



PSiRA
Private Security Industry Regulatory

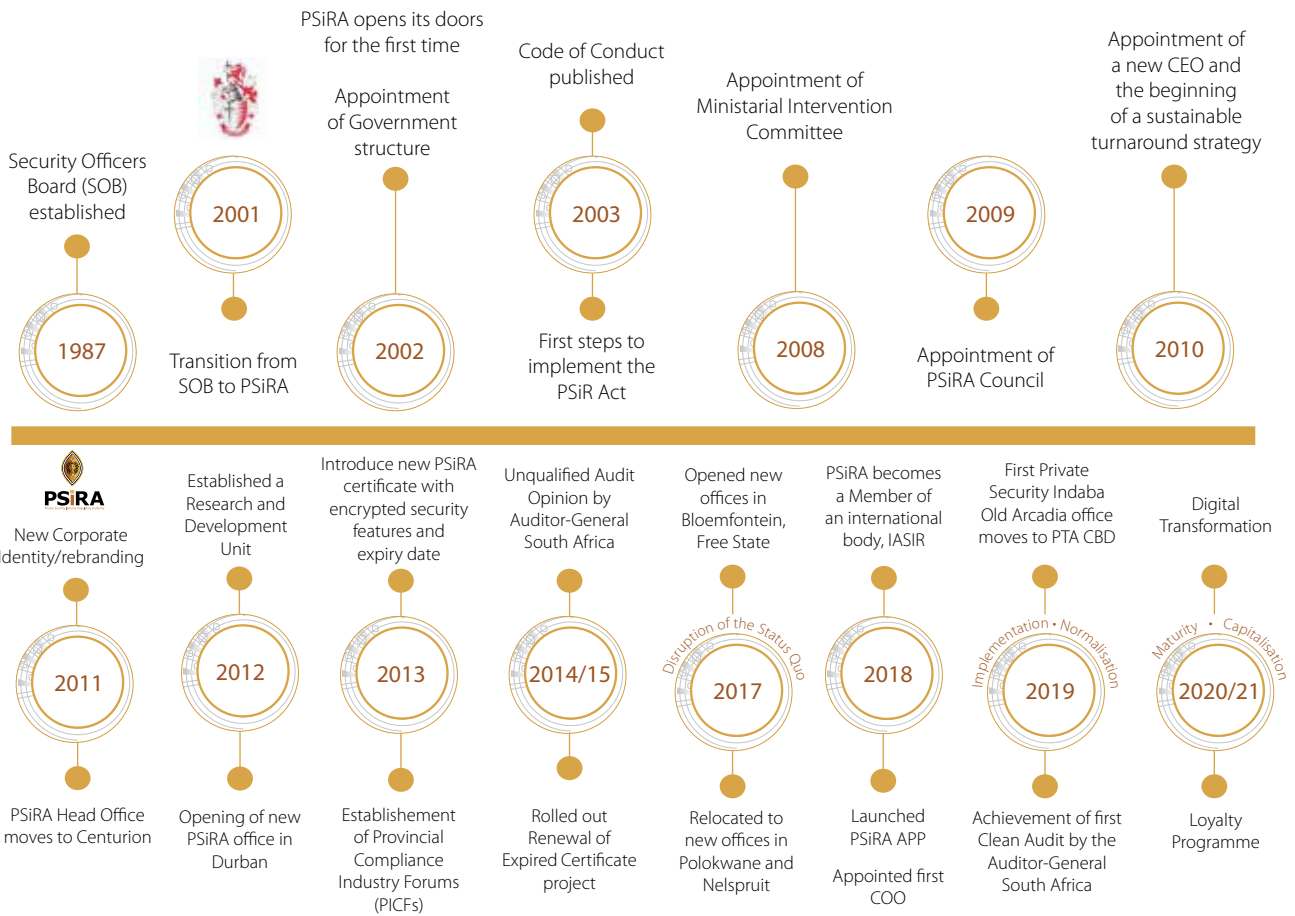


Annual Report 2019/20

Safer Homes • Safer Businesses • Safer Communities



Our Legitimacy



Private Security Industry Regulatory Authority (PSiRA)

Eco Glades 2 Office Block B, 420 Witch-Hazel Avenue, Highveld Ext 70, Centurion

Private Bag X817, Pretoria, 0001

Telephone: 012 003 0500/1 or 086 133 3850 | Fax: 086 242 7180

info@PSiRA.co.za | www.PSiRA.co.za

External Auditors

Auditor- General of South Africa, 300 Middel Street, Brooklyn, Pretoria, 0001

Bankers

Nedbank Menlyn Maine, Cnr. Aramist and Constellation Street, Waterkloof Glen

Corporate Secretary

Mr Jacob Makgolane



TABLE OF CONTENTS

PART A - GENERAL INFORMATION	5
List of Abbreviations	6
Foreword by the Minister of Police	7
Overview by Chairperson of Council	9
Director's Report	14
Strategic Overview	17
Legislative Mandate	18
Organisational Structure	19
Council Members	20
Executive Management	21
PART B - PERFORMANCE INFORMATION REPORT	23
Performance Information Report	24
Law Enforcement Operational Report	34
Compliance and Enforcement Sub-Units Report	34
Legal Services Unit Report.....	55
Industry Registration (CRM) Report	58
Industry Training Report	71
Communication and Stakeholder Engagement.....	74
Research and Development	80
PART C - GOVERNANCE	85
Governance Report.....	86
Introduction	86
Portfolio Committee Engagements	86
Executive Authority Engagements	87
The Accounting Authority	87
The Role of the Council	87
Council Charter.....	87
Composition of the Council	88
Council Committees.....	89
Remuneration of Council Members.....	90
Risk Management	90
Risk Methodology.....	90
Risk Assessment.....	90
Risk Management Governance	91
Value add of Risk Management.....	91
Internal Audit and Audit Risk Committee	92
Compliance with Laws and Regulations	93
Fraud and Corruption	94



Minimising Conflict of Interest	94
Code of Conduct and Ethics	95
Health Safety and Environmental Issues.....	95
Corporate Secretary.....	96
Corporate Social Responsibility	96
PSiRA-OK Foods Loyalty Programme.....	96
Donation towards the Ministerial Community Safety Patrollers' Initiative.....	96
Donation of laptops to Mthwalume High School	98
Other allied poignant Corporate Social Responsibility activities	98
'Take-a-GIRL-Child-to-Work'- KwaZulu-Natal	99
Child Protection Week, Bloemfontein Free State.....	99

PART D - HUMAN CAPITAL MANAGEMENT 101

Overview.....	102
Skills Development and Training	109
Labour Relations Management.....	110
Employee Wellness Programme	111
Leave Utilisation	112

PART E - FINANCIAL INFORMATION 113

Report of the Auditor-General to Parliament on the Private Security.....	114
Accounting Authority's Responsibilities and Approval	119
Accounting Authority's Report.....	120
Statement of Financial Position.....	121
Statement of Financial Performance for the year ended 31 March 2020.....	122
Statement of Changes in Net Assets.....	123
Cash Flow Statement.....	124
Statement of Comparison of Budget and Actual Amounts	125
Accounting Policies.....	128
Notes to the Annual Financial Statements.....	147



General Information



ABBREVIATIONS

AGSA	Auditor-General South Africa
APSA	Academic and Professional Staff Association
AWU	Abanqobi Workers Union
CFR	Office of the Firearms Register
CIPC	Companies and Intellectual Property Commission
CRC	Criminal Record Centre
CSR	Corporate Social Responsibility
DETAUWU	Democratised Transport Logistics and Allied Workers' Union
DUSWO	Democratic Union of Security Workers
EAP	Economically Active Population
EEA	Employment Equity Act
EE	Employment Equity
EES	Employee Self Service
FEDCRAW	Federal Council of Retail and Allied Workers
FEU	Forensic and Ethics Unit
FLASH	Firearms Liquor and Second Hand Goods Control
HCM	Human Capital Management
IASIR	International Association of Security and Investigative Regulators
IOD	Injury on Duty
ITU	International Telecommunication Union
KAWU	Kungwini Amalgamated Workers Union
MEC	Member of the Executive Council
MINMEC	Ministers and Members of Executive Councils Meeting
MoU	Memorandum of Understanding
NASUWU	National Security and Unqualified Workers Union
OD	Organisational Development
PATU	Progressive Allied & Travel Union
R&D	Research and Development
SADC	Southern African Development Community
SAFTU	South African Federation of Trade Unions
SAPS	South African Police Services
SAPSWU	South African Private Security Workers' Union
SASSETA	Safety and Security Sector Education and Training Authority
SATAWU	South African Transport and Allied Workers Union
SCM	Supply Chain Management
SHE	Safety, Health and Environment
SOCRAWU	Security Officers Civil Rights and Allied Workers Union
TUSISA	Trade Union of Security Industry In South Africa
UASA	United Association of South Africa
UIF	Unemployment Insurance Fund
UNISA	University of South Africa
USA	United States of America
WITS	University of Witwatersrand
4IR	Fourth Industrial Revolution

FOREWORD BY THE MINISTER OF POLICE



“ I congratulate PSiRA for achieving a clean audit for the second year running ”

Hon. B.H. Cele, MP

Empowered by legislation, the Private Security Industry Regulatory Authority (PSiRA), has done tremendously well in restoring public confidence, not only through its governance which is demonstrated by the achievement of yet another clean audit by the Auditor General of South Africa, but also through the successful implementation of its 5 year strategic plan in ensuring that the private security industry is effectively regulated. As highlighted in the Medium Term Strategic Framework, all people in South Africa must not only be safe, but feel safe and there is no doubt that due to effective regulatory oversight by PSiRA over the private security industry, it created a more legitimate and competent private security industry which contributed to reduction of crime in some key sectors in the country.

Both the Deputy Minister, Hon CC Mathale, and I are pleased by the increased law enforcement activities undertaken by PSiRA in regulating the private security industry, which resulted in increased levels of compliance of both security businesses and security officers deployed, if compared to the previous financial year. I am also delighted by the increased working relationships between the South African

Police Service and the private security industry on ground level. Such crime combatting partnerships would not have been possible without the regulatory interventions of PSiRA to ensure that the private security acts in the national and public's interest and by doing so, increasingly becoming a valuable force multiplier in the Country. Our recent report on crime statistics (1 April 2019 to 31 March 2020) shows a significant reduction in property related crimes which can be attributed to improved policing and private security crime prevention initiatives.

On the 3rd of July 2019 I also had the privilege to address a packed audience at the Private Security Indaba, an international conference hosted by PSiRA's CEO, Manabela Sam Chauke. At this conference, I emphasised the importance of ensuring that private security officers are adequately trained. The Office of the Minister was pleased to learn that the Authority has not only increased the accessibility of PSiRA accredited training centres through a 50% increase in the number of newly accredited training centres compared to the previous financial year, but also revised the statutory training curriculum to produce better skilled security officers.

There is no doubt that the private security industry contributes to significant employment within our country and I have taken note of the 8% increase in the number of PSiRA registered security businesses and a marginal increase in the number of registered employed security officers compared to the 2018/2019 financial year. It therefore goes without saying that PSiRA should continue to strive to the high expectations placed upon it to ensure that this growing industry is effectively regulated. From a transformation perspective, I am encouraged by the 8% increase in the number of women employed within the private security industry over the last 5 years. However, transformation of the private security industry as a whole is something that still need to be addressed adequately and I take comfort in the knowledge that this is an area specifically identified by PSiRA in their strategic plan for the next planning cycle, in line with the 2019/2024 Medium Term Strategic Framework in support of the NDP 2030. I am looking forward to positive developments in this area.

In my 2020/21 Budget Vote Speech I reiterated that PSiRA continues to strengthen legislation aimed at regulating the security industry. I have directed PSiRA to pursue the recently published draft regulations that's aimed to strengthen regulation of certain sectors of the industry for the benefit of all.

I want to congratulate PSiRA for achieving 96% of its Annual Performance Plan targets and this accomplishment will inspire the confidence of other Government entities in pursuing their strategic goals. The Authority led by Mr Chauke, should be rest assured of our support in its tireless effort to be recognised as one of the best run private security regulators in the world. To the PSiRA staff, nothing would be possible without your relentless rally behind the vision and mission of PSiRA and on behalf of the Ministry and the industry your serve, we would like to thank you.

Finally, I would like to thank the outgoing Council for executing their oversight duty with excellence and for seeing the Authority through challenging times. The Ministry wishes them well in their future endeavours.



Hon. B.H. Cele, MP

Minister of Police

30 October 2020



OVERVIEW BY CHAIRPERSON OF COUNCIL



“ The primary objective of the Authority is to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest, and the interest of the private security industry ”

Mr. N.H Ngubane

INTRODUCTION

The Council of PSiRA as the Accounting Authority of the entity, is pleased to present this Annual Report for the 2019/2020 financial year to the Executive Authority, the Parliament of the Republic and to all PSiRA stakeholders in terms of the provisions under section 10 of the Private Security Industry Regulation Act, 2001 (PSiR Act), read with section 55 of the Public Finance Management Act, 1999 (PFMA).

OVERVIEW OF PSiRA STRATEGY AND PERFORMANCE FOR THE YEAR

The strategic direction of PSiRA originates from the legislative mandate as outlined in the PSiR Act, 2001. The primary objective of the Authority is to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest, and the interest of the private security industry itself. The Act lists several objects and functions that must be undertaken by the Authority in pursuit of its primary objective.

PSiRA's Strategic Plan and the Annual Performance Plan for the period under review are informed mainly by the objects and functions of the Authority as contained in sections 3 and 4 of the Act, respectively. These objects and functions are the main drivers of the Authority's Strategic Plan and Annual Performance Plan. The objects and functions have been broken down into three programmes, which collectively constitute key strategic focus areas to which the reporting herein relates, with two of the programmes focused specifically on the core business of the entity as per the legislative mandate, and only one programme focused on the administrative support to enable the achievement of the core business objectives and functions.

There were eight key strategic objectives for the period under review, and 25 key performance indicators with targets set for each of the indicators. In terms of the performance of the entity towards the achievement of the set targets, the Council is pleased to report a 96% achievement of the targets for the year, which is a 10% improvement from the previous financial year's achievement.

The achievement is commendable in view of the challenges that the Authority continues to face. The hard work of the Management and the staff of the Authority is appreciated under the difficult conditions, which are compounded by, amongst others, capacity constraints due to limited resources.

The Council and its governance structures' continued quality assurance review, monitoring of Management reporting on a quarterly basis and the good relations with Management contributed to the improved internal control environment that led to the reported achievement herein.

The achievement is further evident from the outcome of the regulatory audit, which confirms that the Authority was able to sustain a clean audit outcome from the previous financial year, despite all the challenges as reported elsewhere in this annual report regarding the financial sustainability of the entity.

STRATEGIC RELATIONSHIPS

The legislative mandate of PSiRA bestows on the Authority the right to form strategic partnerships with other entities and stakeholders both nationally and globally in pursuit of the objectives in the Act. Strategic partnerships were previously established with other key role players in the industry, including education and training institutions, government departments and industry labour movements. These partnerships continue to be maintained and improved for a better regulation of the industry in the national and public interest, and the interest of the industry itself.

To address the issues of regulation in the Southern African Development Community (SADC) region, PSiRA and the Geneva Centre for Security Sector Governance (DCAF) collaborated and hosted a workshop on Sharing Good Practices at PSiRA offices in Centurion, Pretoria. This DCAF-SADC governance and compliance best practice workshop was attended by sister regulators on the African diaspora, a clear indication that our vision is to ensure that we contribute meaningfully in the league of nations, especially in the African continent. In pursuit of improved strategic relations, compliance and better regulation of the industry, the Authority also hosted the first ever Private Security Indaba on the African soil from 3-4 July 2019 under the theme *Pioneering Compliance & Promoting the Role of Private*

Security Industry: A Force Multiplier for Safer Communities.

The conference paved the way for PSiRA exposure and the interest from the international community on the work that the Authority is entrusted with in the Republic. It came at a time when the Authority had just been accepted as a member of the International Association of Security and Investigative Regulators (IASIR), which played a major role for the Authority to engage, through the association, with other member regulators globally in exposing the Indaba to the international community, including securing international speakers for the conference.

The conference was well attended, and delivered some interesting and influential debates by speakers from the United States of America (USA), Russia, Brazil, Botswana, Zimbabwe and South Africa on matters of compliance, challenges, best practices and international trends and standards in the private security industry. The event became a platform for exchanging insights and views that would sharpen and shape the course of the private security industry locally and elsewhere. Moreover, to professionalise and enhance the industry and adapt to new trends such as the Fourth Industrial Revolution (4IR); an inevitable paradigm shift in operating a security business in the 20th century.

During October 2019, the Authority also attended for the first time, the Annual Conference of IASIR held in Baltimore, USA, which delivered some interesting and influential debates under the theme: *"Re-Forecasting Regulatory Climate Change: How to plan for and react to the realities of present-day industry trends and developments."* The PSiRA delegation also met with the IASIR Board a day before the start of the conference, where a proposal for PSiRA to host the African chapter of the association and to allow it to market the membership in the African continent was welcomed by the IASIR Board and for a Memorandum of Understanding (MoU) to be developed for that purpose.

A further proposal for PSiRA to be allocated a seat on the Board was deferred for a decision to be made before the next period for the nomination and election of IASIR Board members for the next term. The outgoing Council is hopeful that these collaborations would put the Authority on the global footing due to its established regulatory standards in the private security industry, and to become the champion in assisting and guiding other developing nations in the sector.



Other strategic relations undertaken during the period under review, included the collaboration with the private security industry to continue the annual Private Security Bravery and Crime Prevention Awards held around November each year, but this time with the Authority taking the centre stage in terms of hosting and fundraising for this event. The event is aimed at recognising and awarding security officers who put their lives on the frontline in terms of crime prevention in the country. It must be acknowledged that private security is in most instances first responders at the crime scene, and their proactiveness in the fight against crime could go a long way in collaboration with the police.

The Authority also partnered with the Unemployment Insurance Fund (UIF) in projects initiated by the UIF in support of the government's call for the creation of employment opportunities for the unemployed persons, especially UIF beneficiaries. The projects included the skills training for election observers and security officers through PSiRA accredited training service providers, with the Authority appointed to oversee the implementation of the projects, and to assist in registering successful candidates to be able to seek employment opportunities in the private security industry.

As part of continuous engagements with the industry in terms of regulations, the outgoing Council had for the first time under section 13(2) of the Act, established six Private Security Industry Sector Sub-committees to, amongst others, engage the industry at an early stage of policy development that would inform industry sector regulations. The sub-committees are constituted by representatives of the various sectors of the industry with independent chairpersons in each respective sub-committee.

The outgoing Council is hopeful that this platform would be used constructively by the industry to inform the development of regulations for the various sectors of the industry, including the private security industry transformation.

CHALLENGES FACED BY THE AUTHORITY

Liquidity Concerns

The Authority continues to tread on liquidity issues because of the current unsustainable funding model of annual fees. The annual financial statements of the entity highlights

some financial health concerns, which indicate that the entity's current liabilities exceed the current assets by around R13.8 million. This has resulted in the disclosure of material uncertainties relating to a going concern in the annual financial statements. The onset of the Covid-19 pandemic and the subsequent announcement of a country-wide lockdown by the State President towards the end of the financial year exacerbated these financial challenges for the entity going into the new financial year.

It is for the above reasons that the entity will continue to experience the liquidity issues as disclosed in the annual financial statements until such time that the Levies Act is passed into law.

Council appreciates and commends the Management for all the efforts and strategies implemented to keep the entity afloat each year as the liquidity issues continue to be at the forefront at the expense of more effective industry regulation. The outgoing Council continued to monitor and review the performance of the turnaround strategies, which had to be rolled over for implementation in the new financial year as the liquidity issues persist. The outgoing Council is hopeful that the turnaround strategies would keep the Authority's operations running at limited capacity, whilst awaiting the lasting solution under the Private Security Industry Levies Act, 2002 to come into operation.

THE YEAR AHEAD: 2020/2021

The outgoing Council acknowledges that the year ahead would not be an easy one for the Authority, due to the impact of the Covid-19 pandemic on the economy of the country at large. Job losses in the private security industry would mean less revenue for the entity that is already in financial difficulties because of the unsustainable funding model of annual fees that are based on the number of security officers employed.

As the number of security officers employed reduces due to retrenchments resulting from the economic impact of the pandemic, PSiRA would not be spared the meltdown as a self-funding entity that relies on the industry to pay the regulatory fees. The outgoing Council can only remain hopeful that the continued hard work of Management and the staff of the Authority at large, would keep the entity afloat under the anticipated difficult economic conditions that the country would face.

The outgoing Council further remains hopeful that the review process of the Private Security Industry Levies Act, 2002 by National Treasury into a Money Bill, and reintroduction in Parliament to repeal the inherited annual fees funding model provisions in the Security Officers Act, 1987, will allow for a sustainable and equitable funding model for the entity.

The Authority is hopeful that National Treasury as the custodian of all money legislation, will move with speed in terms of the legislative review process to get the amendments to the Private Security Industry Levies Act, 2002 passed by Parliament before the end of the 2020/2021 financial year for the commencement of the payment of levies by 1 April 2021.

The Council is confident that the funding model under the Levies Act would bring about financial stability and that other objectives as per legislated mandate, and some benefits for the industry as provided for under PSiR Act, would be implemented. These would include, among others, equitable regulatory fees for the industry, the establishment of the guarantee fund for the industry, and professionalised industry education and training at National Qualification Framework (NQF) level and enhancement of the current grades training for entry into the industry.

The outgoing Council is also looking forward to PSiRA's improved collaboration with the industry through the established industry sector committees whose work should add value in terms of providing advice based on industry sector information on the ground, to enable the Council to make properly informed regulatory decisions for each industry sector. A point of departure for these committees would be several research papers that were published by the Authority in the last two financial years, which highlighted a number of identified gaps in the current PSiRA regulatory framework. Policy development to inform regulations in the areas identified would follow anticipated robust deliberations and advisory inputs by the industry sector committees.

The outgoing Council also looks forward to the final promulgation of the draft regulations developed and published by the Minister during the period under review. These include draft amendment regulations on firearms and uniforms and insignia, and the new draft regulations on

working animals. The Authority had also during the period under review finalised the development of the Guarantee Fund concept model, in preparation for implementation with the introduction of the Levies Act, 2002. The concept model makes recommendations on the best suitable model for the industry, for which a product design would be the next step towards completing the project to be ready for implementation with the introduction of the Levies Act, 2002. The fund will, among others, introduce the limited liability cover to be provided for industry clients, premiums and capitalisation of the fund before it could start processing claims. The outgoing Council is hopeful that this project would be embraced and monitored by the incoming Council to its completion.

ACKNOWLEDGEMENTS

Council would like to acknowledge the Minister of Police, Hon. B. Cele, MP, for the confidence that he has shown in the Council to serve the Authority and the industry at large. The outgoing Council is confident that it did not disappoint in its quest to serve the people of South Africa with integrity and distinction in this last year of its term of office, which ended on 31 January 2020.

The outgoing Council further extends a word of appreciation to the Portfolio Committee on Police's engagements with PSiRA at the various meetings held in Parliament where the Authority received constructive inputs, commendations and interventions that instilled confidence and encouragement in everyone at PSiRA.

Acknowledgements and appreciations also go to the industry at large, for the inputs and comments from our various consultative and targeted engagements where issues of compliance within the industry were discussed for a consensus in regulatory position. We believe that with the established Industry Sector Advisory Committees, these engagements and the advisory input will continue to assist the Authority to grow from strength to strength in the pursuit of the new vision for *"South Africans to have confidence in the legitimacy, occupational practices and transformation of the Private Security Industry"*.

Lastly, acknowledgements, commendations and appreciations should also go to PSiRA Management and staff at large, for their continued relentless hard work,

dedication and commitment in the execution of the mandate of the Authority, even during difficult times when the Authority faces liquidity issues. These are most likely to be compounded by country-wide economic downturn because of the Covid-19 pandemic, but Council is hopeful that through continued dedication and the hard work of the Management and staff of the entity, PSiRA will continue to survive. The outgoing Council salutes your excellent service delivery with integrity. To the incoming Council, the work has been cut out for your term of office and well wishes for your endeavours to keep the lights shining for PSiRA.



Mr. N.H Ngubane

Outgoing Chairperson of PSiRA

30 October 2020

DIRECTOR'S REPORT



“

Despite the ever-present challenges we are faced with, we remain intentional in our quest to see PSiRA breaking frontiers, changing the status quo and becoming one of the envies of the world”

Mr. M Chauke

Ours is a riveting tale of endurance for an 18-year old private security industry regulatory authority on the African continent. This is evident in the results presented herein that in an unprecedented tough year, we have demonstrated our collective resilience and responsiveness in delivering outstanding outputs on several fronts. In retrospect, the Authority has reached its maturity levels in terms of its turnaround strategy, this despite being faced with some inevitable economic headwinds such as a slow growing economy which has an impact on our funding model and other income streams as provided for in the regulatory framework..

Undeniably, as a self-funding entity, the chronicles of our journey are deeply entrenched in our perseverance which have enabled PSiRA to deliver on its mandate even during what has arguably been a challenging year that was characterised by inescapable socio-economic pitfalls. We believe that we have created a solid springboard in building an extra-territorial regulator supported by an accelerated growth strategy to meet modern day challenges engulfing the industry globally.

HIGHLIGHTS

In the year under review, PSiRA continued to reengineer its operations and revenue strategies to optimise efficiencies for a sustainable financial health. Moreover, to grow the revenue base that is compounded by the annual fee model which requires the Authority to continuously fund its operations despite limited reserves. The growth rate of the revenue for the 2019/20 Financial Year (FY) is up by 10% which enabled the Authority to spend R314 million on aggregate for its operations.

The expenditure management and cost containment measures implemented will be closely monitored to improve the financial position of PSiRA. The adherence to good corporate governance and the implementation of a strong internal control environment has resulted in the clean audit outcome being maintained in the 2019/20 FY.

For the Auditor-General South Africa to pronounce a Clean Audit on PSiRA for the second year in a row, is a coveted vote of confidence in our astute determination to turn things around, for the better, for good.

Other outstanding operational highlights for the year under reporting:

- Revision of the outdated Grades E to A security training curriculum/manuals
- 96% achievement of our annual performance targets.
- Empowerment of our employees through continuous professional development
- Hosting a successful maiden Private Security Indaba with guests from Brazil, the USA, Russia and from the African diaspora.
- Hosting the DCAF-sponsored SADC Workshop at our offices. This was a well-attended workshop organised by the Research and Development Unit.
- consultations on regulations for firearms, uniform and insignia.
- Some of the heavily imposed sanctions as reported in this Annual Report signals the Authority's commitment to ensure compliance, undeterred.
- Mobilising resources for our benevolence campaigns such as supporting the ministerial community safety CSI project.
- Burgeoning ownership of women and youth as private security service providers



CHALLENGES

- Obsolete funding model
- Inadequate regulation of growing sectors such security working animals, cybersecurity, aviation security, maritime security as a result of insufficient resources.

- Slow economic recovery and the effect of the Covid-19 pandemic poses a serious threat to the private security industry
- If not well workshopped, the indispensable implementation of the Protection of Personal Information Act shall pose a challenge to most security service providers.

THE NEXT CHAPTER

With PSiRA now being a Member of the International Association of Security and Investigative Regulators (IASIR), it was a privilege that a few Council Members accompanied PSiRA Leadership to attend the Association's international conference in Baltimore, USA, 27-30 October 2019. We are optimistic that PSiRA will become the Africa Chapter of this International Association.



At the IASIR conference in USA, (l-r) Mr Nhlanhla Ngubane (Acting Chairperson of Council); Mr Manabela Chauke (Director/CEO); Major-General Cynthia Philison (Council Member) and Dr Sabelo Gumede (Senior Researcher)

Our integrated digital strategy is gaining traction and its intersection with the Authority's Customer Value Proposition shall ramp up the current customer service model into a convenient portal for our stakeholders. This transition is necessary to revitalise our stakeholder engagement strategy and enhance our complaints management value chain.

We anticipate that the President shall assent to and sign the Private Security Regulation Amendment Act and enact the Levies Act which shall not only address the unfortunate tilted scale in the industry but also, boost the Authority's mandate to regulate the practice of the occupation of



security service providers in the best interest of the public, national interest and the interest of the private security industry itself.

The new five-year strategic plan sets a clear intonation for the Authority to rally its limited resources towards a desired future.

ACKNOWLEDGEMENTS

I would like to express the Authority's gratitude to the outgoing Council for their oversight work. Their enabling wisdom and advices have contributed to an improved private security industry regulatory landscape.

As we set sight on the future of the Authority, we would like to thank the industry itself, men and women who travail day and night, vigilant to keep lives and properties safe. These compatriots remain at the centre of what we do.

We remain intentional in our quest to see PSiRA breaking frontiers, changing the status quo and becoming one of the envies of the world. After a decade-long of chiselling our business model, the challenge is now to maintain the good

track record and implement some of the best practices learned from our global counterparts whose expertise is well documented.

Dare I not forget thanking our inimitable asset in the persons of the leadership and ordinary staff members whose defeats and triumphs are mine too. We will continue attracting equitable talent to shore the Authority's to its prospects.

Manabela Chauke

Director/CEO

30 October 2020



STRATEGIC OVERVIEW

The strategic mandate of PSiRA originates from the Act and the regulations issued in terms of the Act. The Private Security Industry Regulatory Authority was established in terms of section 2 of the Private Security Industry Regulation Act (56 of 2001) in 2002. The primary objectives of PSiRA are to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest and in the interest of the private security industry itself.

The Authority's five-year Strategic Plan and Annual Performance Plan highlights key strategies that will be deployed to strengthen core business service delivery initiatives. Our Strategic Plan has taken a proactive response to address environmental challenges and opportunities. The Authority will be focusing on the following priorities:

VISION

South Africans have confidence in the legitimacy, occupational practices and transformation of the Private Security Industry.

MISSION

Effective regulation of the Private Security Industry to enable professional and respected security service providers.

VALUES FRAMEWORK FOR PSiRA

INTEGRITY

- Ethical Conduct
- Fairness
- Transparent

EXCELLENCE

- Accountability
- Professionalism
- Performance

UBUNTU

- Respect
- Compassion
- Diversity

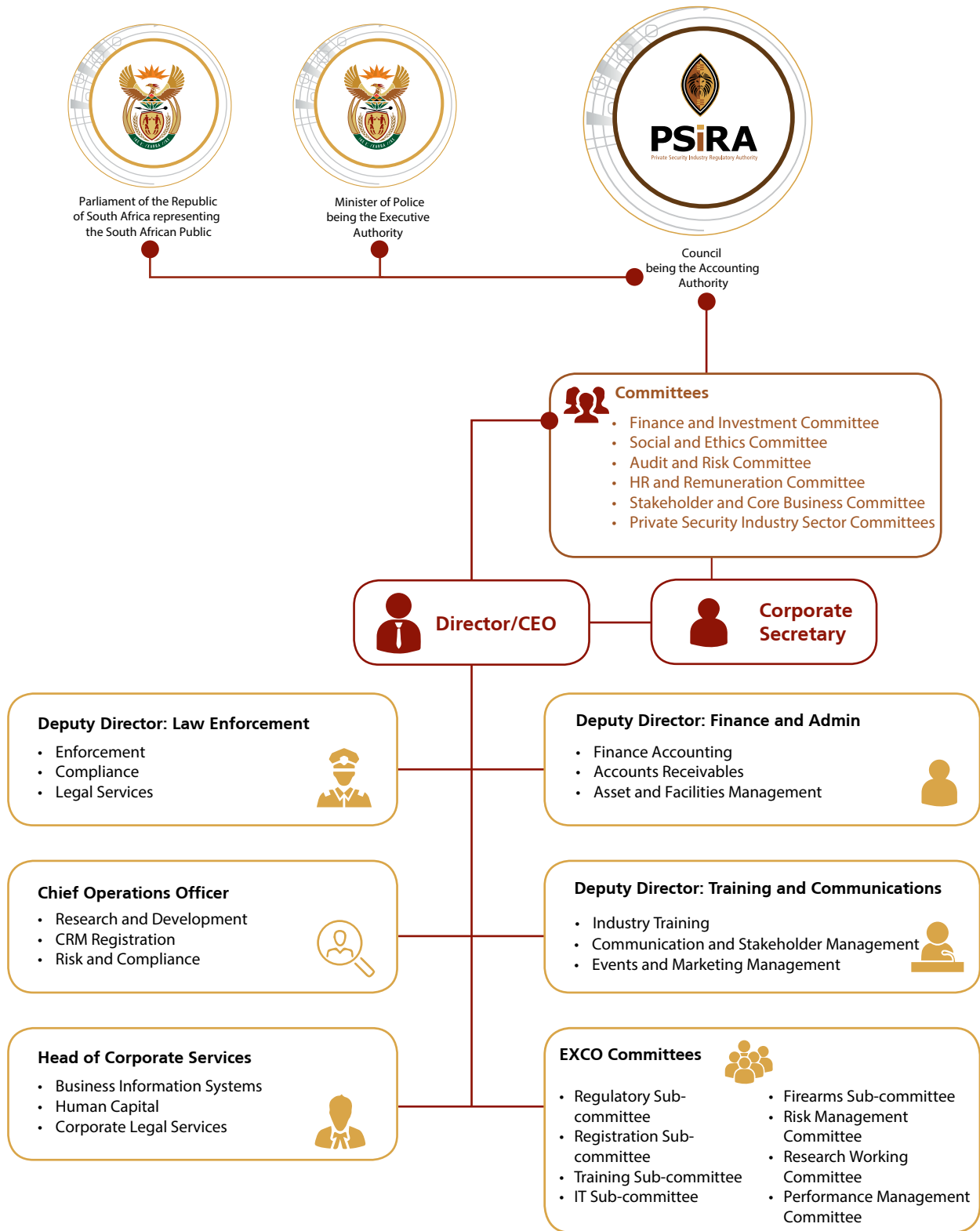
LEGISLATIVE MANDATE

The primary objects of the Authority are to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest, and the interest of the private security industry itself. The mandate of PSiRA is to:

- (a) promote a legitimate private security industry which acts in terms of the principles contained in the Constitution and other applicable law;
- (b) ensure that all security service providers act in the public and national interest in the rendering of security services;
- (c) promote a private security industry which is characterised by professionalism, transparency, accountability, equity and accessibility;
- (d) promote stability of the private security industry;
- (e) promote and encourage trustworthiness of security service providers;
- (f) determine and enforce minimum standards of occupational conduct in respect of security service providers;
- (g) encourage and promote efficiency in and responsibility with regard to the rendering of security services;
- (h) promote, maintain and protect the status and interests of the occupation of security service provider;
- (i) ensure that the process of registration of security service providers is transparent, fair, objective and concluded timeously;
- (j) promote high standards in the training of security service providers and prospective security service providers;
- (k) encourage ownership and control of security businesses by persons historically disadvantaged through unfair discrimination;
- (l) encourage equal opportunity employment practices in the private security industry;
- (m) promote the protection and enforcement of the rights of security officers and other employees in the private security industry;
- (n) ensure that compliance with existing legislation by security service providers is being promoted and controlled through a process of active monitoring and investigation of the affairs of security service providers;
- (o) protect the interests of the users of security services;
- (p) promote the development of security services which are responsive to the needs of users of such services and of the community; and
- (q) promote the empowerment and advancement of persons who were historically disadvantaged through unfair discrimination in the private security industry.



ORGANISATIONAL STRUCTURE



COUNCIL MEMBERS



Mr. Nhlanhla Ngubane
Acting Chairperson



Maj.Gen. Cynthia Philison
Council Member



Mr. Thembinkosi Oliphant
Council Member



Mr. Zwile Zulu
Council Member



Mr. Jacob Makgolane
Corporate Secretary



EXECUTIVE MANAGEMENT



Mr. Manabela Chauke
Director (CEO)



Ms. Mmatlou Sebogodi
*Deputy Director: Finance and Administration
(Chief Financial Officer)*



Mr. Stefan Badenhorst
Chief Operating Officer



Adv. Linda Mbana
Deputy Director: Law Enforcement



Mr. Oupa Mamabolo
Acting Deputy Director: Training and Communications





**Performance
Information**

**PART
B**

PERFORMANCE INFORMATION REPORT

1. INTRODUCTION

The Private Security Industry Regulatory Authority was established in terms of section 2 of the Private Security Industry Regulation Act (56 of 2001) in 2002. The strategic mandate of PSiRA originates from the Act and the regulations issued in terms of the Act. The primary objectives of PSiRA are, amongst others, to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest, and in the interest of the private security industry itself.

PSiRA is an entity listed under Schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and therefore has to comply with the requirements of this

Act. In terms of Treasury Regulation, section 5.3, PSiRA is responsible for establishing procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action.

In line with this requirement, the Council has approved a format for annual and quarterly reporting to the Minister of Police on the progress made with regards to the implementation of the Annual Performance Plan of 2019/2020. This performance report is for the financial year 2019/2020 and a summary of the actual performance against predetermined objectives per programme.

Prepared by:



Mr Stefan Badenhorst
Chief Operating Officer (COO)

Approved by:



Mr Manabela S Chauke
Director (CEO)

Authorised by:



Mr Nhlanhla Ngubane
Acting Chairperson of the Council






2. PERFORMANCE INFORMATION PER PROGRAMME

2.1 PROGRAMME 1: FINANCE AND ADMINISTRATION

Purpose: Provide leadership, strategic management and administrative support to the Authority.

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

2.1.1 SUB-PROGRAMME: FINANCE

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Unqualified audit opinion	Unqualified audit opinion with no matters of emphasis	Unqualified audit opinion	Unqualified audit with no significant findings	-		Continuously built on an improved internal control environment.
(b) Percentage revenue collected on billed annual fees and fines	76% revenue collected	75% of revenue collected on billed annual fees and fines	89% of revenue collected on billed annual fees and fines	+14%		The Authority implemented a turnaround strategy: KPI for deployment of debtors and an increase in fines collected contributed to the increase.
(c) Establishment and implementation of the Guarantee Fund	Draft concept document compiled for consideration by Council	Final proposal developed and approved by Council	Final proposal developed and approved by Council	-		

2.1.2 SUB-PROGRAMME: BUSINESS INFORMATION SYSTEM

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Average time taken to restore IT infrastructure	Average of 00:25:11	Average of 08:00:00 hours	Average of 00:17:20 hours	-07:42:40		The Authority implemented controls that ensured proper testing of the DR system which is effective and as a result, PSiRA incurred no major IT disruptions.
(b) Implementation of Business Continuity and Disaster Recovery Plan	Business Continuity Plan approved and in place	Implementation of Business Continuity and Disaster Recovery Plan	Business Continuity and Disaster Recovery Plan implemented and tested in quarters 3 and 4	-		

2.1.3 SUB-PROGRAMME: HUMAN CAPITAL

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Percentage implementation the Performance Management System (PMS)	<ul style="list-style-type: none"> 100% performance agreements completed Annual reviews conducted 	<ul style="list-style-type: none"> 100% performance agreements completed Annual reviews conducted 	<ul style="list-style-type: none"> 100% performance agreements completed Annual reviews conducted 	-		
(b) Percentage employee training interventions implemented as per the Annual Training Plan	82%	85% training interventions to address performance as per Annual Training Plan	83% training interventions to address performance as per Annual Training Plan	-2%		The shutdown of training institutions due to Covid-19, left PSiRA with 2 planned training programmes to reach the target, with training being postponed until further notice.









