



PSIRA

Private Security Industry Regulatory Authority

ANNUAL REPORT
2017 | 2018

SAFER

HOMES
BUSINESSES
COMMUNITIES

Private Security Industry
Regulatory Authority
ANNUAL REPORT

2017 - 2018

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Corporate Secretary

- Mr Jacob Makgolane

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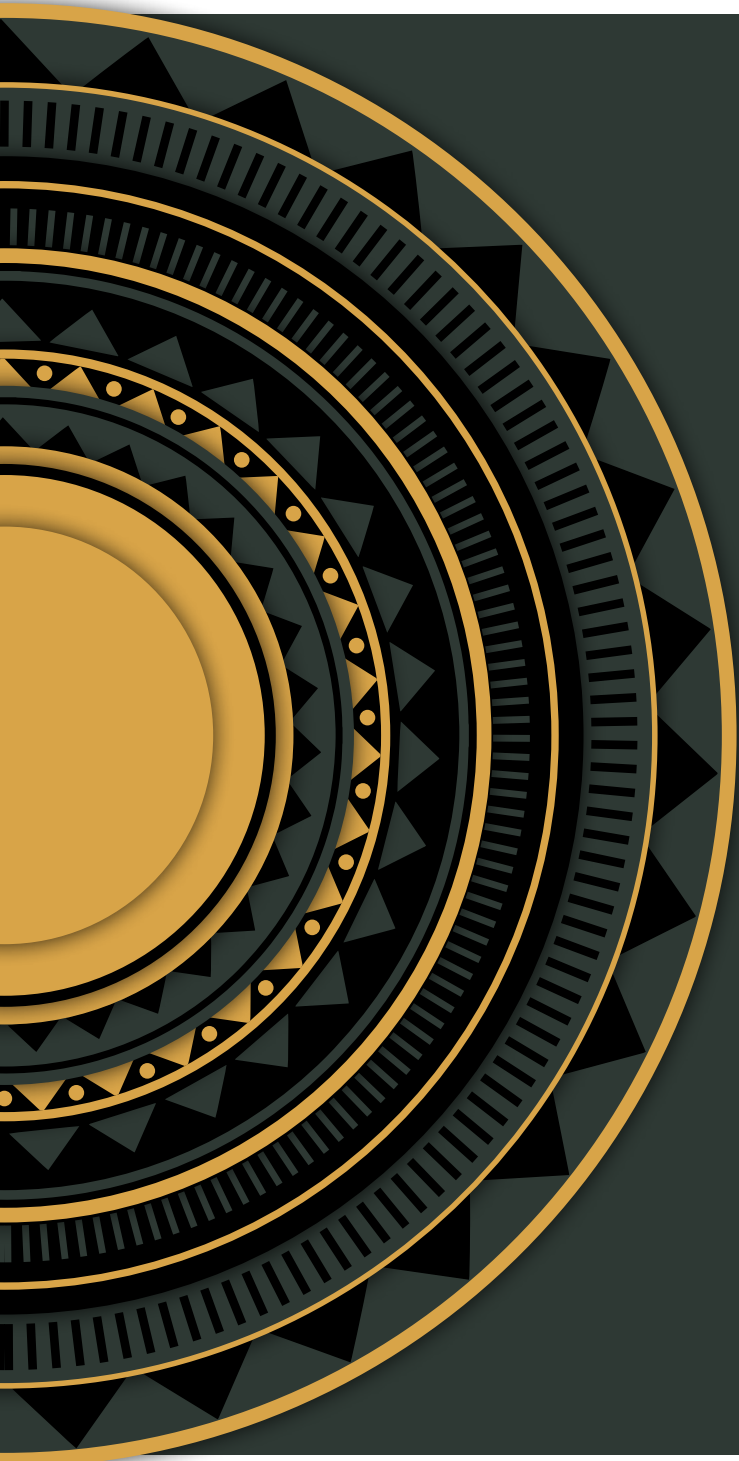
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PART A

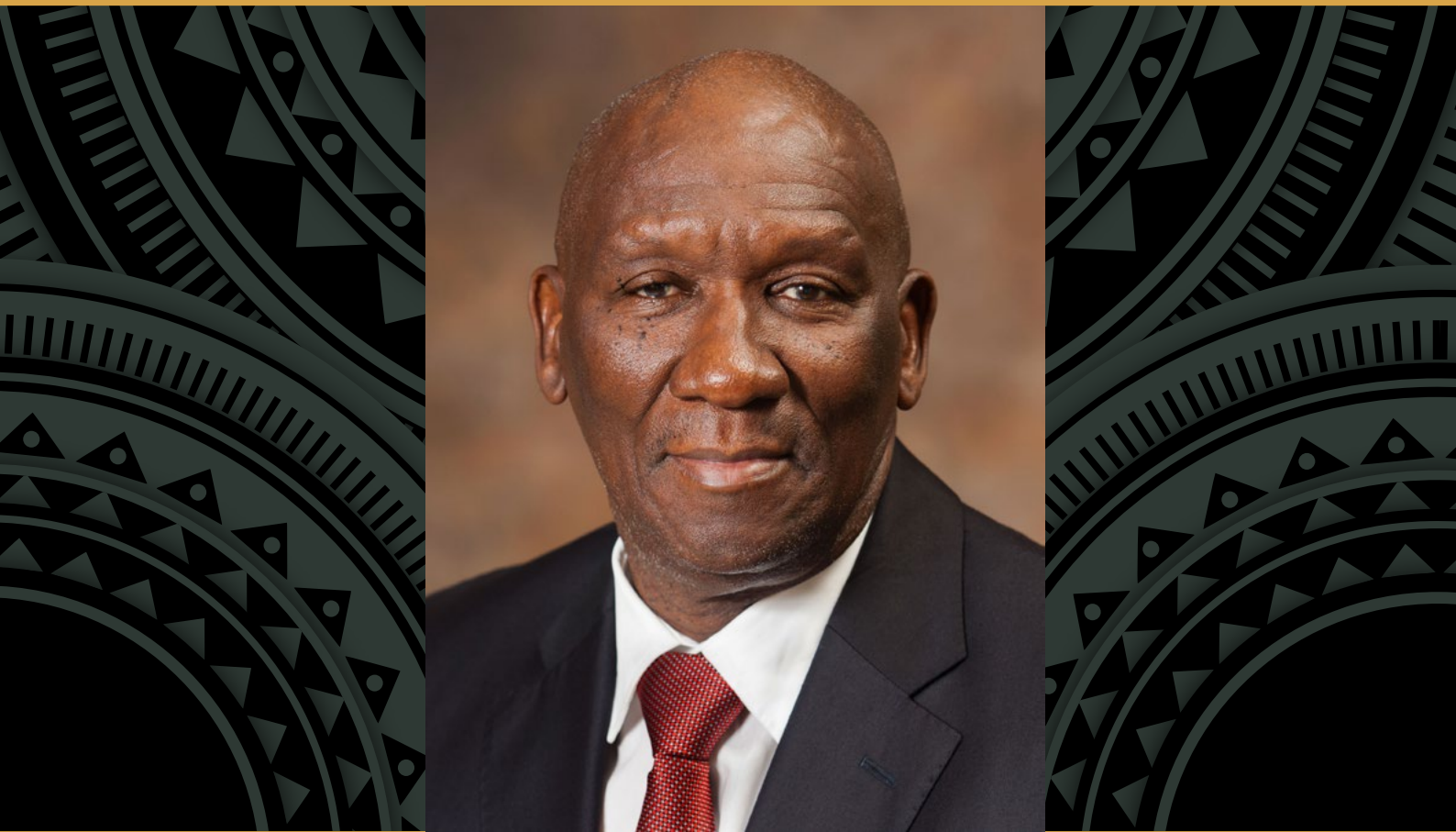
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ABBREVIATIONS

APP	Annual Performance Plan
ATR	Annual Training Report
BEC	Bid Evaluation Committee
BSC	Bid Specifications Committee
BIT	Business Information Technology (Unit)
CANSA	Cancer Association of South Africa
CFR	Central Firearms Registry
CIPC	Commission for Intellectual Properties and Companies
CRM	Customer Relationship Management
CSI	Corporate Social Investment
CVP	Customer Value Proposition
DCAF	Democratic Control of Armed Forces
DHA	Department of Home Affairs
DoH	Department of Health
DoL	Department of Labour
EAP	Employee Assistance Programme
ERP	Enterprise Resource Planning
ETQA	Education and Training Quality Assurance Body
EXCO	Executive Committee
FCA	Firearms Control Act
FETC	Further Education and Training Certificate
FINCO	Finance and Investment Committee
HCM	Human Capital Management
IDRC	International Development Research Centre
IT	Information Technology

KPI	Key Performance Indicator
NATJOINT	National Joint Operational and Intelligence Structure
NC	National Certificate
NPA	National Prosecuting Authority
NQF	National Qualifications Framework
PFMA	Public Finance Management Act
PMSCs	Private Military and Security Companies
PROVJOINT	Provincial Joint Operational and Intelligence Structure
PSiRA	Private Security Industry Regulatory Authority
PSSPF	Private Security Sector Provident Fund
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SADC	Southern African Development Community
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SASSETA	Safety and Security Sector Education and Training Authority
SATAWU	South African Transport and Allied Workers Union
SCM	Supply Chain Management
SIA	Security Industry Alliance
SLA	Service-Level Agreement
SOP	Standard Operating Procedure
TAAPSOSA	The Association of the African Private Security Owners of South Africa
WSP	Workplace Skills Plan



**FOREWORD BY THE
MINISTER OF POLICE**



2017/18 was yet another successful financial year for the Authority though shrouded by challenges in revenue collection. The good news is that the Authority continues to excel in its achievement of strategic objectives against its core mandate. While on the downside the Authority was besieged by going concern challenges in this tough financial year it managed to continue its business of contributing to make South African a safer place for all.

We are proud to announce once again that Authority achieved yet another Unqualified Audit Opinion from the Auditor General of South Africa. These recent audit outcomes reflect significant improvements of overall controls with a continued record of zero irregular expenditure despite the negative financial performance.

South Africa is still a young democracy. Its Constitution, the envy of many developing countries, and fortunes depend on good governance and building strong institutions and entities such as Private Security Industry Regulatory Authority (PSiRA). The regulator's propensity with trends and matters pertaining to this burgeoning industry puts it in a stark focus for the Minister and Government at large, particularly due to the mushrooming of rogue elements within this multibillion-rand size of the industry.

Both Council and Management of PSiRA should be applauded for appointing a multidisciplinary panel of experts to assess the transformation of the private security industry in South Africa and engaging the public to comment on an issue such as this. Under section (3q) of the PSiR Act, the Authority has a fiduciary responsibility to promote the empowerment and advancement of persons who were historically disadvantaged through unfair discrimination in the private security industry.

Such consultative workshops across all sectors of the private security industry on transformation were intended to develop a draft transformation charter for the private security for further consideration and adoption by the private security industry itself. They were held from 11 April to the 28th of July 2017 across all provinces of the Republic.

One of the most exciting hallmarks to the litany of achievements by the Authority is its continuous stabilisation of governance in its operations, that is, accountability from Council towards the Shareholder and the indispensable role of the executive management. Council refined its governance framework which covered the Council Charter as well as the terms of reference for the various committees of Council.

Though not by design, my office regrets that the Authority has posted a deficit in the year under review as a result of its unsustainable funding model. Nonetheless, it is worth mentioning to note that parts of Council's turnaround strategies are compelling intervention measures which include amongst others the implementation Private Security Industry Levies Act and the upliftment of the training moratorium which was imposed in 2007. The latter intersects perfectly with the Authority's transformation agenda.

Another grey area that I have instructed the Authority to look into is the avalanche of illegal firearms in possession of some private security service providers. Every weapon should be accounted for especially after the spate of gun-toting incidents by some close protection service protectors.

The Ministry is pleased with the research work by the Authority, particularly in the Cash-in-Transit and Taxi Industry Sectors. These valuable findings will go a long way in shaping and strengthening regulations around these besieged sectors of our society.

We are looking forward to significantly sharing best practices between ourselves for a better South Africa. We have also noted a slight wart-warming increase of just over 6,2% in the employment of registered female Security Officers, we should encourage them to be owners of Security Companies too.

I would like to sincerely thank Council, PSiRA Director, moreover, the outgoing Chairperson, Professor Fikile Mazibuko, for her sterling work and her selfless dedication in championing corporate governance together with other Council Members. *Ndlelanhle. Nzima! Mwelase!* These compliments would not be possible without the contribution of the dedicated and hardworking selfless staff of the Authority.

The Ministry looks forward to continuous engagements with the Authority and the Industry at large to ensure that PSiRA becomes remains a reference point on the African diaspora, continent and globally.

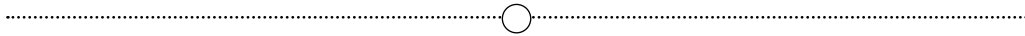


Honourable Bheki Cele, MP
Minister of Police



OVERVIEW BY THE

ACTING CHAIRPERSON



PSiRA exists to regulate the private security industry and to exercise effective control over the practice of security service providers in the public and national interest and the interests of the private security industry itself.

It does so under the legislative umbrella of the Private Security Industry Regulation Act, 2001 (PSiR Act) and the Public Finance Management Act, 1999 (PFMA).

