

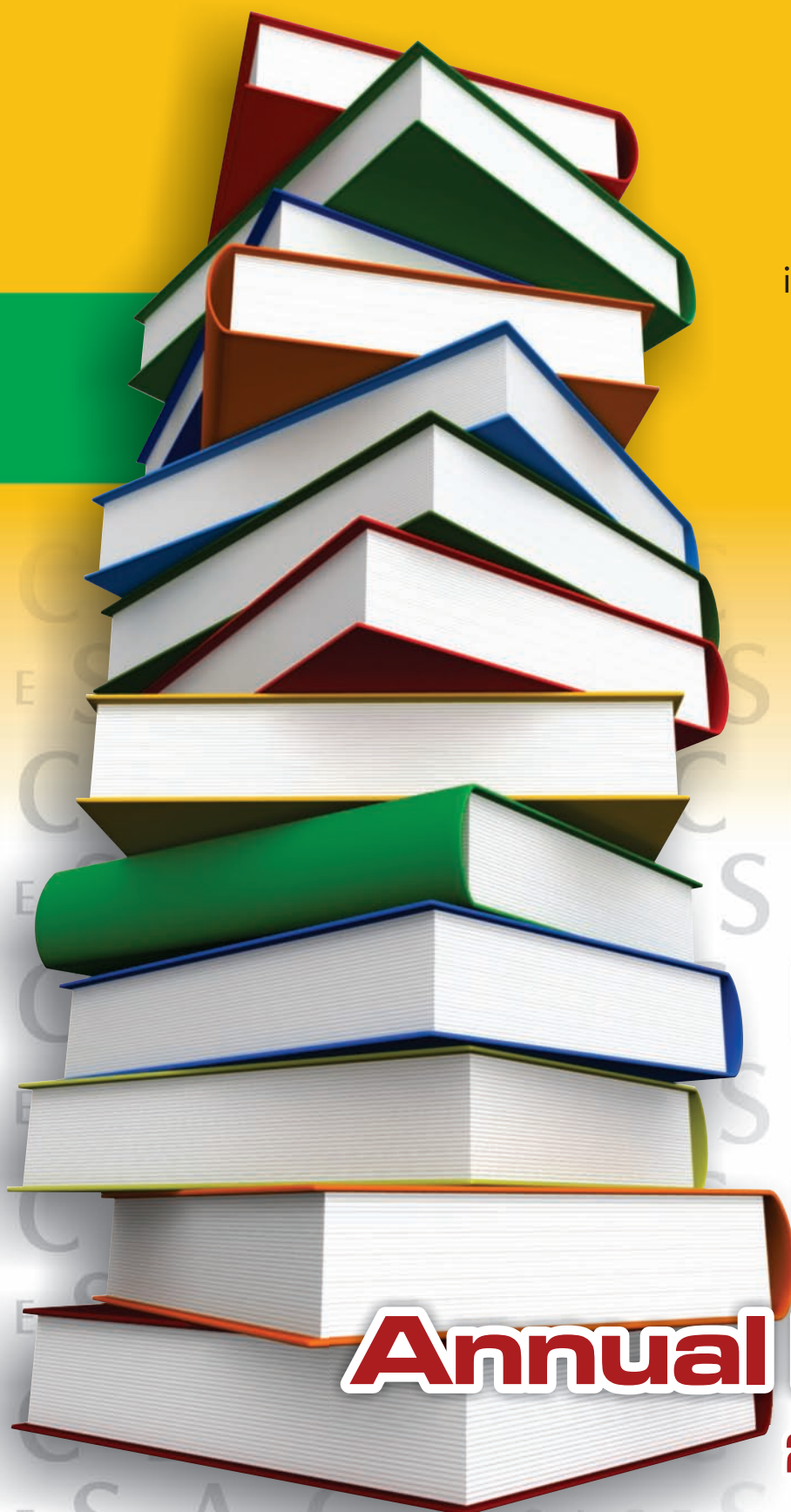


**SACE**

South African Council for Educators

*Towards Excellence in Education*

Promoting Excellence  
in the Teaching Profession



# **Annual Report**

## **2012-2013**



# SOUTH AFRICAN COUNCIL FOR EDUCATORS 2012/13 ANNUAL REPORT





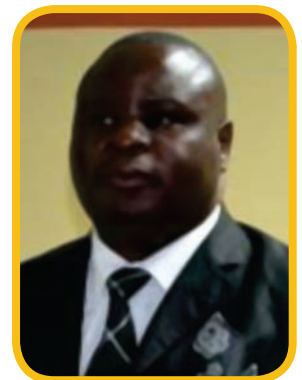
SACE is  
honoured to submit to  
you the Annual Report  
of the South African  
Council for Education  
for 2012 - 2013, in terms  
of the Public Finance  
Managaement Act,  
1999.



**Mr Magope Lucas  
Maphila**  
*Chairperson*



**Mr Rej Brijraj**  
*Chief Executive  
Officer*



**Mr Morris Mapindani**  
*Chief Financial  
Officer*



**Ms Matseliso Dipholo**  
*Chief Operations Officer*

# Contents

<b>Part A:</b>	<b>Page</b>
1. General information	5
2. List of acronyms	6
3. Strategic overview	7
4. Legislative and other mandates	8
5. Organisational structure	8
6. Foreword by the Chairperson	9
7. Chief Executive Officer's overview	10 - 12
 <b>Part B: Performance information</b>	
1. Statement of responsibility for performance information	13
2. Auditor's report: Predetermined objectives	14
3. Strategic overview	15 - 16
4. Performance information by programme	17
4.1 Registration	17 - 18
4.2 Professional development	19 - 25
4.3 Code of Professional Ethics	25
4.4 Policy and Research Programme	31 - 36
5. Summary of financial information	37
5.1 Revenue collection	37
5.2 Programme expenditure	38 - 39
5.3 Capital investment, maintenance and asset management plan	39
 <b>Part C: Governance</b>	
1. Portfolio Committee	40
2. Executive Authority	40
3. The Council	
3.1 Introduction	40
3.2 The role of the Council	40 - 41
3.3 Council Charter	41
3.4 Composition of the Council	42 - 46
3.5 Committees	47
3.6 Remuneration of Council members	48
4. Risk Management	48
4.1 Internal Control	49
4.2 Internal Audit and Audit Committee	49
4.3 Compliance with laws and regulations	50
4.4 Fraud and corruption	50
4.5 Minimising conflict of interest	51
4.6 Code of Conduct	51
4.7 Health, safety and environment	51
4.8 Audit Committee Report	52 - 53
 <b>PART D: Human resource management</b>	
1. Introduction	54 - 56
2. Human resources oversight and statistics	57 - 62
 <b>PART E: Financial information</b>	
1. Statement of responsibility	63
2. Report of the Chief Executive Officer	
3. Report of the External Auditor	
4. Annual financial statements	







## PART A:

### 1. General information

Registered name:	South African Council for Educators (SACE)
Registration number:	Act No. 31 of 2000
Physical address:	Crossway Office Park, Block 1 240 Lenchen Avenue Centurion 0046
Postal address:	Private Bag X127 Centurion 0046
Telephone:	012 663 9517
Fax number:	012 663 9238
Email:	info@sace.org.za /pr@sace.org.za
Website:	www.sace.org.za
External auditors:	N. M. N. Chartered Accountants (SA) 62 5th Avenue, Linden, Johannesburg, 2195
Bankers:	Nedbank Limited
Chief Executive Officer:	Mr Rej Brijraj

PART A  
*Part A*



## 2. List of acronyms

<b>AFTRA</b>	African Forum of Teaching Regulatory Authorities
<b>CAPS</b>	Curriculum and Assessment Policy Statement
<b>CEPD</b>	Centre for Education Policy Development
<b>CHE</b>	Council for Higher Education
<b>CPTD</b>	Continuing Professional Teacher Development
<b>CSVR</b>	Centre of Study of Violence and Reconciliation
<b>CTPA</b>	Cape Teachers Professional Association
<b>DBE</b>	Department of Basic Education
<b>ETDP-SETA</b>	Education and Training Development Practices – Sectoral Education and Training Authority
<b>FET</b>	Further Education and Training
<b>GCIS</b>	Government Communication and Information System
<b>HEDCOM</b>	Heads of Education Departments Committee
<b>HOD</b>	Head of Department
<b>HPCSA</b>	Health Professions Council of South Africa
<b>HSRC</b>	Human Sciences Research Council
<b>IFTRA</b>	International Forum of Teaching Regulatory Authorities
<b>NAISA</b>	National Alliance of Independent Schools Associations
<b>NAPTOSA</b>	National Professional Teachers Organisation of South Africa
<b>NATU</b>	National Teachers Union
<b>NPFTED</b>	National Policy Framework on Teacher Education and Development
<b>PEDs</b>	Provincial Education Departments
<b>PEU</b>	Professional Educators Union
<b>SACE</b>	South African Council for Educators
<b>SADTU</b>	South African Democratic Teachers Union
<b>SAOU</b>	Suid-Afrikaanse Onderwysersunie
<b>SAPA</b>	South African Principal Association
<b>SAQA</b>	South African Qualification Authority
<b>UNISA</b>	University of South Africa
<b>UP</b>	University of Pretoria
<b>VVOB</b>	The Flemish Association for Development Cooperation and Technical Assistance
<b>WC</b>	Western Cape
<b>WTD</b>	World Teachers' Day



### 3. Strategic overview

#### 3.1 Vision

SACE's vision is to promote the professionalism of all educators in South Africa, by ensuring that its services are easily accessible and by continuously empowering educators through development, thus ensuring that educators are committed to the profession and adhere to the ethos of our education enshrined in the South African Constitution.

#### 3.2 Mission

SACE shall ensure that all stakeholders within the education sector are involved in ensuring that the core deliverables are enhanced, by providing appropriately registered, professionally developed educators that would display professionalism.

#### 3.3 Values

Core values/principles of the South African Council for Educators	
Service-oriented	Ensure that the teaching profession and educators in particular are serviced satisfactorily at all times. Servicing educators is priority number one for all SACE employees.
Quality	Provide quality and excellent service and programmes to educators and the profession as a whole.
Openness and transparency	All SACE matters should be treated with honesty and sincerity. SACE will strive to engage and consult with its stakeholders on various matters regularly.
Professionalism	Display a high level of professionalism at all times.

#### 3.4 Strategic outcome-oriented goals

1. Strategic outcome oriented goal	Register appropriately qualified educators per category.
Goal statement	Register all practising and newly qualified educators per different categories.
2. Strategic outcome oriented goal	Enhance the status of the teaching profession.
Goal statement	Advocate professional development programmes to all educators in the country, manage the Continuing Professional Development System (CPDS) and professionalise teaching.
3. Strategic outcome oriented goal	Develop and maintain ethical standards.
Goal statement	Develop and implement intervention strategies for the profession, to minimise the breach of the Code of Ethics.
4. Strategic outcome oriented goal	Research educational and professional matters to inform policy.
Goal statement	Research papers, policy proposals and SACE draft positions.





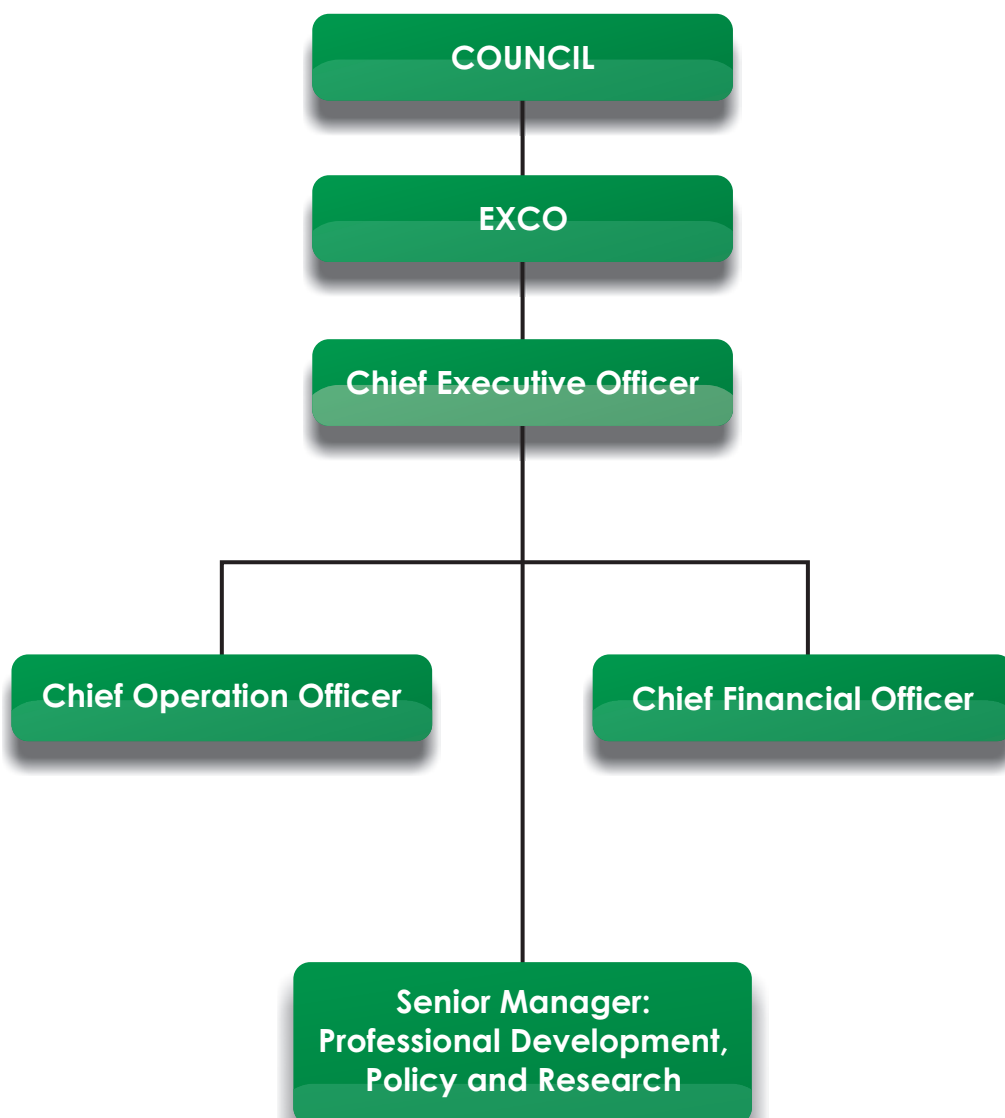
#### 4. Legislative and other mandates

The South African Council for Educators is a Schedule 3A public entity established in terms of Act No. 31 of 2000, as amended, to enhance the status of the teaching profession.

The Basic Education Laws Amendment Act (2011) has amended the South African Council for Educators Act No. 31 of 2000 to enable the Council to manage the Continuing Professional Teacher Development System, and to allow the Council to request additional funding from the public fiscus when necessary.