2.2 PROGRAMME 2: LAW ENFORCEMENT

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




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

2.2.1 SUB-PROGRAMME: COMPLIANCE AND ENFORCEMENT

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Number of security businesses inspected to enforce compliance with applicable legislation	6 833	6 405	7 155	+750		Staff was redeployed to prioritise business inspections as a result of increased complaints and operations with other stakeholders.
(b) Number of security officers inspected to enforce compliance with applicable legislation	37 569	34 230	37 136	+2 906		Increased operations with stakeholders as well as the request from stadiums to conduct special events security officer inspections contributed to the success.
(c) Percentage of investigations finalised against non-compliant SSPs	89%	88%	93%	+5%		Allocation of additional resources to the Enforcement Unit, as well as the stakeholder operations resulted in the achievement of this KPI.
(d) Percentage of criminal cases opened against non-compliant SSPs	99%	95%	98%	+3%		Continued operations on unregistered SSPs done with SAPS/DOL/ DHA Task Teams and additional resources allocated to the Unit.

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(e) Number of security businesses licensed to possess firearms inspected	1 498	1 425	1 582	+157		Staff was redeployed to prioritise firearm inspections as well as joint operations to recover firearms resulting in us achieving this KPI.
(f) Number of security businesses inspected that are using dogs	83	70	97	+27		Stakeholder operations with the NSPCA resulted in the increase of inspections. Also, the dog training course that was attended on a national level resulted in a more professional and equipped manner of conducting dog inspections.

2.2.2 SUB-PROGRAMME: LEGAL SERVICES

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Percentage of cases of non-compliant SSPs prosecuted per year	91%	92%	96%	+4%		Increased quality of inspections and investigations to ensure evidence support charges.
(b) Number of new draft regulations compiled	3	3	3	-		3 Regulations approved.
(c) Percentage of debt collection files referred for litigation	92%	55%	91%	+36%		Continued good relations with the State Attorney aided greatly in the over-achievement.



2.3 PROGRAMME 3: COMMUNICATIONS, REGISTRATION (CRM) AND TRAINING

Purpose: Provide effective stakeholder engagement.


Ensure that training standards are adhered to and the registration process is done in accordance with the PSiR Act.

Measurable Objectives: Ensure effective and meaningful stakeholder communication. Ensure that all training institutions are aligned to the required standard of training.

Ensure that the registration process is effective and authentic.

Continuous research to support core business initiatives and policy development.

2.3.1 SUB-PROGRAMME: COMMUNICATIONS AND STAKEHOLDER MANAGEMENT

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Number of public awareness programmes and integrated promotional initiatives on PSiRA's role and functions	160 Public Awareness Programmes	160 Public Awareness Programmes	196 Public Awareness Programmes	+36		Rigorous efforts were made to promote PSiRA through brand and consumer awareness campaigns. Maximised the use of ICT platforms.

2.3.2 SUB-PROGRAMME: INDUSTRY REGISTRATION





KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Average turnaround time on applications for registration, meeting all the requirements for security businesses (working days)	Average of 10 days	Average of 10 days	Average of 6 days	-4 days		New business processes developed and implemented, including delegation of authority to Management on registration decisions.
(b) Average turnaround time on applications for registration, meeting all the requirements for security officers (working days)	Average of 16 days	Average of 15 days	Average of 14 days	-1 day		New business processes were implemented and improved turnaround time by 3rd party external stakeholders on criminal record verifications.

2.3.3 SUB-PROGRAMME: TRAINING

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Number of capacity building activities for SSP training institutions	13 capacity building activities	14 capacity building activities	15 capacity building activities	+1		Additional workshop in the Eastern Cape.
(b) Increased number of training for SSPs currently registered and accredited with PSiRA	122 more registered training SSPs accredited with PSiRA	200 more registered training SSPs accredited with PSiRA	241 more registered training SSPs accredited with PSiRA	+41		Intensified promotion campaigns for new businesses and existing SSPs to apply for accreditation for new centres and increased the pool of instructors by enabling freelancing.



2.3.4 SUB-PROGRAMME: RESEARCH AND DEVELOPMENT

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2018/19	ANNUAL TARGETS		PERFORMANCE VARIANCE	OVERALL PROGRESS OF INDICATOR (RED/AMBER/GREEN) *	REASONS FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20			
(a) Number of completed research topics	3 research topics	3 research topics	3 research topics	-		
(b) Number of completed surveys	4 surveys	4 surveys	4 surveys	-		
(c) Number of policy documents completed	3 policy documents completed	3 policy documents completed	3 policy documents completed	-		
(d) Number of research studies published	2 research studies published	2 research studies published	3 research studies published	+1		Additional research publication on security in the railway environment.

2.4 EXPLANATIONS FOR MAJOR VARIANCES AND ACHIEVEMENTS

2.4.1 PROGRAMME 1: FINANCE AND ADMINISTRATION

(a)	Key Performance Indicator	Percentage revenue collected on billed annual fees and fines
	Explanation for major variances (over-achievement)	The Authority implemented a turnaround strategy: KPI for deployment of debtors and increase in fines collected contributed to the increase.
(b)	Key Performance Indicator	Average time taken to restore IT infrastructure
	Explanation for major variances (over-achievement)	The Authority implemented controls that ensured proper testing of the DR system which is effective. The controls also resulted in the Authority not experiencing any major IT related disruptions during the year.
(c)	Key Performance Indicator	Percentage of employee training interventions implemented as per the Annual Training Plan
	Explanation for major variances (under-achievement)	The shutdown of training institutions due to Covid-19, left PSiRA with two planned training programmes to reach the target, with training being postponed until further notice.
	Actions to address under-achievement	Increase training programmes in quarters 1 to 3.

2.4.2 PROGRAMME 2: LAW ENFORCEMENT

(a)	Key Performance Indicator	Number of security businesses inspected to enforce compliance with applicable legislation
	Explanation for major variances (over-achievement)	Staff was redeployed to prioritise business inspections as a result of increased complaints and operations with other stakeholders.
(b)	Key Performance Indicator	Number of security officers inspected to enforce compliance with applicable legislation
	Explanation for major variances (over-achievement)	Increased operations with stakeholders as well as the request from stadiums to conduct special events security officer inspections contributed to the success.
(c)	Key Performance Indicator	Number of security businesses licensed to possess firearms inspected
	Explanation for major variances (over-achievement)	Staff was redeployed to prioritise firearm inspections as well as joint operations to recover firearms resulting in us achieving this KPI.
(d)	Key Performance Indicator	Number of security businesses inspected that are using dogs
	Explanation for major variances (over-achievement)	Stakeholder operations with the NSPCA resulted in the increase in inspections. Also, the dog training course that was attended on a national level resulted in a more professional and equipped manner of conducting dog inspections.
(f)	Key Performance Indicator	Percentage of debt collection files referred for litigation
	Explanation for major variances (over-achievement)	Continued good relations with the State Attorney aided greatly in the over-achievement.



2.4.3 PROGRAMME 3: COMMUNICATIONS, REGISTRATION (CRM) AND TRAINING

(a)	Key Performance Indicator	Number of public awareness programmes and integrated promotional initiatives on PSiRA's role and functions.
	Explanation for major variances (over-achievement)	Rigorous effort were made to promote PSiRA through brand and consumer awareness campaigns. Maximised the use of ICT platforms.
(b)	Key Performance Indicator	Number of capacity building activities for SSP training institutions
	Explanation for major variances (over-achievement)	Extra workshop in the Eastern Cape.
(c)	Key Performance Indicator	Increased number of training security service providers currently registered and accredited with PSiRA.
	Explanation for major variances (over-achievement)	Intensified promotion campaigns for new businesses and existing SSPs to apply for accreditation for new centres and increased pool of instructors by enabling freelancing.
(d)	Key Performance Indicator	Average turnaround time of applications for registration meeting all the requirements for security businesses (working days)
	Explanation for major variances (over-achievement)	New business processes developed and implemented, including delegation of authority to Management on registration decisions in terms of applications for registration from security businesses.
(e)	Key Performance Indicator	Number of research studies published
	Explanation for major variances (over-achievement)	Additional research publication on security in the railway environment on request of Council.

LAW ENFORCEMENT OPERATIONAL REPORT

A. COMPLIANCE AND ENFORCEMENT SUB-UNITS REPORT

One of the objects of the Authority is to ensure that compliance with legislation by security service providers is promoted and controlled through a process of active monitoring and investigation of the affairs of security service providers. In order to give effect to the Authority's mandate in ensuring a well regulated private security industry, the Authority has developed and implemented a compliance and enforcement strategy which also provides for two Units, namely, a Compliance and Enforcement Unit. This strategy includes enforcement and prosecution as well as a new focus on regulatory compliance through inspection.

1. COMPLIANCE

In general, compliance means conforming to a rule such as a specification, policy, standard or law. In the private security industry context, compliance describes the goal that the industry needs to aspire to in order to ensure that it and its personnel are aware of and take the necessary steps to comply with the relevant rules and regulations governing the occupation of security service providers.

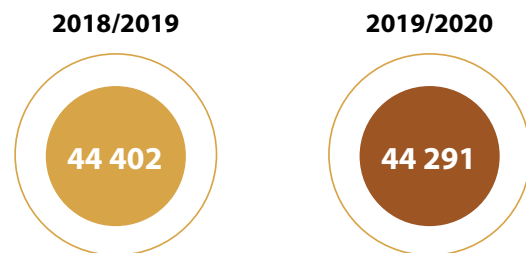
The Authority's compliance strategy is, amongst others, the communication of risk to the industry and to others such as the public and clients. Such information strategies involve mandatory disclosures to provide information on issues of compliance. It is hoped that by disclosing such information, the industry will undertake cooperative compliance, given the disclosed risk known.

In certain scenarios, the enforcement approach may also be found to be counterproductive, especially in the case where security service providers who are motivated by a sense of social and public responsibility to comply and where providers genuinely display a law abiding nature.

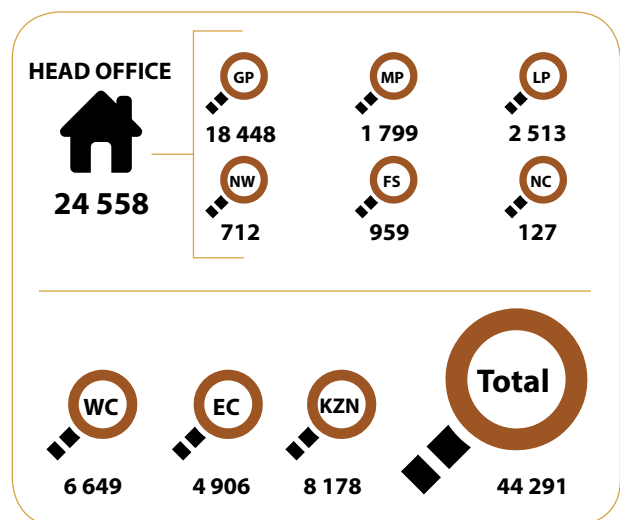
1.1 COMPLIANCE INSPECTIONS

In terms of the revised Law Enforcement Division's operational policy and 2019/2020 Annual Performance Plan, each compliance inspector must conduct a minimum number of inspections per month. In certain cases, the targets of individual inspectors are reduced under special circumstances i.e. special investigations, annual leave, sick leave, testifying in improper conduct enquiries, etc.

During the period 1 April 2019 to 31 March 2020, a total of **44 291** compliance inspections of security service providers were conducted or inspected as part of investigations by the Enforcement Unit compared to **44 402** inspections for the same period the previous year. The regional breakdown is as follows:



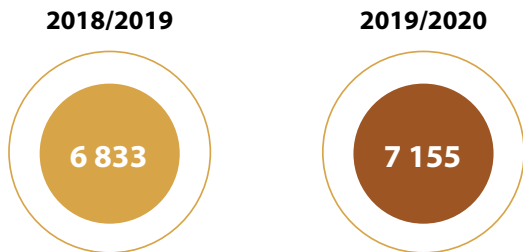
COMPLIANCE INSPECTION BREAKDOWN PER PROVINCE





Of the **44 291** compliance inspections conducted, **7 155** compliance inspections were conducted at security businesses compared to **6 833** inspections for the same period the previous year.

Further, of the **44 291** compliance inspections conducted, **37 136** compliance inspections were conducted at security officers deployed at different sites, compared to **37 569** inspections for the same period the previous year.

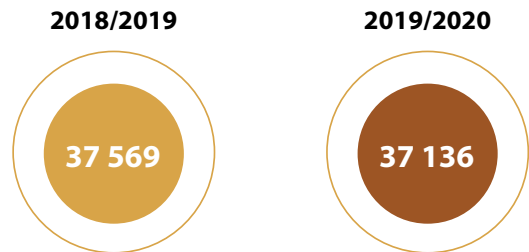
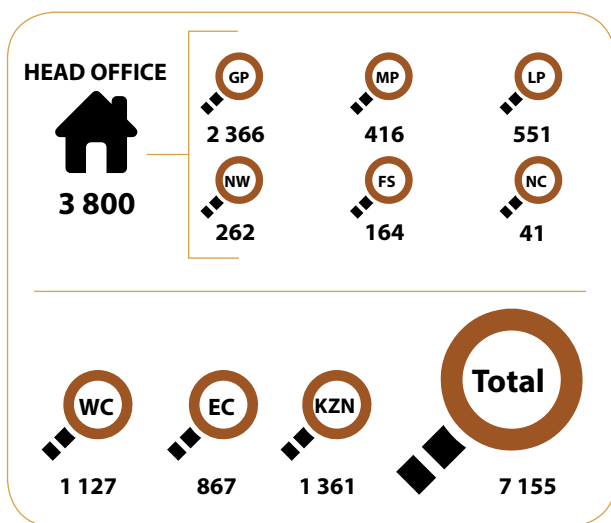


NUMBER OF SECURITY BUSINESS INSPECTIONS

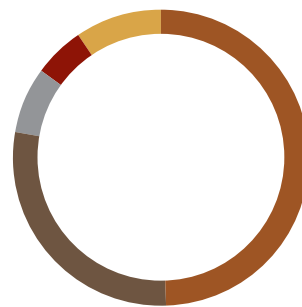


HEAD OFFICE	3 800
WESTERN CAPE	1 127
EASTERN CAPE	867
KWAZULU-NATAL	1 361
TOTAL	7 155

BUSINESS INSPECTION BREAKDOWN PER PROVINCE

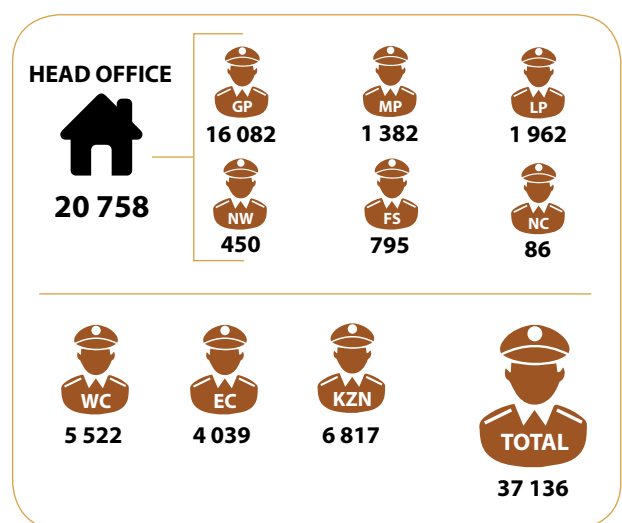


NUMBER OF SECURITY OFFICERS INSPECTIONS

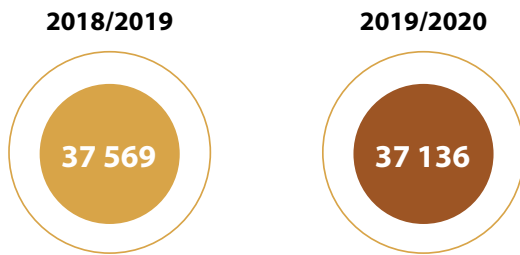


HEAD OFFICE	20 758
WESTERN CAPE	5 522
EASTERN CAPE	4 039
KWAZULU-NATAL	6 817
TOTAL	37 136

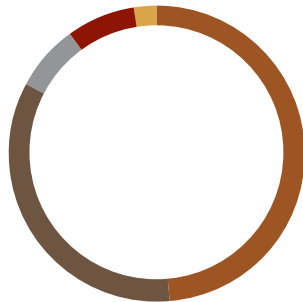
SECURITY OFFICER INSPECTION BREAKDOWN PER PROVINCE



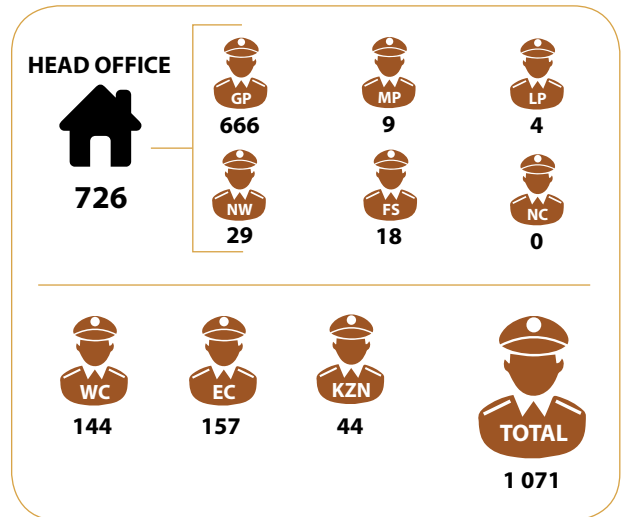
The regional breakdown in respect of the number of in-house security officer inspections conducted from the **37 136** inspections done during the period under review, compared to **37 569** of the previous year is as follows:



NUMBER OF IN-HOUSE SECURITY OFFICERS INSPECTIONS

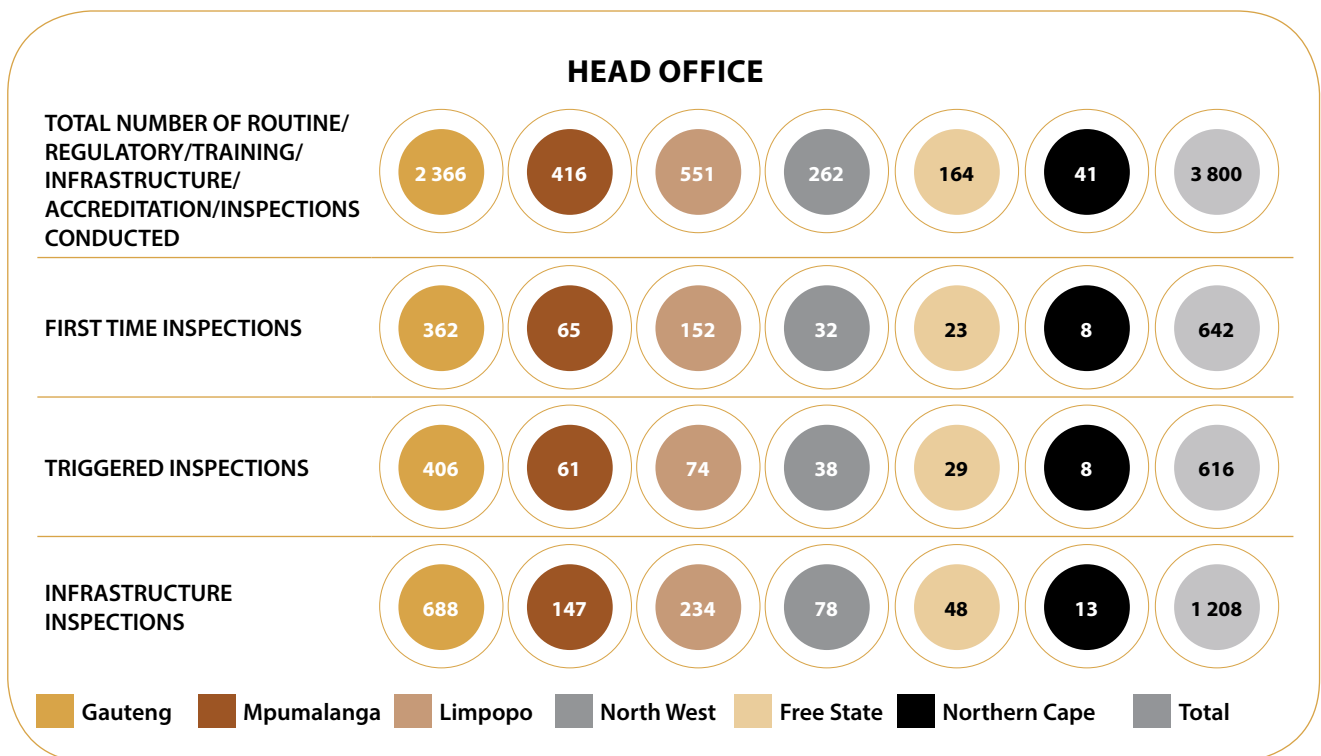


**IN-HOUSE SECURITY OFFICER INSPECTION
BREAKDOWN PER PROVINCE**



HEAD OFFICE	726
WESTERN CAPE	144
EASTERN CAPE	157
KWAZULU-NATAL	44
TOTAL	1 071

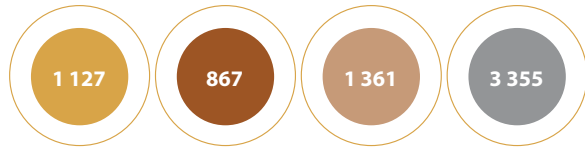
A regional breakdown with regard to the type of inspection conducted at security businesses from 1 April 2019 to 31 March 2020, is as follows:



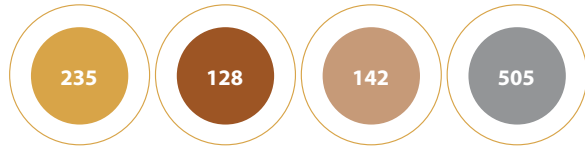


COASTAL REGIONAL OFFICE

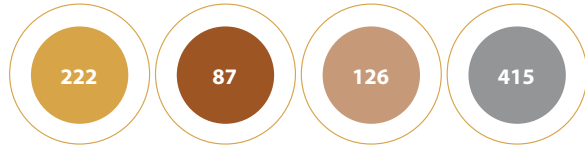
TOTAL NUMBER OF ROUTINE/REGULATORY/TRAINING/
INFRASTRUCTURE/ ACCREDITATION/INSPECTIONS
CONDUCTED



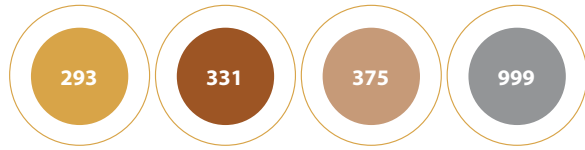
FIRST TIME INSPECTIONS



TRIGGERED INSPECTIONS



INFRASTRUCTURE INSPECTIONS



Western Cape Eastern Cape KwaZulu-Natal Total

Note must be taken that “first time inspections” referred to above, refers to businesses that have not been the subject of an inspection from its date of registration.

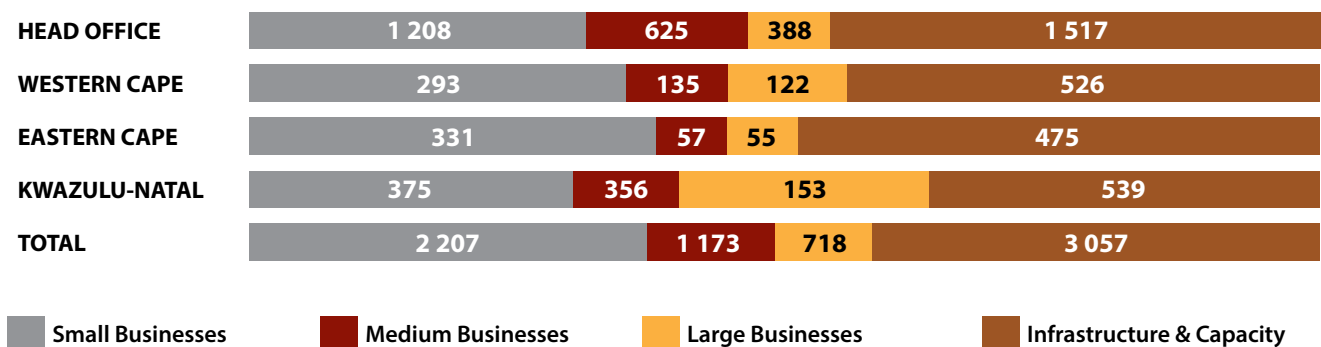
These businesses are newly registered businesses.

“Triggered inspections” refers to complaints sourced via the help desk, telephonic, written or personal complaints, internet, newspaper articles, account administrators, etc. In terms of the Law Enforcement Division’s operational policy, priority must be given to complaints and infrastructure inspections first. Compliance inspections are also conducted, depending on the particular area visited, on

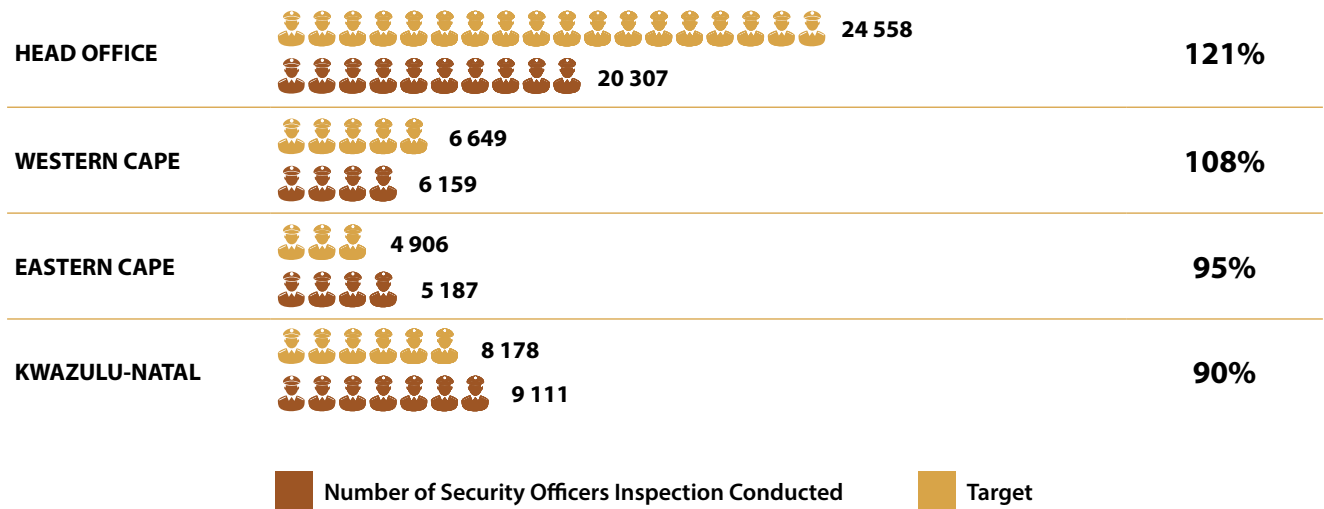
the basis of when last an inspection was conducted at a particular security service provider.

Statistical information pertaining to inspections conducted at large, medium and small businesses from 1 April 2019 to 31 March 2020 is as set out below. For the purpose of this statistical information, a small business is considered to be employing less than 20 security officers, medium= 21 to 50 security officers and large=51 and more security officers.

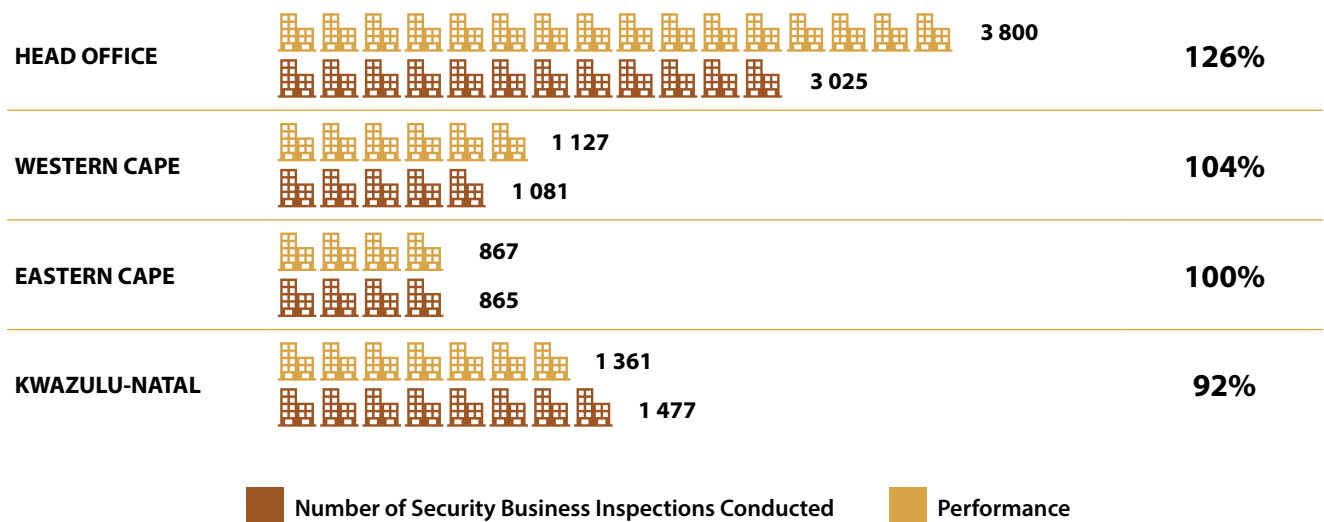
NUMBER OF INSPECTIONS

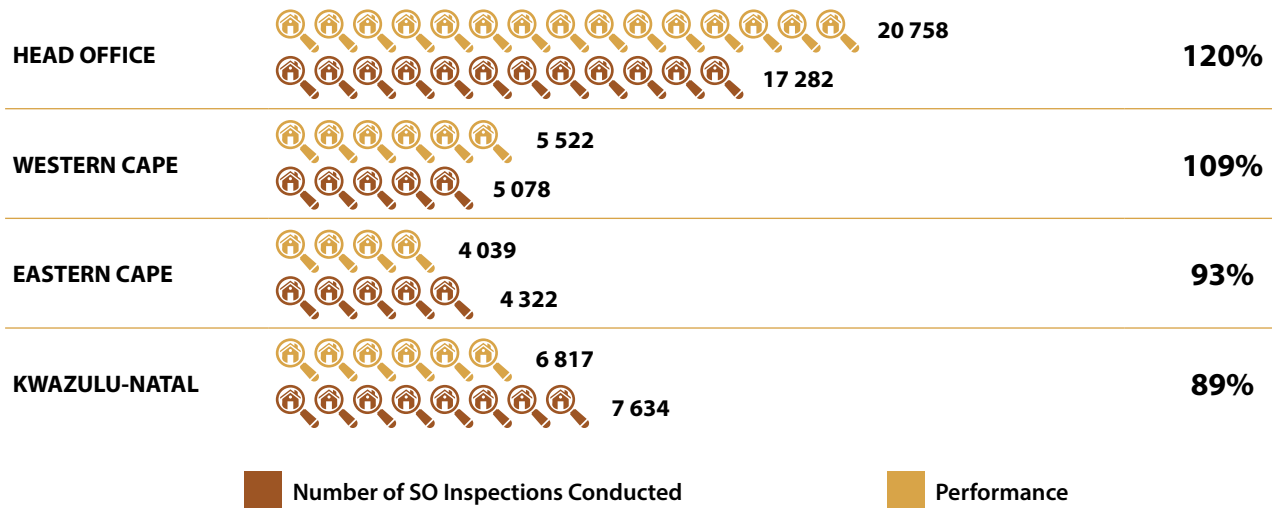


With reference to all of the above statistics, the overall performance pertaining to the total number of compliance inspections conducted for the period 1 April 2019 to 31 March 2020, as per the Authority’s Annual Performance Plan (APP) target is **109%**. The regional breakdown, is as follows:



The performance pertaining to the number of compliance inspections conducted at security businesses for the period 1 April 2019 to 31 March 2020, in relation to the Authority’s APP target is **111%**. The performance pertaining to the number of compliance inspections conducted at security officers different sites for the period 1 April 2019 to 31 March 2020, in relation to the Authority’s APP target is **108%**. The regional breakdown is as follows:




















Statistical information pertaining to the **different categories or classes of security businesses inspected** from 1 April 2019 to 31 March 2020, is as follows:

HEAD OFFICE

	GAUTENG	MPUMALANGA	LIMPOPO	N/WEST	FREE STATE	N/CAPE
Total number of Security Business Routine/Regulatory/Training/Infrastructure/Accreditation Inspections	2 366	416	551	262	164	41
Category or Class of Security Service Provider Inspected						
• Commercial/Industrial/Residential/Guarding or Patrolling	1 489	302	512	186	86	22
• Assets in transit	34	2	0	4	0	0
• Close protection services	67	0	0	2	0	1
• Reaction or Response services and monitoring signals from security equipment (control room)	205	33	5	18	26	9
• Ensuring safety and order on premises (special events)	88	0	0	12	9	0
• Car watch or related activities	28	0	0	1	0	0
Providing advice on the protection of persons/property (consultants/advisors)	27	0	0	0	0	0
Installing, servicing or repairing security equipment	287	49	30	21	27	6
Private investigators	144	5	21	6	4	0
Providing security training or instruction as well as accreditation	183	35	60	20	12	2
Providing services of a locksmith	94	13	16	10	7	0
Making persons or their activities available for rendering of security services (labour brokers)	7	0	0	0	0	0
In-house	79	9	7	10	7	0
Manufacturing, importing, distributing or advertising of monitoring devices	17	0	0	0	0	0
Working animals	29	4	0	0	3	0

WESTERN CAPE/EASTERN CAPE/KWAZULU-NATAL

	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL
Total number of Security Business Routine/Regulatory/Training/Infrastructure/Accreditation Inspections	1 127	867	1 361
Category or Class of Security Service Provider Inspected			
 • Commercial/Industrial/Residential/Guarding or Patrolling	715	671	1 118
 • Assets in transit	18	17	9
 • Close protection services	42	33	36
 • Reaction or Response services and monitoring signals from security equipment (control room)	204	37	90
 • Ensuring safety and order on premises (special events)	78	44	21
 • Car watch or related activities	3	88	2
 Providing advice on the protection of persons/property (consultants/advisors)	56	234	14
 Installing, servicing or repairing security equipment	191	64	54
 Private investigators	42	34	30
 Providing security training or instruction as well as accreditation	89	84	92
 Providing services of a locksmith	38	36	43
 Making persons or their activities available for rendering of security services (labour brokers)	20	0	0
 In-house	36	29	20
 Manufacturing, importing, distributing or advertising of monitoring devices	2	0	0
 Working animals	58	7	11

* On review of the statistical information presented above, note must be taken of the fact that certain security service providers may render more than one particular security service. One inspection conducted at a particular security business may therefore result in two or more categories or classes of security services being inspected. It will be noted that certain categories or classes of security service providers were not subjected to any inspections during the period under review. Taking into consideration the number of security service providers registered in a particular province, the number of inspectors and the policy regarding the number of inspections to be conducted in a particular month at security businesses, are on average subjected to one inspection every 18 to 24 months.



1.2 SECTOR INSPECTIONS

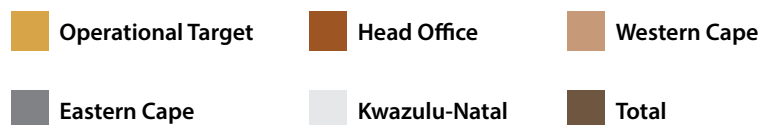
The division has implemented targets in respect of inspections for the different sectors (segmentation) of the industry. The following inspections (excluding infrastructure inspections and accreditations) were conducted at various categories of security service providers during the period under review:

HEAD OFFICE	2 641	1 680	320	154	209	137	105	36
WESTERN CAPE	833	565	87	29	39	33	38	42
EASTERN CAPE	624	443	49	29	47	20	29	7
KWAZULU-NATAL	989	774	57	23	58	42	23	12
TOTAL	5 087	3 462	513	235	353	232	195	97



The performance pertaining to categories of security service providers inspected against the target as per the Operational Plan for the period 1 April 2019 to 31 March 2020, is as follows:

GUARDING SECTOR	2 498	1 680	565	443	774	3 462
ELECTRONIC SECURITY SECTOR	444	320	87	49	57	513
PRIVATE INVESTIGATOR	167	154	29	29	23	235
TRAINING INDUSTRY SECTOR	167	209	39	47	58	353
LOCKSMITH SECTOR	167	137	33	20	42	232
IN-HOUSE SECTOR	167	105	38	29	23	195
WORKING ANIMALS	70	36	42	7	12	97



1.3 SITE INSPECTIONS/INVESTIGATIONS

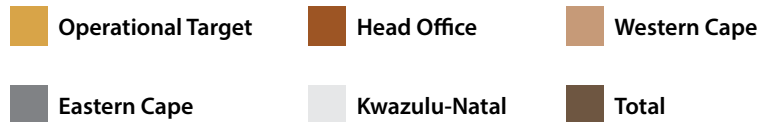
Site investigations form part of the Division's Operational Plan in order to, *inter alia*, verify the accuracy of information provided by security businesses to inspectors as well as conducting security officer inspections. These site investigations are at times also conducted in cooperation with the South African Police Services (SAPS), especially in cases where unregistered security officers were found, illegal immigrants are used or firearms are used in contravention with the requirements of the Private Security Industry Regulations. The following inspections were conducted at various categories of sites during the period under review:

HEAD OFFICE	20 758	4 624	2 498	2 573	5 637	2 171	3 067	188
WESTERN CAPE	5 522	1 459	675	534	1 218	733	648	255
EASTERN CAPE	4 039	878	600	476	1 128	387	535	35
KWAZULU-NATAL	6 817	1 173	1 584	397	1 927	440	1 161	135
TOTAL	37 136	8 134	5 357	3 980	9 910	3 731	5 411	613



The performance pertaining to site inspections conducted against the target as per the Operational Plan for the period 1 April 2019 to 31 March 2020, is as follows:

RETAIL SECTOR	6 846	4 624	1 459	878	1 173	8 134
HEALTH FACILITIES	3 423	2 498	675	600	1 584	5 357
EDUCATIONAL FACILITIES	3 423	2 573	534	476	397	3 980
INDUSTRIAL & CORPORATE AREAS	6 846	5 637	1 218	1 218	1 927	9 910
RESIDENTIAL AREAS	3 423	2 171	733	387	440	3 731
EVENT SECTOR	3 423	3 067	648	535	1 161	5 411



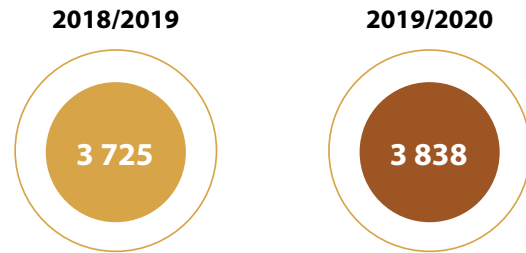
2. ENFORCEMENT

Whilst the compliance strategy provides for general persuasive, advisory and conciliating measures, the Authority is mindful that the less frequent and less intensive inspections become, the less information the Authority may have over security service providers' compliance behavior. Under these circumstances, lenient enforcement and infrequent inspections may turn even compliant security service providers into evasive ones. In addition, a more soft regulatory approach may motivate evasive security service providers to stick to their uncooperative attitude towards compliance.

