Union
MDGs	Millennium Development Goals
MEs	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MGI	McKinsey Global Institute
MICT SETA	Media, Information Communications Technologies, Sector Education Training Authority
MIG	Municipal Infrastructure Grant (Previously CMIP)
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NSDS	National Skills Development Strategy
NEMISA	National Electronic Media Institute of South Africa
NeSPA	National e-Skills Plan of Action
PIAC	Presidential International Advisory Council
ResNeS	Research Network for e-Skills
TVET	Technical and Vocational Education and Training Colleges
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SADC	The Southern African Development Community
SDGs	Sustainable Development Goals
SETA	Sector Education and Training Authority
SOCs	State Owned Companies
SOEs	State Owned Enterprises
UN	United Nations
UNDP	United Nations Development Programme
USAASA	Universal Service Access Agency of South Africa
WEF	World Economic Forum
WSIS	World Summit on the Information Society



1.3. Foreword by the Chairperson

Introduction

Honourable Minister, it is with pleasure that I present the Annual Report of the National Electronic Media Institute of South Africa ("NEMISA") for the period 1 April 2018 to 31 March 2019 as required by Section 65 of the Public Finance Management Act (Act No 1 of 1999), as amended (PFMA).

In a society and economy in which digital technologies and applications find a place in all areas of life, learning, work and leisure, it is essential for all citizens and organisations to have the appropriate digital skills. When a country sets as objective that it wishes to take a prominent place in the Fourth Industrial Revolution (4IR), as South Africa did, it becomes even more important that all citizens should have the skills that enable participation in, and contribution to, these exciting possibilities that will shape our future. The convergence of various digital technologies, and the emergence of new ones, made it even more urgent to place a high focus on the development of appropriate digital skills and to ensure that these skills are continually developed further. The transformative digital technologies of today (popularly also called "4IR technologies"), such as artificial intelligence, data analytics and virtual or augmented reality, hold implications for many areas of work and human endeavour.

During the period of reporting, the concept of the Fourth Industrial Revolution received attention at many levels of society, of Government and of institutions of learning/training. The concept was propelled to new prominence during two previous Annual Meetings of the World Economic Forum, but the actual deliberation on the implications of it became an agenda point in meetings and at governance level mainly during 2018. Business, industry and governments realised that specific and urgent interventions are required in order to ensure that workers are fit for a new work environment, not only in regard to jobs that are currently known, but also for jobs of the future for which skills will be required that we cannot even define now. In South Africa these concerns also received the attention of Government and its organs, and of organised industry and business ... and also of NEMISA.

The year of reporting also led to a realisation of the importance of cybersecurity, both for organisations and for individuals. It is clear that NEMISA will have to ensure that skills relating to cybersecurity find their way into all our learning/training programmes.

Within South Africa, there are large discrepancies in the use of digital technologies and the internet, determined by various factors. The National Household Survey published in June 2018, signals the large discrepancies in access to the internet between citizens in the various provinces, and between citizens in urban and rural areas. It also signals the importance of cell-phones as devices for both communication and for accessing the internet and web-based functions. "Mobile only" is part of the reality for many citizens, and skills programmes should be designed or adapted to make provision for ensuring that the potential of these devices is indeed utilised. Given the importance of access to digital information, it is essential that digital skills should be widely cultivated in order to allow everyone access to the internet. The important role of NEMISA, and the future Institute, in playing a catalytic role in mobilising, guiding and supporting all role-players in digital skills development in South Africa, is clearer than ever before.

Positioning towards the future Institute

The Institute Bill moved forward through the formal processes of Parliament during the year of reporting, with the Department of Telecommunications and Postal Services making various presentations to the Portfolio Committee, resulting in the clarification of issues, and identifying matters that still needed attention.

NEMISA's contributions in working towards the future Institute, moved along four tracks during 2018:

- In its consideration of the strategic plan and annual performance plan of NEMISA, the Board took the envisaged Institute mandate into account. In its consideration of policies and the envisaged future organisational structure, the Board put the building blocks for the future Institute into place, to be an organisation that will be fit for purpose for its new role;
- Opportunities were created for the CoLabs operating in the various provinces to position their learning and training interventions in line with the future Institute;
- NEMISA participated in further deliberations on the future Institutes Bill and contributed inputs to the final proposed wording for the Bill;
- NEMISA became increasingly involved in deliberations on the digital skills requirements for the Fourth Industrial Revolution, and in taking steps to ensure that these considerations receive attention at both central and decentralised levels.

The Board considered numerous options for moving forward with interventions to reach a considerably larger number of citizens with learning and training interventions, not only regarding digital skills, but also including NEMISA's original mission of training in the area of broadcasting. This also involved many more interactions with various organisations with which joint interventions can be undertaken, both organisations in the IT space and third sector organisations. The topics of scaling and the optimal involvement of intermediaries were important components in this planning.

The earlier decision of the Board to explore ways of developing a “learning channel”, including delivery devices and mechanisms of various kinds, moved forward in planning, towards a first level of implementation in the new financial year. The experience of NEMISA in the area of broadcasting and developing digital content is proving to be very valuable in this regard.

Expanding our footprint and reaching more individuals

The CoLabs of NEMISA in the various provinces, hosted by local universities, play a key role not only in presenting training programmes, but also in engaging with provincial governments and local authorities in order to advance digital skills programmes. This catalytic role is essential in order to ensure that all resources and opportunities are used towards the purpose of digital skills development.

The number of individuals reached by the CoLabs and their collaborators (also called “intermediaries”) is steadily increasing. Intermediaries form an important part in the chain of bringing digital skills to citizens in the areas in which they live, or in specific areas of expertise. In some cases, communities in outlying or rural areas were reached that otherwise would have had no access to such training programmes in the past. The link of digital skills to aspects of employment is receiving attention in many of these programmes, e.g. a focus on enabling individuals to find employment, or creating employment, or the use of cell phones for doing or enhancing business by very small businesses in the township economies. At the other end of the spectrum, programmes for upskilling and re-skilling are presented.

NEMISA's In-House Training Unit presented courses in radio, film and television production, and animation around the country in conjunction with local role-players in the relevant fields.

High level overview of the public entity's strategy

The mandate of the future iNeSI is to play a leading advocacy and catalytic role in developing the digital skills of citizens in relation to all areas of life, learning and work – a role involving entry-level skills as well as more advanced skills levels; it also relates to both upskilling and re-skilling, where required.

Multi-stakeholder collaboration will form a hallmark of the activities of NEMISA. This approach has been proven to be key to successful national digital skills programmes. This collaboration will take place both at the national level and at the decentralised level of the provincial CoLabs. Role-players from government, business, academic institutions, civil society and organised labour are involved. NEMISA (becoming iNeSI) will provide the thought leadership and will fulfil an advocacy and catalytic role in bringing many role-players together in working towards these objectives.

Digital skills development differs from country to country. Although much can be learned from experiences in other countries, localised solutions have to be developed. For this purpose, the development and consolidation of our local knowledge base are essential. Our “Knowledge for Innovation” programme will assist us in building and maintaining this knowledge base.

Strategic relationships

During the year of reporting, NEMISA strengthened its relationships with public, national and international institutions, as well as with businesses in the IT space. NEMISA was well- represented at the international ITU Annual Meeting in Durban in September 2018. In addition, NEMISA was represented at the CEBIT Meeting in Hannover, Germany, in June 2018, during which the focus was on the new transformative digital technologies and the wide range of application areas in which they currently find a place.

Of particular importance to Board and Management was to ensure that the management of the universities hosting CoLabs, as well as the CoLabs, share in the vision of NEMISA and its future shape of iNeSI. Vice-Chancellors of the hosting universities were therefore kept informed about expected changes at NEMISA and about the progress with the Bill for the future organisation. During the year of reporting, arrangements were also made to have three-year memoranda of agreement (MoAs) in place for the period from 1 April 2019 – a desideratum expressed by all universities in the past.



Prof. Walter T. Claassen
Chairperson of the Board
National Electronic Media Institute of South Africa (NEMISA)

1.4. Chief Executive Officer's overview

Introduction

NEMISA achieved most of its targets throughout the year in a consistent manner. This was possible by reinforcing risk management techniques in measuring the quarterly targets and annual targets. We developed a matrix, which will identify which targets are in distress and thereby channel most of our efforts into those.

NEMISA has trained more than 10 431 individuals in the year under review. The training registers include contact details of the individuals trained and our CoLabs are making telephonic follow-ups and there has been a positive impact from our training.

Environmental scan of digital skills in South Africa

This is a comprehensive baseline study of the level of digital skills in South Africa. The baseline study is able to inform us about where we are as South Africa in terms of our digital skills. Based on the study, we are able to say how we expect to achieve efforts in #BuildingACapable4IRArmy.

There are three environmental scan phases: the individual level, the organisational level, and the government level. For the individual level, the data has been collected from across South Africa and the results are being written up. This level focused on digital ownership, digital access, digital awareness, digital usage, government to citizen interaction using digital platforms, and poverty and social inclusion. The significant relationships between these aspects are critical to understanding the importance of digital skills interventions at a national, provincial and local level dependent on demographics such as gender, age, rural / urban / peri-urban settings and more.

At the organisational and government level, the emphasis is being placed on digital skills for the purpose of the Fourth Industrial Revolution (4IR). The 4IR, also known as Industry 4.0, is a phenomenon where the advances of new digital innovations such as 3D printing, embedded devices and artificial intelligence are disrupting the traditional understanding of work and life. Digital innovation refers to new and better ways of doing the same thing better or more efficiently using digital technologies. Digital transformation refers to the changing of the way the organisation functions because of a number of new digital innovations. Digital transformation results in new organisational forms with different practices and value systems.

From an organisational perspective, some forms of work (jobs) are now overhauled, while other new forms are being created because of the digital innovations in the 4IR. The implications of such innovations mean that organisations need to prepare to take advantage of these new opportunities rather than resist them. Some of the advantages present opportunities to engage better with citizens, customers, and even new ways to implement policy. For all these new opportunities, new forms of digital skills are required. The questions that we are bringing together for Phase 2 and 3, seek to determine readiness for digital innovation, digital transformation and the 4IR in South Africa. The answers will provide insight into the new digital skills that are required in South Africa.

Creative and Digital Media Training

The Creative and Digital Media Training Division implemented a plan to provide skills, knowledge, professional attitudes and competencies for career prospects in the media sector. Cutting across NEMISA's digital skills framework, 256 learners benefitted from the digital literacy programmes for e-learners. From the community media sector and grass roots communities, 337 delegates benefitted as sector users and 62 delegates attended our e-Leaders workshop and presentation.

Our courses enabled grass roots communities and community media to contribute towards media diversity, pluralism, content creation and freedom of expression. As our staff criss-crossed the country, NEMISA expanded its footprint building capacity in all provinces with outcomes in Interactive Media, Film and Television Production, Graphic Design, and Animation and Radio Production qualifications. This year we launched a short course using mobile devices to do "digital story telling". With a tablet, delegates can script, shoot footage, collect audio, edit and package. With the same device, they upload their stories to a You Tube account or their website.

Because of hard work, commitment and sacrifice from parents, families, trainers and workplaces, NEMISA beneficiaries obtained full qualifications in Film and Television Production and Radio Production. Graduations were hosted at SABC Auckland Park and in Durban with the Moses Kotane Institute and the KwaZulu-Natal Film Commission. Several delegates this year also secured a statement of credits.

The organisation has improved radically by obtaining an unqualified opinion by the Auditor General of South Africa (AGSA). Going further, NEMISA will strive to improve its system of internal control especially around the mitigation of risk through a management strategy.

The strides we have made in the 18/19 financial year are mainly due to our dedicated and highly motivated workforce. I thank all our CoLab directors, the Management team at NEMISA and all our stakeholders in general.



Mr. Phuti Phukubje (Acting Chief Executive Officer)
National Electronic Media Institute of South Africa (NEMISA)

1.5. Statement of responsibility and confirmation of accuracy for the annual report

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General of South Africa.

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements have been prepared in accordance with the standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this report.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2019.

Yours faithfully



Mr. Phuti Phukubje
Acting Chief Executive Officer
National Electronic Media Institute of South Africa (NEMISA)
Date: 21/08/2019



Prof. Walter Claassen
Chairperson of the Board
National Electronic Media Institute of South Africa (NEMISA)
Date: 21/08/2019

1.6. Strategic overview

NEMISA's vision

South Africa to be an e-skilled society by 2030.

NEMISA's mission

Provide a national integrated e-skills development approach for sustainable socio-economic development in South Africa and to radically advance the human capacity development in e-skills (digital skills).

Core values

- Innovation
- Collaboration and Agility
- Visionary
- Impactful and Integrity

Innovation – Establish an innovative research network focusing on digital skills with links to universities locally and internationally;

Collaboration and agility - Work collaboratively to leverage existing capacity and resources and help existing service providers better align to the MTSF and NDP;

Visionary - Provide diversified, unique digital skills education, training programmes and digital skills upliftment programmes across key stakeholder groups;

Impactful and Integrity - Achieve change by acting as a catalyst to achieve national goals in developing an active citizenry and inclusive Information Society and Knowledge Economy.

Core values



1.7. Legislative and other mandates

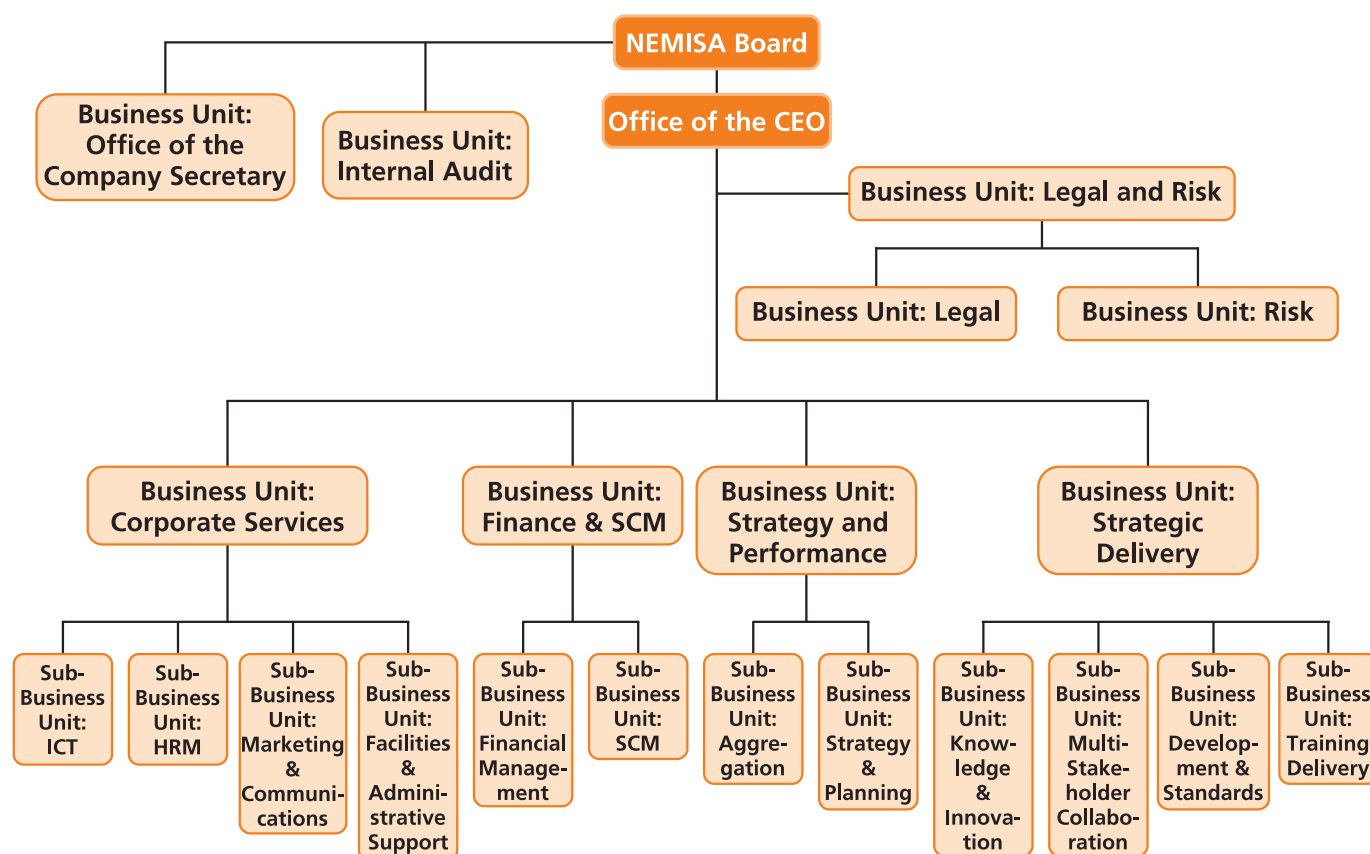
NEMISA is a schedule 3A public entity, accountable to the Department of Telecommunications and Postal Services (DTPS).

NEMISA's original mandate was to train previously disadvantaged individuals, particularly women, to equip them with necessary skills to play a significant role in the constantly changing broadcasting environment. NEMISA is now being transformed to become iKamva Digital Skills Institute and its mandate has been extended to promote and guide the development, training, learning, research and innovation of digital skills.

