ANNUAL GENERAL MEETING 2026

SERVICES SETA



FINANCIAL STATEMENTS 2025/26 OUTCOME

Ms Fanisa Lamola

Chief Financial Officer

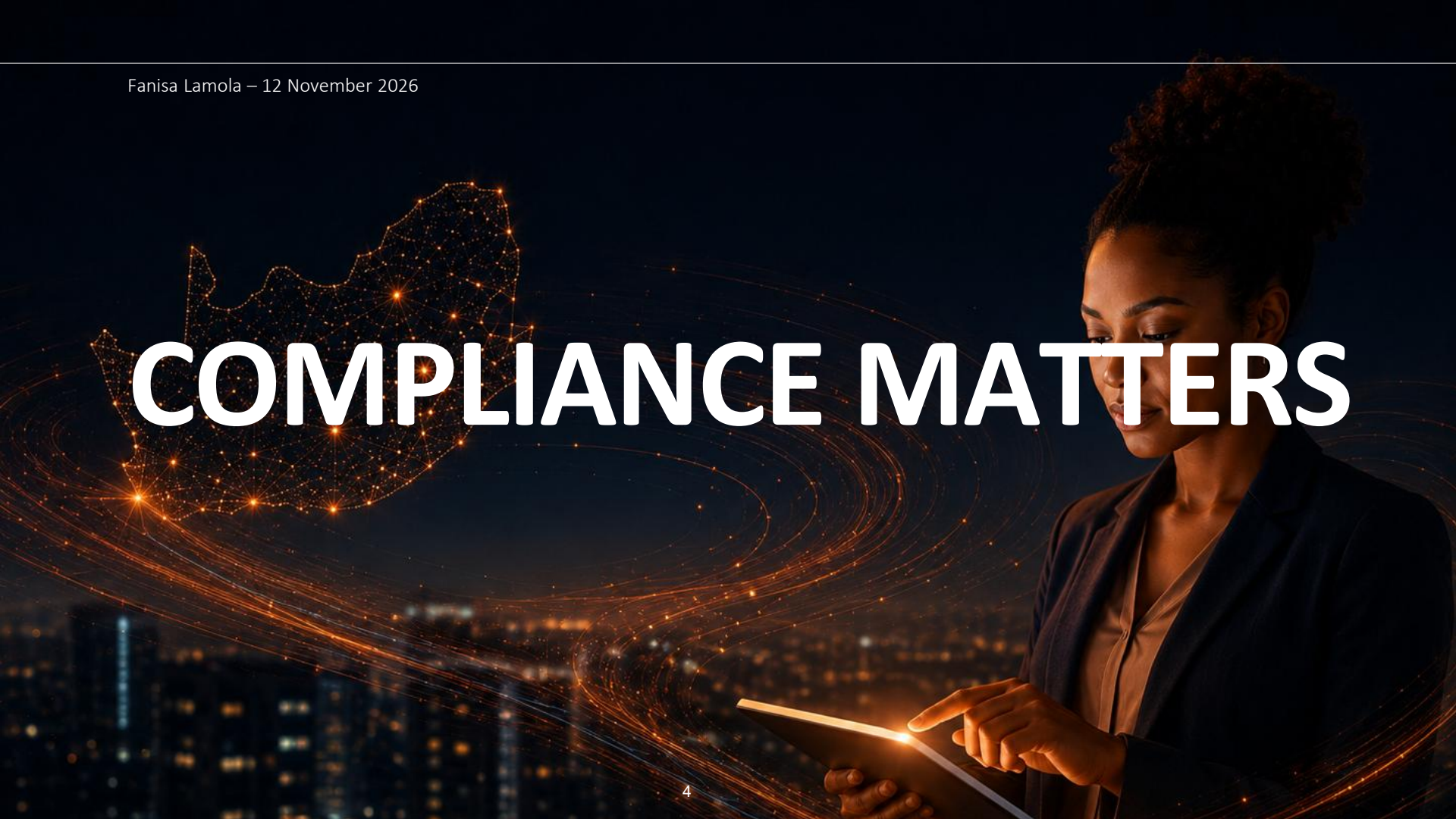
FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS