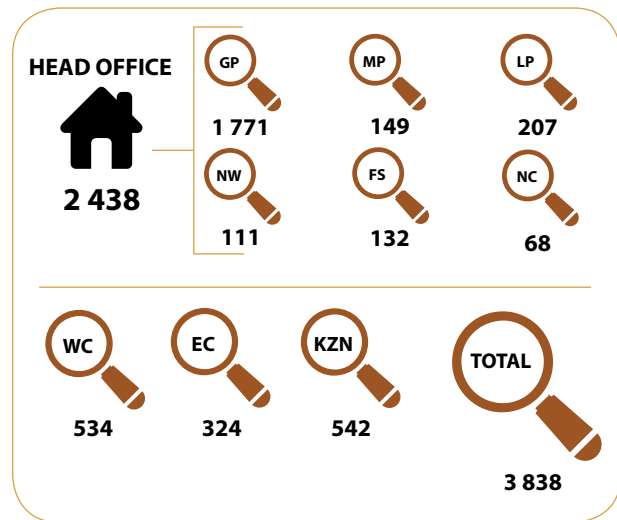
Enforcement therefore seeks to address security service providers who know that they have to comply but choose to otherwise evade compliance. The Authority enforces the law on those providers who do not comply with the Act and regulations. In terms of the Law Enforcement Division's operational policy, all enforcement inspectors must finalise a minimum number of investigations per month. In certain cases, the target of individual inspectors are reduced under special circumstances i.e. annual leave, sick leave, testifying in criminal and improper conduct cases, etc.

During the period 1 April 2019 to 31 March 2020, a total of **3 838** investigations were overall finalised compared to **3 725** investigations for the same period the previous year.

A further regional breakdown in respect of the above investigations, are as follows:

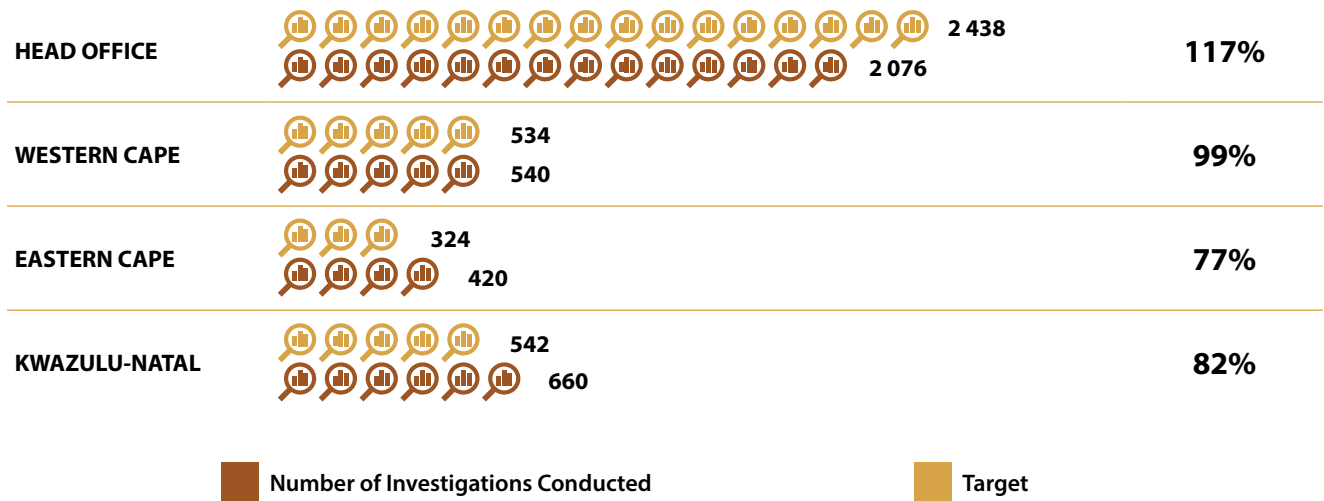


FINALISED INVESTIGATION BREAKDOWN PER PROVINCE

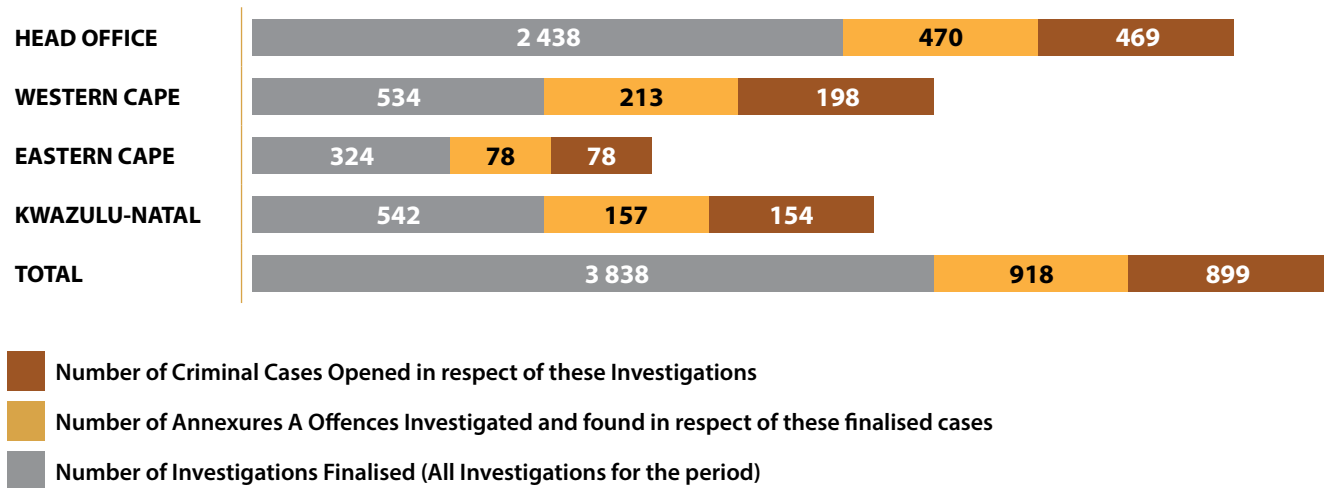


REGION	NUMBER OF SECURITY BUSINESS INVESTIGATIONS	NUMBER OF SECURITY OFFICER INVESTIGATIONS	TOTAL
HEAD OFFICE	1 847	591	2 438
• Gauteng	1 275	496	1 771
• Mpumalanga	139	10	149
• Limpopo	155	52	207
• North West Province	97	14	111
• Free State	129	3	132
• Northern Cape	52	16	68
WESTERN CAPE	414	120	534
EASTERN CAPE	264	60	324
KWAZULU-NATAL	390	152	542
TOTAL	2 915	923	3 838

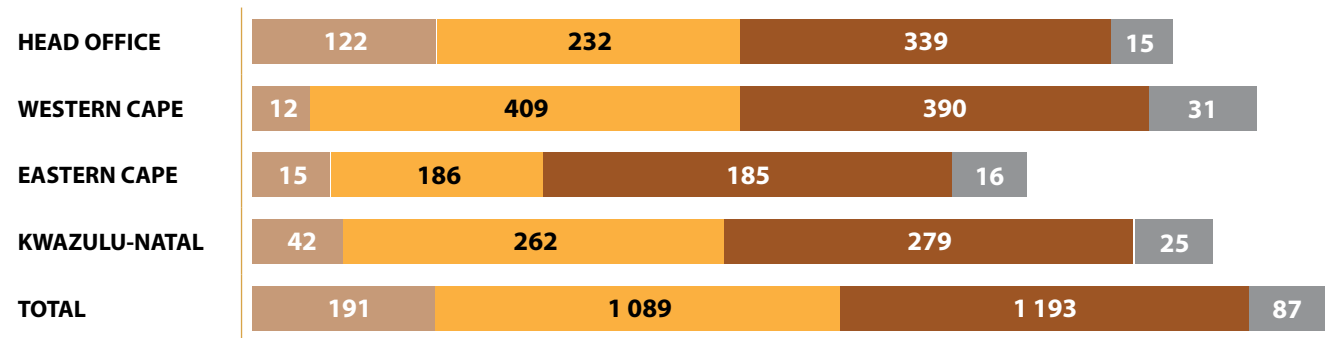
With reference to the above statistics, the overall performance pertaining to investigations conducted for the period 1 April 2019 to 31 March 2020, based on the Operational Plan of the Enforcement Unit is **104%**. The regional breakdown is as follows:



The position in respect of investigations conducted/finalised in respect of all investigations conducted (current and previous financial year matters, are as follows):



Number of complaints received and processed by Law Enforcement are as follows:



- Number of complaints carried over to April 2020
- Total number of complaints finalised
- Number of new complaints received between April 2019 to March 2020
- Number of complaints carried over by the Enforcement Unit from March 2019

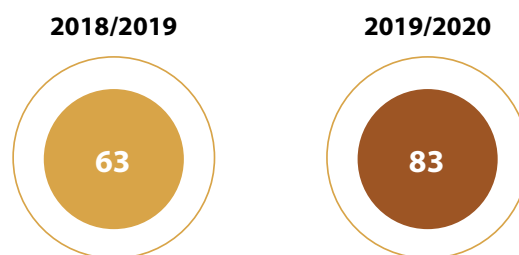
Following on from compliance inspections (excluding infrastructure inspections) conducted at security businesses as well as security officer inspections during 1 April 2019 to 31 March 2020, the following were found in terms of compliance:

SECURITY BUSINESS INSPECTIONS	TOTAL	GAUTENG	MPUMA-LANGA	LIMPOPO	N/WEST	FREE STATE	N/CAPE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL
Number of security business inspections	4 948	1 678	269	317	184	116	28	839	536	986
Business deploying unregistered security officers	211	99	8	5	8	5	1	29	46	40
Performance	4%	6%	3%	2%	4%	4%	4%	3%	3%	4%
Business deploying untrained security officers	180	85	4	6	5	4	1	38	14	23
Performance	4%	5%	1%	2%	3%	3%	4%	5%	3%	2%
Businesses failing to pay annual fees	721	197	24	104	37	27	2	50	147	133
Performance	15%	12%	9%	33%	20%	23%	7%	6%	27%	13%
Businesses failing to report intakes/discharges	722	270	40	71	33	32	6	98	45	127
Performance	15%	16%	15%	22%	18%	28%	21%	12%	8%	13%
Businesses failing to comply with Regulation 10 documentation	707	224	84	18	38	33	6	32	45	227
Performance	14%	13%	31%	6%	21%	28%	21%	4%	8%	23%
Businesses not paying minimum wages	618	231	59	24	38	21	7	73	41	124
Performance	12%	14%	22%	8%	21%	18%	25%	9%	8%	13%
Businesses not complying with provident fund	603	221	48	28	15	34	7	66	50	134
Performance	12%	13%	18%	9%	8%	29%	25%	8%	9%	13%
Businesses using firearms not complying with Regulations 13(5) or (6)	1 583	478	102	160	41	32	4	264	190	313
Businesses failing to comply with Regulation 10 documentation	46	23	0	0	0	2	0	3	45	147
Performance	3%	5%	0%	0%	0%	6%	0%	1%	2%	4%

SECURITY OFFICER INSPECTIONS	TOTAL	GAUTENG	MPUMALA-LANGA	LIMPOPO	N/WEST	FREE STATE	N/CAPE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL
Number of security officers inspections	37 136	16 082	1 383	1 962	450	795	86	5 522	4 039	6 817
Unregistered security officers	1 709	649	58	54	12	54	10	417	58	397
Performance	5%	4%	4%	3%	3%	7%	12%	8%	1%	6%
Untrained security officers	2 137	614	58	52	31	228	9	686	48	411
Performance	6%	4%	4%	3%	7%	29%	10%	12%	1%	6%
Security officers not carrying PSiRA ID Cards	20 339	8 409	398	662	183	507	17	3 927	2 514	3 722
Performance	55%	52%	29%	34%	41%	64%	20%	71%	62%	55%
Security officer uniform	8 467	1 469	227	288	12	37	6	2 556	1 691	2 181
Performance	23%	9%	16%	15%	3%	5%	7%	46%	42%	32%
Security officers not linked to the business	8 600	2 684	208	404	61	106	8	1 644	699	2 786
Performance	23%	17%	15%	21%	14%	13%	9%	30%	17%	41%
Number of security officers inspected and investigated carrying firearms	663	316	22	92	1	2	0	40	40	150
Security officers using firearms not complying with Regulations 13(5) or (6)	86	34	2	0	0	2	0	4	9	35
Performance	12%	10%	9%	0%	0%	100%	0%	10%	22%	23%
Security officers carrying firearms not competent in firearms	46	23	0	0	0	2	0	4	5	23
Performance	3%	5%	0%	0%	0%	6%	0%	10%	12%	15%

3. OPERATIONS

The Authority is also involved in a number of operations with different stakeholders, including the SAPS. These operations are at times initiated by the Authority or are attended on invitation from stakeholders such as the SAPS, Department of Home Affairs (DoHA) and Department of Employment and Labour (DoL). The focus is on compliance in terms of the PSIR Act which includes the deployment of registered and trained security officers, illegal immigrants and compliance with the Firearms Control Act. During the period under review, **83** operations were conducted with stakeholders compared to **63** operations the previous financial year.



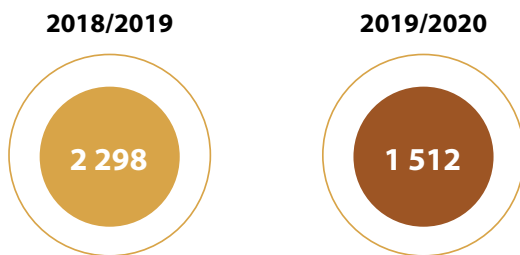
The following operations were held:

REGION	NUMBER OF OPERATIONS	STAKE-HOLDERS	NUMBER OF ARRESTS	UNREGISTERED	FOREIGNERS	FIREARMS	OTHER
HEAD OFFICE	54	SAPS/DoL	407	407	272	0	2 SAPS Inspections 1 DoL Inspection
• Gauteng	37	SAPS/DoL	313	313	189	0	2 SAPS Inspections
• Mpumalanga	5	SAPS	31	31	30	0	0
• Limpopo	2	SAPS/DoL	0	0	0	0	0
• North West Province	3	SAPS	9	7	7	0	0
• Free State	1	SAPS	2	2	0	0	1 DoL Inspection
• Northern Cape	6	-	52	52	46	0	0
WESTERN CAPE	9	SAPS/SPCA	34	34	2	0	0
EASTERN CAPE	10	DoHA	3	2	1	1	0
KWAZULU-NATAL	10	SAPS	80	78	16	1	0
TOTAL	83	SAPS/DoL/ SPCA/DoHA	525	521	291	2	2 SAPS Inspections 1 DoL Inspection

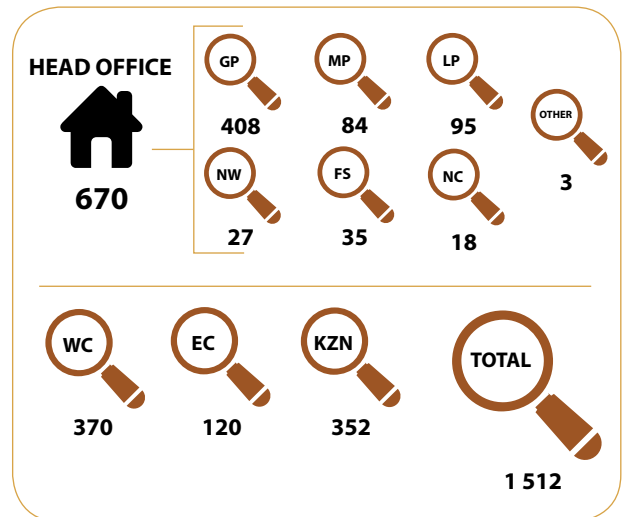
The Law Enforcement Division participated in the re-launch of Operation Fiela II and conducted operations with all the NATJOINTS Stakeholders. In addition, Inspectors were deployed at a number of stadiums over weekends and after hours to verify compliance of Security Officers deployed at the stadiums.

4. IMPROPER CONDUCT INVESTIGATIONS

During the period 1 April 2019 to 31 March 2020, a total of **1 512** improper conduct dockets against security businesses were compiled compared to **2 293** dockets for the same period last year. The regional breakdown for the period under review, is as follows:

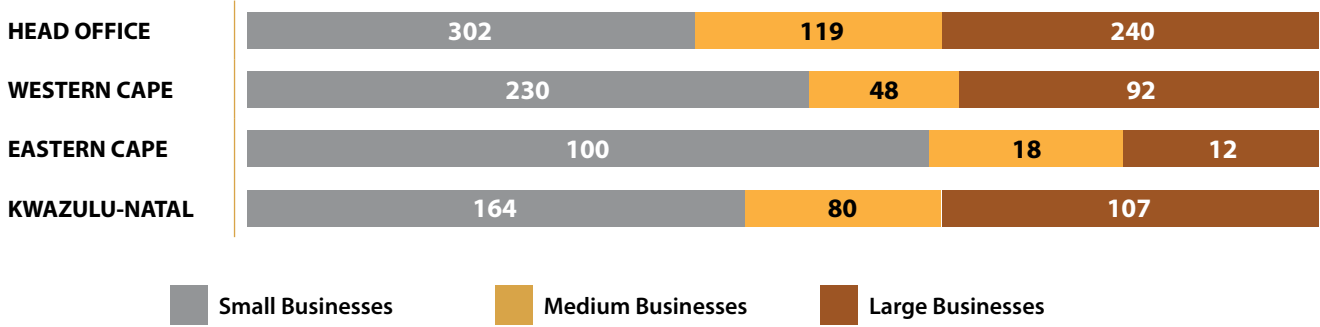


IMPROPER CONDUCT INVESTIGATION BREAKDOWN PER PROVINCE

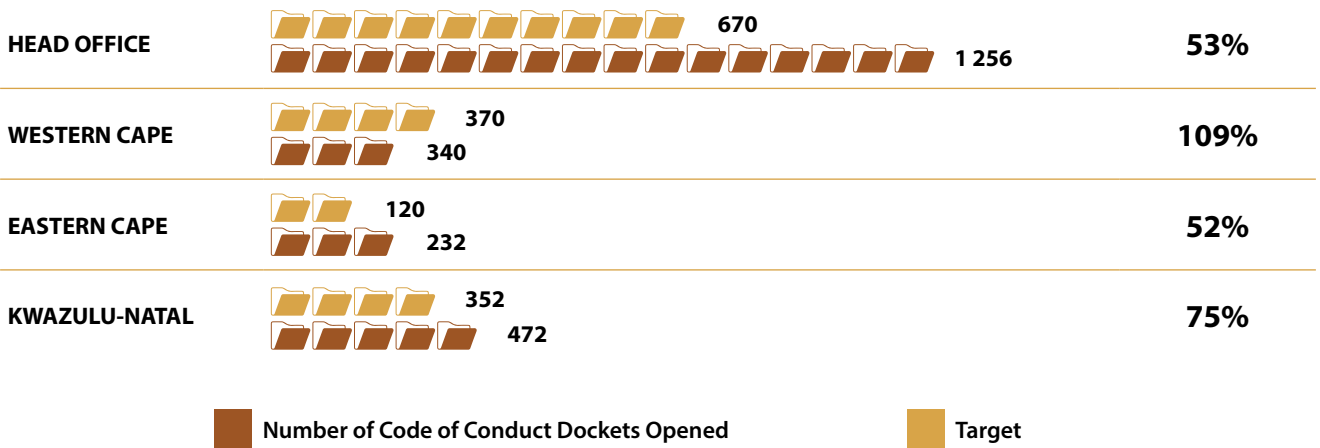


A further regional breakdown as far as Code of Conduct dockets against, large, medium and small businesses from 1 April 2019 to 31 March 2020 are concerned, is as follows:

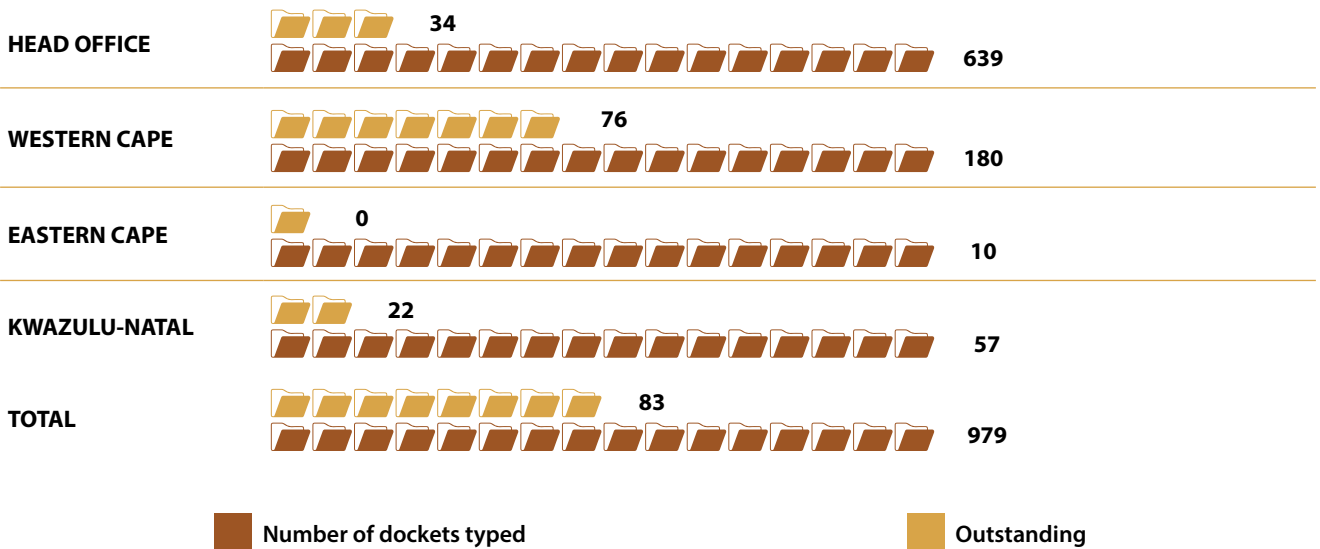
NUMBER OF DOCKETS



Performance pertaining to the number of Code of Conduct docket opened during the period under review is **66%** compared to the operational target set. The regional breakdown is as follows:



The following number of Improper Conduct docket was typed from 1 April 2019 to 31 March 2020 by the Law Enforcement Division:



A case list and progress report is kept in respect of all docket opened and registered by the Law Enforcement Division. All progress in respect of the docket is captured on the progress report, from the original docket to the finalisation and outcome thereof.



5. IMPROPER CONDUCT INVESTIGATION DOCKETS PERTAINING TO EXPLOITATION OF LABOUR

One of the objects of the Authority is to promote the protection and enforcement of the rights of security officers and other employees in the private security industry, particularly to ensure that security businesses pay the prescribed minimum wages as determined by the Department of Employment and Labour and comply with the Private Security Sector Provident Fund in order to ensure that employee security officers are not exploited.

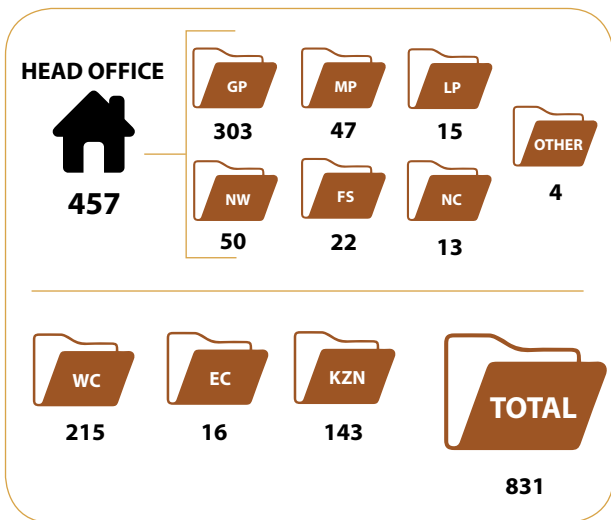
As at end March 2020, there were **831** Improper Conduct dockets pending against security service providers for allegations of failing to pay the statutory minimum wage to employee security officers.

The regional breakdown is as follows:

2019/2020



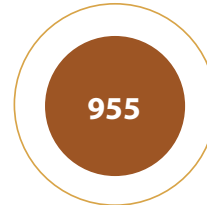
IMPROPER CONDUCT DOCKETS PENDING BREAKDOWN PER PROVINCE



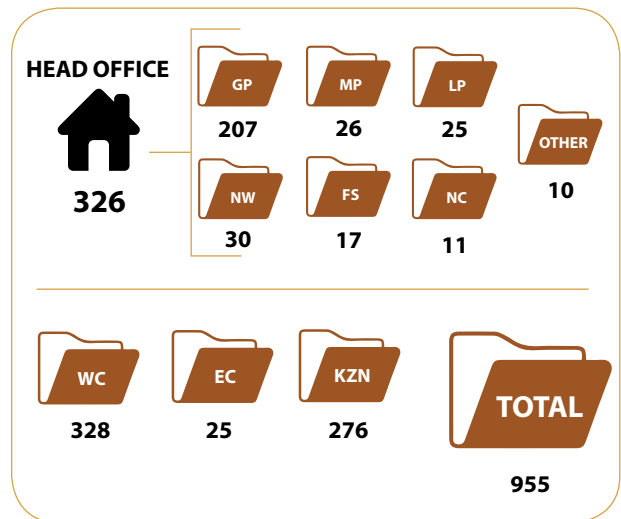
As at end March 2020, there were **955** Improper Conduct cases pending against security service providers for allegations of failure to comply with the Private Security Sector Provident Fund.

The regional breakdown is as follows:

2019/2020



IMPROPER CONDUCT CASES PENDING BREAKDOWN PER PROVINCE

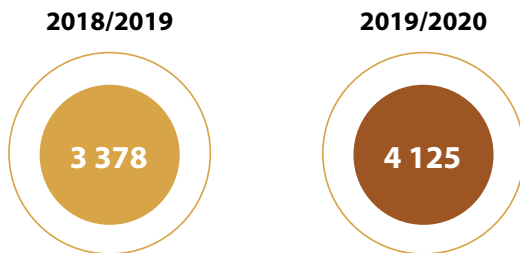


The issue of general cooperation between the Authority and Department of Employment and Labour resulted in a process developed and implemented for the referral of complaints to the Department of Employment and Labour.

6. CRIMINAL INVESTIGATIONS

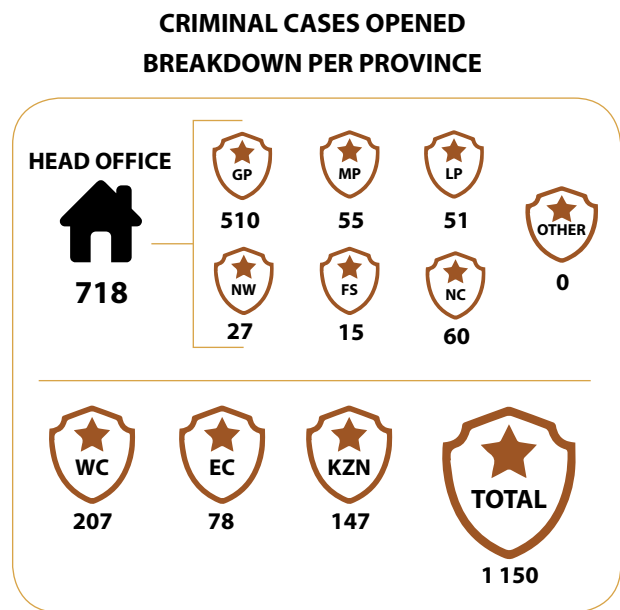
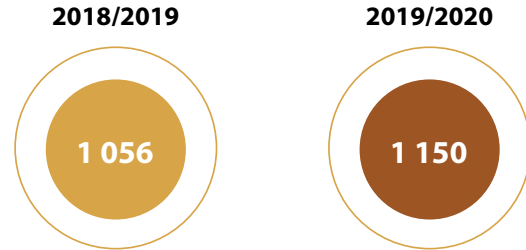
Regulatory inspections are also conducted to investigate and detect unregistered security service providers as well as other criminal contraventions of the Act for the purposes of opening criminal cases against offenders with the South African Police Service.

As at 31 March 2020, a total of **4 125** outstanding criminal cases were pending with the South African Police Service, compared to **3 378** cases in March 2019.



During the period 1 April 2019 to 31 March 2020, a total of **1 150** criminal cases were opened by inspectors of the Authority compared to **1 056** cases opened the previous financial year.

The regional breakdown in respect of criminal cases opened during the period under review in the various offices of the Authority, is as follows:

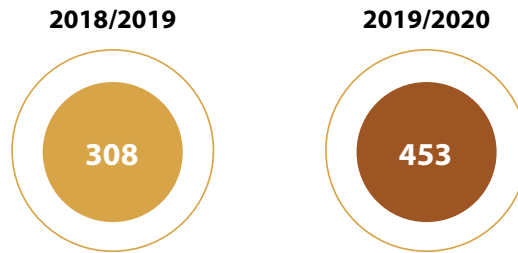


Performance pertaining to the number of criminal cases opened during the period under review is **130%** compared to the operational target set. The regional breakdown is as follows:

Province	Number of Criminal Cases Opened	Target	Performance (%)
HEAD OFFICE	718	480	150%
WESTERN CAPE	207	144	144%
EASTERN CAPE	78	96	81%
KWAZULU-NATAL	147	168	88%

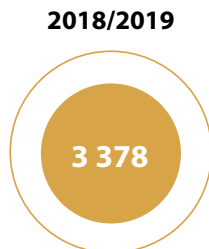


During the period under review, **453** criminal cases were finalised by the National Prosecuting Authority, compared to **308** cases the previous financial year. The regional breakdown is as follows:

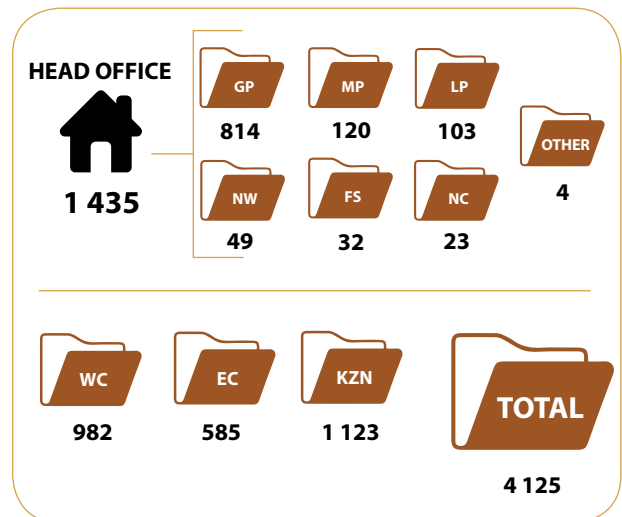


REGION	SUCCESSFULLY FINALISED	UNSUCCESSFULLY FINALISED	TOTAL
Head Office	379	5	384
• Gauteng	319	5	324
• Mpumalanga	14	0	14
• Limpopo	20	0	20
• North West Province	4	0	4
• Free State	2	0	2
• Northern Cape	20	0	20
Western Cape	6	3	9
Eastern Cape	2	8	10
KwaZulu-Natal	1	49	50
TOTAL	388	65	453

As previously stated, there were, as at 31 March 2019, a total of **3 378** criminal cases outstanding with the South African Police Services country-wide. The regional breakdown is as follows:

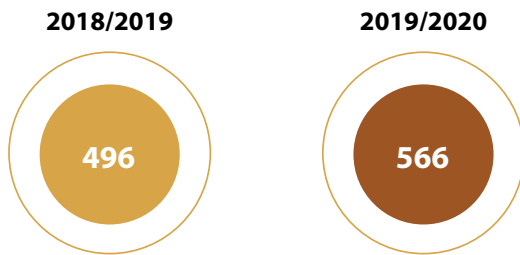


**IMPROPER CONDUCT DOCKETS PENDING
BREAKDOWN PER PROVINCE**

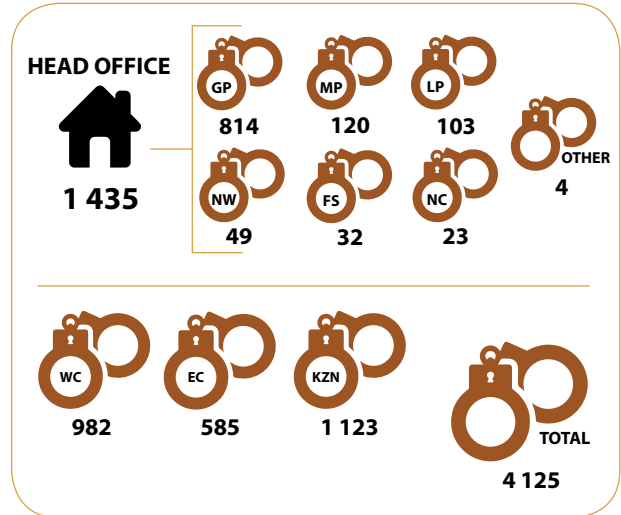


There is a close working relationship between the Authority and the SAPS who assists the Authority with investigations and where the Authority requires that arrests should be made. The SAPS also plays an important role in the site inspection operations. The Authority also conducts impromptu law enforcement operations with the SAPS on a national basis and also assists in general SAPS operations.

During the period under review, **566** arrests were made compared to **496** arrests during the previous financial year. The following arrests were made:



ARREST BREAKDOWN PER PROVINCE



An agreement was signed by the Director of PSiRA and the Acting National Commissioner of the SAPS during April 2016. The agreement provided for the establishment of a National Consultative Forum.

7. FIREARMS

7.1 FIREARM APPLICATIONS

The Authority provides information to the Office of the Firearms Register (CFR) pertaining to security service providers applying for firearm licences. This information includes, *inter alia*, the following:

- The registration status of the security business;
- Number of security officers employed by the business and their registration and training status; and
- Annual amounts due to the Authority.

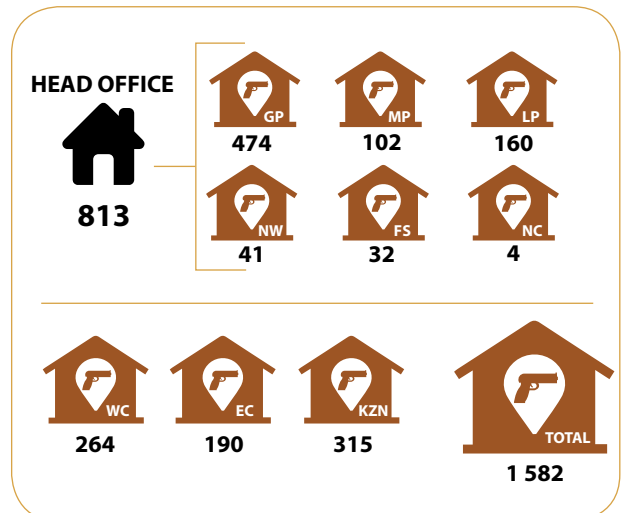
During the period under review, a total of **1 787** firearm application enquiries were received from the CFR and finalised compared to **1 588** applications the previous year. Of the **1 787** processed, the CFR was informed that **505** of the applicants owed annual amounts or fines, **148** businesses did not report changes and **106** responsible persons for the firearms were not linked to the business or registered. A total of **1 028** applicants were cleared by the Authority for consideration by the CFR.

An audit on the CFR versus PSiRA's database will be conducted in the next financial year.

7.2 FIREARM INSPECTIONS

The Authority launched, as part of its Annual Performance Plan, a firearm inspection programme. The regional number of firearm inspections conducted during the period 1 April 2019 to 31 March 2020, is as follows:

NUMBER OF SECURITY BUSINESSES INSPECTED FOR FIREARMS PER PROVINCE





The details of firearm inspections completed are tabled at the Firearm Regulatory Sub-committee and also forwarded to CFR/FLASH. With reference to all of the above Statistics, the overall performance pertaining to the total number of firearm inspections conducted for the period 1 April 2019 to 31 March 2020, based on the Authority’s APP targets, is **108%**. The regional breakdown is as follows:

Region	Number of Security Businesses Inspected for firearms	Target
HEAD OFFICE	813	121%
WESTERN CAPE	264	100%
EASTERN CAPE	190	99%
KWAZULU-NATAL	315	94%

7.3 FIREARM REGULATORY SUB-COMMITTEE

The Director of the Authority established a Firearm Regulatory Sub-committee in order to improve firearm control in the private security industry. The Firearm Regulatory Sub-committee is responsible to perform the following function in terms of its terms of reference:

- a) The Firearm Regulatory Committee serves to uphold the objects of the Authority in promoting a legitimate private security and in particular relating to firearm control.
- b) To facilitate the establishment and implementation of effective internal systems to enhance assistance in the control of firearms in the industry. This includes, but are not limited, to:
 - (i) The enhancement of the security service providers’ database to include details of all security businesses licensed for firearms;
 - (ii) Regular updating of the security business database in respect of applications for licences granted/withdrawn by the Office of the Central Firearm Register of the SAPS; and

- (iii) Submitting regular reports on those businesses licensed to the Central Firearm Register in respect of changes i.e. registration status, number of security officers employed, address changes, etc.
- (c) To facilitate the establishment of a Standing Committee between the Authority and the Office of the Central Firearm Register of the South African Police Service in order to:
 - (i) Guide and coordinate the decisions and actions of the Authority and the Central Firearm Register in the performance of their respective regulatory functions;
 - (ii) Facilitate the establishment of a mechanism to standardise the control of firearms in the private security industry as well as the types of firearms used in the industry;
 - (iii) Establish the minimum requirements needed for the issuing of licences and guidelines for the withdrawal of licences;
 - (iv) Oversee cooperation and coordination between the Authority and SAPS in respect of law enforcement operations;

- (v) Facilitate and improve communication and liaison between the Office of the Central Firearm Register and the Authority; and
- (vi) Generally share information from each others databases in respect of security service providers and licensed institutions.

- (d) Facilitate the training of inspectors to enhance proper firearm control. This includes competency in the use of firearms and verification of ammunition.

During the period under review, **two** meetings were held by the Firearm Regulatory Sub-committee.

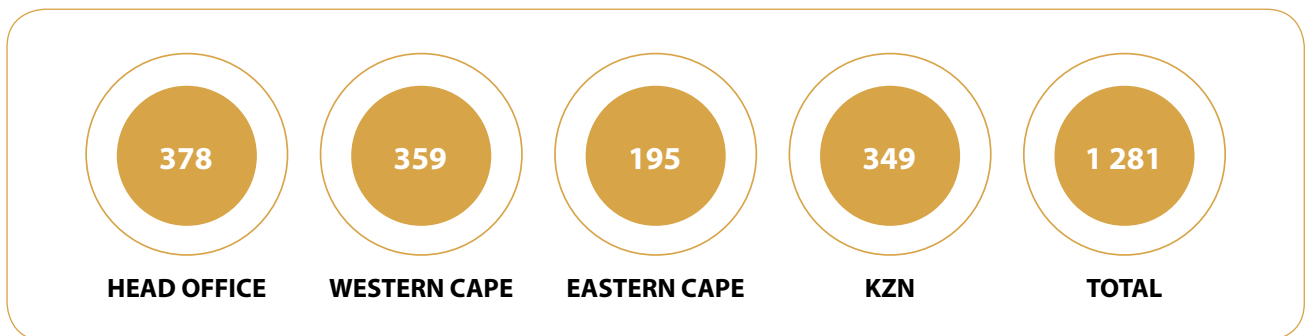
8. CHARGE SHEETS, SUMMONSES AND REGULATION 3(4) NOTICES ISSUED

During the period 1 April 2019 to 31 March 2020, **1 281** Regulation 3(4) Notices in respect of **improper conduct cases** were prepared by the Authority compared to **2 054** Regulation 3 (4) Notices for the same period last year.