During the 2017/2018 year, it once again acquitted itself well against these requirements, as can be seen in the content of this Annual Report, which we present to the Executive Authority, Parliament of the Republic, and to all PSiRA stakeholders.

PSiRA's legislated mandate informed its five-year Strategic Plan and the Annual Performance Plan (APP) for the period under review. Three main programmes constitute the mandate and are the backbone of the Strategic Plan, namely the Administration Programme, with three sub-programmes, Law Enforcement Programme, and Communication, Registration (CRM) and Training Programme, with four sub-programmes. These are divided into eight objectives, with a further split into 22 key performance indicators (KPIs), against which the Authority's performance was assessed in the period under review.

The Council, as the Accounting Authority of PSiRA, is pleased to report that the organisation achieved **82%** of its targets for the year. The achievement is attributed to, among others, quarterly review and monitoring of management reporting, which included monitoring of implementation of the audit action plan from the previous financial year. This plan ensured that previous findings by the Auditor-General were resolved and controls enhanced to avoid repeat findings in the period under review.

STRATEGIC RELATIONSHIPS

PSiRA would not be able to achieve fully the main objectives of the PSiR Act without taking into account the interests of the private security industry. This, in turn, relies on strategic relationships forged not only with the industry, but with key role-players such as education and training institutions, government departments and industry labour movements.

During the period under review, partnerships were established with the Universities South Africa Forum (USAF) and TVET Colleges Governors' Council, with security protection services high on the agenda. These relationships were spurred by the #FeesMustFall student protests of 2016/2017.

Engagements focused on security protection services at institutions of higher learning, including the insourcing of security services by some institutions. PSiRA, as a regulator, shared with the management and governance structures of USAF and TVET colleges its perspectives on the role of private security service providers

during protests and clarified the different roles of private security and the South African Police Service (SAPS).

Liaison with the TVET Colleges Governors' Council also touched on education and training of the private security sector, with PSiRA envisaging TVET colleges as assessment centres for the education and training of security officers to strengthen quality assurance. Accredited training providers will continue to offer training, but the final assessment of trainees will be conducted at TVET colleges, which will also participate in education and training on the National Qualifications Framework (NQF). This possibility is being explored with the Safety and Security Sector Education and Training Authority (SASSETA), another strategic partner.

PSiRA also continued to nurture its relationship with the industry through industry compliance and consultative forums, where the industry has an opportunity to share with the regulator compliance and regulatory issues and challenges.

COUNCIL CHALLENGES

PRIVATE SECURITY INDUSTRY TRANSFORMATION

Transformation is not only about redress, but about creating opportunities for all in the industry through equal and fair economic participation. It is about creating a culture that advances equality, worthiness of humanity, ownership, and business and educational opportunities in the industry. When the Transformation Discussion Document for the Private Security Industry was introduced this year as the first deliverable of a new legislated project, it presented several challenges for PSiRA, not least interpreting, defining and integrating the concept in the industry. Thus, the Authority appointed an independent panel of experts to facilitate dialogue and translate views into the discussion document.

The document was presented by the panel to the Council in October 2017, and was endorsed for further consultation in preparation for Gazette publication by the Minister for public comments. This second phase of the project was, however, halted as the Authority was at the time starting to experience liquidity issues (see below).

RESEARCH AND DEVELOPMENT

PSiRA continues to strive to be an excellent regulator, and to ensure that all people of South Africa feel safe. To achieve this requires visionary, decisive, transformative and innovative leadership at both management and governance structures. The organisational culture of working as a diverse, but coherent, team and as a collective continues to define our achievements and reflections.

Research in the private security industry globally remains a critical tool that informs PSiRA policy development inputs, to ensure accurate interpretation of the sectors and inform solutions. PSiRA continued to conduct research in the period under review and

developed policies in the areas of cash-in-transit, armed response and private investigation. The development of regulations for each of these key sectors is scheduled for finalisation in the next financial year.

LIQUIDITY CONCERNS

Towards the end of the third quarter of the period under review, the Authority's finances became severely strained, due mainly to the funding model having started in the previous year to show signs of reaching its ultimate lifespan. This was exacerbated by increasing levels of historical bad debt, which resulted in accrued debt provision over a period that started in 2012.

The Council acknowledges that the entity's funding model has become redundant and needs to be reviewed to address the 'going concern' issues reported in Part E (Financial Information) of this report. Guided by the benchmarking exercise undertaken in 2016 and the provisions of the Private Security Levies Act, 2002 (Act No 23 of 2002), the Authority began to review the model with and within the private security industry. Management continues to drive this programme, with the support and advice of the Finance and Investment Committee (FINCO). The Council hopes that buy-in will be obtained from industry stakeholders in 2018/2019, and that a new funding model in terms of the Levies Act will be implemented on 1 April 2019.

STRENGTHENING STAKEHOLDER ENGAGEMENTS AND OUTREACH

The pressing need for transformation is also the subject of many of the engagements held with major industry role-players during the year, such as the Security Industry Alliance (SIA), The Association of the African Private Security Owners of South Africa (TAAPSOSA) and Private Security Sector Provident Fund (PSSPF). Industry inequalities and labour issues were also discussed at length.

The Council welcomes and appreciates the intervention of the Portfolio Committee on Police and the Portfolio Committee on Labour, which jointly started engagements among industry bodies on provident fund matters.

In December 2017, after the joint meeting of the portfolio committees, the Authority liaised further with key organisations to ensure all the problem areas raised were addressed from a regulatory perspective. These included exclusion of smaller and start-up businesses from the provident fund, and the issue we had with the PSSPF infringing on PSiRA's mandate by issuing 'letters of good standing' to its members.

The Authority made it clear to the provident fund that the practice is unlawful and that it must cease, as only the Authority can issue letters of good standing for the industry as a licence to participate in the economy of the country. PSiRA emphasized that it promotes access to the provident fund by all industry sectors through a progressive registration approach, which should ensure that upcoming and small security businesses are not excluded from participation through stringent registration requirements.

The Council remains hopeful that these constructive engagements, which address security officers' human rights and the participation of upcoming and small security businesses in the economy of the country, will be explored further when the Security Industry Transformation Project started in the period under review enters its second phase towards the end of the 2018/2019 financial year.

THE YEAR AHEAD: 2018/2019

The Authority is in the process of reviewing the current funding model and will petition the Office of the President through the Executive Authority to issue a proclamation to bring into operation the Private Security Industry Levies Act, 2002. The Act was passed by Parliament in 2002 and was assented to by the President, but did not come into operation, as the Authority was, at that time, in the early stages of implementing the PSiR Act, 2001, which provides for the funding of the Authority through industry annual fees. The Private Security Industry Levies Act has always been intended to replace the funding model provisions in the PSiR Act, 2001, as the former provides for a sustainable funding model through collection of monthly levies.

The Council will move with speed to ensure that the Levies Act, 2002 is proclaimed by the President by the second quarter of 2018/2019, so that industry and stakeholder consultations with the ministers of police and finance on levies to be imposed can be started well in advance of 1 April 2019 when payment of levies is due to start. The Council is confident that this funding model will bring about financial stability in the organisation and that PSiRA's envisaged benefits to the industry - including equitable regulatory fees, establishment of the guarantee fund, NQF-aligned education and training and enhanced grades training - will be achieved.

ACKNOWLEDGEMENTS/APPRECIATIONS

The Council would like to record its appreciation to the former Minister of Police, Mr Fikile Mbalula, for the confidence he demonstrated in the Council's ability to serve the Authority and the industry, at our initial engagement meeting in February 2018. To our current Minister of Police, Honourable Bheki Cele, we commit to continue serving the people of South Africa with integrity and distinction.

The Council further extends its thanks to the Portfolio Committee on Police for the encouraging constructive inputs, commendation and interventions. We believe that the consultative forums and targeted engagements with the industry are most valuable and thank the industry for its commitment to these discussions, which we believe will assist us to become an excellent regulator.

Lastly, the Council acknowledges the hard work, dedication and commitment of PSiRA Management and staff in the execution of the mandate of the Authority, and for relentlessly continuing to live the PSiRA values of 'Excellence, Integrity and Ubuntu'.

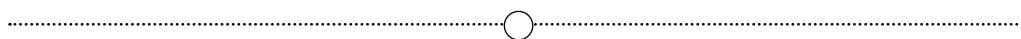


Mr NH Ngubane
Acting Chairperson of PSiRA
Date: 31 July 2018





DIRECTOR'S
REPORT



It is with great pride that I present to you the Annual Report of the Private Security Industry Regulatory Authority (PSiRA), which showcases another eventful and successful year in the life of the Authority, which is tasked with regulating the security industry and ensuring that it is equipped to provide a professional and high-quality service to the citizens of South Africa.

The report is prepared in accordance with the requirements of our guiding legislation, the Private Security Industry Regulatory Act, 2001 (Act no 56 of 2001) and the Public Finance Management Act, 1999, Act no 1 of 1999 as amended (PFMA). It includes the audited financial statements and performance information for the year ending 31 March 2018, but, most significantly, it shows that we maintained an unqualified audit report - a clear testament to the standards of corporate governance by which we live and the seriousness with which all our team members take our duty to invest the funds made available to us wisely and with due care.

The performance information report shows that PSiRA has successfully delivered on its predetermined outputs, meeting **82%** of its performance targets detailed in the Annual Performance Plan for 2017/2018.

The year under review also brought an opportunity for PSiRA to broaden its reach, stretching its footprint to remote geographical areas, while creating convenience at existing offices. We launched a bigger office in Polokwane, Limpopo, in December 2017, and bigger offices are planned for Nelspruit and Western Cape in 2018/2019. A new office scheduled to be opened in 2018 in Bloemfontein, will not only extend our services to customers in the Free State and Northern Cape provinces, but eliminate the need for stakeholders in these regions to travel to Gauteng to access our services.

REGISTRATIONS

The special campaign to renew the old certificates which did not have encrypted security features (that is, certificates issued prior 2014), resulted in **165 458** security officers who had never renewed their certificates before, doing so in the financial year under review as compared to the **155 757** who renewed theirs in 2016/2017, a welcome improvement from the previous financial year. Similarly, **4 332** private security service providers renewed their certificates, as compared to the **2 500** renewals processed in the previous financial year.

The total number of active security officers (employed) registered with the Authority increased by **3.6%** (from **498 435** reported in 2016/17 to **516 287** in 2017/18) in the year under review.

LAW ENFORCEMENT

Regulation of the private security industry generally means that important aspects of the nature and activities of the industry are controlled and shaped through enforcement strategies, values and actions in accordance with the principles and standards contained in the Act. The Authority uses two approaches: compliance, which we can view as the carrot, and enforcement and deterrence, or the stick. While these approaches aim to achieve the same goal, they follow different philosophies.

With the compliance approach, behaviour is assessed with inspections. During the period under review, a total of **6 253** inspections were conducted at security businesses compared to **6 001** inspections during the previous financial year. In addition, the Enforcement Department conducted **34 439** security officer inspections, 16% more than in the previous year. The Authority implements a segmented approach to inspections to ensure that its law enforcement activities focus on all categories or classes of security service providers.

The enforcement approach induces compliance through punishment for improper conduct by imposing sanctions against non-compliance. This approach is generally used when security service providers deliberately choose to evade the statutory requirements, and it, therefore, endorses accusatory, penal and adversarial styles of enforcement in cases of improper conduct. The Enforcement Department finalised **3 144** investigations compared to **2 571** investigations in the previous year, a **22%** increase.

Prosecution of non-compliant security service providers is an essential part of the Authority's strategy to hold accountable those who evade the law. During 2017/2018, **1 705** cases were finalised by our Legal Services Division, which, in most cases, resulted in the imposition of fines.

The Authority's Law Enforcement Strategy is increasingly recognising the importance of other stakeholders' assistance in driving the compliance agenda. Thus, we join forces with stakeholders such as SAPS and the Department of Labour to conduct law operations. The number of these exercises increased by **125%** compared to the previous financial year and led to the arrest of **375** security service providers, **368** of whom were unregistered. Firearms control in the private security industry is another keen focus area, with **1 324** inspections conducted during the year at businesses licensed for firearms, the results of which were shared with SAPS.

CHALLENGES

The year under review was characterised by several achievements. However, it was not without its challenges.

Firstly, the year brought a wave of cash-in-transit heists and robberies in various parts of South Africa. The Authority has conducted a study in the sector and will be developing regulations.

The year under review also had its fair share of lurid headlines, with reports of abuse by unregistered security officers employed by schools in Gauteng. PSiRA investigated the matters and took action against the security officers who had transgressed.

The Authority encountered an increase in frustrations relating to long queues, which led to several marches by security officer associations to our offices. Efforts were made to address their concerns and measures were proposed to alleviate queues.

REVENUE AND OTHER INCOME

Revenue	2017/ 2018	2016/ 2017	2015/ 2016	2014/ 2015	2013/ 2014
% Increase/ (Decrease)	10%	1%	60%	3%	-18%

Total revenue increased by **10%** mainly due to **87% (R8.8 million)** increase in the sale of goods (ID cards and certificates issued to security providers). The increase is also due to the annual revision of annual fees payable by security service providers. However, the increase in revenue was adequate to cover expenditure for the year, which increased by 20%. The increase in expenditure was mainly due to **66% (R10 million)** in bad debt provision emanating from failure by security businesses to pay their annual fees and an increase of **15%** in operating expenditure. This resulted in PSiRA posting a net deficit of **R12 million** for the period under review.