As part of the solution to SA's digital skills challenge NEMISA will continue to:

- Act as a national catalyst and change agent for the development of teaching and learning digital skills.
- Collaborate with relevant Post School Education and Training Institutions and other organisations offering digital skills courses/ programmes/ qualifications to maximise the use of existing infrastructure and resources and to ensure that education and training respond to the demands and needs for digital skills in the country.
- Collaborate with identified role-players (e.g. government, business, education, organised labour and civil society and global development partners) for digital skills massification.
- Address all digital skills interventions through teaching and learning, research, innovation, monitoring and evaluation and aggregation.
- Play a leading and advocacy role in developing users, consumers and citizens within the globally evolving information and knowledge-based environment.
- Facilitate an innovative research network focusing on digital skills with links to public or private university networks and other institutions doing or facilitating research locally and internationally.

1.8. Organisational structure



PART B

PERFORMANCE INFORMATION



Auditor's report: Predetermined objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide limited assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Report on the audit of the annual performance report.

Refer to page 53 of the Report of the Auditor's Report, published as Part E: Financial Information.

2.1. Situational analysis

2.1.1. Performance environment

The world is undergoing rapid social and economic change as a result of the confluence of technologies.

As technology evolves from voice to data services and over-the-top (OTT) platforms, the Internet of Things (IoT) and Artificial Intelligence (AI) – the central policy challenge is that, unless we rapidly address human skills deficits as we increase ICT access and use, digital inequality becomes amplified.

Digital skills are a prerequisite to human development in a modern society, and human development is a necessary condition of equitable participation by the citizenry in this 4IR era.

There is no question that the Fourth Industrial Revolution is upon us. The 2018 Global Competitiveness Report assesses the competitiveness of 140 economies. The report measures national competitiveness—defined as the set of institutions, policies and factors that determine the level of competitiveness. South Africa is ranked 67th in the report, this indicates that there is still much to be learned and done about digital transformation.

2.1.2. Digital Transformation

Often when we talk about digital transformation, we are focused on technology. With technology changing so fast, it is easy to think that it alone is the biggest driver of digital transformation; however, a key requirement for digital transformation lies in the area of human development.

Top 6 skill areas that are required for organisations to fully leverage and embrace digital transformation:

Big data analytics

Big data allows organisations to make meaningful, strategic adjustments that minimize costs and maximize results. If you know what consumers and employees are doing currently, you can create projections for what they will do in the future and start implementing changes to address their needs and your goals. A digital transformation isn't complete unless a business adopts big data.

Artificial Intelligence

During the past few years, Artificial Intelligence (AI) has reached a level of maturity that makes it possible to implement it in many aspects of the functioning of business/organisations and in the products they develop or the services they provide. AI manifests itself in areas such as speech recognition or generation and image recognition, or pattern recognition.

Change management

Social media, mobile devices, big data, and cloud computing are reshaping the industrial landscape of communication and collaboration. Digital Transformation is a new dimension of change management as organizations strive to understand, assimilate, and deliver new digital strategies.

Cloud computing

Cloud computing and digital transformation go hand-in-hand. Cloud services, which effectively offer unlimited and dynamic IT resources, form the foundation of digital transformation and can facilitate rapid business change. But it is also clear to more organizations that digital transformation strategies serve to directly enhance the effectiveness and benefits of Cloud implementations.

Digital security

As organizations embark on their journey to digital transformation, they must make cybersecurity a top priority. Organizations need to maintain confidentiality, integrity, and availability of data in all these contexts: on premises, in the cloud, and in hybrid environments. Both the value and the volume of data have never been higher, and end points are more vulnerable than ever.

Mobility management

Mobility is an essential enabler of digital transformation. However, when it comes to Enterprise Mobility Management (EMM), there is a lack of strategic planning among many organizations. Organizations are focused on the broader digital revolution for improved efficiencies, revenues, and profits, but few are prioritizing mobility management in their plans.

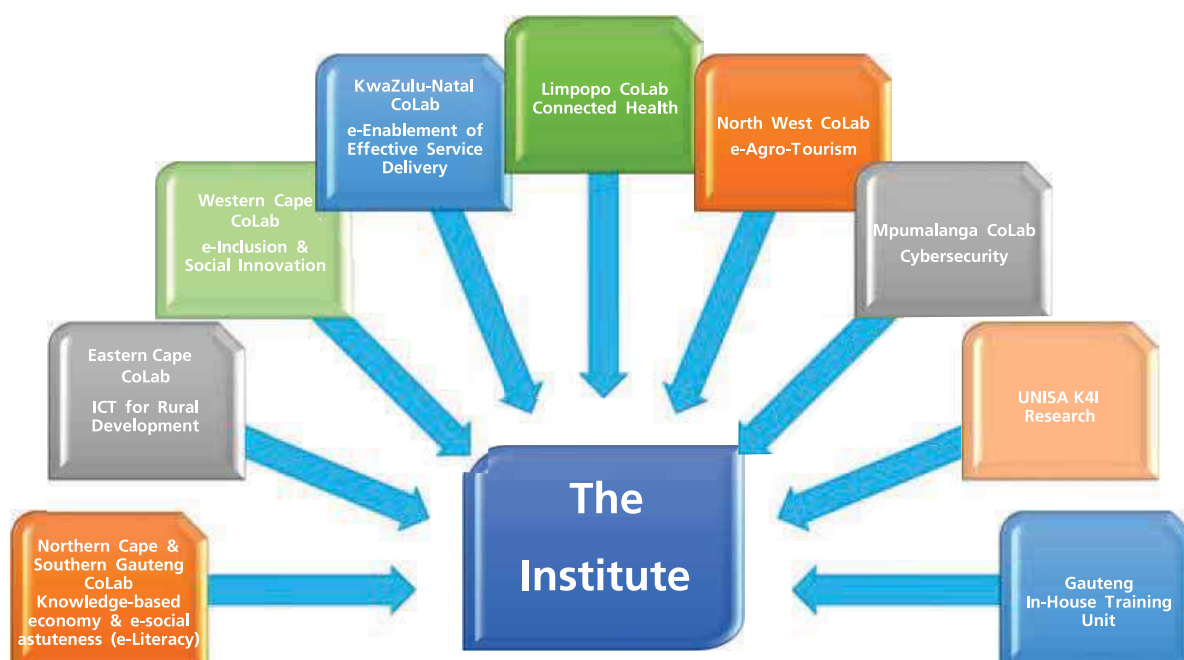
2.1.3. The Fourth Industrial Revolution (4IR)

The Fourth Industrial Revolution (4IR) is a new period that expands the impact of digital technologies in new and unpredictable ways – changing the way we live and work. We need to think differently and embrace 4IR.

The Fourth Industrial Revolution has the potential to drive Africa forward, enabling innovation, whilst stimulating new business models and improving the delivery of public services. There is so much potential for employment, which presents an opportunity for growth, employment creation and competitiveness.

2.1.4. Organisational environment

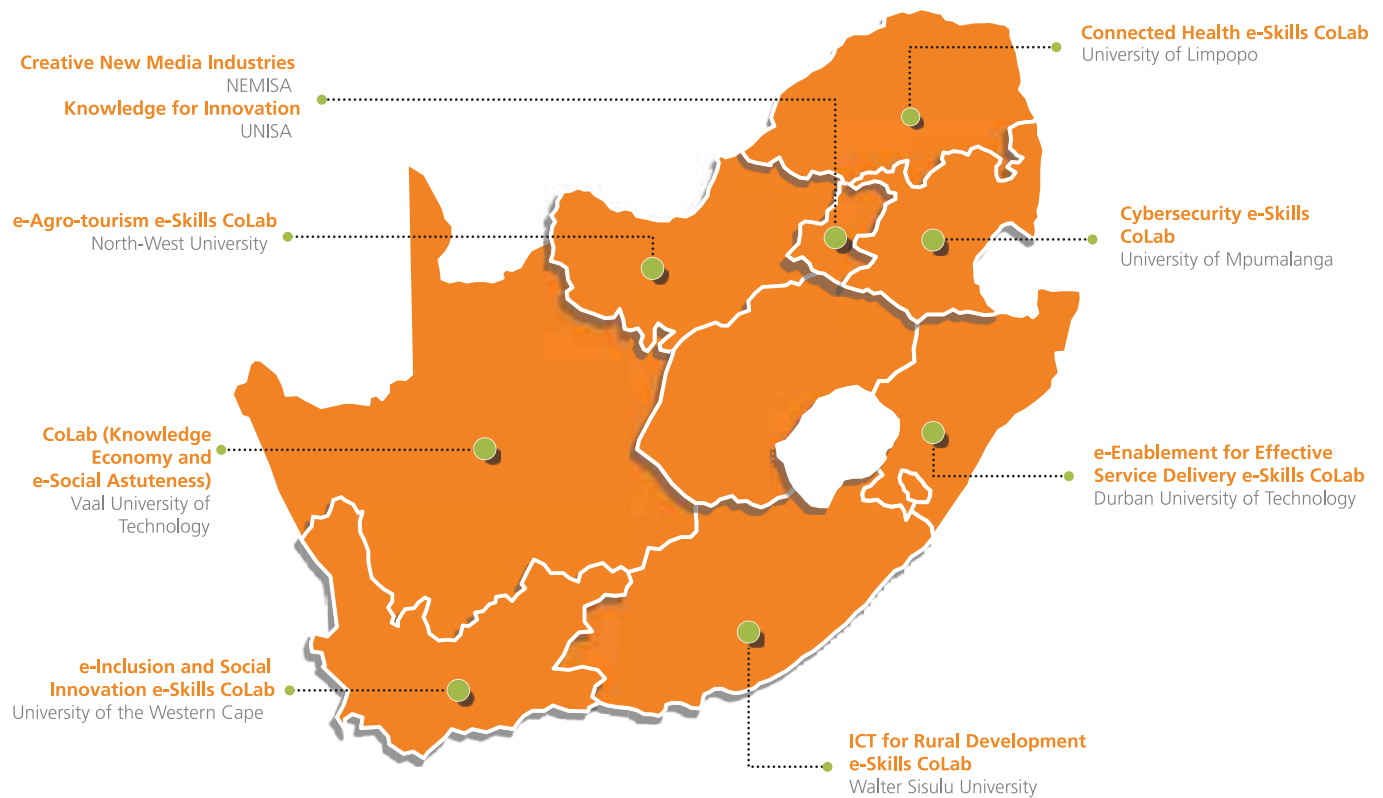
The diagram below illustrates the distributed model, that allows for the institute to carry out its mandate and activities:



NEMISA carries out its mandate through the in-house training unit that focuses on creative and digital media training. NEMISA's geographical reach is complemented by the 7 CoLabs hosted at local universities. Each CoLab delivers against a thematic area and is responsible for :

- Implementation of digital skills programme.
- Establishing new relationships for collaboration at provincial level.

- Identifying digital skills gaps and conducting digital skills interventions.
- Developing and modifying training content.
- Investing in digital skills research and evaluation for evidence based decision making.



2.2 Understanding digital skills and e-astuteness

Digital skilling means being able to use technology effectively to participate in the world actively and move ahead. The official definition of a digital skill, as defined by the National e-Skills Plan of Action (NeSPA), is:

The ability to use and develop ICTs within the context of an emerging South African information society and global knowledge economy, and associated competencies that enable individuals to actively participate in the world in which ICT is a requirement for advancement in government, business, education and society in general.

e-Astuteness refers to being astute with technology. Astuteness means being able to understand a situation quickly and see how to take advantage of it. e-Astuteness is about using technology for your advantage and your community's advantage in work, education, business, social and family contexts. The formal definition of e-astuteness:

- The capacity to appropriate the technology continuously into personal work, education, business, social and family contexts for both personal and collective benefit. e-Astuteness is defined as a knowledgeable capacity, based on personal and interpersonal skills, that involves:
 - Understanding people and situations.
 - Building alignment and alliances.
 - An acute understanding of strategic direction.
 - Applying strategic behaviour.

e-Astuteness allows individuals to take personal advantage of ICT in social or economic situations, through the appropriate digital skills. e-Astuteness does not necessarily depend on formal education or high levels of literacy.

Dispelling digital skills myths	
e-Literacy is not e-skills; it is just the first step on the digital skills ladder.	Digital skill is more than computer literacy. It is about what an individual can effectively do with technology.
Digital skills are not just for ICT professionals, everyone needs them.	Almost every job in the developed world needs digital skills. Furthermore, everyone needs to develop digital skills – from deep rural areas to urban areas. Digital skills have become basic life skills – it is becoming increasingly difficult to function effectively in the world without digital skills.

Different types and levels of digital skills: digital skills are varied in terms of levels, across sectors, and more. Currently, digital skills can mean different things to different people. Research, conducted by NEMISA, the provincial CoLabs and with stakeholder input, has resulted in the development of an e-skills (digital skills) framework. This positions digital skills into stacks:

- e-literacy or digital literacy as the foundation for the other digital skills
- (sector) user skills move from generic to sector-specific or profession-specific
- e-leadership skills are the capabilities needed to exploit opportunities provided by ICT (innovation management skills)
- ICT practitioner skills (also referred to as 'professional skills') are the digital skills needed in ICT professions.

Strategic objectives

NEMISA continues to focus on the following strategic oriented goals:

- Strategic outcome oriented goal 1:** Build an Institute that will be responsive to the needs and demands of a knowledge and learning organisation.
- Strategic outcome oriented goal 2:** Formalised multi-stakeholder collaborative networks for e-competence development.
- Strategic outcome oriented goal 3:** Develop e-astuteness for socio-economic opportunities in a knowledge-driven economy.
- Strategic outcome oriented goal 4:** Create knowledge for innovation.
- Strategic outcome oriented goal 5:** Ensure an effectual aggregation framework for e-competence development.

2.3. Performance information by programme

Programme 1: Administration

The purpose of this programme is to provide support to NEMISA's overall management. Targets set under this programme relate to activities that ensure compliance with legislation and prescripts. Included are activities relating to transforming NEMISA to iKamva Digital Skills Institute.

Programme 2: Multi-stakeholder collaboration

Under this programme, NEMISA, through its CoLabs, develops a substantive formalised multi-stakeholder collaborative network involving partners across government, business, global development partners and agencies, continental and international partners, community, organised labour and education (universities, TVET colleges, schools).

Programme 3: e-Astuteness development

This programme provides e-skills training through the CoLabs to leverage existing ICT education and training expertise, infrastructure and courses to align and better meet the e-skills/ICT related targets in the Medium-Term Strategic Framework (MTSF) 2014-2019 and NDP.

Programme 4: Knowledge for innovation

The aim of this programme is to investigate appropriate, and innovative, ways to address systemic problems and other inefficiencies in achieving economic appropriation of modern ICT devices. Research is part of the cycle of embedding e-skills (digital skills) as it leads to understanding how e-skills can be used effectively within a South African context.

Programme 5: Aggregation

The purpose of this programme is to build a formalised multi-stakeholder aggregation and collaborative network that allows NEMISA to link outputs and impact and to inform and support evidence-based policies.

2.3.1. Programme 1: Administration (Value Chain Management)

#	Performance indicator	Reporting	Actual achievement 2017/2018	Annual target 2018/2019	Actual achievement 2018/2019	Deviation between planned targets and actual achievement for 2018/19	Comments on deviations
1	To manage an institution that will be responsive to the needs and demands of a knowledge and learning organisation						
1.1	Strategic Objective: Transition to Institute operating model						
1.1.1	iNeSI operating model	Annually	N/A	iNeSI operating model developed	Draft iNeSI model developed	The set target is not fully achieved	The operating model couldn't be finalised before the 31 March 2019 due to capacity constraints

2.3.2. Programme 2: Multi-stakeholder collaboration

#	Performance indicator	Reporting	Actual achievement 2017/2018	Annual target 2018/2019	Actual achievement 2018/2019	Deviation between planned targets and actual achievement for 2018/19	Comments on deviations
2	Formalised multi-stakeholder collaborative networks for e-competence development						
2.1	Facilitate, fund and support provincial CoLabs						
2.1.1	Number of CoLabs established with signed MoAs	Annually	6	9 MoAs for 2019/20 developed and signed	8 MoAs for 2019/20 developed and signed	-1	Internal delay at a university resulted in one MoA not being signed on time.
2.2	Create effective advocacy and awareness						
2.2.1	Advocacy and awareness report	Annually	N/A	Advocacy and awareness report developed	Advocacy and awareness report developed	None	

2.3.3. Programme 3: e-Astuteness development

#	Performance indicator	Reporting	Actual achievement 2017/2018	Annual target 2018/2019	Actual achievement 2018/2019	Deviation between planned targets and actual achievement for 2018/19	Comments on deviations
3	Develop e-Astuteness for socio-economic opportunities in a knowledge-driven economy						
3.2	Facilitate establishing a comprehensive e-skills curriculum						
3.2.1	National e-skills curriculum competency framework	Annually	0	National e-skills curriculum competency framework developed	National e-skills curriculum competency framework developed	None	
3.3	Facilitate targeted e-skills training, per execution strategy						
3.3.1	Number of e-Literacy learners trained	Bi-Annually	4408	4465	4884	+ 419	More learners attended the training sessions than anticipated, at no extra costs due to advocacy & awareness of the said training.
3.3.2	Number of sector users trained	Bi-Annually	1776	2000	4445	+ 2445	More learners attended the training sessions than anticipated, at no extra costs due to advocacy & awareness of the said training.
3.3.3	Number of ICT practitioners trained	Bi-Annually	768	700	812	+ 112	More learners attended the training sessions than anticipated, at no extra costs due to advocacy & awareness of the said training.
3.3.4	Number of e-Leaders trained	Bi-Annually	178	200	290	+ 90	More learners attended the training sessions than anticipated, at no extra costs due to advocacy & awareness of the said training.
3.3.5	Number of e-Skills innovative projects	Bi-Annually	N/A	3 innovative Projects developed	3 innovative Projects developed	None	

2.3.4. Programme 4: Knowledge for innovation

#	Performance indicator	Reporting	Actual achievement 2017/2018	Annual target 2018/2019	Actual achievement 2018/2019	Deviation between planned targets and actual achievement for 2018/19	Comments on deviations
4	Create knowledge for innovation						
4.1	Produce targeted insightful research						
4.1.1	National e-skills environmental scan	Annually	0	National environmental scan report developed	Draft environmental scan report developed	The report was not finalised on the 31 March 2019	Target is not fully achieved; the finalisation of the report was delayed as it still needed to go through quality assurance
4.2	Ignite innovative research network						
4.2.1	Number of new e-skills products developed	Annually	7	6 New e-skills products developed	8 New e-skills products developed	+2	The target is over-achieved due to Hackathon events attracting a lot of new young people who brought many ideas to CoLab to produce new e-skills products.
4.2.2	Hosting of national e-Skills research colloquium	Annually	N/A	Annual e-skills research colloquium hosted	0	-1	Target is not achieved. Minister advised NEMISA to consider postponing the colloquium and the Board decided to accept the advice of the Minister.
4.2.3	Number of commissioned Research articles/papers that appeared in accredited publications	Annually	15	6 Commissioned research articles or papers that appeared in accredited publications	6	None	
4.2.4	Number of formal engagements held with e-skills and ICT thought-leaders	Annually	17	6 formal engagements held with e-skills and ICT thought-leaders	6	None	
4.3	Contribute to post-graduate research capacity						
4.3.1	Number of post-graduate research initiatives supported	Annually	7	8 Post-graduate research initiatives supported	8	None	

2.3.5. Programme 5: Aggregation framework

#	Performance indicator	Reporting	Actual achievement 2017/2018	Annual target 2018/2019	Actual achievement 2018/2019	Deviation between planned targets and actual achievement for 2018/19	Comments on deviations
5.1	Strategic guiding documents						
	Ensure effective e-competence development frameworks, models, policies, scenarios, strategies and plans						
5.1.1	Socio-economic impact report	Annually	N/A	Annual Socio-economic Impact report finalised and approved for submission to the Board	0	-1	Target is not achieved due to capacity constraints in the organisation.