These summonses and prosecutions bear no reference to the businesses charged as the charge sheets and summonses issued by the Authority could be from previous

years and not necessarily from the year under review. Furthermore, the variance between summonses served and the total successful prosecutions could be a result of various reasons such as postponements and respondents not being traceable.

Further, the following number of charge sheets and summonses were served during the period under review:



9. ANNUAL FEES AND FINES COLLECTED

During the period 1 April 2019 to 31 March 2020, a total of **R1 610 106,61** annual fees and **R30 846,04** fines were collected by inspectors of the Authority.

10. UNTRACEABLE SECURITY SERVICE PROVIDERS

Following on from the issuing of charge sheets, summonses and/or Regulation 3(4) Notices from 1 April 2019 to 31 March 2020, **17** security service providers could not be traced by inspectors of the Authority. Steps taken to trace these security service providers include, *inter alia*, the following :

- Visits to known addresses of the businesses as well as that of the owners/directors/members, etc.

- Enquiries at neighbouring businesses.
- Calling all numbers available on the Authority's database.

Action is taken against these untraceable providers for their failure to meet the infrastructure and capacity requirements.



B. LEGAL SERVICES UNIT REPORT

1. PROSECUTIONS

Areas forming part of this report in respect of prosecutions, include:

- Charge sheets/summonses issued
- Cases removed from the roll
- Cases successfully finalised
- Cases unsuccessfully finalised
- Appeals and exemptions
- Litigation

The performance for the year under review is as follows:

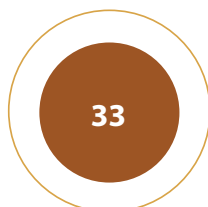
REGION	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTALS
Charge sheets/summonses issued	294	399	154	219	1 066
Cases removed from the roll	208	132	47	181	568
Case successfully finalised	284	387	153	204	1 028
Cases unsuccessfully finalised	9	17	5	13	44

- 1.1 A total of **1 634** cases were issued with summonses, however, only **1 066** was successfully placed on the roll.
- 1.2 Cases removed from the roll are mostly those that were either postponed or written off.
- 1.3 A total of **44** cases were unsuccessfully finalised due to charges being withdrawn or a not guilty finding given.
- 1.4 A total of **1 028** was successfully finalised by way of Settlement Agreement or Code of Conduct Enquiries.

2. LITIGATION

A total of **33** cases were registered in the litigation register during this period. **Three** matters were finalised and **30** remain pending at the end of March 2020.

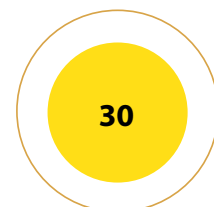
LITIGATION CASES



REGISTERED



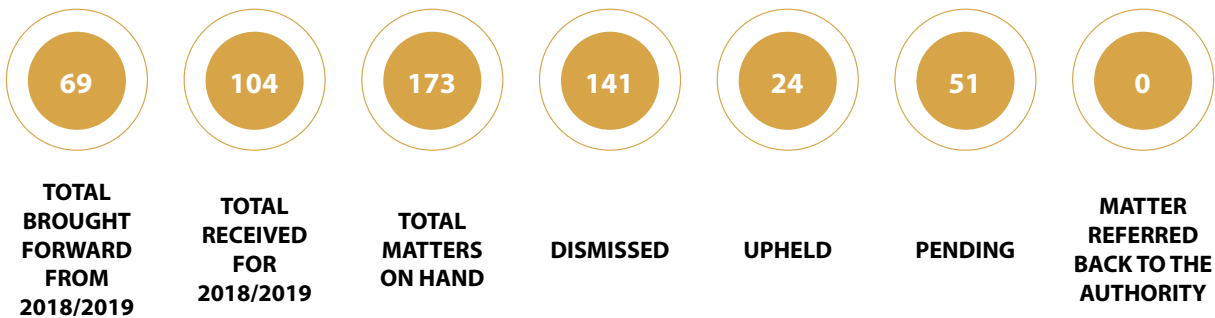
FINALISED



PENDING CASES

3. APPEALS

APPEALS AGAINST THE AUTHORITY'S REFUSAL TO REGISTER A SECURITY SERVICE PROVIDER AND WITHDRAWAL BY THE AUTHORITY OF REGISTRATION DUE TO A CONVICTION OF A SCHEDULED OFFENCE



APPEALS AGAINST CONVICTION AND/OR SENTENCE FOLLOWING THE FINALISATION OF IMPROPER CONDUCT ENQUIRIES CONVENED IN TERMS OF THE ACT



4. APPLICATIONS FOR EXEMPTION

APPLICATIONS FOR EXEMPTIONS



5. REGULATORY SUB-COMMITTEE

The Director of the Authority established a Regulatory Sub-committee which is a Sub-Committee of the Executive Committee. The Regulatory Sub-committee is responsible to perform the following functions in terms of its terms of reference and delegation:

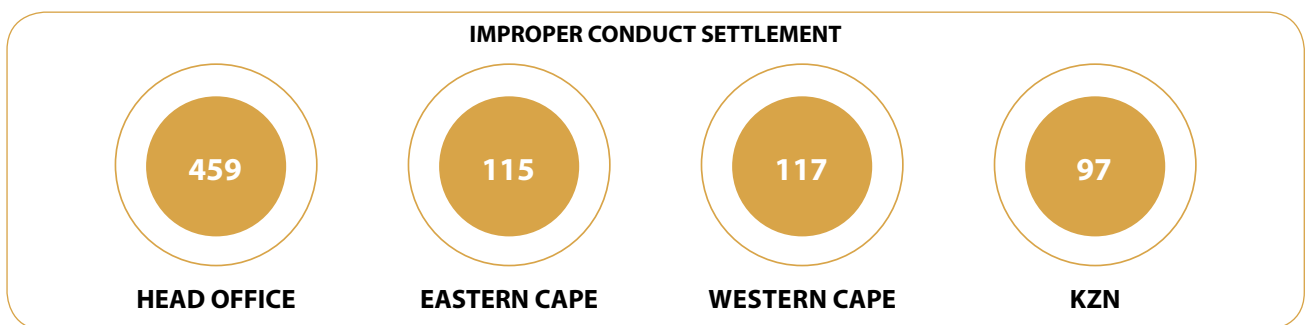
- (a) the suspension of the registration of security service providers;
- (b) the upliftment of the suspension of registration of security service providers;
- (c) the withdrawal of the registration of security service providers;
- (d) the confirmation, review and substitution of the findings, penalties and other orders at improper conduct enquiries, and the putting into operation of suspended penalties at such enquiries;



- (e) the conviction of and the imposition of a penalty on a security service provider who has indicated to the Director that the security service provider intends to plead guilty to a charge of improper conduct, or will not oppose the putting into operation of a suspended penalty;
- (f) the application for a court order in respect of a security service provider as contemplated in section 27 of the Act; and
- (g) the withdrawal of accreditation certificates of security service providers providing security training.

During the period under review, **33** Regulatory Sub-committee meetings were held and the following decisions taken:

BUSINESS REGISTRATION		
	• Withdrawal (Annual Fees)	1 314
	• Withdrawals (Voluntary)	112
	• Withdrawals at Code of Conduct Enquiries	34
	• Upliftment: Suspension	129
	• Withdrawals (REG.5.)	22
	• Suspensions (Annual Fees)	1 403
	• Suspension (Voluntary)	0
INDIVIDUAL REGISTRATION		
	• Withdrawals	19
	• Withdrawals at Code of Conduct Enquiries	4
	• Registrations suspended	14
NUMBER OF IMPROPER CONDUCT CONFIRMATIONS OF CONVICTIONS SENTENCES		
	• H/O	28
	• EC	43
	• WC	65
	• KZN	179



Please note that the number of Improper Conduct confirmations above refers to those convictions and sentences imposed by the Presiding Officers and referred to the Sub-committee for confirmation and does not include all Improper Conduct cases finalised through settlements and other means.

C. INDUSTRY REGISTRATION (CRM) REPORT

1. INTRODUCTION

Basic to the regulation of the private security industry is the requirement that all those who fall within the definition of “security service provider” and who propose to render a “security service”, must comply with registration procedures and be registered before becoming active in the industry.

The Private Security Industry Regulation Act provides reasonable and appropriate registration requirements that must be satisfied by the applicant security service providers. The basic object is to achieve a trustworthy, legitimate and competent private security industry. The effect of the registration requirement is that not all applicants will be able to secure entry to the industry and that the admission to or exclusion from the industry is based on proper grounds. Whilst registration for any person wanting to render a security service is a statutory requirement, the Authority has a responsibility to ensure that the activities and procedures of the Authority as far as the registration of security service providers are concerned, are known and visible to interested persons.

Besides the process having to be transparent, the Authority ensures that decisions made in respect of the registration of security service providers are objective and fair and unclouded by feelings or opinions. As registration is a statutory requirement to render a security service, the




process should also be concluded timeously in order to ensure the industry is accessible to applicants as highlighted in section 3(i) of the Private Security Industry Regulations Act, 2001.

In order to fulfil our mandatory duty, the Registration Unit is divided into business registrations and individual registrations which allows each business unit to specialise and ensure that the objectives and set targets are met.

2. OVERVIEW OF THE SIZE OF THE PRIVATE SECURITY INDUSTRY

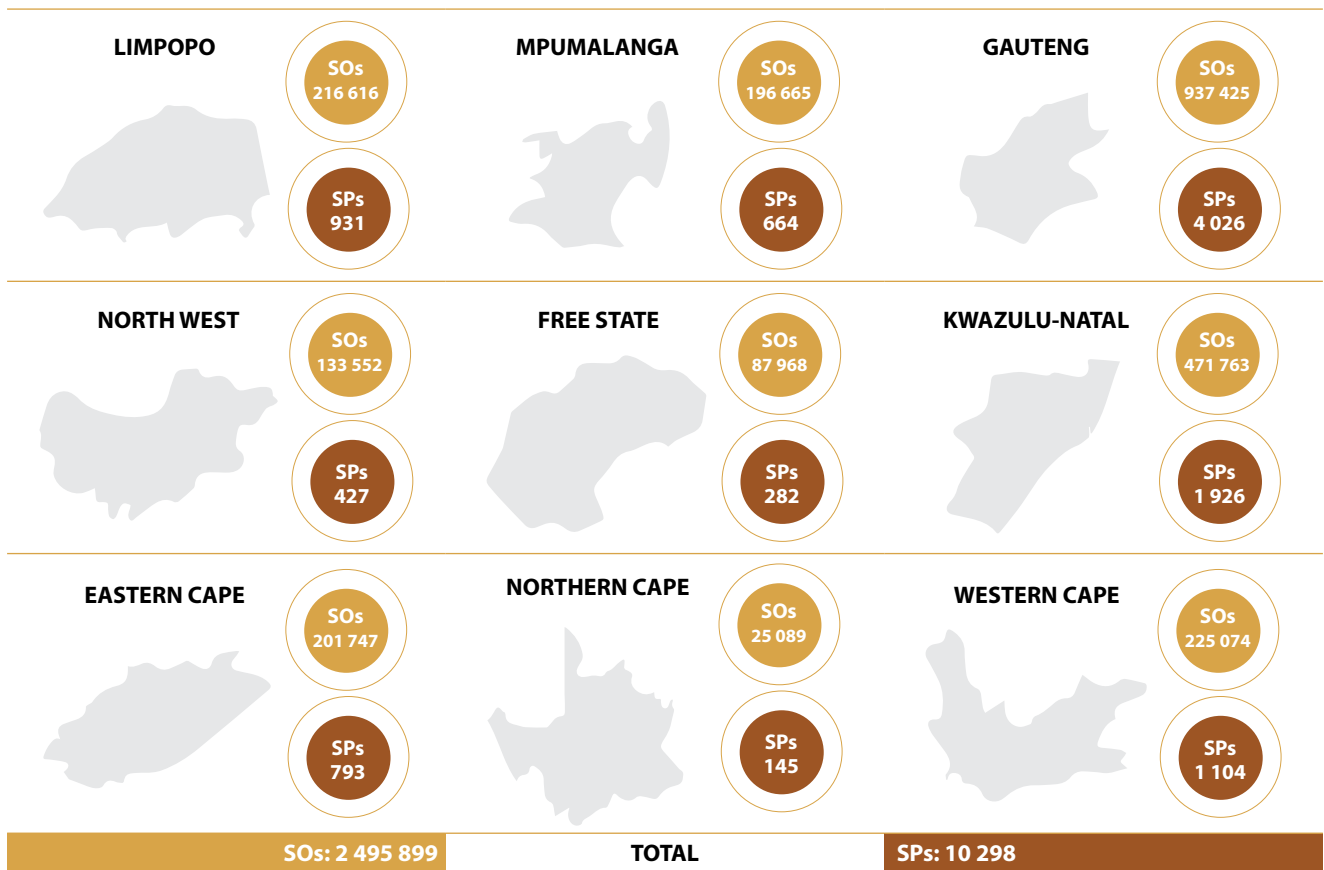
The Authority accounts for almost 2.5 million individual security officers and nearly 10 500 security businesses registered on the Authority’s database as at 31 March 2020. The registration turnaround time for registering security businesses was set at 10 working days, however, the business Registration Unit through improved work processes, improved the turnaround time to finalise applications meeting all the requirements to just below seven days. The turnaround time for individual registrations is set at 15 days and the Unit ensured that this target was not only met, but the average turnaround time to register security officers whose applications meet the requirements, was completed within 14 days.

a. Total Security Service Providers (businesses and security officers) as at 31 March 2020

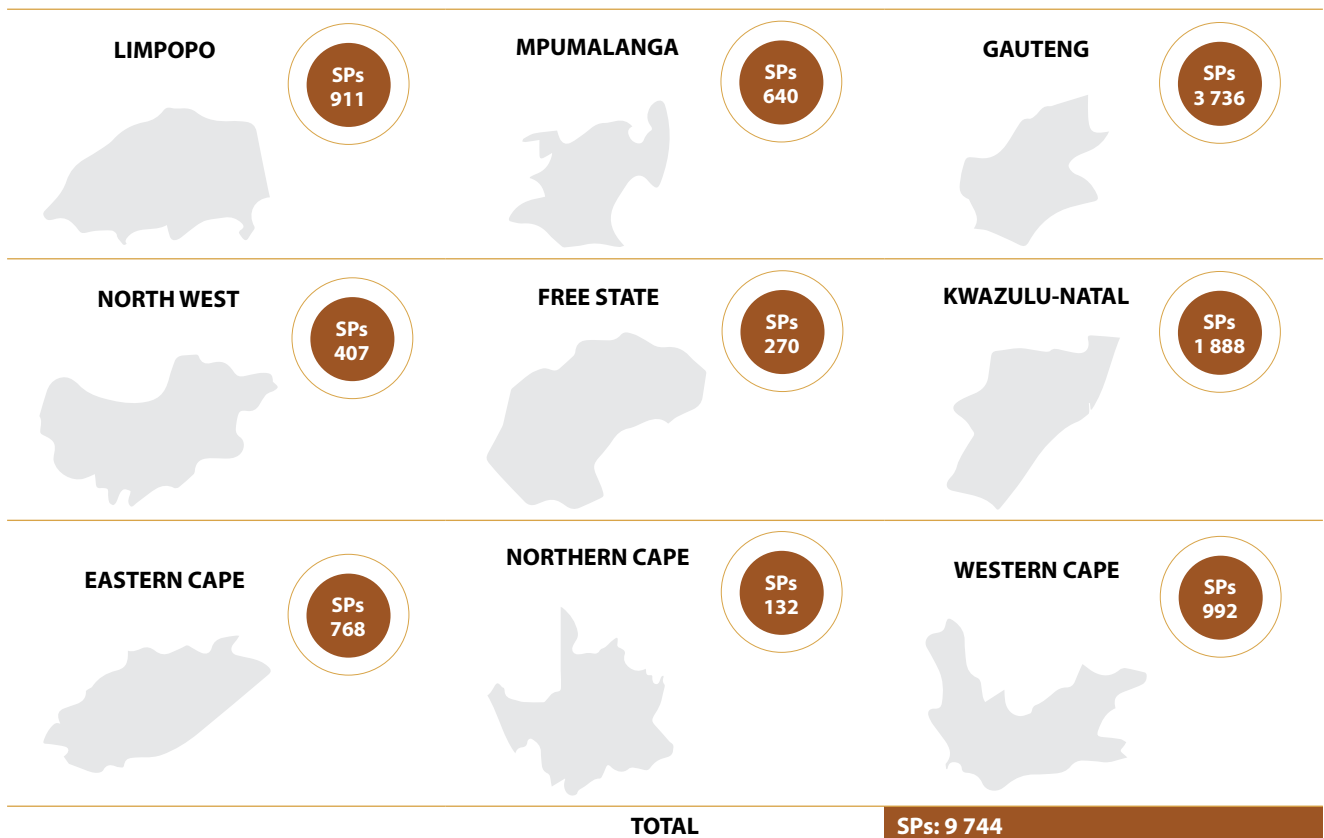
					
Total number of registered security businesses	Total number of registered and active security businesses	Total number of registered inactive security businesses	Total number of registered security officers	Total number of registered and active security officers (employed and independent operators)	Total number of registered inactive security officers
10 298	9 744	554	2 495 899	548 642	1 947 257



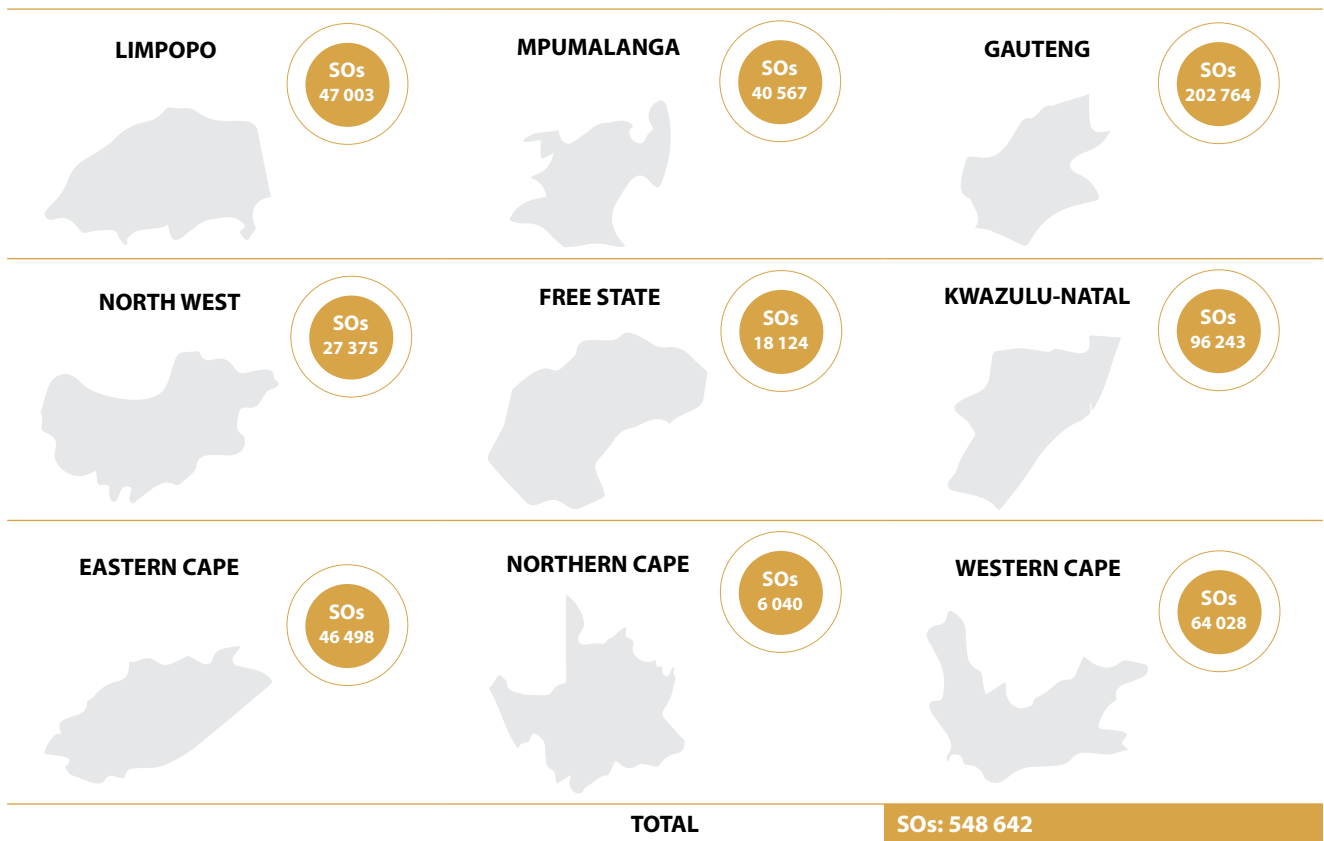
b. Geographical spread of total Registered Security Businesses (SPs) and Security Officers (SOs) - 31 March 2020



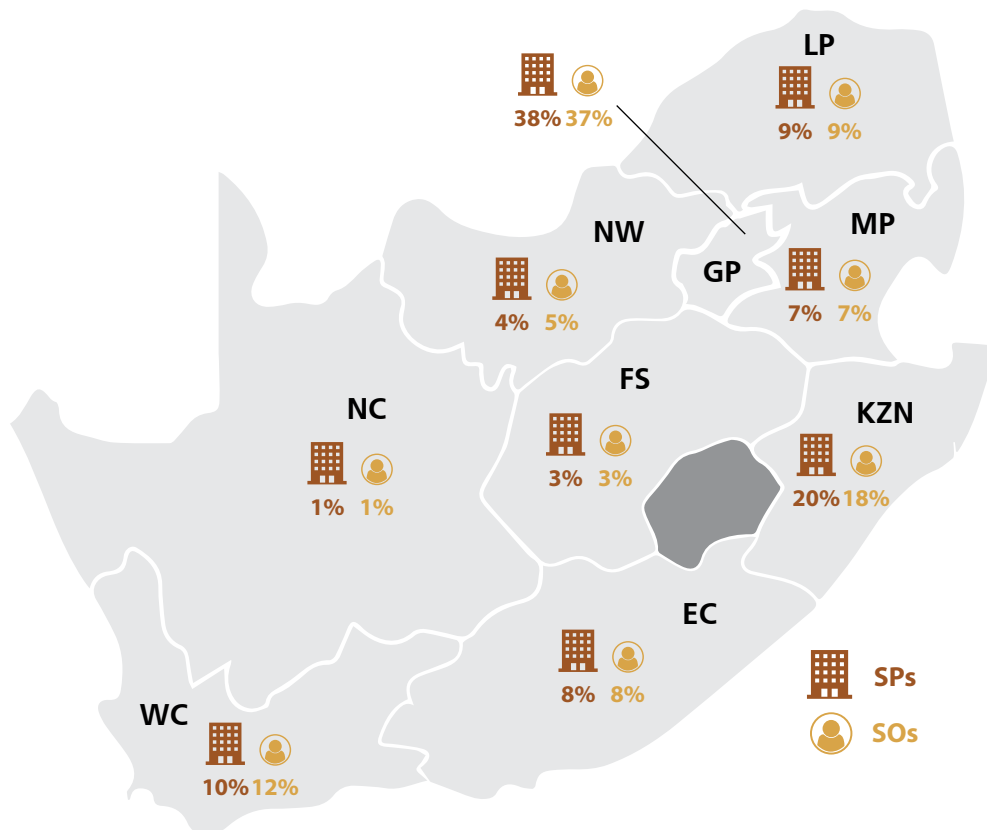
c. Geographical spread of Registered and Active Security Businesses (SPs) - 31 March 2020



d. Geographical spread of Registered and Employed (Active) Security Officers (SOs) - 31 March 2020

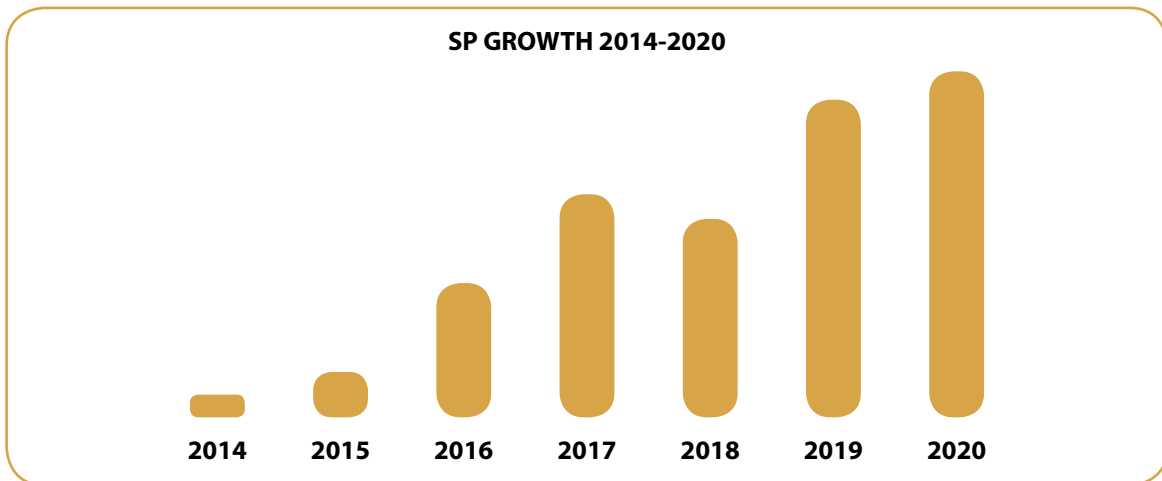


ACTIVE SPs AND SOs



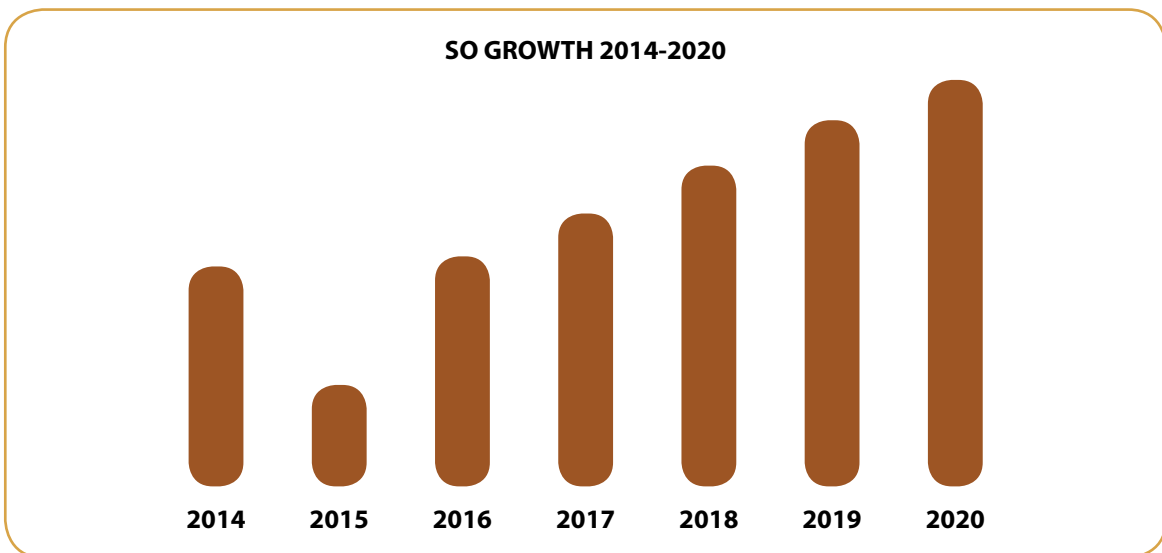


e. Growth of the security industry since 2014: Registered and Active Security Businesses



YEAR	TOTAL SPs	% INCREASE/DECREASE	TOTAL INCREASE/DECREASE
2014	8 144	-	20% increase
2015	8 195	1%	
2016	8 692	6%	
2017	8 995	1%	
2018	8 916	-1%	
2019	9 447	6%	
2020	9 744	3%	







f. Growth of the security industry since 2014: Registered Security Officers



YEAR	TOTAL S/O's	% INCREASE/ DECREASE	TOTAL INCREASE/DECREASE
2014	487 058	-	13% increase
2015	451 565	-7%	
2016	488 666	8%	
2017	498 135	2%	
2018	522 542	5%	
2019	534 289	2%	
2020	548 642	3%	

3. SECURITY OFFICERS (SOs)

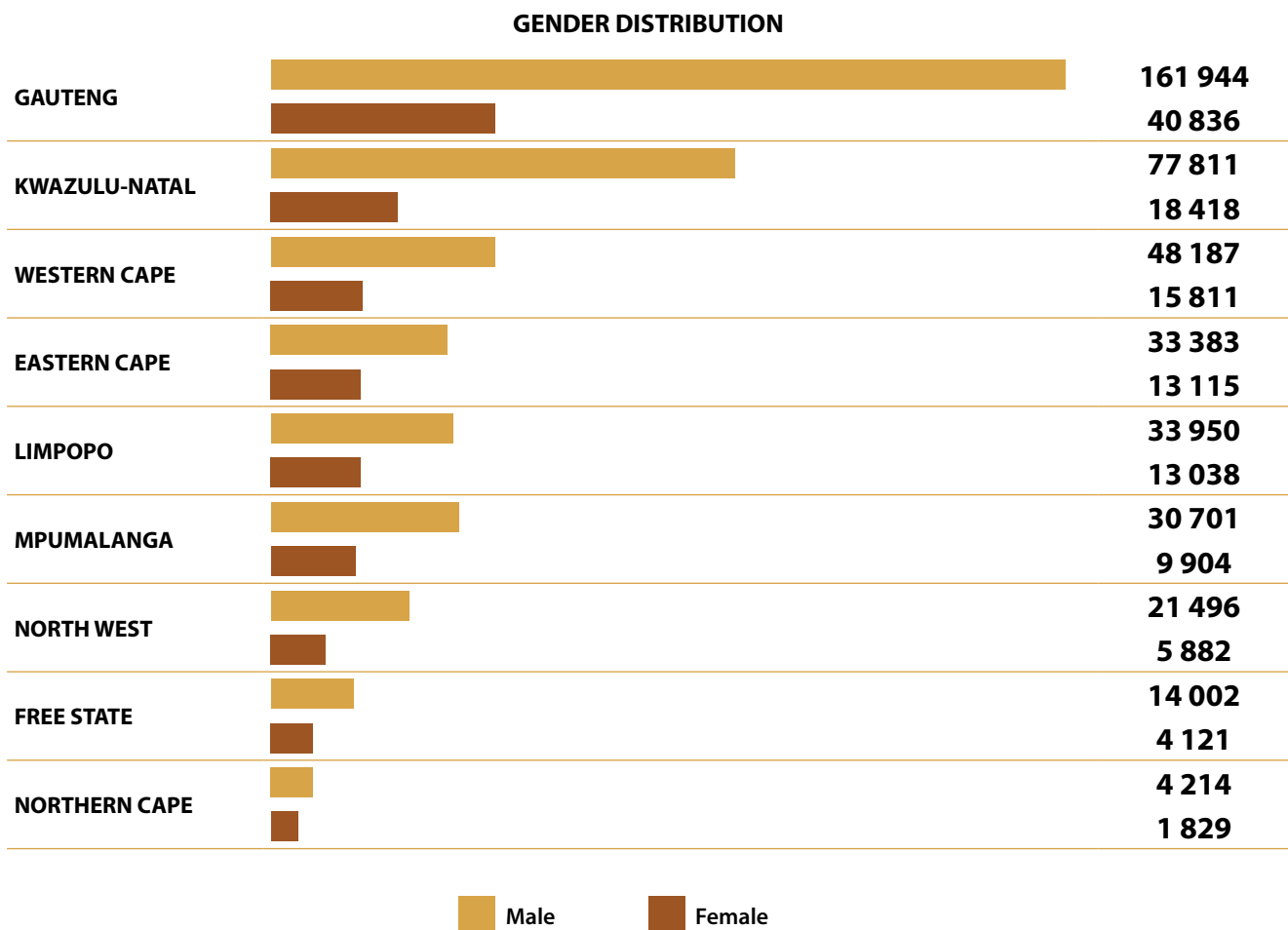
a. Number of New Applications received and captured during the financial year 2019/2020

					
Applications received	Approved	Retakes (Poorly taken fingerprints)	Applications with possible criminal record (Query by CRC)	Rejected individual applications due to a criminal record	Case awaiting trail matters
134 252	128 762	9 220	10 499	2 245	4 036

b. Gender profile of active and registered security officers:

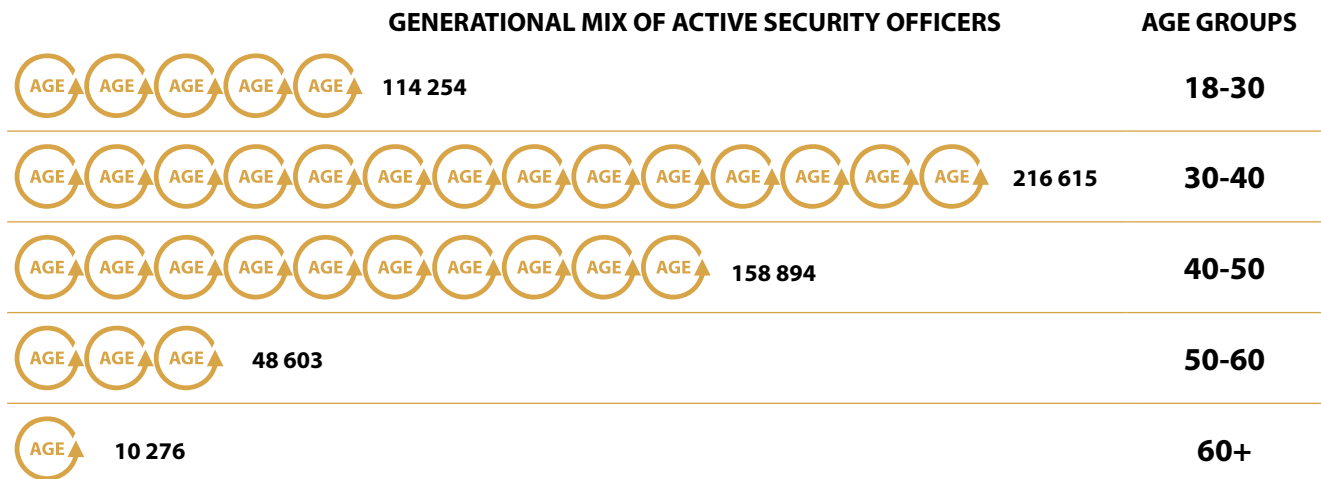
The number of males that are active and registered in the private security industry represent 71% of the industry and the number of females 29%. There is a slight increase of 1% females registered and active in the industry if compared to the previous financial year. There has been a 8% increase in the employment of female security officers over the last 5 years.