The situation confirmed that the Authority's current revenue model has reached its lifespan, as most security businesses billed are finding it difficult to pay the annual fees. PSiRA has, therefore, decided to implement the Private Security Industry Levies Act to address and eliminate the going concern challenges. The levies funding model will bring a balanced and equitable contribution from all service providers.

RESEARCH AND DEVELOPMENT

The Research and Development Unit, a critical component of the Authority, continues to contribute to the policy development and regulatory environment through research initiatives. In the period under review, the unit undertook and finalised studies on the following:

- Regulatory locksmith within the South African private security industry;
- Private investigation;
- Armoured security – regulating high-value goods in transit;
- Armed response security sector in South Africa.

Global trends in the private security industry, as shared by most researchers, point to increasingly ineffective regulations in this industry due to the growth of the market, the need for increased regulation of the industry and segmentation of sectors.

INTERNATIONAL COORDINATION AND PARTNERSHIPS

Regional cooperation and information sharing with other private security industry regulators in the Southern African Development Community (SADC) is an important aspect of PSiRA's work and, during the year, it hosted delegations from the Geneva Centre for the Democratic Control of Armed Forces (DCAF), an opportunity for knowledge and experience sharing.

FUTURE PROJECTS AND INITIATIVES

As business success hinges on keeping abreast of trends and embracing change, the Authority, in the past year, started to invest in the digital transformation to future-proof its service delivery impression to clients, remain competitive and attempt to meet the demands of customers, mainly private security service providers, who need real-time service delivery. Exciting developments in the pipeline are the introduction of a mobile app and online registrations, the lifting of the moratorium on training, implementation of the Private Security Industry Levies Act and the introduction of the guarantee fund as per the PSiR Act. These initiatives will add value to our service and contribute to the sustainability of the Authority. With the Fourth Industrial Revolution already a reality, it can no longer be business as usual.

ACKNOWLEDGEMENTS

It has undoubtedly been a challenging year for PSiRA, nonetheless the collective hard work and commitment of staff enabled the authority to achieve its stated objectives. I am indebted to thank the Executive Authority, the Council of PSiRA and its Committees for their advice, support and strategic guidance. I must take this opportunity to pay special thanks to the outgoing Chairperson, Prof. Fekile Mazeuko for the sterling leadership she gave us.

We look forward to 2018/2019 financial year with its prospects of positive development which will turnaround the fortunes of the Authority



MANABELA CHAUKE
DIRECTOR OF PSiRA

STRATEGIC OVERVIEW

The Private Security Industry Regulatory Authority (PSiRA) established in 2002 in terms of Section 2 of the Private Security Industry Regulation Act (Act No 56 of 2001). The strategic mandate of PSiRA originates from the Act and the regulations issued in terms of the Act.

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 provider in the public and national interest and in the interest of the private security industry itself.

PSiRA's five-year Strategic Plan and Annual Performance Plan highlight 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. PSiRA will be focusing on the following goals to ensure:

- GOAL 1** Excellent service delivery (effective regulation)
- GOAL 2** Stakeholder and customer relationship management
- GOAL 3** Good governance across the organisation
- GOAL 4** Private security industry stewardship through research and development

VISION

PSiRA's success must be judged by its impact on society and specifically by ensuring that all the people of South Africa are and feel safe.

MISSION

PSiRA's mission is "To protect the constitutional rights of all people to life, safety and dignity through the effective promotion and regulation of the private security industry".

VALUES FRAMEWORK FOR PSiRA

INTEGRITY

Ethical conduct

Fairness

Transparency

EXCELLENCE

Professionalism

Performance

Accessibility

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 provider in the public and national interest and the interest of the private security industry itself, and for that purpose, subject to this Act, 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;
- (q) promote the empowerment and advancement of persons who were historically disadvantaged through unfair discrimination in the private security industry.



ORGANISATIONAL STRUCTURE



Parliament of the Republic of South Africa
Representing the South African Public



Minister of Police
Being the Executive Authority



Council
Being the Accounting Authority

- Committees**
- Finance and Investment Committee
 - Social and Ethics Committee
 - Audit and Risk Committee
 - HR and Remuneration Committee
 - Stakeholder and Core Business Committee

Authority's Director

Corporate Secretary

- Senior Researcher: Research and Development**
- Research and Development

- Deputy Director: Law Enforcement**
- Enforcement
 - Compliance
 - Legal Services

- Deputy Director: Finance and Admin**
- Financial Accounting
 - Accounts Receivable
 - Supply Chain Management
 - Asset and Facilities Management
 - Business Information Systems

- Deputy Director: Communication, Training and CRM**
- CRM Registrations
 - Communication and Stakeholder Management
 - Events and Marketing Management
 - Industry Training

- Senior Management: Human Capital**
- Recruitment and Placement
 - Labour Relations Management
 - Learning and Development
 - HR Admin and Compensation Management
 - Performance Management

- Management: Forensic Ethics**
- Investigations

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



Ms Mmatlou Sebogodi
Deputy Director: Finance and Administration

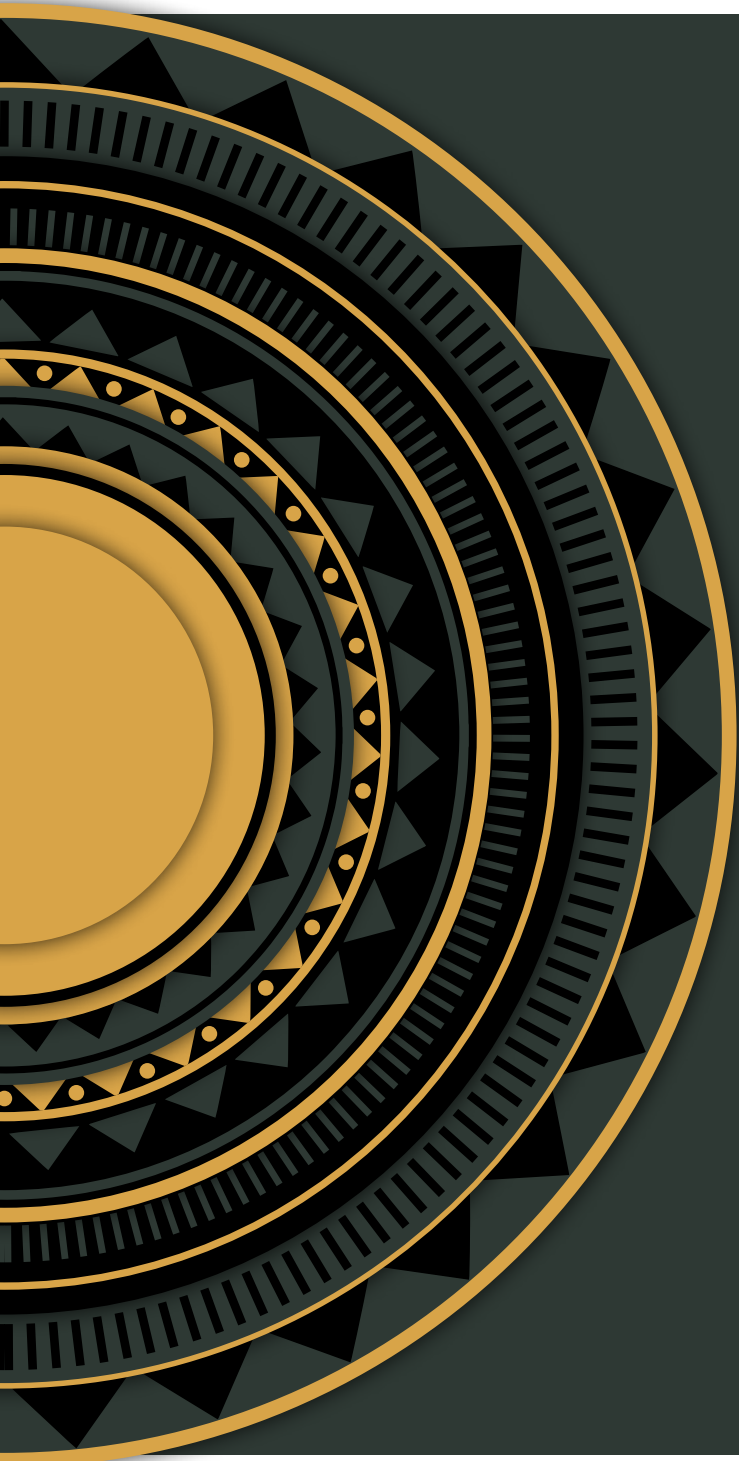


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(CRM)





PART B PERFORMANCE INFORMATION REPORT

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AUDITED PERFORMANCE REPORT

1. INTRODUCTION

PSiRA 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. Among the primary objectives of PSiRA are to regulate the private security industry and to exercise effective control over the occupation of security service provider in the public and national interest and in the interests 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 is, therefore, required to comply with the requirements of this Act. In terms of Section 40(1)(d)(i), the Accounting Officer must submit an annual report on activities of the entity.

In line with this requirement, the Council has approved a format for annual reporting to the Minister of Police on the annual performance against set objectives as per the APP of 2017/18. The Annual Performance Report (APR) is a summary of the actual performance against predetermined objectives per programme for the year ended 2017/18.

Prepared by:



Ms Mmatlou Sebogodi

Deputy Director: Finance and Administration (CFO)

Date: 31 July 2018

Approved by:



Mr Manabela Chauke

Director (CEO)

Date: 31 July 2018

Authorised by:



Nhlanhla Ngubane

Acting Chairperson of the Council

Date: 31 July 2018

2. SITUATIONAL ANALYSIS

2.1 SERVICE DELIVERY ENVIRONMENT

As a value-driven organisation, PSiRA is committed to high standards of business integrity and ethics. The Authority's 2017/18 financial year could be best summed up in the words of Charles Dickens, "It was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair." Hitherto, the Authority's far-reaching vision and astute leadership signal a positive outlook for an organisation determined to transform the private security industry.

Although the Authority is entering a new era of creating shared value for the shareholder and stakeholders through leveraging its opportunities, allegations of private security service provider involvement in sporadic taxi violence and cash-in-transit heists, overshadowed the good. This was exacerbated by an increase the number of complaints about non-compliance of officers in the eviction of shack dwellers, which unfortunately resulted in loss of life in some instances.

Nevertheless, in spite of its financial limitations, obsolete information technology (IT) systems and broad regulatory scope that often overlaps with that of other government agencies, the Authority continues to thrive because of its enabling legislation, clear understanding of its regulatory mandate, decisive leadership and dedicated staff.

Equally, factors such as cybercrime, identity fraud and the ever-present allegations of non-compliance by some security service providers, pose a threat to the Authority. However, against all odds, PSiRA leverages available opportunities such as effective financial capabilities, enjoys strategic intergovernmental relations, has improved its stakeholder relations and works in an industry with rapid growth. All of these justify the need to review the funding model to improve financial sustainability.

2.2 ORGANISATIONAL ENVIRONMENT

The appointment of a permanent Deputy Director: Law Enforcement was a major boost to staff morale and also inspired the industry's confidence in PSiRA's determination to enforce its legislative mandate as outlined in the PSiR Act.

Another significant milestone was the appointment of a new Internal Audit firm with fresh ideas to enable the Authority to proactively manage and mitigate its risks and improve its internal controls, hence the improvement in the audit outcome.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The imminent proclamation of the Private Security Industry Regulation Amendment Bill will enhance the authority fiduciary responsibility to transform the industry.

The now-enacted Protection of Personal Information Act No 4 of 2013, resulted in a change of strategy in records management and. It will have a great impact on the way the entity handles customers' personal information.

The implementation of the amendments to the Code of Conduct Regulations is continuing, including the submission of draft regulations to the Minister of Police on the uniforms and insignia used by the private security industry as well as draft regulations on the training, registration, use and care of working animals in the private security industry.

3. STRATEGIC OUTCOME-ORIENTATED GOALS

The approved 2017-2021 Strategic Plan is anchored on four strategic outcomes aimed at addressing the numerous challenges faced by PSiRA due to the nature of its business.

