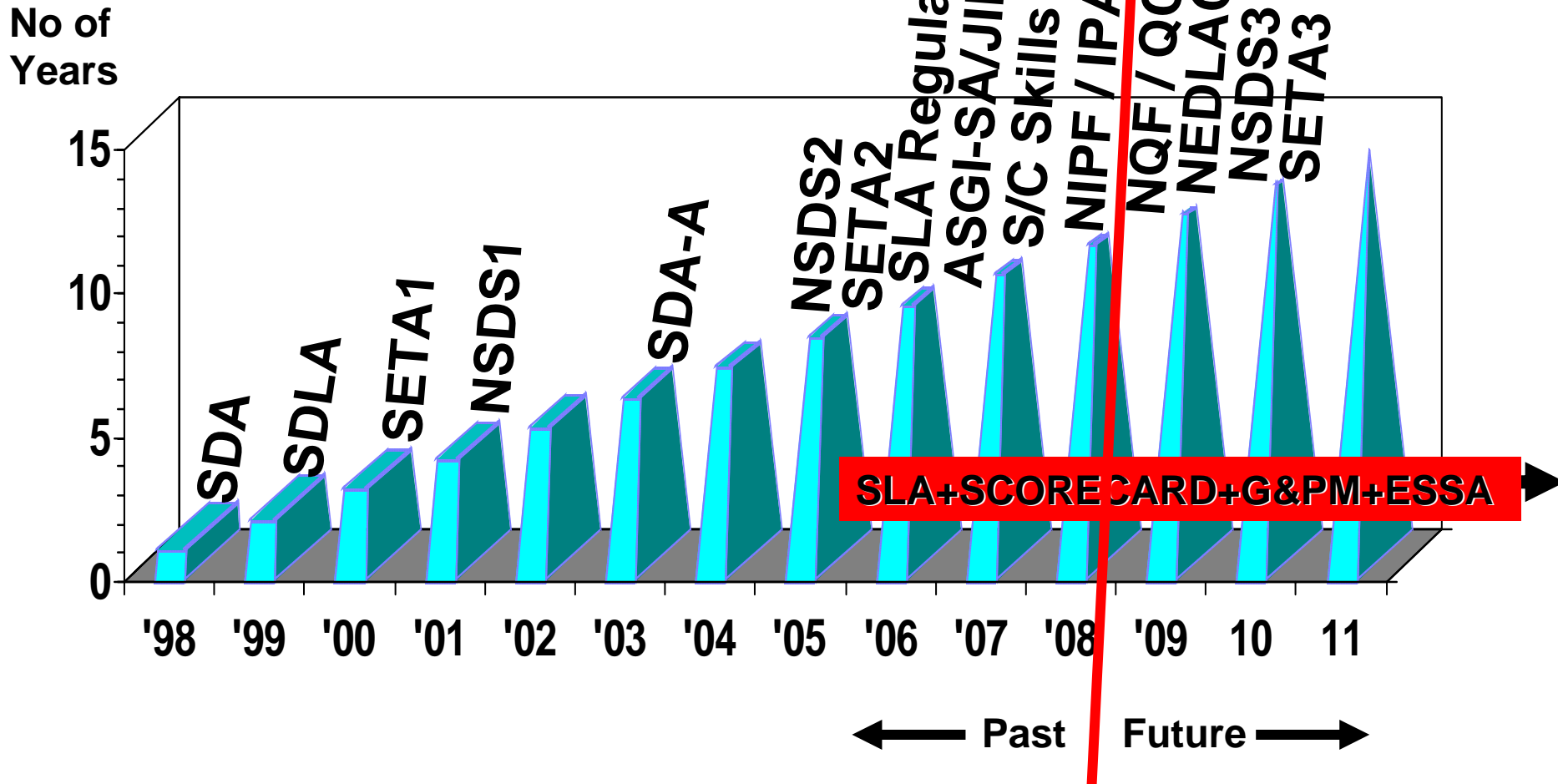


# **Portfolio Committee Labour SETA Performance Results 2006 – 2007**

## **26<sup>th</sup> February 2008**

# Evolution of the SETA System



# Evolution of the SETA Performance Management System

1. **Policy Mandate:** Skills Development Act
2. **Strategic Framework:** National Skills Development Strategy
3. **Legislative Framework:** Service Level Agreement Regulations
4. **M&E Framework:** Annual Performance Assessment Scorecard
5. **M&E Control System** : Governance & Performance Management Procedure
6. **M&E Automation/MIS:** Employment Services For South Africa (ESSA)