The gender profile is as follows:

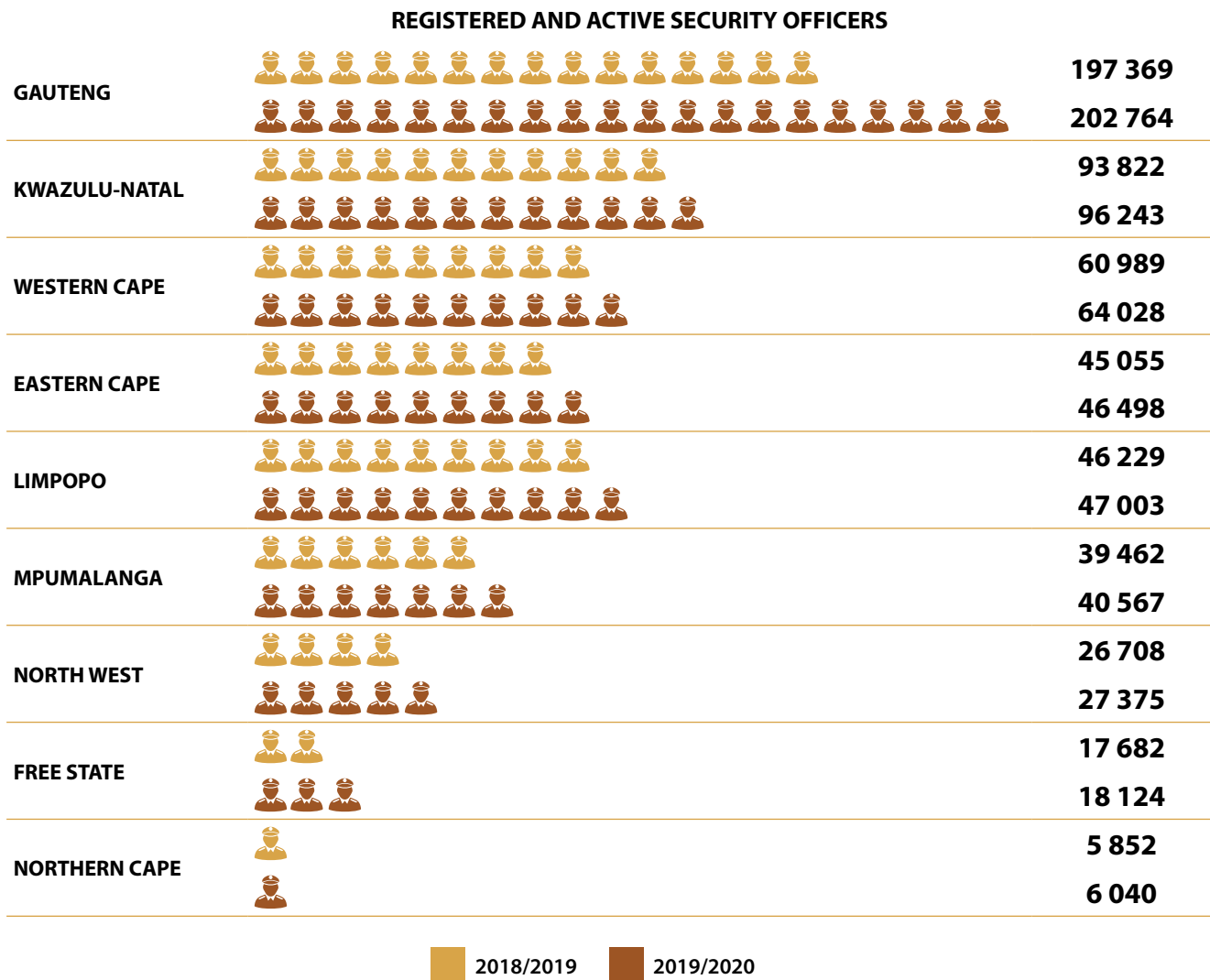







c. Age profile of active and registered security officers:



d. Provincial comparison of registered and active security officers for 2018/2019 and 2019/2020 financial years:



e. Inactive Security Officer Analysis:











			
Number of deceased security officers 1/4/2019-31/3/2020	Total number of security officers who are inactive/unemployed based on registration date	Number of security officers who were inactive/unemployed for the past five years based on registration date	Number of security officers who were inactive/unemployed for the past ten years based on registration date
177	1 947 257	433 333	813 243

f. Renewal of certificates

As part of the Authority’s mandate to ensure that the details of security officers are regularly updated as well as to eliminate fraudulent certificates, the Authority initiated renewal of certificate requirement that provides for security officers to periodically renew their registration certificates. The details of renewal of certificates are as follows:

PROVINCE	SOs ACTIVE IN THE INDUSTRY BUT HAD NEVER RENEWED THEIR CERTIFICATES AS AT 31 MARCH 2020	SOs ACTIVE IN THE INDUSTRY WHO HAVE RENEWED BUT WITH EXPIRED CERTIFICATES AS AT 31 MARCH 2020
Gauteng	26 286	93 086
KZN	10 820	39 585
Western Cape	8 614	24 231
Eastern Cape	4 987	20 270
Limpopo	3 355	19 350
Mpumulanga	3 625	14 044
North West	3 878	10 951
Free State	2 254	4 890
Northern Cape	749	609









g. Statistical comparison of individual certificates issued during the 2018/2019 financial year and the individual certificates issued in the 2019/2020 financial year:

	CERTIFICATES ISSUED	
TOTAL CERTIFICATES PRINTED		420 850
		287 972
FIRST ISSUE		126 151
		57 511
SECOND ISSUE		280 379
		203 759
RE-ISSUE		4 463
		6 009
UPGRADES		14 320
		20 693

 2018/2019  2019/2020






h. Statistical comparison of PSiRA cards issued during the 2018/2019 financial year and the PSiRA cards issued in the 2019/2020 financial year:

I.D CARDS ISSUED		
TOTAL CARDS PRINTED		159 601
		100 354
FIRST ISSUE		152 937
		94 053
SECOND ISSUE		3 517
		3 429
UPGRADES		3 147
		2 872











 2018/2019  2019/2020

4. SECURITY BUSINESSES (SPs)

a. Number of new applications received and captured during the financial year 2019/2020

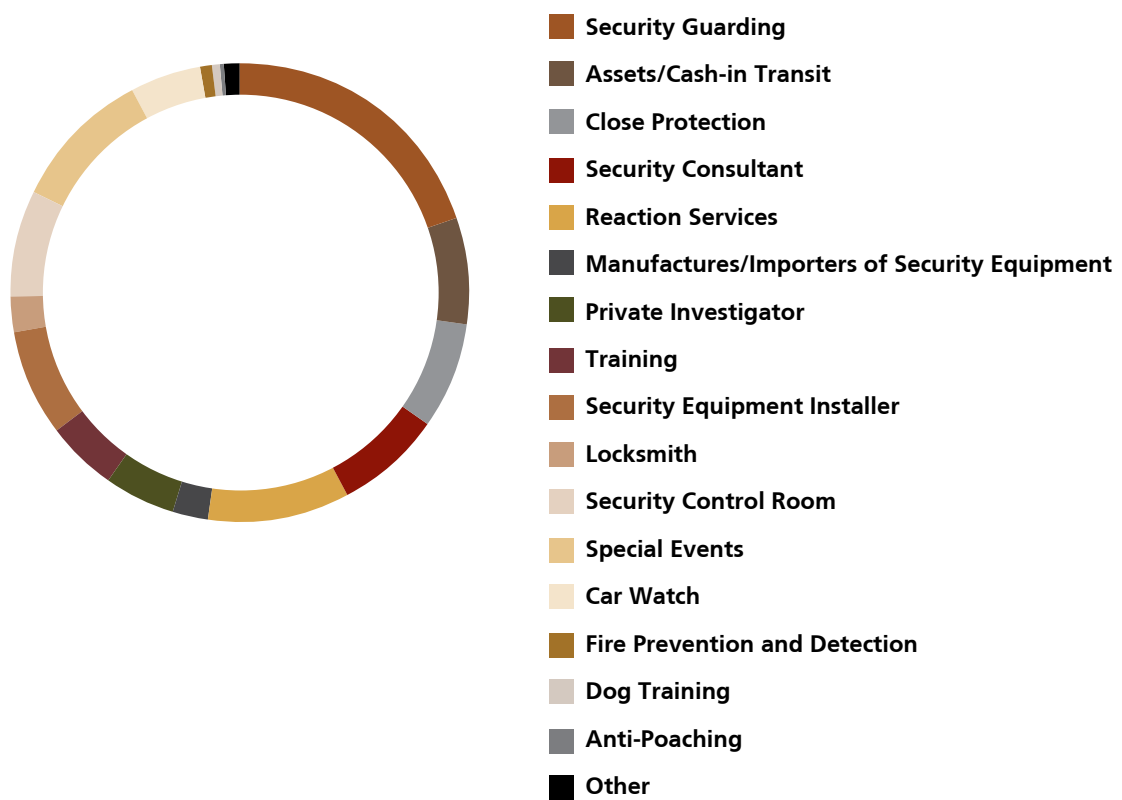
		
Applications received	Approved	Pending
2 048	1 979	69

b. Registration information pertaining to the different types of security services offered by registered security businesses:

CATEGORY OF SECURITY SERVICES	2018/2019	2019/2020
 Security Guarding	6 383	8 163
 Assets/Cash-In Transit	2 802	3 734
 Close Protection	2 431	3 502
 Security Consultant	2 198	3 174
 Reaction Services	3 510	4 618
 Manufactures/Importers of Security Equipment	1 071	1 734
 Private Investigator	1 598	2 363
 Training	1 761	2 657
 Security Equipment Installer	1 995	2 946
 Locksmith	786	1 366



CATEGORY OF SECURITY SERVICES	2018/2019	2019/2020
Security Control Room	2 166	3 118
Special Events	2 650	3 847
Car Watch	1 582	2 449
Fire Prevention And Detection	40	40
Dog Training	21	21
Anti-Poaching	11	11
Other	338	351

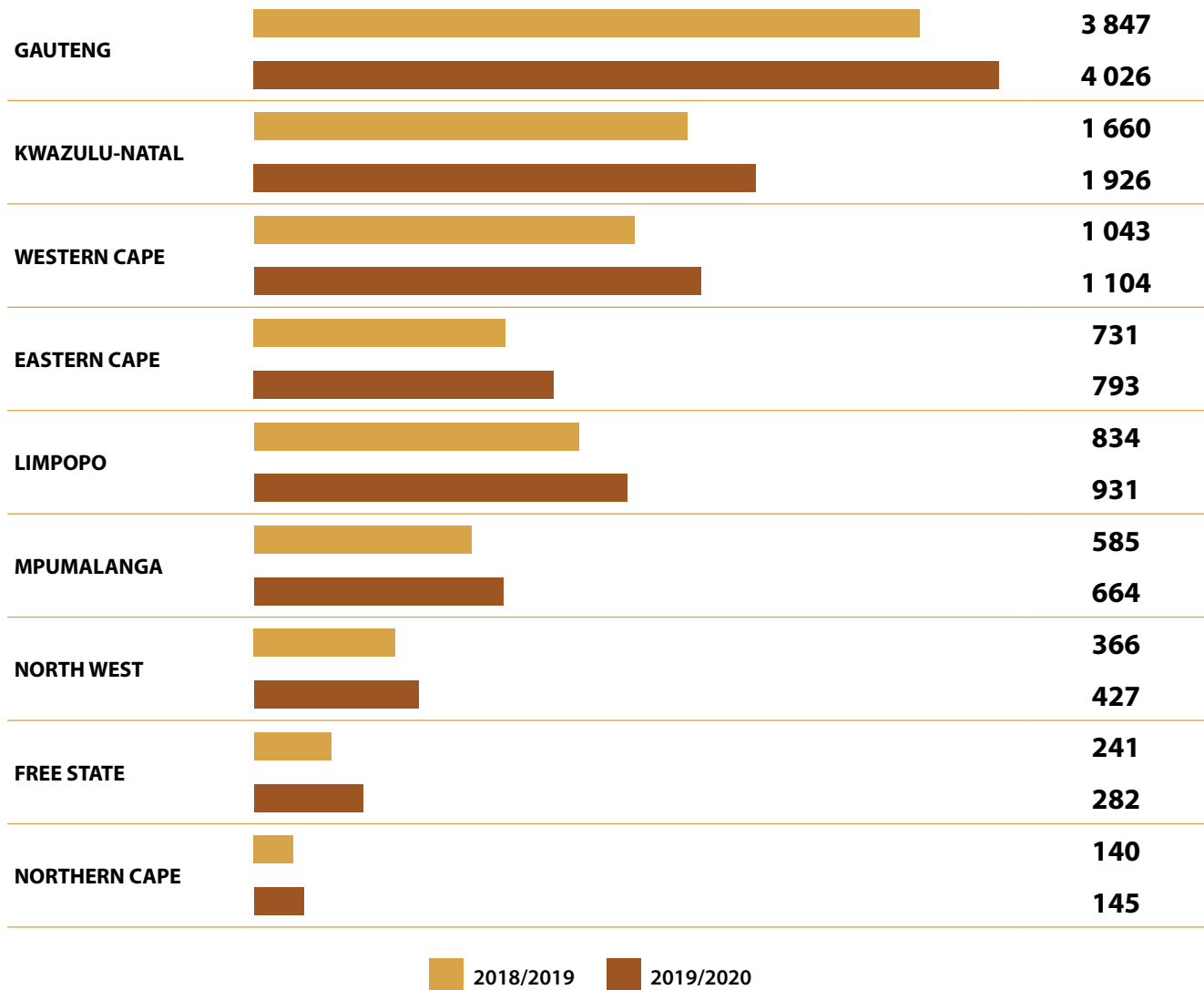




c. Provincial breakdown of Registered Businesses (SPs) for 2018/2019 and 2019/2020 financial years, are as follows:

PROVINCE	2018/2019	2019/2020
Gauteng	3 847	4 026
KZN	1 660	1 926
Western Cape	1 043	1 104
Eastern Cape	731	793
Limpopo	834	931
Mpumulanga	585	664
North West	366	427
Free State	241	282
Northern Cape	140	145
TOTALS	9 447	10 298

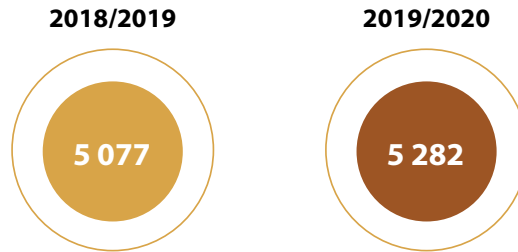
PROVINCIAL BREAKDOWN OF REGISTERED SPs





d. Renewal of certificates

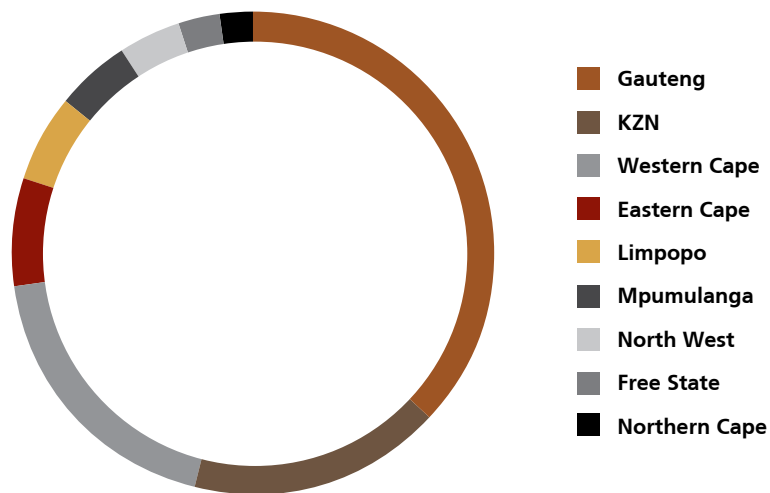
A total of **5 282** security businesses renewed their certificates in the 2019/2020 financial year, compared to **5 077** during the 2018/2019 financial year which constitutes a total increase of 4%.



e. Provincial breakdown of security businesses that has not renewed their certificates as at 31 March 2020

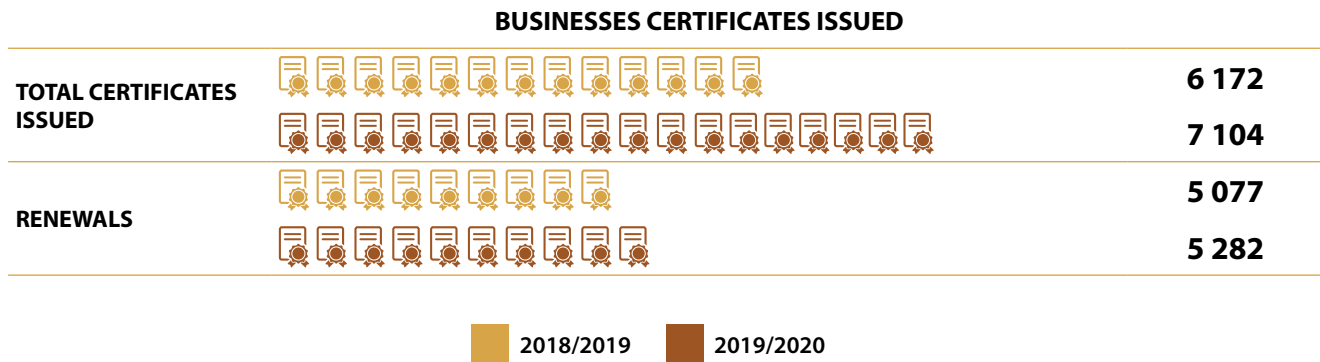
PROVINCE	NUMBER OF SECURITY SERVICE PROVIDERS THAT HAS NOT RENEWED THEIR CERIFICATES IN 2019/2020
Gauteng	279
KZN	126
Western Cape	144
Eastern Cape	55
Limpopo	44
Mpumulanga	38
North West	31
Free State	26
Northern Cape	17

BUSINESSES THAT HAD NOT YET RENEWED THEIR CERTIFICATES IN 2019/20 FY





f. Statistical comparison of business certificates issued during the 2018/2019 and the 2019/2020 financial years:



5. REGISTRATION SUB-COMMITTEE

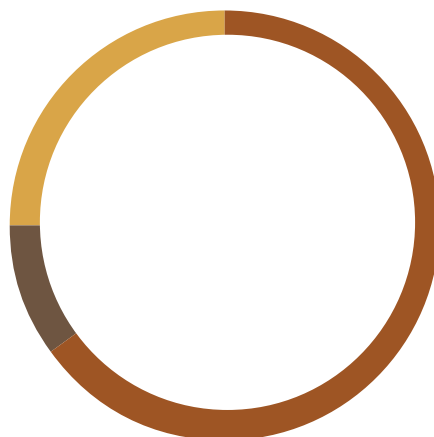
The Executive Committee of the Authority established a Registration Sub-Committee to inter alia, consider applications for registration in terms of section 23(6) of the Private Security Regulatorion Act 56 of 2001. These include applications which do not meet the requirements as contemplated in the Act and which states that “despite the provisions of section 23(1) and (2), the Authority may on good cause shown and on grounds not in conflict with the purpose of this Act, and the objects of the Authority, register any applicant as a security service provider.”

a. Applications registered, rejected (criminal records) and security businesses applications confirmed by the Registration Sub-committee per month.

DATE	NUMBER OF SOs REGISTERED	NUMBER OF SPs REJECTED	NUMBER OF SP REGISTRATIONS CONFIRMED
Apr-19	2	0	0
May-19	113	306	38
Jul-19	112	288	71
Aug-19	1	0	0
Sep-19	299	434	80
Oct-19	39	199	0
Dec-19	221	387	0
TOTALS	787	1 614	189



APPLICATIONS REGISTERED, REJECTED (CRIMINAL RECORDS) AND SP REGISTRATIONS CONFIRMED

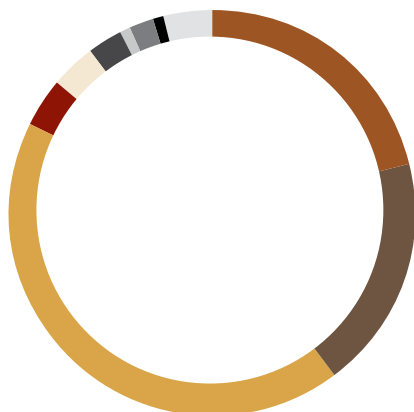


■ Number of SOs registered ■ Number of SPs rejected ■ Number of SPs registered confirmed

6. ONLINE BOOKING SYSTEMS

a. Number of on-line bookings made during the financial year 2019/2020

ONLINE BOOKINGS



BRANCH	NUMBER OF BOOKINGS
Johannesburg	10 782
Pretoria	9 415
Cape Town	21 817
Polokwane	1 857
Durban	1 725
Port Elizabeth	430
Mthatha	250
Nelspruit	397
Centurion (Head Office)	169
Bloemfontein	520
TOTAL	47 362

■ Johannesburg ■ Pretoria ■ Cape Town ■ Polokwane ■ Durban
 ■ Port Elizabeth ■ Mthatha ■ Nelspruit ■ Centurion (Head Office) ■ Bloemfontein



D. INDUSTRY TRAINING REPORT

The Authority derives its legislative mandate from the function entrusted in accordance with the PSiR Act 56 of 2001. In terms of prospective security providers, it is crucial for the Authority to ensure high quality training. Section 4(k) of the PSiR Act necessitate the steps that must be taken in order to fulfil the following mandate:

- (i) the accreditation and withdrawal of the accredited persons and institutions providing security training;
- (ii) the monitoring and quality of training functions performed by accredited persons;
- (iii) the participation in the activities of the other bodies or persons entitled by law to set standards
- (iv) in respect of security service providers or bodies entitled to formulate, implement or monitor skills development plans for the private security industry;
- (v) the appointment of persons to monitor and assess the achievement of outcomes in respect of standards applicable to training;
- (vi) the determination of accreditation of qualifications required by security service providers to perform particular types of security; and
- (vi) the taking of steps to verify the authenticity of training certificates presented by persons for the purpose of this Act.

1. ACCREDITATION OF INSTITUTIONS PROVIDING SECURITY TRAINING

The financial year 2019/20 has proven that the Authority's decision to uplift the moratorium on accreditation of training centres was informed by many factors aimed at improving access to industry training, growth and ideal expansion of trade to existing security training centres and the newly established. During the financial year under review, the Authority recorded 241 security training

providers who applied for accreditation. Eighty four of the number reported, included the branches registered and accredited for the security training offering. The table below illustrates the comparisons in terms of the increase in the number of service providers accredited in the past financial years, i.e 2018/2019 and 2019/2020.

PROVINCE	NUMBER OF SECURITY TRAINING CENTRES 2018/2019	NUMBER OF SECURITY TRAINING CENTRES 2019/2020
Eastern Cape	10	23
Free State	5	12
North West	6	9
Limpopo	16	24
KwaZulu-Natal	17	35
Mpumalanga	9	24
Western Cape	7	25
Northren Cape	1	4
Gauteng	52	84
TOTAL	122	241

2. CAPACITY BUILDING WORKSHOPS

As part of the strategic deliverables, the Authority created a platform to broaden its engagements, particularly with security training providers through scheduled capacity building workshops. The main objective of these workshops was to relate with security training centres on issues affecting the current affairs and future prospects with regard to industry training.

These engagements opened controversies, advocating the intergration of Information Communication Technologies as one of its strategic approaches to advance digitalisation of training the private security sector.

The pointers discussed highlighted compliance standards for training of security officers, developments underway to advance the training, regulating standardisation of PSiRA reviewed training materials and digitalisation of material through e-learning platforms in the future training of security service providers.

During the year under review, **14** capacity building sessions were scheduled and the Authority conducted a total of **15** workshops. The following is the schedule of workshops held in 2019/2020:

PROVINCE	REGION	NUMBER OF WORKSHOPS
Eastern Cape	East London	1
Eastern Cape	Port Elizabeth	1
Free State	Bloemfontein	1
Gauteng	Pretoria / Johannesburg	2
KwaZulu-Natal	Durban	2
Mpumalanga	Nelspruit	2
North West	Rustenburg	1
Western Cape	Cape Town	2
Limpopo	Polokwane	2
Northern Cape	Kimberley	1
TOTAL		15

3. OPERATIONS

3.1 THE REVIEW OF TRAINING MANUALS

During the 2019/2020 financial year, the Authority successfully accomplished the review of the Grades curriculum. The material review followed the policy direction by the Authority to uplift the moratorium. The project deliverables have given birth to the revised curriculum for different training levels of Grades E-A. It is important to note that the review approach followed the scope within minimum training standards gazetted in terms of the Security Officers Regulations, 1992 and gaps identified to inform the basis of revision.

The aim of the project was to further ensure that the training standards are responsive to the contemporary private security environment and are contextualised in order to empower security officers with relevant knowledge, skills, attitude and proficiency in their occupation. In the implementation and the rollout of these training materials, the Authority follows the principle of continuous quality assurance in order to allow the content reviews in line with the approved training policy.



3.2 ACCREDITATION OF PERSONS PROVIDING SECURITY TRAINING (INSTRUCTORS)

During the financial year under review, the Training Sub-Committee appointed by the Director of the Authority, considered the following individual applications for recognition and approval. The scope of accreditation

includes the different training levels in the guarding sectors, including other sectors published in terms of the Security Officers Regulations, 1992 and other categories and classes of security service providers.

ACCREDITATION OF FIRST INSTRUCTORS			
TOTAL NUMBER OF APPLICATIONS RECEIVED	TOTAL NUMBER OF APPLICATIONS APPROVED	TOTAL NUMBER OF APPLICATIONS REJECTED	ADDITIONAL SUPPORTING DOCUMENTS FROM SPs
81	71	4	6
Accreditation of Instructors (Upgrading)			
90	79	11	0
Accreditation of Instructors (Recognition of Training)			
121	100	3	18

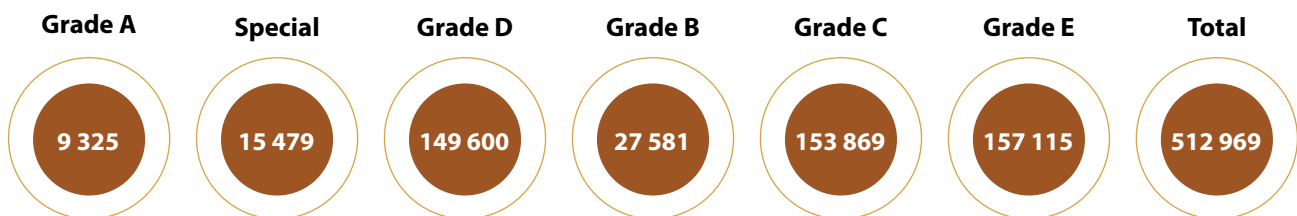
3.3 ACCREDITATION OF PERSONS PROVIDING SECURITY TRAINING (RECOGNITION OF PRIOR LEARNING)

OCCUPATIONAL LEVEL	TOTAL NUMBER OF APPLICATIONS RECEIVED	TOTAL NUMBER OF APPLICATIONS APPROVED	TOTAL NUMBER OF APPLICATIONS REJECTED
Managers	34	34	0
Technicians	5	5	0
Private Investigators	15	15	0
Close protection	13	13	0

3.4 COURSE REPORTS

Course reports on hand at end March 2019	Course reports received from 01 April 2019 to March 2020	Course reports processed during 01 April 2019 to March 2020	Course reports returned during 01 April 2019 to March 2020	Course reports carried over to April 2020
6 993	501 060	506 710	1 199	144

3.5 THE BREAK-DOWN OF COURSE UPTAKES BY SECURITY OFFICERS



The difference between the number of courses highlighted under 3.5 and 3.6 relates to the special courses, e.g. Cash in Transit, Armed Response, Special Events, DH1-DH5 and the UIF Project.

E. COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT REPORT

The Communication's Unit is responsible for implementing the integrated communication strategy of the organisation in alignment with the overall vision of the Authority.

During the year under review, PSiRA continued to place stakeholder management as one of the cornerstones to sustainability of our business. Central to our strategy, is to engage with all our stakeholders openly. The engagements with our primary and secondary stakeholders help to inform the Authority's strategic direction on matters relating to the regulation of the private security industry.

To maintain an appropriate environment to facilitate improved stakeholder access, media management, internal and external communications, marketing and customer care towards all our relevant stakeholders, specific focus was on:

- promoting and profiling the mandate of the Authority in the industry and also to the public at large;
- building the reputation and the brand for PSiRA with the public and private security industry;
- helping the industry and the public to understand PSiRA policies and strategic direction;
- facilitating relevant platforms for networking with key stakeholders; and
- creating platforms for PSiRA to engage with the media in order to have the public at large fully informed of the role, activities and responsibilities of the Authority.

1. ACHIEVEMENTS

STAKEHOLDER MANAGEMENT

During the year under review, the Unit continued to pro-actively and consistently engage with stakeholders in developing, maintaining and fostering coherent partnerships. We are particularly pleased to report that throughout the year, we had constructive engagements with all our target stakeholders which resulted in **196** different forms of awareness campaigns for stakeholders. Stakeholder engagement were conducted in all nine provinces.

To measure the Authority's effectiveness in addressing the needs and expectations of our stakeholders, we engage with them through a number of organised interventions. We communicate through targeted group meetings which includes membership of the organised employee and employer associations (Employee/Labour Unions, Employer Associations/Industry bodies such as TAPSOSA, SANSEA, SASSA), workshops, our social media platforms, interaction with the media, formal and informal discussions, one on one meetings, e-newsletters, etc.

STAKEHOLDER INTERACTION

During the period under review, a number of meetings were attended throughout the country with the SAPS and other Law Enforcement Agencies, Consumers of Security Services (including Stadium Management, Business Forums and State Departments) and other stakeholders. The purpose of the engagement meetings was to discuss collaboration between PSiRA, other Law Enforcement Agencies and security service providers in combating crime and conducting joint operations between the parties to enforce compliance of applicable legislation within the private security industry. The meetings also offered the platform to educate consumers of private security of their rights and obligations to providers of security services.

The stakeholder activities highlighted below took place in all provinces of the country and includes, *inter alia*, the following:

- Establishment of the Multi-Disciplinary Task Team on locating and tracing firearms from closed down and withdrawn businesses by PSiRA and the SAPS.
- There were several operations held between the SAPS, Department of Employment and Labour and PSiRA across the country.
 - National presentations/Consultative Forum regarding the Draft Regulations (Working Animals).

- Workshops were conducted for Government Departments and Public Entities utilising outsourced security service providers and/or in-house service providers for National Key Points (NKP) sites to drive compliance.

Joint stakeholder engagements with the Ministry of Police

The Authority increased its brand presence and consumer education through intensified public advocacy programmes (Ministerial Imbizos) working in partnership with the Ministry of Police.

STAKEHOLDER ENGAGEMENT MATRIX

STAKEHOLDERS	PRIORITY	INFLUENCE AND ROLE ON THE PROJECT	ACTIONS AND STEPS TO MAINTAIN AND NATURE THE RELATIONSHIP
Executive Authority			
Minister of Police	High	Approval for the Levies Act	Frequent updates/reports
Parliament			
Portfolio Committee		Buy-in	Frequent updates
Internal Stakeholders			
Council	High	Project Leaders	Frequent updates/Presentation /Consultations
Executive Management	High	Champions of the Levies Act	Intermittent Engagements
Staff		Ambassadors of PSiRA project	Intermittent Engagements
Employers Associations			
TAPSOSA	High	Buy-in To get buy-in from members	<ul style="list-style-type: none"> Meetings Circulars
SASA	High	Buy-in To get buy-in from members	<ul style="list-style-type: none"> Meetings Circulars
SANSEA	High	To get buy-in from members	<ul style="list-style-type: none"> Circulars Meetings
NOPSA	Medium	To get buy-in from members	<ul style="list-style-type: none"> Circulars Meetings
LASA	High	Buy-in	<ul style="list-style-type: none"> Circulars Meetings Forums
SIA	High	Buy-in To get buy-in from members	<ul style="list-style-type: none"> Circulars Meetings Forums
APPISA	High	Buy-in	Intermittent Engagements
FDIA	Medium	Buy-in	Intermittent Engagements
Employee Associations/Labour Unions			
SATAWU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> Meetings Circulars Social Media

STAKEHOLDERS	PRIORITY	INFLUENCE AND ROLE ON THE PROJECT	ACTIONS AND STEPS TO MAINTAIN AND NATURE THE RELATIONSHIP
SAPSWU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
DETAWU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
KAWU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
SOCRAWU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
ITU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
PATU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
NASUWU	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
DUSWO	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
UASA	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
FEDCRAW	High	Ambassadors –lobby for buy-in with their members Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media





STAKEHOLDERS	PRIORITY	INFLUENCE AND ROLE ON THE PROJECT	ACTIONS AND STEPS TO MAINTAIN AND NATURE THE RELATIONSHIP
AWU	High	Play oversight role in ensuring that companies are compliant with the Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
New Labour Unions: APSA-Linked to SAFTU TUSISA-Linked to EFF	High	Ambassadors –lobby for buy-in with their members	<ul style="list-style-type: none"> • Meetings
Media	High	Disseminate the message to the stakeholders and the public	<ul style="list-style-type: none"> • Media statements • Social Media
NGOs			
Abcor Law			Intermittent Engagements
SSS	Low		Intermittent Engagements
Clients			
Security Companies	High	Buy-in Comply with Levies Act	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
Security Officers	High	Buy-in	<ul style="list-style-type: none"> • Meetings • Circulars • Social Media
Chamber of Commerce			
BMF	Medium		Intermittent Engagements
SACCI	Medium		Intermittent Engagements
NAFCOC	Medium		Intermittent Engagements
SABRIC	Medium		Intermittent Engagements
Government Departments			
SAPS	Medium		Intermittent Engagements
DoEL	Medium		Intermittent Engagements
DHA	Medium		Intermittent Engagements
CCMA	Medium		Intermittent Engagements
National Treasury	High	Support and approval of the Levies Act funding model	<ul style="list-style-type: none"> • Meetings • Statutory reports
Others			
Institutions of Higher Learning	Low		<ul style="list-style-type: none"> • Meetings • Memos
Consumers	High	Buy –in Act as Agents for monitoring and reporting to PSiRA relevant information on SSPs	<ul style="list-style-type: none"> • Circulars • Social Media • Mass Media • Direct Mail

2. BRAND PROMISE



3. COMPLAINTS AND HELPDESK

The Authority has a full-time Complaints and Help Desk at our Pretoria -Gauteng and KwaZulu-Natal offices. The purpose of these offices is to deal with general enquiries and to register complaints that need further investigations. Statistical information pertaining to the number of enquiries received during 1 April 2019 to 31 March 2020, is as follows:

	HEAD OFFICE	KWAZULU-NATAL
NUMBER OF ENQUIRIES / COMPLAINTS		
Telephonic	1 239	0
Personal	1 160	250
Enquiries	942	253
Complaints	920	484
Enquiries/Complaints pertaining to registration/training	294	252
Wages	434	236
Provident Fund	37	19



4. CALL CENTRE

The PSiRA Call Centre play a critical role in today’s customer service function. PSiRA continued to put the Call Centre at the centre of being a driving force for customer centricity in the organisation. PSiRA believes that the voice of judgement is that of its customers. In the year under review, the Call Centre received inbound calls and emails through the PSiRA information account and the following highlights the calls, emails and other information in respect of the Call Centre.

CALL CENTRE COMPARISON REPORT	2018/2019	2019/2020
Total number of calls received	102 381	147 425
Total number of emails received	17 719	15 177
Compliance time	99%	98%
Info account turnaround time	48hrs	48hrs
Info account turnaround time achieved	26h28mins	30h48mins
Ration for calls received/answered	81.90%	90.30%

5. POSITIONING PSiRA

Social media became a major part of the PSiRA communication strategy in this age of technology. PSiRA intensified usage of social media platforms to communicate and strengthen the PSiRA brand.

📞 082 803 4329 |
📘 Private Security Industry Regulatory Authority |
🐦 @Psiralive

		<p>International Associations</p>   
<p>2018/2019</p> <p>Twitter: 4 286 Followers Facebook: 30 580 Followers LinkedIn: 320 Followers</p> <p>Mobile App Downloads: World Wide - 75 281 South Africa - 73 428</p>	<p>PSiRA Mobile App global downloads</p> 	<p>2019/2020</p> <p>Twitter: 10 000 Followers Facebook: 58 624 Followers Instagram: 200 Followers LinkedIn: 747 Followers</p> <p>Mobile App Downloads: World Wide - 231 726 South Africa - 225 292</p>

6. GOING FORWARD

PSiRA will strive to intensify stakeholder engagement programmes by focusing on all the primary stakeholders and building more capacity for our service providers. Digital transformation will enhance our value proposition and service delivery.

F. RESEARCH AND DEVELOPMENT UNIT REPORT

The Research and Development (R&D) Unit generates knowledge in the private security industry through undertaking research and surveys. The activities undertaken by the R&D Unit are informed by section 4(d) of the Private Security Industry Regulation Act No. 56 of 2001 which empowers the Authority to 'conduct an ongoing study and investigation of the rendering of security services and practices of security service providers in order to identify shortcomings in the Act and the Levies Act, or any policy or rule made in terms thereof, and to deal with any evasion, abuse or violation of the procedures or principles contained in this Act or the Levies Act, or any policy or rule made in terms thereof. In pursuit of the Authority's core business, the R&D Unit provides support to other units within PSiRA.

It is also actively involved in the international discourse on the effective regulation of the private security industry. During the financial year 2019/2020, the PSiRA, through the R&D Unit collaborated with DCAF - Geneva Centre for Security Sector Governance in hosting a regional workshop on sharing good practices between Private Security Regulators in the SADC region. This workshop brought together representatives of private security regulatory agencies and from the private security industry, as well as academics and researchers from the region.

As the Authority is now part of the International Association of Security and Investigative Regulators (IASIR), the R&D Unit participated in the IASIR Annual Conference held between 29-31 October 2019 in Baltimore, Maryland (USA). The theme of the IASIR Conference was *Re-Forecasting Regulatory Climate Change: How to plan for and react to the realities of present-day industry trends and developments.*



'Conduct an ongoing study and investigation of the rendering of security services and practices of security service providers'

During the financial year, the R&D Unit undertook three main activities, namely: Conducting Industry Research, Developing Policies and Coordinating Industry Surveys.

	Industry Research		Policy Development		Industry Surveys
	<ul style="list-style-type: none"> • Anti-Poaching • Airport and Aviation Security • Consultancy Services • In-house Security • Maritime Security • Railway Security 		<ul style="list-style-type: none"> • Anti-Poaching Policy • Consultancy Services Policy • In-house Security Policy 		<ul style="list-style-type: none"> • Anti-Poaching • Airport and Aviation Security • In-house Security • Bouncers

Table 1: Research and Development Activities

During the period under review, the Unit completed three research topics (linked to private security services provision), three industry policies, four surveys, and three research studies (linked to industry specific security services) in line with the approved Annual Performance Plan 2019/2020.

1. RESEARCH TOPICS

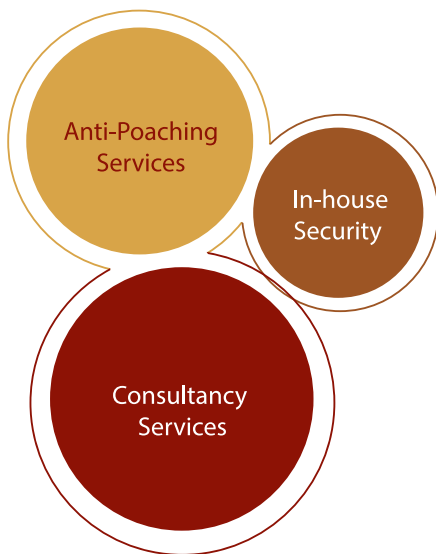


Figure 1: Research Topics

Defending the defenceless: A study on the regulation of anti-poaching as security services in South Africa.

This research focused on anti-poaching services as one of the vastly growing sub-sectors within the private security industry. Poaching is one of the biggest challenges that South Africa has been grappling with over the years, which gained attention with the increase in rhino poaching in recent times.



Anti-Poaching is one of the biggest challenges that SA has been grappling with over the years.

The study established that anti-poaching is a dangerous and risky specialised security service. It also found that there was no (PSiRA) specialised accredited anti-poaching training courses.

The study also found that many anti-poaching companies were operating illegally and did not provide training for their employees. Non-Profit Organisations (NPOs) and Non-Government Organisations (NGOs) were also reported to deploy unregistered and untrained security officers offering anti-poaching services.

Many laws have impact on the anti-poaching space. Accordingly, there is a need to understand the powers which stem from these laws and it was recommended that this could be achieved through engagements between PSiRA and the relevant stakeholders.

Among other things, the report recommended the following:



- *New training levels/grading and specialisation in the field.*
- *The need for strengthened inspections and accessibility of PSiRA.*
- *Strengthening the SAPS, PSiRA and stakeholders working relationship in the anti-poaching space.*

(ILL) advised: Security consulting in the private security industry of South Africa.

This report provided an in-depth analysis of the status of regulation of security service providers rendering consultancy services. Security consulting is one of the specialised sectors of the private security industry in South Africa.

The study found that the growth of security consulting services was not parallel with other categories of security services and the industry at large. There were only a limited number of registered security consultants in the private security industry as compared to other types of security service providers.

The study revealed that there were at least four different types of security consultants, namely: independent consultants, sales consultants, consulting engineers and in-house consultants. The study further also revealed that the security-consulting sector was largely untransformed.



There are at least four different types of security consultants.

Among other things, the report recommended the following:



- *Minimum qualification for security consultants.*
- *Categorisation of consultants.*

Narrowing the Gap: The regulation of in-house security sector in South Africa.

This research explored the in-house security in order to gain insights, advance effective regulation and ensure effective compliance within the sector.

The study unearthed that there are different motives behind insourcing security services. Accordingly, it was found that some organisations/institutions/agencies would insource because of political influence. Others found that insourcing was driven by the motivation to reduce costs.

The report highlighted challenges within the sub-sector, which are mainly non-compliance related.

Among other things, the report recommended the following:



- *The strengthening of the PSiRA Sector Committees.*
- *The strengthening of inspections in the agricultural sector.*

2. POLICIES

The research topics undertaken also informed the development of the industry policies. The following policy documents were developed in the year under review:

- Policy on Anti-Poaching;
- Policy on Consultancy Services; and
- Policy on In-House Security



Contribute to greater understanding of the end-users of private security services

3. SURVEYS

The Unit also conducted four surveys to assess the perceptions of end-users of private security services with regard specific sub-sectors. The surveys were conducted to also enrich the Authority’s deeper understanding of compliance within the respective sub-sectors, namely, Aviation and Airport Security; In-House Security; Anti-Poaching and Bouncers.

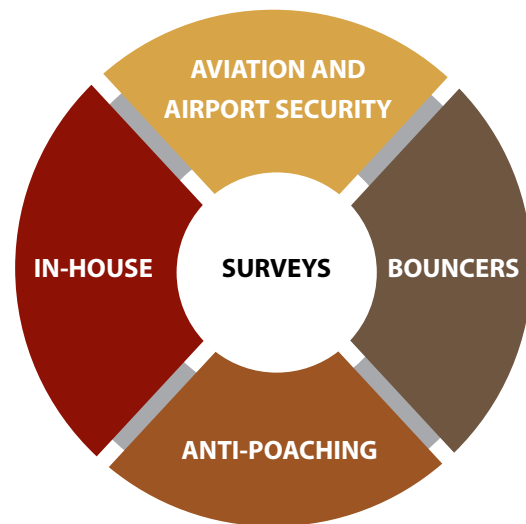


Figure 2: Surveys

4. RESEARCH PUBLICATIONS

For the love of flying: exploring the regulation service providers in South African Airports. This study explored the dynamics of airport security with the purpose of establishing ways to better regulate and ensure compliance in the sub-sector.