2.4. 2018/2019 Skills Report – Programme 3 to Programme 5

2.4.1. Programme 3: e-Astuteness development

Aim: This programme provides digital skills training through the provincial CoLabs and in-house training, among others, to leverage existing ICT education and training expertise, infrastructure and courses to better align and meet the digital skills / ICT related targets in the Medium-Term Strategic Framework (MTSF) 2018-2023 and NDP.

What it entails: The Institute collaborates with existing national and international institutions, civil society, organised labour and private organisations. These partnerships focus on e-astuteness development i.e. new curriculum planning, course development and course presentation within a national e-skills curriculum and competency framework.

Impact: The programme also involves identifying gaps, shortages and mismatches in course content in relation to the demand for ICT and ICT-related skills and competencies across organisational boundaries. This was done through broad consultation between the organisation and the stakeholder community to ensure alignment between skills supply and skills demand, as well as responding to future needs.

It includes ensuring that digital literacy forms the basis (entry step) for the digitally skilled/e-astute learning pathway. (Digital literacy is 'the ability of individuals to use digital tools and facilities to perform tasks, to solve problems, to communicate, to manage information, to collaborate, to create and share content and to build knowledge, in all areas of everyday life and for work').

Digital Skills delivery was targeted at all levels (e-practitioners, information/knowledge workers [e-users], thought-leaders and ICT illiterate society) and will leverage existing centres (community centres, schools, TVET colleges and universities) to ensure local knowledge production.

Strategic outcome Oriented goal 3:	Develop e-Astuteness for socio-economic opportunities in a knowledge-driven economy
Goal statement	Deliver the outcomes required to achieve the Impact Goals
Strategic objective 3.2	Facilitate establishing a comprehensive e-skills curriculum
Objective statement	Facilitate a comprehensive digital skills curriculum by ensuring all identified learning and training needs are met by approved learning content material

KPA 3.2: Curriculum development

KPI 3.2.1: The establishing of a comprehensive e-skills curriculum refers to the reviewing and refinement of the e-Skills Curriculum Competency Framework.

The purpose of the e-Skills Competency Framework was to ensure the currency and relevance in the national curriculum. The framework created was to align e-skills interventions to the National Development Plan and the strategic plan of the Department of Telecommunications and Postal Services.

The objective of having a reviewed national e-Skills Curriculum Competency Framework was achieved during the 2018/19 financial year. The e-Skills Curriculum Competency Framework was aligned to the NEMISA aggregated course list which covered learning content material, rolled out throughout the provincial CoLabs.

The curriculum competency framework will be further updated and aligned to the outcomes of the Department of Telecommunications and Postal Services research into digital skills currently conducted.

Strategic objective 3.2	Facilitate targeted e-skills training, per execution strategy
Objective statement	Achieve the targeted number of individuals trained through the targeted network as defined in the national and provincial delivery plan

KPA 3.3: Digital skills training / development / learning

KPI 3.2.1: Number of e-Literacy learners trained

The number of e-literacy learners trained in the use of modern ICTs, including social media. The objective was aimed at making South Africa an e-literate society by 2030 by providing digital skills training that will enable individuals to use digital tools and facilities to perform tasks, to solve problems, to communicate, to manage information, to collaborate, to create and share content and to build knowledge, in all areas of everyday life and for work. This will contribute to increasing e-skills human capacity in the country at community level in rural and peri-urban areas.

In 2018/19 NEMISA increased its target to reaching 4465 people, which was higher than the 2017/18 achievement of training 4408 people in digital literacy. At the close of the 2018/19 FY the target was exceeded as a total of 4884 people were trained; a result which illustrated that digital skills roll-out was effective as the 2018/19 target was exceeded by 419.

KPI 3.2.2: Number of sector users trained

Sector-user digital skills refers to the digital skills for work in a specific sector, type of organisation or profession. These skills are generic digital skill sets for office or business use, or a specific skill set applicable to various sectors (e.g. the graphics industry or health), or to a profession, or a combination of both. Users in different sectors such as tourism, banking, education, health are trained in the use of modern ICTs, including social media.

4445 sector users were trained, exceeding the annual target of 2000 during the 2018/19 FY, compared to 1776 sector users trained in the 2017/18 FY. The achievement was supported by some partnerships between CoLabs with provincial departments, SMEs and entrepreneurs, to the roll-out of relevant courses. The trained sector users will contribute to increasing the number of users competent in the use of ICTs in the work environment.

KPI 3.2.3: Number of ICT practitioners trained

ICT practitioner skills are the skills/capabilities required for the researching, developing and designing, managing, the producing, consulting, marketing and selling, the integrating, installing and administering, the maintaining, supporting and service of ICT systems. The practitioners are supposed to support innovation because of their ICT training.

In the 2017/18 FY, 768 ICT practitioners were trained, exceeding the 2018/19 FY target of 700, the 2018/19 FY achieved 812 ICT practitioners trained.

KPI 3.2.4: Number of e-leaders trained

The purpose of training e-leaders, including managers, CEOs, NGO leadership, politicians, etc, was so that they are enabled to provide strategic direction in the development and/or use of ICTs and so that they can exploit opportunities provided by ICTs, notably the Internet, digital devices and the new media.

Under this segment, 290 e-leaders were trained, exceeding the 2018/19 annual target of 200, and higher than the 178 trained in the 2017/18 financial year.

KPI 3.2.5: Number of e-skills innovative projects

The purpose was to achieve the targeted number of individuals trained through the targeted network, as defined in the national and provincial delivery plan by developing innovative projects to support e-skills massification.

Under this segment, three innovative projects were identified and approved, achieving the annual target of 3 in the 2018/19 financial year.

2.4.2. Programme 4: Knowledge for innovation

Aim: The purpose of Programme 4 was to look for appropriate, and often innovative, ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success. This includes finding ways to identify entrants with potential that do not have the required entrance qualifications; supporting under-prepared students; introducing work integrated learning and practical components into programmes.

What it entails: As a core function, the Institute was responsible for research and policy development and developing a citizenry for the Information Society and Knowledge Economy. This process of reflection and renewal will be central to its vision of being responsive, flexible and innovative.

Impact: It will provide a focus for continuous research in a cross-disciplinary manner to concentrate on:

New ways to embed technology into people's lives to improve business opportunities and access government services and achieve social cohesion.

- Managing evidence-based research and development for a collaborative knowledge economy to address the national goals (MTSF 2014-2019 and NDP 2013).
- Participating in the development of an evaluation and monitoring framework for collaborative knowledge economy-based efforts to address national goals e.g. MTSF 2014-2019 and NDP 2013.
- Having a proactive approach to environmental scanning in a rapidly changing landscape (through its national platform that can more adequately assess gaps, overlaps and opportunities for collaborative approaches).

Strategic outcome oriented goal 4:	Create knowledge for innovation
Goal statement	Evidence based research to inform impact strategies
Strategic objective 4.1	Produce targeted insightful research
Objective statement	Identify and produce relevant research programmes or projects across sectors, to identify the e-skills demands and supply needs, specifically assessing whether the education and training response (executed via e-Astuteness) in the targeted areas is meeting the needs for e-skills in the country

KPA 4.1 Produce targeted insightful research

KPI 4.1.1: National e-skills environmental scan

The environmental scan was undertaken in a phased manner, beginning in the 2018/19 financial year and will be concluded in 2020. Phase I of the environmental scan – Digital skills in South Africa at Citizen Level was concluded, focusing on identifying and producing relevant research to determine the status and gaps related to e-skills in the country.

The data collection was conducted in all 9 provinces of South Africa as indicated in Table 1 below as three clusters of provinces: Northern Provinces, Central Provinces and Southern Provinces.

Table : Clusters and sample sizes

Cluster	Sample	Province	Percentage	No of respondents	Urban	Peri-urban	Rural	Urban	Peri-urban	Rural
Northern cluster	1000	Gauteng	50%	500	70%	20%	10%	350	100	50
		Limpopo	25%	250	20%	10%	70%	50	25	175
		North West	25%	250	30%	10%	60%	75	25	150
Central cluster	1000	KwaZulu Natal	50%	500	30%	20%	50%	150	100	250
		Mpumalanga	25%	250	40%	10%	50%	100	25	125
		Free State	25%	250	60%	20%	20%	150	50	50
Southern cluster	1000	Western Cape	50%	500	70%	20%	10%	350	100	50
		Eastern Cape	25%	250	40%	10%	50%	100	25	125
		Northern Cape	25%	250	70%	20%	10%	175	50	25
Total								1500	500	1000

The purpose of the environmental scan / baseline survey on digital skills was to understand the primary question: “Where are we in South Africa in terms of our Digital Skills?” After a number of systematic reviews on digital skills, it was noticeable that there are no fundamental templates that could claim to exhaust the concept of digital skills.

It was clear that organisations and government fall into many sectors and that baseline surveys would need to be created around each of the sectoral areas. This creation of the first general baseline survey instrument is slated for 2019/2020.

Therefore the performance indicator has not been achieved in the 2018/19 financial year.

KPA 4.2: Ignite innovative research network

4.2.1 Number of new e-skills products developed

New products comprise of mobile applications and multi-media content aimed at influencing curriculum development, teaching and learning and providing a platform for the development of mobile applications, support the thematic areas for new job opportunities. The purpose of this objective was to ignite an innovative local and international future research network focusing on digital skills.

In the 2018/19 FY, eight new products were developed, exceeding the annual target of six; and that of the seven new products developed in the 2017/18 FY.

4.2.2 Hosting of national e-skills research colloquium

Although NEMISA had a target of one colloquium for the 2018/19 FY, the target was not achieved, due to postponement as recommended by the Minister.

4.2.3 Number of commissioned research articles/papers that appeared in accredited publications

The purpose of delivering/presenting papers on research for digital skills is to ignite an innovative local and international future research network focusing on digital skills. Research is shared and facilitated across key decision makers, education, civil society and government stakeholders at local, national and international conferences and workshops. This was aimed at increasing awareness of the nature and scope of the digital skills research and its impact on service delivery, teaching, innovation and collaboration.

In the 2018/19 FY, 6 papers were delivered against the annual target of six.

4.2.4. Number of formal engagements held with e-skills and ICT thought-leaders

Six thought-leader engagements took place in the 2018/19 FY, achieving the annual target of six, a consolidated report of all formal engagement was compiled, providing benefits, outcomes and opportunities or impacts going forward.

Strategic outcome oriented goal 4:	Create knowledge for innovation
Goal statement	Contribute to post-graduate research capacity
Strategic objective 4.2	Contribute to post-graduate research capacity
Objective statement	Provide research capacity to post-graduate students

KPA 4.3: Contribute to post-graduate research capacity

4.3.1. Number of post-graduate research initiatives supported

Post-graduate research initiatives promote practice-oriented research aimed at influencing policy-making and increase and build a solid foundation for digital skills research to support digital skills delivery.

8 post-graduate research initiatives were supported during the 2018/19 FY, surpassing the annual achievement of 7 in the 2017/18 financial year.

2.4.3. Programme 5: Aggregation framework

Aim: The purpose of Programme 5 was to build a formalised multi-stakeholder aggregation and collaborative network that allows the Institute to link outputs and impact and helping existing service providers to demonstrate measurable impact against national strategic plans.

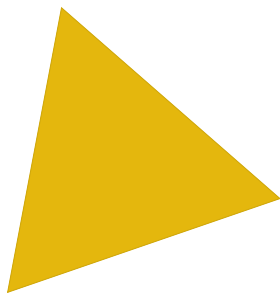
What it entails: The Institute will implement a monitoring framework to aggregate the uptake of technology within society and consistently address the opportunities highlighted between supply and demand of e-skills to deliver against the MTSF 2014-2019 goals, NDP 2013 and SDGs, and to support the local needs of an ever-evolving information society and knowledge economy.

Strategic outcome oriented goal 5:	Strategic guiding documents
Goal statement	Ensure effective e-competence development frameworks, models, policies, scenarios, strategies and plans
Strategic objective 5.1	Reliably monitor and evaluate socio-economic impact
Objective statement	Establish NEMISA as a centre of excellence to monitor reliably the socio-economic impact, as required by the impact goal metrics at a consolidated national and provincial level on an annual basis

KPA 5.1: Strategic guiding documents

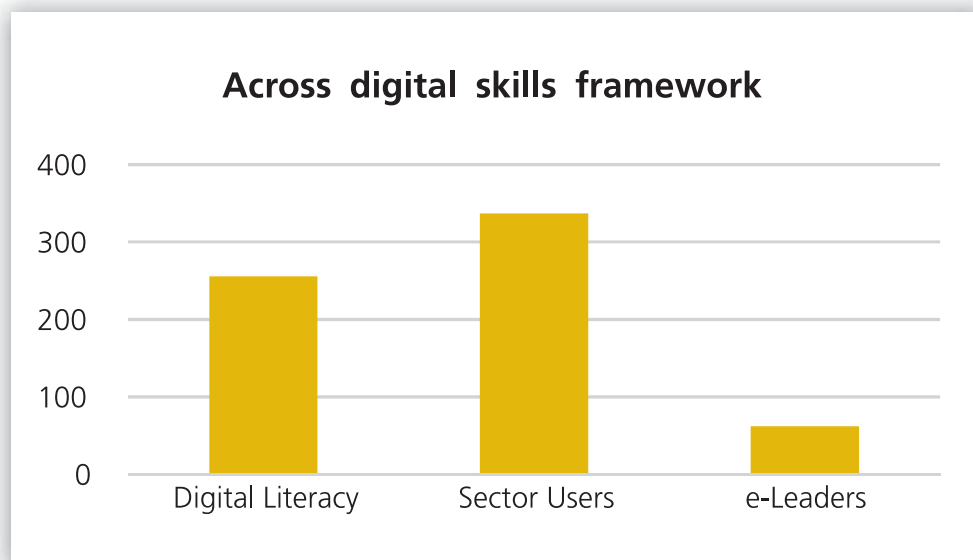
KPI 5.1.1: Socio-economic impact report

With the ability to monitor the socio-economic impact, for monitoring and evaluation towards impact framework was completed. The framework is in the process of being approved. Therefore, the finalisation and approval of the socio-economic impact report was not achieved during the 2018/19 because of lack of resources in NEMISA.