# M&E Framework

## Annual Performance Assessment Scorecard

### 5 KRAs established by the NSA

#### 1. NSDS 2005 - 2010 Success Indicators

- 16 out of 20 apply to SETAs
- 2005 – 2006 could only measure 7 out of 16
- 2006 – 2007 can measure 13 out of 16
- Cannot measure 2.4 (National Std), 5.3 (QA), or 5.4 (NSA Constituency Impact)

#### 2. NSDS 2005 - 2010 Equity Principles

#### 3. NSDS 2005 -2010 Governance

#### 4. NSDS 2005 - 2010 Funds Management

#### 5. NSDS 2005 - 2010 Provincial Linkages

- Reported for 2005 – 2006
- Measured for 2006 – 2007 onwards

# M&E Framework

# Annual Performance Assessment Scorecard

## 2005 – 2010 SETA PERFORMANCE MEASUREMENT RATING SCALE

<b>Percentage</b>	<b>0% - 60%</b>	<b>61% - 80%</b>	<b>81% - 100%</b>	<b>101% - 120%</b>	<b>&gt;120%</b>
<b>Score Rating</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Performance Description</b>	<b>Performance is Poor</b>	<b>Performance is Below Requirements</b>	<b>Performance Meets Requirements</b>	<b>Performance is Above Requirements</b>	<b>Performance is Excellent</b>

# Final Scorecard Results = 2005 – 2006 (Year 1)

SETA Acronym	Final Score Achieved	SETA Acronym	Final Score Achieved
<b>BANKSETA</b>	<b>5</b>	<b>ISETT</b>	<b>4</b>
<b>FOODBEV</b>	<b>5</b>	<b>THETA</b>	<b>4</b>
<b>CHIETA</b>	<b>5</b>	<b>MAPPP</b>	<b>4</b>
<b>FASSET</b>	<b>5</b>	<b>MERSETA</b>	<b>4</b>
<b>INSETA</b>	<b>5</b>	<b>CTFL</b>	<b>4</b>
<b>AGRISETA</b>	<b>5</b>	<b>TETA</b>	<b>3</b>
<b>SERVICES</b>	<b>5</b>	<b>SASSETA</b>	<b>3</b>
<b>LGSETA</b>	<b>4</b>	<b>CETA</b>	<b>3</b>
<b>W&amp;RSETA</b>	<b>4</b>	<b>HWSETA</b>	<b>3</b>
<b>MQA</b>	<b>4</b>	<b>ETDPSETA</b>	<b>3</b>
<b>FIETA</b>	<b>4</b>	<b>ESETA</b>	<b>2</b>
		<b>PSETA</b>	<b>1</b>

# Final Scorecard Results B = 2006 – 2007 (Year 2)

SETA Acronym	Final Score Achieved	SETA Acronym	Final Score Achieved
<b>FASSET</b>	<b>5 (5)</b>	<b>MQA</b>	<b>4 (4)</b>
<b>BANKSETA</b>	<b>5 (5)</b>	<b>MERSETA</b>	<b>4 (4)</b>
<b>FIETA</b>	<b>5 (4)</b>	<b>SERVICES</b>	<b>4 (5)</b>
<b>ISETT</b>	<b>5 (4)</b>	<b>W&amp;RSETA</b>	<b>4 (4)</b>
<b>CHIETA</b>	<b>4 (5)</b>	<b>LGSETA</b>	<b>3 (4)</b>
<b>CTFL</b>	<b>4 (4)</b>	<b>THETA</b>	<b>3 (4)</b>
<b>ETDPSETA</b>	<b>4 (3)</b>	<b>SASSETA</b>	<b>3 (3)</b>
<b>FOODBEV</b>	<b>4 (5)</b>	<b>CETA</b>	<b>3 (3)</b>
<b>INSETA</b>	<b>4 (5)</b>	<b>HWSETA</b>	<b>3 (3)</b>
<b>AGRISETA</b>	<b>4 (5)</b>	<b>TETA</b>	<b>3 (3)</b>
<b>MAPPP</b>	<b>4 (4)</b>	<b>ESETA</b>	<b>3 (2)</b>
<b>Note – Figures in () = last year</b>		<b>PSETA</b>	<b>3 (1)</b>