The study revealed the difference between aviation and airport security. Whilst the term ‘airport security’ refers to security services at the airport, ‘aviation security’ refers to the protection and safeguarding of the airside from any criminal act which may pose a threat to the airport or aircraft.

The study also found that airports are mainly divided into two distinct areas, namely, landside (public area, e.g. car rentals, check in point); and airside (restricted areas that require a permit to access such spaces).

The research found that there were various security measures used in South African airports to prevent criminal acts, including screening (person and luggage), profilers (behaviour identification officers), explosive detection systems, physical or hand searches, working animals (dogs) and Closed Circuit Television (CCTV).

The report recommended, amongst others:



- *Registrations of all security service providers operating at airports including aviation security officers.*
- *Strengthening the already existing working relationship between PSiRA and relevant stakeholders operating at the airports.*

Securing the Seafarer: regulating the private maritime security industry in South Africa

This research investigated mechanisms aimed at protecting activities that take place at sea and how private maritime security is regulated in South Africa. The study revealed that a number of companies are providing maritime security in the country.

Private maritime security providers play a pivotal role both inland and at sea. Security providers are active mainly in ports and at sea. They are mainly involved in anti-piracy operations. Accordingly, private maritime security is a preventive and responsive measure aimed at addressing risks which vessels encounter, particularly at sea.

The research revealed that there were many types of services offered in the private maritime security sectors which includes counter piracy, passenger vessel security, offshore asset protection, port security, ship security plans, and vessel recovery, among other things.

Amongst others, the report recommended the following:



- *Accreditation of private maritime security training.*
- *Establishment (and strengthening) of the working relationship between PSiRA and agencies in maritime security.*
- *Improvement of PSiRA awareness within the maritime security environment.*

In addition to the two research studies, the R&D Unit also conducted a study on Railway Security.

On Track-Off Track: An explorative study on private security in South African Railways

This study investigated the dynamics within the railway security sector with the aim of ensuring effective regulations. The study revealed that railways play a vital role in the transportation of persons and freight. The report highlighted some of the security challenges faced by South African railways.

The study identified training as one of the main challenges in the sector. Currently, there is no training institution which focuses on railway security training.

The study also found that working animals such as dogs and equines are used in the railway security environment. Furthermore, there were various security equipment utilised in this space ranging from CCTV cameras to drones.

Among other things, the report recommended the following:



- *Effective monitoring of the private security sector in railways.*
- *The importance of developing training that is relevant to the current risks and challenges in the rail sector.*





Governance Report

PART
C

GOVERNANCE REPORT

INTRODUCTION

Corporate governance entails processes and systems by which public entities are governed, controlled and held to account in terms of enabling and other legislative prescripts. In addition to the legislative prescripts, corporate governance within PSiRA is also guided by the principles of the King Code of Corporate Governance in Southern Africa, which had expanded the application of the scope of corporate governance in the Republic under the King IV Report.

PSiRA is governed and controlled by a Council appointed under section 6 of the Act by the Minister of Police in consultation with the Cabinet of the Republic. The Council, as the governing body and the central point of corporate governance at PSiRA, adopted the principles of the King Code in as far as they relate to good governance practices in the public sector and continues to strive to live by these principles in carrying out its oversight responsibilities of a governing body.

PSiRA is listed under the schedules of the Public Finance Management Act, 1999 (PFMA) as a Schedule 3A public entity, with statutory obligations and responsibilities under Chapter 6 of this Act, and the National Treasury Regulations, 2005 applicable to public entities as promulgated under the PFMA. The Council is the Accounting Authority of the entity, and is responsible for corporate governance within the entity. The Council reports to Parliament through the Executive Authority regarding the performance of the entity in the execution of its mandate under the PSiR Act, and in line with the Strategic and Annual Performance Plans and Budgets as agreed with the Executive Authority, and sanctioned by Parliament.

PORTFOLIO COMMITTEE ENGAGEMENTS

During the period under review, the PSiRA Council and Executive Management engaged with the Portfolio Committee on Police in four meetings for reporting purposes, as follows:

- **09 July 2019** - to present the Annual Performance Plan, including the budget for 2019/2020;
- **21 August 2019** – to present PSiRA strategic priorities for 2019/2020;
- **11 September 2019** – to present feedback on draft regulations published for comment, and in particular, the Firearms Draft Regulations for the private security industry; and
- **11 October 2019** – to present the 2018/2019 Annual Report of the Private Security Industry Regulatory Authority (PSiRA).

The key strategic focus area which the Portfolio Committee raised during these meetings was regarding the unsustainable funding model of the Authority, which was inherited from the repealed Security Officers Act, 1987 as a transitional arrangement when the PSiR Act came into operation in 2001. The Authority's engagements with National Treasury for the Private Security Industry Levies Act, 2002 to be proclaimed to come into operation as a substitute of the current funding model, had stalled due to advice that this Act must first be reviewed into a Money Bill under section 77 of the Constitution and re-tabled in Parliament.

The Authority has during the period under review, made submissions and provided the financial information data required by National Treasury to start the review process of the Act. The process remains ongoing at National Treasury with continuous engagements for updates, which indicated that the Act would possibly be re-tabled in Parliament during the 2020/2021 financial year.

In the interim, the Authority developed and continues to implement a turnaround strategy to deal with the funding problems. The strategy is focused on intensified annual fees collection and interest charges on overdue accounts through appointed debt collectors, who were able to collect more than R3 million of bad debt for the period under review. Other revenue strategies included collection of fines imposed for improper code of conduct cases against security service providers and the upliftment of the moratorium for registration of new security training providers. The strategy also focuses on cost containment in terms of expenditure patterns directed at the main cost drivers, which includes travel costs.





EXECUTIVE AUTHORITY ENGAGEMENTS

In compliance with the PSiR Act and PFMA prescripts, the Authority had engagements with the Executive Authority during the period under review, for the following purposes:

- To present the PSiRA Handover Report to the 6th Administration after the May 2019 national elections, which highlighted among others, PSiRA matters that required the immediate attention of the Minister;
- Submission of PSiRA Annual Report for 2018/2019, which was due on 31 August 2019;
- Submission of Quarterly Performance Information Reports and Management Accounts within a month after the end of each quarter;
- To obtain approval for the advertising of Council vacancies and submission of received applications/nominations to the Minister after the closing date;
- Submission of the Annual Performance Plan, including the budget for 2020/2021 on 31 January 2020;
- Meeting with the Deputy Minister on 21 February 2020 to present PSiRA funding challenges and the budget for 2020/21; and
- Attendance at several MINMEC meetings to give feedback on PSiRA operations in support of SAPS.

The Authority also accompanied and supported the Minister and Deputy Minister in their roadshows and Imbizos, including the visits to the townships in the Western Cape, Kwazulu-Natal, Limpopo and Mpumalanga for the launch of the SAPS specialised units in those areas.

THE ACCOUNTING AUTHORITY

PSiRA is governed and controlled by a Council appointed by the Minister in consultation with Cabinet under section 6 of PSiR Act. The Council is the Accounting Authority of PSiRA under the PFMA, 1999 and is accountable to the Minister as the Executive Authority of the entity. The reporting responsibilities of Council extend to the Parliament of the Republic through the Executive Authority.

The Council subscribes to the principles under the King Code on corporate governance, and in this regard, had adopted the key principles to define the strategy of PSiRA, provide direction in its implementation and had established

the ethics and values framework that influence and guide the practices and behaviour for a sustainable performance to achieve the object of the Act.

THE ROLE OF THE COUNCIL

In terms of the Act, the role of the Council includes among others, to take steps to achieve the objects of the entity as envisaged in section 3, to ensure performance of the duties of the Authority, and to oversee and exercise general control over the performance of the functions of the Authority and of the activities of the persons appointed by Council. The Council is responsible for setting the strategic direction of the entity guided by the legislative mandate under the Act, and government policy as articulated in Chapter 12 of the National Development Plan, 2030.

The Council is ultimately responsible and accountable to the Minister for the performance of its functions and from time to time, supplies the Minister with such information and particulars as the Minister may require in connection with the functions of the Authority or any other matter relating to the entity.

COUNCIL CHARTER

Over and above the legislative prescripts which set out the role of the Council and how it should operate, the Council developed and approved the governance framework, which includes the Council Charter, Code of Conduct and the Performance Evaluation Framework to assist in guiding its activities, and to supplement the legislative prescripts to ensure good governance across the organisation. The Council Charter sets out the roles and responsibilities of Council and those of the Executive Management, as guided by sound principles of delineation of responsibilities. The Charter is supported by the Delegation of Authority Policy which governs the internal control environment by providing for delineation of responsibilities and segregation of duties within PSiRA.

The Council continues to monitor and review the governance framework to ensure that its activities are undertaken in line with the new thinking in good governance practices and that the provisions of the Charter remain relevant. This has resulted in some significant improvements in terms of the

governance of the entity with the functional focus for the Council being on strategic matters, whilst Management is left to deal with the day to day delegated operational matters, with regular reporting back to Council on the performance of the entity in the execution of the strategic direction as set by the Council.

COMPOSITION OF THE COUNCIL

Section 6 of the Act prescribes that the Council should be constituted by the following members:

- Chairperson;

- Vice-Chairperson; and
- Three additional Councillors, all appointed by the Minister in consultation with Cabinet.

During the period under review, the Council was constituted by four Councillors whose term of office started in January 2017 and expired on 31 January 2020. The term of office of the fifth Councillor, who was also the Chairperson of Council expired in the previous financial year, and the Vice-Chairperson was appointed by the Minister as the Acting Chairperson for the remainder of the term of office of the entire Council. This was to ensure alignment of the term of office of all Councillors to run concurrently.

The table below depicts the Council composition for the period under review with an indication of the dates of appointments and the dates of expiry of the term of office of the Council.

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE TERM OF OFFICE EXPIRED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
Mr. N.H Ngubane	Acting Chairperson	01/01/2017	31/01/2020	Master of Education; Bachelor of Education; Bachelor of Arts; Certificate in Labour Law	Education and Training; Management; and Project Management	Media Education Trust (NGO)	Stakeholder & Core Business Committee and Social and Ethics Committee	4 out of 5
Maj-Gen C. Philison	Councillor	06/09/2013 (reappointed on 01/01/2017)	31/01/2020	National Diploma in Police Admin	Intelligence; Governance & Policing	None	Stakeholder & Core Business Committee and Social and Ethics Committee	5 out of 5
Mr. M.T Oliphant	Councillor	01/01/2017	31/01/2020	B. Tech: Labour Relations; Diploma in Human Resources Management; and Specialised HR Management Programme	Labour Relations; Management; and Human Resources	Zenzele Energy (inactive) & VHD Management Development (inactive)	Stakeholder & Core Business Committee, HR & Remuneration Committee and Finance and Investment Committee	4 out of 5
Mr. Z. Zulu	Councillor	01/01/2017	31/01/2020	MBA; Post Grad Diploma in Business Management; Bachelor's Degree in Business Technology and Diploma Labour Economics	Strategy Development; Project Management; Management; Labour Relations; Human Resources; and Capacity Building and Training	KZN Nature Conservation; Durban ICC and Gold Circle; and BWQ Holdings (Pty) Ltd	HR and Remuneration Committee; Finance and Investment Committee	4 out of 5



COUNCIL COMMITTEES

The Council is empowered under section 13(1) of the Act to establish governance committees to assist it in its oversight role and general control of the entity. The Committees may consist of one or more Council Members, or one or more other persons. The Committees advise and assists Council in the execution of its mandate in relation to any matters referred to the Committee by Council, and to report on those matters to the Council.

During the period under review, Council continued to be advised and assisted by the committees as per the table below, which operated under the terms of reference (Charter) approved by Council for each of the committees. The committees reported to Council on their activities as per their annual programmes and terms of reference, and recommended matters reserved for Council decision to the Council to take such decisions.

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Human Capital and Remuneration Committee (HCREMCO)	5	4	Mr. M.T Oliphant (Chairperson) Dr A. Moshikaro Ms. D. Dlodlu Mr. Z. Zulu
Audit and Risk Committee (ARC)	5	4	Mr. P. Ravhudzulo (Chairperson) CA(SA),RA Dr. C. Motau Mr. Z. Fihlani CA(SA) Mr. M. Zikalala
Stakeholder and Core Business Committee (SCBC)	4	3	Mr. N.H Ngubane (Chairperson) Maj-Gen C. Philison Mr. M.T Oliphant
Finance and Investment Committee (FINCO)	4	5	Mr. Z. Zulu (Chairperson) Mr. M.T Oliphant Ms. P. Mzizi Ms. N. Selamolela Mr. Z. Msindo
Social and Ethics Committee (SEC)	2	3	Maj-Gen C. Philison (Chairperson) Mr. N.H Ngubane Mr. M.S Chauke

During the period under review, the Council also established and constituted six Private Security Industry Sector Advisory Committees under section 13(2) of the Act, to advise the Council through the Stakeholder and Core Business Committee, on regulatory matters pertaining to the specific sector of the private security industry. These committees are representative of the different sectors or classes of security service providers as defined in section 1 of the Act, and are mainly established to, amongst others:

- create an active channel of communication between the Council and the private security industry on a national level;
- improve relations with the private security industry and to initiate collaboration and cooperation in respect of the regulation of the private security industry;
- create a platform to identify areas of concern within a particular sector and to initiate a cooperative approach in addressing these areas;
- share industry perceptions on PSiRA's performance to enhance and protect its reputation;
- identify skills development requirements for the particular sector;
- identify the need for development of national standards and/or guidelines relating to the private security industry environment;
- develop proposals on broader industry participation in crime prevention and partnership policing with state agencies; and
- promote industry research.

The following Industry Sector Advisory Committees were established and constituted by Council in August 2019 with industry sector experts and representatives within the private security industry and those that have a direct interest in the regulation of the private security industry:

- Guarding Sector Industry Advisory Committee;
- Close Protection Sector Industry Advisory Committee;
- Electronic Sector Industry Advisory Committee;
- Private Investigation Sector Industry Advisory Committee;
- Security Training Sector Industry Advisory Committee; and
- Locksmith Sector Industry Advisory Committee.

REMUNERATION OF COUNCIL MEMBERS

Section 8(6) of the Act provides that a Councillor, or a member of a committee appointed by the Council, who is not an employee of the Authority or an officer or employee in the Public Service, may be paid from the funds of the Authority such remuneration and allowances as the Council may determine with the concurrence of the Minister. PSiRA, as a Schedule 3A public entity, under the PFMA was classified by the Minister of Finance in terms of National Treasury guidelines on service benefits for office bearers of certain statutory entities, under Sub-category A1 for purposes of determining the remuneration of Councillors.

The Minister has, taking cognisance of National Treasury guidelines as published by the Minister of Finance from time to time, concurred with the determination by Council on the fixed remuneration of Councillors as a monthly stipend, and not based on meeting fee structure. Annual cost of living adjustments to the rates as published by National Treasury annually are implemented upon approval by the Minister of Police. For the full disclosures in terms of the remuneration and other allowances paid to Councillors during the period under review, refer to the notes in the annual financial statements under Part E of this report.

RISK MANAGEMENT

The Authority's risk management has a principal objective of increasing the likelihood of PSiRA achieving its objectives

by optimally balancing risk and reward. The methodology and processes described below are aimed at ensuring that significant business risks are systematically identified, assessed and reduced to acceptable levels.

The Authority has since adopted the Risk Management Framework of ISO 31000, the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, the National Treasury Risk Management Framework and King IV, to ensure alignment with best practices.

RISK METHODOLOGY

The Authority's risk management methodology is revised over a three-year cycle and/or as and when a need arises. The next revision date is scheduled for the 2021/2022 financial year.

The Authority aims to be risk aware but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its corporate priorities, PSiRA recognises that it will have to manage certain priority risks. As a regulator, sustainability risks relating to Financial Sustainability, Regulatory Compliance, Industry Training Standards, Customer Relations and Brand Management remain a priority.

PSiRA's risk tolerance is set at a risk rating level of ≥ 12 (i.e. those risks with high impact and high likelihood of occurrence). The Authority's risk appetite has been defined as those risks ranging between high and catastrophic categories ($12 \leq \text{rating} \leq 25$).

RISK ASSESSMENTS

The Authority undertakes annual risk assessments to identify, assess, analyse, manage and monitor the strategic and operational risk profile of the Authority. The risks and related mitigation plans are managed, maintained and monitored on an on-going basis.

• Operational risk registers

The Authority had five operational risk registers, with the branch offices registers consolidated into one risk register. A major risk was around document management, where the Authority could not implement the Document Management Policy in terms of the destruction of all old documents.



• **Top strategic risks**

The following strategic risks were identified:

RISK AREA AND RISK STATEMENT	MEDIUM TERM STRATEGIC FRAMEWORK OUTCOMES [1 SELECTION PER RISK]				NATIONAL DEVELOPMENT PLAN PRIORITIES IMPACTED BY STRATEGIC RISKS			
	Outcome 1: Improved quality of basic education	Outcome 3: Safety	Outcome 4: Economy	Outcome 5: Skills	Economy and Employment C3 - NDP	Positioning South Africa in the world C7 - NDP	Improving education and training C9 - NDP	Building safer communities C12 - NDP
					4	1	1	3
1. Compliance Risk - Inability to enforce compliance to the PSiRA legislation may lead to non-compliance with minimum professional training standards by Security Service Providers in the Security Sector.	16			16	16		16	16
2. Financial Risk - The absence of a sustainable funding model may result in financial instability; and adversely impact PSiRA's ability to deliver on its mandate.			12		12			
3. Performance Measurement Risk - Failure to adhere to registration turnaround time.				12	12			12
4. Regulatory Reform Risk - Failure to identify gaps in the regulatory framework may result in delayed implementation of strategy and exposure to litigious action.		8				8		8

The strategic risk profile has not improved much over the past three years, due to the ongoing financial constraints which has subsequently impacted on priority strategic risks as mentioned above.

RISK MANAGEMENT GOVERNANCE

- The Authority has established the Risk Management Committee at an operational level to oversee the implementation and monitoring of the Risk Management and Business Continuity Management. The Committee is chaired by an independent external chairperson.

The pivotal existence of the Committee, as outlined in the approved Charter, is to advise management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Committee's performance is assessed on an annual basis.

- Audit and Risk Committee (ARC) is a Council established Committee, comprises of four independent non-executive members, who, collectively, are adequately qualified and experienced to fulfil their duties. Committee members also have sufficient knowledge of financial reporting, internal financial controls, the external and internal audit process, risk management process, and information technology governance.

The Committee operates in terms of a Charter approved by the Council. The roles and responsibilities of the Committee, among others, include ensuring that the Authority has implemented an effective policy and plan for risk management, which will protect it from undue losses.

VALUE ADD OF RISK MANAGEMENT

Based on the risk management implementation plan for the 2019/2020 financial year, 100% of the activities planned were achieved, as at the end of Quarter 4.

Other key achievements include:

- The Authority's risk management maturity level was assessed to be at a Level 5.
- The Risk Management Unit has been capacitated with one additional official, being a Risk Management Officer.
- An internal audit review conducted indicated that the risk management processes adopted were effective.
- Risk management has been incorporated into performance contracts of management and has thus increased the risk intelligence of key role players.
- Risk management features as a standing agenda item of at least 50% of the Business Unit meetings.

Challenges are around further capacitating the Unit, as it is currently operating with two officials, namely, the Manager and the Risk Officer.

INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The internal audit function within PSiRA remains an outsourced function rendered by Nexia SAB&T as a service provider. The internal audit firm conducted its assurance activities for the year, based on the approved Internal Audit Charter and the Annual Audit Plan. The Internal Audit Plan followed a risk-based approach that was informed by the strategic risks adopted after a risk assessment which identified the key risks, which could impact on the achievement of the entity's objectives. The audit plan for the period under review prioritised the following areas which presented key risks for the entity:

- Internal Financial Controls;
- Supply Chain Management;
- Training and Communication Programme;
- Registration Programme;
- Compliance and Enforcement Programme;
- Information Technology;
- Risk Management Review;
- Governance and Compliance Review; and
- Predetermined Objectives for Q2 & Q4.

The audit plan was fully executed, and audit reports submitted to the Audit and Risk Committee for review and monitoring of implementation of management audit action plan, to ensure that audit findings raised, including Auditor-General's findings from the previous financial year were addressed and resolved by Management.

The internal audit function operates under the oversight monitoring and assessment of the Council's Audit and Risk Committee. The Committee was established by Council in terms of section 77 of the PFMA, read with section 13 of the PSiR Act, and comprised of four independent non-executive members. The members collectively have sufficient qualifications and experience to fulfil their duties, which include knowledge of financial reporting, internal financial controls, external and internal audit process, risk management process, and compliance and information technology governance.

The Committee operates in term of a Charter approved by Council. The roles and responsibilities of the Committee, includes the following:

- Review and monitoring of the internal control systems to protect the interests and assets of the Authority;
- Reviewing the accuracy, reliability and credibility of statutory financial reporting and the annual financial statements, as presented by Management prior to submission to Council for approval;
- Ensuring that an effective internal audit function is in place and the roles and functions are clear and coordinated to provide an objective overview of the operational effectiveness of the entity's systems of internal control, risk management process, governance and reporting. The Committee also assesses the performance of the internal audit function annually, and was happy with the assessment results, which indicated satisfactory levels of assurance and effectiveness in the work of internal auditors;
- Ensuring that the Authority has an effective policy and plan, which is implemented for risk management to protect against undue losses;
- Reviewing any accounting and auditing concerns raised by internal and external auditors, the annual financial statements and performance information reports;



- Obtaining assurance for information technology in relation to the management of IT assets, governance and controls, risks and disaster recovery;
- Reviewing the effectiveness of the system that monitors compliance with laws and regulations, and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance; and
- Instituting and overseeing fraud and corruption investigations as needed.

The Committee held five meetings during the period under review, which were attended by both internal and external auditors, executives and senior management and other relevant officials of the Authority. Details regarding activities and attendance of meeting of the Committee are presented in the report of the Committee under Part E of this Annual Report. The table below discloses relevant information regarding the Audit and Risk Committee members.

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE TERM EXPIRED	NO. OF MEETINGS ATTENDED
Mr. P. Ravhudzulo	CA (SA), RA	External	N/A	17/03/2017	Current	5
Dr. C. Motau	PhD Computer Science; MBL; Masters in IT; B.Com; and Higher Diploma in Computer Auditing	External	N/A	18/06/2014	Current	4
Mr. Z. Fihlani	CA (SA)	External	N/A	05/06/2017	Current	2
Mr. M. Zikalala	LLB	External	N/A	05/06/2017	Current	5

COMPLIANCE WITH LAWS AND REGULATIONS

Council continues to monitor compliance with laws and regulations by Management of the entity in conducting the business operations to achieve the strategic objectives. The main legislation to which the entity must ensure overall compliance therewith remains the PSiR Act and the PFMA. Other relevant legislation continues to be monitored through the activities of the relevant divisions to which such legislation applies, and PSiRA policies are regularly reviewed for alignment with relevant legislation and to remain relevant. Reporting on compliance is monitored through the Audit and Risk Committee and the other relevant Committees of Council and remains a standing agenda item on Council meetings.

Council monitors compliance through a developed compliance risk register and checklists for compliance

monitoring with legislation. These include registers for listing of non-compliant expenditure under the PFMA, and reporting on actions taken where cases of non-compliance are reported or identified. These tools assist Council in monitoring and assessing the risk of non-compliance to legislation and regulations, and for Management to come up with mitigating measures for implementation to mitigate against the risks from materialising.

Compliance with internal policies and procedures is also crucial for improved governance and the internal control environment within the entity. A policy universe is maintained, and compliance therewith is monitored on an on-going basis.

FRAUD AND CORRUPTION

• Fraud Prevention Policy and Plan

PSiRA had a Fraud Prevention Policy and Plan in place and implemented this during the financial year under review. The Fraud Prevention Plan was reviewed and adopted by Council for the 2019/2020 financial year, and continues to be relevant in terms of fraud prevention.

• Mechanisms in Place to Report Fraud and Corruption

The reporting channels for unethical, fraud and corruption impacting PSiRA are the following:

The Authority has a Fraud Hotline where any suspected or actual fraud can be reported on 0860 333 036.

All calls are treated with utmost confidentiality, and reporting may be made anonymously.

The facility is administered by an independent firm of forensic auditors to ensure that the identity of staff members that utilise this facility remains safeguarded. No person in the Authority, regardless of their seniority, has access to the identities of staff members or other persons who report irregularities of fraud. There is a reporting hierarchy on hand for the fraud hotline administrators, which guides them on where to refer cases, including cases against the Director and Council members.

The Authority has adopted a policy of investigating all reports of fraud and corruption. Any suspicion of fraud and corruption is tested, reviewed and analysed to determine if it warranted investigation. The appointed investigator submits a written report to the Accounting Authority, through the Audit and Risk Committee detailing circumstance and recommending appropriate remedial action following the investigation. The Forensic and Ethics Unit (FEU) statistics for the period 1 April 2019 to 31 March 2020, indicates the extent to which fraud is experienced and managed by the organisation, as well as PSiRA's commitment to combat fraud and corruption.

During the financial year under review, 831 complaints were received through the Fraud Hotline and 102 complaints were received through the Helpdesk. Out of 831

complaints, 719 complaints were industry related and were referred to the Law Enforcement Division for investigation and further processing. A total of 112 hotline complaints were undertaken by the FEU. Out of 112 hotline complaints, 20 were allegations of misconduct against employees of the Authority (six allegations of corruption, eight were allegation of fraud, six were misconduct in general), while 92 were industry related fraud. A further 102 complaints were received through the help desk and 37 cases (one internal and 36 external cases) were brought forward from 2018/2019 financial year.

In total, the Unit had 251 (230 external cases and 21 internal cases). Out of 230 external cases, 219 cases were finalised and 11 cases were carried forward to 2020/2021 financial year. There were 23 criminal cases opened related to the industry and 18 suspects were arrested by the SAPS. Out of the 21 internal cases, 14 were finalised either through resignation (three), disciplinary process (seven) or no evidence of misconduct uncovered during investigations (four), and seven were carried forward to the 2020/2021 financial year.

MINIMISING CONFLICT OF INTEREST

Council's approach to the issue regarding conflict of interest is incorporated as part of the governance framework for the entity. The Council Charter and Code of Conduct incorporates the principle that Councillors have a legal obligation to act ethically and in the best interest of the Authority, to act with due care and diligence in discharging their duties as Councillors, to declare and avoid conflicts of interest with the Authority and to disclose and account for any advantages gained in discharging their duties on behalf of the Authority. Councillors have pledged to always put the interests of the Authority ahead of their own interests by signing the Code of Conduct.

The Code of Conduct prescribes that Councillors must disclose to Council or to any committee that the Councillor is a member, any direct or indirect personal or private business interest that that Councillor, or any spouse, partner or business associate of that Councillor may have in any matter before Council or Sub-Committee; and to withdraw from the proceedings of Council or Sub-Committee when that matter is considered by Council or Sub-Committee.



The Code of Conduct also requires Councillors on an annual basis, to make disclosures in terms of their directorship and/or shareholding in any company or any other entity, which may potentially have an interest in the business of PSiRA. Similar provisions are also applicable to officials of PSiRA under the Code of Conduct for employees and the procedures for disclosure of interests. A verification process of the information disclosed is undertaken by the Authority's Forensics and Ethics Unit to provide some level of assurance on the disclosures made. The process entails verification against the Companies and Intellectual Property Commission (CIPC) and PSiRA databases of suppliers and registered security businesses.

CODE OF CONDUCT AND ETHICS

PSiRA is determined to discharge its legislative mandate in an ethical organisational environment under an ethical leadership at the top. To this end, PSiRA has developed a Values Framework based on the values of Integrity, Excellence and Ubuntu which are inculcated in the organisational culture to enhance ethical standards within PSiRA.

At the core of PSiRA Values Framework are the Code of Conduct for both Councillors and employees and other ethics-related policies, which are informed by the provisions of the PFMA, 1999 and the principles under the King Code of Governance. The overall objectives of the ethics codes and related policies are to:

- provide exemplary standards of conduct expected of all Councillors (ethical leadership at the top) and officials while conducting PSiRA business;
- manage conflicts of interest, particularly in human resources and supply chain management (SCM) processes; and
- create a sound and ethical organisational culture for the conduct of PSiRA business, based on the Values Framework of the entity.

Cases of non-compliance with the ethics code and related policies are referred for investigation and disciplinary processes in terms of the PSiRA disciplinary procedures in respect of employees, and preliminary investigations and referrals to the Executive Authority for a decision/sanction in respect of Councillors.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

PSiRA continues to assess and monitor compliance with the provisions of the Occupational Health and Safety Act, 1993 to ensure the health and safety of persons at work and visiting clients. In ensuring that the requirements of the aforesaid Act are fully met, the following activities were undertaken:

- Establishment of the Health and Safety Committee.
- Appointment of safety representatives in all PSiRA offices across the country.
- Meetings of the Health and Safety Committee were held, as required by the Act.
- Safety awareness workshops were conducted in various offices. The Safety, Health and Environment (SHE) representatives were trained on how to conduct Hazard Identification Risk Assessments (HIRA) at their respective offices.
- Keeping of accidents and injuries register and investigation of cases and reporting to the Department of Employment and Labour.
- Evacuation Plans for all offices were developed and evacuation drills were performed. Evacuation Plans were also shared with respective offices according to their structural designs.

CORPORATE SECRETARY

The activities of Council governance structures at PSiRA are facilitated and coordinated under the guidance of a corporate secretary appointed by Council, and who is functionally accountable to Council, to among others:

- Ensure that Council governance frameworks and procedures are followed and reviewed regularly;
- Ensure that the applicable rules and regulations for the conduct of the affairs of Council are complied with;
- Maintain statutory records in accordance with legal requirements;
- Provide Council as a collective, and individual Council members with governance advice on how their duties and responsibilities should be properly discharged in the best interest of the Authority;
- Keep abreast of, and inform Council of current corporate governance trends and practices;
- Ensure Council and Council Committee terms of reference are reviewed regularly for continued relevance and compliance;
- Provide a central source of guidance and support to Council and the Executive Management on governance matters, particularly with reference to the proper relationships that must be maintained between Council and Management;
- Assist with the coordination of performance evaluation of Council, committees and individual Councillors to identify skills gaps;
- Facilitate the Council induction/training workshops and develop customised developmental training programmes for Council and Council Committees;
- Ensure preparation and timeous circulation of agenda meeting packs and compilation and proper record keeping of minutes of Council and Council Committee meetings; and
- Corporate social responsibility programmes for Council and Council Committees.

CORPORATE SOCIAL RESPONSIBILITY

PSiRA recognises that the country remains an uneven society for which Corporate Social Responsibility (CSR) initiatives are required to address some of the imbalances of the past, for the upliftment and empowerment of the previously disadvantaged persons. As part of its contribution to the national imperatives to deal with these challenges, PSiRA has committed to some proactive CSR initiatives aimed at advancing education and training aligned to the core mandate of PSiRA, poverty alleviation and support to communities and stakeholder events and initiatives aimed at crime prevention, the safety and security of communities and those aligned to events of national imperative.

Below are some of the activities undertaken by the Authority during the period under review, in pursuit of its CSR objectives:

PSiRA-OK FOODS LOYALTY PROGRAMME



DONATION TOWARDS THE MINISTERIAL COMMUNITY SAFETY PATROLLERS' INITIATIVE

On 17 August 2019, PSiRA accompanied the Deputy Minister of Police, Honourable CC Mathale to Dan Village, Tzaneen, Limpopo, for the launch of Community Safety Patrollers.



PSiRA Director, Manabela Chauke, handing over reflector jackets and two-way radios donated in the presence of Deputy Minister of Police, Honourable CC Mathale (left)



The Authority donated reflector jackets, PSiRA-branded caps and associated merchandise such as two-way radios, to enable the 3 490 community safety officers from 10 villages around Tzaneen who needed these enablers to reduce crime. The Authority's generosity was also demonstrated through the supply of refreshments.

DONATION OF LAPTOPS TO MTHWALUME HIGH SCHOOL

In its 4IR turnkey project, PSiRA accompanied the Minister of Police, General Bheki Cele; and the Deputy Minister, Hon CC Mathale, on a Ministerial trail to Mthwalume High School, KZN, and donated laptops on 28 February 2020.

This special trip to the school formed part of the SAPS school safety drive, where Minister Cele saw it fit to give the school's computer laboratory a deserved boost with 20 new laptops that were donated by the PSiRA.

“My intention with this gesture is to raise awareness in relation to cyber security as most youth find themselves very active and subsequently exposed in the digital space. This also happens at a time when the leadership of the police is hard at work building technological capacity and acumen within the Service,” said Minister Cele in his address to the learners, encouraging the learners to familiarise themselves with science and technology career opportunities in the SAPS.



In attendance were also other high profile dignitaries such as the National Commissioner of the SAPS, General Khehla Sitole, Umzumbe Municipality officials, KwaZulu-Natal Member of the Executive Council (MEC) of Agriculture and Land Affairs, MEC Sithole Moloji; MEC of Social Development, MEC Mavimbela; and MEC of Transport, Community Safety and Liaison, MEC Bheki Ntuli.

OTHER ALLIED POIGNANT CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Other corporate social activities undertaken by PSiRA in the financial year under review were:





'TAKE-A-GIRL-CHILD-TO-WORK'- KWAZULU-NATAL

During PSiRA-Cell C 'Take-a-Girl-Child-to-Work', 17 girls from Lamontville High School were hosted at PSiRA's KwaZulu-Natal regional office (Durban)- 26 July 2019 and 30 August 2019, respectively.



CHILD PROTECTION WEEK, BLOEMFONTEIN FREE STATE







Human Capital Management

PART
D

PART D HUMAN CAPITAL MANAGEMENT

1. OVERVIEW

The Human Capital Management (HCM) Unit as a strategic business partner, provides human capital management support to the organisation using current best practices in Human Capital Management and systematic processes to ensure that PSiRA achieves its strategic mandate in the most cost effective and efficient manner. The goal of the Human Capital Management Unit is to help PSiRA achieve its strategic mission, while ensuring employees are engaged and motivated to help the organisation succeed. Our success (HCM) is always measured by our ability to align and integrate processes with the strategic mission. We do this by identifying human resources issues and executing corrective measures effectively. In moving forward, HCM has targeted its operational initiatives to align to the PSiRA’s Strategic Plan by initially identifying ways to leverage and develop technology as a means to cut costs and improve internal efficiencies. In the coming year, HCM will use its resources and staff to become a consulting partner to PSiRA employees and management. To achieve the above, the Unit has aligned its activities with PSiRA’s overall strategy which advocates effectiveness and efficiency.

To this effect, the HCM Unit is responsible to manage and to ensure that the following business objectives are effectively and efficiently achieved:

- Repositioning or reengineering of human resources needs of the organisation to align with the strategy of the organisation.

- Provisioning and retention of competent human resources.
- Job analysis and design.
- Conduct regular market salaries survey to ensure that the organisation offers a competitive remuneration.
- Facilitate effective performance management systems which support the organisation towards achievement of its objectives.
- Identify skills gaps and develop and implement a robust training strategy.
- Facilitate and monitor compliance with Employment Equity (EE) and transformation requirements through its Employment Equity Plan.
- Ensure compliance with relevant labour legislations by developing and implementing relevant policies which are essential for maintaining employer and employee relationships.

During the year under review, the Unit began the implementation of the second phase of Organisational Development (OD) by implementing the revised macro and the micro structures which were initiated during 2019/2020. As a result, at the beginning of the new financial year 2020/2021, the Unit plans to continue the consultation processes with the employees’ who are affected by the revised macro and the micro structures.

1.1 COMPOSITION OF STAFF PER PROGRAMME

STAFF COMPOSITION ACCORDING TO PROGRAMMES (PERMANENT STAFF)

PROGRAMME	NUMBER OF PERMANENT STAFF MEMBERS
 Law Enforcement	176
 Finance and Administration	97
 Training and Communications	46
TOTAL	319



GRAPH 1.1 STAFF COMPOSITION ACCORDING TO PROGRAMMES (PERMANENT)

STAFF COMPOSITION PER PROGRAMME

LAW ENFORCEMENT		176
FINANCE AND ADMIN		97
COMM AND TRAINING		46

Personnel Cost %

CONTRACTS AND INTERNS' COMPOSITION

PROGRAMME	EMPLOYEES ON FIXED-TERM CONTRACT	INTERNS	TOTAL
Law Enforcement	6	13	19
Finance and Administration	4	13	17
Training and Communications	2	9	11
TOTAL	12	35	47

1.2 EMPLOYMENT EQUITY

1.2.1 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS:

The table below depicts the progress made towards the achievement of the identified targets on the current EE Plan on different occupational categories and the recommendations to accelerate the achievement of the set targets.

MALE EMPLOYMENT EQUITY TARGET

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2	0	0	0	0	0	1	0
Senior Management	6	0	0	0	0	0	0	0
Professional Qualified	9	1	0	0	3	0	1	0
Skilled	47	6	2	1	1	0	8	0
Semi-skilled	43	5	0	2	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
TOTAL	110	12	2	3	4	0	10	0

FEMALE EMPLOYMENT EQUITY TARGET

LEVEL	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	2	1	0	0	0	0	0	0
Senior Management	1	1	0	1	0	0	0	0
Professional Qualified	8	2	0	1	0	1	0	0
Skilled	45	4	2	1	2	1	3	1
Semi-skilled	104	5	6	0	0	1	6	1
Unskilled	12	0	0	0	0	0	0	0
TOTAL	172	13	8	3	2	3	9	2

EMPLOYMENT EQUITY TARGET FOR STAFF WITH A DISABILITY

LEVEL	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	1	0	1
Semi-skilled	0	1	1	0
Unskilled	0	0	0	0
TOTAL	0	2	1	1

1.2.2 EXPLANATION OF VARIANCES AND ATTEMPTS MADE TO ADDRESS THE VARIANCES

PSiRA is classified as the designated employer (in terms of section 41 (1) of the Employment Equity Act No. 55 of 1998 (EEA). In compliance with the EEA, PSiRA has undertaken the following compliance stance:

- Appointment of the Employment Equity Committee (which is representative of all the genders, races and employees with disabilities across all its occupational categories) which meets on a quarterly basis.
- Appointment of a section 24 Employment Equity Manager in accordance with the requirement of the EEA.
- PSiRA's has an approved five-year Employment Equity (EE) Plan dated from 02 October 2017 to 30 September 2022 (the EE Plan has national and provincial equity representation). This plan is monitored by HCM and the Committee, and it is reviewed periodically (i.e. monthly, quarterly and annually) which is in line with the latest results of the Economically Active Population (EAP) which is released by the Department of Employment and Labour and through the achievement of the set targets in the plan.

The above information depicts that male employees are highly represented in both the Executive and the Senior Managers' level as against the set equity targets and per EAP statistics. The plan to address the imbalance has been developed and highly targeted the following priorities:

- Appointment of female employees on the Executive and Senior Management level.
- The appointment of persons with the disabilities in one of the three top occupational levels and in any of the junior suitable levels. If the direct recruitment does not yield the desired outcomes, the liaison with the disability agencies will have to be sort.
- The lack of the representation of the Coloured male employee in all the levels is concerning and the Human Capital Management Unit is constantly on a look out for these applicants. They are prioritised to fill the advertised posts and when Coloured applicants apply, the Divisional Heads are advised accordingly to give them preference as the designated applicants.