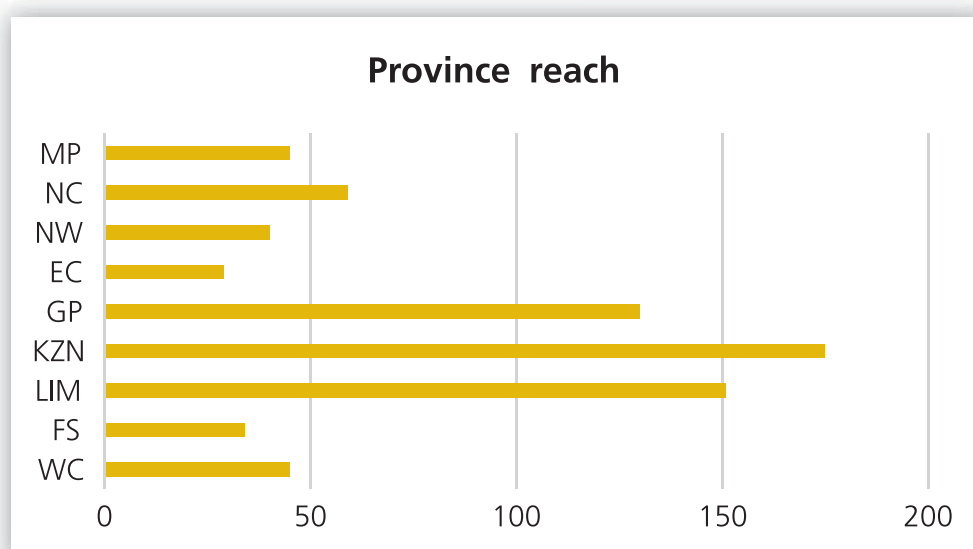
2.5. Capacity building in a digital society

The Creative and Digital Media Training Division's primary purpose is to provide capacity building services towards a robust broadcast, animation, graphic design and interactive media sector. The training unit implemented its plan by providing skills, knowledge, professional attitudes and competencies for career prospects in the media sector. A total of 256 delegates benefited from the digital literacy programmes for e-learners. From the community media sector and grass roots communities, 337 delegates benefited as sector users and 62 delegates attended our e-Leaders workshops.



Building capacity for sector users - Community media remains a highly relevant sector as it continues to provide information and local public sphere to all South Africans especially for those living in remote communities. Our courses enabled communities and this media to contribute towards media diversity, pluralism, content creation and freedom of expression. As our staff criss-crossed the country, NEMISA expanded its footprint building capacity in all provinces with outcomes in Interactive Media; Film and Television Production; Graphic Design; Animation and Radio Production qualifications. NEMISA's qualifications pitch at NQF level 5 for Radio; Animation; Film and Television and Interactive Media. Design Foundation is pitched at Level 4.

Collaborative partnerships take effort and strategy – With the Fourth Industrial Revolution (4IR) providing challenges for the media environment, it is imperative to forge collaborative partnerships and good working models which work effectively. We use both a centralised and decentralised model to train at the Parktown Campus and across the country. This makes us rely on external stakeholders for venues, recruitment of students, equipment security and a smooth roll out of training. The training unit enjoyed formal partnerships with the Public Broadcaster (SABC); Civil Society; Government Agencies and our Accrediting Partner (MICT SETA).



Graduation and certification – Skills produce competencies and competencies pave the way for career opportunities. Working the value chain of training, delegates look forward to building a competent portfolio and achieving their full qualification. Some secured a statement of credits giving them a springboard to work towards a full qualification. Because of hard work, commitment and sacrifice from parents, families, trainers and workplaces, NEMISA beneficiaries obtained full qualifications in Film and Television Production and Radio Production. Graduations were hosted at SABC Auckland Park and in Durban with the Moses Kotane Institute and the KwaZulu-Natal Film Commission.

The Digital Literacy Workshop was created to build the knowledge and skills required by learners entering the digital literacy space. Designed to meet the needs of learners who require digital literacy skills in all sectors of the economy, as it is an essential skill in any business today, the course is designed to accommodate learners in formal education, learners already employed and learners who are self-employed. It aims to develop informed and skilled learners that can apply the acquired skills in any industry and should contribute towards improved productivity and efficiency in the workplace.

Interactive media as a programme is meant to fulfil the scarce skills shortage gap in the fields of Graphic Design and Multimedia. It includes new media, business skills as well as social media. It provides SMMEs to increase their breadth of skill in allowing them to establish their Marketing and Business Communication through visual media.

Animation production is a developing field in South Africa. Our animation approach requires bringing in new technologies and creating solutions for the indigenous environment by improving content relevance. Learners are encouraged to create unique African content with a distinctively indigenous aesthetic.

The Design Foundation programme enables learners to pursue different career paths within the visual communication field. It is suited for content producers, marketers, and graphic designers. Learners are encouraged to use a wide variety of media to create local aesthetic flavours.

New versus Old - The media space is constantly looking for a coherent way to manage the emerging technologies of the Fourth Industrial Revolution where there are multiple platforms to broadcast and publish. NEMISA programmes evaluate the importance of revising "out of date" practices and replaced them with skills which respond to the demands of the digital era. This year we launched a short course using mobile devices to do "digital story telling". With a tablet, delegates can script, shoot footage, collect audio, edit and package. With the same device they upload their stories to a You Tube account or their website.

2.6. Multi-stakeholder collaboration

Advocacy and Awareness falls under programme 2 – Multi-Stakeholder Collaboration, of the NEMISA strategy. The Strategy aligns to national objectives, in particular the National Development Plan (NDP), National Integrated ICT Policy, SA Internet for All and the National Broadband Programme.

NEMISA's aim is to develop multi-stakeholder digital skills partnerships that maximise impact and reduce duplication, while aligning to national goals.

The main aim is to raise brand and digital skills awareness, promoting NEMISA and its CoLabs' work. The Marketing team develops awareness and promotes advocacy through events, exhibitions and conferences, print and digital media.

The Marketing department also plays the stakeholder engagement role, by maintaining contact with existing stakeholders and extended stakeholder bases.

Indicator 2.1.1	Number of advocacy and awareness campaigns conducted by the Institute and CoLabs
Short definition	Creating awareness in terms of who the institution is and what it does (awareness of digital essentials)
Purpose/importance	Ensure the institute's mandate as well as brand are communicated properly to South African citizens and communities
	Ensure effective partnerships over all spheres, all sectors and CoLabs

These are marketing activities hosted by NEMISA and its stakeholders in the current financial year.

Quarter one

NEMISA events

- Media Monitoring Seminar
- Innovation Seminar
- Online Netiquette Workshop
- Digital Footprint & Online Presence Workshop
- E-Astuteness Training Awareness

Partnership/collaboration events

- DTPS outreach programme in Mpumalanga
- Careers expos in Parliament and Atlantis (WC)
- Partnership meeting/collaborations happened with IBM SA, DOC/DTPS/ Presidency, CUT, GoogleSA/Lindamahle
- Department of Telecommunications & Postal Services Budget Vote



Quarter two

NEMISA events

- Big Data Workshop
- EC TVET ICT Training
- Limpopo Health Data Hackathon

Partnership/collaboration events

- DTPS Outreach Programmes – Limpopo, KwaZulu-Natal and North West
- USAASA Mpendle Launch
- EC Summit
- Sasol Technox

International events

- ITU Telecom World 2018
- IEEE Conference 2018
- BRICS Meeting of Ministers of Telecommunications, Durban



Quarter three

NEMISA events

- National Big Data Workshop
- UKZN College of Health Sciences Induction
- 4th S-Direct Seminar
- E-Tourism Hackathon
- The Role of Universities in the Digital Era
- Discussion Cases Workshop

Partnership/collaboration events

- DTPS Duncan Village Outreach – Eastern Cape
- Cybersecurity awareness/LIMA Business Engagement – Gauteng
- Multi-Stakeholder Engagement forum on 4IR Skills – Gauteng

Quarter four

This quarter the focus was mainly on stakeholder engagement and business development.

NEMISA events

- Surviving Social Media, as a community training intervention

NEMISA/Colab graduations 2018/19

- North West University – Food and Safety Quality Assurance
- Durban University of Technology – Public Administration
- Durban University of Technology – Computer Science
- Mobile Tech Business Development – WC Colab
- E-Literacy Graduation Upington – NC/SG Colab

Below are touchpoints that NEMISA also uses to communicate digital skills information.

Online and advocacy and awareness in print media

- 2 Articles in IOL and Voice 360.
- Profiling of NEMISA in the South African Business Integrator Magazine, March Edition. 2 page interview on NEMISA with the Acting Chief Executive Officer (ACEO) and 2 page Advertorial.
- Updates/advertorial in the Department of Communications DigiBytes newsletter.
- Social media updates on NEMISA training interventions and recruitment.
- Articles published in the Star late edition and Daily News "Can Machines Make Moral Decisions" by Dr C Thakur.

Website: www.nemisa.co.za

Social Media : Twitter, Facebook and Instagram. Other external stakeholder communication touch points for the reported period include: Annual Report 2018/19



2.7. Revenue collection

Source of venue	2017/18 R'000			2018/19 R'000		
	Estimated	Actual amount collected	Over / (under)	Estimated	Actual amount collected	Over / (under)
NEMISA - operations	43 785	43 785	0	46 325	46 325	0
iNesl	42 000	42 000	0	44 436	44 436	0
Additional funds	6 082	0	0	6550	0	0
Total	91 867	85 785	0	97 311	90 761	0

PART C

GOVERNANCE



3.1. Introduction

Corporate governance as per King IV involves processes and systems by which Organisations / Companies / Entities are directed, controlled and held accountable. In addition, legislative requirements for NEMISA, Corporate Governance are applied through the precepts of the PFMA and National Treasury regulations and notices.

3.2. Portfolio committee

NEMISA met with the Portfolio Committee on Telecommunications and Postal Services on various occasions to discuss the iKamva Digital Skills Institute Bill prior to its approval. The NEMISA Chairperson, Prof Walter Claassen, the Acting Chief Executive Officer (ACEO), Mr Phuti Phukubje, and the Chief Financial Officer (CFO), Mr Thilivhali Ramawa, represented the institution.

3.3. Executive authority

NEMISA reports to the Department of Telecommunications and Postal Services. Throughout the year, NEMISA has had various engagements with the DTPS on governance and oversight matters.

The DTPS continued to provide strategic and policy direction to the organisation. Key engagements with the DTPS include amongst others the following:

- Quarterly review meetings.
- Bilateral meetings with the Minister and Deputy Minister to address matters of organisational governance.

3.4. Accounting authority

3.4.1. Board of Directors

The Board is the accounting authority of NEMISA in terms of the Public Finance Management Act (PFMA Act No. 1 of 1999).

In terms of clause 13 of the Memorandum of Incorporation, the Board of NEMISA should be composed of no less than (5) Directors, until otherwise determined by the Minister or at an Annual General Meeting (AGM).

At least one of the Directors shall be the Chief Executive Officer who serves on the Board as ex officio as prescribed in the Memorandum of Incorporation (MOI).

As at 31 March 2019, the Board consists of four non-executive directors appointed from 01 September 2016. The term of one member, who was re-appointed from 1 October 2016, ended on 31 March 2019. The term of office of the Board members is three years.

The Board's primary function is to determine the Institute's strategic direction and to exercise prudent control over the Institute and its affairs.

The Board fully subscribes to the principles of good governance and regards these as fundamentally important to the business success and sustainability of the Institute.

The Board concludes a Governance Agreement with the Executive Authority annually. The main aim of the Governance Agreement is to document the organisation's deliverables for the year as well as to outline the requirements regarding reporting responsibilities, meeting schedules as well as communication protocols.

The Board has ultimate responsibility and accountability for the performance and operations of the organisation. It has the responsibility to ensure that the organisation adheres to high standards of ethical behaviour and provides oversight and guidance.

3.4.2. Board appointments

During the financial year under review there were no new Board appointments.

3.4.3. Independence of the Board

The Board considers submissions and recommendations made by Management and makes independent decisions on its fiduciary responsibilities and the strategic direction of the company. The Board has a formal charter that defines its mandate, roles and responsibilities.

The Board committees meet independently and report back to the Board through their chairpersons. Each committee has a formal charter that clearly defines its roles and responsibilities.

The Audit and Risk Committee regularly meets individually with the external and internal auditors. Furthermore, the Board, its committees and individual directors may engage independent counsel and advisers on request and at the discretion of the Board.

3.4.4. Board composition

The following is the Board composition as at 31 March 2019:

Non-Executive Member	Term of office
Prof. Walter Claassen, Chairperson	1 October 2016 – 30 September 2019
Prof. Manoj Maharaj	1 October 2016 – 30 September 2019
Ms Sarienke Kersh	1 October 2016 – 30 September 2019
Ms Nelisiwe Mkhalihi	1 October 2016 – 30 September 2019
*Mr Lucas Mello	1 October 2016 – 31 March 2019

*The term of office of Mr Lucas Mello has ended on 31 March 2019.

NEMISA Board members



PROF WALTER CLAASSEN
Board Chairperson



PROF MANOJ MAHARAJ
Board Member
PAAC Chair



NELISIWE MKHALIPHI
Board Member
HRRC Chair



SARIENKE KERSH
Board Member
SETCOM Chair



LUCAS MELLO
Board Member
*ARC Chair

3.4.5. Board meeting attendance for 2018/19

Date	Claassen	Maharaj	Mello	Kersh	Mkhaliphi
16 April 18	✓	✓	✓	✓	✓
26 April 18	✓	✓	✓	✓	✓
11 May 18	✓	✓	✓	✓	✓
28 May 18	✓	✓	✓	✓	✓
20 July 18	✓	✓	✓	✓	✓
30 July 18	✓	✓	✓	✓	✓
13 August 18	✓	✓	✓	✓	✓
31 August 18	✓	✓	✓	✓	✓
29 October 18	✓	✓	✓	✓	✓
29 November 18	✓	✓	✓	✓	✓
15 January 19	✓	✓	✓	✓	✓
28 January 19	✓	✓	✓	✓	✓
06 February 19	✓	✓	✓	✓	✓
28 February 19	✓	✓	-	✓	✓
Total = 14	14	14	13	14	14

3.5. Audit and Risk Committee (ARC)

3.5.1. ARC membership

In the reported financial year, the Committee was comprised as follows:

Chairperson: Mr. Lucas Mello
Members: Prof. Manoj Maharaj
 Ms. Sarien Kersh

It must be noted that the Minister of Communications co-opted Ms. Precious Sibiya as the Chairperson of the Audit and Risk Committee with effect 16 May 2019 until the end of the term of office of the Board on 30 September 2019 or until the new Board is appointed.

3.5.2. Committee objectives

- The Committee is established in terms of section 51(1)(a)(ii) of the Public Finance Management Act No 1 of 1999 (PFMA) as amended and relevant National Treasury Regulations, and in accordance with NEMISA's Memorandum of Incorporation.
- The Committee is an advisory Committee of the Board. The Committee continues to function effectively and gives guidance and support to the Board in terms of its duties as detailed in the approved charter.

In respect of the statutory duties of the Committee as set out in section 94 of the Act and the PFMA, the Committee will be accountable and report to the members of the Organisation and such other parties as provided for in the Acts. In respect of all other duties as contained in the Terms of Reference, the Committee will be accountable to and report to the Board.

3.5.3. ARC meeting attendances

Date	Mello	Maharaj	Kersh
19 April 18	✓	✓	✓
24 May 18	✓	✓	✓
23 May 18	✓	✓	✓
26 October 18	✓	✓	✓
21 January 19	✓	✓	✓
Total = 5	5	5	5

3.6. Human Resources & Remuneration Committee (HRRC)

3.6.1. HRRC membership

In the reported financial year, the Committee was comprised as follows:

Chairperson: Ms. Nelisiwe Mkhaliphi
Members: Mr. Lucas Mello
 Prof. Walter Claassen
 Mr. Phuti Phukubje (ACEO)
 Mr. Thilivhali Ramawa (CFO)

3.6.2. Committee objectives

- The HRRC has been established to assist the Board in dealing with the human resources and remuneration matters for the Organisation.
- The Committee shall exercise its delegated authority as determined by the Board from time to time, subject to the legislative frameworks including the provisions of the Companies Act No. 71 of 2008, King Codes, the iNeSI Bill, the NEMISA Memorandum of Incorporation, the Labour Relations Act 66 of 1995, the Basic Conditions of Employment Act 75 of 1997 and other labour legislation.

3.6.3. HRRC meeting attendances

Date	Mello	Claassen	Mkhaliphi
19 April 18	✓	✓	✓
26 April 18	✓	✓	✓
04 June 18	✓	✓	✓
20 July 18	✓	✓	✓
21 January 19	✓	✓	✓
Total = 5	5	5	5

3.7. Programme and Academic Committee (PAAC)

3.7.1. PAAC membership

In the reported financial year, the Committee was comprised as follows:

Chairperson: Prof. Manoj Maharaj
Members: Ms. Sarien Kersh
Ms. Nelisiwe Mkhali
Prof. Walter Claassen
Mr. Phuti Phukubje (ACEO)
Mr. Thilivhali Ramawa (CFO)

3.7.2. Committee objectives

- The PAAC has been established to assist the Board in respect of matters related to the development, implementation and monitoring of NEMISA's programme related projects, stakeholder management and funding in accordance with the vision, mission and core values of the Organisation.
- The Committee exercised is delegated authority as determined by the Board from time to time, subject to the provisions of the iNeSI Business Case, NEMISA's Memorandum of Incorporation, the Public Finance Management Act No. 1 of 1999, the Board Charter and any other applicable legislation in relation to NEMISA's mandate as may be determined from time to time by the Shareholder.

3.7.3. PAAC meeting attendances

Date	Claassen	Maharaj	Kersh	Mkhali
20 April 18	✓	✓	✓	✓
26 April 18	✓	✓	✓	✓
04 June 18	✓	✓	✓	✓
24 July 18	✓	✓	✓	✓
24 October 18	✓	✓	✓	✓
27 November 18	✓	✓	✓	✓
22 January 19	✓	✓	✓	✓
06 February 19	✓	✓	✓	✓
Total = 8	8	8	8	8

3.8. Report of the Social, Ethics and Transformation Committee (SETCOM)

3.8.1. SETCOM membership

The Committee is comprised of two (2) Non-Executive Directors, one of which must be a member of the Audit and Risk Committee. The Acting Chief Executive Officer (ACEO) and the Chief Financial Officer (CFO) are also members of the Committee.

