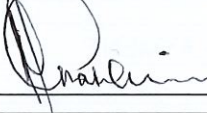



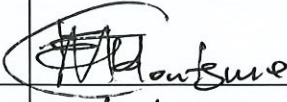


# SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY

<b>MANDATORY GRANT ADMINISTRATION STANDARD OPERATING PROCEDURE</b>	
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	Finance Manager
	
<b>SOP OWNER:</b>	Finance Department
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## 1. PURPOSE

- The purpose of the Standard Operating Procedure (SOP) is to highlight the important and practical aspects regarding the administration and disbursement of the Mandatory Grant.
- This SOP distinguish the responsibility between various involved departments (i.e., Finance and Skills Planning and Reporting) and the associated personnel but focuses primarily on the role played by the Finance Department.
- This SOP also remind the Finance Manager of his duty to ensure that the Mandatory Grant is disbursed timely and accurately to all qualifying employers, including administering relevant disclosure notes.

## 2. LEGISLATION

- In terms of Skills Development Act read in line with the Skills Development Levies Act requires that a SETA payback 20% of the levies collected in the form of a Mandatory Grant to all qualifying employers.
- It is further required in terms of the Public Finance Management Act that the Accounting Authority or delegated official should ensure that it is responsible for the management, including the safeguarding, of the assets and for the management of the revenue, expenditure and liabilities of the public entity.

## 3. ROLE PLAYERS

- The administration and management of the Mandatory Grant process is a joint effort between the Finance and Skills Planning and Reporting departments.
- The Skills Planning and Reporting department deals primarily with the following administrative tasks:
  - i. Provide a platform for the employers to submit the Workplace Skills Plans (WSP) and the Annual Training Reports (ATR),
  - ii. Evaluation of the aforementioned documents for approvals,
  - iii. Monitor and administer of regulated dates including facilitating individual submission extension requests,
  - iv. Engage with the Skills Development Facilitators (SDFs) representing employers on all matters concerned, including:
    1. Facilitate and administer first time registrations,
    2. Obtaining new banking details, and
    3. Prepare and supply letters of payment confirmation.
- Finance's roles are as follows:
  - v. Import a file containing approved status employers into the finance module,
  - vi. Upload and approve the banking details,
  - vii. Identify the 1<sup>st</sup> and 2<sup>nd</sup> validation rejection lists and provide them to Skills Planning and Reporting practitioners to communicate with the SDFs.

- viii. Provide Skills Planning and Reporting practitioners with a report of all successfully administered payments. This is used to generate letters of payment confirmation.

## 4. PROCESSING, ACCOUNTING & PAYMENT

### 4.1 INITIATION & PROCESSING

- Skills Planning and Reporting department provides Finance with a raw report from Integrated Management Information System (IMIS) identifiable by a unique Levy Number containing the following data:
  1. Approval status per employer,
  2. Total levy contributed to date, and
  3. Levy amount split SASSETA's and the portion relating to National Skills Fund.
- The list is administered using unique Levy Number system, and
- It is imported into the Grant & Levies companies which later interfaces with the Operations companies of the Finance system.

### 4.2 PROCESSING & RECORDING

- Once reviewed by the Finance Manager and posted, each employer's account is reconciled to indicate a Mandatory Grant Payable or Receivable balance,
- Mandatory Grant Receivables are triggered by subsequent reversals administered and processed by the South African Revenue Services (SARS),
- Neither SASSETA nor the Department of Higher Education and Training have any role on this activity,
- Where an employer owes SASSETA money as a result of SARS reversals, any Mandatory Grants due to them are first offset against the outstanding receivable balance, and
- Mandatory Grant Receivables are recognised and disclosed under Statutory Receivables – GRAP 108 addresses this concept fundamentally,

### 4.3 PAYMENT

- A consolidated report containing all the payable balances is generated from the Finance system and imported into the banking system (i.e., Nedbank comma-separated value file),
- Based on the amount required to settle the liability, a transfer from the Current Account to the Grant Disbursement Account is facilitated by the Finance staff
- Rejections:
  1. First level rejections are those employers without banking details in the Finance system – these are rejected immediately upon loading the csv file into the banking system, and
  2. Second level rejections are identified within 5-7 working days based on returned payments – these are driven by employers' dormant banking details.

## 4.4 RECONCILING & REPORTING

- Both rejection lists are quantified, and the amount is added back to the employer grant liability balance,
- The Mandatory Grant Payable balance is disclosed under Trade and Other Payables – Non-Exchange.

## 5. INTER-SETA TRANSFERS

- Once an employer has lodged a request to be transferred from/to SASSETA to/from another SETA, the Skills Planning and Research facilitates the process including finalizing the compilation and submission of the Inter-Seta Transfer (IST) documents between the affected SETAs,
- SASSETA through the Finance Department will disclose the revenue relating IST in terms of GRAP 23 – Revenue from Non-Exchange. Transfers will be requested in terms of scheme years affected. A scheme year defines a period in which the statutory liability/affairs in this instance Skills Development Levies refers to,
- Inter-SETA transfers are accurately and completely dealt with at year-end through the Inter-SETA confirmation process.

## 6. GOVERNANCE

- Mandatory Grant Payable balance along with other qualitative factors (i.e., total number of qualifying companies and inter-SETA levies are reported to the Mandatory Grant Committee.
- The DHET through Circular 04/2022 requires quarterly reports regarding the administration and payment of mandatory grant payables.

## 7. APPLICABILITY

- This SOP narrates a process flow from the Finance Department' perspective and will be in use until there is a fundamental change to the process.