The South African Council for Educators is accountable to the Department of Basic Education (DBE) and fits into sub-output number one of DBE Delivery Agreement and Action Plan 2014, which speaks to “improving the quality of teaching and learning” through the improvement of teacher capacity and practices.

#### 5. Organisational structure



## 6. Foreword by the Chairperson

The Council's four-year term of office ends on 31 July 2013. It has been a singular privilege to chair the Council in its endeavours to professionalise teaching.

Council was driven by the following precepts (amongst others):

- Professional ethics as enshrined in the Code should never be compromised;
- All teachers have to be appropriately qualified and engage in life-long learning and service;
- Teachers are the guardians of the holistic development of learners;
- SACE's autonomy should resist undue influence; and
- SACE manages its resources with extreme prudence.

I am happy to announce that SACE, through wise guidance of the Council and its sub-structures, has done well to promote these ideals.

The performance reports for the past four years indicate steady improvement, notwithstanding the minimal increase in expendable revenue over this period.

Let us therefore record gratitude to the SACE team, led by the CEO, Mr Rej Brijraj, for implementing the mandates of the Council and its sub-structures and for the day-to-day smooth administration of SACE. Let us also acknowledge the astute management of SACE resources by the CFO, Mr Morris Mapindani. SACE audit reports hold Council in good stead.

We salute the Ministry of Basic Education, the provincial Departments of Education, the Teacher Unions and other stakeholders for supporting our ideals.

I wish to extend a big thank you to the Deputy Chairs of Council, Mrs A Cereseto and Mr S Mchunu and members of the Executive Committee for their advice and direction, which gave me the confidence to persevere.

I wish the incoming Council more successes and implore all teachers to go beyond the call of duty for a better life for our children and the well-being of our nation.

  
ML Maphila  
South African Council for Educators (SACE)  
July 2013



## 7. Chief Executive Officer's overview

### 1. Introduction

The South African Council for Educators (SACE) is established under the SACE Act (Act No. 31 of 2000). Its functions today are:

- Compulsory registration of all educators;
- Management of the Continuing Professional Teacher Development system, and promotion and development of the teaching profession; and
- Review and maintenance of ethical standards.

These functions are supported by the Research, Outreach and Administration services.

It was a good year for Council for many reasons. The Minister of Education officially opened SACE's building on World Teachers' Day, 5 October 2012. The four-storey building, which will cost R60 million, is situated in Crossway Office Park, 240 Lenchen Avenue, Centurion, 0046 (other contact details are on the SACE website). This was the highlight of the year.

### 2. Registration

A total of 50 748 educators were assisted for the year. Of these, 5 561 teachers registered for the first time and qualified for full registration, while 16 958 educators applied for the first time but did not meet all the requirements and were conditionally registered. 10 683 educators who were provisionally registered in the previous year were now upgraded to full SACE registration. 17 546 educators, whose documents were also updated, remain provisionally registered due to certain reasons, e.g. some are still studying and some are foreign nationals who do not qualify for a full registration.

The office now strives to complete registration requests within 7 working days. The mammoth task of validation and classification of the register is now underway.

### 3. Professional development

The Council endorsed 80 professional development activities, totalling 221 to date. Office strives to finalise requests within 3 months.

29 schools signed up on the CPTD Information System, totalling 173 to date. 545 Managers have signed up on the CPTD system (plus 1 500 previously signed-up educators).

All systems are now in place for a roll-out of the CPTD system. Whilst particular cohorts are targeted for administrative purposes, all educators are encouraged to engage in CPTD activities as per the SACE CPTD guidelines. The Professional Development Portfolio (PDP) will supplement SACE records.

### 4. Code of Ethics

SACE received 556 complaints against teachers. 57 hearings were held, resulting in 27 indefinite striking-offs, 28 suspended striking-offs, and one re-applicable striking-off. 180 cases are still in process. To date, SACE received 3 044 complaints against teachers. 339 hearings were held, resulting in 150 indefinite striking-offs and 113 other sanctions.

Office now adheres to a three-month case finalisation period to ensure that cases do not drag on, and plans an intensive advocacy campaign to promote professionalism of teachers and well-being of learners.

## 5. Policy, planning and research

The Policy Planning and Research unit is fully operational and guides SACE's strategic plan. SACE participates in national structures and has produced eight reports informing professionalism. The resource centre manages professional publications.

## 6. Public relations

The section manages the call centre, SACE's website and electronic communication, media and public engagements. 41 interactions with educator groups, reaching out to almost 11 000 educators, have been facilitated.

12 meetings with stakeholders, national education and political structures took place.

The section has coordinated SACE's international visibility in the African Forum for Teaching Regulatory Authorities (AFTRA) and the International Forum for Teacher Regulatory Authorities (IFTRA). SACE chaired the AFTRA round-table in Tanzania, and the steering committee in Kenya. AFTRA aims to professionalise teachers across Africa.

## 7. Administration

SACE was serviced by a staff compliment of 68. Council's revenue of R64,3 million was made up of teachers' levies, totalling R54,3million (at R10 per month per educator) and a treasury grant of R10 million.

The Internal Audit unit has ensured that the Finance, Human Resources and Corporate Affairs divisions work in compliance with Treasury and Labour prescripts.

The unit has also monitored SACE's performance in terms of its Strategic Objectives and its Annual Performance Plan.

## 8. Assessment

### 8.1 Advocacy

SACE's performance has been satisfactory, yet leaves much scope for enhancement. The specific roles of SACE need to be advocated repeatedly and broadly so as to clarify what it does and what it cannot do. SACE does not police schools and teachers but rather responds to complaints. SACE does not provide professional development, but manages the provisioning and uptake. SACE does not employ teachers, but registers them in order that they are licensed to teach. Large-scale campaigns become necessary for community awareness and pro-action.

### 8.2 Registration

SACE's register needs re-configuration. Validation of current data and disaggregation of the register into appropriate categories is to be implemented. Registration certificates need to be differentiated so as to promote specialised teaching. SACE needs to introduce electronic registration and updates. Strict anti-fraud measures must be developed and activated.

### 8.3 Professional development

An intensive advocacy strategy to advertise and promote professional development (PD) requires urgent attention. A comprehensive strategy that alerts all stakeholders and educators about all aspects of PD needs





to be undertaken as soon as possible. All teachers must be encouraged to undertake PD programmes and activities and to record progress in Professional Development Portfolios as per SACE guidelines. A SACE handbook should be provided to every teacher. The human resource complement in the PD section therefore requires urgent review.

#### 8.4 Ethics

SACE's vigilance and pro-action regarding professional ethics need to be intensified. SACE's response period needs to be drastically reduced and its liaisons with the relevant authorities regimented. The division requires re-configuration and supplementation of staff. The cohort of SACE panellists needs to be enlarged so as to promote more contact and support for schools in enhancing professionalism.

#### 8.5 Infrastructure

The following resources require attention:

- The setting up of regional/provincial SACE offices is long overdue;
- The Teacher Assistant Facility needs to be staffed by experienced and knowledgeable personnel;
- SACE's library and archiving facilities need activation;
- SACE's publications output must begin to match the demand for information and discourse pertaining to teacher professionalism; and
- A funding model, acceptable to all stakeholders that will address challenges identified is a priority.

### 9. Appreciation

While much remains to be done to deepen the thrust of SACE, SACE has indeed come a long way.

Thanks to the vigilance and active interest of Council members, under the prudent leadership of the Chairperson, Mr ML Maphila, SACE continues to grow in stature to enhance teacher professionalism.

All panellists, evaluators, officers, committee members and councillors deserve gratitude of the profession for their expertise and selfless contribution.

The Council's deep appreciation goes to the Ministry of Basic Education, Education Departments, Teacher Unions and all educational stakeholder groupings in Council for their support and direction towards excellence in education.

The Senior Management, who assisted the CEO to supervise staff and functioning of divisions and services have done well and deserve praise. SACE remains obligated to a loyal and largely hard-working staff. We mourn the loss of one of the best. Rest in peace, Zandi.

### 10. Conclusion

As the current term of Council comes to an end in July 2013, it is fitting to pay tribute to all councillors who have served. It has been an honour to serve, as one looks forward to serving the next Council. Teachers need to rest assured that their professional custodianship has been and will be in good hands.

  
 Rej Brijraj  
**Chief Executive Officer**  
 South African Council for Educators (SACE)  
 July 2013

## PART B: SACE performance information

### 1. Statement of responsibility for performance information for the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of the public entity's annual financial statements and for the judgments made on this information.

The Chief Executive Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the South African Council for Educators (SACE) for the financial year ended 31 March 2013.

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

The SACE performance information for the year ended 31 March 2013 has been examined by the external auditors and their report is presented on page 14.

The performance information of the entity set out from page 17 to page 39 has been approved.



Mr Rej Brijraj  
**Chief Executive Officer**  
South African Council for Educators (SACE)  
July 2013

PART B

Part B



## 2. Auditor's report: Predetermined objectives

### TO THE ACCOUNTING AUTHORITY OF SOUTH AFRICAN COUNCIL FOR EDUCATORS REPORT ON OTHER REGULATORY REQUIREMENTS

In accordance with the Public Audit Act (Act No. 25 of 2004) and in terms of General Notice 839 of 2011, issued in Government Gazette 34783 of 28 November 2011, we include below our findings on the annual performance report and material non-compliance with the Public Finance Management Act of South Africa (Act 1 of 1999) and the South African Council for Educators Act (Act 31 of 2000).

#### Predetermined objectives

- *Usefulness of information*

The reporting of targets and objectives in the quarterly reports and annual report were not always in line with the targets and objectives set out and approved in the annual plan.

- *Compliance with laws and regulations*

There are no matters to report.

#### INTERNAL CONTROL

In accordance with the Public Audit Act (Act No. 25 of 2004) and in terms of General Notice 839 of 2011, issued in Government Gazette 34783 of 28 November 2011, we considered internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of internal control.

There are no matters to report.



Per: Ganas Naidoo

N.M.N. Chartered Accountants (SA)  
Registered Auditors  
31 July 2013  
62 - 5th Avenue  
Linden  
Johannesburg  
2195

### 3. Strategic overview

The South African Council for Educators (SACE) is established under the SACE Act (Act No. 31 of 2000).

Its functions today are:

- Compulsory registration of all educators;
- Management of the Continuing Professional Teacher Development system and promotion and development of the teaching profession; and
- Review and maintenance of ethical standards.

The Minister of Education officially opened SACE's building on World Teachers' Day, 5 October 2012. The four-storey building, which costs R60 million, is situated in Crossway Office Park, 240 Lenchen Avenue, Centurion, 0046.

The Council registered 22 519 educators of which 16 958 are provisional. 5 589 foreign educators were registered provisionally. Since inception, Council registered 600 417 educators, of which 88 319 are provisional. 15 003 foreign educators were registered provisionally.

SACE received 556 complaints against teachers. 57 hearings were held, resulting in 27 striking-offs and 29 suspensions. 180 cases are still in process. To date, SACE received 3 044 complaints against teachers. 339 hearings were held, resulting in 150 striking-offs and 113 other sanctions.

The Council endorsed 80 (250 altogether) professional development programmes/activities.

The Policy, Planning and Research unit as well as the Communication and Advocacy unit are now fully operational in support of SACE core mandates. SACE was steered by a committed set of Councillors who fine-tuned its functioning, ably chaired by Mr ML Maphila.

SACE was administered by a staff compliment of 68, led by the CEO, Mr Rej Brijraj. Council's revenue of R64,3 million was made up of teachers' levies, totalling R54,3 million (at R10 per month per educator) and a grant of R10 million.

SACE is now well established as the guardian of teacher professionalism nationally, in Africa and internationally. It is now set to deepen its influence and strengthen its guardianship role.

SACE received good support from the Ministry, Departments of Education, Teacher Unions and other education stakeholders.

#### Service delivery environment

Teachers are the prime beneficiaries of SACE services. The secondary beneficiaries are members of the public, who want to see the teaching profession serving the best interest of the learners.

The teaching fraternity and the public at large welcome all SACE interventions and services. There is a demand for more and intensive outputs. The Teacher Unions, Ministry, departments and other educational stakeholders and entities have received and supported SACE well.

SACE has experienced no hostility from any quarter. SACE is constrained by its revenue base and will have to review its funding model if it is to deliver as per demand.






### Organisational environment

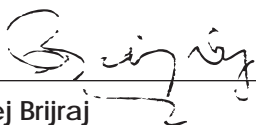
SACE has put in place various strategies to facilitate the turnaround time on educator misconduct cases received from various complaints. A more streamlined approach towards resolution of complaints against educators is being implemented, ensuring timeous closure, correction, rehabilitation and remedy where appropriate.

The Council is now forging good relations nationally and internationally. It has set a pattern of dialogue with national stakeholder groupings, viz. Teacher Unions, Department of Basic Education, statutory organs, media groupings and providers. On the international front, Council co-hosted a conference for African Teaching Regulatory Authorities (AFTRA) with the Teacher Registration Council of Nigeria (TRCN) in Abuja, 2010. An international Federation of Teaching Regulatory Authorities (IFTRA) conference was hosted by SACE in July 2011, Durban. The Council continues to forge relationships with other Southern African stakeholders to influence the establishment of similar professional councils.

### Key policy development/Act

The Council adjusted its operations to enable the implementation of the amendments of SACE Act in terms of the Basic Education Laws Amendment Act, 2011. During the year, no legislation or policy change which might have had a major change in the operation of Council, has taken place.



  
Rej Brijraj  
(April 2013)

## 4. Performance information by programme

### 4.1 Registration

Purpose of registration

- Register educators who satisfy registration requirements for professionally qualified educators;
- Compile and maintain a sub-register of educators who are provisionally registered;
- Maintain and sustain the credibility of the educator database; and
- Enhance the quality of the registration of teachers by introducing standards of entry into the profession.

Strategic objective 1: Register educators who satisfy registration requirements for professionally qualified educators					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Comment on variance
Number of educators registered in the reporting period	Registered a total of 17 899 educators	20 000	- 5 561 (full registration) - 10 683 moved from provisional to full registration <b>Total: 16 244</b>	9 481	Fewer new educators were fully registered during this year per supply
Number of educator documents updated in the reporting period	2	25 000	28 229 (total provisional registration)	3 229	There was an increase in student enrolment and most foreign educators were granted extensions

#### Strategy to overcome areas of underperformance

1. Engagement with authorities to highlight low numbers of fully qualified educators and high numbers of under-qualified educators entering the system.
2. Register cleaning, screening processes and categorisation of certificates to be initiated.
3. We have not been able to implement the smartcard as planned due to the fact that we are extending the usage/benefits thereof to include other SACE data, like the CPTD points and Ethical standing. The information captured on the card would be retrieved whenever required by related authorities in addition to being convenient for educators to have proof of registration at their disposal at all times. The smartcard will be more practical than the certificate.