OVERALL FINANCIAL PERFORMANCE OF SERVICES SETA

Description	2025 R'000	2026 R'000	COMMENT
Total revenue	2 441 858	2 532 544	**4% increase** – driven by increase in levies received for current year
Total expenditure	(1 838 479)	(1 970 238)	**7% increase** – slight improvement in DG project timeous claims & and closure of projects
Surplus for the year	603 379	562 306	**7% decrease** – improvement in disbursement for project implementation
Total assets	4 322 099	4 631 630	**7% increase** – inclusion of skill centers still being constructed into PPE
Total liabilities	793 840	532 537	**33% decrease** – settlement of invoices during the financial period
DG reserves	3 437 870	3 996 508	**16% increase** – funding paid in advance to TVET & Universities amounting to R950M included in reserves – to be expensed during 2026-27
DG Commitment	3 074 406	3 293 118	**7% increase** – balance of bursary allocation to TVET and Universities, Expression of Interests done during the year and new partnerships done during the year


COMPLIANCE MATTERS

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IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Description	2025 & prior R'000	2026 R'000	Comment
Irregular expenditure	393,164	37,297	In total the amount incurrent in the current year only accounts for 9% of the overall irregular expenditure balance indicating the steep decline on incurred non-compliance The only new matter incurred was in relation to an RFQ award amounting to R643K (under investigation) Balance is multi-year contracts
Fruitless expenditure	92 432	0	Historically stagnate DG projects that have been cancelled or projects that failed and had incurred expenditure. Processes still underway on possible recovery of funds.
Material losses	16 698	0	Impairment of a system that was developed but never used. Investigation on project underway.

Fanisa Lamola – 12 November 2026

AGSA REPORT



AGSA REPORT

AUDIT OUTCOME

Qualification areas

1. **Commitment (repeat qualification)** – AGSA was unable to obtain sufficient appropriate audit evidence for DG commitment, as Services SETA did not maintain accurate and complete records of contractual information relating to the amendments and restatements of the opening balance. Furthermore, in the prior year the Services SETA did not account for all DG expenditure in the commitment balance, as required by GRAP 1 (Presentation of financial statements).

2. **Provisions (new qualification)** – The Services SETA did not fully account for the provision relating to DG expenditure as required by GRAP 19 (Provisions, contingent liabilities and contingent assets).

3. **Prior year Bursary provision (repeat qualification)** – The prior year adjustments relating to provision were not correctly accounted for in the financial statements, as required by GRAP 3 (Accounting policies, estimates and errors). The amount of the correction for the provision materially differed to the underlying supporting evidence due to the inadequate controls to accrue for the bursary related amounts in the Services SETA records.

4. **Irregular expenditure (repeat qualification)** – The process for awarding of DG's was not adhered to by the Services SETA as it contravened the SETA Grant Regulation requirements. The AGSA was unable to obtain sufficient appropriate audit evidence to confirm the evaluation of DG allocation.

AGSA REPORT

AUDIT OUTCOME

Other material outcomes

5. **Audit of Annual Performance Report** – The reasons provided for the under achievement and over achievement against planned targets did not agree to the audit evidence. Consequently, the reasons reported are not useful for informed decision-making. AGSA identified preventable material misstatements in the annual performance report submitted for auditing. Services SETA did not correct all the misstatements.

7. **Compliance with Legislation** – Financial statements submitted for auditing were not prepared in accordance with PFMA due to material misstatements identified during the audit. The uncorrected material misstatements and supporting records not provided resulted in the financial statements receiving a qualified opinion.



AREAS OF FOCUS TO ADRESS OUTCOMES

CRITICAL AREAS FOCUS

ACTIONS BEING TAKEN TO ADDRESS QUALIFICATIONS

COMPONENT	WEAKNESS	ACTIONS
DG Commitment	Documents not saved in audit ready format Expectation of sample selection vs 100% testing of amendments to balances	Special audit scheduled for end of November by AGSA All documents used for amendments being filed for audit – review by Internal audit prior to submission to AGSA All transactions for the year being saved to prepare for audit
Bursary accrual (prior year provision)	Focus was on settlement of historical debt while reconciliation and alignment to contracts was not adequately considered	All institutions being engaged to provide student fee statements for all financial years affected Resources obtained to follow up with institutions on any remaining historical commitments Forms part of special audit by AGSA
DG project provision	Historically processing prior period errors for invoices received relating to work done in prior financial periods	Review of all activated projects to assess status and provide estimates on provision for relevant financial periods Review by Internal audit prior to submission to AGSA
DG allocation process	Disagreement with AGSA on conclusion reached	Technical review of process followed against SETA Grant regulation and DG policy used
Misstatements	Material adjustments to financial statements prior to submission without sufficient time for review	Year end plan already developed and being tracked monthly with collection of static information being done prior to start of audit

Thank you

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SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY
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