Goal	Strategic Goals	Strategic Objectives	Key Performance Indicators
1	To ensure excellent service delivery (effective regulation) in the security industry	Increased monitoring and investigation of security service providers	<ul style="list-style-type: none"> Number of security businesses inspected to enforce compliance with applicable legislation Number of security officers inspected to enforce compliance with applicable legislation % of investigations finalised against non-compliant security service providers (SSPs) % of criminal cases opened against non-compliant SSPs Number of security businesses licensed to possess firearms inspected % of cases of non-compliant SSPs prosecuted per year Number of new draft regulations compiled
2	Stakeholder and customer relationship management	<ul style="list-style-type: none"> Increased awareness on the functions and roles of PSiRA and its stakeholders in the security industry Improved integrity and turnaround time of registration Compliance with minimum professional training standards by SSPs 	<ul style="list-style-type: none"> Number of public awareness programmes on PSiRA's role and functions. Average turnaround time of applications for registration meeting all the requirements for security businesses (working days) Average turnaround time of applications for registration meeting all the requirements for security officers (working days) % of new registration certificates rolled out (on active security officers) % of new registration certificates rolled out (on active security businesses) Number of capacity-building activities for SSP training institutions % training security service providers currently registered with PSiRA accredited for National Qualifications Framework (NQF) qualifications
3	Ensure good governance across the organisation	<ul style="list-style-type: none"> Effective financial management Efficient and effective processes and systems Improved performance of the organisation 	<ul style="list-style-type: none"> Unqualified audit opinion with no significant audit findings % revenue collected Critical IT infrastructure restored within the set timeline % of implementation of the performance management system (PMS)
4	Private security industry stewardship through research and development	Research conducted to influence policy direction for PSiRA and the private security industry	<ul style="list-style-type: none"> Number of completed research topics per year Number of completed surveys per year Number of policy documents completed Number of partnerships established

4. PERFORMANCE INFORMATION PER PROGRAMME



4.1 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 practices.

PROGRAMME 1: ADMINISTRATION


SUB-PROGRAMME: FINANCE AND ADMINISTRATION

KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) Unqualified audit opinion with no significant audit findings	Unqualified audit opinion received	Unqualified opinion with no significant audit findings	Unqualified audit opinion	N/A		
(b) % Revenue collected	67% revenue collected	80% revenue collected	72% revenue collected	-8%		<p>90% of the debt is for small Security Businesses with 0 to 5 security officers employed.</p> <p>These businesses are mostly the ones struggling to get contracts and this is affecting our collection from them</p> <p>Our provision has also increased by R18,8 million as a result to R63 million.</p> <p>Most of this debt is however a historic debt with over 90% being owed more than 90 days. Our Legal department is currently issuing demand letters to all the security businesses who have been withdrawn.</p>

SUB-PROGRAMME: BUSINESS INFORMATION SYSTEM

KEY PERFORMANCE INDICATORS (KPI's)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) Critical IT infrastructure restored within the set timeline	Average 33:53:12	Average of 24 hours	Average of 7:09:39	+16:50:21		Disaster Recovery site implemented in the current financial year


SUB-PROGRAMME: HUMAN CAPITAL







KEY PERFORMANCE INDICATORS (KPIs)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) % of implementation of the performance management system (PMS)	100%	100%	100%	-	N/A 	

4.2 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 ensures that SSPs comply with the regulations by doing regular inspections for both security officers and security businesses and ensures that those who are not complying with the regulations are charged and prosecuted.

KEY PERFORMANCE INDICATORS (KPI's)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) Number of security businesses inspected to assess compliance with legislation	6 001	5 400	6 253	+853		Additional resources (5 inspectors) in Compliance Department

KEY PERFORMANCE INDICATORS (KPI's)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(b) Number of security officers inspected to assess compliance with legislation	29 645	31 000	34 439	+3 439		Additional resources (5 inspectors) in Compliance Department
(c) Percentage of enforcement complaints received finalized	79%	83%	87%	+4%		Additional resources (staff) within Enforcement Department
(d) Percentage of criminal cases opened against non-compliant SSP's	98%	93%	96%	+3%		Additional resources (staff) within Enforcement Department
(e) Number of security businesses licensed to possess firearms inspected	1 348	1 200	1 324	+124		Introduction of new target for assistant inspectors and additional resources (5 inspectors) in Compliance Department
(f) Percentage of non-compliant SSP's prosecuted per year	93%	90%	90%	-		
(g) Number of new draft regulations compiled	New Indicator	2	2 Draft regulations compiled and submitted to the Office of the Minister	-		

4.3 PROGRAMME 3: COMMUNICATIONS, REGISTRATION (CUSTOMER RELATIONSHIP MANAGEMENT - 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.



SUB-PROGRAMME: COMMUNICATIONS AND STAKEHOLDER MANAGEMENT

KEY PERFORMANCE INDICATORS (KPI's)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) Number of public awareness programmes on PSIRA's role and functions	132 public awareness programmes	140 Public Awareness Programmes	173 Public Awareness Programmes	+33 Public Awareness Programmes		Strengthened working relationship with key stakeholders (joint programmes)





SUB-PROGRAMME: INDUSTRY REGISTRATION

KEY PERFORMANCE INDICATORS (KPI's)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) Average turnaround time of applications for registration meeting all the requirements for security businesses (working days)	Average 15 working days	Average of 15 days	17 days	-2 days		Increased in volumes of applications for registration.
(b) Average turnaround time of applications for registration meeting all the requirements for security officers (working days)	14 working days	Average of 15 days	Average of 11 days	+4 days		Sending branch applications for fingerprint verification daily
(c) % of new registration certificates rolled out (on active Security Officers)	159%	60%	84%	+24%		Proactively collaborating with businesses to renew security officers.
(d) % of new registration certificates rolled out (on active Security Businesses)	143%	60%	205%	+145%		Persistent reminders to companies due for renewals (Bulk SMSs and e-mails)

SUB-PROGRAMME: INDUSTRY TRAINING

KEY PERFORMANCE INDICATORS (KPI's)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) Number of capacity building activities for SSP training institutions	12 capacity building workshops	12 Capacity building activities	12 Capacity building activities	N/A		N/A
(b) % training security service providers currently registered with PSiRA accredited for NQF qualifications	34% of training security service providers	50% of currently registered SSP accredited	39% of currently registered SSP accredited	-11%		Cumbersome accreditation process

SUB-PROGRAMME: RESEARCH AND DEVELOPMENT

KEY PERFORMANCE INDICATORS (KPI's)	ACTUAL ACHIEVEMENT 2016/2017	ANNUAL TARGETS		PERFORMANCE VARIANCE	Overall progress of indicator (red/ amber/ green) *	REASON FOR DEVIATION OR OVER-ACHIEVEMENT
		ANNUAL TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/2018			
(a) Number of completed research topics per year	4 Research Topics	4 Research Topics	4 Research Topics	N/A		N/A
Number of completed surveys per year	4 Surveys	4 Surveys	4 Surveys	N/A		N/A
Number of policy documents completed.	2 policy documents completed, but correct level of approval not obtained	4 policy documents completed	5 policy documents completed	+1 policy documents completed		Policies for Close Protection and Special Events informed by research carried out in 2016/2017 were approved.
Number of partnerships established	New Indicator	1 partnership established	0	-1 Partnership		1 Partnership concluded with UCT in 2016/17 and an addendum was concluded done for the partnership to be utilised in the 2017/18 financial year.

LAW ENFORCEMENT OPERATIONAL REPORT

A. COMPLIANCE AND ENFORCEMENT DEPARTMENTS

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 of ensuring a well regulated private security industry, the Authority has developed and implemented a compliance and enforcement strategy, which provides for two departments, namely a Compliance Department and an Enforcement Department. This strategy includes enforcement and prosecution as well as a 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 to which the industry needs to aspire 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 provider.

The Authority's compliance strategy is, among 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.

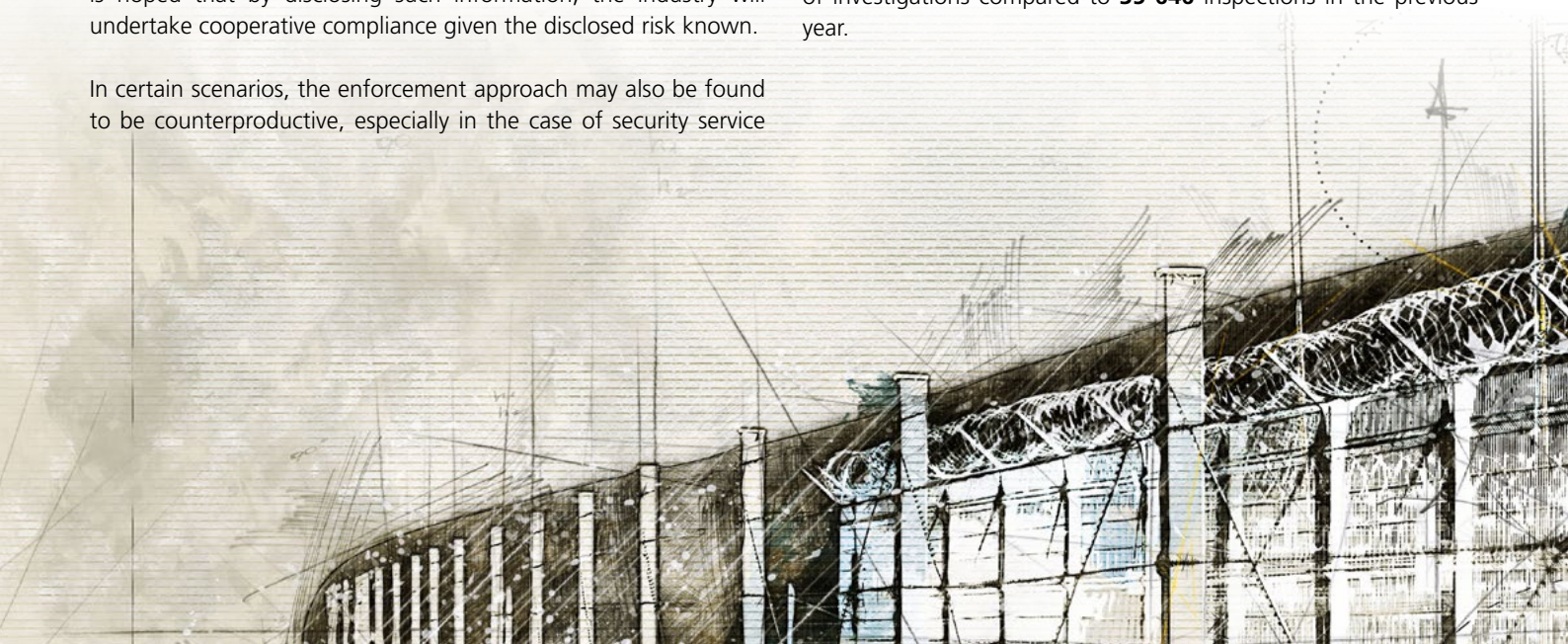
In certain scenarios, the enforcement approach may also be found to be counterproductive, especially in the case of security service

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 Law Enforcement Department is operational policy and 2017/2018 Annual Performance Plan, each compliance inspector must conduct a minimum number of inspections per month.

During the period 1 April 2017 to 31 March 2018, the Law Enforcement Department conducted **40 692** compliance inspections of security service providers were conducted or inspections as part of investigations compared to **35 646** inspections in the previous year.



The regional breakdown was as follows:

REGION	NUMBER OF INSPECTIONS
HEAD OFFICE	20 541
• Gauteng	16 315
• Mpumalanga	961
• Limpopo	1 501
• North West	1 075
• Free State	601
• Northern Cape	88
WESTERN CAPE	6 914
EASTERN CAPE	3 877
KWAZULU-NATAL	9 360
TOTAL	40 692

Of the **40 692** compliance inspections conducted, **6 253** compliance inspections were conducted at security businesses compared to **6 001** inspections in the previous year.

The regional breakdown was as follows:

REGION	NUMBER OF INSPECTIONS
HEAD OFFICE	3 086
• Gauteng	2 029
• Mpumalanga	267
• Limpopo	306
• North West	248
• Free State	193
• Northern Cape	43
WESTERN CAPE	1 066
EASTERN CAPE	685
KWAZULU-NATAL	1 416
TOTAL	6 253

Further, of the **40 692** compliance inspections conducted, **34 439** compliance inspections were conducted of security officers deployed at different sites, compared to **29 645** inspections in the previous year. The regional breakdown was as follows:

REGION	NUMBER OF SECURITY OFFICER INSPECTIONS
HEAD OFFICE	17 455
• Gauteng	14 286
• Mpumalanga	694
• Limpopo	1 195
• North West	827
• Free State	408
• Northern Cape	45
WESTERN CAPE	5 848
EASTERN CAPE	3 192
KWAZULU-NATAL	7 944
TOTAL	34 439

The regional breakdown of the number of in-house security officer inspections conducted from the **34 439** inspected during the period under review, was as follows:

REGION	NUMBER OF SECURITY OFFICER INSPECTIONS
HEAD OFFICE	817
• Gauteng	623
• Mpumalanga	82
• Limpopo	28
• North West Province	12
• Free State	72
• Northern Cape	0
WESTERN CAPE	243
EASTERN CAPE	85
KWAZULU-NATAL	184
TOTAL	1 329



A regional breakdown as far as the type of inspection conducted at security businesses from 1 April 2017 to 31 March 2018 is as follows:

HEAD OFFICE	Gauteng	Mpumalanga	Limpopo	North West	Free State	Northern Cape	Total
Total number of routine/regulatory/training/infrastructure/accreditation inspections conducted	2 029	267	306	248	193	43	3 086
First-time inspections	178	14	47	45	26	11	321
Triggered inspections	859	85	65	72	53	8	1 142
Infrastructure inspections	746	98	148	61	50	14	1 117

COASTAL REGIONAL OFFICES	Western Cape	Eastern Cape	KwaZulu-Natal	Total
Total number of routine/regulatory/training/infrastructure/accreditation inspections conducted	1 066	685	1 416	3 167
First time inspections	94	96	94	284
Triggered inspections	235	77	260	572
Infrastructure inspections	238	162	385	785

Note must be taken that 'first-time inspections' referred to above refers to businesses that have not been the subject of an inspection from 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 Department's operational policy, priority must be given to complaints and infrastructure inspections.