#### Status report

A total of 50 748 educators were assisted for the year of 2012/13. There were 5 561 teachers who registered for the first time and qualified for a full registration, while 16 958 educators applied for the first time but did not meet all the requirements and were conditionally registered. 10 683 educators who were provisionally registered in the previous year were updated to full SACE registration. The documents of 17 546 educators were also updated, but these educators still remain provisionally registered due to certain reasons, e.g. some are still studying and some are foreign nationals who do not qualify for a full registration. A total of 5 589 foreign nationals were provisionally registered.



## Statistics from 01 April 2012 to 31 March 2013

New full registration	5 561
New provisional registration	16 958
Updated provisional to full register	10 683
Updated extensions	17 546
<b>Total</b>	<b>50 748</b>

**Online registration**

Plans for the IT system for online registration and updates were not finalised and will be carried over to the coming financial year. Registration certificates for categories of provisional registration will be issued in the coming year.

**Outreach programmes**

This year, SACE worked very closely with one of its stakeholders, viz. Umalusi. Provincial meetings discussed issues related to independent schools and registration.

Not all universities could be visited, but a few were reached, and through these interactions student teachers could be registered. It is hoped to cover all universities in the coming year.

SACE is working closely with Teach SA, to support their training session of new recruits. We ensured that they are registered before being placed in schools. We are currently on a drive to ensure that all practising teacher educators are registered. We have done outreach in many outskirts to ensure that our service reaches everywhere as per advocacy programme.

**Fraudulent qualifications**

The tendency of people bringing fraudulent qualifications has reduced as we did more verification and called in police where necessary. We also held meetings with different stakeholders to alert them about this state of affairs. We once more remind employers to scrutinise qualifications properly before offering any teaching posts and to assist unqualified educators to improve their qualifications. We appeal to educators to check whether an educational institution is registered with the Department of Education before registering, as they lose time and money by studying at institutions that are not registered.

**Registration**

Sub-programme name R'000	2012/2013			2011/2012		
	Budget R'000	Actual expenditure R'000	(Over)/under-expenditure R'000	Budget R'000	Actual expenditure R'000	(Over)/under-expenditure R'000
Registration of educators	500 000	333 917	166 083	1 200 000	969 358	230 642
<b>Total</b>	<b>500 000</b>	<b>333 917</b>	<b>166 083</b>	<b>1 200 000</b>	<b>969 358</b>	<b>230 642</b>

## 4.2 Professional development

Purpose of professional development

1. Enhance the quality of the practising educators through the management of the CPTD system;
2. Devise effective programmes and strategies for celebrating teachers and the profession;
3. Develop strategies and processes for assisting and supporting educators with regard to professional matters and needs;
4. Develop programmes to improve the status and image of the teaching profession; and
5. Ensure the quality of initial teacher education and ongoing professional development through quality assurance mechanisms and standards.

### Sub-programmes

- Not applicable

### The strategic objective of professional development

Manage and promote the professional development of educators.







## Key performance measures and their targets against actual results

### Annual targets

Strategic objective 1: Enhance the quality of practising educators through management of the CPTD system					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013
1. Number of schools participating in the CPTD Management System is increased	144 Schools participated in the CPTD pilot study	25 851 This target was planned with the understanding that the CPTD system implementation would start in the 2012/13 financial year	<b>Actual sign-up on the CPTD Information System</b> 29 schools signed up for the CPTD Management System  The CPTD implementation plan was approved by Council in November 2012. This meant that the activities in the implementation plan (for example, the school sign-ups) could only start at the beginning of 2013 (which is also the last quarter of the 2012/13 financial year)	25 707	115
			<b>Comment on variances</b> The implementation of the CPTD Management System did not take place as planned due to other systems and processes (as per the CPTD Status Report:  A report based on the pilot July 2012) that needed to be in place first before full roll-out takes place  Therefore the first three quarters of the 2012/13 financial year were spent on planning and preparations for the phased-in implementation process Part of the preparations involves all schools signing up on the CPTD Information System from February to September 2013		

## Strategic objective 1: Enhance the quality of practising educators through management of the CPTD system (continued)

Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013	Comment on variances
2. Number of SACE registered educators signing up on the CPTD Management System is increased	1 500 Educators participated in the CPTD pilot study	41 000 In line with the CPTD system phased-in implementation processes, this is the number for the principals and deputy principals as the first identified cohort				It is evident that during the last quarter of 2012/13 (January – March 2013), the majority of schools could not sign up because of the teacher union disengagement/ moratorium with DBE, SACE, and PEDs. This process would be fast-tracked in the new financial year in preparation for the phased-in implementation from January 2014
			<b>Educator sign-up on the CPTD Information System</b>  545 principals and deputy principals signed up for the CPTD Management system.  The CPTD orientation and sign-up sessions planned jointly with Northwest, Free State, and MP Provincial Education Departments, for February and March 2013, were postponed due to teacher union disengagement with DBE, PEDs, and SACE	40 455	955	The 955 variance between 2011/12 and 2012/13 financial years, was created by two different process – in 2011/12 the target was based on the CPTD pilot study whereas in 2012/13 the target was based on the actual implementation of the CPTD system which was affected by a number of factors



Strategic objective 1: Enhance the quality of practising educators through management of the CPTD system (continued)					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013
			<p><b>Actual achievement 2012/2013</b></p> <p>In addition, a National Orientation and Sign-up Team has been established to assist SACE and PEDs in implementing the CPTD system in provinces. The team consists of SACE, DBE, 9 PEDs, national teacher unions, NAISA, and SAPA. It has been capacitated through a two-day workshop session held from 11 to 12 February 2013</p>		
			<p>In addition, a National Orientation and Sign-up Team has been established to assist SACE and PEDs in implementing the CPTD system in provinces. The team consists of SACE, DBE, 9 PEDs, national teacher unions, NAISA, and SAPA. It has been capacitated through a two-day workshop session held from 11 to 12 February 2013</p> <p>Bilateral engagements have been held with all the national and provincial stakeholders (teacher unions, SAPA, NAISA, SGBs) for purposes of sharing the CPTD implementation plan and identifying areas of collaboration and support. We have also been able to visit the SGs/Heads of Department in the 3 provinces (Western Cape, North West, and Gauteng) to also share the CPTD implementation plan, clarify roles and responsibilities, and identify areas of collaboration</p>		
					<p>The sign-up for principals and deputy principals did not take place as scheduled with Free State, Mpumalanga and North West due to the teacher union disengagement</p> <p>In addition, the actual implementation of the CPTD system started in the last quarter of the 2012/13 financial year</p>

Strategic objective 1: Enhance the quality of practising educators through management of the CPTD system (continued)						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013	Comment on variances
3. Number of endorsed CPTD educator activities is increased	141	150	<p><b>80 professional development activities were endorsed during the period under review</b></p> <p>In addition, an advert has been placed at the end of January 2013 to invite more providers to apply for provider approval and PD activity endorsement. The advert focused more on providers and activities dealing with SMT/ Management and Leadership related activities/ programmes in preparation for the CPTD phased-in implementation from January 2014</p> <p>From the advert, 33 providers applied for provider approval. 62 applications were received for activity/programme endorsement</p>	70	61	<p>Not enough applications were received during this financial year</p> <p>Various strategies are being put in place to ensure that more providers apply for approval and more PD activity applications are received</p>





Strategic objective 1: Enhance the quality of practising educators through management of the CPTD system (continued)					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013
			<b>Actual achievement 2012/2013</b> Out of the 69 PD activities/ programmes received, 51 were evaluated in March 2013. The evaluated activities will be forwarded to the Endorsement Committee for endorsement in April 2013		Comment on variances
4. October is recognised as teachers' month for celebrating and honouring teachers	<b>Achieved.</b> A successful celebration was held in Cape Town. Teacher appreciation finalists from ARGO and the USA Embassy competition were rewarded. The educators were also rewarded with bursaries from ETDP-Seta for professional development. Ten teachers from all nine provinces were recipients of these bursaries. SACE invited 25 educators across the country as VIPs	Celebrating World Teachers' Day in October	<b>Achieved.</b> World Teachers' Day was successfully celebrated on 5 October 2012, and 18 educators from different provinces were honoured in collaboration with E-TV and ARGO stars in Africa	-	-
			-212 invited educators honoured the function		

## Strategy to overcome areas of under performance

School and educator sign-ups (under Professional Development)

In the 2012/13 financial year, the division could not manage to sign up the targeted number of schools and educators. In an attempt to speed up the process and ensure that all 25 000 educators and 40 474 principals and deputy principals are signed up, the following systems were put in place:

- Face-to-face workshop sessions;
- Slot in existing principals' meetings/road shows/dialogues;
- Existing stakeholder conferences/workshops/meetings;
- Orientation and sign-up information on the SACE website and Facebook;
- Posting the sign-up packs, especially in Limpopo and Eastern Cape;
- E-mailing and hand-delivering the sign-up packs;
- Developing the SACE Sign-Up Centre for walk-ins; and
- Establishing the CPTD.mobi-site for sign-ups through cellphones.

### Professional development

Sub-programme name R'000	2012/2013			2011/2012		
	Budget R'000	Actual expenditure R'000	(Over) /under-ex- penditure R'000	Budget R'000	Actual expenditure R'000	(Over)/ under-ex- penditure R'000
Implement- ation of CPTD	10 052 187	2 278 915	7 773 272	8 495 000	5 531 556	2 963 444
<b>Total</b>						

## 4.3 Code of Professional Ethics

Purpose of Ethics division

- Promote professional ethics among educators and stakeholders through workshops, seminars, imbizos and the like, and distribute material that sets the standard of professional conduct ;
- Process complaints against educators; and
- Render support to schools, educators and stakeholders on ethical matters.



## Performance information

Programme name: Ethics					
Strategic objective 1: Process complaints against educators					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target to actual achievement for 2013/2014	Comment on deviations
<b>Management of cases</b>					
1. Number of concluded cases as measured against the number of complaints received for the year	Total number of cases finalised :374	Expected number of cases to be finalised: 600	Actual number of cases finalised: 376	While it was expected that a total of 600 cases would be received, only 556 cases were received, resulting in a shortfall of 224	The balance of 180 cases will be completed in the coming year
<b>Standard of Professional Ethics</b>					
2. Educators and stakeholders are workshopped on the code of professional ethics	14 000 educators and stakeholders workshopped on the code of professional ethics	25 000 educators and stakeholders to be workshopped on the code of professional ethics	7 795 educators and stakeholders workshopped on the code of professional ethics	17 205 educators and stakeholders could not be workshopped as anticipated. However; radio interviews were conducted across the country	More outreach as budget will permit

## Current status

Every complaint that the Council receives is investigated either telephonically, by written correspondence or by conducting a physical investigation at a school. As soon as all information has been collected, it is referred to the Ethics Committee for direction on how such a complaint should be dealt with. The Committee may recommend that an educator be charged, that a complaint be referred to a relevant authority, that a matter be mediated upon or that an advisory letter be forwarded to an alleged perpetrator. Should the Ethics Committee recommend that charges be levelled against an educator, summons is issued against the educator and a hearing is scheduled to take place at the earliest possible time.

Most disciplinary hearings take the form of peer adjudication. This means that educators serve as presiding officers and panellists and pass judgment on their fellow educators accused of breaching the Code of Professional Ethics. Our panel members are trained on issues of law, disciplinary procedures and various other legal processes to enable them to effectively carry out these duties.

In the past financial year, the division has seen an increase in the number of reported cases, especially in respect of educators who still apply corporal punishment, abuse learners sexually and educators assaulting one another within the school environment. This necessitated the division and ultimately Council to take a firm stance against these kinds of abuses in an attempt to curb future occurrences.

The division's performance for the year under review was affected by the financial allocation for the year 2012/13. The financial situation prevented the division from conducting and finalising as many disciplinary hearings as it had planned to do.

The division has also drastically reviewed its disciplinary procedures to shorten the time frame allocated to deal with and finalise cases as speedily as possible and within a short space of time.

## Workshops on the SACE including the Code of Professional Ethics

The division has conducted several workshops for educators in an attempt to apprise them about the South African Council for Educators, its functions and in particular, the Code of Professional Ethics.

Workshops were held in Gauteng, Limpopo, North West, Mpumalanga and KwaZulu-Natal. A total of 7 795 educators benefited from these workshops. In an attempt to conscientise young entrants into the profession, the North West University invited SACE to do a presentation to young educators-to-be and post-graduate certificate in education (PGCE) students at the Vaal campus. It was agreed that this exercise would be conducted biannually to conscientise our young educators on the Code of Professional Ethics and the value of professionalism. We intend fostering this kind of relationship with other educational institutions in due course in the interest of the profession.

## Challenges

One of the biggest challenges is the general lack of cooperation by the parents of abused learners. While many cases have been reported to SACE by parents, the very same parents would be the first ones to refuse SACE access to the abused learner/s. In some cases, the abusers would end up being referred to "as sons-in-law".

This practice has impacted negatively on our operations, such that each year we have a lot of sexual abuse cases that are being carried over into the next financial year, not because they could not be closed. Some cases get withdrawn, not because they could not be finalised but because parents withdraw. The battle against the abuse of learners is not about to be won until such time that parents take the responsibility to protect their children and to support the SACE cause.





The other challenge that still prevails is that some provincial departments still do not report matters that have been received, processed and finalised by them. We shall however, continue to engage with provincial Departments of Education to realise this purpose.

### Strategy to overcome areas of underperformance

For the period under review, a total of 556 cases were received by the Council, of which 376 cases were finalised as outlined hereunder:

A total of 180 have been carried over into the next financial year while it is expected that the division might receive up to 600 cases for the period 2013/2014. This means that the division will have about 780 cases to resolve and/or finalise.

### Case management plan

Utilising the services of:

- Retired educators in all provinces to investigate complaints and, where possible, mediate over disputes on behalf of the Council;
- Panellists trained by SACE in all provinces to investigate complaints and, where possible, mediate over disputes on behalf of the Council;
- Panellists trained by SACE in all provinces to conduct workshops and conscientise educators on the Code of Professional Ethics on behalf of the Council;
- Labour relations officials within the DBE to prosecute cases on behalf of Council within provinces; and
- Seasoned or experienced labour relations officials within the DBE to preside over disciplinary hearings.

