

REPORT OF THE PORTFOLIO COMMITTEE ON POLICE ON THE 2018/19 ANNUAL REPORT OF THE PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY (PSIRA), DATED 16 OCTOBER 2019.

The Portfolio Committee on Police, having considered the financial and service delivery performance of the Private Security Industry Regulatory Authority (PSIRA) for the 2018/19 financial year, reports as follows:

1. INTRODUCTION

The Authority was established in terms of Section 2 of the Private Security Industry Regulation Act, No. 56 of 2001. Its mandate is to regulate the private security industry and to exercise effective control of security service providers in the public and national interest and the interest of the security industry itself.

The private security industry is worth between R50 and R55 billion and is one of the largest employers in South Africa. The industry has grown significantly over the past decade and as such needs effective and efficient regulation.

In 2018/19, the performance of PSIRA increased in all aspects when compared to the previous financial year. The Authority –

- received its first clean audit opinion from the Auditor General since the Authority's establishment 18 years ago;
- improved achievement on predetermined performance targets from 83% to 86%;
- improved its financial sustainability from a year end deficit of R12.4 million in 2017/18 to a year-end surplus of R3.2 million in 2018/19.

As part of its oversight function, the Committee considers the Annual Report of the Authority on an annual basis and believes that the engagements with the Authority have been robust throughout the 2018/19 financial year. Hearings were held with the Authority on 11 October 2019 during which the Authority presented on its performance for 2018/19, in terms of both service delivery targets, as well as financial statements. The Committee has also engaged with the Auditor-General of South Africa (AGSA) on the audit outcomes of the Authority on 08 October 2019.

This report is structured as follows:

Section 1: Introduction. The section provides an overview of the establishment of the Authority and the Committee's oversight mandate.

Section 2: Overview of the Private Security Industry 2018/19

Section 3: Key Achievement and Challenges.

Section 4: Governance. The section provides a summary of the establishment and mandate of the PSIRA Council as the Accounting Authority of the Authority.

Section 5: The section provides a summary of the AGSA Report for 2018/19.

Section 6: Financial overview 2018/19. The section provides an overview of the financial performance of the Authority.

Section 7: Performance against predetermined targets for 2018/19. The section provides an analysis of the Authority's performance against predetermined performance indicators and targets.

Section 8: Human Resources. The section provides for an organisational development initiative.

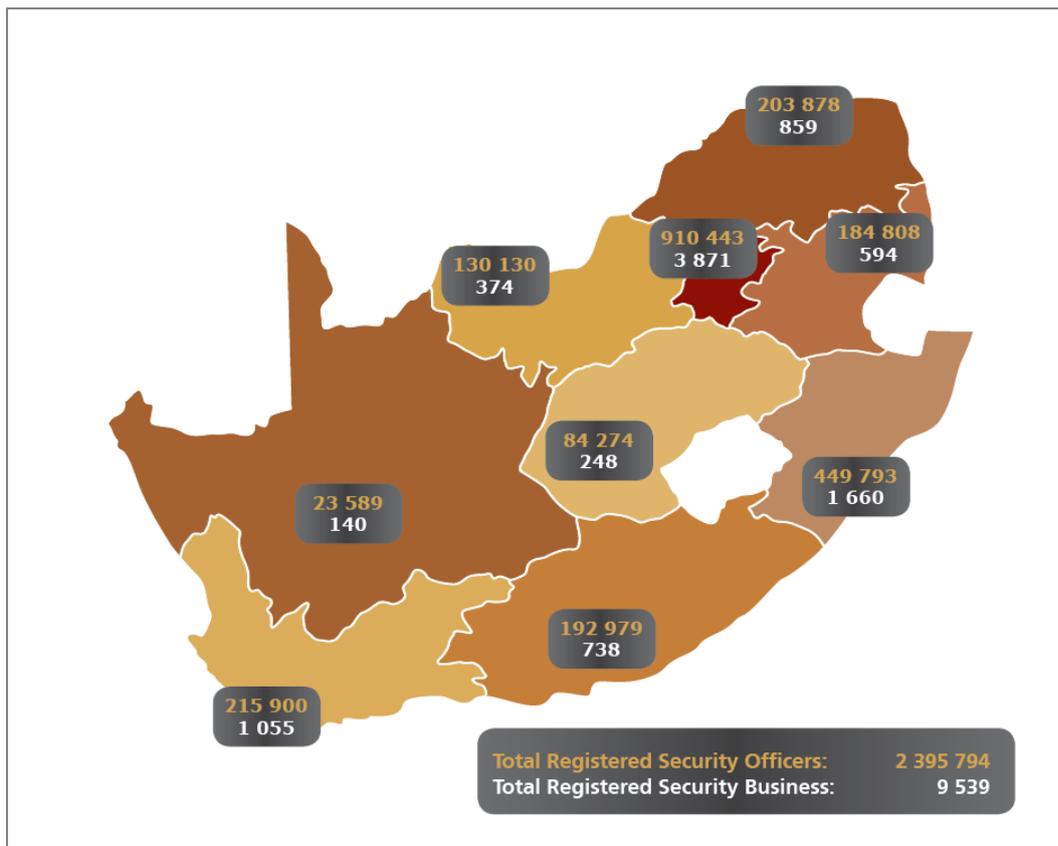
Section 9: Committee observations and reporting requirements. The section provides the key observations made by the Committee during engagements on the 2018/19 Annual Report of the Authority.