Compliance inspections are also conducted, depending on the 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 2017 to 31 March 2018 is as set out below. For the purpose of this statistical information, a small business is considered to be employing fewer than **20** security officers, medium **21** to **50** security officers and large, **51** and above security officers.

REGION	NUMBER OF INSPECTIONS			
	Small Businesses	Medium Businesses	Large Businesses	Infrastructure and Capacity
HEAD OFFICE	908	313	748	1 117
WESTERN CAPE	534	133	161	238
EASTERN CAPE	375	55	93	162
KWAZULU-NATAL	497	195	339	385
TOTAL	2 314	696	1 341	1 902

With reference to all the above statistics, the overall performance pertaining to the total number of compliance inspections conducted for the period 1 April 2017 to 31 March 2018, in relation to the Department's target, is **112%**. The regional breakdown is as follows:

REGION	TARGET PER OFFICE	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	17 448	20 541	118%
WESTERN CAPE	6 384	6 914	108%
EASTERN CAPE	4 080	3 877	95%
KWAZULU-NATAL	8 556	9 360	109%

The performance pertaining to the number of compliance inspections conducted at security businesses for the period 1 April 2017 to 31 March 2018, in relation to the Department's target is **115%**. The regional breakdown is as follows:

REGION	TARGET PER OFFICE	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	2 592	3 086	119%
WESTERN CAPE	984	1 066	108%
EASTERN CAPE	624	685	110%
KWAZULU-NATAL	1 260	1 416	112%

The performance pertaining to the number of compliance inspections conducted at security officers different sites for the period 1 April 2017 to 31 March 2018, in relation to the Department's target is **111%**. The regional breakdown is as follows:

REGION	TARGET PER OFFICE	NUMBER OF SECURITY OFFICER INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	14 856	17 455	117%
WESTERN CAPE	5 400	5 848	108%
EASTERN CAPE	3 456	3 192	92%
KWAZULU-NATAL	7 296	7 944	109%



Statistical information pertaining to the different categories or classes of security businesses inspected from 1 April 2017 to 31 March 2018 is as follows:

HEAD OFFICE

	Gauteng	Mpumalanga	Limpopo	North West	Free State	Northern Cape
Total Number of Security Business Routine / Regulatory/ Training/ Infrastructure/Accreditation Inspections	2 029	267	306	248	193	43
Category or Class of Security Service Provider Inspected						
Commercial/industrial/residential/guarding or patrolling	1 604	217	286	167	153	43
Assets in transit	69	14	1	8	2	2
Close protection services	150	2	0	9	2	3
Reaction or response services and monitoring signals from security equipment (control room)	403	23	21	59	22	4
Ensuring safety and order on premises (special events)	259	3	1	18	1	4
Car watch or related activities	185	0	0	12	4	4
Providing advice on the protection of persons/ property (consultants/advisers)	80	0	1	7	1	2
Installing, servicing or repairing security equipment	204	13	6	40	22	6
Private investigators	116	2	2	10	4	2
Providing security training or instruction as well as accreditation	137	18	22	11	6	1
Providing services of a locksmith	68	5	0	2	3	3
Making persons or their activities available for rendering of security service (labour brokers)	18	0	0	0	0	2
In-house	55	5	5	8	13	5
Manufacturing, importing, distributing or advertising of monitoring devices	0	0	0	0	0	0



WESTERN CAPE/EASTERN CAPE/KWAZULU-NATAL

	Western Cape	Eastern Cape	KwaZulu-Natal
Total Number of Security Business Routine / Regulatory / Training / Infrastructure / Accreditation Inspections	1 066	685	1 416
Category or Class of Security Service Provider Inspected			
Commercial/industrial/residential/guarding or patrolling	547	434	1 259
Assets in transit	21	10	10
Close protection services	24	18	47
Reaction or response services and monitoring signals from security equipment (control room)	133	70	152
Ensuring safety and order on premises (special events)	55	38	30
Car watch or related activities	6	93	4
Providing advice on the protection of persons/ property (consultants/ advisers)	24	39	20
Installing, servicing or repairing security equipment	168	61	102
Private investigators	43	18	17
Providing security training or instruction as well as accreditation	65	28	53
Providing services of a locksmith	39	19	36
Making persons or their activities available for rendering of security service (labour brokers)	3	0	0
In-house	41	23	21
Manufacturing, importing, distributing or advertising of monitoring devices	0	0	0

* 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 of the 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, security businesses are on average subjected to one inspection every 18 to 24 months.

1.2 SECTOR INSPECTIONS

The Department has implemented targets for 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:



INSPECTIONS

REGION	TOTAL INSPECTIONS	GUARDING SECTOR	ELECTRONIC SECURITY SECTOR	PRIVATE INVESTIGATOR	TRAINING INDUSTRY SECTOR	LOCKSMITH SECTOR	IN-HOUSE SECTOR
HEAD OFFICE:	1 958	1 479	113	49	161	59	97
WESTERN CAPE	825	591	93	22	41	37	41
EASTERN CAPE	523	405	44	11	24	17	22
KWAZULU-NATAL	997	843	34	8	51	33	28
TOTAL	4 303	3 318	284	90	277	146	188

The performance pertaining to categories of security service providers inspected against the target as per the Operational Plan for the period 1 April 2017 to 31 March 2018, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
Guarding sector	2 160	1 479	591	405	843	3 318
Electronic security sector	280	113	93	44	34	284
Private investigator	144	49	22	11	8	90
Training industry sector	176	161	41	24	51	277
Locksmith sector	176	59	37	17	33	146
In-house sector	176	97	41	22	28	188

1.3 SITE INSPECTIONS

Site inspections forms part of the Department'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 inspections are at times also conducted in cooperation with the 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:

INSPECTIONS

REGION	TOTAL INSPECTIONS	RETAIL SECTOR	HEALTH SECTOR	EDUCATIONAL SECTOR	INDUSTRIAL AND CORPORATE	RESIDENTIAL AREAS	EVENT	OTHER
HEAD OFFICE:	17 455	3 642	2 271	1 789	4 711	1 992	2 768	282
WESTERN CAPE	5 848	1 590	627	631	1 262	679	687	372
EASTERN CAPE	3 192	801	368	352	939	315	388	29
KWAZULU-NATAL	7 944	2 123	1 187	454	2 518	770	813	79
TOTAL	34 439	8 156	4 453	3 226	9 430	3 756	4 656	762

The performance pertaining to site inspections conducted against the target as per the Operational Plan for the period 1 April 2017 to 31 March 2018, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
Retail sector	6 200	3 642	1 590	801	2 123	8 156
Health sector	3 100	2 271	627	368	1 187	4 453
Educational facilities	3 100	1 789	631	352	454	3 226
Industrial and corporate areas	6 200	4 711	1 262	939	2 518	9 430
Residential areas	3 100	1 992	679	315	770	3 756
Event sector	3 100	2 768	687	388	813	4 656



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 behaviour. 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 continue with 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 Department's operational policy, all enforcement inspectors must finalise a minimum number of investigations per month.

During the period 1 April 2017 to 31 March 2018, a total of **3 144** investigations were finalised compared to **2 571** investigations in the previous year.

The regional breakdown is as follows:

REGION	NUMBER OF INVESTIGATIONS
HEAD OFFICE	1 772
• Gauteng	1 296
• Mpumalanga	160
• Limpopo	108
• North West	121
• Free State	69
• Northern Cape	18
WESTERN CAPE	631
EASTERN CAPE	247
KWAZULU-NATAL	494
TOTAL	3 144

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

REGION	NUMBER OF SECURITY BUSINESS INVESTIGATIONS	NUMBER OF SECURITY OFFICER INVESTIGATIONS	TOTAL
HEAD OFFICE	1 392	380	1 772
• Gauteng	1 015	281	1 296
• Mpumalanga	121	39	160
• Limpopo	91	17	108
• North West Province	81	40	121
• Free State	66	3	69
• Northern Cape	18	0	18
WESTERN CAPE	556	75	631
EASTERN CAPE	219	28	247
KWAZULU-NATAL	347	147	494
TOTAL	2 514	630	3 144

With reference to the above statistics, the overall performance pertaining to investigations conducted for the period 1 April 2017 to 31 March 2018, based on the Operational Plan of the Enforcement Department, is **96%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INVESTIGATIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	2 016	1 772	88%
WESTERN CAPE	480	631	131%
EASTERN CAPE	312	247	79%
KWAZULU-NATAL	480	494	103%

An analysis of criminal cases registered in respect of finalised investigation is as follows:

REGION	NUMBER OF INVESTIGATIONS FINALISED (ALL INVESTIGATIONS FOR THE PERIOD)	NUMBER OF ANNEXURE A OFFENCES INVESTIGATED AND FOUND IN RESPECT OF THESE FINALISED CASES	NUMBER OF CRIMINAL CASES OPENED IN RESPECT OF THESE INVESTIGATIONS
HEAD OFFICE	1 772	450	449
WESTERN CAPE	631	275	272
EASTERN CAPE	247	87	85
KWAZULU-NATAL	494	184	154
TOTAL	3 144	996	960

The position in respect of Enforcement complaints received, finalised and pending is as follows:

REGION	NUMBER OF COMPLAINTS CARRIED OVER BY ENFORCEMENT DEPARTMENT OR UNIT FROM MARCH 2017	NUMBER OF NEW COMPLAINTS RECEIVED IN APRIL 2017 TO MARCH 2018	TOTAL NUMBER OF COMPLAINTS FINALISED	NUMBER OF COMPLAINTS CARRIED OVER TO APRIL 2018
HEAD OFFICE	552	468	806	214
WESTERN CAPE	19	527	542	4
EASTERN CAPE	13	249	247	15
KWAZULU-NATAL	77	391	393	75
TOTAL	661	1 635	1 988	308