### Breakdown of cases received from 01 April 2012 to 31 March 2013

Total number of complaints received from 1 April 2012 to 31 March 2013: 556

Total number of complaints received per province

Province	KZN	N. Cape	E. Cape	Limpopo	MP	NW	GP	FS	WC	Total
	107	3	35	25	54	31	64	24	213	556

### Types of alleged offences or breaches

Verbal abuse, victimization, harassment, defamation.	Sexual misconduct, including rape	Fraud, theft, financial mismanagement	Racism	Corporal punishment, assault	Unprofessional conduct, alcohol abuse, absenteeism, insubordination	Negligence	Murder	No jurisdiction
83	104	65	2	182	115	-	2	03

Total number of investigations and mediations conducted from 1 April 2012 to 30 March 2013: 120

Province	KZN	N. Cape	E. Cape	Limpopo	MP	NW	GP	FS	WC	Total
	32	-	13	10	14	13	23	13	2	120

Total number of disciplinary hearings finalised from 1 April 2012 to 30 March 2013: 57

Province	KZN	N. Cape	E. Cape	Limpopo	MP	NW	GP	FS	WC	Total
	10	-	3	1	9	2	8	15	9	57

## Breakdown of complaints received per province

### Types of cases

Province	Verbal abuse, victimisation, harassment, defamation	Sexual misconduct/ rape	Fraud, theft, financial mismanagement	Racism	Corporal punishment, assault	Unprofessional conduct, alcohol abuse, absenteeism, insubordination	Negligence	Murder	Unfair labour practice	Total
KZN	14	24	27	1	24	15	-	1	1	107
NC	-	1	-	-	-	2	-	-	-	3
EC	8	16	3	-	2	6	-	-	-	35
Limpopo	4	5	2	-	6	8	-	-	-	25
MP	8	5	4	-	8	29	-	-	-	54
NW	8	6	1	-	9	7	-	-	-	31
GP	16	17	2	-	14	13	-	1	1	64
FS	8	10	1	-	4	-	-	-	-	24
WC	21	19	24	1	115	32	-	-	1	213

### Cases finalised in forms, other than disciplinary hearings: 319

#### Total number of advisory notes/advisory letters issued: 212

These are cases where Council directed that advisory letters be forwarded to the accused educators instead of disciplinary hearings being conducted against them.

#### Total number of cases mediated upon: 11

Mediations are conducted where Council has observed that relationships between educators have broken down and rifts have to be healed. Referrals to other institutions

#### Cases referred to the ELRC: 02

These are labour-related cases referred to us instead of the referral to the ELRC. The cases related to promotions of educators and unfair dismissals.



**Cases referred to the DBE: 93**

These cases related to conditions of service, for example, high enrolment rolls in classes and educators being treated preferentially by principals.

**Cases referred to the SAPS: 01**

Educator sentenced to 50 days direct imprisonment for submitting fraudulent qualifications to SACE.

**Total number of disciplinary hearings conducted and finalised: 57**

Educators found guilty: 53

Educators found not guilty: 01

**Cases withdrawn: 03**

Breakdown of sanctions meted out to educators found guilty

**Educators struck off indefinitely: 27**

Educator struck off, but may re-apply after a certain period: 01

Educators struck off, but the striking-off is suspended for a certain period: 28

**Appeals**

These appeals were received from educators whose names have been struck from the roll of educators indefinitely for sexual offences.

Total number of appeals received: 08

Total number of appeals finalised: 05 (appeals dismissed)

Total number of appeals postponed: 03

**Reinstatement applications**

Reinstatement applications are received from those educators whose names were struck off from the roll for several offences, who wish to return to the profession.

Total number of reinstatement applications received: 10

Total number of reinstatement applications finalized: 08 (applications dismissed)

Total number of reinstatement applications postponed: 02

**Total number of cases finalised between 01 April 2012 and 31 March 2013 including disciplinary hearings: 376**

**Total number of cases carried over into the next financial year: 180**

**Code of Professional Ethics**

Sub-programme name R'000	2012/2013			2011/2012		
	Budget R'000	Actual expenditure R'000	(Over) /under-ex- penditure R'000	Budget R'000	Actual expenditure R'000	(Over)/ under-ex- penditure R'000
Case Management	1 500 000	1 382 402	117 598	2 000 000	1 624 130	375 870

## 4.4 Policy and Research Programme

### Purpose of the Policy and Research Programme

The purpose of the Policy and Research Programme is to promote research on professional matters and any other educational matter relevant to SACE. This will assist SACE in strengthening its advisory role that is informed by policy and evidence-based research. In addition, this programme will enhance policy and research coordination within SACE and its structures, and strengthen the medium and long-term planning that is purposeful and informed by data and research. Lastly, the programme will play a meaningful role in monitoring, supporting, and evaluating the implementation of the CPTD Management System.

### Sub-programmes

- Policy and Research Support
- Research Projects
- Professional Magazine
- Research Dissemination
- Monitoring and Evaluation

### The strategic objective of the Policy and Research Programme

Identifying and undertaking research on relevant professional matters in order to inform SACE programmes and advise Council, the Ministers of Basic and Higher Education and Training, and the profession.





## Key performance measures and their targets against actual results

### Annual targets

Strategic objective: Identify and undertake research on relevant professional matters in order to inform SACE programmes and advise Council, the Ministers of Basic and Higher Education and Training, and the profession					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013
1. The number of national teacher education and development policy-making structures that SACE participates in	4	6	<p>Participation took place in the structures and sessions as follows:</p> <ul style="list-style-type: none"> <li>• CHE's Professional Bodies Forum meets on a quarterly basis to discuss issues of mutual interest amongst all statutory professional bodies in South Africa;</li> <li>• Curtis Nkondo Teacher Development Institute – Teacher Professionalisation Task Team;</li> <li>• DBE's HEDCOM Standing Committee Skills Development and Quality Assurance met once a quarter to deal with quality assurance, performance management and skills development matters;</li> <li>• UMALUSI ABET Vocational Education and Training Conference;</li> <li>• Teacher Education Conference; and</li> <li>• DBE's HEDCOM Standing Committee on Teacher Development</li> </ul>	0	0
2. The number of research projects undertaken in line with SACE research policy and priorities	4	8	<ul style="list-style-type: none"> <li>• Analysis of principals' and deputy principals' professional development needs Internal Teacher Migration</li> <li>• conducted a national survey on internal teacher migration in line with the revised questionnaire</li> <li>• CPTD System Implementation Plan</li> <li>• Provider Capacity Research Programme</li> <li>• Planning, Recording and Reporting "My Three-year Professional Development Cycle"</li> <li>• CPTD Status Report: A report based on the pilot</li> <li>• Analysis of providers and professional development activities submitted to SACE for approval and endorsement purposes</li> <li>• Developing a catalogue of activities approved and endorsed</li> </ul>	0	4

Strategic objective: Identify and undertake research on relevant professional matters in order to inform SACE programmes and advise Council, the Ministers of Basic and Higher Education and Training, and the profession					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013
3. The number of newly identified concept documents developed on teacher education and development matters	1	3	<p><b>Actual achievement 2012/2013</b></p> <ul style="list-style-type: none"> <li>• SACE Resource Centre and Virtual Library Concept Document</li> <li>• The CPTD Implementation Cohorts Document</li> <li>• Draft SACE Provincial Presence Concept Document</li> </ul>	-	0
4. The number of policy and research publications produced and disseminated	7	10	<p>The following SACE publications were distributed to stakeholders during various educational gatherings, and placed on the SACE website for wider access by the teaching profession:</p> <p>(a) Report on Disciplinary Cases Referred to the South African Council for Educators in 2008 and 2009 and their Policy Implications in the Context of International Professional Practice (<b>June 2012 – available on the SACE website</b>)</p> <p>(b) The CPTD Status report: a report based on the pilot (<b>July 2012 – available on the SACE website</b>)</p> <p>(c) World Teachers' Month Publication: A special tribute to teachers (<b>October 2012 – available on the SACE website</b>)</p> <p>(d) Research Report: Profile and development needs of lecturers and organisational approaches towards professional development in Free State FET colleges. Report produced by the VVOB (Education for Development, Free State University and SACE (<b>October 2012</b>))</p> <p>(e) Catalogue of Approved Providers and Endorsed Professional Development Activities/Programmes (<b>February 2013 – available on the SACE website</b>)</p> <p>(f) The CPTD Implementation Plan (<b>October 2012</b>)</p>	-	-





Strategic objective: Identify and undertake research on relevant professional matters in order to inform SACE programmes and advise Council, the Ministers of Basic and Higher Education and Training, and the profession					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013
4. The number of policy and research publications produced and disseminated (cont.)	7	10	<p>(g) The Revised CPTD System Handbook (January 2013 – available on the SACE Website)</p> <p>(h) Draft Planning, Recording and Reporting My Three-year Professional Development (March 2013 – available on the SACE website) for comments and inputs</p> <p>(i) Draft Professional Development Portfolio Guidelines (March 2013 – available on the SACE website) for comments and inputs</p> <p>(j) SACE Research and Communication Strategy (September 2013)</p>		
5. The number of reports produced on the state of the teaching profession	0	1	<p>The division started to embark on a study revolving around the state of the teaching profession. It was deemed necessary to start with the data already available to us, namely that which are on the SACE Registration Database. By means of this study a clearer picture will be attained on the quality of teachers who enter the teaching profession and their qualifications, as well as the percentage of foreign educators currently teaching in South Africa. The division requested and received all data regarding newly registered educators from 2008 to 2011, as well as registered foreign educators from 2008 to 2011. The study will also include observation on data-capturing during registration, and analysis of the databases by means of filtering and cross-tabling.</p> <p>In the light of the above, the first draft report on the analysis of the database of foreign educators registered with SACE has been produced. This report cannot be made public due to the challenges around the reliability of the registration data. More data clean-up processes need to take place before the final report can be produced</p>	-	0



Strategic objective: Identify and undertake research on relevant professional matters in order to inform SACE programmes and advise Council, the Ministers of Basic and Higher Education and Training, and the profession						
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013	Comment on variances
6. The number of professional magazines produced	0	2	1	1	1	The professional magazine could not be done in the 2011/12 financial year due to the limited budget. In the 2012/13 financial year only one edition was completed and distributed. The completion of the second edition was affected largely by the teacher union disengagement. As a result, the second edition was completed only in terms of the contributions from educators, officials and experts. The final proofreading, editing, layout and design, and printing will be finalised in the new financial year around July







Strategic objective: Identify and undertake research on relevant professional matters in order to inform SACE programmes and advise Council, the Ministers of Basic and Higher Education and Training, and the profession					
Performance indicator	Actual achievement 2011/2012	Planned target 2012/2013	Actual achievement 2012/2013	Deviation from planned target for 2012/2013	Variance from 2011/2012 to 2012/2013
7. The number of quarterly reports produced on the monitoring and evaluation of the CPTD System	Monitoring and Evaluation Concept Document	Develop Monitoring and Evaluation Framework work for the CPTD Management System	An extensive Draft Monitoring and Evaluation Framework had been developed for the CPTD System. This framework encapsulates all processes pertaining to the CPTD Management System, namely those related to provinces and members, approval of providers and endorsement of activities, as well as ICT-related matters, while also including all activities in all nine provinces	-	-

## Strategy to overcome areas of underperformance

### Professional magazine

The contributors/writers in the SACE professional magazine are largely teachers. The second edition of the magazine was delayed by the teacher union disengagement during the last quarter of the 2012/2013 financial year. The division has procured the services of a specialist writer to assist the educators in fast-tracking their writing processes so that the outstanding edition could be finalised and published timeously. Two more editions will be published in the 2013/14 financial year.

### Policy and research

		2012/2013			2011/2012		
Sub-programme name R'000	Budget R'000	Actual expenditure R'000	(Over) /under-expenditure R'000	Budget R'000	Actual expenditure R'000	(Over)/under-expenditure R'000	
Research activities		536 831	308 354	228 477	1 200 000	421 949	778 051
<b>Total</b>		<b>536 831</b>	<b>308 354</b>	<b>228 477</b>	<b>1 200 000</b>	<b>421 949</b>	<b>778 051</b>

## 5. Summary of financial information

### 5.1 Revenue collection

Sources of revenue	2012/2013			2011/2012		
	Estimate amount R'000	Actual amount collected R'000	(Over)/under-collection R'000	Estimate amount R'000	Actual amount collected R'000	(Over)/under-collection R'000
Registration fees	1 800 000	1 953 383	49 046 617	1 140 000	2 030 021	-890 021
Subscription fees	51 000 000	50 206 415	-50 026 415	50 880 000	51 332 193	-452 193
Re-prints of certificates	180 000	167 165	1 852 835	120 000	107 880	12 120
Interest receivable	2 020 000	2 055 328	7 996 859	1 100 000	993 630	106 370
CPTD subsidy	10 052 187	2 278 915	-2 278 915	0	4 442 813	-4 442 813
Donations	0	29 300	-29 300	0	0	0
Profit on disposal of assets	0	0	200 000	0	7 514	-7 514
Sundry income	200 000	238 895	-238 895	180 000	281 763	-101 763
<b>Total revenue</b>	<b>65 252 187</b>	<b>56 929 401</b>	<b>6 522 786</b>	<b>53 420 000</b>	<b>59 195 814</b>	<b>-5 775 814</b>

The Council received 99% of the budgeted revenue. The amount of R10 million for the CPTD subsidy was received in full. However, only R2,28 million was spent, and the unspent amount of R7,77 million has been deferred to the following financial year. Many foreign educators apply for registration to work in the country, hence the high number of applications compared to local educators produced annually by our higher education institutions. Subscription fees form the main source of SACE funding and are collected from all active members.



## 5.2 Programme expenditure

Sub-programme name	2012/13			2011/12		
	Budget	Actual expenditure	(Over)/under-expenditure	Budget	Actual expenditure	(Over)/under-expenditure
Professional development	10 052 187	2 278 915	7 773 272	8 495 000	5 531 556	2 963 444
Registration costs/project costs	500 000	333 917	166 083	1 200 000	969 358	230 642
Research	536 831	308 354	228 477	1 200 000	421 949	778 051
Staff costs	22 800 000	21 698 849	1 101 151	21 106 000	16 780 288	4 325 712
Code of conduct	1 500 000	1 382 402	117 598	2 000 000	1 624 130	375 870
Advertising and promotions	300 000	194 904	105 096	200 000	182 702	17 298
Audit fees	800 000	562 516	237 484	1 400 000	1 292 736	107 264
Bank charges	120 000	69 279	50 721	100 000	78 976	21 024
Compensation commissioner	48 000	0	48 000	43 000	11 889	31 111
Consulting fees	345 000	546 354	-201 354	350 000	915 584	-565 584
Cleaning fees	95 000	35 760	59 240	10 000	5 710	4 290
Depreciation	1 300 000	1 472 317	-172 317	1 700 000	2 412 244	-712 244
Bad debts	0	0	0	0	110 795	-110 795
Insurance	300 000	283 814	16 186	260 000	268 630	-8 630
Internal audit fee	0	0	0	0	0	0
Lease charges	180 000	165 499	14 501	180 000	300 813	-120 813
Leasehold improvements	70 000	202 420	-132 420	83 110	127 680	-44 570
Water electricity and levies	500 000	733 810	-233 810	180 000	265 811	-85 811
Legal fees	250 000	99 187	150 813	70 000	118 928	-48 928
Motor expenses	18 000	25 934	-7 934	26 000	27 450	-1 450
Office relocation	259 486	164 811	94 675	0	0	0
Penalties and interests		0	0	0	1 583	-1 583

Sub-programme name	2012/13			2011/12		
	Budget	Actual expenditure	(Over)/under-expenditure	Budget	Actual expenditure	(Over)/under-expenditure
Postage	100 000	10 310	89 690	50 000	49 626	374
Publicity and communication	1 300 000	1 277 207	22 793	2 300 000	2 228 318	71 682
Redundant assets written off	0	796	-796	0	5 569	-5 569
Repairs and maintenance	150 000	282 786	-132 786	200 000	421 695	-221 695
Office rental	4 494 000	4 666 545	-172 545	1 000 000	935 782	64 218
Security	178 000	489 747	-311 747	537 890	515 518	22 372
Stationery and printing	500 000	475 755	24 245	380 000	402 815	-22 815
Subscriptions	400 000	332 366	67 634	900 000	250 233	649 767
Sundry expenses	60 000	159 056	-99 056	60 000	164 665	-104 665
Telephone and fax	680 000	801 883	-121 883	650 000	818 334	-168 334
Training expense	180 000	53 362	126 638	280 000	95 912	184 088
Travelling and accommodation	3 000 000	2 765 877	234 123	3 600 000	2 648 687	951 313
<b>Total</b>	<b>51 016 504</b>	<b>41 874 732</b>	<b>9 141 772</b>	<b>48 561 000</b>	<b>39 985 966</b>	<b>8 575 034</b>

The Council had budgeted R3,1 million towards the building reserve fund as reflected in the balance sheet as retained surplus, R51 million of its total revenue was planned towards Operations. The Council has underspent by 17% against the budget, of which 15% is in respect of professional development which was delayed due to the construction of the CPTD implementation plan arising from the CPTD Pilot. The Council operated within its available resources.