Section 10: Committee recommendations. The section provides the recommendation made by the Committee.

Section 11: Conclusion. The section provides closing remarks by the Committee.

2. OVERVIEW OF THE PRIVATE SECURITY INDUSTRY 2018/19

The graph below shows that South Africa has 2 395 794 registered security officers and 9 539 registered security businesses. However, the mandate of PSIRA largely extends to active officers and businesses. In terms thereof, less than a quarter of the total number of security officers are actively registered (534 289 officers). Of the 9 539 registered security businesses, 9 447 are registered as active.



Since 2012, active security businesses increased from 7 456 to 9 447 in 2019 (26.7%) and active security officers increased from 427 174 to 534 289 (25.1%). The number of active security guards increased with 5% in 2018 compared to 2017, while the number of active security businesses decreased slightly with 79 businesses. However, in 2019 the number of security businesses increased with 6% to 9 447.

Of the 9 447 active security businesses, the largest portion of businesses rendered security guard and response services:

In 2019, the private security industry remained male dominated, comprising of 78% male officers and 22% female officers. Compared to the previous year, the number of female officers increased slightly more (2.4% increase) compared to male officers (2.1% increase) in 2019.

The largest concentration of active security officers and businesses are located in Gauteng, KwaZulu-Natal and the Western Cape. Together the three provinces accounts for 67% of all active security guards (355 146 officers) and 69% of all active security businesses (6 550 businesses).

3. KEY ACHIEVEMENTS AND CHALLENGES

Key achievements in the 2018/19 financial year include -
Strategic partnerships:

- PSIRA has been accepted as a member of the International Association of Security and Investigative Regulators (IASIR), which will enable PSIRA to be a major role player and advocate of private security regulation in Africa and beyond.
- PSIRA entered into a strategic partnership with DCAF, a Geneva-based Centre for Security Sector Governance.
- PSIRA strengthened its established strategic partnerships with Universities South Africa Forum (USAF) and TVET Colleges Governors' Council in the education and training space, including on contracting of security services at Universities and TVET Colleges.
- Clean audit: PSIRA received its first unqualified audit report from the Auditor General (AG). The AG did not identify any material misstatements and material findings on performance information

- Accredited training providers: The training moratorium on the accreditation of security training providers was imposed in 2007 and lifted at the end of June 2018. This has increased the total number of security training providers to 480 as at the end of March 2019. The lifting of the moratorium allowed PSIRA representation on the Board of the Safety and Security Sector Training Authority (SASSETA).
- Fourth Industrial Revolution: PSIRA became a leader in the Fourth Industrial Revolution by launching the PSIRA Online App and geo-mapping software in September 2018.
- Firearm control: A collaborative Unit was established between the SAPS and PSIRA to investigate security businesses licenced to process firearms, which lead to an increase of inspections.

Key challenges in the 2018/19 financial year and going forward include -

Private Security Industry Levies Act, 2002: In 2018/19, PSIRA engaged the National Treasury regarding its unsustainable and inequitable funding model with a view to introducing the Private Security Industry Levies Act, 2002, which was passed by Parliament and assented to by the President, but never proclaimed to come into operation. These engagements are continuing for a review of the Act into a Money Bill in terms of section 77 of the Constitution to be re-introduced in Parliament by National Treasury as the custodian of all Money Bills. The finalisation of this process will assist in dealing with the legacy problems created under the current annual fee-funding model inherited from the repealed Security Officers Act, 1987.

- Private Security Industry Regulation Amendment Act, 2012: The Amendment Act was passed into law by Parliament on 05 March 2014 and submitted to the President for assent. The Act has not yet come into operation and will greatly improve the regulatory power of PSIRA.
- Funding model: The introduction and operationalisation of the Private Security Industry Levies Act, 2002 will address the liquidity concerns of PSIRA to continue as a going concern.
- Transformation: The Chairperson of the PSIRA Council stated that transformation is not only about redress, but also about creating opportunities for all in the industry through equal and fair economic participation. The introduction of the Transformation Charter and the Guarantee Fund will address this challenge.