1.3 PERSONNEL EXPENDITURE

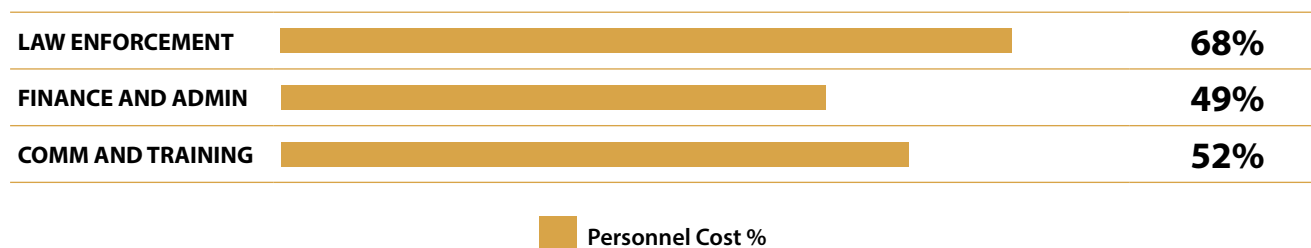
Personnel Expenditure constitutes 58% of the Authority's budget which provides for remuneration and other additional benefits which are paid to employees. The Authority views these expenses as fundamental factors to attract, motivate and retain high performers. PSiRA uses the Paterson Grading System to determine the post levels in its structure to effect compensation in line with the Paterson Grading System and PSiRA's policies at different occupational levels within the structure.

PERSONNEL COST AGAINST THE TOTAL EXPENDITURE PER PROGRAMME

PROGRAMME	TOTAL EXPENDITURE PER PROGRAMME	PERSONNEL EXPENDITURE PER PROGRAMME	PERSONNEL EXP. AS A % OF TOTAL EXP	TOTAL NUMBER OF STAFF	AVERAGE PERSONNEL COST PER PERSON
Law Enforcement	132 137 419	89 219 918	68%	192	464 687
Finance and Administration	121 377 023	59 552 467	49%	116	513 383
Training and Communications	46 402 092	24 186 076	52%	48	503 877
TOTAL	299 916 534	172 958 461	58%	356	493 982

GRAPH 1.5: PERSONNEL COST PER PROGRAMME AGAINST THE TOTAL EXPENDITURE

PERSONNEL COSTS PER PROGRAMME



PERSONNEL COST SALARY BAND 2019/20




OCCUPATIONAL LEVEL	PERSONNEL EXPENDITURE	PERCENTAGE OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Top Management	10 789 564	6%	5	2 157 913
Senior Management	7 090 789	4%	6	1 181 798
Professional Qualified	18 667 556	11%	22	848 525
Skilled	65 778 543	38%	107	614 753
Semi-skilled	61 445 678	36%	165	372 398
Unskilled	1 998 567	1%	14	142 755
Interns and Contracts (Including Council Committees)	7 214 764	4%	70	103 068
TOTAL	172 985 461	100%	389	774 459

1.4 EMPLOYMENT AND VACANCIES

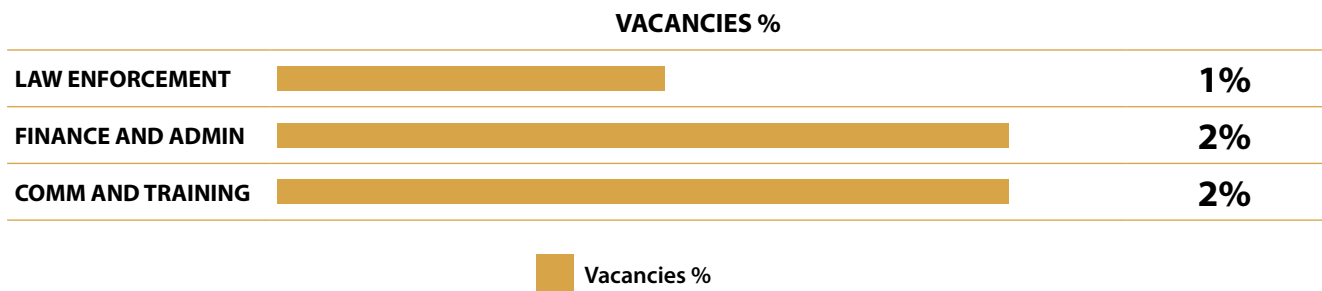
PSiRA appointed an additional 38 employees on different occupational levels in the 2019/2020 financial year to increase its human capital to ensure effective achievement of its strategic mandate. Some of these positions were filled through the promotion of internal staff members in terms of the succession and retention strategy.

The table below represents the number of the posts as per establishment, posts which are vacated and filled:

EMPLOYMENT AND VACANCIES PER PROGRAMME (FULL-TIME EMPLOYEES)

PROGRAMME	2018/2019 NO. OF EMPLOYEES	2019/2020 APPROVED POSTS	2019/2020 NO. OF EMPLOYEES	2019/2020 VACANCIES	PERCENTAGE OF VACANCIES
 Law Enforcement	168	179	176	3	1.68%
 Finance and Admin	98	99	97	2	2.02%
 Training and Communications	39	47	46	1	2.13%
TOTALS	305	325	319	6	1.85%

GRAPH 1.6: VACANCY RATE PER PROGRAMME



EMPLOYMENT AND VACANCIES PER OCCUPATIONAL LEVELS

OCCUPATIONAL LEVELS	2018/2019 NO. OF EMPLOYEES	2019/2020 APPROVED POSTS	2019/2020 NO. OF EMPLOYEES	2019/2020 NO. OF VACANCIES
Top Management	6	6	5	1
Senior Management	6	7	6	1
Professional Qualified	25	25	22	3
Skilled	95	108	107	1
Semi-skilled	158	165	165	0
Unskilled	15	14	14	0
TOTALS	305	325	319	6



1.5 ANNUAL EMPLOYMENT TURNOVER

During the financial year under review, only 18 employment contracts of permanently employed employees from different programmes terminated, which translates to **1.85%** turnover level. The effective implementation of the Retention and Succession Policy has been an instrumental factor in the attainment of the low turnover level. The exit interviews which were conducted do not reflect anything undesirable on the employer's part. Most of the employees have left the organisation for promotional positions elsewhere.





ANNUAL TURNOVER PER OCCUPATIONAL LEVELS (ONLY PERMANENTLY EMPLOYED STAFF)

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	6	0	1	5
Senior Management	5	2	1	6
Professional Qualified	25	1	4	22
Skilled	95	13	1	107
Semi-skilled	159	15	9	165
Unskilled	15	0	1	14
TOTAL	305	32	18	319

REASONS FOR TERMINATION (PERMANENT AND CONTRACT)

TERMINATION TYPE	NUMBER	%
Retirement	1	1%
Death	0	0%
Resignation	16	90%
Dismissal – Misconduct	1	2%
Contract expired	26	7%
TOTAL	44	100%

GRAPH 1.8: REASONS FOR TERMINATION (PERMANENT AND CONTRACT)

CONTRACT EXPIRED		26
RESIGNATION		16
DISMISSAL-MISCONDUCT		1
RETIREMENT		1
DEATH		0

1.6 VACANCIES PER PROGRAMME

PROGRAMME	UNIT/REGION	NO. OF VACANCIES
Law Enforcement	Head Office	1
	Mthatha	-
	Port Elizabeth	-
	Nelspruit	-
	KwaZulu-Natal	1
	Western Cape	1
	Limpopo (Polokwane)	-
	Legal Services (HO)	-
	Johannesburg	-
	Bloemfontein	-
TOTAL LAW ENFORCEMENT		3
Finance and Admin	Finance and Accounting (HO)	1
	Accounts Receivable (HO)	1
	Business Information System (HO)	-
	SCM (HO)	-
	Office Service and Facilities	-
	Asset Management	-
	Office of the CEO	-
	Human Capital	-
	Office of the Chairperson	-
TOTAL FINANCE AND ADMIN		2
Training & Communications and Research	Training, Communications and Events & Research	1
GRAND TOTAL		6



2. SKILLS DEVELOPMENT AND TRAINING

PSiRA views learning and development as a strategic tool to ensure that PSiRA's strategic goals are efficiently achieved by ensuring that its human capital is capacitated with the latest skills to be efficient in service delivery. It is for this reason that PSiRA affirms itself as a learning organisation which embraces the culture of learning and development of its human capital. PSiRA has collaborated with institutions of higher learning such as the University of Witwatersrand (WITS); University of South Africa (UNISA) and Safety and Security Sectoral Education and Authority (SASSETA) which has, eventually, laid a good foundation to a progressive and substantial learning environment.

Management of Learning and Development initiatives at PSiRA is in line with the provision of the Skills Development Act No. 98 of 1998 and the National Skills Development Strategy and Strategic Framework. In accordance with the provisions of the aforesaid prescripts, PSiRA submits its Annual Workplace Plan to SASSETA annually, without fail. During year under review, SASSETA awarded bursaries to 25 PSiRA employees to address the critical skills gaps which were identified. To this end, the employees who were identified for the Executive Development Programme and

Practical Project Management Programme, enrolled with UNISA and successfully passed the qualifications.

To validate its intention of cultivating the culture of learning, during the year under review, PSiRA placed 205 employees from different occupational levels in various skills programmes, not only limited to leadership and management courses but also included business soft skills programmes; technical skills (SCM, Human Capital and Finance); Private Security Service Law; office administration; computer literacy training and firearm competency training. The return on investment (ROI) is evident with the achievement of the overall Annual Performance Plan for 2019/2020 by 82%.

In addition, 33 employees were awarded 100% bursaries which provided opportunities to employees who wished to pursue different formal qualifications at different levels, varying from Diplomas, Degrees, Postgraduate Studies, Master's Degrees and Doctorate Degrees. The table below depicts the training interventions that were implemented during the current financial year.

TRAINING AND DEVELOPMENT PER PROGRAMME

DIRECTORATE/ BUSINESS UNIT:	TOTAL NO. OF PERSONNEL:	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A PERCENTAGE OF PERSONNEL COST:	NO. OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE
Law enforcement	233	R89 219 918	R787 307	1%	87	R9 050
Finance and Admin	129	R59 552 467	R597 607	1%	82	R7 288
Training and Communications	61	R24 186 076	R260 633	1%	36	R7 240
TOTAL	391	R172 958 461	R1 645 547	1%	205	R8 027

2.1 INTERNSHIP PROGRAMME

During the year under review, 34 graduates were employed as interns at various divisional programmes. The programme is aimed to address youth unemployment through provision of practical workplace experience. The graduates received

mentorship and coaching from experienced professionals within PSiRA. The effectiveness of this programme has seen other interns being absorbed in the organisation.

3. LABOUR RELATIONS MANAGEMENT

3.1 MANAGEMENT OF LABOUR RELATIONS

PSiRA values its human capital as an important and valuable asset. As a result, management always endeavors to establish a harmonious and productive working environment which is conducive for the organisation to achieve its strategic mandate. In return, Management strives to provide and maintain favourable working conditions and constructive and cordial employer-employee relationships. To reinforce the cordial employer-employee relationship, Management had an approved grievance procedure in place for employees who experience any dissatisfaction on matters of mutual interests among themselves and management which they may resort to harmoniously address any matter.

In the year under review, Management adopted a proactive approach by focusing on staff awareness training on matters of labour relations. This approach was informed in part by the Employee Satisfaction Survey that was conducted in the previous year, which revealed that a large percentage of employees were not adequately conversant with PSiRA's Code of Conduct and applicable rules. This is an approach that will be given further priority so that more staff members are proactively made aware of PSiRA's Code of Conduct and expected behavior from staff members.

3.2 DISCIPLINARY MATTERS FINALISED DURING 2019/2020:

PSiRA's Management has reviewed and approved the Disciplinary Policy in place to undertake the corrective and progressive disciplinary to eradicate deviant behavior in the workplace against employees who disregard policies and procedures. Management administers discipline not as a punitive measure but as corrective action to identify misalignment between employees' workplace actions and the organisation's values and mission.

Corrective measures and progressive disciplinary actions are taken against PSiRA employees who do not adhere to its code of conduct; its core values and the required performance standards. The table below depicts the disciplinary actions taken, during the year under review.

DISCIPLINARY MATTERS FINALISED





3.3 UNION REPRESENTATIONS

PSiRA's Management endorses its employees' right to freedom of association as contained in the Labour Relations Act (as amended) and the Constitution of the Republic of South Africa. South African Transport and Allied Workers Union (SATAWU) has the majority membership and is a recognised trade union. Management has the collective agreement with SATAWU to mutually consult with each other on conditions of service such as salary negotiation and aspects of mutual interest which relates to the development

and implementation of policies. In the year under review, PSiRA Management and SATAWU began negotiations in respect of salary increases and conditions of service, in terms of which SATAWU sought a 15% salary increase across the board and a housing allowance increase of R900. However, the negotiations were stalled as a result of the coronavirus crisis. Management endeavours to commence these negotiations as soon as practically possible.

4. EMPLOYEE WELLNESS PROGRAMME

To maintain the wellbeing of business employees, PSiRA made available the Employee Wellness Programme through the Centre for Occupational Health and Wellness Services. The services are available for free and is aimed to assist its PSiRA employees and their immediate family members on various counselling services, not limited to the following:



- Family and relationship problems
- Parenting and step-parenting
- Major transitions and decisions
- Work-related issues
- Grief and loss
- Substance abuse
- Positive living
- Stress, anxiety or depression
- Trauma
- Legal information and referral
- Communication and unresolved conflicts
- Financial advice
- Healthy lifestyle maintenance
- Chronic Disease Management
- Provide care and support on HIV/Aids and other life-threatening disease
- Identify individual and organisational health risks
- Establish the wellness culture

The table below depicts the number of telephone and face-to-face counselling sessions presented by PSiRA employees and their families, during the financial period 2019/2020:

TYPE OF INDIVIDUALS	COUNSELLING TYPE		TOTAL
	TELEPHONE COUNSELLING	FACE-TO-FACE COUNSELLING	
PSiRA employees	22	45	67
Immediate family members	5	22	27
TOTAL	27	67	94

5. LEAVE UTILISATION

PSiRA believes that leave utilisation allows employees to take paid time off from work for the purpose of having regular breaks so that they can rest and re-energise. Employees who take leave from work can be more motivated about their work and perform more effectively than those who do not. They are less prone to accidents and are less likely to suffer from stress because they have regular opportunities to rest, which means they might take less time off due to sickness. PSiRA's Leave Policy is in line with the relevant labour related legislations and provides leave days to allow employees to rest. The Human Capital Management Unit manages the leave through the Employee Self Service (ESS).

The table below shows the summary utilisation of leave within PSiRA.

LEAVE UTILISATION

PROGRAMMES	NUMBER OF EMPLOYEES	ANNUAL	SICK	FAMILY	TOTALS	AVE. PER EMPLOYEE
Law Enforcement	176	2451	701	78	3 230	18
Finance and Admin	97	1 378	391	59	1 828	19
Training and Communications	46	698	102	22	822	18
TOTAL	319	4 527	1 194	159	5 880	18



Financial Information

PART
E



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Private Security Industry Regulatory Authority set out on pages 121 to 165, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Private Security Industry Regulatory Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the Code of Ethics for Professional Accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 22 to the financial statements, which indicates that the entity has an accumulated deficit of R1 193 168 and current liabilities exceeding current assets by R13 818 887. As stated in note 22, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

EMPHASIS OF MATTERS

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

MATERIAL IMPAIRMENT

9. As disclosed in note 5 to the financial statements, provision for impairment to the amount of R40 759 816 (2019: R38 770 242) was raised on trade debtors.

AN UNCERTAINTY RELATING TO THE FUTURE OUTCOME OF EXCEPTIONAL LITIGATION

10. With reference to note 20 to the financial statements, the entity is a defendant in a number of legal actions and these cases are yet to be brought before the court. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

11. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of General Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.





12. In preparing the financial statements, the Accounting Authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

15. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in

respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 2 – Law Enforcement	27 – 28

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the programme: Law Enforcement.

OTHER MATTER

20. I draw attention to the matter below.

Achievement of planned targets

21. Refer to the annual performance report for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

22. In accordance with the PAA and the General Notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

24. The Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

26. In connection with my audit, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. I did not receive the other information prior to the date of the auditor's report. After I received and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. I may have to retract this audit report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
 - obtain an understanding of internal control relevant to the audit 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 public entity's internal control;
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the [board of directors, which constitutes the Accounting Authority;
 - conclude on the appropriateness of the Accounting Authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude,

based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Private Security Industry Regulatory Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicated all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, actions taken to eliminate threats or safeguards applied.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

INDEX

THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE THE ANNUAL FINANCIAL STATEMENTS PRESENTED TO THE PARLIAMENT:

	Page
Accounting Authority's Responsibilities and Approval	119
Accounting Authority's Report	120
Statement of Financial Position	121
Statement of Financial Performance for the year ended 31 March 2020.....	122
Statement of Changes in Net Assets.....	123
Cash Flow Statement	124
Statement of Comparison of Budget and Actual Amounts	125
Accounting Policies.....	128
Notes to the Annual Financial Statements.....	147





PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

The Accounting Authority submits it's report for the year ended 31 March 2020

The Accounting Authority is required by the Private Security Industry Regulation Act (Act no. 56 of 2001), 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 the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of PSiRA as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that they are ultimately responsible for the system of internal financial controls established by PSiRA and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal controls aimed at reducing the risk of error or deficit 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 PSiRA and all employees are required to maintain the highest ethical standards in ensuring PSiRA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management

in PSiRA is on identifying, assessing, managing and monitoring all known forms of risk across PSiRA. While operating risk cannot be fully eliminated, PSiRA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is 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 deficit.

The Accounting Authority has reviewed PSiRA's cash flow forecast for the year to March 31, 2020 and in the light of this review and the current financial position, they are satisfied that PSiRA has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out in pages 121 to 165, which have been prepared on a going concern basis, were approved by the Accounting Authority on 31 July 2020 and were signed on its behalf by:

Accounting Authority

30 October 2020

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Accounting Authority's Report

1. NATURE OF BUSINESS

The Private Security Industry Regulatory Authority (PSiRA) is a Schedule 3A public entity established in terms of the Private Security Industry Regulation Act (Act No. 56 of 2001) to regulate the private security industry and to exercise effective control over the practice of the occupation of security service provider in the public and national interest and in the interest of the private security industry itself. PSiRA is under the Executive Authority of Department of Police.

2. GOING CONCERN

At the time of preparation of the annual financial statements for the period under review, the Council members believed that PSiRA will be a going concern in the foreseeable future. For this reason they continue to adopt a going concern basis in the preparation of these annual financial statements. For further details on going concern refer to note 22.

3. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board.

4. CORPORATE GOVERNANCE COUNCIL

The members of the Council during the financial year and to the date of this report are as follows:

Mr. N.H. Ngubane (Acting Chairperson) appointed 1 January 2017 contract expired 31 January 2020

Maj.Genl. Cynthia Philison (Council Member) appointed 06 September 2013 contract expired 31 January 2020

Mr. Z. Zulu (Council Member) appointed 1 January 2017 contract expired 31 January 2020

Mr. M.T. Oliphant (Council Member) appointed 1 January 2017 contract expired 31 January 2020

The Council is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Council supports standards of corporate governance and the on-going development of best practice.

CHAIRPERSON AND DIRECTOR

The roles of Chairperson and Director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

AUDIT AND RISK COMMITTEE

The activities of the Audit and Risk Committee are governed by the Audit and Risk Committee Charter. Appointed by the Council, the committee met three times in the current financial year. The Audit and Risk Committee is chaired by an independent person who is neither an executive nor a Council member of PSiRA. Committee meetings are attended by members of the Auditor-General's office and the internal auditors as invitees.

The members of the Committee during the financial year and to date of this report were as follows:

Mr P. Ravhudzulo (Chairperson) CA(SA), RA
 appointed 22 March 2017 (current)

Mr. C. Motau - appointed 18 June 2014 (current)

Mr. Z.L. Fihlani CA(SA) - appointed 05 June 2017(current)

Mr. M.G.M. Zikalala - appointed 05 June 2017 (current)

Ms. M. Ramutshelile- appointed 17 September 2019 (current)

INTERNAL AUDIT

The internal audit function is outsourced. It functions in terms of the Internal Audit Charter and under the oversight of the Audit and Risk Committee. The Unit measures and evaluates the effectiveness and application of policies, procedures, systems and processes designed to fulfil the requirements of the risk management, and general compliance with legislation, governance principles, regulation and the safeguarding of assets. In the year under review, the internal audit plan focused on core business, supply chain management, human resources, financial management and performance management.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Inventories	4	1,463,851	449,151
Trade receivables	5	28,502,691	22,501,240
Prepayments		741,671	1,078,162
Other receivables		3,251,199	2,097,847
Cash and cash equivalents	6	51,065,408	15,374,454
		85,024,820	41,500,854
Non-Current Assets			
Property, plant and equipment	2	24,733,140	26,566,651
Intangible assets	3	1,052,870	1,704,552
		25,786,010	28,271,203
Total Assets		110,810,830	69,772,057
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	55,152,872	53,125,995
Performance bonus provision	9	2,685,362	3,027,689
Operating lease liability	7	3,188,568	1,182,636
Principal liability	28	37,816,906	-
		98,843,708	57,336,320
Non-Current Liabilities			
Operating lease liability	7	2,641,331	5,272,969
Total Liabilities		101,485,039	62,609,289
Net Assets			
Revaluation reserve		10,518,966	10,518,966
Accumulated deficit		(1,193,168)	(3,356,198)
Total Net Assets		9,325,798	7,162,768

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Performance for the year ended 31 March 2020

Figures in Rand	Note(s)	2020	2019
Revenue			
Revenue from exchange transactions			
Sale of goods	10	23,861,966	25,569,943
Rendering of services	10	2,293,845	1,721,503
Interest on trade debtors	10	5,041,434	3,231,109
Annual fees	10	153,013,038	138,859,562
Infrastructure re-assessment	10	247,900	168,202
Course reports	10	55,697,510	43,705,200
Registration fees	10	43,522,566	34,877,373
Bad debts recovered	10	3,498,891	710,297
Agency fee income	28	673,750	-
Total revenue from exchange transactions		287,850,900	248,843,189
Revenue from non-exchange transactions			
Grant received		271,672	-
Interest received		2,225,713	2,215,795
Sundry income	11	3,320,787	2,693,393
Fines and penalties	10	22,475,100	32,415,698
Total revenue from non-exchange transactions		28,293,272	37,324,886
Total revenue		316,144,172	286,168,075
Expenditure			
Employee related costs	15	(174,693,952)	(156,876,249)
Other operating expenses	13	(115,162,753)	(95,627,043)
Lease rentals on operating lease		(1,159,641)	(789,149)
Repairs and maintenance	27	(1,641,756)	(1,252,478)
Impairment on trade debtors	5	(15,780,919)	(24,132,218)
Finance costs	12	(1,349)	(1,813)
Depreciation and amortisation	2&3	(5,469,325)	(3,943,659)
Total expenditure		(313,909,695)	(282,622,609)
Operating surplus		2,234,477	3,545,466
Loss on disposal of assets		(71,448)	(258,901)
Surplus for the year		2,163,029	3,286,565



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated deficit	Total net assets
Balance at 01 April 2018	10,518,966	(6,642,764)	3,876,202
Changes in net assets	-	3,286,566	3,286,566
Surplus for the year			
Balance at 01 April 2019	10,518,966	(3,356,197)	7,162,769
Changes in net assets	-	2,163,029	2,163,029
Surplus for the year			
Balance at 31 March 2020	10,518,966	(1,193,168)	9,325,798

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Cash received from regulatory services		292,292,256	248,413,023
Interest income		3,837,567	2,209,286
Cash receipts for the UIF project		128,007,431	-
		424,137,254	250,622,309
Payments			
Employee costs		(174,591,422)	(153,785,990)
Suppliers		(120,607,424)	(78,683,986)
Finance costs		(1,349)	(1,813)
UIF project Costs		(90,190,525)	-
		(385,390,720)	(232,471,789)
Net cash flows from operating activities	16	38,746,534	18,150,520
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3,055,593)	(7,830,196)
Proceeds from sale of property, plant and equipment	2	19,737	-
Purchase of other intangible assets	3	(19,724)	(1,665,094)
Net cash flows from investing activities		(3,055,580)	(9,495,290)
Net increase in cash and cash equivalents		35,690,954	8,655,230
Cash and cash equivalents at the beginning of the year		15,374,454	6,719,224
Cash and cash equivalents at the end of the year	6	51,065,408	15,374,454


PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	25,880,000	-	25,880,000	23,861,966	(2,018,034)	-8%
Rendering of services	2,233,929	-	2,233,929	2,293,845	59,916	+3%
Interest received (trading)	-	-	-	5,041,434	5,041,434	+100%
Annual fees	133,471,266	-	133,471,266	153,013,038	19,541,772	+15%
Infrastructure re-assessment	1,576,265	-	1,576,265	247,900	(1,328,365)	-84%
Registration fees	35,922,750	-	35,922,750	43,522,566	7,599,816	+21%
Course reports	59,056,516	-	59,056,516	55,697,510	(3,359,006)	-6%
Other training revenue	10,224,000	-	10,224,000	-	(10,224,000)	-100%
Agency fee income	-	-	-	673,750	673,750	
Bad debts recovered	-	-	-	3,498,891	3,498,891	+100%
Total revenue from exchange	268,364,726	-	268,364,726	287,850,900	19,486,174	
Revenue from non-exchange transactions						
Transfer revenue						
Bad debts recovered	-	-	-	-	-	-
Sundry Income	722,319	-	722,319	3,320,787	2,598,468	+360%
Grant Received	-	-	-	271,672	271,672	100%
Fines and Penalties	19,500,000	-	19,500,000	22,475,100	2,975,100	+15%
Interest received- Investment	2,890,000	-	2,890,000	2,225,713	(664,287)	-23%
Total revenue from non-	23,112,319	-	23,112,319	28,293,272	5,180,953	
Total revenue	291,477,045	-	291,477,045	316,144,172	24,667,127	
Expenditure						
Employee related cost	(163,594,846)	-	(163,594,846)	(174,693,952)	(11,099,106)	-7%
Depreciation and amortisation	(8,298,062)	-	(8,298,062)	(5,469,325)	2,828,737	+34%
Finance costs	-	-	-	(1,349)	(1,349)	-100%
Lease rentals on operating lease	-	-	-	(1,159,641)	(1,159,641)	-100%
Debt Impairment	-	-	-	(15,780,919)	(15,780,919)	-100%
Repairs and maintenance	(1,365,000)	-	(1,365,000)	(1,641,756)	(276,756)	-20%
General Expenses	(118,219,137)	-	(118,219,137)	(115,162,753)	3,056,384	+3%
Total expenditure	(291,477,045)	-	(291,477,045)	(313,909,695)	(22,432,650)	
Operating surplus	-	-	-	2,234,477	2,234,477	
Loss on disposal of assets	-	-	-	(71,448)	(71,448)	-100%
Surplus for the year	-	-	-	2,163,029	2,163,029	
Actual Amount on Comparable Budget and Actual Comparative Statement	-	-	-	2,163,029	2,163,029	

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

Annual Financial Statements for the year ended 31 March 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	600,000	-	600,000	1,463,851	863,851	+144%
Trade receivables	17,863,000	-	17,863,000	28,502,691	10,639,691	+60%
Prepayments	-	-	-	741,673	741,673	+100%
Other receivables	978,000	-	978,000	3,251,199	2,273,199	+228%
Cash and cash equivalents	7,205,000	-	7,205,000	51,065,408	43,860,408	+609%
	26,646,000	-	26,646,000	85,024,822	58,378,822	
Non-Current Assets						
Property, plant and equipment	21,457,000	-	21,457,000	24,733,140	3,276,140	+14%
Intangible assets	9,079,000	-	9,079,000	1,052,870	(8,026,130)	-88%
	30,536,000	-	30,536,000	25,786,010	(4,749,990)	
Total Assets	57,182,000	-	57,182,000	110,810,832	53,628,832	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	-	3,188,567	3,188,567	+100%
Payables from exchange transactions	48,488,000	-	48,488,000	55,152,872	6,664,872	+14%
Performance bonus provision	4,613,000	-	4,613,000	2,685,361	(1,927,639)	-42%
Principal liability	-	-	-	37,816,906	37,816,906	+100%
	53,101,000	-	53,101,000	98,843,706	45,742,706	
Non-Current Liabilities						
Operating lease liability	3,062,000	-	3,062,000	2,641,329	(420,671)	-14%
Employee benefit obligation	500,000	-	500,000	-	(500,000)	+100%
	3,562,000	-	3,562,000	2,641,329	(920,671)	
Total Liabilities	56,663,000	-	56,663,000	101,485,035	44,822,035	
Net Assets	519,000	-	519,000	9,325,797	8,806,797	
Reserves						
Revaluation reserve	519,000	-	519,000	10,518,965	9,999,965	+192%
Accumulated deficit	-	-	-	(1,193,168)	(1,193,168)	+100%
Total Net Assets	519,000	-	519,000	9,325,797	8,806,797	


PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash received from regulatory services	287,611,000	-	287,611,000	292,292,256	4,681,256	-2%
Interest income	2,890,000	-	2,890,000	3,837,567	947,567	+33%
Cash receipts from the UIF project	-	-	-	128,007,431	128,007,431	+100%
	290,501,000	-	290,501,000	424,137,254	133,636,254	
Payments						
Employee costs	(161,983,000)	-	(161,983,000)	(174,591,422)	(12,608,422)	-8%
Suppliers	(116,244,000)	-	(116,244,000)	(120,607,424)	(4,363,424)	-4%
Finance costs	-	-	-	(1,349)	(1,349)	-100%
UIF surplus funds	-	-	-	(90,190,525)	(90,190,525)	+100%
	(278,227,000)	-	(278,227,000)	(385,390,720)	(107,163,720)	
Net cash flows from operating activities	12,274,000	-	12,274,000	38,746,534	26,472,534	
Cash flows from investing activities						
Purchase of property, plant and equipment	(3,586,000)	-	(3,586,000)	(3,055,593)	530,407	+15%
Proceeds from sale of property, plant and equipment	-	-	-	19,737	19,737	+100%
Purchase of other intangible assets	(9,079,000)	-	(9,079,000)	(19,724)	9,059,276	+99%
	(12,665,000)	-	(12,665,000)	(3,055,580)	9,609,420	
Net cash flows from investing activities	(12,665,000)	-	(12,665,000)	(3,055,580)	9,609,420	
Net increase/(decrease) in cash and cash equivalents	(391,000)	-	(391,000)	35,690,954	36,081,954	+947%
Cash and cash equivalents at the beginning of the year	7,596,000	-	7,596,000	15,374,454	7,778,454	+102%
Cash and cash equivalents at the end of the year	7,205,000	-	7,205,000	51,065,408	43,860,408	

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of PSiRA have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in South Africa. The financial statements comply with the Standards of GRAP, interpretations and directives issued.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of PSiRA.

1.2 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that PSiRA will continue to operate as a going concern for at least the next 12 months.

1.3 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.

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgments, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods. Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively. In the process of applying these accounting policies, management has made the following judgements, that may have a significant effect on the amounts recognised in the financial statements.

Significant judgements include:



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

PSiRA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change overtime.

PROVISIONS

Provisions are recognised when PSiRA has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. All the provisions of PSiRA are short-term in nature and thus ignore the effects of discounting. Additional disclosure of these estimates of provisions are included in Note 9 - Provisions.

PROVISIONS FOR PERFORMANCE BONUSES

The calculation for the performance bonus provision is based on a pro-rata estimated percentage of total salaries paid to employees.

PROVISION FOR IMPAIRMENT OF DEBTORS

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, estimates are made about the probability of recovery of the debtors, based on their past payment history. The provision of impairment is disclosed in Note 5.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity or a present obligation that is not recognised because the outflow of economic benefits or service potential is not probable and/or real present obligation that may not be recognised, either because the timing or the measurement is not known.

DEPRECIATION AND AMORTISATION

At the end of each financial year, management assesses whether there is any indication that the PSiRA's expectations about the residual value and the useful life of assets included in the property, plant and equipment have changed since the preceding reporting date. If any such indication exists, the change has been accounted for as a change in accounting estimate in accordance with Standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.4 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION AND MEASUREMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

- it is probable that future economic benefits or service potential 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.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it is deemed cost is the carrying amount of the asset(s) given up.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations of land and buildings are done every 3 years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of land and buildings are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.4 PROPERTY, PLANT AND EQUIPMENT INITIAL RECOGNITION AND MEASUREMENT (CONTINUED)

Any increase in an asset's carrying amount of land and buildings, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in a carrying amount of land and buildings, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	N/A	Unlimited
Leasehold property	Straight line	5-10 years
Furniture and fixtures	Straight line	10-15 years
Motor vehicles	Straight line	5-10 years
Office equipment	Straight line	5-15 years
Computer equipment	Straight line	3-10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

IMPAIRMENT

PSiRA assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset has changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit 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.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.5 INTANGIBLE ASSETS

INITIAL RECOGNITION AND MEASUREMENT

An asset is identifiable if it is either:

- separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to PSiRA; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially measured at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

SUBSEQUENT MEASUREMENT

PSiRA assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

AMORTISATION AND IMPAIRMENT

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 or service potential. 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 each reporting date.

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.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

1.5 INTANGIBLE ASSETS (CONTINUED)

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

Item	Depreciation method	Average useful life
Computer software.	Straight line	3-20 years

DERECOGNITION

Intangible assets are derecognised when the intangible asset is disposed of or when there are no future economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an intangible asset is included in the surplus or deficit. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

CLASSIFICATION

PSiRA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Cash & cash equivalents	Financial asset measured at fair value
Trade & other receivables	Financial asset measured at amortised cost

PSiRA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes there to:

CLASS	CATEGORY
Trade & other payables	Financial liability measured at fair value

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

PSiRA measures a financial asset and financial liability initially at its fair value plus in case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

PSiRA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

PSiRA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS MEASURED AT AMORTISED COST:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

FINANCIAL ASSETS MEASURED AT COST:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

FINANCIAL ASSETS

PSiRA derecognises financial assets using trade date accounting.

PSiRA derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- PSiRA transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- PSiRA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, PSiRA:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If PSiRA transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

1.6 FINANCIAL INSTRUMENTS (CONTINUED)

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because PSiRA has retained substantially all the risks and rewards of ownership of the transferred asset, PSiRA continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, PSiRA recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

FINANCIAL LIABILITIES

PSiRA derecognises a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.7 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

OPERATING LEASES - LESSOR

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.7 LEASES (CONTINUED)

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 INVENTORIES

Stationery inventory is measured at the lower of cost and current replacement cost where they are held for distribution through non-exchange transactions.

ID cards and certificates inventory is measured at the lower of cost and net realisable value.

Current replacement cost is the cost PSiRA incurs to acquire the asset on the reporting date.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.

1.9 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

1.10 EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which PSiRA pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

SHORT-TERM EMPLOYEE BENEFITS

When an employee has rendered service to PSiRA during a reporting period, PSiRA recognise the contribution payable to a defined contribution plan in exchange for that service:

- * as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, PSiRA recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- * as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees rendered the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.11 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- PSiRA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if PSiRA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.11 PROVISIONS AND CONTINGENCIES (CONTINUED)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If PSiRA has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets are a potential economic benefits dependent solely on future events that can't be controlled by the company. Due to the uncertainty of the future events, these assets are not recognised, however a potential economic benefit is estimated and disclosed in note 20.

Contingent liabilities are possible obligations that arose from past events and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability. An estimated outflow is estimated and disclosed in note 20.

1.12 COMMITMENTS

A commitment arises where an agreement has been entered into with an external party that will be a future obligation that will result in an outflow of resources.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which a disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.13 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which PSiRA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

1.13 REVENUE FROM EXCHANGE TRANSACTIONS (CONTINUED)

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods includes the sale of certificates and ID cards, recognition of prior learning and transcription fees received.

RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the rendering of services includes training accreditation fees, fees charged on withdrawal of businesses, fees charged on the issue of letters of good standing, company or member name changes and suspensions.

BAD DEBTS RECOVERED

Bad debts recovered are realised where debts that have previously been written off as irrecoverable and the debts are subsequently rehabilitated or repaid. The amounts rehabilitated or repaid are raised as bad debts recovered.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

FINES AND PENALTIES

Fines and penalties are economic benefits or service potential received or receivable by PSiRA, as determined by the PSIR Act, as a consequence of the individual or other entity breaching the requirements of laws and regulations. Such fines are recognised as revenue when the invoice is raised after the approval of the judgement.

INVESTMENT INCOME

Investment income is recognised on the time proportional basis using the effective interest method.

OTHER INCOME

Other income includes insurance proceeds, agency fees, sundry income and interest charged on debtors. Proceeds from insurance and sundry income are recognised on the receipt of funds. Interest on debtors is recognised when the debtor is charged on outstanding debt balance.

MEASUREMENT

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by PSiRA.

When, as a result of a non-exchange transaction, PSiRA recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.15 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 ACCOUNTING BY PRINCIPALS AND AGENTS

IDENTIFICATION

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

IDENTIFYING WHETHER AN ENTITY IS A PRINCIPAL OR AN AGENT

When the PSiRA is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether PSiRA is a principal or an agent requires PSiRA to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

1.16 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

ASSESSING WHICH ENTITY BENEFITS FROM THE TRANSACTIONS WITH THIRD PARTIES

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

RECOGNITION

PSiRA, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of GRAP 109.

PSiRA, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the GRAP 109.

Where PSiRA holds cash or monetary assets on behalf of its principal, the cash or monetary asset is recognised as an asset with a corresponding liability in respect of the obligation to transfer the amount to the principal.

1.17 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.19 IRREGULAR EXPENDITURE (CONTINUED)

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Practice Note No. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 BUDGET INFORMATION

The approved budget is prepared on a modified cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2019 to 31/03/2020.

The annual financial statements and the budget are on the same basis of accounting and therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.21 RELATED PARTIES

PSiRA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of PSiRA, including those charged with the governance of PSiRA in accordance with legislation, in instances where they are required to perform such functions.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.21 RELATED PARTIES (CONTINUED)

PSiRA reports to the South African Department of Police as the Executive Authority.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.22 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

PSiRA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

PSiRA will disclose the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.23 NEW STANDARDS AND INTERPRETATIONS

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the entity. Management has assessed the impact of these standards and interpretations on the operations of PSiRA. The adoption of the standards would not have material changes on the presentation of the financial statements or prior year balance, but will improve the presentation of the financial statements. The standards and interpretations, where applicable, will be adopted in the year they become effective.