# Comparative Scorecard Results

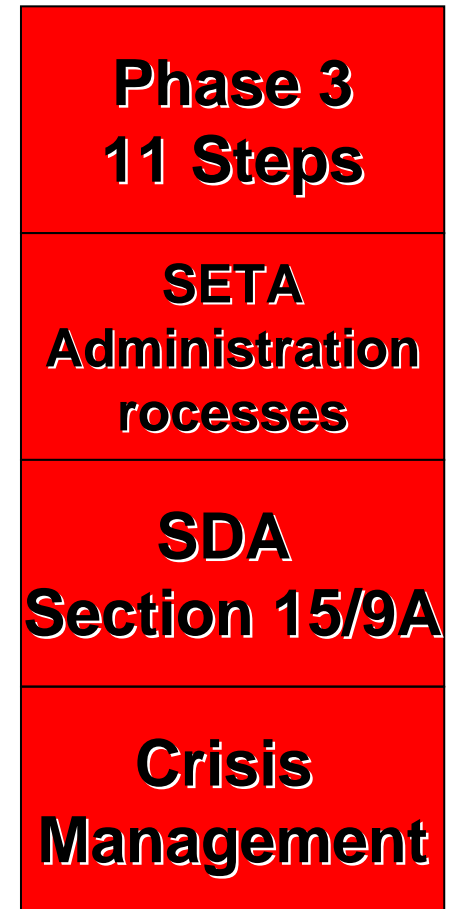
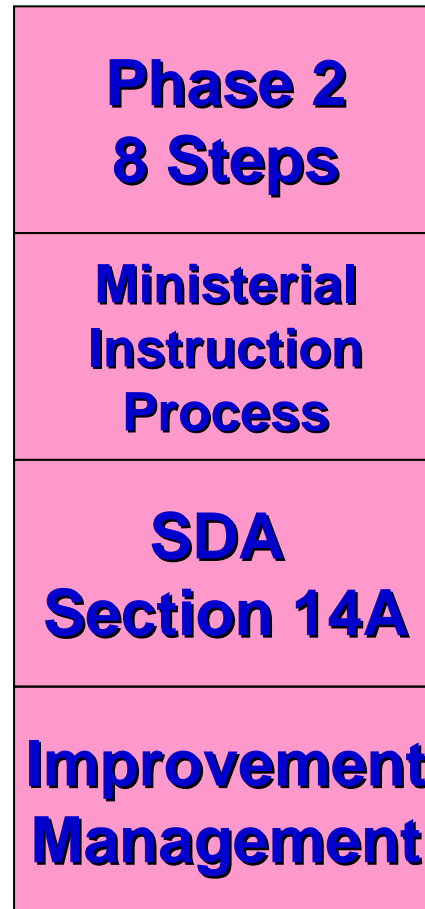
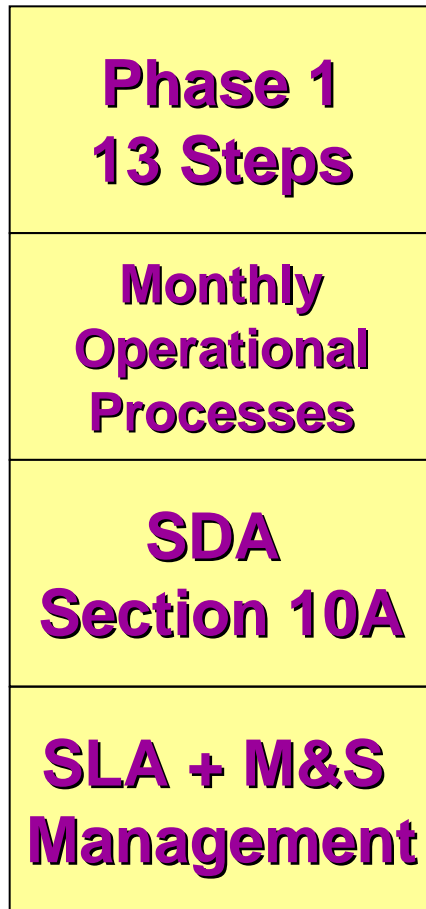
Score Rating	Percentage	Performance Description	2005 - 2006	2006 - 2007
5	>120%	Performance is Excellent	7 SETAs	4 SETAs
4	101% - 120%	Performance is Above Requirements	9 SETAs	11 SETAs
3	81% - 100%	Performance Meets Requirements	5 SETAs	8 SETAs
2	61% - 80%	Performance is Below Requirements	1 SETA	None
1	0% - 60%	Performance is Poor	1 SETA	none