As part of its oversight function, the Committee considers the Annual Report of the Authority on an annual basis and believes that the engagements with the Authority have been robust throughout the 2018/19 financial year. Hearings were held with the Authority on 11 October 2019 during which the Authority presented on its performance for 2018/19, in terms of both service delivery targets, as well as financial statements. The Committee has also engaged with the Auditor-General of South Africa (AGSA) on the audit outcomes of the Authority on 08 October 2019.

4. GOVERNANCE

The Authority is governed and controlled by the PSIRA Council, which is appointed in terms of Section 6 of the Private Security Industry Regulatory Act 56 of 2001 by the Minister of Police in consultation with Cabinet. The Council forms the Accounting Authority of PSIRA and it is accountable to Parliament. PSIRA acts through the Council and all act of the Council are regarded as act of the Authority.

According to section 51 of the PFMA, 1999, the Accounting Authority for a public entity must ensure that the public entity has and maintains the following (amongst others):

- Effective, efficient and transparent systems of financial risk management and internal control;

- A system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77; and
- An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.
- The composition of the Council must include a Chairperson, a Vice Chairperson and three additional Councillors. The current PSIRA Council constitutes the following members:

The composition of the Council must include a Chairperson, a Vice Chairperson and three additional Councillors. The current PSIRA Council constitutes the following members:

- Mr N Ngubane (Acting Chairperson)
- Mr T Oliphant;
- Maj Gen C Philison; and
- Mr Z Zulu.

The Councillor's three year-term started in January 2017 and will expire at the end of December 2019. The Council is currently not fully constituted, as it is one member short. The Minister of Police appointed the current Acting Chairperson on 20 April 2018 when the Chairperson's term expired.

5. Report of the Auditor General of South Africa (AGSA)

PSIRA received a clean audit in 2018/19, meaning that the financial statements were free of material misstatements and there are no material findings on reporting on performance objectives or non-compliance with legislation.

The AG identified two matters of emphasis that the Authority should address, both of which were previously identified. These are –

- Material impairment: Provision for an impairment to the amount of R38 770 242 was raised on trade debtors. This is an improvement from the R55 768 534 provided for in 2018.
- Uncertainty relating to litigation: PSIRA is a defendant in several legal actions Estimated liability amounts to R1 050 000.

The table below show the audit outcomes for PSIRA over the past decade (2009/10 to 2018/19). PSIRA has made significant gains to clear previous material findings, especially in terms of its financial sustainability.

Table 1: Audit Outcomes for PSIRA

| Financial year | Audit outcome |
|-----------------------|--|
| 2009/10 | Qualified |
| 2010/11 | Unqualified with material findings |
| 2012/13 | Qualified |
| 2013/14 | Unqualified with material findings |
| 2014/15 | Unqualified with material findings |
| 2015/16 | Unqualified with material findings |
| 2016/17 | Unqualified with material findings |
| 2017/18 | Unqualified with material uncertainty relating to the entity's ability to continue as a going concern. |
| 2018/19 | Unqualified with no material misstatements and findings (Clean audit). |

6. FINANCIAL OVERVIEW 2018/19

Statement of financial performance

PSIRA's financial sustainability improved in 2018/19 compared to the previous financial year. At year-end, PSIRA closed with a slight surplus of R3 million against the R12.4 million deficit in the previous financial year. The financial turnaround strategy allowed an improvement in going concern issues and allowed the Authority to increase its revenue by 19% while the expenditure increased by 12%.

During the year under review, the Authority collected R268 168 075 in revenue, which is a 19% increase compared to the R240.9 million revenue of the previous financial year. The overall increase in revenue was mainly due to a significant increase of 103.2% from non-exchange transactions (2019:

R38 036 183; 2018: R18 709 6564). The main driver of this increase was revenue collected from Fines and Penalties, which increased from R14 887 573 in 2017/18 to R32 415 689 in 2018/19 (117.7% increase). This is indicative of successes made through the turnaround strategy. Additionally, Bad debt recoveries increased from R394 457 in 2017/18 to R710 297 in 2018/10 (80% increase).

The surplus fund of the Authority decreased drastically from R31.1 million in 2015/16, to R6.6 in 2016/17 and a net loss of R12.4 million in 2017/18. This has improved significantly in 2018/19 with a year-end surplus of R3.28 million.

The expenditure of PSIRA increased from R253 341 246 in 2017/18 to R262 622 608 in 2018/19 (12% increase). Although the expenditure increases, revenue had a higher increase, which stabilised the Authority's financial sustainability. Cost containment was realised on decreased expenditure on Lease rentals on operating lease (16.8% decrease), Bad debt impairment (6.4% decrease) and Finance costs (86.2% decrease).

The net deficit recorded for 2017/18 pushed the Authority to implement the Private Security Industry Levies Act, 2002 to address and eliminate the going concern challenges. It is believed that the levies funding model will bring a balanced and equitable contribution from all service providers.