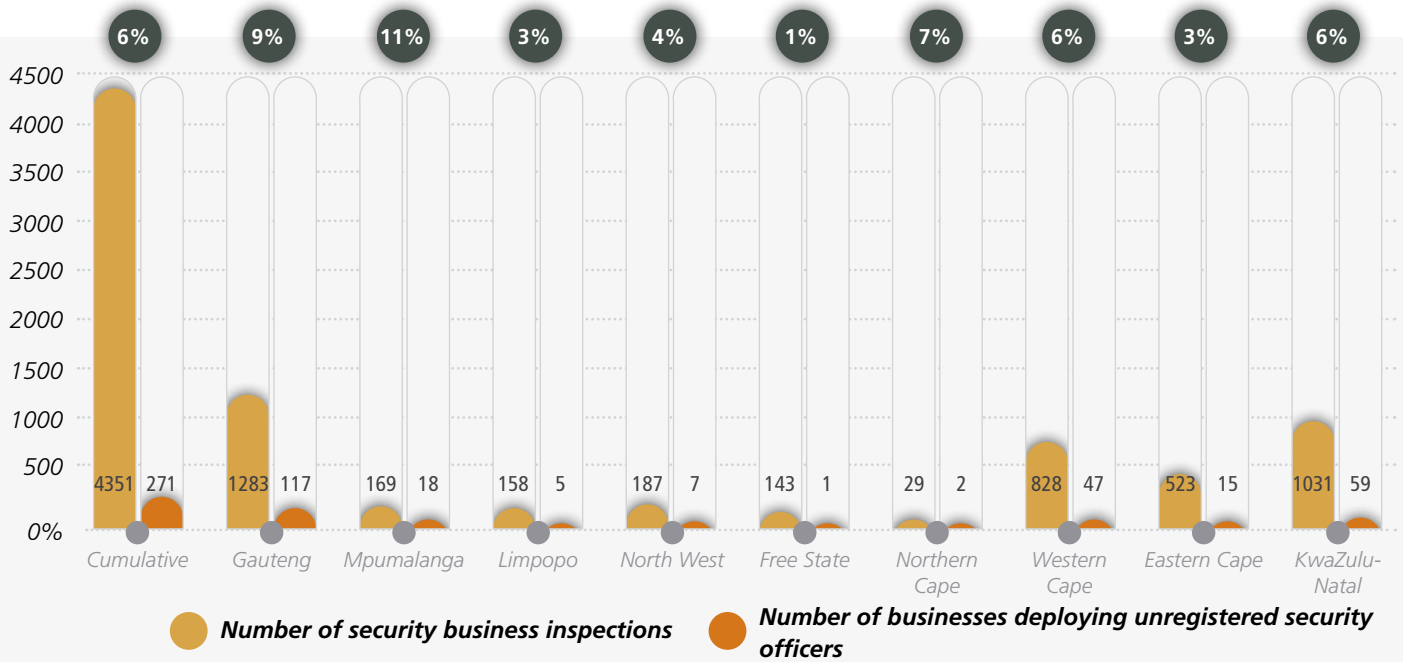


3. COMPLIANCE ANALYSIS CONDUCTED

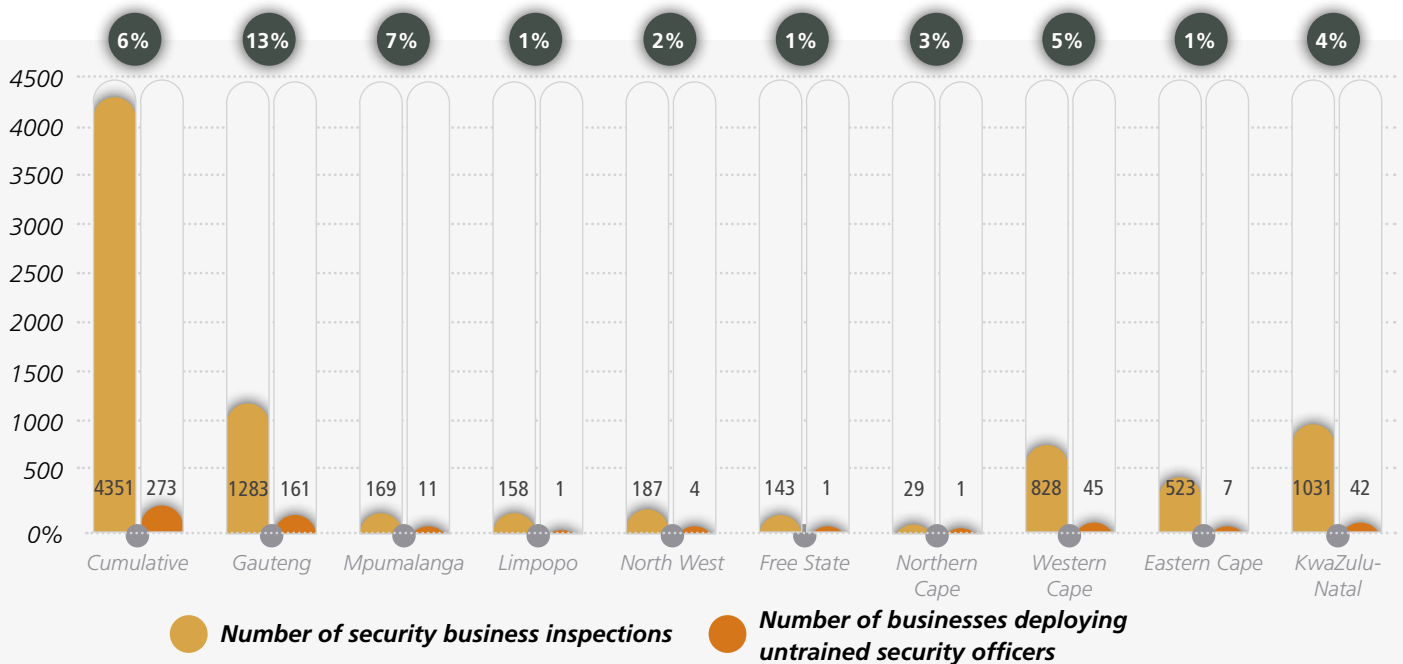
Following on from compliance inspections (excluding infrastructure inspections) conducted at security businesses as well as security officer inspections during 1 April 2017 to 31 March 2018, the following were found in terms of compliance:

SECURITY BUSINESS INSPECTIONS

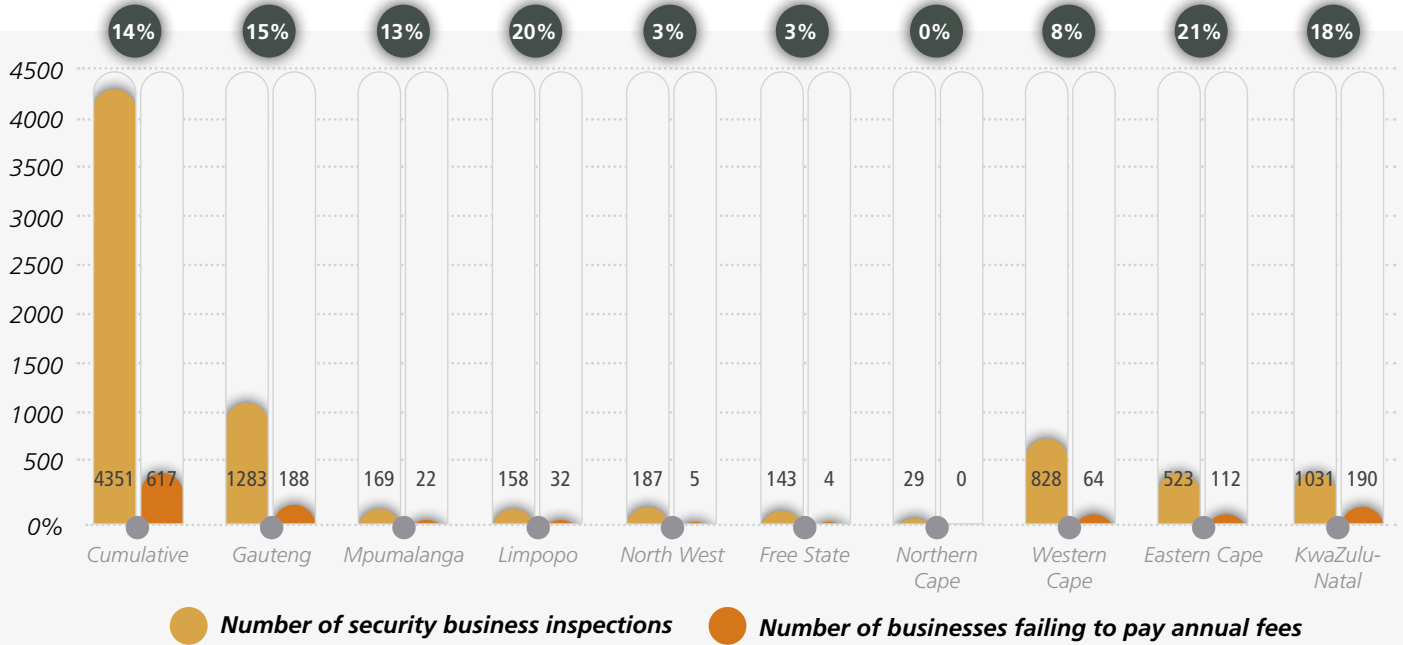
BUSINESSES DEPLOYING UNREGISTERED SECURITY OFFICERS



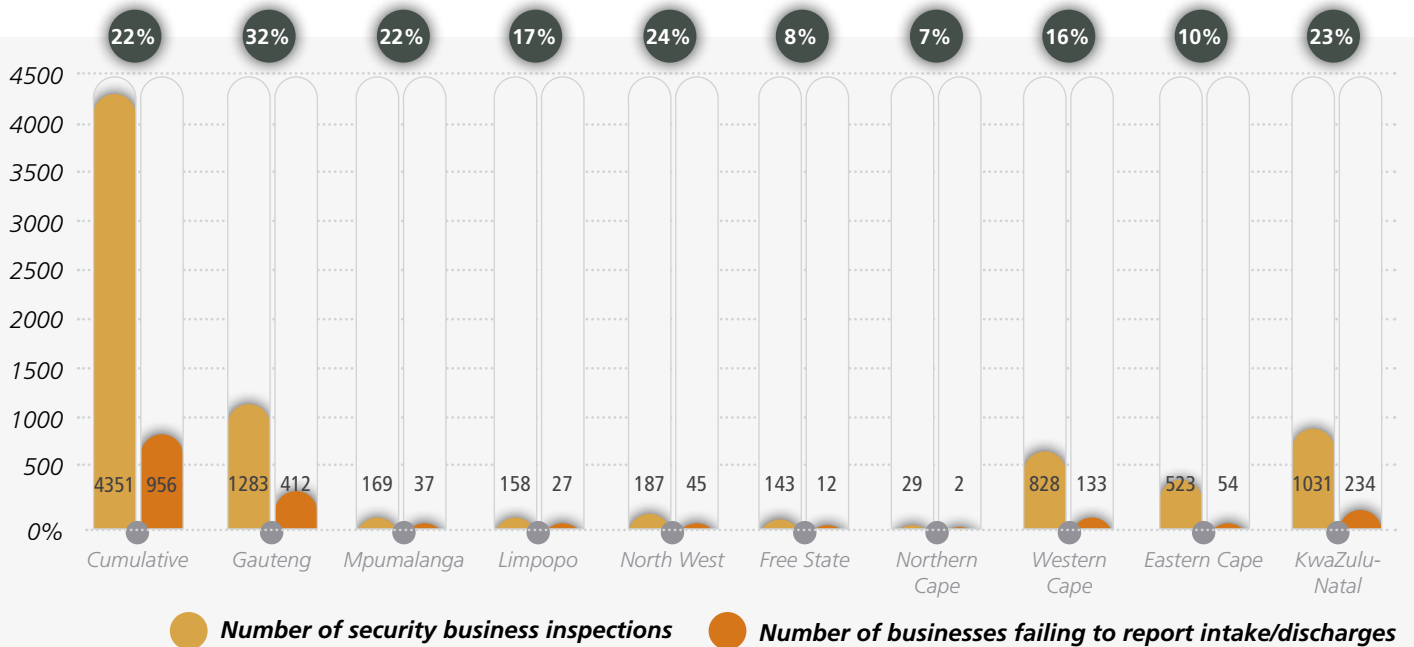
BUSINESSES DEPLOYING UNTRAINED SECURITY OFFICERS



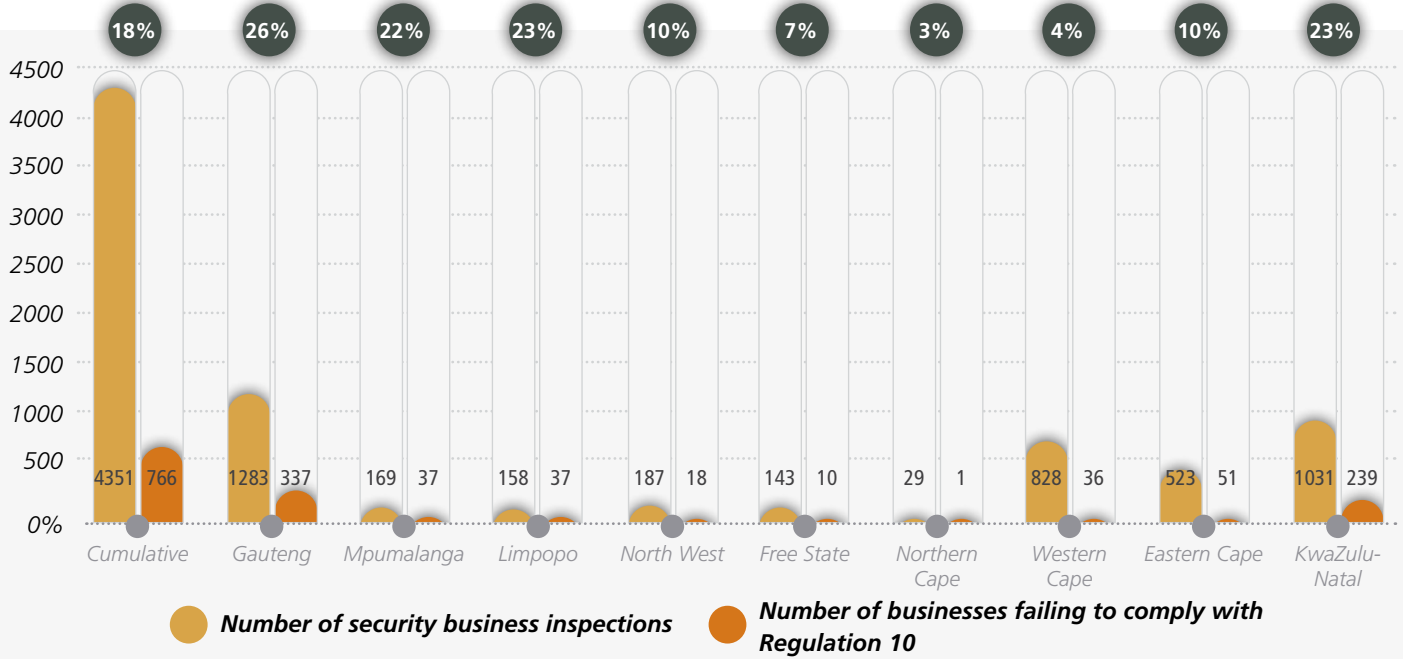
BUSINESSES FAILING TO PAY ANNUAL FEES



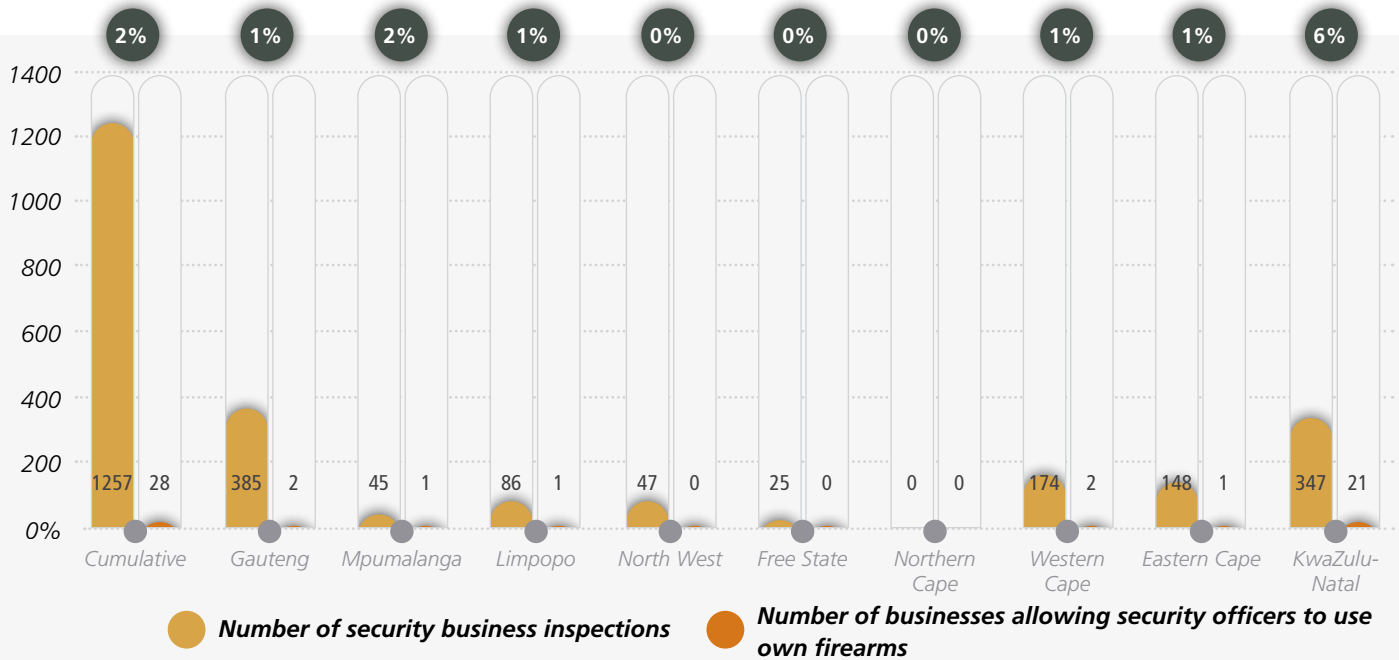
BUSINESSES FAILING TO REPORT INTAKES/DISCHARGES



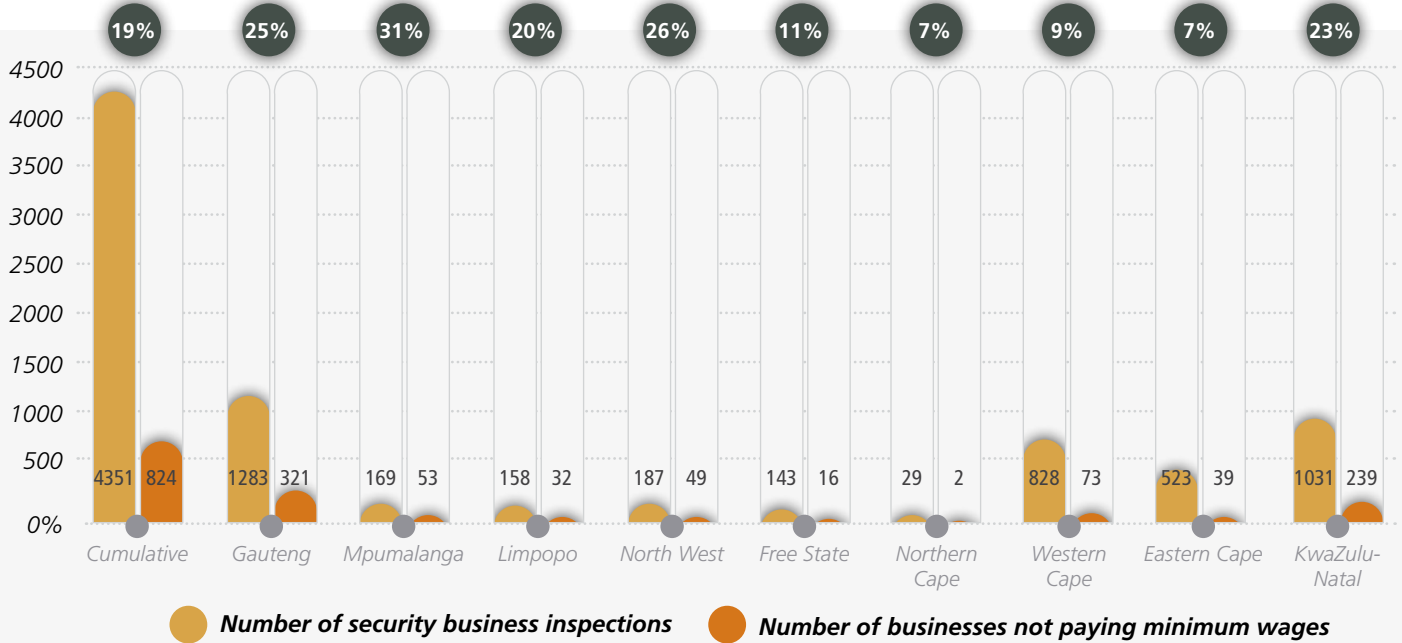
BUSINESSES FAILING TO COMPLY WITH REGULATION 10 DOCUMENTATION



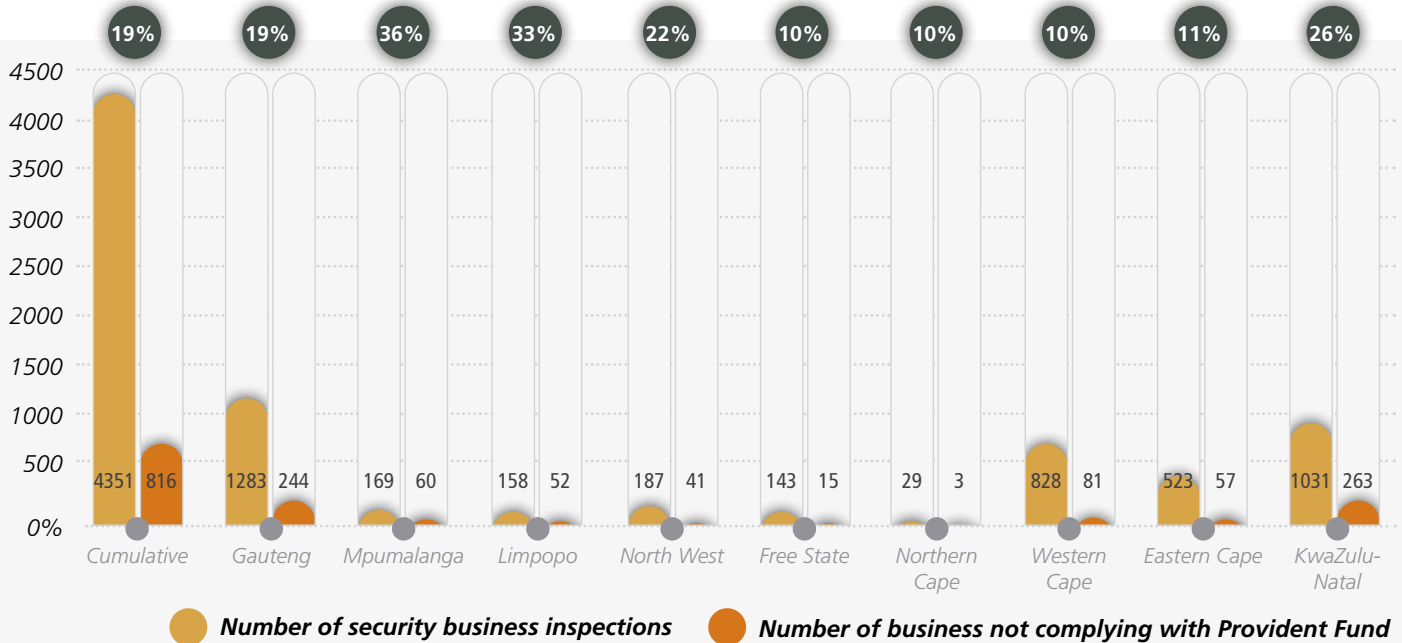
BUSINESSES USING FIREARMS NOT COMPLYING WITH REGULATIONS 13(5) OR (6)