# **SETA Performance Management System Recommendations agreed to by NSA Feb 08**

- **The system to remain unchanged except for alignment to changes made in Service Level Agreements.**
- **Automation of the performance scorecard system within the ESSA system**
- **Operationalise within the case management sub-system of ESSA the Governance and Performance Management Procedures (G&PM)**

# G&PM Framework



# SETA “specific” Performance Management Action Plans Implemented

- Encourage/Reward SETAs that performed well and ensure continuous improvement to sustain benchmarks
- Engage with individual SETAs regarding specific deficiencies and ensure implementation of remedial action

# Final Scorecard Results B = 2006 – 2007 (Year 2)

SETA Acronym	Final Score Achieved		
<b>FASSET</b>	<b>5</b>		
<b>BANKSETA</b>	<b>5</b>		
<b>FIETA</b>	<b>5</b>		
<b>ISETT</b>	<b>5</b>		

**SETAs achieving a score of 5 were recognized as good performing SETAs at annual Skills Conference October 2007**

# Final Scorecard Results B = 2006 – 2007 (Year 2)

SETA Acronym	Final Score Achieved	SETA Acronym	Final Score Achieved
		<b>MQA</b>	<b>4</b>
		<b>MERSETA</b>	<b>4</b>
		<b>SERVICES</b>	<b>4</b>
		<b>W&amp;RSETA</b>	<b>4</b>
<b>CHIETA</b>	<b>4</b>		
<b>CTFL</b>	<b>4</b>		
<b>ETDPSETA</b>	<b>4</b>		
<b>FOODBEV</b>	<b>4</b>		
<b>INSETA</b>	<b>4</b>		
<b>AGRISETA</b>	<b>4</b>		
<b>MAPPP</b>	<b>4</b>		
<b>EXCEPTION</b>			

**SETAs achieving a score of 4 are monitored to maintain and improve on results above requirements.**

# MAPPP SETA

- Continued lack of good Governance and Financial Mismanagement
- Outcome = 9th October 2007 – Gazette 30368 SETA placed under Administration
- Price Waterhouse Coopers took over SETA and is currently running the SETA as its Accounting Authority (Board) until 9<sup>th</sup> April 2008
- Situation has been stabilized and work under way to stop the “bleeding”
- Stakeholder consultation workshops have been completed and a new Board and Constitution in the process of being established

- **Concerns:**
  - **Stakeholder commitment to the SETA – do they want it?**
  - **R 46 million over commitments & administration by previous Board & Management Teams**
  - **Based on advise from Scorpions, very little chance if any of being able to pursue convictions against previous Board Members or Management**
  - **Probable that NO discretionary projects for period 2008 – 2009**
- Final reports from Administrator due end February 2007 for discussion with DG and NSA to ultimately advise the Minister on the way forward on the MAPPP SETA