The table below provides a breakdown of the Authority's financial performance in 2018/19 compared to the previous financial year

Table 2: Statement of Financial Performance

| Financial year | 2018/19 | 2017/18 |
|---|----------------------|----------------------|
| Operating Revenue | | |
| Sale of goods | 25 569 943 | 18 991 211 |
| Rendering of services | 1 721 593 | 1 368 341 |
| Annual fees | 138 859 562 | 128 754 724 |
| Infrastructure re-assessment | 169 202 | 75 900 |
| Course reports | 43 705 200 | 38 136 200 |
| Registration fees | 34 877 373 | 34 857 290 |
| Total revenue from exchange transactions | 248 132 892 | 222 183 666 |
| Revenue from non-exchange transactions | | |
| Bad debt recoveries | 710 297 | 394 457 |
| Sundry income | 2 215 795 | 2 147 917 |
| Interest received | 2 693 393 | 1 279 617 |
| Fines | 32 415 698 | 14 887 573 |
| Total revenue from non-exchange transactions | 38 035 183 | 18 709 564 |
| Total Revenue | 286 168 075 | 240 893 230 |
| Operating Expenditure | | |
| Employee costs | (156 876 249) | (132 863 844) |
| Other operating expenditure | (95 622 043) | (88 672 292) |
| Bad debts | (24 132 218) | (25 788 648) |
| Finance costs | (1 813) | (13 187) |
| Depreciation and amortisation | (3 943 658) | (3 641 553) |
| Total operating expenditure | (282 622 608) | (253 176 246) |
| Operating surplus (deficit) | 3 545 467 | (12 378 016) |
| Profit/(Loss) on disposable assets | (258 901) | (95 447) |
| Surplus/ (Deficit) for the year | 3 286 566 | (12 378 463) |

Source: 2018/19 Annual Report

The provision for debt impairment was lowered from R55.7 million in 2017/18 to R38.7 million in 2018/19.

In terms of contingent liabilities, the Authority is a defendant in a number of legal actions. The cases are yet to be brought before the court. It is not possible to determine the losses that PSIRA would suffer in the event that the Court found against PSIRA. The estimated liability amounts to R1 050 000 in 2018/19.

The Authority did not incur irregular expenditure during the 2017/18 financial year. This is the third consecutive year in which irregular expenditure was not incurred.

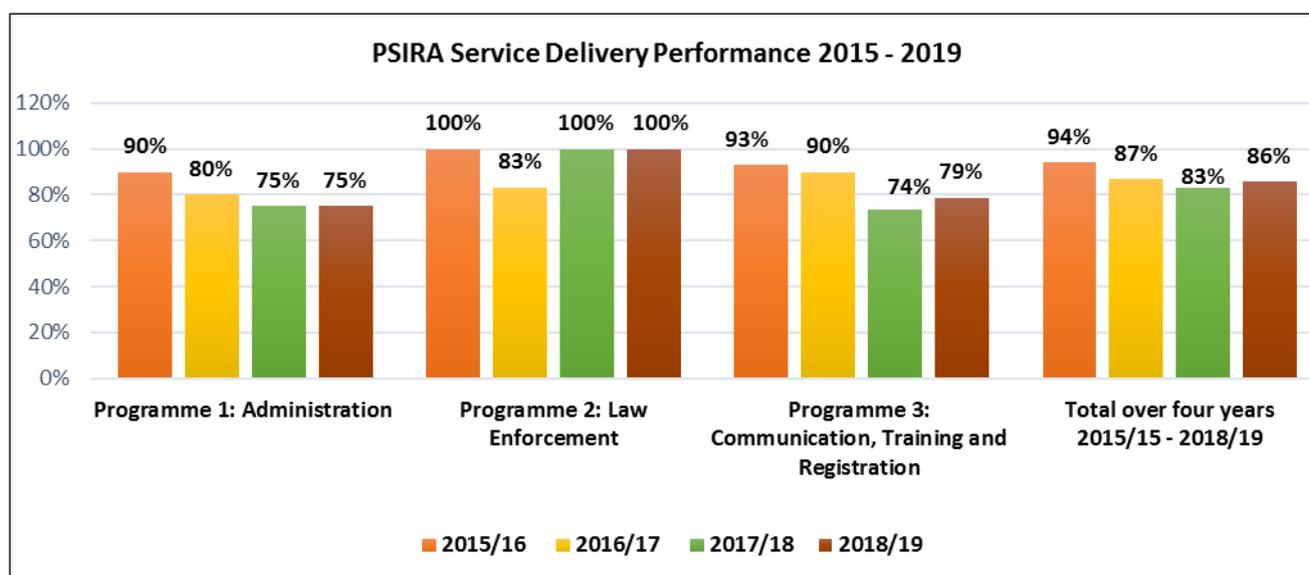
During the 2018/19 financial year, fruitless and wasteful expenditure decreased significantly from R216 428 in 2018 to R20 958 in 2019, which was realised through a R191 570 recovered from SARS and R21 989 previous fruitless and wasteful expenditure written off. The fruitless and wasteful expenditure incurred in 2018/19 was because of missed flights, traffic fines, damage of rented car and late payment of creditors.