### 5.3 Capital investment, maintenance and asset management

The Council took a decision to invest an amount of R13,1 million per annum towards a building reserve fund effective from 01 July 2010. The building reserve fund is aimed at acquisition of own premises. The Council has also sold its building situated in Visagie Street, Pretoria at public auction in February 2013. This building was not cost-effective to renovate for occupation. With the sale of this property, the Council will be able to attain its planned target of R60 million by the end of December 2013. It is expected that the acquisition process will be concluded by the end of the 2013/14 financial year and thereafter the annual building reserve budget funds will be dedicated towards the improvement of service delivery.





# PART C

## PART C: Governance

### 1. Portfolio Committee

The Council is accountable to the Minister for Basic Education who plays an oversight role together with the Portfolio Committee on Basic Education. The Council met on three occasions with the Basic Education Portfolio Committee on invitation by the Chairperson, the Honourable Ms H Malgas (MP). In our first meeting in which the 2011/12 Annual Report was tabled, the Portfolio Committee commended the Council for the unqualified audit report.

The purpose of our second interaction was to update the Portfolio Committee on the progress made in respect of the implementation of the Continuing Professional Teacher Development initiatives as per the Basic Education Laws amendment Act (2010) and SACE Act as amended.

The third interaction was aimed at the presentation of the 2013/14 Annual Performance Plan and Strategic Plan 2016. The Portfolio Committee raised concern on the number of sexual abuse cases which the Council has now prioritised for urgent resolution and implementation of intervention strategies.

### 2. Executive Authority

The Council is accountable to the public through the Department of Basic Education. The budget and plans have been approved by the Ministry of Basic Education. In addition to the approved Council revenue, the Executive Authority has subsidised the Council with a budget of R7,2 million in addition to the previous year's unspent subsidy of R2,8 million for the implementation of the Continuing Professional Teacher Development System. Quarterly performance reports have been submitted to the Executive Authority on 30 July 2012, 31 October 2012, 31 January and 30 April 2013.

The Executive Authority engaged the Council regarding the reporting of performance information for the third quarter and directed resubmission of same. The Annual Report for 2011/12 has been submitted to the Executive Authority, as well as the Annual Performance Plan and Strategic Plan on 31 August 2012.

### 3. The Council

#### 3.1 Introduction

SACE is a professional council for educators that aims to enhance the status of the teaching profession and to promote the development of educators and their professional conduct.

#### 3.2 The role of the Council

The role of the Council is as follows:

(a) With regard to the registration of educators-

- must determine minimum criteria and procedures for registration or provisional registration;
- must consider and decide on any application for registration or provisional registration;
- must keep a register of the names of all persons who are registered or provisionally registered;
- must determine the form and contents of the registers and certificates to be kept, maintained or issued in terms of this Act.

- (b) With regard to the promotion and development of the education and training profession-
- must promote, develop and maintain a professional image;
  - must advise the Minister on matters relating to the education and training of educators,
  - must research and develop a professional development policy;
  - must promote in-service training of all educators;
  - may develop resource materials to initiate and run, in consultation with an employer, training programmes, workshops, seminars and short courses that are designed to enhance the profession; and
  - must manage a system for the promotion of the continuing professional development of educators (as amended by the Basic Education Laws Amendment Act, Act No. 15 of 2011).
- (c) With regard to professional ethics-
- must compile, maintain and from time to time review a code of professional ethics for
  - educators who are registered or provisionally registered with the council;
  - must determine a fair hearing procedure;
  - subject to subparagraph (ii), may-
    - (aa) caution or reprimand;
    - (bb) impose a fine not exceeding one month's salary; or
    - (cc) remove from the register for a specified period or indefinitely, or subject to specific conditions, the name of an educator found guilty of a breach of the code of professional ethics.
- (d) may suspend a sanction imposed under subparagraph (iii) (bb) or (cc) for a period and on conditions determined by the council.
- (e) in general-
- must advise the Minister on any educational aspect.

### 3.3 Council Charter

The Council has adopted its own Charter to regulate its affairs. The Charter outlines the responsibilities of all sub-committees of the Council; meeting procedures and protocol of Council structure.

The Council Charter is fully functional and no deviation has taken place during the financial year under review.



## 3.4 Composition of the Council

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (list the entities)	Other committees (e.g. Audit Committee)
Mr ML Maphila	Chairperson	01/08/2009	-	Higher Education Diploma (HED)	Education and Unionism	Old Mutual Education Trust; ETDPA Seta Board Member; SADTU	Ex officio
Mr ST Mchunu	Deputy Chairperson	01/08/2009	-	Primary Teacher's Diploma (Senior) PTD(S); Primary Teacher's Certificate (PTC); Further Diploma in Educational Management (FDE); Labour Law Certificate; Bachelor of Education (Bed)	Education Management and Case Management	National Teachers' Union	Ethics Committee Chairperson
Vacant (CHE) *Outgoing		01/03/2012	30/01/2013				Professional Development Committee
Mr E Maseko		01/08/2009	-	BSC- Survey		Member of NASGB Governance Strategic Planning	Registration Committee
Mr C Nel		01/08/2009	-	RKS, HPOS, Bachelor of Arts (BA) Bachelor of Education (B Ed)	Staffing		Staffing Committee
Mr JW Bester		01/08/2009	-	Higher Diploma in Education (HDE)	School Management	Michael Mount Waldorf School Southern African Federation of Waldorf Schools Bryanston Organic and Natural Market European Council of Waldorf Schools South African Council of Educators National Alliance of Independent Schools	Registration Committee

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (list the entities)	Other committees (e.g. Audit Committee)
Dr JA Breed		01/08/2009	-	Bachelor of Science (B Sc); Bachelor of Education B Ed (Hons); Master of Education (M.Ed); Philosophy Doctorate (Ph D); THED	Educational Leadership; Mathematics	South African Education Foundation; SAOS Pension Fund; Edupen Pension Fund; Transvaal Onderwysers-vereniging Onderlinge Maatskappy; SAOU	Finance Committee Chairperson
Vacant (DHET)							
Mr M Ndlovu		01/08/2009	-	BA Hons, MBA	Labour Human Resource Management		Ethics Committee
Mrs GW Bowles		01/03/2012	-	H.Dip Ed – JCE 1989 Bachelor of Arts – UNISA 11198 FDE – CAE – University of Pretoria 2002 Advanced Certificate in Education – Leadership and Management - WITS 2010	Education – School Leadership	Provincial Vice President – Naptosa Gauteng Member of the National Executive Committee - Naptosa	Registration Committee Chairperson
Mr G Harrison		01/08/2009	-	Bachelor of Science (B SC) University Education Diploma (UED) Bachelor of Education B. Ed(Hon) FDE(Comp) Certificate Labour Law Diploma Management Development Primary Teachers Diploma	Prof Development Examinations	None	Professional Development Committee
Mr G Bengell		01/08/2009	-		Education	NAPTOSA Financial Management	Finance Committee






Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (list the entities)	Other committees (e.g. Audit Committee)
Mr M Kufumela		01/08/2009	-	Bachelor of Arts B.A (Unisal); Bachelor of Arts B.A Hons (Unisal); Graduate Diploma in HRM (SBS); Post-graduate Diploma in Management (SBS); ACE in Management and Leadership (Wits); Certificate in Choral Conducting (UP)	Education Labour Human resource Sport, Arts and Culture	Deputy President-PEU Chairperson of the Board of Halaletsang Home based Care	Professional Development Committee
Mr E Themba		01/03/2012	-	SPTD, Diploma in Education Management Project Management in Education	Leadership		Finance Committee
Mr T Ledimo		01/08/2009	-	BA Hons in Psychology	Teacher Development Labour Management		Professional Development Committee
Ms V Hofmeester		06/11/2012	-	Teacher Diploma	Education		Professional Development Committee
Mr N Lukwe		06/11/2012	-	Masters in Education Bachelor of Education Primary Teachers Diploma	Management Leadership		Advocacy and Communications Committee
Mr R Moroatshehla		01/03/2010	-	Bachelor of Education Junior Secondary Teacher Certificate- Further Training Human Resource Management Certificate	Management Labour	Evangelical Lutheran Church Southern Africa- Chairperson of Council in the Diocese Board of Trustees of the Pension Funds of the Church- National Level Member of the advisory board to the Limpopo MEC of Education	Ethics Committee

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (list the entities)	Other committees (e.g. Audit Committee)
Mr J Jetha		01/08/2009	-	Bachelor of Education (B.Ed)	Education	None	Advocacy and Communications Committee Chairperson
Mr S Mayongo		01/03/2010	-		Education union		Staffing Committee
Mr LGM Cele		01/03/2012	-	Secondary Teacher's Diploma, Diploma in Labour Law, Certificate in Project Management, Advance Certificate in Education - Professional Development and Bed. Honours - Education Management. Currently reading for a Master's Degree at UKZN	Education Management	None	Advocacy and Communications Committee
Mr MS Moloi		01/03/2012	-	Senior Teacher's Diploma (STD)(Tech); Further Diploma in Education (FDE)	Teacher development, labour, education	None	Ethics Committee
Mr W Hlase		01/08/2009	-	Honours in Labour Law Junior degree in Education	Labour	HRFS Board	Staffing Committee Chairperson
BM Ka Mcoyana		01/08/2009	-	Senior Primary Teacher's Diploma Further Diploma in Education – School Management	Leadership and Management (of school and in SADTU)	None	Staffing Committee
Ms F Loliwe		01/08/2009	-	Masters in Education	Labour	ETDP-SETA	Registration Committee
Dr F Nzama		27/07/2012	-	Doctorate in Education	Education Management		Staffing Committee
Dr N Nduna- Watson		01/08/2009	-	Doctorate in Education	Education Management		Ethics and Advocacy and Communications Committee





Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (list the entities)	Other committees (e.g. Audit Committee)
Prof. N Magi		01/08/2009	-	Bachelor of Science (B.Sc), University Education Diploma (UED), Master of Education (M.Ed), Doctor of Education D.Ed)	Education, expertise in Curriculum Design and Development	None	Professional Development Committee
Prof. S Gravett		01/08/2009	-	Doctorate in Education	Education	None	Professional Development Committee
Vacant (DBE)		01/08/2009	30/01/2010				Professional Development Committee
Mr R Brijraj	Chief Executive Officer	01/08/2009	-	BA (Hons); MPhil (Inc); Higher Education Diploma	Education Ethics Philosophy	SACE	Ex officio

### 3.5 Committees

Committee	No. of meetings held	No. of members	Name of members
<b>The Executive Committee</b>	5 (five)	8 (eight)	Mr Magope Maphila Mr Sibusiso Mchunu Mr Walter Hlase Prof Nomathemba Magi Dr Jopie Breed Mrs Gaylin Bowles Mr John Jeftha Mr Rej Brijraj
<b>Professional Development Committee</b>	4 (four)	6 (six)	Prof N Magi Mr G Harrison Mr M Kutumela Mr T Ledimo Ms V Hofmeester Mr R Brijraj
<b>Registration Committee</b>	3 (three)	6 (six)	Mrs G Bowles Mr W Bester Mr E Maseko Mrs R Du Toit Ms F Loliwe Mr R Brijraj
<b>Ethics Committee</b>	3 (three)	6 (six)	Mr S Mchunu Dr N Nduna-Watson Mr R Moroatshehla Mr M Ndlovu Mr M Moloi Mr R Brijraj
<b>Finance Committee</b>	3 (three)	6 (six)	Dr J Breed Mr E Themba Mr G Bengell Mr G Clark Mr F Fourie Mr R Brijraj
<b>Staffing Committee</b>	3 (three)	6 (six)	Mr W Hlase Mr B Mcoyana Mr S Mayongo Mr C Nel Dr F Nzama Mr R Brijraj
<b>Advocacy &amp; Communications</b>	3 (three)	6 (six)	Mr J Jeftha Mr L Cele Dr N Nduna-Watson Mr M Mafunda Mr N Lukwe Mr R Brijraj
<b>Endorsement Committee</b>	2 (two)	4 (four)	Prof N Magi Mr G Harrison Mr T Ledimo Mr M Kutumela
<b>Audit Committee</b>	2 (two)	5 (five)	Mr B Snayer Mr B Mcoyana Mr C Ndlazi Mr K Karim Mr P White





### 3.6 Remuneration of Council members

The allowances provided to some Councillors can be broken down as follows:

R500	-	sitting allowance for Code of Conduct cases;
R2 400	-	sitting allowance for Endorsement Committee members
R3 000	-	sitting allowance for chairing Endorsement Committee

Name	Remu- neration	Other allowance	Other reimbursements	Total
Mr Magope Maphila				
Mr Sibusiso Mchunu				
Dr Luke Mlilo				
Mr Elphus Maseko				
Mr Chris Nel		R500		R500
Mr William Bester				
Dr Jopie Breed				
Mr Moses Ndlovu				
Mrs Gaylin Bowles				
Mr Geoffrey Harrison		R2 400		R2 400
Mr George Bengell				
Mr Malose Kutumela		R2 400		R2 400
Mr Els Themba				
Ms Veronica Hofmeester				
Mr Tseliso Ledimo		R2 400		R2 400
Ms Veronica Hofmeester				
Mr Nkosinathi Lukwe				
Mr Ronald Moroatshehla				
Mr John Jeftha				
Mr Sipho Mayongo				
Mr Mabutho Cele				
Mr Mokholoane Moloi				
Mr Walter Hlase				
Mr Bongani Mcoyana				
Ms Fezeka Loliwe				
Dr Francis Nzama				
Dr Nonhlanhla Nduna-Watson				
Prof. Nomathemba Magi		R3 000		R3 000
Prof. Sarah Gravett				
Mr Rej Brijraj				

## 4. Risk Management

During the period 01 March 2012 to 30 April 2013, a detailed operational risk assessment for the organisation (SACE) was performed. The assessment identified several high and medium risk items that should be addressed by senior management.