# Final Scorecard Results B = 2006 – 2007 (Year 2)

SETA Acronym	Final Score Achieved	SETA Acronym	Final Score Achieved
		<b>LGSETA</b>	<b>3</b>
		<b>THETA</b>	<b>3</b>
		<b>SASSETA</b>	<b>3</b>
		<b>CETA</b>	<b>3</b>
		<b>HWSETA</b>	<b>3</b>
		<b>TETA</b>	<b>3</b>
		<b>ESETA</b>	<b>3</b>
		<b>PSETA</b>	<b>3</b>

**The problem  
Children !!**



# Local Government SETA

<p><b>What was the change in score between 05/06 and 06/07 and why?</b></p>	<p><b>LGSETA achieved a score of 4.44 in 2005-2006 that declined to a 3.28 in 2006-2007. The SETA underperformed on NSDS indicators 2.2, 2.5, 2.7, 3.2, 4.3 and 5.1 The SETA also under performed on the KRA 2 for Governance.</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>LGSETA received a qualified report from the AG for :</b></p> <p><b>An amount of R2,590m in levy income was raised and no adequate explanation and records supported the provision.</b></p> <ul style="list-style-type: none"> <li>•<b>Accounts received and payable were understated,</b></li> <li>•<b>Material and irregular expenditure and endowment policy of R1 m which insured the life cover of the previous employee.</b></li> </ul>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>DoL and the LGSETA developed an action plan that is being implemented by the LGSETA and monitored DoL. DoL has two full time contracted CAs that assist the SETA with financial reporting. The DoL has also submitted a full report on LGSETA to the NSA who are considering a recommendation that the Minister of Labour implement Section 14A of the SDA Act to issue a Ministerial instruction to further ensure implementation of the action plan.</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>Good progress has been made by the LGSETA and all the issues raised by the AG are being addressed. The LGSETA is in particular very supportive of the National Artisan development programme and supports the GSETA Forum of Government SETAs. There is an overall improvement in the SETA under the new CEO</b></p>

# Tourism SETA

<p><b>What was the change in score between 05/60 and 06 07 and why?</b></p>	<p><b>THETA achieved a scored of 3.87 in 2005/06 that declined to a score of 3.10 in 2006/07. The SETA underperformed on NSDS indicator 1.2, 2.2, 2.5, 2.7, 2.8, 4.2, 4.3, and 5.1). The SETA also underperformed on KRA for Provincial Linkages.</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>Although THETA received an unqualified report from the AG, concern was raised on overspending on administration expenses in contravention of Section 3(3) of SDA Regulations due to inadequate monitoring by management. Note 19 to the AFS disclose this overspending on administrative expenditure due to legal fees of R4, 912 million.</b></p>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>DoL has contracted two full time CAS to assist the SETA with improving financial controls. The DoL also submitted a full report on the THETA to the NSA who are planning a direct one on one meeting between the NSA and THETA to discuss the continued poor performance of the THETA and continued irregular expenditure experienced due to exceeding the 12.5% Administration funds.</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>There is marked improvement at THETA with very close collaboration between THETA, SA Tourism and DEAT. The SETA also relocated offices and reduced staff to improve on administration expenses; there are no current legal problems that caused previous over expenditure on admin expenses. THETA is placing the leadership role on a collaborative SETA Forum sub-committee project to support WC 2010.</b></p>