In the reported financial year, the Committee was comprised as follows:

Chairperson: Ms. Sarien Kersh
Members: Ms. Nelisiwe Mkhali
Mr. Phuti Phukubje (ACEO)
Mr. Thilivhali Ramawa (CFO)

The following key staff members were invited to the Committee as the agenda of the meetings dictates:

- National CoLab Director.
- Human Resources Manager.
- Marketing Officer.
- Head of ICT.

3.8.2. SETCOM meeting attendance

Date	Kersh	Mkhaliphi
20 April 18	✓	✓
20 July 18	✓	✓
30 July 18	✓	✓
19 October 18	✓	✓
14 January 19	✓	✓
Total = 5	5	5

3.8.3. Committee mandate

The SETCOM is a statutory Board Committee prescribed by Regulation 43 of the Companies Act No. 71 of 2008 and is thus accountable to the Board.

The Board has established the committee in line with legislation in order to monitor whether the organisation complies with the relevant social, ethical and legal requirements and best practice codes.

The committee has an independent role with accountability to both the Board and Shareholder. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management.

The role ascribed to the Committee by King IV is that of oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. The nature of delegation is benchmarked against the Companies Act of 2008, corporate governance principles, codes and best practice.

The mandate and Terms of Reference (ToR) are subject to the provisions of the Companies Act of 2008, as amended, the Institute's Memorandum of Incorporation and any other applicable law or regulatory provision.

The committee also oversees compliance with laws that are intended to enhance corporate social and ethics responsibility, such as the Employment Equity Act, the Broad-Based Black Economic Empowerment Act, the Consumer Protection Act, as well as various industry charters.

In the reported financial year, the committee had four (4) meetings. Several matters related to the corporate social and ethics responsibilities were tabled and discussed and the Committee considered a number of policies such as the Staff Declarations of Interest; the Corporate Social Investment and the Employment Wellness Policies. The following matters were recommended to the Board for approval:

- The amendment of the B-BBEE requirement levels in the Supply Chain Policy.
- 2018/19 Board Charter.
- CSI Student Sponsorship.

3.8.4. Statement on transformation

The Committee places a high priority on transformation and has emphasised this by including transformation in the committee's name.

SETCOM considers transformation issues from three aspects:-

- Transformation within the ranks of NEMISA employees.
- The value and importance of e-skilling the citizens of South Africa, both urban and particularly rural, as a mechanism of effecting transformation nationally.
- Ensuring that NEMISA's collaborators and partners have transformation as a key priority in their organisations.

3.8.5. Employment equity statement

On behalf of the NEMISA Board, SETCOM monitors the implementation of policies and procedures to ensure that NEMISA complies with the Employment Equity Act by promoting equal opportunity and fair treatment in employment and implementing affirmative action measures to redress past disadvantages, as well as to create an environment where no person may unfairly discriminate, directly or indirectly, against an employee in any employment policy or practice, on one or more grounds including race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, and birth. The Recruitment Selection Policy has been updated to reinforce NEMISA's commitment to employment equity.

3.8.6. Employment Equity Plan (EE Plan - 3 years)

NEMISA has prepared an EE Plan to implement in the next financial year to achieve the objectives of the organisation and the Employment Equity Act. The details of this plan are contained in the HR Report. It is central to NEMISA's strategy to recruit and maintain motivated, skilled and expert staff in order to meet its goals and objectives. To give effect to e-skilling South Africa, the organisation continued to develop staff so that they can contribute to the national e-skills strategy.

For the financial year under review, Racial Representation, Gender Representation and Skills Development were solely under the oversight of the Human Resources and Remuneration Committee.

3.8.7. Plans for the next year

SETCOM will continue overseeing NEMISA's activities in sustainable social and economic development, which includes labour and employment, environmental management, HIV/AIDS, corporate social investment, beneficiary (consumer) relationships, the promotion of equality and ethics management in the areas of:

- Work.
- Market.
- Natural resources.
- Communities.



Ms. Sarien Kersh
Chairperson of the Social, Ethics and Transformation Committee

4. Risk management

The Board of NEMISA subscribes to King IV principles of risk governance. Risk Management is a standing item of the agenda on the Audit and Risk Committee (ARC) meetings. Risk management processes are at the initial stages of development/implementation and progress is monitored at each quarterly meeting of ARC. A service provider has been appointed to assist in the co-ordination and implementation of risk management process in the absence of a dedicated risk personnel staff. Various risk assessments were conducted which have culminated in a reviewed strategic and operational risk register.

5. Internal control

Quarterly internal controls reviews are done by Internal Audit on a quarterly (ongoing) basis. Action plans from both the findings of the internal auditors and AGSA are developed and these are followed on a regular basis by Internal Audit and reported at each quarterly meeting of ARC.

6. Internal audit

Key activities and objectives of internal audit

The objective of the internal audit function is to provide independent, objective assurance designed to add value and improve NEMISA operations. It assists NEMISA to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

Audit work

NEMISA has outsourced the function of internal audit to Outsourced Risk and Compliance Assessment (Pty) Ltd (ORCA).

The following reviews/activities as per audit plan were completed for the 2018/19 financial period and presented to the Audit and Risk Committee:

- Risk management.
- Corporate governance review.
- Fraud prevention.
- Core functions review of NEMISA.
- Supply chain management including procurement processes.
- Contract management.
- Financial management processes.
- Revenue including government grants and student fees.
- Payables and expenditure management.
- Conducted quarterly performance management reviews.
- Conducted quarterly follow up reviews (both internal and external audit findings).
- Investment and cash management; and
- Assets management and maintenance.

7. Audit and Risk Committee

7.1. Objectives of the Audit and Risk Committee

- The objective of the Audit and Risk Committee is to assist NEMISA in the discharge of its responsibilities for financial and management reporting, corporate governance and corporate control including the review of internal controls and the management and mitigation of risks.
- It should also review NEMISA's policies in complying with relevant laws, regulations and ethics.

7.2. Key activities of the Audit and Risk Committee

The Audit and Risk Committee should assist the Board in carrying out its responsibilities as they relate to NEMISA:

- (a) financial, management and other reporting practices;
- (b) internal controls and management of risks; and
- (c) compliance with laws, regulations, and ethics.

8. Compliance with laws and regulations

NEMISA attended a training workshop on the 5 March 2019 hosted by the National Treasury Department on Supply Chain Management (SCM) and Irregular Expenditures to keep abreast of laws and regulations that need to be complied with. NEMISA regularly liaises with National Treasury for guidance in these regards. As part of risk management NEMISA will monitor compliance on a quarterly basis.

The CFO also attends the CFO Forum and meetings arranged by National Treasury to keep abreast with new developments.

9. Fraud and corruption

NEMISA has an approved Fraud Prevention Policy that guides how the matters of fraud and corruption should be handled.

NEMISA has a Fraud and Ethics Hotline that is hosted by Whistleblowing. Continued awareness raising is conducted with staff and stakeholders. Matters identified from the hotline are reported on every quarter at the Audit and Risk Committee. The contact details of NEMISA's Fraud and Ethics Hotline are as follows:

0800 426 254

SMS: 33490

nemisa@whistleblowing.co.za

www.whistleblowing.co.za

10. Minimising conflict of interest

All staff and the Board on NEMISA are required to do an annual declaration of their interest. In addition, staff and the board are required to declare at each meeting if they do have conflicts of interest. In the past year no conflicts of interest were declared.

11. Code of conduct

NEMISA has its own approved Code of Conduct for employees which is signed by every employee.

12. Health, safety and environmental issues

NEMISA is committed to achieving environmental, health and safety excellence. The organisation strives to provide a safe and healthy working environment and to avoid harming the environment and the communities in which it operates.

All employees contribute in this regard by:

- Complying with environmental, health and safety laws.
- Taking measures to prevent workplace injuries and illnesses and providing a healthy and safe working environment.
- Cooperating with the public, the government and other interested parties to develop regulatory and public policies to protect public health and the environment.

During the 2018/19 financial year there were no incidents reported.

13. Company secretary

FluidRock Co Sec (Pty) Ltd was appointed on 1 January 2019 on resignation of the former Company Secretary. The Company Secretary is responsible for providing governance advice and guidance as well as administrative duties to the Board and its Committees. The Company Secretary is accountable to the Board and maintains a professional relationship with the Board members. The duties of the Company Secretary are outlined in section 10.2 of the Memorandum of Incorporation of NEMISA.

PART D

HUMAN RESOURCE MANAGEMENT



14.1.1 Introduction

People are the most important assets within the organisation. Thus, NEMISA benefits a lot from its employees since there is a return on investment due to the value they are adding in being an employer of choice in adopting a high-performance culture based on a value-added approach.

The purpose of the Human Resources Unit role in the organisation is to effectively manage and execute the Human Resources Strategy and Plan aligned to the overall strategic and annual performance plan of the organisation.

The organisation manages the appointment of staff against need and takes into account the current organisational redesign process that happened in 2017/18. The Board approved the macro and micro organisational structure that will guide new appointments and critical posts. The key posts of Chief Executive Officer, Company Secretary, Executive Manager: Strategy and Planning and Chief Operations Officer are vacant.

14.1.2. Overview of HR matters at NEMISA

The staff complement for the 2018/19 was 41. The total number of filled position was based on the approved structure of 49 positions. Not all positions could be filled due to the temporary moratorium placed by the Shareholder in January 2019. An overall percentage vacancy rate is 16.3%.

14.1.3. Set HR priorities for the year under review and the impact of these priorities:

a) Appointment of additional headcounts as per the approved structure

Ensuring, as far as possible, that the best and relevantly qualified people are recruited (to meet operational needs and achieve strategic objectives, including employment equity and quality) on merit and that all appointments are as per the funded approved structure.

b) Employees training and development aligned to the approved structure and Workplace Skills Plan/Annual Training Report

Effective training and development offers benefits to the individual and the Organisation as a whole, which ultimately contributes to the achievement of NEMISA's objectives.

c) Submission of compliance/legislative reports

The submissions of compliance/legislative reports, e.g. Employment Equity Report (EE), Workplace Skills Plan (WSP), Annual Training Report (ATR), Compensation for Occupational Injuries and Diseases (COID), are important in helping NEMISA to comply with different sectors such Department of Labour (DoL), Education Training Development and Practices - Sector Education and Training Authority (ETDP-SETA). Such reports play a major role in improving the organisation's performance.

14.1.4. Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

NEMISA will continue to recruit qualified and experienced employees in order to achieve its main objectives. The Institute will be guided by the Employment Equity Plan during the recruitment processes.

14.1.5. Employee performance management framework

The Performance Management Framework and Policy was approved by the NEMISA Board in February 2018. The staff was workshopped on the above-mentioned policy. The newly standardised performance agreements were developed and are implemented.

As far as the 2017/18 performance review cycle is concerned, all eligible employees were assessed in line with the approved Performance Management Framework and Policy resulting in all qualifying employees receiving their different once-off performance incentives during the 2018/19 Financial Year.

Performance reviews for the 2018/19 cycle were finalised, audited and the report related to this process will be given to the Board for approval.

14.1.6. Employee wellness programmes

In October 2018, an information session on employee benefits was held for all employees by an external service provider. The focus was on a Group Life Scheme and its benefits to employees.

14.1.7. Policy development

Human Resources Policies are important as they provide structure, control, consistency, fairness and reasonableness in the organisation. They also ensure compliance with employment legislation and inform employees of their responsibilities and the organisation's expectations. Policies are both proactive and reactive: Proactive in addressing situations that may arise and reactive in addressing situations in order to ensure they don't happen again.

NEMISA's HR Policies were last approved in 2012 and were later reviewed as per the 2017/18 Integrated HR Project Plan. The Plan prioritised the required HR Policies to ensure compliance. In February 2018 ten (10) HR Policies valid for three (3) years were approved by NEMISA Board and currently these policies are at the implementation stage. The future plans are to have additional HR Policies for the organisation to continue in assisting the organisation in establishing and maintaining consistent practices in the workplace.

It was agreed that a task team be established to finalise the following ten (10) policies, that we eventually approved in February 2018:

- Code of Conduct and Ethics.
- Performance Management.
- Recruitment and Selection.
- Relocation and Resettlement.
- Disciplinary Code and Procedure.
- Grievance Procedure.
- Leave.
- Skills Development.
- Employee Remuneration and Benefits.
- Employment Equity.

NEMISA communicated the approved Human Resource Policies to all staff.

The following draft policies were consulted with employees and Union and submitted to the Human Resources and Remuneration Committee on route to Board for approval:

- Workforce Mobility Policy Draft.
- Employee Wellness Policy Draft.
- Sexual Harassment Policy Draft.
- Sponsorship and Conflict of Interest Policy Draft.

All the HR policies provide guidelines on employer-employee relationships, which impart information on acceptable norms

of behaviour, work, health and safety measures, employment laws, conflict resolution and disciplinary measures. Policies on the rights, duties and responsibilities of employees create a suitable working environment and promote healthy workplace relationships. Over and above, policies comply with relevant laws and regulations protect an organisation from incurring corporate liability and employee lawsuits. Clearly written HR policies and procedures provide guidelines to employees regarding their rights and responsibilities.

14.1.8. Highlight achievements in 2018/19

- **Re-registration with the Compensation Fund for COIDA. (Awarded Letter of Good Standing):**
 - NEMISA's COID registration certificate and Letter of Good Standing were submitted to the Department of Labour. NEMISA employees are covered should they be involved in the unforeseen injuries on duty.
- **The Employment Equity (EE) Report was approved and successfully submitted to the Department of Labour:**
 - The Employment Equity Report is a statutory report of the Department of Labour (DoL). It enables employers to comply with Section 21 of the Employment Equity Act 55 of 1998, as amended. The Board of NEMISA approved the Statutory Employment Equity Report and was submitted to the Department of Labour before 15th of January 2019.
- **The Workplace Skills Plan (WSP) and Annual Training Report (ATR) were approved and successfully submitted to ETDP-SETA:**
 - NEMISA submitted its WSP/ATR Report for the year under review.
 - On a quarterly basis the training report was shared with Human Resources and Remuneration Committee for monitoring purposes:
 - All trainings were attended by employees and monitored by the Human Resources and Remuneration Committee.
 - NEMISA is currently conducting the skills audit together with other State-Owned Entities.
- **The Key positions were filled;**
 - It should be noted that some of the organisation's critical posts were filled on a temporary basis in line with the approved structure and the recruitment process was adhered to.
- **The current Recognition Agreement was signed and approved by both EXCO and Union.**
 - In the last quarter of 2016/17 Financial Year NEMISA employees became members of a Union. Several meetings took place between the new NEMISA Executive and the Union Officials to finalise the proposed Recognition Agreement that was later signed in September 2018. The Recognition Agreement contains the members' organisational rights and nothing more.
 - Regular communication with employees has improved under the new leadership. Both union representatives and employees at large are being kept abreast of the future of the organisation. The positive side of this is due to the observed high staff morale.

14.1.9. Challenges faced by the public entity:

- Appointment of staff on a temporary basis due to moratorium coupled with high staff turnover threatens the stability of the organisation.

14.1.10. Future HR plans /goals

14.1.10.1. HR managing the present and the future

- Implementation of the Employee Wellness Programme.
- Conducting employee satisfaction surveys.