7. PERFORMANCE AGAINST PREDETERMINED TARGETS FOR 2017/18

The Authority has achieved 86% of its predetermined performance indicator targets at the end of the 2018/19 financial year (22 targets achieved from 26). Despite the steady decline recorded between 2015 and 2018, performance improved in 2019. A similar trend is visible in the Administration and Communication, Training and Registration Programmes.

The performance of Programme 2: Law Enforcement continued a 100% achievement rate over the past two financial years, which is especially important as it is the core service delivery programme of the Authority. The graph below shows a visual representation of performance between 2015 and 2019.10.12

Table 3: Comparative performance between 2015/16 and 2018/19



Source: PSIRA 2018/19 Annual Report

7.1 Administration Programme

The purpose of the programme is to provide leadership, strategic management and administrative support to the Authority.

Measurable Objectives: The programme aims to ensure effective leadership, management and administrative support to the Authority through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice.

- The Administration Programme achieved six out of eight performance targets, which is an achievement rate of 75%, which is similar to the previous financial year. Areas of underperformance included –
- The Guarantee Fund was not established and implemented during the 2018/19 financial year. The concept paper will be presented to the Council in the 2019/20 financial year (reportedly in April 2019).
- The Internal Training Academy for employees was not established. The application to accredit the Academy was provisionally declined pending the finalisation of the learning material. A company has been recommended to develop the learning material. Although PSIRA indicated that the application will be re-submitted in 2019/20, the performance indicator and target was removed from the 2019/20 Annual Performance Plan of PSIRA.

7.2 Law Enforcement Programme

Purpose: Ensure that there are effective regulations in the security industry and enforcement of law and compliance to the regulations.

Measurable Objectives: The programme aims to ensure that Security Service Providers comply with the regulations by doing regular inspections for both security officers and security businesses and ensure that those who are not complying with the regulations are charged and prosecuted.

The Law Enforcement Programme achieved 100% of its nine predetermined performance targets at the end of the 2018/19 financial year, most of which were exceeded. It is the second consecutive year in which 100% of the performance targets were achieved.

Specific areas of over-achievement were –

- 733 more security businesses were inspected, which was achieved through joint operations with other State Law Enforcement Agencies;
- 4 969 more security officers were inspected, which were achieved by conducting operations outside normal working hours, especially in respect of the event security sector;
- 4% more investigations were finalised and criminal cases opened;
- 148 more security businesses were licenced to possess firearms due to increased participation by the SAPS in inspections of security providers to process firearms;
- 42% more debt collection files were referred for litigation; and
- 23 more security businesses were inspected using dogs.

7.3. Communication, Training and Registration Programme

Purpose: Provide effective stakeholder engagement. Ensure that training standards are adhered to and the registration process is done in accordance with the PSIR Act.

Measurable Objectives: Ensure effective and meaningful stakeholder communication. Ensure that all training institutions are aligned to the required standard of training. Ensure that the registration process is effective and authentic. Continuous research to support core business initiatives and policy development.

The Communication, Training and Registration Programme achieved seven out of nine performance indicator targets, which is an achievement of 79%. The performance improved compared to the 73% achievement rate of the previous financial year.

PSIRA underperformed on the following two performance indicators:

- The target of an average turnaround time of 12 working days for registration applications for security officers missed by four days. This was due to delays with fingerprint verifications for criminal records.
- The target to increase the number of training providers to 200 was missed by 78. At year-end, 112 more training service providers was accredited with PSIRA. Although 206 applications were received (which would have exceeded the target) not all applications had the necessary documentation or proof of payment. There are currently 480 accredited training service providers registered with PSIRA.

8. Human Resource Management

During the year under review, the division has undertaken the organisational development (OD) initiative that led to the functional structure being revised to strengthen the organisation's mission of fulfilling its set objectives. This will ultimately revise the macro and the microstructures. The implementation will be finalised in 2020/21.

At the end of March 2019, the PSIRA had 305 permanent staff members, of which most is attached to the Law Enforcement (168 staff), followed by Finance and Administration (98 staff) and Communication and Training (39 staff). PSIRA further has 11 employees on a fixed-term contract and 52 interns. In 2018/19, the staff complement of PSIRA increased with 41 new staff members.

Personnel expenditure constitutes 55% (R156 876 249) of the Authority's budget which provides for remuneration and other additional benefits which are paid to employees. During the year under review, the Authority has reviewed the salaries of staff by 7% across the board with the exception of the Executives members. The largest portion of personnel expenditure to total personnel cost is in the semi-skilled level (40%), followed by skilled level (31%).