The purpose of the risk assessment was to identify risks related to SACE. The risks were measured and rated in terms of impact and the likelihood of occurrence. The risk assessment was used to identify risk mitigation plans related to the organisation. The mitigation plans includes use of adequate and effective internal and financial controls.

### Strategic Risk Register

SACE maintains a Strategic Risk Register, which contains key risks faced by the Council that require senior management or Council attention. The Register is regularly updated and reviewed by the Council Audit and Risk Committee.

## Managing risk

The Council, through the senior management, is responsible for the management, and effective mechanisms have been put in place to ensure that risks are minimised and/or mitigated. Several control and financial internal control measures have been implemented as recommended by the Internal Audit division.

### 4.1 Internal Control

Internal Control is a process, effected by the Council, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

The Council is responsible for establishing a system of internal control and regularly reviewing its effectiveness and relevance. The control environment enhances the tone of risk management and provides the necessary discipline and structure. It is the foundation for all other components of risk management. The control environment includes factors such as the integrity, ethical values, organisational culture, competence of people, management's philosophy and operating style, delegation of authority and responsibility, the way in which people are organised and developed as well as the intention and direction provided by the Council.

A number of audit findings were identified during the course of the year, mainly in the areas of Registration, Human Resources, Procurement and other critical areas. All matters have received the attention of management and have either already been addressed or are on a control improvement roadmap for implementation. Progress against this roadmap is monitored by management and reported to the Audit and Risk Committees.

### 4.2 Internal Audit and Audit Committee

This is a newly established division at SACE. Internal Audit activity in SACE is governed by an internal audit charter which is approved by the Audit Committee and is reviewed annually. The charter defines the purpose, authority and responsibilities of the function.

The activity has a dual reporting line. The activity reports functionally to the Audit Committee and administratively to the Chief Executive Officer. The heads of Internal Audit are responsible for coordinating Internal Audit efforts to ensure coverage is global and departmental skills are leveraged to maximise efficiency. The functions comply with the international standards for the professional practice of internal auditing, the PFMA and Treasury Regulations.

#### Purpose of Internal Audit

Internal auditing is a catalyst for improving an organisation's governance, risk management and management controls by providing insight and recommendations based on analyses and assessments of data and business processes. With commitment to integrity and accountability, internal auditing provides value to the Council and senior management as an objective source of independent advice.

#### Summary of work performed

During the 2012/13 financial year, Internal Audit conducted a number of compliance, financial, operational, and performance review audits. The activities for the function were based on the results of risk assessments, which



are continuously updated so as to identify not only residual or existing risks, but also emerging risks. The internal audit reviews conducted focused on internal control design, financial internal control and operating effectiveness for the specific focus areas reviewed.

Engagement	Focus area	Audit process planning: 0%–60% Testing: 60%–80% Reporting: Draft: 80% Final: 90%	Stage of completion percentage	Comment
Human Resources	Leave and overtime	Final report issued	100%	Completed
Procurement	Goods and services – appointment of service providers	Final report issued	100%	Completed
Performance Information	Review performance	Final report issued	100%	Completed
Legal Affairs and Ethics	Case management and ethics	Draft report	90%	The report to be tabled to the Audit Committee
Registration	Adequacy and effectiveness of registration process	Fieldwork	80%	The report is at the discussion stage with management on the preliminary exceptions
Revenue	Adequacy and effectiveness of revenue process	Fieldwork	80%	The report is at the discussion stage with management on the preliminary exception.
Professional Development	-	-	-	Deferred

#### 4.3 Compliance with laws and regulations

The Council has established sub-committees to oversee delivery of mandatory functions within the relevant legislations and regulations. The committees are:

- Executive Committee; Finance Committee; Registration Committee; Professional Development Committee; Ethics Committee; Advocacy Committee and Audit Committee.

These committees formulate policies which guide the operations and aid the oversight roles of Council and report progress to the Executive Committee on quarterly basis. The policies of Council are reviewed annually to ensure consistency with current legislations and regulations.

#### 4.4 Fraud and corruption

In line with its zero tolerance approach towards fraud, corruption and other economic crimes, SACE has recognised that managing fraud risk is a business imperative, and if sustained, effective fraud risk management will improve the control environment and enhance SACE's operational performance and reputation.



A fraud-free environment is important to SACE's efforts for the continued delivery of mandatory functions.

As required by Regulation 29.1.1 of the Treasury Regulations prescribed under the Public Finance Management Act, 1999 (Act No. 1 of 1999), SACE has implemented a Fraud Risk Management Plan from the 2008 financial year, in order to effectively manage the fraud risk to which the company may be exposed. During the year under review, emphasis was placed on the development and implementation of fundamental fraud risk management initiatives, which were used to create the foundation for a robust fraud risk management strategy. Some of these initiatives included the formation of the relevant governance reporting structures; the development of several fraud related policies; the development of an electronic case management database; and the identification of high fraud risk areas through the fraud risk assessment process.

#### 4.5 Minimising conflict of interest

The Council has a Supply Chain Management Policy and guideline which guides the procurement of goods and services. A Supply Chain unit under the control of the CFO exists as a central point to process all requisitions of Council. Proper segregation of responsibilities amongst officers and structures as well as delegation of powers is implemented in terms of the Supply Chain Management Policy. All Council members are required to declare any possible conflict of interest in each meeting as an agenda item. All staff members have to complete declaration of interest forms annually to manage possible conflict. Members who declare interest are recused from the relevant discussion. For the year under review, there was no violation identified in this regard.

#### 4.6 Code of Conduct

The Council has its own procedures which include the conduct of Council members. In addition to this there is a Code of Conduct for employees of Council which is part of the Human Resource Policy. In case of suspected breach, the Council sets up a tribunal process in terms of the Disciplinary Policy of Council and labour relations legislation. The end result of the tribunal process is implemented by the Chief Executive Officer.

#### 4.7 Health, safety and environment

The Council regards the management of health and safety as an integral part of its business and as a management priority. It is Council philosophy that all activities and operations will be carried out in a safe manner and we will establish and evaluate, as appropriate, processes and practices to ensure the health, safety and welfare of our employees and of others who may be affected by our activities. The hazards associated with our business activities will be identified and mitigated through formal assessment and will be reduced where reasonably practicable.

The Council complies with current health and safety legislation, as a minimum, seeking to establish policies and procedures that enable SACE and its employees to meet this commitment, and will work to establish and apply best practice to all its activities where this is practicable. Employees are expected and encouraged to be proactive on health and safety issues. All employees, contractors and sub-contractors are required to cooperate with the Council and their colleagues in implementing the policy and shall ensure that their own work is without risk to themselves or others as far as is reasonably practicable.

The Council aims for continued improvement of the environmental management system through employee training, consultation and involvement in identifying environmental impacts; encouraging management commitment; and performing regular reviews and conducting internal





audits of the environmental management system. Analysis is undertaken of the organisation's significant environmental impacts, including where these involve potential risk of pollution, through a formal assessment process and using these assessments as guidance in setting objectives and targets. The Council is committed to cooperation with the applicable municipality and site landlords on relevant environmental issues and due consideration of any environmental complaints relating to SACE premises or operations.

The Council gives due consideration to environmental issues raised by customers and seeks to respond positively to customer-led environmental initiatives.

## 4.8 Audit Committee Report

### Report of the Audit Committee

#### 1. Introduction

The SACE Audit Committee has adopted comprehensive terms of reference and an outline of such is detailed in the approved Audit Committee Charter. The Committee has conducted its work over the year and discharged all of its responsibilities in accordance with these terms of reference. The Committee is pleased to present below its report in terms of section 77 of the PFMA for the financial year ended 31 March 2013.

#### 2. Effectiveness of internal and financial control

SACE has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GRAP (Generally Recognised Accounting Practice). The Committee is of the opinion that there were no material breakdowns in internal control, including financial controls, business risk management and maintenance of effective material control systems during the financial year.

#### 3. In-year management and monthly/quarterly report

The public entity has submitted monthly and quarterly reports to the Department of Education (Executive Authority). The Executive Authority has approved SACE's strategic planning document, which was used to report on a quarterly basis on predetermined objectives.

#### 4. Evaluation of financial statements

The Committee has:

- Confirmed the going concern as the basis of preparing the interim and annual financial statements;
- Ensured that the annual financial statements fairly represent the financial position of SACE as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which SACE has been determined to be a going concern;
- Examined and reviewed the interim and annual financial statements prior to submission and approval by the Council;
- Reviewed and discussed the external auditors' audit report; and
- Noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, content of annual financial statements, internal controls and related matters.

#### 5. Internal audit

The Audit Committee has:

- Approved the one-year operational and three-year strategic internal audit plans and monitored Internal Audit's adherence to its annual programme;

- Considered and approved the Internal Audit Charter which is reviewed annually;
- Approved the annual risk assessment performed by Internal Audit during the financial-year period;
- Received and reviewed reports from internal auditors regarding the effectiveness of SACE's internal control environment, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective action plan as a result of audit findings;
- Considered all material reports and established whether appropriate corrective action was taken by management;
- Assessed the adequacy of the performance of the internal audit function and adequacy; and
- Made appropriate recommendations to the Council regarding the corrective actions to be taken as a result of the audit findings.

## 6. External audit

During the year under review the Committee, amongst other matters, considered the following:


- Approved the external auditors' terms of engagement, the audit plan and budgeted audit fees payable;
- Reviewed the audit process and evaluated the effectiveness of the audit;
- Obtained assurance from the external auditors that their independence was not impaired;
- Considered the nature and extent of all non-audit services provided by the external auditors;
- Approved proposed contracts with the external auditors for the provision of non-audit services and pre-approved proposed contracts with the external auditors for the provision of non-audit services above an agreed threshold amount; and
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, Act No. 26 of 2005.

## 7. Conclusion

The Audit Committee noted with appreciation the progress made in the implementation of the Continuing Professional Teacher Development System in terms of the Basic Education Laws Amendment Act, Act No. 15 of 2012.

The Committee is satisfied that it has complied with all its statutory and other responsibilities and having had regard to all material risks and factors that may impact on the integrity of the annual financial statements following review, we recommend the annual financial statements of SACE for the year ended 31 March 2013 for approval to the Council.

On behalf of the Audit Committee

  
 BJ Snayer  
 Chairperson, SACE Audit Committee  
 Date : 2013.07.31



# PART D

## Part D

## PART D: Human resource management

### 1. Introduction

- **The value of human capital in the public entity**

The value of human capital is a matter that is coming to sharp focus within the South African Council for Educators. The focus of the Council in the financial year under review has been to dedicate the resources towards the acquisition of a building to house Council's administrative offices. A plan to beef up the Human Resource unit which for the last two years has been manned by a single employee, is being developed. This is borne out of the belief and realisation that a properly established and resourced Human Resource unit is the primary source for organisational renewal, innovativeness and effectiveness.

Budgetary pressure, especially in the last financial year, led Council to adopt an approach that ensures optimal utilisation of its current staff complement, and as a result, HR functions were scattered between the Corporate Services and Finance units. HR must play a critical role in ensuring that the Council doesn't lose the key skills and intellectual capital it needs to retain. Partnership with ETDP Seta enhances life-long learning and is providing an impetus regarding how the organisation can be improved through staff development which in turn will lead to job satisfaction and increased effectiveness of staff.

- **Overview of HR matters at the public entity**

The Staffing Committee (STAFFCO) plays an oversight on all HR related matters on behalf of the Council. The HR unit is located under the Corporate Services Department, which is supervised by the Chief Financial Officer. All HR related functions take place in this unit and are performed by the HR officer.

Barring leave administration which is recorded in the Finance Department and verified by HR, the following are some of the activities that take place in HR:

- Employee relations and support;
- Recruitment, selection and placement;
- Compensation and benefit matters;
- Facilitation of relevant workplace solutions in support of business;
- HR administrative support in respect of all employee related matters;
- Staff attendance and leave administration;
- Review of HR policies; and
- Learning and development services.

Conditions of service matters and matters of mutual benefit are a subject of bargaining processes between the employer (Council represented by STAFFCO) and employee (organised labour formation) parties.

• **Set HR priorities for the year under review and the impact of these priorities**

Strategic objectives	Performance measures and targets	Activities	Impact of the priority	Performance indicators	Achieved/not achieved	Reason why not achieved
	Identification of skills gaps through the use of a performance development plan	Monitoring of quarterly assessments	Trained personnel in line with identified gaps	Report on identified skills gaps - STAFFCO	Not achieved	The tool to measure performance is under review and not yet finalised (Bargainable matter between employer and employee parties)
	Resolve at least 95% grievances raised by staff	Documentation of all reported grievances	Labour peace	Report on resolved grievances – STAFFCO	Achieved	
	Revise all policies and procedures in line with HR best practices	Review and update the Human Resource Policy and Procedures	Alignment of HR policies to practices in public service	Policies reviewed and implemented	Achieved – HR policies reviewed by Council for consistency	
	Human Resource Management	Recruitment selection and placement of highly skilled and capable workforce	Attraction and recruitment of skilled and capable workforce	Report on employment issues	Achieved – The following positions were filled during the year: <ul style="list-style-type: none"> <li>• 1 x Ass Manager Policy and Research;</li> <li>• 1 x Ass Manager Policy and Research;</li> <li>• 1 x Senior Internal Auditor;</li> <li>• 2 x Internal Auditors;</li> <li>• 1 x Admin Officer Corporate Services;</li> <li>• 1 x Registration Clerk;</li> <li>• 1 x Communications Officer;</li> <li>• 1 x ICT Specialist;</li> <li>• 1 x Ass Registration Manager;</li> <li>• 1 x Ass Communications Manager;</li> <li>• 1 x Ass Manager Legal and Ethics;</li> <li>• 1 x Snr Helpdesk Operator.</li> </ul> All positions were filled within 3 months of their becoming vacant	





- **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce**

Workforce planning seeks to provide answers to the questions: 'Why are we recruiting, for whom or what purpose and by when?'

The rolling out of CPTD brought with it a fair amount changes, namely in the following front:

1. SACE had to recruit a an ICT Specialist to manage all our databases, including the CPTD Information System.
2. The Council is considering reconfiguring the mail handling section in anticipation of increased incoming and outgoing mail volumes.
3. The Council has a national footprint in that its services are being rolled out to all provinces. Plans for Council to have provincial offices have been put on hold subject to the availability of funds. Expansion to other provinces will have human resource cost implications.
4. Relocating to new offices brought with it challenges of a bigger office space and an increase in cleaning staff was envisaged.

- **Employee performance management framework**

The employee performance management framework is a bargaining matter between the employer and negotiations are ensuing between the parties. The administration will await the outcome of these negotiations.