14.1.10.2. Human resources oversight statistics

Personnel Cost by programme/activity/objective

Programme / activity / objective	Total expenditure for the entity	Personnel expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
	101 856 750	21 956 287	21.5%	54*	430 515.43

Personnel cost by salary band

Level	Personnel expenditure	% of personnel exp.to total personnel cost	No. of employees	Average personnel cost per employee
Top management	4, 270 182.09	19.4%	4	1, 067 545.52
Senior management	1, 787 881.75	8.2%	2	893 940.88
Professional qualified	4, 932 005.39	22.5%	8	616 500.67
Skilled	8, 935 762.87	40.7%	27	330 954.18
Semi-skilled	2, 030 454.90	9.2%	10	203 045.49
Unskilled	0	0%	0	0
Total	21, 956 287.00	100%	54*	430 515.43

* 54 includes short term contract employees

Performance rewards

Programme / activity / objective	Performance rewards	Personnel expenditure	% of performance rewards to total personnel cost
Top management	57 462.08	4,270 182.09	1.4%
Senior management	68 307.76	1,787 881.75	3.8%
Professional qualified	258 542.23	4,932 005.39	5.2%
Skilled	530 149.00	8,935 762.87	5.9%
Semi-skilled	191 273.63	2,030 454.90	9.4%
Unskilled	0	0	0%
Total	1,105 734.70	21,956 287.00	5.0%

Training costs

Programme / activity / objective	Personnel expenditure	Training expenditure	Training expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee
Study assistance	324 420.56	197 037.70	60.74%	7	28 148.24
Short-term Training		90 432.20	27.87%	9	10 048.02
Continuing Professional Development		33 050.66	10.19%	5	6 610.13
Conferences / workshops		3 900.00	1.20%	1	3 900.00

Employment and vacancies

Programme / activity / objective	2017 / 2018 No. of employees	2018 / 2019 Approved posts	2018 / 2019 No. of employees	2018 / 2019 Vacancies	% of vacancies
Total	39	49	41	8	16.3%

Level	2017 / 2018 No. of employees	2018 / 2019 Approved posts	2018 / 2019 No. of employees	2018 / 2019 Vacancies	% of vacancies
Top management	2	3	2	1	12.5%
Senior management	2	2	1	1	12.5%
Professional qualified	7	7	6	1	12.5%
Skilled	21	28	24	5	62.5%
Semi-skilled	7	9	8	0	0%
Unskilled	0	0	0	0	0%
Total	39	49	41	8	100%

14.1.10.3. Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	3	1	2	2
Senior management	2	0	1	1
Professional qualified	7	2	2	6
Skilled	21	11	7	24
Semi-skilled	7	2	1	8
Unskilled	0	0	0	0
Total	39	15	13	41

14.1.10.4. Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	8	61.5%
Dismissal	1	7.7%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	4	30.8%
Other	0	0%
Total	13	100%

14.1.10.5. Labour Relations: Misconduct and disciplinary actions

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	1

14.1.10.6. Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	0	0	0	0	0	0
Senior management	0	2	1	0	0	0	0	0
Professional qualified	1	4	1	1	1	1	0	0
Skilled	9	5	0	2	0	0	0	1
Semi - skilled	2	2	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	14	15	2	3	1	1	0	1
Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	0	0
Senior management	0	3	0	0	0	0	0	1
Professional qualified	2	10	1	1	0	0	0	0
Skilled	13	4	1	1	0	0	2	2
Semi - skilled	3	3	1	1	0	0	1	1
Unskilled	0	0	0	0	0	0	0	0
Total	18	21	3	3	0	0	3	4

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	1
Semi - skilled	0	0	0	0
Unskilled	0	0	0	0
Total	0	0	0	1

NEMISA Executives



PHUTI PHUKUBJE
Acting Chief Executive Officer



THILIVHALI RAMAWA
Chief Financial Officer

NEMISA Staff



KEFILOE NTSILENG



MPHO MAEDI



KHOMOTSO MALAKA



MOSES RAMPUTLA



VICTORIA TAU



PHORA MOSHOME

NEMISA Staff



KIMBERLY MATLOSA



TEBOGO NGXANDE



PETER JEMBULA



ANNAH MOTLOUNG



MOHAPI MOILOA



SAMKELISIWE MOHUTSIWA



DOC FICK



BONGIWE KUBHEKA



UNATHI PEYANA

NEMISA Staff



SIBONGILE IMENDA



ITUMELENG MOKOENA



LEBOGANG NKOANE



KUBEN DAVID



HENSON MAGUMISE



BHEKI KHUMALO



PETRUS MOJAKI



MANDISA MKHATSHWA



NKOSINGIPHILE MAHLALELA

NEMISA Staff



THEMBI SIBEKO



JENNIFER MEKGWE



BRENDA MFAKU



LUNGILE XULU



ANTOINETTE YOUNG



JACQUES FORTUIN



LIZETTE RUDY



THERESA JURRIES



ADRI STRYDOM

NEMISA Staff



MARY MOLEKE



LUNGILE MBOKAZI



FERIAL KAYLAS



PART E

FINANCIAL INFORMATION



Report of the Auditor-General of South Africa to Parliament on the National Electronic Media Institute of South Africa

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Electronic Media Institute of South Africa set out on pages 63 to 86, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Electronic Media Institute of South Africa as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. 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 this auditor's report.
4. I am independent of the public entity in accordance with section 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, part 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of ethics for professional accountants (including International Independent Standards)* as well as the 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Restatement of corresponding figures

7. As disclosed in note 20 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2019.

Responsibilities of the board of directors, which constitutes the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the National Electronic Media Institute of South Africa'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 public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

10. 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.
11. 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

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – multi-stakeholder collaboration	17
Programme 3 – e-astuteness development	18
Programme 4 – knowledge for innovation	19

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 3 – e-astuteness development Various indicators

17. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:

Performance indicator	Reported achievement (APR)	Achievement per source documents
Number of e-Literacy Learners trained	4 884	3 411
Number of Sector users trained	4 445	2 659
Number of ICT Practitioners trained	812	138
Number of e-Leaders trained	290	93

Programme 4 – Knowledge for Innovation

Indicator: Number of new e-skills products developed

18. The achievement for the number of new e-skills products developed reported in the annual performance report was eight. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of three.

Programme 2 – multi-stakeholder collaboration

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

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 17 to 20 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 17 and 18 this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 3 – e-astuteness development and programme 4 – knowledge for innovation. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of current liabilities and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R33,4 million as disclosed in note 24 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the entity not following proper supply chain management processes.

Procurement and contract management

27. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.

28. Some of the contracts were extended or modified without the approval of a properly delegated official, as required by section 44 of the PFMA and treasury regulation 8.1 and 8.2.

Other information

29. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
31. 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 and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

33. I considered internal control relevant to my audit of the financial statements, reported performance information 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 findings on the annual performance report and the findings on compliance with legislation included in this report.
34. The accounting authority did not exercise sufficient oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls to ensure that the financial statements and annual performance report are free from material misstatements. Furthermore, the lack of dedicated resources to execute best practices resulted in inadequate documented processes and systems implemented for the collection, collation, monitoring and reporting of financial and performance information.
35. Management did not adequately implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Furthermore, they did not adequately prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. In addition, management did not adequately review and monitor compliance with applicable legislation.

Auditor-General

Pretoria
31 July 2019



Annexure – Auditor-General of South Africa's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
 - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Electronic Media Institute of South Africa's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

15.1. Board of members' responsibilities and approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the audited annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and was given unrestricted access to all financial records and related data.

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

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board of members sets standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are 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 audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2020 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Department of Telecommunication and Postal Services (DTPS) for continued funding of operations. The audited annual financial statements are prepared on the basis that the entity is a going concern and that the DTPS has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's audited annual financial statements. The audited annual financial statements have been examined by the entity's external auditors and their report is presented on page 53.

The audited annual financial statements set out on pages 63 to 86, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2019 and were signed on its behalf by:



Prof. W. Claassen
Chairperson of the Board

15.2. Audit and Risk Committee report

We are pleased to present our report for the financial year ended 31 March 2019.

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Summary of main activities undertaken by the Audit and Risk Committee during the financial year under review

The Audit and Risk Committee met at least four times during the year under review and performed, amongst other activities, the following key responsibilities:

- Approved the strategic and coverage plans of Internal Audit.
- Reviewed the audit strategy of the Auditor General of South Africa (AGSA) and their audit report to the entity for the financial year ended 31 March 2019.
- Reviewed and updated the Audit and Risk Committee Charter and Internal Audit Charter.
- Reviewed the in-year management reporting relating to financial management, risk management and performance management.
- Noted the review reports and outcomes from Internal Audit.
- Reviewed the improvements implemented by management to address control weaknesses reported by Internal Audit and the AGSA.
- Noted the quarterly and annual performance reports.
- Noted the Annual Performance Plan 2019/20.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective and transparent. In line with the PFMA requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General of South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was effective.

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

The Audit and Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of NEMISA during the year under review.

Evaluation of annual financial statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the annual report, with the Auditor-General South Africa and the Chief Executive Officer;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed any changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives to be included in the annual report; and
- Reviewed significant adjustments resulting from the audit.

The effectiveness of internal control and risk management processes

The Internal Audit function, as one of the pillars of the combined assurance model, provides the Audit and Risk Committee and management with reasonable assurance that the internal controls of NEMISA are adequate and effective to assist the organisation to achieve its goals and objectives.

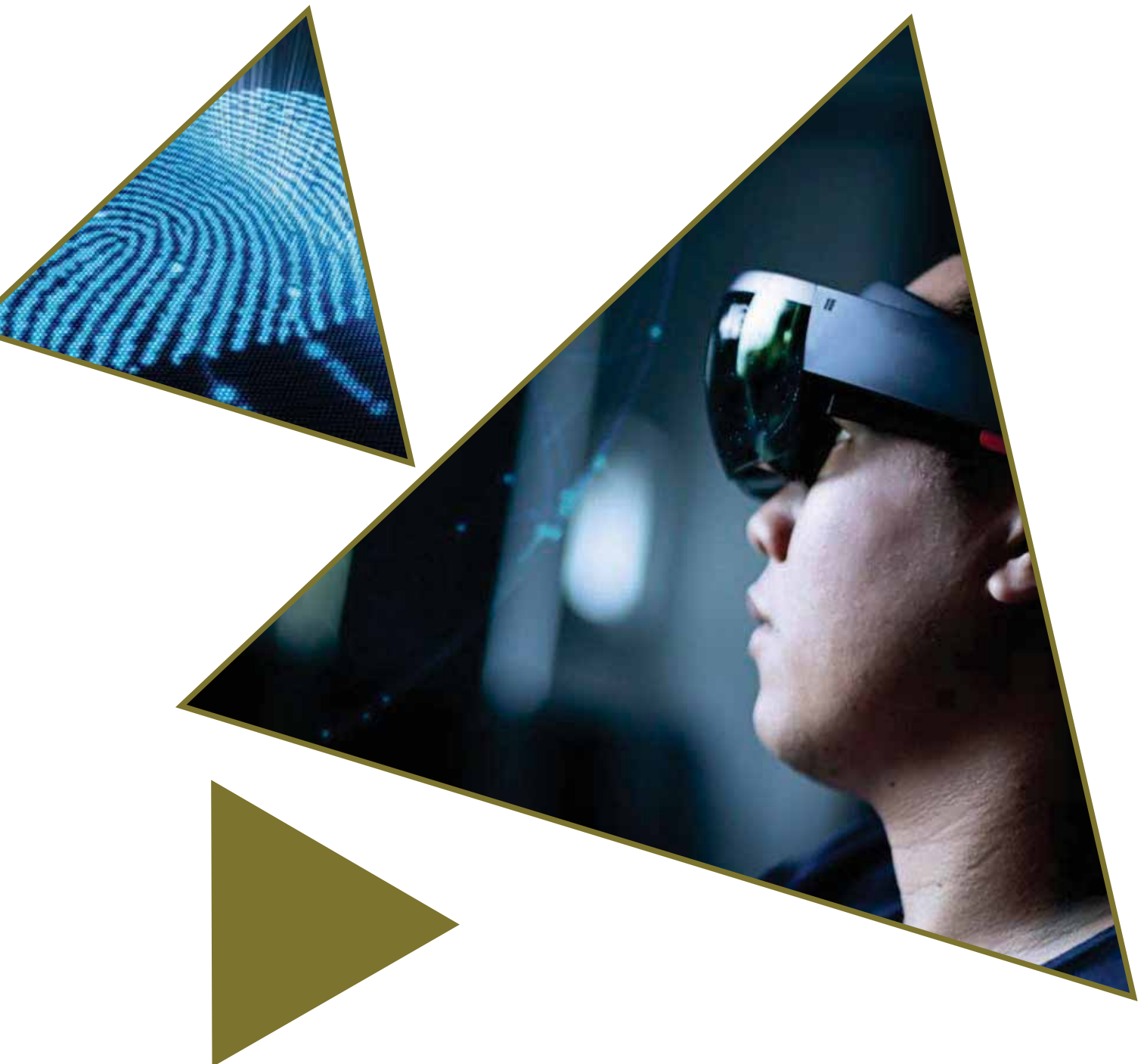
During the year under review, The risk management processes for NEMISA were found to be inadequate. Management's mitigation strategies to address the deficiencies in the risk management processes have been noted and will be monitored at each Committee meeting until fully implemented. The combined assurance model will also be addressed as part of the risk management process implementation.

Conclusion

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General of South Africa on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General of South Africa.



Ms. Precious Sibiya
Chairperson of the Audit and Risk Committee



15.3. Board of members' report

The members submit their report for the year ended 31 March 2019.

15.3.1. Member and executive managers emoluments

Economic entity	Salary or fee	Bonuses and performance related payments	Travel reimbursements	Other allowances	Total package 2019	Total package 2018
Non-executive members						
Prof. W. Claassen	481 573	-	50 344	2 500	534 417	361 779
Mr. T. ka Plaatjie	-	-	-	-	-	178 521
Prof. M. Maharaj	221 853	-	12 890	2 500	237 243	202 119
Mr. L. Mello	219 668	-	61 658	2 500	283 826	393 071
Mr. P. Phukubje	-	-	-	-	-	281 473
Ms. S. Kersh	259 047	-	2 017	2 500	263 564	193 605
Ms. T. Mfulu	-	-	-	-	-	113 836
Ms. N. MkhaliPhi	334 909	-	12 107	2 500	349 516	279 811
	1 517 050	-	139 016	12 500	1 668 566	2 004 215
Executive members						
Ms. M. Ismail - Resigned	443 450	-	-	8 250	451 700	1 527 799
Ms. M. Abdool - Resigned	-	-	-	-	-	146 205
Mr. P. Phukubje - Acting CEO*	1 471 112	-	18 763	49 500	1 539 375	-
Mr. T. Ramawa	1 242 379	-	20 984	30 250	1 293 613	-
	3 156 941	-	39 747	88 000	3 284 688	1 674 004
Senior managers						
Ms. M. Thebethe - Resigned	1 010 433	-	4 716	14 808	1 029 957	1 150 566
Ms. R. Ligege - Resigned	474 036	-	3 189	10 395	487 620	1 023 884
Ms. A. Motlounge	841 039	23 046	-	21 000	885 085	801 507
Ms. E. Dames - Resigned	390 806	-	-	7 242	398 048	971 955
Mr. D. Fick	1 168 340	16 242	19 023	12 600	1 216 205	1 055 086
Ms. T. Serobatse	1 013 580	29 553	17 684	12 600	1 073 417	857 602
Ms. F. Diseko-Biagini - Resigned	541 142	-	8 352	11 873	561 367	371 459
Ms. K. Matlosa	259 468	-	256	7 000	266 724	-
Mr. M. Moiloa	275 351	-	438	7 000	282 789	-
	5 974 195	68 841	53 658	104 518	6 201 212	6 232 059
TOTAL	10 648 186	68 841	232 421	205 018	11 154 466	9 910 278

*Mr. P. Phukubje was appointed as an acting CEO from the 1st of April 2018.

15.3.2. Bankers

Standard Bank of South Africa Limited

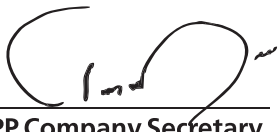
15.3.3. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

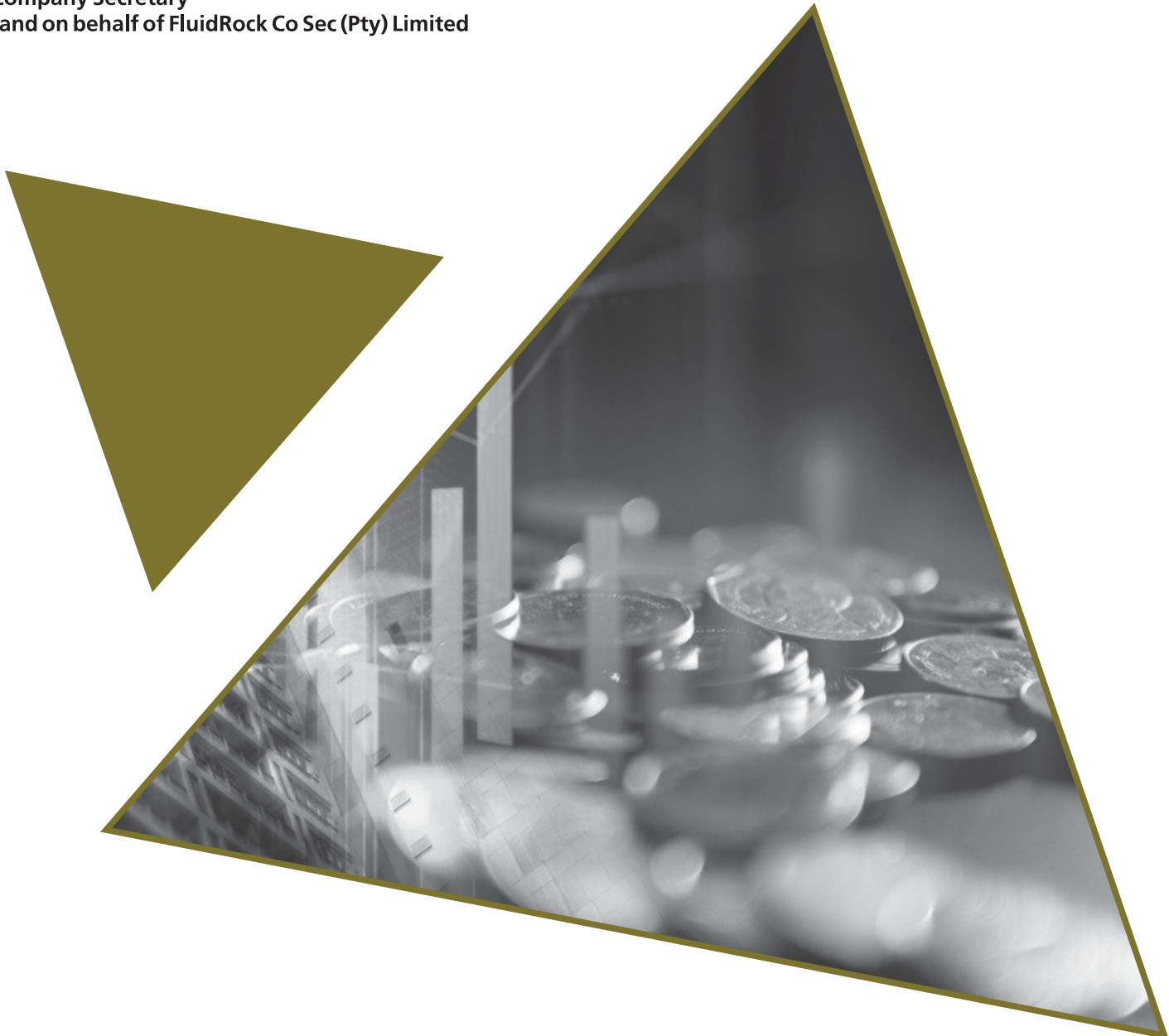
15.4. Company secretary's certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act.