# Safety & Security SETA

<p><b>What was the change in score between 05/06 and 06/07 and why?</b></p>	<p><b>SASSETA achieved a score of 3.40 in 2005/06 that declined to 3.18 in 2006/07. The SETA underperformed on NSDS indicators 2.5, 2.7,4.3,5.2 and 5.3.</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>Although SASSETA received an unqualified report for the financial year 2006-2007, the AG is concerned about the dependency by the SETA on administration income from government departments since such funds are voluntary contributions only since national and provincial departments are not required to pay levy by law.</b></p>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>DoL has supported SASSETA through a specific intervention related to artisan development within three key stakeholders in the sector, namely Defense, Correctional Services and the Police. As a result over 2000 artisan learners have been identified and are being integrated into formal contracts with the SASSETA. The Project is resulting in a much closer relationships between SASSTA and its stakeholders, a relationship that ensure continued voluntary contributions for Admin expenses.</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>An improvement is evident at SASSETA with the appointment of a new CEO. The SETA now submits the reports on time and the quality of reports are also improving. The 3<sup>rd</sup> quarter progress reports for 2006 – 2007 is showing improved results against NSDS targets.</b></p>

# Construction SETA

<p><b>What was the change in score between 05/06 and 06/07 and why?</b></p>	<p><b>CETA achieved a score of 3.32 in 2005/06 that declined to 2.80 in 2006-07. The overall performance of CETA is in major state of decline with the SETA underperforming NSDS indicators 1.2, 2.5, 3.2, 4.2, 4.3, 5.1 and 5.2. The SETA has also been beset with governance problems which also impacted on the operational activities of the SETA since many of the SETA stakeholders were disillusioned with the SETA.</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>SETA received a disclaimer as reported by the Auditor General for a second year in succession with ten (10) areas of deficiency reflected in the report and seven (7) negative emphasis of matter and other matters clearly indicating that the SETA has major governance problems and financial mismanagement problems.</b></p>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>DoL has committed significant resources to assist the CETA, with its most senior an experienced sector liaison managers involved. The two DoL contracted CAs have spent considerable efforts to assist the SETA CFO. DoL has submitted detailed reports on the CETA challenges to the NSA. The NSA convened a meeting with the CETA Board on 7 Feb 08 to indicate to them that it is considering advising the Minister to place the CETA under Administration with effect from 1st April 2008 to solve the crisis. The CETA Board has submitted a report to the NSA in mitigation of the intention to place them under Administration.</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>Conditions have worsened at CETA with huge increases in cash investments with minimal grant allocations to stakeholders. Based on letters submitted to eth NSA there is huge discontentment with the current CETA Board.</b></p>

# Health & Welfare SETA

<p><b>What was the change in score between 05/06 and 06/07 and why?</b></p>	<p><b>HWSETA achieved a score of 3.27 in 2005/06 that declined to 2.90 in 2006/07. The SETA under performed on NSDS indicators 1.2, 2.2, 2.5, 4.2, 4.3 and 5.2</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>The HWSETA received a qualified report from the AG for:</b></p> <ul style="list-style-type: none"> <li>•Irregular expenditure of R610,676 in respect of WSPs.</li> <li>•No internal audit functions in the SETA.</li> <li>•The HWSETA board didn't comply with SDA s 13(3)iii I terms of representation in the board.</li> <li>•Non- compliance with treasury regulation 27, 16A6.3 and SDA regulation 6.</li> </ul>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>The HWSETA is implementing an action plan that is being monitored by DoL. DoL also submitted a full report to the NSA on activities at HWSETA, in particular related to Forensic investigations at the SETA. The NSA are studying the reports with a view of meeting with the HWSETA to investigate what has been implemented as a result of the forensic investigations.</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>There is no apparent improvement at the HWSETA as a permanent CEO has still not been appointed and a CFO only appointed in January 2008. The NSA intervention will be fast tracked, possibly resulting in a formal Ministerial instruction being give to the SETA in terms of Section 14A of the SDA.</b></p>