- **Policy development or reviews**

- Family responsibility leave
- Vehicle Policy
- Travel and subsistence allowance
- Meeting procedures
- Procurement Policy
- Financial Policy
- Leave of absence

- **Highlight achievements**

- An Induction Manual has been developed for new recruited employees. The Induction Manual plays a crucial role in familiarising new recruits as well as already appointed employees with the policies of the organisation.
- The Human Resources Policies Handbook was updated in line with approved Council policies.
- The installation of an electronic clock-in system which is linked to time and attendance is an effective instrument to track the leave records for employees;

- **Challenges faced by the public entity**

- Understaffing in the Human Resource unit
- Insufficient knowledge, skills and competencies in Human Resource Planning and Development
- Inadequate attention to capacitating and developing employees in all Human Resource disciplines
- System to manage Human Resources within SACE
- Lack of policies to attract and retain critical skills

- **Future HR plans/goals**

- Building capacity within the Human Resource unit
- Implementing all other general training programmes to enhance capacities and improve performances
- Recruitment and retention of top talent;
- Work-life balance and wellness
- Conducting employee satisfaction surveys
- Development of a diverse and positive work environment



## 2. Human resources oversight and statistics

### Personnel cost by programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
		21 238 984		68	312 338

### Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 844 811	23	04	1 211 203
Senior Management	4 203 417	20	6	700 569,50
Professional qualified	2 100 882	10	10	335 413
Skilled	3 583 959	17	16	223 997
Semi-skilled	5 785 699	27	28	206 632
Unskilled	720 216	3	05	144 043
<b>Total</b>	<b>21 238 984</b>			



**Performance rewards**

Programme	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	4 844 811	0
Senior Management	0	4 203 417	0
Professional qualified	0	2 100 882	0
Skilled	0	3 583 959	0
Semi-skilled	0	5 785 699	0
Unskilled	0	720 216	0
<b>Total</b>	<b>0</b>	<b>21 238 984</b>	<b>0</b>

**Training costs**

Directorate/business unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as % of personnel cost	No. of employees trained	Average training cost per employee
Legal and Ethics		9 754		04	2 439
Communications		19 193		04	4 798
Corporate Services		15 220		01	15 220
PD and Research		9 195		02	4 597

## Employment and vacancies

Programme	2011/2012 No. of employees	2012/2013 Approved posts	2012/2013 No. of employees	2012/2013 Vacancies	% of vacancies
Top Management	04	04	04	nil	0
Senior Management	06	06	06	nil	0
Middle Management	10	11	10	01	9
Skilled	15	16	15	01	6.25
Semi- skilled	28	32	28	03	9.4
Unskilled	5	05	05	nil	0
<b>Total</b>	<b>64</b>	<b>72</b>	<b>68</b>	<b>05</b>	<b>24.6</b>

**Explanations:** There are no vacancies pertaining to senior management positions within SACE. Depending on whether or not the requisite skills are available internally, the Council often adopts the approach to advertise internally and externally for filling of vacancies, largely due the size of the organisation and the pool that may exist internally.

**Duration of unfilled positions:** When the position is vacated, processes are set in motion to find a suitable replacement. On average it takes a maximum of four months to fill a vacated position.

**Measures taken to attract and retain staff:** There is no policy for staff retention. The entity relies periodically on benchmarking exercises as the basis of comparison between SACE and other similar entities. A performance reward policy has been introduced to appreciate desired performance of our personnel.







### Employment changes

**Turnover rates:** The terminations at Assistant Manager (middle management) level remain high. We experienced a 27% turnover against 11 approved positions at this level for greener pastures.

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management				
Senior Management	02	06	03	04
Professional qualified				
Skilled		03	01	
Semi-skilled		02	01	
Unskilled				
<b>Total</b>	<b>02</b>	<b>11</b>	<b>05</b>	<b>04</b>

### Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	01	1.5
Resignation	04	5.8
Dismissal		
Retirement		
Ill health		
Expiry of contract		
Other		
<b>Total</b>	<b>05</b>	<b>7.3</b>

**Explanations for staff leaving:** Staff members are leaving for greener pastures and the Council does not have a retention policy in place. A position is filled in within four months of being vacated.

**Labour relations: Misconduct and disciplinary action**

Nature of disciplinary action	Number
Verbal warning	
Written warning	01
Final written warning	
Dismissal	

**Equity target and employment equity status**

Level	Male African		Male Coloured		Male Indian		Male White	
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	01	-	-	-	01	-	-	-
Senior Management	09	-	-	-	-	-	-	-
Professional qualified		-	-	-	-	-	-	-
Skilled	06	-	-	-	-	-	-	-
Semi-skilled	08	-	-	-	-	-	-	-
Unskilled	02	-	-	-	-	-	-	-
<b>Total</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>01</b>	<b>-</b>	<b>-</b>	<b>-</b>



Level	Female African			Female Coloured			Female Indian			Female White		
	Current	Target		Current	Target		Current	Target		Current	Target	
Top Management	02	-		-	-		-	-		-	-	
Senior Management	05	-		-	-		-	-		01	-	
Professional qualified		-		-	-		-	-		-	-	
Skilled	15	-		01	-		01	-		01	-	
Semi-skilled	17	-		01	-		-	-		01	-	
Unskilled	03	-		-	-		-	-		-	-	
<b>Total</b>	<b>42</b>	<b>-</b>		<b>2</b>	<b>-</b>		<b>01</b>	<b>-</b>		<b>03</b>	<b>-</b>	

Level	Disabled staff Male			Disabled staff Female		
	Current	Target		Current	Target	
Top Management	-	-		-	-	
Senior Management	-	-		-	-	
Professional qualified	-	-		-	-	
Skilled	-	-		-	-	
Semi-skilled	-	-		-	-	
Unskilled	-	-		-	-	
<b>Total</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	

## PART E: Financial information

### 1. Statement of responsibility for the annual financial statements for the year ended 31 March 2013

The Accounting Authority is responsible for the preparation of the public entity's annual financial statements and for the judgments made in this information.

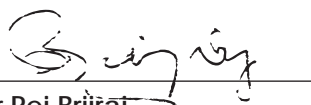
The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the public entity for the financial year ended 31 March 2013.

The external auditors are engaged to express an independent opinion on the AFS of the public entity.

The 2013 annual financial statements for the year ended 31 March 2013 have been audited by the external auditors and their report is presented on page 68 to 70.

The annual financial statements of the public entity set out on page 72 to page 88 have been approved.



Mr Rej Brijraj  
Chief Executive Officer  
South African Council for Educators (SACE)  
July 2013

PART E  
*Part E*







*Financial  
Statements*

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### GENERAL INFORMATION

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Registration of educators, promotion of professional development of educators and the establishment, maintenance and protection of ethical and professional standards for educators.
<b>Councilors</b>	Refer to Annexure "A"
<b>Registered office</b>	Block 1 Crossway Office Park 240 Lenehen Avenue Centurion 0046
<b>Business address</b>	Block 1 Crossway Office Park 240 Lenehen Avenue Centurion 0046
<b>Postal address</b>	Private Bag X127 Centurion 0046
<b>Bankers</b>	Nedbank Limited
<b>Auditors</b>	N.M.N. Chartered Accountants (SA) Registered Auditors

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### GENERAL INFORMATION (ANNEXURE "A")

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#### Councillors

Mr M. Maphila (Chairperson)

Mrs G. Bowles

Dr L. Mlilo resigned in January 2013 not yet replaced

Mr E. Maseko

Mr C. Nel

Mr W. Bester

Dr J. Breed

Mr M. Ndlovu

Mr S. Mchunu (appointed Deputy Chairperson on 30 July 2012)

Mr G. Harrison

Mr G. Bengell

Mr M. Kutumela

Mr E. Themba

Mr T. Ledimo

Mr R. Moroatshehla

Mr J. Jeftha

Mr S. Mayongo

Mr M Cele

Mr W. Hlase

Mr B. Mcoyana Mr M. Moloi

Mrs P. Tyobeka replaced by Dr F Nzama on 30 July 2012

Dr N. Nduna-Watson

Prof N. Magi

Prof S. Gravett

Mr R. Brijraj



## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### INDEX

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The reports and statements set out below comprise the annual financial statements presented to the Councillors:

Index	Page
Report of the Independent Auditors	69
Councillors' Responsibilities and Approval	70
The Council Report	71
Statement of Financial Position	72
Statement of Comprehensive Income	72
Statement of Changes in Equity	73
Statement of Cash Flows	73
Accounting Policies	74 - 81
Notes to the Annual Financial Statements	82 - 86

The following supplementary information does not form part of the annual financial statements and is unaudited:

Statement of Financial Performance	87 - 88
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## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### REPORT OF THE INDEPENDENT AUDITORS

#### TO THE ACCOUNTING AUTHORITY OF SOUTH AFRICAN COUNCIL FOR EDUCATORS REPORT ON THE ANNUAL FINANCIAL STATEMENTS

We have audited the annual financial statements of the South African Council for Educators, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the Council's report on pages 71 to 88.

#### Accounting Authority's Responsibility for the Annual Financial Statements

The accounting authority is responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Recognised Accounting Practice (SA Standards of GRAP), and in the manner required by the Public Finance Management Act of South Africa (Act 1 of 1999). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the South African Council for Educators as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Recognised Accounting Practice (SA Standards of GRAP), and in the manner required by the Public Finance Management Act of South Africa (Act 1 of 1999).

#### Supplementary Information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 87 and 88 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### REPORT OF THE INDEPENDENT AUDITORS

#### TO THE ACCOUNTING AUTHORITY OF SOUTH AFRICAN COUNCIL FOR EDUCATORS ... CONTINUED REPORT ON OTHER REGULATORY REQUIREMENTS

In accordance with the Public Audit Act (Act No. 25 of 2004) and in terms of General Notice 839 of 2011, issued in Government Gazette 34783 of 28 November 2011, we include below our findings on the annual performance report and material non-compliance with the Public Finance Management Act of South Africa (Act 1 of 1999) and the South African Council for Educators Act (Act 31 of 2000).

#### Predetermined objectives

##### - *Usefulness of information*

The reporting of targets and objectives in the quarterly reports and annual report were not always in line with the targets and objectives set out and approved in the annual plan.

##### - *Compliance with laws and regulations*

There are no matters to report.

#### INTERNAL CONTROL

In accordance with the Public Audit Act (Act No. 25 of 2004) and in terms of General Notice 839 of 2011, issued in Government Gazette 34783 of 28 November 2011, we considered internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of internal control.

There are no matters to report.



Per: Ganas Naidoo

N.M.N. Chartered Accountants (SA)  
Registered Auditors  
31 July 2013  
62 - 5th Avenue  
Linden  
Johannesburg  
2195

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### COUNCILLORS' RESPONSIBILITIES AND APPROVAL

The Council is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the 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, in conformity with South African Statements of Generally Recognised Accounting Practice (SA Standards of GRAP). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Recognised Accounting Practice (SA Standards of GRAP) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Councillors 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 Councillors to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss 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 that 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 Councillors 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council has reviewed the entity's cash flow forecast for the year to 31 March 2014 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 external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 68 and 69.

The annual financial statements set out on pages 71 to 88, which have been prepared on the going concern basis, were approved by the Council on 31 July 2013 and were signed on its behalf by:



M. Maphila - Chairperson



R. Brijraj - Chief Executive Officer

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### THE COUNCIL REPORT

---

The Council report for the year ended 31 March 2013 is as follows:

#### 1. Review of activities

##### Main business and operations

The South African Council for Educators has been incorporated in terms of the South African Council for Educators Act (Act 31 of 2000). The principal responsibilities of the South African Council for Educators as set out in this Act are as follows:

- to provide for the registration of educators;
- to promote the professional development of educators; and
- to set, maintain and protect the ethical and professional standards for educators.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

Net surplus of the entity was R12,487,009 (2012: R17,192,940).

#### 2. Going concern

The 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.

#### 3. Events after the reporting period

The Council is not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the entity or the results of its operations.

#### 4. Non-current assets

During the year the council acquired fixed assets for R 2,044,566 (2012: R 546,664)



## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### STATEMENT OF FINANCIAL POSITION

Figures in Rand	Notes	2013	2012
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	2,498,978	1,062,826
Intangible assets	3	1,648,878	2,265,335
		<b>4,147,856</b>	<b>3,328,161</b>
<b>Current Assets</b>			
Trade and other receivables	4	6,563,438	6,512,810
Cash and cash equivalents	5	49,561,905	29,859,262
		<b>56,125,343</b>	<b>36,372,072</b>
Non-current assets held for sale	6	10,500,000	13,100,000
<b>Total Assets</b>		<b>70,773,199</b>	<b>52,800,233</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		18,173,870	24,408,711
Building reserve fund		41,084,806	22,362,956
		<b>59,258,676</b>	<b>46,771,667</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	11,514,523	6,028,566
<b>Total Equity and Liabilities</b>		<b>70,773,199</b>	<b>52,800,233</b>

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Notes	2012	2013
Revenue	8	52,326,963	53,470,094
Government grant		2,278,915	4,442,813
Other income		327,206	283,708
Operating expenses		(41,901,403)	(39,980,400)
<b>Operating surplus</b>	9	<b>13,031,681</b>	<b>18,216,215</b>
Investment revenue	10	2,055,328	993,630
Fair value adjustments	11	(2,600,000)	(1,997,280)
Finance costs	12	-	(19,625)
<b>Total comprehensive surplus for the year</b>		<b>12,487,009</b>	<b>17,192,940</b>

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Building reserve fund R	Accumulated surplus R	Total equity R
<b>Balance at 01 April 2011</b>	<b>9,516,579</b>	<b>20,062,148</b>	<b>29,578,727</b>
Total comprehensive surplus for the year	-	17,192,940	17,192,940
Transfer to building reserve fund	12,846,377	(12,846,377)	-
<b>Balance at 01 April 2012</b>	<b>22,362,956</b>	<b>24,408,711</b>	<b>46,771,667</b>
Total comprehensive surplus for the year	-	12,487,009	12,487,009
Transfer to building reserve fund	18,721,850	(18,721,850)	-
<b>Balance at 31 March 2013</b>	<b>41,084,806</b>	<b>18,173,870</b>	<b>59,258,676</b>

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### STATEMENT OF CASH FLOWS

Figures in Rand	Notes	2013	2012
<b>Cash flows from operating activities</b>			
Cash receipts from customers		52,501,561	53,299,232
Cash paid to suppliers and employees		(32,543,013)	(37,643,549)
Cash generated from operations	15	19,958,548	15,655,683
Interest income		2,055,328	993,630
Finance costs		-	(19,625)
<b>Net cash from operating activities</b>		<b>22,013,876</b>	<b>16,629,688</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(2,044,566)	(546,664)
Proceeds on sale of property, plant and equipment		20,085	13,040
Additions to intangible assets	3	(286,751)	(77,675)
<b>Net cash from investing activities</b>		<b>(2,311,232)</b>	<b>(611,299)</b>
<b>Cash flows from financing activities</b>			
Decrease in finance lease obligation		-	(93,835)
<b>Total cash movement for the year</b>		<b>19,702,644</b>	<b>15,924,554</b>
Cash at the beginning of the year		29,859,262	13,934,708
<b>Total cash at end of the year</b>	5	<b>49,561,905</b>	<b>29,859,262</b>

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

---

#### 1. Basis of preparation

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (SA Standards of GRAP), issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act No.1 of 1999).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework have been developed in accordance with paragraphs 7, 11, 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specifically stated otherwise.