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date, subject to historic inaccuracies currently being addressed.



PP Company Secretary
For and on behalf of FluidRock Co Sec (Pty) Limited

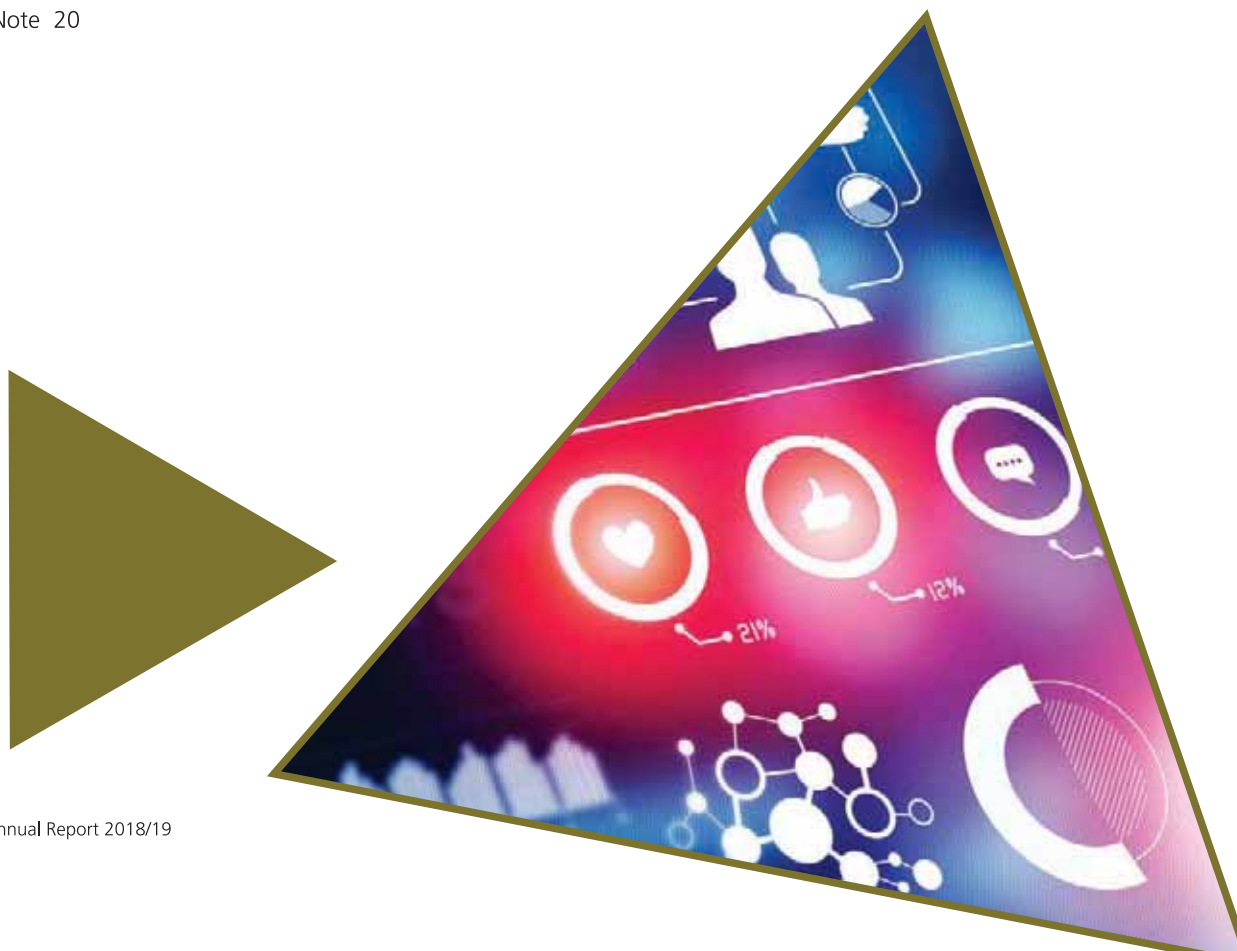


15.5. Annual Financial Statements

Statement of Financial Position as at 31 March 2019

	Note(s)	2019 R	2018 Restated* R
Assets			
Current assets			
Receivables from exchange transactions	4	1 935 574	2 647 158
Cash and cash equivalents	5	44 250 995	51 647 401
		46 186 569	54 294 559
Non-current assets			
Property, plant and equipment	2	3 614 684	3 262 815
Intangible assets	3	25 308	25 308
		3 639 992	3 288 123
Total assets		49 826 561	57 582 682
Liabilities			
Current liabilities			
Operating lease liability		621 083	485 881
Payables from exchange transactions	8	4 479 266	6 467 339
Non-exchange revenue liability		32 302 434	36 404 868
Unspent conditional grants and receipts	6	3 574 636	3 574 636
Provisions	7	2 727 967	2 057 227
		43 705 386	48 989 951
Total liabilities		43 705 386	48 989 951
Net assets		6 121 175	8 592 731
Accumulated surplus		6 121 175	8 592 731

* See Note 20



Statement of Financial Performance

	Note(s)	2019 R	2018 Restated* R
Revenue			
Exchange revenue	9	34 272	4 413 021
Non-exchange revenue	10	94 863 414	90 396 518
Interest received	11	3 862 616	4 178 347
Gain on disposal of assets		625 578	-
Total revenue		99 385 880	98 987 886
Expenditure			
Employee related costs	12	(21 956 287)	(21 293 983)
Directors' emoluments		(4 774 490)	(4 432 340)
Audit fees		(1 713 962)	(1 662 999)
Network expenses		(1 920 407)	(483 638)
Depreciation and amortisation		(1 135 238)	(1 167 703)
Lease rentals on operating lease	13	(7 732 060)	(8 021 574)
Debt impairment		(241 369)	1 685 962
Bad debts written off		-	(3 460 206)
Repairs and maintenance		(140 266)	(432 474)
Consulting		(4 624 600)	(7 947 703)
Professional fees- outsourced services		(1 565 290)	(2 075 178)
Assets written off		-	(130 990)
Operating expenses	14	(56 052 781)	(54 354 892)
Total expenditure		(101 856 750)	(103 777 718)
Deficit for the year		(2 470 870)	(4 789 832)

* See Note 20

Statement of changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 April 2017	13 382 563	13 382 563
Changes in net assets		
Deficit for the year	(4 789 832)	(4 789 832)
Total changes	(4 789 832)	(4 789 832)
Restated* balance at 01 April 2018	8 592 045	8 592 045
Changes in net assets		
Deficit for the year	(2 470 870)	(2 470 870)
Total changes	(2 470 870)	(2 470 870)
Balance at 31 March 2019	6 121 175	6 121 175

* See Note 20

Cash flow Statement

	Note(s)	2019 R	2018 Restated* R
Cash flows from operating activities			
Receipts			
Services rendered		-	6 688 929
Grants		90 761 000	91 867 000
Interest income		3 862 616	4 178 347
Other receipts		34 272	-
		94 657 888	102 734 276
Payments			
Employee costs		(26 770 066)	(23 993 744)
Suppliers		(74 422 699)	(71 665 415)
		(101 192 765)	(95 659 159)
Net cash flows from operating activities	15	(6 534 877)	7 075 117
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 588 460)	(441 356)
Proceeds from sale of property, plant and equipment	2	726 931	-
Net cash flows from investing activities		(861 529)	(441 356)
Net increase/(decrease) in cash and cash equivalents		(7 396 406)	6 633 761
Cash and cash equivalents at the beginning of the year		51 647 401	45 013 640
Cash and cash equivalents at the end of the year	5	44 250 995	51 647 401

* See Note 20

Statement of Comparison of Budget and Actual Amount

Budget on cash basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
	R	R	R	R	R	
Statement of financial Performance						
Revenue						
Revenue from exchange transactions						
Exchange revenue	-	-	-	34 272	34 272	
Interest received - investment	-	-	-	3 862 616	3 862 616	2
Total revenue from exchange transactions	-	-	-	3 896 888	3 896 888	
Revenue from non-exchange transactions						
Transfer revenue						
Appropriation income	90 761 000	6 550 000	97 311 000	94 863 414	(2 447 586)	3
Total revenue	90 761 000	6 550 000	97 311 000	98 760 302	1 449 302	
Expenditure						
Personnel	(23 000 581)	-	(23 000 581)	(21 956 287)	1 044 294	4
Depreciation and amortisation	-	-	-	(1 135 238)	(1 135 238)	
Goods and services	(74 310 419)	-	(74 310 419)	(78 765 225)	(4 454 806)	5
Total expenditure	(97 311 000)	-	(97 311 000)	(101 856 750)	(4 545 750)	
Operating deficit	(6 550 000)	6 550 000	-	(3 096 448)	(3 096 448)	
Gain on disposal of assets	-	-	-	625 578	625 578	1
Actual amount on Comparable Basis as presented in the Budget and actual Comparative statement	(6 550 000)	6 550 000	-	(2 470 870)	(2 470 870)	

1. This relates to income generated by the sale of motor vehicles and was not included in the budget.
2. Interest earned on the rolled-over funds which was not included in the budget.
3. The difference is due to the e-SI allocation from DTPS that was not received by NEMISA as per the budget.
4. Underspending due to vacancies that were not filled.
5. Overspending due to prior year commitments realised as expenditure in the current year.

15.6. Accounting policies

15.6.1. Presentation of audited annual financial statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These audited 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.

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

15.6.1.1. Presentation currency

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

15.6.1.2. Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

15.6.1.3. Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

15.6.1.4. Changes in accounting policies, estimates and errors

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise.

The entity changes an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

15.6.1.5. Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure 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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or 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.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories. Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment. Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Land and buildings	Straight line	20 years
Canteen equipment	Straight line	10 years
Furniture and fittings	Straight line	6 years
Computer equipment	Straight line	3 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Television equipment	Straight line	5 years
Radio equipment	Straight line	5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation method used reflects the pattern in which the asset's future economic benefits or

service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity 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 entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

15.6.1.6. Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

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

Item	Average useful life
Computer software	Indefinite

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

15.6.1.7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a 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 uncollectability.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- 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 entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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 entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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 entity 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, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity 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:

Financial assets	Category
Receivables from exchange transaction	Financial asset measured at amortised cost
Rental deposit	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at fair value

The entity 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:

Financial liabilities	Category
Exchange revenue liability	Financial liability measured at amortised cost

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

Class	Category
Interest received	Measured at fair value

Initial recognition

The entity 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 entity recognises financial assets using trade date accounting.

15.6.1.8. Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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.

15.6.1.9. 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.

15.6.1.10. Employee benefits

Employee benefits are all forms of consideration given by an entity 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;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

15.6.1.11. Provisions and contingencies

Provisions are recognised when:

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

A provision is used only for expenditures for which the provision was originally recognised.

15.6.1.12. Commitments

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

15.6.1.13. 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 municipality 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.

Measurement

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

Rendering of services

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

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

15.6.1.14. Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity 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 reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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 entity 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 entity.

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

15.6.1.15. Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

15.6.1.16. Comparative figures

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

15.6.1.17. Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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

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

The entity 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 entity 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 entity is exempt from the disclosures in accordance with the above, the entity 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 unaudited annual financial statements.

15.6.1.18. Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

15.6.1.19. Budget information

Budget information in accordance with GRAP 24 has been provided in the Statement of Comparison of Budget Against Actual Amounts for the current financial year only, and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. 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.

15.6.1.20. 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.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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 has no control over those policies.

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

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

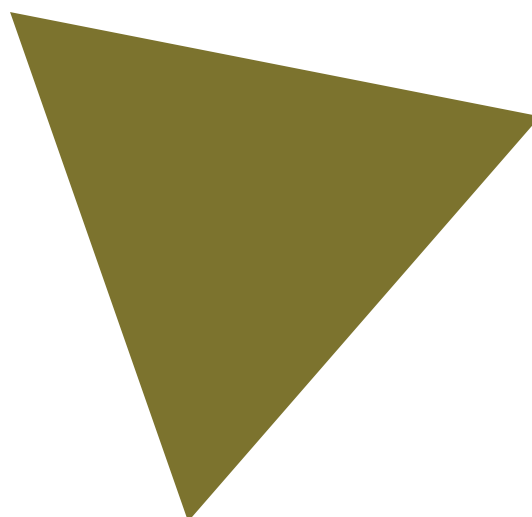
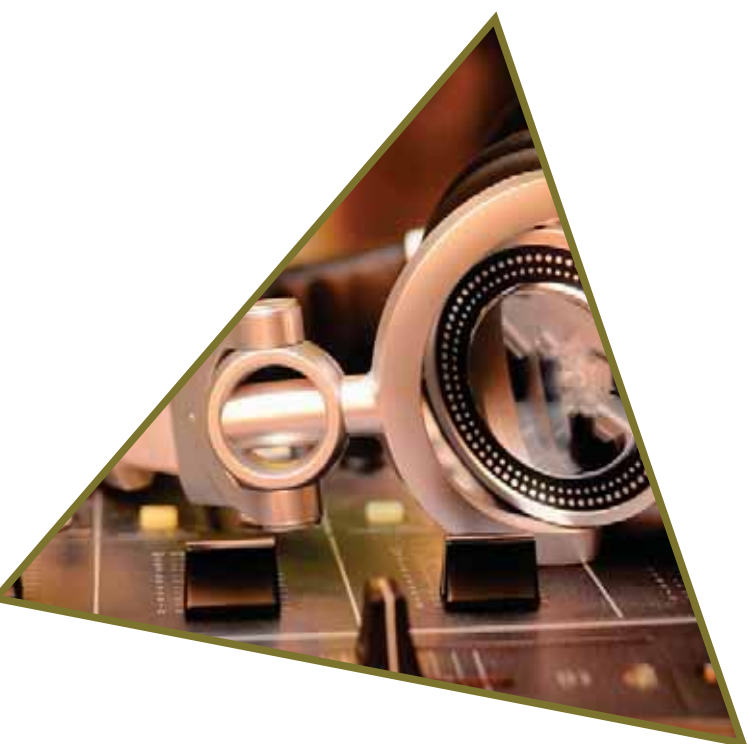
The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted 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 entity is exempt from the disclosures in accordance with the above, the entity 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 unaudited annual financial statements.



Notes to the Audited Annual Financial Statements

	2019			2018		
	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying value
2. Property, plant and equipment						
Land and buildings	189 397	(106 508)	82 889	189 396	(97 044)	92 352
Furniture and fittings	146 210	(55 659)	90 551	183 659	(57 270)	126 389
Motor vehicles	529 550	(42 045)	487 505	1 580 237	(1 580 231)	6
Office equipment	1 095 031	(393 608)	701 423	1 309 169	(454 586)	854 583
Computer equipment	4 921 728	(3 491 255)	1 430 473	4 119 232	(2 942 462)	1 176 770
Canteen	-	-	-	12 990	(9 649)	3 341
Television equipment	2 956 363	(2 443 820)	512 543	3 288 639	(2 598 556)	690 083
Radio equipment	1 466 717	(1 157 417)	309 300	1 364 375	(1 045 084)	319 291
Total	11 304 996	(7 690 312)	3 614 684	12 047 697	(8 784 882)	3 262 815
	Opening balance	Additions	Disposals	Depreciation	Total	
Reconciliation of property, plant And equipment - 2019						
Land and buildings	92 352	-	-	(9 463)	82 889	
Furniture and fittings	126 389	-	(17 376)	(18 462)	90 551	
Motor vehicles	6	529 550	(6)	(42 045)	487 505	
Office equipment	854 583	-	(47 659)	(105 501)	701 423	
Computer equipment	1 176 770	888 937	(20 024)	(615 210)	1 430 473	
Canteen	3 341	-	(3 094)	(247)	-	
Television equipment	690 083	67 627	(13 191)	(231 976)	512 543	
Radio equipment	319 291	102 344	(2)	(112 333)	309 300	
Total	3 262 815	1 588 458	(101 352)	(1 135 237)	3 614 684	



	Opening balance	Adjustment	Additions	Disposals	Depreciation	Total
Reconciliation of property, plant and equipment 2018						
Land and buildings	101 815	-	-	-	(9 463)	92 352
Furniture and fittings	1 025 940	(877 874)	-	(4 008)	(17 669)	126 389
Motor vehicles	2 222	(2 216)	-	-	-	6
Office equipment	1 492 543	(462 970)	-	(60 425)	(114 565)	854 583
Computer equipment	1 798 736	(248 596)	354 764	(33 430)	(694 704)	1 176 770
Canteen	34 143	(25 973)	-	(4)	(4 825)	3 341
Television equipment	1 102 621	(156 007)	5 472	(29 888)	(232 115)	690 083
Radio equipment	426 101	(12 442)	-	-	(94 368)	319 291
Total	5 984 121	(1 786 078)	360 236	(127 755)	(1 167 709)	3 262 815

A fixed asset register containing all assets is available for inspection at the registered office of the entity.