As at 31 March 2018, the vacancy rate for the Authority was 1% overall, which represents three vacancies. During the 2018/19 financial year, 10 employees resigned and three were dismissed on charges of misconduct

9. COMMITTEE OBSERVATIONS

9.1 The Committee made the following key observations during the 2018/19 Annual Report hearing:

Audit Opinion: The Committee congratulated and appreciated the Authority for obtaining a clean audit during the 2018/19 financial year. The Members of the Committee expressed satisfaction with positive audit outcomes of the Authority. The Members further encouraged the Authority to remain consistent in achieving clean audit outcomes.

Female Security Officers: The Committee welcomed the increase in the registration of female security officers in the industry. The Committee further applauded the industry for improving particular in growing numbers of female employees, and also encouraged the Authority for improving gender based equality within the industry. The Authority indicated that the number of the female security officers who are currently registered in the industry at 568 300.

Revenue: The Committee was impressed with the manner in which the Authority has presented its revenue strategy and also appreciated the fact that it was clearly state on how the Authoring will increase its revenue. It was noticed that in the expenditure one of the key performance target was not achieved on the staff cost. The Committee noticed that the was a planning of an academy that was supposed to be done internally. The Committee highlighted the issue of turnaround strategy of 52 days.

Public Awareness campaign: The Committee noted that the number of 160 awareness campaigns was achieved. The Authority did not specify the number of public awareness campaign which were initially targeted for. The Authority was requested to provide the information on the number of public

awareness campaigns target. The Authority indicated that the target of public awareness campaign was 140, and it has exceeded the target by 160.

Social responsibility: The Committee noticed that the Authority did not mention anything about its role and responsibility in the communities. The Committee requested for an explanation of what role and responsibility its play in assisting to the communities. The Authority indicated that it has recently visited one of the community areas in Tzaneen in the Limpopo province, where it has donated security paroles, jackets, radios, shoes and torches. The Authority referred to its Annual Report were it has shown the events and activities which were held for various communities. The Authority highlighted a number of academic achievements of the security officers. The Authority has given the security officers an award for recognising achievements. The Authority has partnered with different stakeholders such as Passenger Rail Agency of South Africa to offer discounts on train tickets for security officers provided that they are wearing their uniforms. The Authority also partnered with the OK grocery store for discounted food items that they purchase whenever they present their PSIRA identification cards. The Authority will be launching a golf day event for the first time for the purpose of raising funds for the widows of the deceased security officers, where the proceeds will be donated to their families.

Compliance inspection: The Committee wanted to know whether the Authority is ensuring that companies are adhering to the minimum requirements for processes that needs to be undertaken when the business is given a permission prior its operations. The Committee strongly believed that it was necessary for the Inspectors to conduct an inspection prior to the companies coming into operation. The Authority indicated that it would check all the companies who are in the market, if there are registered with PSIRA. The Law Enforcement inspectors conducts regular visitations to companies to check compliance with rules and regulations. The Authority is also responsible for ensuring that the regulations and prescripts are properly applied by all the companies.

Stakeholders: The Committer requested the Authority to provide details of the agencies who were assisting them when they were conducting inspections. The Authority highlighted three Departments which it utilises for various purposes, it also included the involvement and matters which each department was responsible for. the Department of labour dealing with issues relating to exploitation of security officers, Home affairs which deals with undocumented illegal security officers and SAPS assist with firearm inspection.

Power to arrest: The Committee wanted an indication whether the Authority has powers to arrest. The Committee requested the Authority to provide information on the types of contraventions that were committed by businesses. The Authority indicated that there were companies and individuals who were operating without being registered by the Authority and that if the Authority discovers that there a such companies operating without the required registration it will open a criminal case with the South African Police Service, and it also make follow- ups in ensuring that those individuals are charged.

The Authority indicated that when it was conducting an inspection the presence of the South African Police Service was required, particularly when the arrest are expected. The Authority does not have the transportation facilitation to carry people during the arrest. PSIRA would request the SAPS to assist them with transporting offenders who were found to be in violating its regulations.

Training: The Committee wanted to know the type of training offered to PSIRA Inspectors who are responsible for arrests. The Committee also questioned whether those people who were effecting arrest were properly trained and adhering to the Criminal Procedure Act. The Authority indicated that the majority of its inspectors were coming from the South African Police Service, and those who were not coming from the SAPS went through a vigorous training.

Governance: The Committee requested clarification on car guarding especially in the areas where more than one guard operates in the same area. The Committee wanted to know whether the Authority has proper controls and systems. The Committee wanted to know whether there is a relevant training that is particularly offered for the car guards. The Committee also asked whether the security companies that deploys security officers at schools are screened and vetted, and whether proper training was conducted to those guards who are deployed at schools. The Authority was requested to provide information on the standards needed to comply with the training requirements at schools.