# Transport SETA

<p><b>What was the change in score between 05/06 and 06/07 and why?</b></p>	<p><b>TETA achieved a score of 3.32 in 2005/06 that declined to 3.20 in 2006/07. The SETA under performed on NSDS indicators 2.2, 2.5, 2.7, 3.2, 4.3, 5.1.</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>TETA received a qualified audit report from the AG in 2006 -07 primarily due to a lack of monitoring and internal controls. The SETA also continues to suffer from the results of the Fidentia debacle resulting in a write-of of R 251 million.</b></p>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>DoL contracted CAs have spent considerable time to assist with financial support to the SETA. Senior DoL Officials have also accompanied and supported TETA at SCOPA hearings and engaging with the Curator where relevant. DoL also assisted the SETA through the State Law Attorneys to ensure that a motion by the previous CEO to postpone his disciplinary hearing at the SETA was thrown out of court. The previous CEO has been dismissed,</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>The TETA has to date not yet appointed a permanent CEO and the delay is resulting in a leadership vacuum. In addition there is considerable uncertainties on amounts of money that could be recovered from the curator at Findetia as the Curator process is taking longer than expected and the recoverable amounts is reducing as a result of additional curator costs.</b></p>

# Energy SETA

<p><b>What was the change in score between 05/06 and 06/07 and why?</b></p>	<p><b>ESETA achieved a score of 2.40 that did improve to 3.40 for 2006/07. Although this was an improvement the ESETA remained amongst the poorly performing SETAs.</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>ESETA received a qualified received from the AG for primarily due of a lack of internal controls and concerns related to Employer grants and projects as well as cash flow statements &amp; Levy Income. Concerns are also raised with non compliance with applicable legislation, and Matters of Governance.</b></p>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>DoL engaged with Board and Management to provide advise on areas to improve. The SETA agreed to develop a turn around strategy but to date to DoL is awaiting for a report from the SETA in this regard. DoL submitted detailed reports to the NSA who are considering advising the Minister of Labour to issue a ministerial instruction for the SETA to address areas of under performance as per Section 14 A of the SDA</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>The SETA has a new chairperson and deputy chairperson but problems with one of the smaller unions is affecting smooth running of the Board. A forensic investigation is being considered by the Board iro allegations of nepotism, staff loans and non-disclosure of Board members. ESETA continue to have alack of stratgeic leadership from ESKOM or DPE.</b></p>



# Public Service SETA

<p><b>What was the change in score between 05/06 and 06/07 and why?</b></p>	<p><b>PSETA improved significantly from a score of 0.97 in 2005/06 to a score of 2,87 in 2006/07. However the score of 2.87 still remains well under required levels. PSETA does not report on the same scope of NSDS indicators as for other SETAs but has the primary function of monitoring and reporting on NSDS indicator that requires Government to spend at least 80% of its payroll on training. The PSETA has failed to achieve this critical function.</b></p> <p style="text-align: right;"><b>Refer NSDS Booklet Handout</b></p>
<p><b>What was the key opinions of Auditor General 06/07</b></p>	<p><b>Although not as yet audited by the AG since to date PSETA remains a unit that is funded within the budget and audited financials of the DPSA. The AG has raised this as a concern since the PSETA was listed as a schedule 3a Public Entity that is to receive a transfer payment from DPSA. This has not yet occurred.</b></p>
<p><b>How has DoL intervened and supported the SETA?</b></p>	<p><b>DoL in collaboration with DPSA has worked with PSETA to establish a PSETA Board that is functional, but has not to date appointed a permanent CEO. A Government SETA Forum has been established by DPSA &amp; DoI to assist PSETA with coordination across government related SETAs. DoL has submitted a detailed report to the NSA who are considering advising the Minister to instruct the DG:Labour to engage with et DG:DPSA to set up a formal support plan to fund and resource the PSETA.</b></p>
<p><b>What is the present situation in the SETA?</b></p>	<p><b>There is an improvement in the PSETA due to committed individuals with the PSETA but the lack of a CEO is causing a major leadership vacuum, especially iro engaging with all Government Departments to monitor and report of skills development spend.</b></p>



# Other contextual work in progress

- Generic constitution for all SETAs
- CFO's Forum to support Finance & Governance
  - Key challenge remains Completeness of Revenue impasse with Office of Accountant General
- Artisan Development cross SETA Project
- WC 2010 cross SETA Project
- NEDLAC SETA Review
- NSA SETA / NIPF & IPAP Alignment
- Rationalization of SETA quality assurance under single body: Quality Council for Trades and Occupations

# Thank You

## Q & A