	2019			2018		
	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / valuation	Accumulated depreciation and accumulated impairment	Carrying value
3. Intangible assets						
Computer software	25 308	-	25 308	25 308	-	25 308

	Opening balance	Total
Reconciliation of intangible assets - 2019		
Computer software	25 308	25 308
Reconciliation of intangible assets - 2018		
Computer software	25 308	25 308
4. Receivables from exchange transactions		
Trade debtors	2 505 022	2 959 255
Allowance for impairment	(2 332 154)	(2 090 785)
Present value discounting	(14 377)	(14 377)
Deposits	1 352 082	1 352 082
Prepaid expenses	425 001	440 983
Trade and other receivables past due but not impaired	1 935 574	2 647 158

For student debtors, provision is created where the student debtor is outstanding for a period longer than the academic year.

For corporate debtors, provision is made where the terms of agreement has not been adhered to.

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

At 31 March 2019, R0 (2018: R658 934) were past due but not impaired:

Trade and other receivables impaired

As of 31 March 2019, trade and other receivables of R 2 332 154 (2018: R2 090 785) were impaired and provided for. The amount of the provision was R 241 370 as of 31 March 2019 , Impairment reversal (2018: R 1 685 961).

The ageing of these receivables is as follows:

	2019	2018
More than 365 days	2 332 154	2 090 785
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	2 090 785	3 776 746
Provision for impairment	241 369	-
(Reversal of impairment)/Impairment loss for the year	-	(1 685 961)
	2 332 154	2 090 785

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 000	2 434
Bank balances	1 412 504	3 257 146
Corporation for public deposits	42 835 491	48 387 821
	44 250 995	51 647 401

6. Unspent conditional grants and receipts

There was no spending against this project due to delays by the North West CoLAB.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
DTPS funds transfer-Community radio	3 574 636	3 574 636

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
7. Provisions					
Reconciliation of provisions - 2019					
Staff incentives	2 057 227	2 727 967	(1 178 899)	(878 328)	2 727 967
Reconciliation of provisions - 2018					
Staff incentives	760 724	1 296 503			2 057 227

Staff incentives relate to individual performance against set targets. The amount is based on management's best estimate of the liability at year end and are expected to be paid during the new financial year provided approval by the Board is granted.

	2019	2018
8. Payables from exchange transactions		
Accounts payables	814 991	3 781 786
Income received in advance	1 363 561	1 363 561
Accrued 13th cheque	119 610	133 380
Accrued leave pay	644 573	945 633
Other accruals	1 536 531	242 979
	4 479 266	6 467 339
9. Exchange revenue		
In-house training	-	3 954 878
Other income	34 272	458 143
	-	-
	34 272	4 413 021
10. Non-exchange revenue		
Appropriation income received - eSkills roll-out	48 538 414	46 611 518
Appropriation income received - Operations	46 325 000	43 785 000
	94 863 414	90 396 518
11. Interest received		
Interest revenue		
Bank	3 862 616	4 178 347
12. Employee related costs		
Basic	22 257 347	21 156 933
Increase/ (decrease) in leave pay accrual	(301 060)	137 050
	21 956 287	21 293 983
13. Operating lease		
The operating lease agreement for the entity's premises commenced on the 1st of June 2017 and will terminate on 30 May 2020. The lease is renewable for a further two years until 30 May 2022 provided certain conditions detailed in the lease agreement are met by the landlord. Rentals were recognised on a straight-line basis in alignment with GRAP 13, whereby the operating lease costs are recognised based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction resulting in an equalisation of rental recognised.		
Lease rentals on operating lease	7 732 060	8 021 574
14. Operating expenses		
Direct expenditure		
Accreditation and membership fees	-	40 786
e-Skills roll-out expense	47 530 024	39 845 803
In-house training: Student accommodation	323 364	350 048
In-house training: Student meals	106 017	23 435
In-house training: Student stationery and printing costs	114 002	18 592
In-house training: Student training and examination costs	-	57 805
In-house training: Students stipends	12 000	-

	2019	2018	
Overhead expenditure			
Bank charges	86 613	84 648	
Business development / marketing / communications	523 347	6 138 995	
Other overheads	46 730	4 557	
Insurance	1 281 710	1 667 790	
Property rates & taxes	2 376 654	2 639 978	
Stationery cost	97 635	443 281	
Transportation cost	60 693	133 108	
Travel and accommodation costs: Staff and board	1 905 821	1 982 012	
Project maintenance costs	35 195	165 210	
Software expenses	869 534	133 138	
Staff welfare	683 442	625 706	
	56 052 781	54 354 892	
15. Cash (used in) generated from operations			
Deficit	(2 470 870)	(4 789 832)	
Adjustments for:			
Depreciation and amortisation	1 135 238	1 167 703	
Gain on sale of assets	(625 578)	-	
Debt impairment	241 369	(1 685 962)	
Bad debts written off	-	3 460 206	
Movements in provisions	670 740	1 296 503	
Scrapped assets	-	119 493	
Operating lease liabilities	135 202	485 882	
Correction of error (Inventory and license)	(114 122)	-	
Changes in working capital:			
Inventories	-	13 460	
Receivables from exchange transactions	711 585	2 424 773	
Payables from exchange transactions	(2 116 007)	3 034 794	
Non-exchange revenue liability	(4 102 434)	1 548 097	
	(6 534 877)	7 075 117	
16. Financial instruments disclosure			
Financial instruments in statement of financial performance			
	At fair value	At amortised cost	Total
2019			
Receivables from exchange transactions	-	2 541 691	2 541 691
Rental Deposit	-	1 352 082	1 352 082
Cash and cash equivalents	44 250 430	-	44 250 430
	44 250 430	3 893 773	48 144 203
2018			
Receivables from exchange transactions	-	2 959 255	2 959 255
Rental deposit	-	1 352 082	1 352 082
Cash and cash equivalents	51 647 401	-	51 647 401
	51 647 401	4 311 337	55 958 738

	2019	2018
17. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
• Internal Audit Service	1 823 666	3 447 541
• Cleaning Services	814 474	1 210 015
• Security Service	1 865 960	2 933 722
• Corporate Services	410 298	-
• IT Service	2 217 130	-
• Organisational Structure Review Service	-	257 510
• Legal Service	-	123 120
• Review of MoUs with CoLabs	-	186 703
	7 131 528	8 158 611
Not yet contracted for and authorised by members		
• Digital Change Maker programme	4 000 000	7 200 000
• National Environmental Scan	6 105 000	3 800 000
• iNeSI Business Case: Scoping & Funding	-	750 000
• Capacity Building for CoLabs	-	100 000
• Establishment of Mpumalanga CoLab	-	2 000 000
• Additional eSkills CoLab funding	-	10 000 000
• TVETs Programmes	1 600 000	-
• e-Skills Summit	2 500 000	-
• Digital Skills Colloquium	1 500 000	-
• 4IR Symposium	2 500 000	-
• Learning Management System	3 000 000	-
• 30 Learners at Mpumalanga	4 300 000	-
• e-Learning Channel	3 500 000	-
• CAPEX - TV/RADIO/Animations	4 200 000	-
	33 205 000	23 850 000
Total operational commitments		
Already contracted for but not provided for	7 131 528	8 158 611
Not yet contracted for and authorised by members	33 205 000	23 850 000
	40 336 528	32 008 611
This committed expenditure relates to leased property		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	8 249 686	7 572 176
- in second to fifth year inclusive	1 392 135	9 557 979
	9 641 821	17 130 155
18. Related parties		
Relationships		
Members	Refer to members' report note	
Shareholder with significant influence	Department of Telecommunication and Postal Services	
Members of key management	Mr. P. Phukubje Mr. T. Ramawa	

The main related party with whom the entity interacted is the Department of Telecommunications and Postal Services, who is the sole shareholder and provides finance to fund the operational overheads of the institute. The Minister of Telecommunications and Postal services is the Executive Authority of NEMISA. NEMISA is ultimately controlled by the National Executive. NEMISA received transfer payments of R46,325 million (2018: R43.7 million) funding for its administrative activities, R44.436 million (2018: R48 million) as funding for its strategic objectives from the Department of Telecommunications and Postal Services. MICT SETA is a related party as it provides accreditation to NEMISA. The transaction entered into with MICT SETA relates to the funding provided to train students on Radio and Television broadcasting. NEMISA provided services to various public entities during the financial year. The balances are included in trade receivables in the Statement of Financial Position and the income and expenditure as part of the Statement of Financial Performance operating terms.

Related party balances

Amounts included in trade receivables (trade payable) regarding related parties

Department of Telecommunication & Postal services	(1 363 561)	(1 363 561)
MICT SETA	1 064 890	1 064 890
South African Broadcasting Corporation	262 292	262 292
Moses Kotane Institute	775 367	1 192 931
Eastern Cape Development Corporation	222 705	222 705
	699 401	1 116 965

Prior year balances have been restated

Provision for doubtful debts related to outstanding balances with related parties

MICT SETA	1 064 890	1 064 890
Moses Kotane Institute	775 367	1 192 931
South Africa Broadcasting Corporation	262 292	262 292
Eastern Cape Development Corporation	222 705	222 705
	2 325 254	2 742 818

Prior year balances have been restated

Compensation to members and other key management

Non-executive members	1 668 566	2 004 215
Executive members	3 284 688	1 674 004
Senior managers	6 201 212	6 232 059
	11 154 466	9 910 278

Key management information

Non-executive board members	5
Executive board members	2
Senior management	5

Remuneration of management

Executive management

2019

Name	Basic salary	Travel reimbursements	Other benefits received	Total
Ms. M. Ismail - Resigned	443 450	-	8 250	451 700
Mr. P. Phukubje - Acting CEO	1 468 446	18 763	49 500	1 536 709
Mr. T. Ramawa	1 242 379	20 984	30 250	1 293 613

19. Change in estimate

Property, plant and equipment

The useful life of computer equipment was estimated in 2018 to be 1 - 14 years. In the current period management have revised their estimate to 1 - 15 years. The effect of this revision has increased the depreciation charges for the current and future periods by R 241 306.

20. 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 performance

2018

	As previously reported	Correction of error	Re-classification	Restated
Depreciation and amortisation	(1 509 793)	342 090	-	(1 167 703)
Asset written off	119 493	11 496	-	103 989
Operating expenses	(54 173 753)	(114 122)	(67 018)	(54 354 893)
Employee related costs	(21 361 000)	-	67 018	(21 293 982)
	(76 925 053)	239 464	-	(76 685 589)

Statement of financial position

2018

	Note	As previously reported	Correction of error	Restated
Property Plant and equipment	2	4 734 479	(1 471 664)	3 262 815
Accumulated surplus		(10 178 518)	1 586 473	(8 592 045)
Inventories	4	48 002	(48 002)	-
Intangible assets	4	91 428	(66 120)	25 308
Surplus for the year		(5 304 609)	687	(5 303 922)

Errors

During the asset verification assets that were not previously recorded were bought back into the fixed asset register. Depreciation decrease was due to the total value of overheads miscellaneous assets that were incorrectly capitalised to Property plant and equipment. Annual license fees incorrectly classified as intangible assets. Stationery incorrectly classified as inventory.

Reclassification between the employee costs and operating expenses was to correct the mapping for licence fees, which was erroneously mapped under employee costs.

21. Risk management

Financial risk management

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.

Liquidity risk

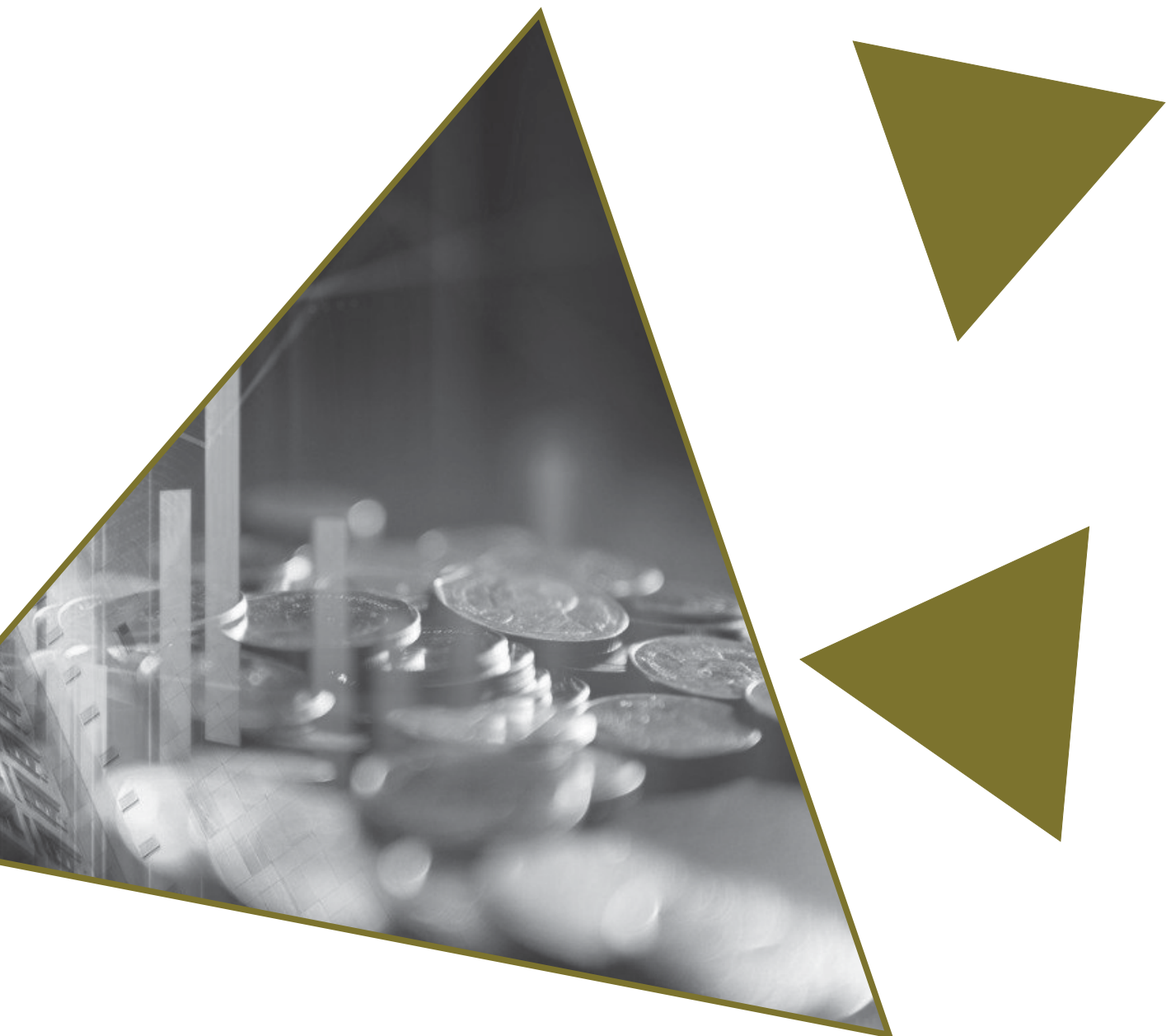
Prudent liquidity risk management implies maintaining sufficient cash.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments. Cash flow forecasts are prepared and submitted to the Department of Telecommunications and Postal services at the beginning of each financial year to determine the frequency of the drawdown of the appropriation income.

	2019	2018
Credit risk		
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Financial assets exposed to credit risk at year end were as follows:		
Financial instrument		
Cash and cash equivalents	44 250 430	51 647 401
Receivables from exchange	1 935 574	2 647 158
Market risk		
Interest rate risk		
As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.		
NEMISA's exposure to interest rate risk at year end relates to cash and cash equivalents. NEMISA places cash reserves which are in the form of cash and cash equivalents with the South African Reserve Bank. At 31 March 2019, NEMISA had significant cash in the Corporation Public Deposit account which earns interest at rates linked to the prime rate		
22. Going concern		
We draw attention to the fact that at 31 March 2019, the entity had an accumulated surplus of R 6 121 175 and that the entity's total assets exceed its liabilities by R 6 121 175.		
The audited 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 entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations for the entity.		
23. Fruitless and wasteful expenditure		
Opening balance	1 540 813	10 843
Interest paid to suppliers for late payment	1 405	2 135
Rent	-	1 451 286
Payment made into wrong account	-	70 196
Other	-	6 353
	1 542 218	1 540 813
The Fruitless and Wasteful expenditure relates to interest charged by Stellenbosh Municipality and City of Johannesburg.		
24. Irregular expenditure		
Opening balance	7 821 012	3 964 543
Add: Irregular expenditure - current year	14 369 958	3 856 469
Add: Prior year Irregular expenditure Identified in current year	11 266 602	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	33 457 572	7 821 012
Irregular expenditure has been referred to National Treasury for condonation		
Analysis of expenditure awaiting condonation per age classification		
Current year	137 258	7 800 867
Prior years	4 236 003	20 145
	4 373 261	7 821 012

25. Subsequent Events

The members are aware of the following matter. Nemisa is in the process of becoming the Ikamva National e-Skills Institute (iNeSI). This is an intergration of three entities ,NEMISA, the e-skills institute(e-SI) and the Institute for Satellite and Software Applications(ISSA). This will result in the change in the organisational structure. The iNeSI Bill is still in Parliament for promulgation into law.





NEMISA ANNUAL REPORT 2018/19
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