The Authority provided reasons which led to increase in the number of foreign national who are working as car guards. It indicated that the is lack of inspection conducted due to shortages of staff but it intends to employ more staff

Breaking of windows: The Authority indicated that it has been previously experiencing challenges of arresting innocent people who were not car guards. The Authority has decided to engage with property management companies who are responsible for deploying the car guards to assist with ensuring proper training and registration

Appointment of Council Members: The Committee strongly believed that it was important for them to get an indication on the appointment of new Council. The Committee asked whether the process of filling the position of Council Member has commenced and when it will be finalised. The Committee wanted to know the time period that Council Members serve in the Council. The Authority indicated that the Minister of Police has approved an advert of the appointment of Council Members. The advert will be published in the newspapers on the following week in order to allow interested people to apply for this positions. The Authority explained that the Council Members can serve for the second term and however it should not exceed a period of nine years.

Guarantee fund: The Committee questioned whether it was realistic for the Authority to implement the Levies Act. The Authority provided an explanation on the aspect of the guarantee fund where it has commissioned a firm of Actuaries to assist them in putting together a concept document, and a progress report is underway.

The Authority engaged with the Council Members to looked at the possible ways and methods that can be used to implement the guarantee fund. It also made an example that it can either partner with insurance service providers in terms of establishing a guarantee fund the law makes a provision for that aspect.

Training Academy: The Committee asked the Authority whether it has its own Training Academy. The Committee noticed that the Authority did not achieve on the establishment of training academy. The Committee requested the Authority to elaborate on the timeframe it has given itself to finalise the entire process. The Committee asked who is responsible for learning material. The Authority was asked whether it was satisfied with the person who is providing training.

The Authority noted that it did not achieve the target because it was in relation to evidence which was not put in order by the team who was responsible for priorities. According to the requirements the team should have started by presenting the material before it proceeded with the application. The application was rejected on thosebasis of not following the correct process. The Authority did not have sufficient time to re-present the application for this current financial year and did not achieve the target, however it plans to reapply in the next financial year.

Small Security Companies. The Committee wanted to know the number of small security companies who are currently existing and operating. The Committee referred to the given current economic challenges the country is facing. The Committee wanted to know what assistance is provided by the Authority to small companies who are still struggling to secure contracts and owing them. The Committee asked what measures are put in place in ensuring that the revenue is collected from the small companies.

The Authority indicated that the number of the small companies that currently active are 10784. The Authority indicated that the majority of the fines are generated from small companies which is boosting its revenue. The Authority indicated that the law allows them to assist the small companies on a yearly basis, there is an agreement which is reached in terms of payment with small companies. The small companies can make arrangements for their payments within a period of six months and big companies for one month. The minimum amount that is paid by the small companies at R6000.

Reservist: The Committee wanted to establish whether the Authority and security companies has a program that caters for reservist. The Committee took into consideration the fact that the Authority was also assisting in preventing crime activities in its environment. The Committee strongly felt that it needed to look at the programs that will include reservist and it can be perused for the future purposes. The Authority indicated that it does not have any data on the reservists. If there were any of the companies who were utilising reservists, they should declare it.

Audit Opinion: The Committee noted the concern raised on the Audit outcomes about the action plan to address findings. The Committee was of the view that the Authority would have included the measures that will be put in place to monitor the implementation and progress in terms of action plan on the audit findings. The Authority indicated that it has included three action plan to address findings in the documentation. The Authority indicated that it has received two emphases of matters on the material impairments and significant uncertainties. It did not receive any finding in terms of the financial year. It has received an administrative finding and the action plan has been developed that is being monitored by the oversight structures. The Administrative finding has been raised in the interim finding audit report not in the final audit report.

Accreditation process: The Committee noticed that there were still challenges in the accreditation process. The Authority was asked about the measures that are put in place in ensuring that the process is effective. The Committee raised concerns on accreditation and registration process referred to instances where the security officers will be using the accreditation that does not belong to them and how it happens in the security companies.

The Authority indicated that there are two important requirements needed to be done on the accreditation process, namely registration and training, therefore a proof has to be produced. It referred to the most common abuses that usually happens to security officers who are supposed to attend trainings and find themselves not receiving it from the accredited service providers.

It also mentioned that there is a tendency in the industry of buying the certificates from the service providers. The Authority has decided to take over that part of issuing certificates of the security officers. In the future it will allow service providers to conduct training and assessment online. The Authority is in the process of procuring an online systems and is still underway. It would also need people who will be responsible for issuing certificate of accreditation on training instead of the service provider. The certificates will be digitised. The Authority will also be looking at the curriculum to ensure that there is accountability in terms of weight of the training with regard to certain issues that are experienced on the ground by security officials.

Research The Committee requested the Authority to elaborate more on the research paper which has been finalised. The committee asked whether the Authority has engaged with Civilian Secretariat for Police on the research it has done on School Safety. The Authority indicated that part of the research has touched on people who are guarding children at schools.