Assets, liabilities, revenues and expenses have not been offset, except where offsetting is required or permitted by a Standard of GRAP.

The accounting policies are applied consistently with those used to present the previous year's financial statements.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

It is reasonably possible that key assumptions may change which may then impact on our estimations and may then require a material adjustment to the carrying value of intangible and tangible assets. The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, intangible assets are tested on an annual basis for impairment.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

##### Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

##### Membership fees

The South African Council for Educators maintains a database of registered members and removes members from the database only upon request of the individual member. Inactive members comprise deceased, retired and terminated members while all other members are categorised as active members.

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

#### 1.1 Significant judgements and sources of estimation uncertainty (continued)

Membership fees are received from the Provincial and National Departments of Education for members employed by them. Certain private schools also deduct levies from their employees and pay the amounts deducted to the South African Council for Educators.

For educators that have not paid the membership levies in full, it is not possible to assess whether this is as a result of deliberate non-payment or due to unemployment. In terms of a Council resolution dated 9 November 2000, educators that are unemployed are not required to pay levies for the period that they remain unemployed. In the absence of forthcoming information from the members themselves, a reliable estimate of educators that should have paid levies during the year cannot be made and consequently, revenue is recognised as it is received.

#### Depreciation

During each financial year, management reviews the assets within property, plant and equipment to assess whether the useful lives and residual values applicable to each asset are appropriate.

#### 1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits 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.*

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.

All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

*Land is not depreciated.*

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Buildings	20 years
Office equipment	6 to 10 years
IT equipment	3 to 7 years
Leasehold improvements	1 to 3 years
Leased assets	5 to 6 years

The residual value, useful life and depreciation method of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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



## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

#### 1.2 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss 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. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### 1.3 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale. there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits .
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually, and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of every reporting period. 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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Registration database - internally generated	5 years
CPTD database - internally generated	5 years
Computer software	5 years

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

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#### 1.4 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment once classified as held for sale are not depreciated.

#### 1.5 Financial instruments

##### *Classification*

The entity classifies financial assets and financial liabilities into the following category:

##### *Loans and receivables*

Classification depends on the purpose for which the financial instruments were obtained and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is reassessed on an annual basis.

##### *Initial recognition and measurement*

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments. The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

##### *Subsequent measurement*

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

##### *Impairment of financial assets*

At each reporting date the entity assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

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#### 1.5 Financial instruments (continued)

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

*Reversals of impairment losses are recognised in profit or loss.*

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### Trade and other receivables

*Trade and other receivables are measured at cost.*

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade and other payables are measured at cost.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### 1.6 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.

#### Finance leases

Finance leases are recognised as assets in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

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#### 1.6 Leases (continued)

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

##### Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

#### 1.7 Impairment of assets

The entity assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.



## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

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#### 1.7 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.8 Employee benefits Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### 1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the statement of comprehensive income (separately). Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

#### 1.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the normal course of the entity's activities. Revenue is recognised as follows:

##### Membership and registration fees

Membership and registration fees are recognised when the invoice is issued.

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

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#### 1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.12 Financial risk management

##### 1.12.1 Financial Risks

The entity's activities expose it to a variety of financial risks: market risk (including currency risk and cashflow and fair value interest risk), credit risk and liquidity risk. The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

##### 1.12.1.1 Market Risk

###### a) *Currency Risk*

The entity had no foreign currency transactions during the year.

###### b) *Cash flow and fair-value interest rate risk*

The entity's interest rate risk arises from current borrowings.

##### 1.12.1.2 Credit Risk

The entity has no significant concentrations of credit risk. It has policies in place to ensure that the granting of credit is adequately controlled.

##### 1.12.1.3 Liquidity Risk

The entity makes use of a mix of external borrowings and existing resources to fund its operations and expansions. Key ratios include debt: equity, interest cover and debt repayment period.

##### 1.12.1.4 Capital Risk Management

For the purposes of capital management, capital includes accumulated surplus and other reserves. The capital mix is reviewed by the entity when substantial changes occur in the capital requirements of the entity. These requirements could be for substantial additions to fixed assets or intangible assets. Management will regularly review the liquidity risk of the entity and ensure sufficient data is available to alter the capital mix if required.

#### 1.12.2 Fair Value Estimation

The carrying value less provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated at their settlement values.

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2013	2012
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#### 2. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	138,000	(25,300)	112,700	-	-	-
Office equipment	2,347,164	(980,550)	1,366,614	1,542,069	(804,712)	737,357
IT equipment	2,958,085	(2,483,947)	474,138	2,553,910	(2,228,444)	325,466
Leasehold improvements	667,832	(122,306)	545,526	896,759	(896,759)	-
Leased assets	-	-	-	827,946	(827,942)	3
<b>Total</b>	<b>6,111,081</b>	<b>(3,612,103)</b>	<b>2,498,978</b>	<b>5,820,684</b>	<b>(4,757,857)</b>	<b>1,062,826</b>

#### Reconciliation of property, plant and equipment - 2013

	Opening Balance	Additions	Disposals	Depreciation	Total
Office equipment	737,357	805,096		(175,839)	1,366,614
IT equipment	325,466	433,638	(14,179)	(270,787)	474,138
Leasehold improvements	-	667,832	-	(122,306)	545,526
Leased assets	3	-	(3)	-	-
Motor vehicles	-	138,000	-	(25,300)	112,700
	<b>1,062,826</b>	<b>2,044,566</b>	<b>(14,182)</b>	<b>(594,232)</b>	<b>2,498,978</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening Balance	Additions	Disposals	Depreciation	Total
Office equipment	837,419	27,125	(5,458)	(121,729)	737,357
IT equipment	775,394	129,847	(11,181)	(568,594)	325,466
Leasehold improvements	392,283	389,692	-	(781,975)	-
Leased assets	61,671	-	-	(61,668)	3
	<b>2,066,767</b>	<b>546,664</b>	<b>(16,639)</b>	<b>(1,533,966)</b>	<b>1,062,826</b>

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2013	2012
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#### 3. Intangible assets

	2013			2012		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Registration database - internally generated	1,197,342	(687,356)	509,986	1,030,123	(478,544)	551,578
Computer software - other	735,801	(438,994)	296,807	616,268	(305,987)	310,281
CPTD database - internally generated	2,806,953	(1,964,868)	842,085	2,806,954	(1,403,477)	1,403,476
<b>Total</b>	<b>4,740,096</b>	<b>(3,091,218)</b>	<b>1,648,878</b>	<b>4,453,345</b>	<b>(2,188,008)</b>	<b>2,265,335</b>

#### Reconciliation of intangible assets - 2013

	Opening Balance	Additions	Amortisation	Total
Registration database - internally generated	551,579	167,218	(208,811)	509,986
Computer software - other	310,281	119,533	(133,007)	296,807
CPTD database - internally generated	1,403,476	-	(561,391)	842,085
	2,265,336	286,751	(903,209)	1,648,878

#### Reconciliation of intangible assets - 2012

	Opening Balance	Additions	Disposals	Amortisation	Total
Registration database - internally generated	757,603	-	-	(206,025)	551,578
Computer software - other	343,494	77,675	(26)	(110,862)	310,281
CPTD database - internally generated	1,964,867	-	-	(561,391)	1,403,476
	<b>3,065,964</b>	<b>77,675</b>	<b>(26)</b>	<b>(878,278)</b>	<b>2,265,335</b>

#### 4. Trade and other receivables

Trade receivables	212,776	387,374
Deposits for leased property	5,966,845	5,706,956
Staff loans	300,367	292,861
Other receivables	83,450	125,619
	<b>6,563,438</b>	<b>6,512,810</b>

#### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	288	1,695
Bank balances	12,737,758	13,127,211
Short-term deposits	36,823,859	16,730,356
	<b>49,561,905</b>	<b>29,859,262</b>



## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2013	2012
<b>6. Non-current assets held for sale</b>		
The assets classified as held for sale as at 31 March 2013 are as follows:		
Investment property	10,500,000	13,100,000
On 25 February 2013 The Council accepted an offer to purchase the building for R 10,500,000.		
<b>7. Trade and other payables</b>		
Trade payables	1,428,154	1,446,745
Fees received in advance	57,286	28,302
Deferred government grant	7,773,272	2,852,187
Provision for leave pay	1,466,818	1,289,356
Provision for bonus	223,485	222,758
Other payables	565,508	189,218
	<b>11,514,523</b>	<b>6,028,566</b>
<b>8. Revenue</b>		
Rendering of services	50,206,415	51,332,193
Registration fees	1,953,383	2,030,021
Reprinted certificates	167,165	107,880
	<b>52,326,963</b>	<b>53,470,094</b>
<b>9. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges	4,666,545	935,782
Surplus on sale of fixed assets	(5,903)	(1,945)
Amortisation on intangible assets	903,209	878,278
Depreciation on property, plant and equipment	594,232	1,533,966
Employee costs	21,509,854	16,792,177
Internal audit fee	299,906	484,789
<b>10. Investment revenue</b>		
Interest revenue Bank	1,719,486	861,511
Other	335,842	132,119
	<b>2,055,328</b>	<b>993,630</b>
<b>11. Fair value adjustments</b>		
Decrease in value of investment property	2,600,000	1,997,280

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2013	2012
<b>12. Finance costs</b>	-	19,625
Finance charges		
<b>13. Taxation</b>		
No provision has been made for 2013 tax as the entity is exempt from tax in terms of Section 10(1)(cA)(i)(bb) of the Income Tax Act (Act No. 58 of 1962).		
<b>14. Auditors remuneration</b>		
Fees	262,610	807,947
<b>15. Cash generated from operations</b>		
Surplus for the year	12,487,009	17,192,940
<b>Adjustments for:</b>		
Depreciation and amortisation	1,497,441	2,412,244
Surplus on sale of fixed assets	(5,903)	(1,945)
Interest received	(2,055,328)	(993,630)
Finance costs	-	19,625
Fair value adjustments	2,600,000	1,997,280
Other non-cash items	-	5,569
<b>Changes in working capital:</b>		
Trade and other receivables	(50,628)	(5,810,193)
Trade and other payables	5,485,957	833,793
	19,958,548	15,655,683
<b>16. Operating lease commitments</b>		
Office accommodation is leased in terms of an operating lease.		
The future minimum lease payments payable under the non-cancellable leases are as follows:		
<b>Minimum lease payments due</b>		
Within one year	5,911,456	4,800,000
Thereafter	8,390,115	10,934,880
	14,301,571	15,734,880

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2013	2012
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#### 17. Executive management remuneration

2013	Basic	Bonus	Fringe benefits	Other	Total
R. Brijraj	857,405		423,429	23,483	1,304,317
M. Mapindani	644,492	54,935	264,749	242,521	1,206,697
M. Dipholo	625,865	53,364	242,037	80,314	1,001,580
	<b>2,127,762</b>	<b>108,299</b>	<b>930,215</b>	<b>346,318</b>	<b>3,512,594</b>

2012	Basic	Bonus	Fringe benefits	Other	Total
R. Brijraj	838,504	8,618	413,540	115,520	1,376,182
M. Mapindani	629,291	59,007	258,610	151,000	1,097,908
M. Dipholo	610,962	57,288	236,098		904,348
	<b>2,078,757</b>	<b>124,913</b>	<b>908,248</b>	<b>266,520</b>	<b>3,378,438</b>

#### 18. Related parties

##### Related party balances

All national departments of government are regarded to be related parties in accordance with Circular 4 of 2005: Guidance in terms of "State Controlled Entities" in the context of IAS 24 (AC 126) - Related Parties, issued by the South African Institute of Chartered Accountants. No transaction is implicated simply by the nature or existence of relationships between these entities, however the balances below were recorded relating to transactions with related parties as defined above:

<b>Amounts owing from related parties</b>	158,973	91,449
South African Post Office		
<b>Amounts owing to related parties</b>		
State Information Technology Agency (Proprietary) Limited	317,439	636,136
South African Post Office	13,706	11,048
Telkom SA Limited	29,797	12,124

## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Notes	2013	2012
Revenue		50,206,415	51,332,193
Membership fees		1,953,383	2,030,021
Registration fees		167,165	107,880
Reprinted certificates	8	<b>52,326,963</b>	<b>53,470,094</b>
Other income		2,241,413	4,442,813
Government grant		2,055,328	993,630
Interest received	10	5,903	1,945
Surplus on disposal of fixed assets		358,805	281,763
Sundry income		<b>4,661,449</b>	<b>5,720,151</b>
<b>Expenses (Refer to page 26)</b>		<b>(41,901,403)</b>	<b>(39,980,400)</b>
<b>Operating surplus</b>	9	<b>15,087,009</b>	<b>19,209,845</b>
Finance costs	12	-	(19,625)
Fair value adjustments	11	(2,600,000)	(1,997,280)
<b>Total comprehensive surplus for the year</b>		<b>12,487,009</b>	<b>17,192,940</b>



## South African Council for Educators

Annual financial statements for the year ended 31 March 2013

### STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Notes	2013	2012
Operating expenses		(194,904)	(182,702)
Advertising and publicity Auditors remuneration	14	(262,610)	(807,947)
Bad debts		(171,368)	(110,795)
Bank charges		(69,279)	(78,976)
Code of conduct		(1,382,402)	(1,624,130)
Cleaning		(35,760)	(5,711)
Consulting fees		(576,850)	(915,585)
CPTD project		-	(4,442,813)
Depreciation, amortisation and impairments		(1,497,441 )	(2,412,244)
Employee costs		(21,509,854)	(16,792,177)
Fines and penalties		-	(1,583)
Hire of equipment		(165,499)	(300,813)
Insurance		(283,814)	(268,630)
Internal audit fee		(299,906)	(484,789)
Lease rentals on operating lease		(4,666,545)	(935,782)
Leasehold expense		(202,420)	(127,680)
Legal expenses		(99,187)	(118,928)
Motor vehicle expenses		(25,934)	(27,450)
Postage		(10,310)	(49,626)
Printing and stationery		(477,093)	(402,815)
Professional development		(2,278,915)	(1,088,743)
Publicity and communications		(1,277,207)	(2,228,318)
Registration costs		(303,422)	(969,358)
Repairs and maintenance		(447,597)	(421,695)
Research		(308,354)	(421,949)
Security		(489,747)	(515,518)
Staff welfare		(207,721)	(164,661)
Subscriptions		(332,366)	(250,233)
Telephone and fax		(806,795)	(818,334)
Training		(53,449)	(95,911)
Travel - local		(2,730,842)	(2,648,687)
Utilities		(733,810)	(265,811)
		<b>(41,901,403)</b>	<b>(39,980,400)</b>



South African Council for Educators

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