Standards approved but not yet effective

TITLE	NAME	NATURE	DATE EFFECTIVE	DATE APPLIED
GRAP 20	Related Party Transaction	Disclosure	01 April 2019	On effective date
GRAP 32	Service Concession Arrangements: Grantor	Disclosure	01 April 2019	Not applicable to the organisation
GRAP 108	Statutory Receivables	Disclosure	01 April 2019	On effective date
GRAP 109	Accounting by principals and agents	Disclosure	01 April 2019	On effective date

Interpretations of the standards and guidelines approved and effective:

TITLE	NAME	NATURE	DATE EFFECTIVE	DATE APPLIED
IGRAP 18	Recognition and Derecognition of Land	Disclosure	01 April 2019	On effective date
IGRAP 19	Liabilities to Pay Levies	Disclosure	01 April 2019	On effective date
IGRAP 20	Accounting for Adjustments to Revenue	Disclosure	01 April 2019	On effective date

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

1.23 NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the entity. Management has assessed the impact of these standards and interpretations on the operations of PSiRA. The adoption of the standards would not have material changes on the presentation of the financial statements or prior year balance, but will improve the presentation of the financial statements. The standards and interpretations, where applicable, will be adopted in the year they become effective.

TITLE	NAME	NATURE	DATE EFFECTIVE	DATE APPLIED
GRAP 34	Separate Financial Statements	Disclosure	01 April 2020	Not applicable to the organisation
GRAP 35	Consolidated Financial Statements	Disclosure	01 April 2020	Not applicable to the organisation
GRAP 36	Investments in Associates and Joint Ventures	Disclosure	01 April 2020	Not applicable to the organisation
GRAP 37	Joint Arrangements	Disclosure	01 April 2020	Not applicable to the organisation
GRAP 38	Disclosure of Interest in Other Entities	Disclosure	01 April 2020	On effective date
GRAP 104	Financial Instruments	Disclosure	Not yet known	On effective date
GRAP 110	Living and Non-living Resources	Disclosure	01 April 2020	Not applicable to the organisation



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	9,000,000	-	9,000,000	9,000,000	-	9,000,000
Buildings	4,800,000	(960,000)	3,840,000	4,800,000	(480,000)	4,320,000
Furniture and fixtures	7,605,917	(4,073,864)	3,532,053	7,519,334	(3,592,560)	3,926,774
Motor vehicles	617,763	(282,881)	334,882	212,438	(159,328)	53,110
Office equipment	7,002,873	(4,924,874)	2,077,999	6,285,331	(4,112,106)	2,173,225
Computer equipment	13,988,607	(8,194,643)	5,793,964	13,021,216	(6,132,161)	6,889,055
Leasehold improvements	1,429,422	(1,275,180)	154,242	1,399,447	(1,194,960)	204,487
Total	44,444,582	(19,711,442)	24,733,140	42,237,766	(15,671,115)	26,566,651

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	9,000,000	-	-	-	9,000,000
Buildings	4,320,000	-	-	(480,000)	3,840,000
Furniture and fixtures	3,926,774	127,390	(20,254)	(501,857)	3,532,053
Motor vehicles	53,110	405,325	-	(123,553)	334,882
Office equipment	2,173,225	786,555	(20,175)	(861,606)	2,077,999
Computer equipment	6,889,055	1,706,348	(50,756)	(2,750,683)	5,793,964
Leasehold improvements	204,487	29,975	-	(80,220)	154,242
	26,566,651	3,055,593	(91,185)	(4,797,919)	24,733,140

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand**2020****2019****2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2019**

	Opening balance	Additions	Disposals	Depreciation	Total
Land	9,000,000	-	-	-	9,000,000
Buildings	4,800,000	-	-	(480,000)	4,320,000
Furniture and fixtures	3,114,867	1,463,340	(195,760)	(455,673)	3,926,774
Motor vehicles	95,597	-	-	(42,487)	53,110
Office equipment	2,359,073	703,529	(13,318)	(876,059)	2,173,225
Computer equipment	3,020,622	5,663,327	(49,823)	(1,745,071)	6,889,055
Leasehold improvements	281,709	-	-	(77,222)	204,487
	22,671,868	7,830,196	(258,901)	(3,676,512)	26,566,651

The asset classes of land and buildings are carried at revalued amounts. Land and buildings were revalued on 31 March 2018. The land and buildings were revalued by independent valuers. The fair values were determined by using the income capitalisation methods.

PSiRA had assets in use during the year that had a zero net book value at the beginning of the accounting period. Included in repairs and maintenance is the maintenance of property plant and equipment.

No assets were pledged as security during the year, nor were there any restrictions on any of the assets.

Included in repairs and maintenance is the repairs and maintenance of property, plant and equipment amounting to R607 358.

The amount of compensation from third parties for items of property, plant and equipment that were sold, impaired, lost or given up that is included in surplus or deficit is as follow:

Proceeds from insurance claims	33,296	66,218
--------------------------------	--------	--------



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

2020

2019

3. INTANGIBLE ASSETS

	2020			2019		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	6,705,082	(5,652,212)	1,052,870	6,685,358	(4,980,806)	1,704,552

RECONCILIATION OF INTANGIBLE ASSETS - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	1,704,552	19,724	(671,406)	1,052,870

RECONCILIATION OF INTANGIBLE ASSETS - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	306,604	1,665,094	(267,146)	1,704,552

OTHER INFORMATION

No intangible assets were pledged as security during the reporting period.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

4. INVENTORIES

Consumable stores	1,463,851	449,151
-------------------	-----------	---------

Included in consumable stores is stationery, ID Cards , Individual and Business certificates.

Revenue from the sale of certificates and business and business cards has been included under income from sale of goods. Expenses amounting to R1 168 792 have been incurred on purchases of certificates and ID cards during the current financial year.

No inventory was pledged as security

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	69,262,507	61,271,482
Provision for impairment of trade debtors	(40,759,816)	(38,770,242)
	28,502,691	22,501,240

Trade debtors

Trade debtors from exchange transactions	43,765,512	35,108,955
Trade debtors from non-exchange transactions	25,496,995	26,162,527
	69,262,507	61,271,482

Ageing of trade debtors

Current (0-30 days)	5,744,578	2,386,841
31-60 days	4,634,336	1,798,370
60-90 days	2,563,441	979,100
90 days - over	15,560,336	17,336,929
	28,502,691	22,501,240

Fair value of trade debtors

Trade debtors impaired

Reconciliation of provision for impairment of trade debtors

Balance at the beginning of the year	38,770,242	55,768,534
Current year provision	15,780,919	24,132,219
Amounts written off as uncollectable	(13,791,345)	(41,130,511)
	40,759,816	38,770,242

Trade debtors are assessed for impairment collectively and individually for significant debtors. Trade debtors have been impaired where no payment has been received from the debtor within the last 24 months, the debtor is withdrawn and where a significant debtor has made insignificant payment within the last 24 months.





PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1,118,584	2,227,124
Short-term deposits	2,737,112	10,767,055
Deposits and current accounts	9,392,806	2,380,275
UIF surplus funds	37,816,906	-
	51,065,408	15,374,454

7. OPERATING LEASE OBLIGATION

Non-current liabilities	2,641,331	5,272,060
Current liabilities	3,188,568	1,182,636
	5,829,899	6,454,696

LEASE PAYMENTS: NON-CANCELABLE LEASES - BUILDINGS

PSiRA has regional offices in Johannesburg, Durban, Port Elizabeth, Mthatha, Polokwane, Pretoria, Bloemfontein, Nelspruit, Cape Town and its head office in Centurion, where it leases premises for the purpose of providing services to the security industry.

Kwa-Zulu Natal: 26 Mathews Road, Greyville

5-year contract expiring 31 May 2022 - escalation of 7% per annum

Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion

5-year contract expiring 21 July 2021 - escalation 8.5% per annum

Port Elizabeth: Shop 221D, Pier Shopping Centre

5-year contract expiring 30 April 2021 - escalation of 7% per annum

Mthatha: 13 Cumberland Street, Hillcrest

5-year contract expiring 31 July 2021 - escalation of 8% per annum

Bloemfontein offices: 53 Maxeke Street, Bloemfontein

5-year contract expiring 30 May 2023-escalation 6% per annum

Polokwane: Unit A Constantia Park, 80 Hans Van Rensburg Street, Polokwane

5-year contract expiring 31 October 2022 - escalation of 6% per annum

Johannesburg: Shop G0001 & Office 0201, Romi-Lee Building, Corner Eloff and Marshall Streets, Marshalltown, Johannesburg

5-year contract expiring 31 May 2021 - escalation of 7% per annum

Pretoria Offices: 170 Thabo Sehume Street, Pretoria

5-year contract expiring 30 June 2023-Escalation of 6% per annum

Nelspruit: 7 Bell Street, Nelspruit

5-year contract expiring 30 April 2023- Escalation of 6% per annum

Cape Town: 3rd Floor, 23 Vrede Street, Louwville, Cape Town

5-year contract expiring 30 September 2023- Escalation of 6% per annum

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

7. OPERATING LEASE OBLIGATION (CONTINUED)

LEASE PAYMENTS: OPERATING COSTS BUILDINGS

Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion

5-year contract expiring 21 July 2021 - escalation 8.5% per annum

Johannesburg Shop G0001 & Office 0201, Romi-Lee Buildings, Corner Eloff and Marshal Streets, Marshalltown:

5-year contract expiring 31 May 2021 -escalation 7% per annum.

Bloemfontein offices: 53 Maxeke Street, Bloemfontein.

5-year contract expiring 30 May 2023-escalation 6% per annum.

Summary for all the operating lease obligations

Payable within a year	3,188,568	1,182,636
Payable between one and five years	2,641,331	5,272,969
	5,829,899	6,455,605
Total Operating Lease obligation		
Lease payments: Buildings	5,249,064	5,750,733
Lease payments: Operating costs of buildings	580,835	704,872
	5,829,899	6,455,605

8. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables and accruals	16,167,960	19,515,135
Credit balances on debtors	28,290,271	26,806,142
Accruals for salary related expenses	5,865,404	2,426,753
13th cheque	2,185,559	1,930,123
Unknown deposits	2,643,678	2,447,842
	55,152,872	53,125,995

Trade payables include cash receipts or deposits into PSiRA's bank account, with incorrect or unidentifiable references. In some instances these deposits relate to registration fees, course reports or fines and settlements that cannot be allocated yet. These cash receipts are disclosed as unknown deposits.

Overpayment on annual fees by debtors include credit notes processed against overbilling of annual fees from the inception of the revised Annual Fees Regulation which was implemented from 1 January 2012. The processing of credit notes resulted in credit debtors balances for Security Businesses that were paying the revised fees during the period.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

9. PERFORMANCE BONUS PROVISION

RECONCILIATION OF PERFORMANCE BONUS PROVISION - 2020

	Opening balance	Additions	Utilised during the year	Total
Performance bonus	3,027,689	3,756,165	(4,098,492)	2,685,362

RECONCILIATION OF PERFORMANCE BONUS PROVISION - 2019

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	2,982,023	3,417,411	(3,346,320)	(25,425)	3,027,689

Performance bonuses are paid to employees who meet their performance targets between August and September every year. The provision for performance bonus represents Management's best estimate of the entity's liability at year-end for current employees in service. The calculation is based on a pro-rata estimated percentage of total salaries paid to employees.

10. REVENUE

Grant received	271,672	-
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	23,861,966	25,569,943
Rendering of services	2,293,845	1,721,503
Interest received (trading)	5,041,434	3,231,109
Annual fees	153,013,038	138,859,562
Infrastructure re-assessment	247,900	168,202
Course reports	55,697,510	43,705,200
Registration fees	43,522,566	34,877,373
Agency fee income	673,750	-
Bad debts recovered	3,498,891	710,297
	287,850,900	248,843,189

The amount included in revenue arising from non-exchange transactions is as follows:

Interest received	2,225,713	2,215,795
Fines and penalties	22,475,100	32,415,698
	24,700,813	34,631,493

11. OTHER INCOME (NON-EXCHANGE REVENUE)

Sundry income	3,320,787	2,693,393
---------------	-----------	-----------

12. FINANCE COSTS

Other interest paid	1,349	1,813
---------------------	-------	-------

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Figures in Rand	2020	2019
13. GENERAL EXPENSES		
Advertising	1,036,466	1,435,400
Auditors remuneration	3,783,549	3,028,939
Bank charges	1,972,002	1,691,053
Cleaning	826,598	716,853
Consulting and professional fees	6,953,650	4,960,265
Council members fees	1,735,219	1,877,681
Audit and Risk Committee members fees	256,954	262,754
Consumables	456,226	180,570
Fingerprint cost	11,411,533	7,963,183
Functions & workshops	5,738,308	2,605,738
Insurance	538,812	636,266
Legal fees	8,737,579	3,755,636
Postage and courier	1,383,373	1,053,265
Printing and stationery	4,735,552	6,051,559
Donations & sponsorships	316,185	243,550
Property rental	29,404,077	27,769,240
Security	7,729,919	6,679,985
License fees	3,570,182	2,305,537
Subscriptions and membership fees	120,649	96,149
Sundry expenses	885,016	734,213
Telephone and fax	6,698,160	8,145,543
Training	1,434,429	1,279,453
Travel - local	7,777,366	6,408,295
Travel - overseas	464,487	-
Water, electricity and levies	7,160,273	5,745,916
Uniforms	36,189	-
	115,162,753	95,627,043

14. AUDITORS' REMUNERATION

Internal Audit Fees	756,009	574,786
External Audit Fees	3,027,540	2,454,152
	3,783,549	3,028,938



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
15. EMPLOYEE RELATED COSTS		
Basic salaries	128,207,111	114,558,686
Performance bonus - provision	3,756,164	3,391,986
Medical aid	9,421,749	8,087,849
Unemployment insurance fund	626,003	574,731
Skills development levy	1,504,109	1,322,130
Pension contribution	13,294,938	11,947,270
13th cheques	8,268,775	7,511,236
Travel and other allowances	9,136,428	8,762,254
Workmens compensation	478,675	710,107
Long-service awards	-	10,000
	174,693,952	156,876,249
Defined contribution plans		
Pension contributions		
Employee contributions	8,146,925	7,205,335
Employer contributions	13,294,940	11,947,270
	21,441,865	19,152,605
Contributions to the defined contribution fund is paid over to Alexander Forbes who manages the Pension Fund, a separate entity, on behalf of PSiRA.		
The employer contributions have been included in employee related costs as pension contributions		
16. CASH GENERATED FROM OPERATIONS		
Surplus	2,163,029	3,286,566
Adjustments for:		
Depreciation and amortisation	5,469,325	3,943,659
Loss on disposal of assets	71,448	258,901
Debt impairment	15,780,919	24,132,218
Movements in operating lease assets and accruals	(625,706)	1,381,728
Movements in provisions	(342,327)	45,667
Movement in principal liability	37,816,906	-
Changes in working capital:		
Inventories	(1,014,700)	503,376
Receivables from exchange transactions	(22,599,237)	(28,360,975)
Payables from exchange transactions	2,026,877	12,959,380
	38,746,534	18,150,520

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

17. EVENTS AFTER THE REPORTING DATE

On the 23rd March 2020, the president Hon. Cyril Ramaphosa announced a lockdown due to the Covid-19 pandemic. The lockdown affected a number of security service providers and also PSiRA's daily operations. PSiRA was not able to collect revenue as budgeted resulting in strained cashflows. The Authority has however implemented significant cost containment measures and improved revenue collection strategies to ensure that the cashflow is recovered from service providers.

18. IRREGULAR EXPENDITURE

Opening balance	-	-
Add: Irregular Expenditure - current year	1,176,742	-
Less: Amounts condoned	(1,176,742)	-
Total irregular expenditure	-	-

During the year, Irregular Expenditure amounting to R1 176 742 (2019:R0) was incurred due to a quotation process threshold value being exceeded. The irregular expenditure was condoned by the Council of the of PSiRA in a meeting held on 25 October 2019.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Opening Balance	8,611	203,479
Add: Fruitless and wasteful expenditure for the current year	92,595	20,958
Less: Amounts recovered from staff	(885)	(819)
Less: Amounts recovered from SARS	-	(191,570)
Less: Amounts written off	(241)	(21,989)
Less: Amounts transferred to debtors for recovery	(1,503)	(1,448)
Closing balance under investigation	98,577	8,611
Details of fruitless and wasteful expenditure for the current year		
Flight costs	-	9,310
Interest on creditor accounts	1,350	1,813
Damage to rented cars	-	8,655
Traffic fines	2,065	1,180
Retention fee for fundraising	82,800	-
Credit card fraud	6,380	-
	92,595	20,958

During the period ended 31 March 2020, fruitless and wasteful expenditure of R92 595 (2019: R20 958) was incurred as a result of traffic fines, late payment of creditors, suppliers and external parties defrauding the organisation.

PSiRA's forensic team has either investigated or is currently investigating all incurrences. Costs were recovered where individuals were found to have been negligent in performing their duties.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

20. CONTINGENCIES

CONTINGENT LIABILITIES

PSiRA is a defendant in a number of legal actions. It is not possible at this stage of proceedings to determine the actual losses that PSiRA would suffer in the event that the court found against PSiRA. Estimated liability amounts for the period ended 31 March 2020 to R1 950 000 (2019: R1050 000).

21. RISK MANAGEMENT

LIQUIDITY RISK

PSiRA's risk to liquidity is a result of the funds available to cover future commitments. PSiRA manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses PSiRA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual undiscounted cash flows as at reporting date	Less than 1 year	Between 2 and 5 years	Total
Operating lease obligation	3,188,568	2,641,331	5,829,899
Trade and other payables	52,152,872	-	52,152,872
	55,341,440	2,641,331	57,982,771

INTEREST RATE RISK

Interest rate risk relates to fluctuation of the fair value of future cash flows of financial instruments, as a result of changes in market conditions. PSiRA is exposed to interest rate risk as it invest funds in the money market at a fixed and floating interest rate. This is managed by investing PSiRA's surplus fund in short-term investments, thereby taking advantage of the maximum rate applicable from time to time from money markets. Such investments are held with a registered bank in the Republic of South Africa.

CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand**2020****2019****21. RISK MANAGEMENT (CONTINUED)**

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

Trade and other receivables	28,502,691	22,501,240
Cash and cash equivalents	51,065,408	15,374,454
	79,568,099	37,875,694

22. GOING CONCERN

The 2019/2020 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. There was material uncertainty that existed, which casted doubt on PSiRA to continue as a going concern. The Authority has reported an accumulated deficit of R1 193 168 for the 2019/20 financial year.

FINANCIAL CONSIDERATION

We draw your attention to the fact that at 31 March 2020, PSiRA had an accumulated deficit of R1 193 168 and that the total assets exceed total liabilities by R 9 325 798. PSiRA posted a net surplus of R2 163 029 for the current financial period. A bad debt provision was of R40 759 816 was recorded, for the 2019/20 financial year. The R41 million bad debt provision is after considering a bad debt write-off of R15.8 million in the 2019/20 financial year.

PSiRA is in a processes of implementing a new turnaround strategy that will address challenges faced as a result of the Covid- 19 lockdown. The turnaround strategy will focus on cost containment and the collection of debt that is owed to the Authority using external debt collectors and resources within the Authority. The turnaround strategy is expected to improve the financial position of the Authority for the 2020/21 financial year onwards

LEGAL AND STATUTORY CONSIDERATIONS

The Private Security Industry Regulatory Authority was established in terms of Section Two of the Private Security Industry Regulation Act (56 of 2001) "Act" in 2002. There is a process underway to amend the Act. The amendment seeks to strengthen mechanisms of regulation, at the same time, retaining the form of the entity which regulates the industry. Further, the Amendment Bill seeks to introduce funding of the Authority through appropriation by Parliament. This will ensure that PSiRA has sufficient resources to carry out its legislative mandate.

ASSESSMENT OF GOING CONCERN ASSUMPTION

The Standard of Generally Recognised Accounting Practice – Presentation of Financial Statements (GRAP 1) paragraph .27 states "when preparing financial statements, management shall make an assessment of an entities ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease trading, or if there is no realistic alternative to do so."

PSiRA has a statutory mandate in terms of the Act and will continue to deliver on its mandate for the foreseeable future.

The going concern assumption in public entities is not predicated on the solvency test that is usually applied to business enterprises. The legislated ability to raise fees from the security industry may allow PSiRA to operate for extended periods in a net asset position.

The Accounting Authority is of the opinion that PSiRA will continue to operate in the foreseeable future.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
23. COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	796,066	123,385
• Intangible assets	-	38,115,558
Total Capital Commitments	796,066	38,238,943
Authorised operational expenditure		
Already contracted for but not provided for		
• Printing, stationery and publications	456,296	308,158
• Training	110,325	97,794
• Maintenance	567,373	597,768
• Consultancy fees	1,759,703	2,498,350
• Consumables	17,607	120,000
• Telephone and fax	11,761,220	2,203,214
• Security	3,513,874	4,428,987
• Sundry expenses	71,330	-
• Equipment rental	2,918,798	31,650
• Advertising	103,195	-
• Cleaning	115,889	26,950
• Staff amenities	264,418	337,755
• Software Licences	2,011,522	120,890
• Internal audit fees	181,787	625,139
• Meetings and workshops	45,906	20,671
Total operational commitments	23,899,243	11,417,326

The procurement process for the acquisition of an ERP system which was underway in in the 2018/19 financial year was cancelled.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	31,691,041	31,687,086
- in second to fifth year inclusive	25,667,396	57,354,481
- later than five years	-	-
	57,358,437	89,041,567

Operating lease payments represent rentals payable by an entity for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand

2020

2019

24. RELATED PARTIES

PSiRA is a section 3A Public Entity listed in the PFMA. In terms of the PFMA, PSiRA is mandated to report to the Minister of Police as its Executive Authority.

RELATED PARTY TRANSACTIONS

During the financial year there were no transactions that were incurred with the Department of Police or any entity that is reporting to it.

BOARD AND EXECUTIVE MEMBERS EMOLUMENTS

The Executive Authority approves the remuneration of the Council. Remuneration of the Council is paid in line with the Treasury guidelines.

Council members 2020	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Mr. N. Ngubane (Acting Chairperson)	Four	724,831	-	-	724,831
Maj Genl C.L. Philison ^	Five	-	-	-	-
Mr T.M. Oliphant	Four	538,873	-	3,003	541,876
Mr Z. Zulu	Four	538,873	-	-	538,873
		1,802,577	-	3,003	1,805,580

Council members 2019	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Prof N.M. Mazibuko (Chairperson) *	One	167,702	-	-	167,702
Mr. N. Ngubane	Seven	754,145	-	-	754,145
Maj Genl C.L. Philison^	Six	-	-	-	-
Mr. Z. Zulu	Seven	571,157	-	-	571,157
Mr. T.M. Oliphant	Five	571,157	-	-	571,157
		2,064,161	-	-	2,064,161

* Term ended 19 April 2018

^ Non-remunerated government employee



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand

2020

2019

24. RELATED PARTIES (CONTINUED)

Audit and Risk Committee 2020	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Mr P. Ravhudzulo (Chairperson) CA(SA), RA	Five	84,840	-	15,960	100,800
Mr. Z.L. Fihlani CA(SA)	Two	18,284	-	429	18,713
Mr. M.G.M. Zikalala	Five	50,284	-	-	50,284
Dr. C. Motau**	Four	76,120	-	-	76,120
Ms. M. Ramutsheli***	Two	35,426	-	-	35,426
		264,954	-	16,389	281,343

Audit and Risk Committee 2019	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Ms. K.G. Mbonambi (Former Chairperson)*	Six	97,930	-	3,108	101,038
Mr P. Ravhudzulo (Dep Chairperson) CA(SA), RA	Seven	57,373	-	15,457	72,830
Mr. Z.L.Fihlani CA(SA)	Two	16,160	-	429	16,589
Mr. M.G.M. Zikalala	Four	73,291	-	-	73,291
Dr. C. Motau**	Five	20,628	-	536	21,164
		265,382	-	19,530	284,912

* Ms K.G Mbonambi resigned on the 04 February 2019.

**Fees include amounts for the IT Steering Committee and the Risk Management Committee.

***Appointed 17 September 2019. Fees include amounts for the IT Steering Committee and the Risk Management Committee.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand

2020

2019

24. RELATED PARTIES (CONTINUED)

Key Management Personnel 2020	Office Held	Remuneration	Car and other allowances and benefits	Reimbursive allowance	Total
Mr M.S. Chauke	Director	2,534,177	475,200	-	3,009,377
Ms M.P. Mofikoe*	Deputy Director: Comm, Train & Reg	2,171,105	164,400	-	2,335,505
Ms I. Mbona**	Deputy Director: Law Enforcement	1,432,865	396,000	2,350	1,831,215
Mrs M.C. Sebogodi	Deputy Director: Fin & Admin	1,797,226	264,000	1,135	2,062,361
Mr J. Makgolane	Corporate Secretary	1,523,620	346,800	-	1,870,420
Mr C.S. Badenhorst***	Chief Operating Officer	1,954,340	42,000	320	1,996,660
Mr O.L.J. Mamabolo****	Acting Deputy Director: Comm, Train & Reg	1,237,285	240,000	3,350	1,480,635
		12,650,618	1,928,400	7,155	14,586,173

Key Management Personnel 2019	Office Held	Remuneration	Car and other allowances and benefits	Reimbursive allowance	Total
Mr M.S. Chauke	Director	2,355,727	470,400	72,910	2,899,037
Ms M.P. Mofikoe*	Deputy Director: Comm, Train & Reg	1,344,303	325,600	-	1,669,903
Ms I. Mbona**	Deputy Director: Law Enforcement	832,202	266,000	12,143	1,110,345
Mrs M.C. Sebogodi	Deputy Director: Fin & Admin	1,639,166	264,000	1,984	1,905,150
Mr J. Makgolane	Corporate Secretary Acting	1,387,370	343,600	-	1,730,970
C. Badenhorst***	Deputy Director: Law Enforcement	1,725,707	42,000	6,982	1,774,689
Mr O.L.J. Mamabolo****	Acting Deputy Director: Comm, Train & Reg	1,116,186	240,000	25,535	1,381,721
		10,400,661	1,951,600	119,554	12,471,815

*Resigned 30 September 2019

*** Appointed June 2018

** Appointed August 2018

**** Appointed May 2018



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

25. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

Statement of Financial performance

Revenue

Total Revenue is 8% above budget mainly due to the following:

Annual Fees are 15% above budget: The actual number of security officers and businesses billed were higher than the budgeted number. The actual number of registered security officers and businesses was higher at 548 642 Security Officers and 10 298 Security Providers compared to a budgeted number of 483 315 Security Officers and 9 802 Security Providers.

Registrations Income is 28% above budget: The actual average number of registrations was more at 10 657 for Security Officers and 168 for Security Providers compared to a budgeted average of 10 000 for Security Officers and 155 for Security Providers. There has been changes in the registration process which has improved the efficiency on the registration processes.

Interest Income from debtors is 226% above budget: As from April 2018 financial year, PSiRA started charging interest on overdue accounts not paid by security businesses. The rate used is determined by the Minister of Finance.

Interest from Investments is 68% above budget: Excess funds have been invested into a fixed deposit which has resulted in an increase in investment income

Fines are 15% above budget: As part of the turnaround strategy, the Legal Department managed to increase the average fine to from R22 000 per fine in the 2018/19 financial year to R30 000 per fine for the 2019/20 financial year.

Other Income is 16% above budget: The positive variance is mainly due to the grants paid by SASSETA to PSiRA for interns' stipends.

Below is Income that is 10% below budget:

Sale of Goods is 47% below budget: The issuing of certificates and ID cards for the first seven months was lower than budgeted. The Authority has reassessed the frequency for compulsory renewals of certificates on an annual basis to lessen the financial burden placed on security officers. As a result, the renewal of the certificate requirement was increased from 12 months to 24 months, which resulted in a lesser number of renewal applications received and processed during the financial year, if compared to the previous financial year.

EXPENDITURE

Total Expenditure is 8% above. Below is an explanation of expenditure variances which are 10% and more above budget:

Water, Electricity and Levies are 15% above budget: This is mainly due to the electricity being incurred for the old Cape Town and Pretoria offices that were originally planned for sale.

Legal fees are 147% above budget: This is mainly due to high profile cases that require higher legal counsel. Higher fees are paid when more senior legal counsel is used. Fines have also increased by 15% compared to the budget.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

25. BUDGET DIFFERENCES (CONTINUED)

Consultancy costs are 34% above budget: This mainly due to the the Private Security Indaba that was held for the first time to promote PSiRA's image.

Postage and Courier is 38% above budget: This is mainly due to the registration forms being sent to head office daily to improve the turnaround for registrations. Registrations income has improved at been a 28% above the budgeted amount.

Fingerprint costs are 24% above budget: Due to an increase in the number of Security Officer registrations. Registrations Income has improved and is at 28% above the budgeted amount

Below is an explanation of expenditure variances which are 10% and more below budget:

Printing Stationery and Catridges are 33% below budget: Some of the budgeted purchases ware deferred to the next financial year due to cost containment measures.

Repairs and Maintenance are 11% below budget: This is mainly due to the repairs and maintance cost budgeted for the Empangeni Office not incurred due non-availabilty of office space that can be leased.

Telephone Fax & Diginet Costs 23% below budget: This is due to a R1.3m credit note received from Vodacom for an overcharge in the previous financial year.

STATEMENT OF FINANCIAL POSITION:

Property, Plant and Equipment decreased by 7% mainly due on depreciation of property, plant and equipment during the year. Intangible assets decreased by 38% is due to the amortization in intangible assets during the year.

Inventory holdings increased by 226% at year-end mainly due to holdings of bulk purchases of certificates that were not used by the end of the financial year.

Trade and other receivables increas of 24% is mainly due to the following: Trade debtors increased by 13% from R61.3 million to R69.3 million and the provision for bad debt increased by 5% from R38.8 million to R40.8 million.

Cash and cash equivalentents increased by 232% due to the cash and cash equivalentents belonging to the UIF project of R37.8 million. PSiRA owned cash and cash equivalentents have decreased by 14% from R15.3 million to R13.1 million.

Principal Liability. The amount represents cash and cash equivalentents belonging to the UIF project which should be reflected as a liability on the financial statements. A cash balance of R37.8 million was remaining as at year-end.

Provision for bonus payment decreased by 11% due to a reversal of an over provision for performance bonuses. Net assets increased by 30% because of the surplus of R2.4 million for the 2019/2020 financial year.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
-----------------	------	------

26. CHANGE IN ESTIMATE PROPERTY,

PROPERTY, PLANT AND EQUIPMENT

During the financial year, the useful lives of specific assets have been reassessed to reflect the actual pattern of service potential that PSiRA estimated could still be derived from these assets. The effect of this on the current and future periods has been illustrated below:

	Increase in carrying amount end of the year	Decrease in depreciation for the year
Compute requirement	265,179	265,179
Office equipment	79,042	79,042
	344,221	344,221

27. REPAIRS AND MAINTENANCE

Repairs and maintenance include payments made to service providers for the repairs on property, plant and equipment during the year.

Repairs and maintenance	1,641,756	1,252,478
-------------------------	------------------	------------------

28. AGENT-PRINCIPAL DISCLOSURE

Income

Funds received	128,007,431	-
	128,007,431	

Operating Expenses

Consulting fees	86,964,483	-
Travelling and accommodation	136,908	-
Amenities	1,208,121	-
Stipends	929,460	-
Agency fee	673,750	-
Bank charges	681	-
Venue hire	277,122	-
	90,190,525	
Surplus Funds	37,816,906	

PSiRA entered into an agreement with the Unemployment Insurance Fund (UIF) to implement the skills development programmes for the benefit of persons who have contributed to the Unemployment Insurance Fund and are currently unemployed to create opportunities for their employability. A total of 4 549 learners have been trained as at 31 March 2020. For the 2019/20 Financial Year PSiRA received an agency fee amounting to R673 750 from the Unemployment Insurance Fund.

Section 5(d) of the Unemployment Insurance Fund Act provides that the UIF funds must be used for the financing of the retention of contributors in employment and re-entry of contributors into the labour market and any other scheme aimed at vulnerable workers. For the purposes of this scheme, the Authority is regarded as an agent and the UIF a principal and all transactions relating to the partnership have been accounted for on that basis.

The principal liability of R37 816 906 is the amount that has been included in cash and cash equivalents.

AUDIT AND RISK COMMITTEE REPORT 2019/2020

The Committee is pleased to present its report for the financial year ended 31 March 2020.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE OF MEETINGS

Name	Designation	# of Ordinary Meetings	# of Special Meetings	Total # of Meetings Attended
Mr. K.P Ravhudzulo CA(SA), RA	Chairperson	4	1	5
Dr C. Motau	Member	3	1	4
Mr. M. Zikalala	Member	4	1	5
Mr. Z. Fihlani CA(SA)	Member	2	0	2

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Committee reports that it has complied with its responsibilities under Section 77 of the Public Finance Management Act, 1999 and Treasury Regulation 3.1.13. The Committee further reports that it has adopted formal terms of reference as its Charter that was approved by the Accounting Authority (Council), has conducted its affairs in compliance with the Charter, and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal control are designed to provide assurance that the entity's assets are safeguarded, and that liabilities and working capital are efficiently managed in the execution of the mandate of the entity.

During the period under review, the Management of the entity continued to implement the going concern turnaround strategy to improve the financial viability of the entity. However, the current liabilities exceed the current assets, which is an indication of continuing liquidity problems that might affect the entity's ability to meet its planned targets; hence the need to review the funding model of annual fees.

The Committee is, however, confident that the continued implementation of the turnaround strategy which resulted in a reduced net surplus for the year under review will keep the entity afloat until such time that the Private Security Industry Levies Act, 2002 comes into operation to substitute the current funding model of annual fees. The reduced debt provision during the period under review after a write-off of bad debt and the positive results from the debt collection by a panel of debt collectors will continue to be monitored by the Committee to ensure that the entity moves into a positive going concern status in the next 12 months.

The Committee noted that the current annual fee funding model continues to be a barrier for the entity to generate enough revenue to be able to fully fund its operations to meet the objectives as per the Act. The Committee is hopeful that Management's efforts in engaging National Treasury to have the model substituted by the Private Security Industry Levies Act, 2002 would ultimately bear some positive results with the passing of the Act as a Money Bill under section 77 of the Constitution.

The Committee was presented with a revised turnaround strategy by Management on how the finances of the entity would be improved in the next 12 months, which included increased debt collection through debt collectors, collection of fines imposed and agreed settlement amounts for non-compliance transgressions, and some significant cost savings in operations due to the lockdown because of the Covid-19 pandemic. The Committee is however, mindful that extended lockdown might result in economic hardships for business, including security businesses, which may lead to reduced economic activity and less revenue for PSiRA as a self-funding entity that relies on increased economic activity in the industry to be able to generate enough revenue to sustain itself. The Committee will therefore, continue to monitor the implementation of the turnaround strategy, especially on cost reduction to ensure that this is aligned to the revenue to be collected in the next financial year.

In line with the PFMA and Treasury Regulations, the Committee is supported by an independent outsourced Internal Audit function, which provides the Committee and Management with independent and objective assurance on the appropriateness and effectiveness of the internal control environment within PSiRA, to mitigate the risks that the entity faces in the execution of its mandate. The opinion of internal auditors gave the Committee an assurance in terms of improvements noted in the areas of governance and internal financial controls, which were all reported to be satisfactory.



Our review of the findings of the Internal Auditors, which was based on the strategic risk assessments conducted on the entity for the period under review revealed some improvements needed in certain areas. These were then raised with the Management of the entity, who developed an audit action plan that focuses on the root causes to resolve the findings raised. The Committee is satisfied with the progress made in terms of resolving the findings and to enhance the effectiveness of the internal control environment.

The following internal audit work was completed during the year under review in accordance with the approved Internal Audit Coverage Plan:

- Internal Financial Controls;
- Supply Chain Management;
- Information Technology (vulnerability assessment, ITGC and key application controls review);
- Governance and Compliance Review;
- Predetermined Objectives for Q2 and Annual;
- Follow-up review on the Audit Action Plan (external and internal audit findings);
- Risk Management Review; and
- Annual Financial Statements.

RISK MANAGEMENT

The Committee also fulfils an oversight role in the risk management processes within PSiRA. During the period under review, the Committee continued to monitor the significant risks faced by the entity as contained in the entity's strategic risk register, and it is satisfied with progress made by Management in implementing the controls to mitigate the risks to acceptable residual risk ratings. The Committee is confident that the going concern risk is being addressed through implementation of the turnaround strategy put together by Management, and is hopeful that the entity would continue to manage the liquidity risk and move into a positive going concern status by the end of the 2020/2021 financial year.

The entity has an approved Risk Management Strategy, which includes the Fraud Prevention Plan. The Committee also monitored the implementation of the strategy and the Fraud Prevention Plan, and in this regard reviewed quarterly reports submitted for appropriate and timely resolution of reported cases, including the Fraud Hotline cases. The details on the resolution of the Fraud Hotline cases are contained in **Part C** (Governance Report).

IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The Committee has reviewed quarterly reports and managements accounts (financial reports) for the entity before approval by Council at each quarterly meeting, and is satisfied that these reports reflected a true a picture of the operations of the entity as confirmed by the results of the annual regulatory audit. By the end of Quarter 2 of the period under review, the Committee was assured through year-end financial projections, of improvements in terms of the financial performance of the entity to be able to report some net surplus by year-end. This was the result of the implementation of the turnaround strategy as put together by Management and monitored by the Committee.

GOVERNANCE PROCESSES

The Committee reviewed the governance processes and is satisfied that the audit action plan from the governance and compliance review audit was implemented as confirmed by internal audit opinion in this area. The Committee continued to monitor compliance improvements in this area and is confident that the governance processes and structures continue to support improved sustainability in terms of PSiRA operations.

EVALUATION OF THE REPORT ON PREDETERMINED OBJECTIVES

The Committee has reviewed and evaluated the performance information report on predetermined objectives before the audit process, and was satisfied with the reported performance against predetermined objectives of the entity at 96%. The Committee is pleased that the audit outcome confirmed the results as presented by Management before the audit, with only a few corrections which did not have any impact on the reported achievement of the targets. The Management of the entity is commended for the efforts in ensuring that the reported performance was supported by a portfolio of evidence.

EVALUATION OF FINANCIAL STATEMENTS

The Committee has reviewed the annual financial statements prepared by Management, including the appropriateness of accounting policies in the preparation of the annual financial statements before the audit, and is satisfied that these were confirmed in the audit outcome of the annual financial statements as presented in the Auditor-General's report. Again, the Committee commends Management for the accurate and proper preparation of the annual financial statements presented for audit.



AUDITOR-GENERAL'S REPORT

The Committee has reviewed the entity's implementation of the audit action plan on issues raised in the prior year, and is pleased that the action plan to address prior year audit findings was fully effective in resolving the findings. All findings from the prior year were successfully resolved, and no repeat or new significant findings for the period under review were uncovered during the audit, which resulted in the entity being able to maintain a clean audit outcome

The Committee has also reviewed and discussed with the Auditor-General South Africa (AGSA) and the Management of the entity, the audited annual financial statements to be included in the Annual Report, AGSA Management report and Management's response thereto, and the minor adjustments resulting from the audit.

The Committee accepts and appreciates the conclusions of the Auditor-General on the annual financial statements and the report on predetermined objectives, and recommends that the audited annual financial statements and the report on predetermined objectives should be accepted, and read together with the report of the Auditor-General.

Mr. P. Ravhudzulo

CA(SA), RA

Chairperson: Audit and Risk Committee

30 October 2020

Head Office

420 Witch-Hazel Avenue
Eco Glades 2 Office Park
Highveld Ext 70
Centurion
0158

Tel: 086 10 PSIRA (77472)
Helpdesk: 086 133 3850
Email: info@psira.co.za

www.psira.co.za

RP405/2020
ISBN: 978-0-621-48953-8