The Authority would need a specific training for securities who are guarding at schools. The Committee referred to incidents where the security officers were involved in crimes at schools for doing wrong things to children. The Committee emphasised that the Authority should equip security officers in doing the right things, and also should ensure that the suitable people are deployed at schools with the necessary skills. The Committee made a proposal to the Authority to submit a research document to the Minister of Police on school safety.

Community Policing Forum (CPF) The Committee indicated that during the engagements with the Civilian Secretariat for Police, the Department reported that it was struggling to find training courses for the Community Police Forums. There were no partners who wanted to come on board. The Committee asked whether the Authority can be able to assist SAPS in training the CPF.

The Authority indicated that Community Policing Forums do not fall within their mandate, but that of the SAPS. The Authority indicated that it would be looking at types of training they can provide, after agreement with the departments that will assist community patrols as well as neighbourhood watches. The Authority was of the view that most of the CPF and NHW clashes are happening due to lack of understanding laws, particular in the Western Cape Province.

People with disabilities: The Committee requested the Authority to provide numbers and percentages on the targets. The Committee wanted to know the number of disabled security officers that are current employed. The Authority has a small number of disabled employees who are currently working at their offices. The Authority indicated that there is a lot of disabled security officer who are registered. It was unfortunate that the Authority did not have the statistics of the disabled officers. The

Authority would ensure that the data is gathered for people with disabilities in the industry. The disabled security officers are mostly deployed in the monitoring environment.

The Committee requested the Authority to consider people who are using sign language. The Committee indicated that there are number of people that would be found in the public areas on daily basis who requires their services. The Authority should look at the organisations that are responsible for people with disability. The Authority will look at the training programs that will be covering issues related to customer services and human rights.

Employment of Foreign Nationals: The Committee noted that the majority of the people who car guards are foreign national and was concerned about South African people who wished to work in that environment. The Authority indicated that there are sections in the law that allows the foreign nationals to receive employment in the industry provided that the person hold a permanent residence in South Africa. The Authority did not have the numbers of the foreign nationals who are working in the industry. The Authority would only be able to provide numbers on those security officers who are registered. The requirement process of the Foreign Nationals was to produce a clearance on criminal record from their country of origin.

School security: The Committee reported that all the Departments have presented about the plans on school safety. The Committee was extremely worried that there is high number of murder incidents that are happening at schools were the learners are committing violence against each other. The Committee strongly believed that the Authority should convene a submit on school safety, it should invite all the relevant stakeholders, government bodies and Department of police.

The Authority indicated that there is a need to review the strategy at schools. The Authority made an example that in some instance the community will choice a person from the areas to be a security at the local school. The private schools are safe because are able to set aside a budget for security matters. The Authority will engage with the Department Basis Education to consider allocating budget for school security safety.

Leaves: The Committee requested the Authority to indicate whether the security officers are entitled to take leave. The security officers are entitled to take leave in line with the basic condition of employment act and the applicable labour relation act

Provident Fund: The Committee wanted to know whether the Authority has a provident fund scheme for security guards who are killed on the line of duty. The Authority indicated that there is a provident fund which is covering for the security officers who are injured in line of duty. The provident fund covers for the following; life cover and funeral cover offered if a member dies on duty. There is specific insurance that is responsible for dealing with this issue.

10. COMMITTEE RECOMMENDATIONS AND REPORTING REQUIREMENTS

10.1 Recommendations

The Portfolio Committee on Police recommends the following:

- 1) The Authority should fill the vacancies of the Council Members as matter of urgency.
- 2) The Authority should implement all aspects of the Audit Action Plan to ensure that the 2019/20 audit outcomes are improved.
- 3) The Authority should further encourage the entrance of female security officers to the private security industry.
- 4) The Authority should ensure continuous consultation on the Private Security Industry Regulation Amendment Bill, as it enhances the regulatory mandate of the Authority.
- 5) The Authority should address corruption that is taking place in the security companies where the security officers are using accreditation which does not belong to them.
- 6) The Authority should improve the accreditation process and ensure that the companies are adhering to the regulations.
- 7) The Authority should improve a training program of the security officers who are deployed at schools to reduce violence against learners.
- 8) The Authority should strengthen the regulations on implementation of car guards.

11. CONCLUSION

The Committee believes that there is a positive improvement in the service delivery and financial and performance of the Authority and indicated that the Authority should continue to make progress in the areas that requires attention. The Committee congratulated and appreciated the Authority for obtaining a clean audit during the 2018/19 financial year. The Members of the Committee expressed satisfaction with positive audit outcomes of the Authority. The Members further encouraged the Authority to remain consistent in achieving the clean audit outcomes. The Committee further highlighted the importance of the PSIRA Council as the Accounting Authority and that the vacant position should be filled.

Report to be considered.