BUSINESSES NOT PAYING MINIMUM WAGES

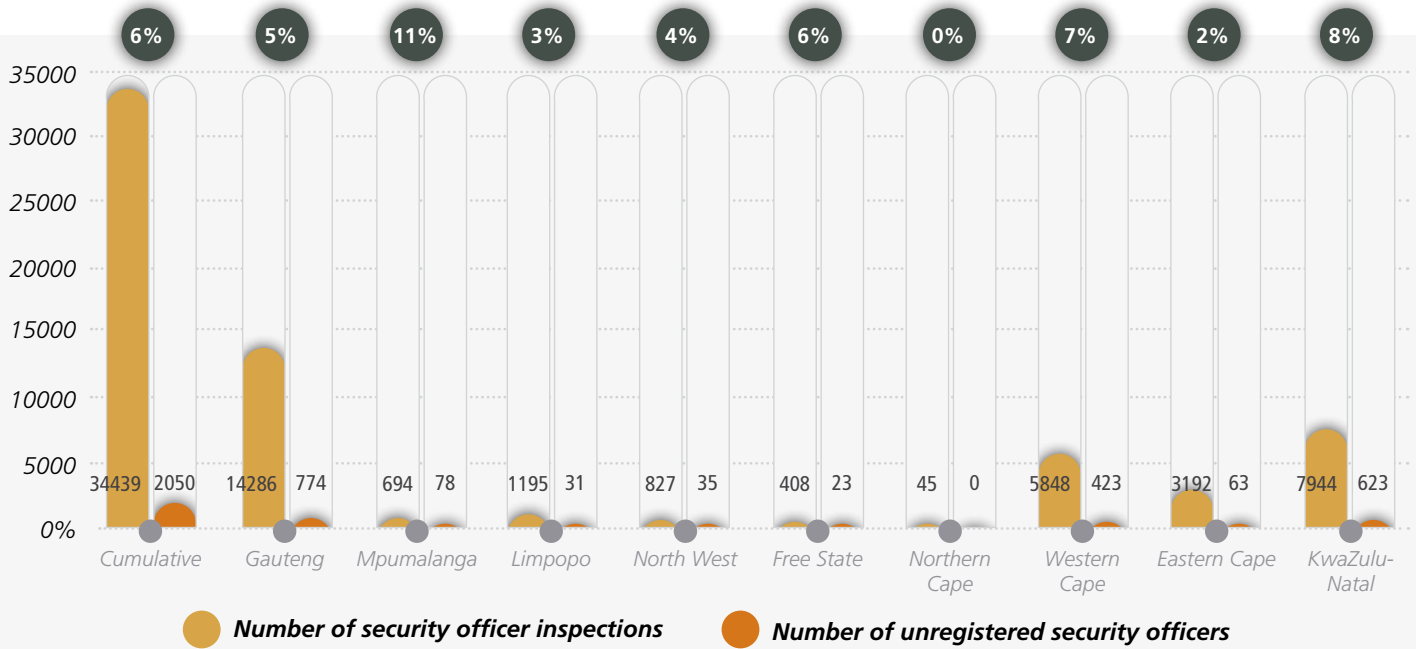


BUSINESSES NOT COMPLYING WITH PROVIDENT FUND

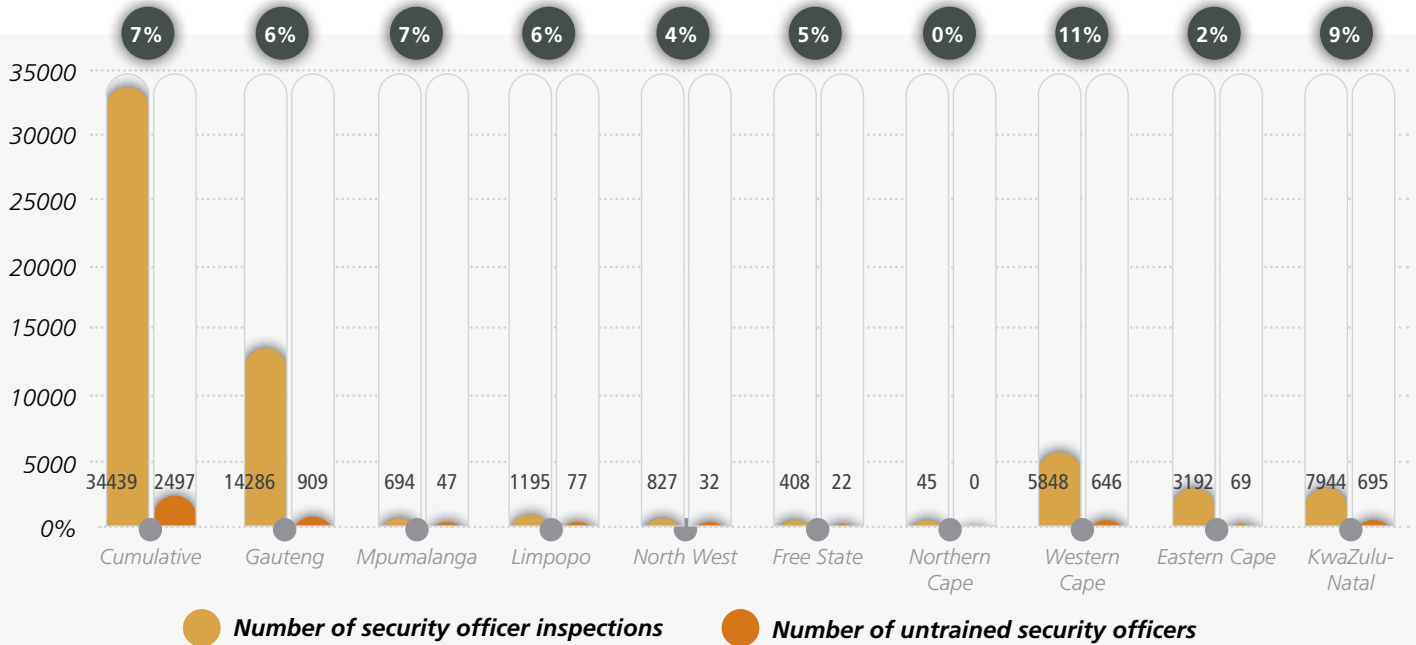


SECURITY OFFICER INSPECTIONS

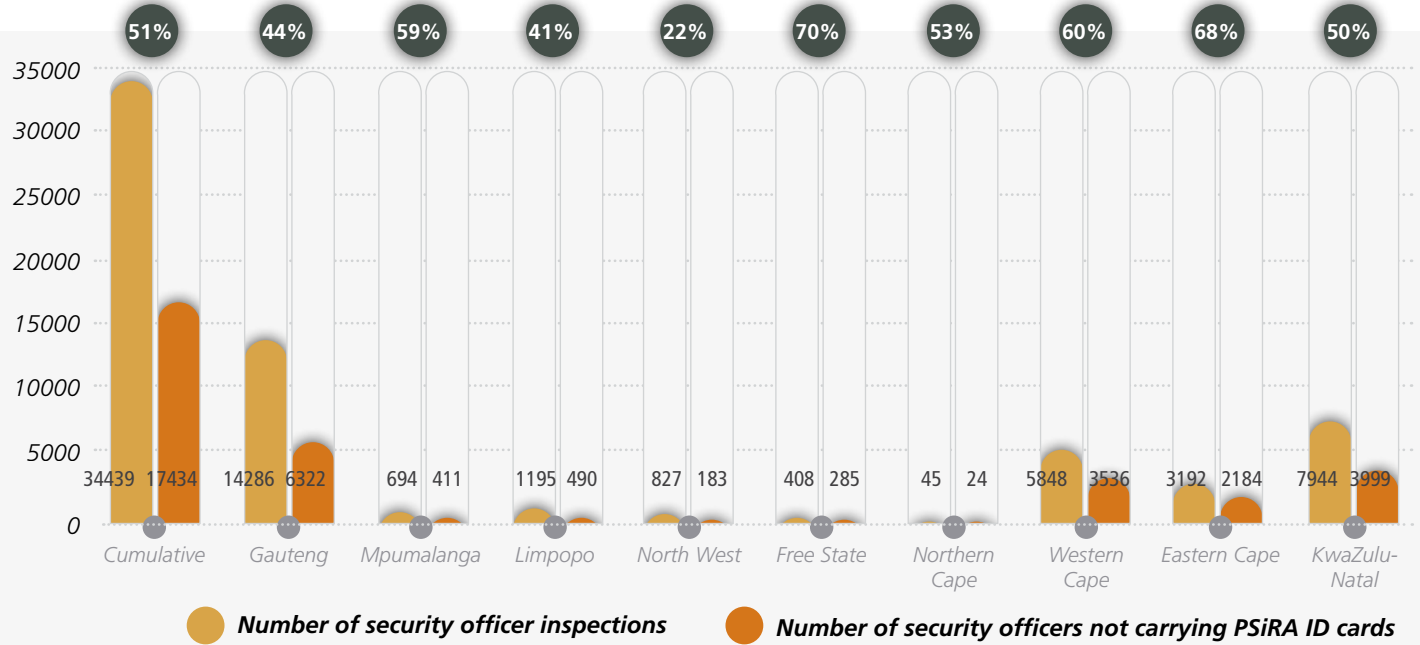
UNREGISTERED SECURITY OFFICERS



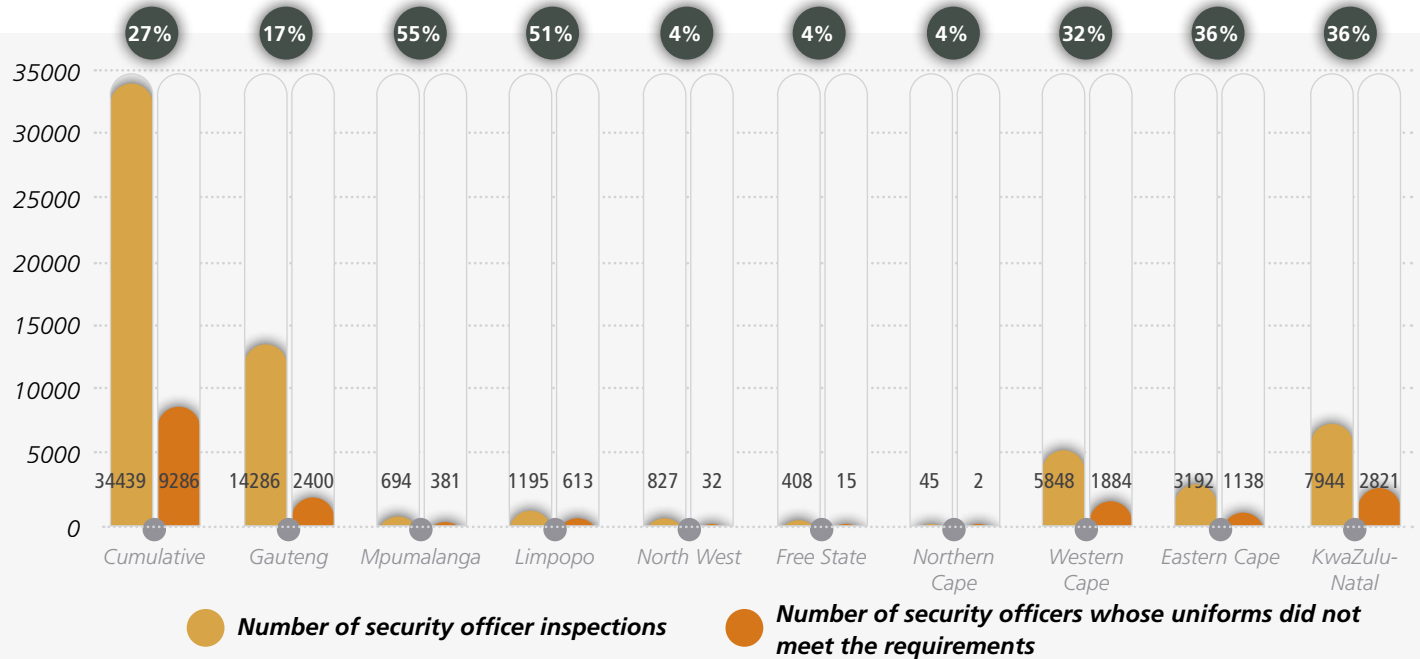
UNTRAINED SECURITY OFFICERS



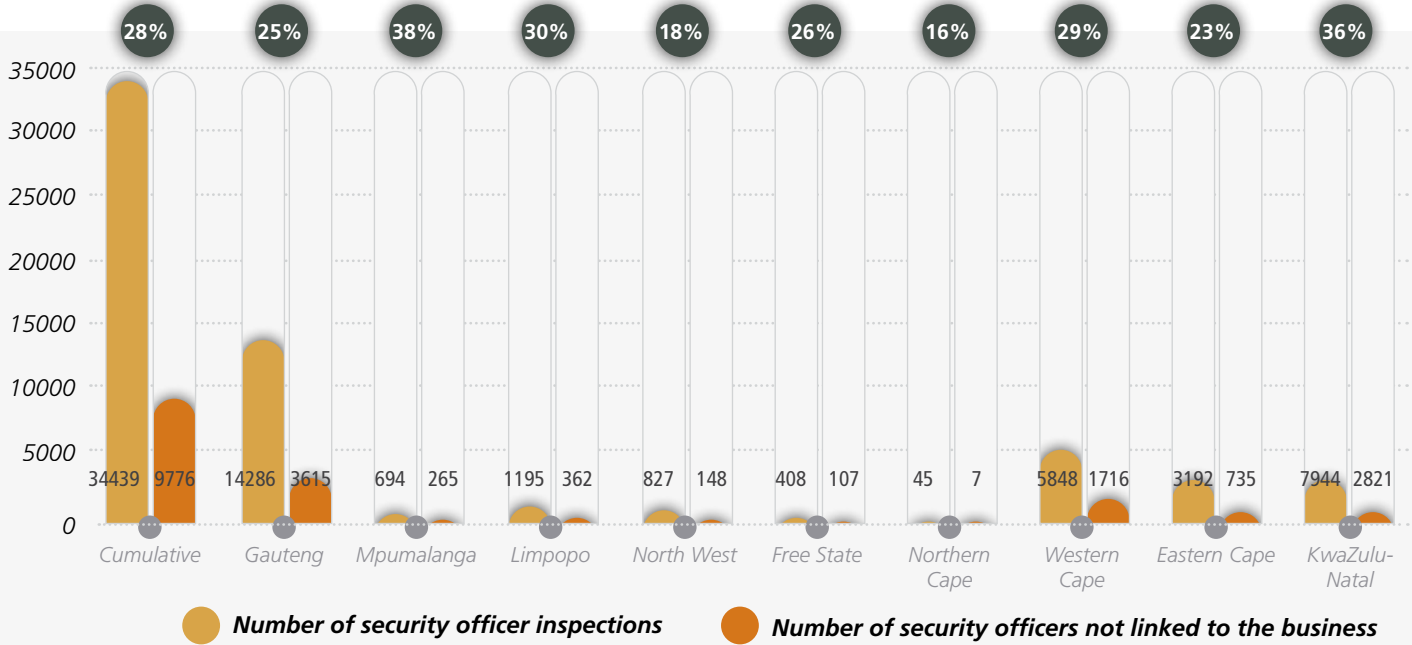
SECURITY OFFICERS NOT CARRYING PSiRA ID CARDS



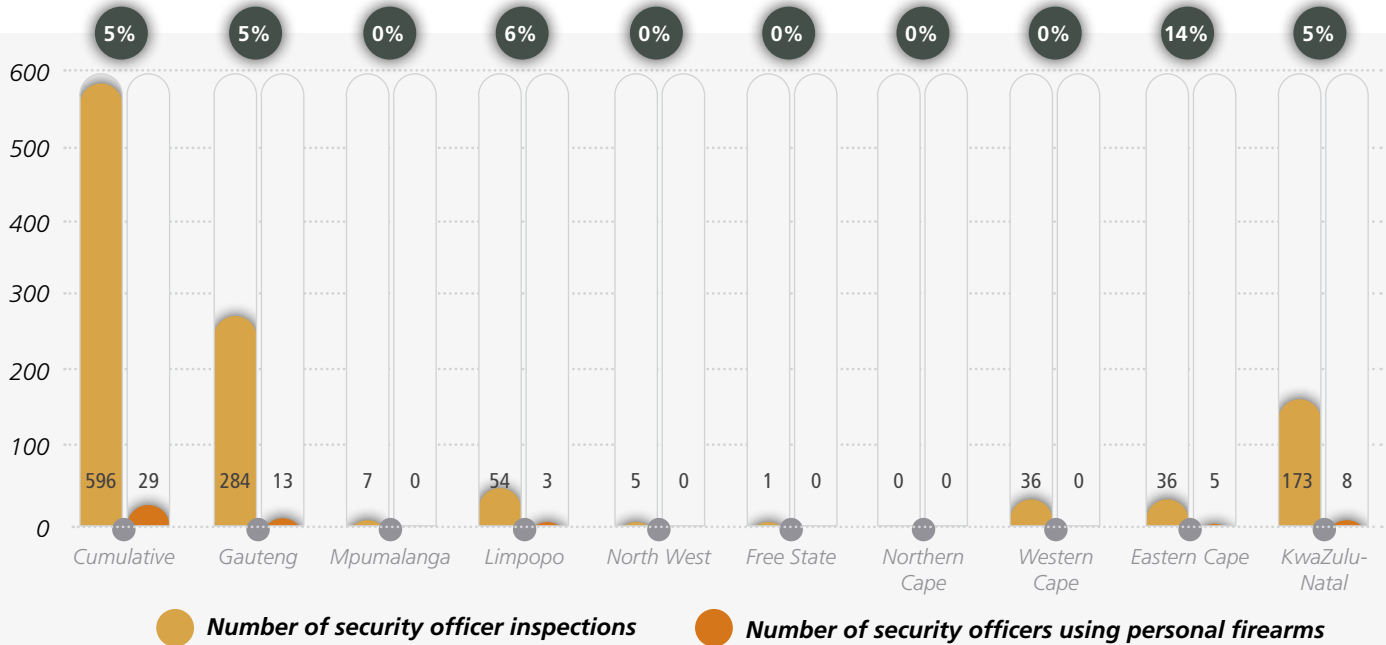
SECURITY OFFICER UNIFORM



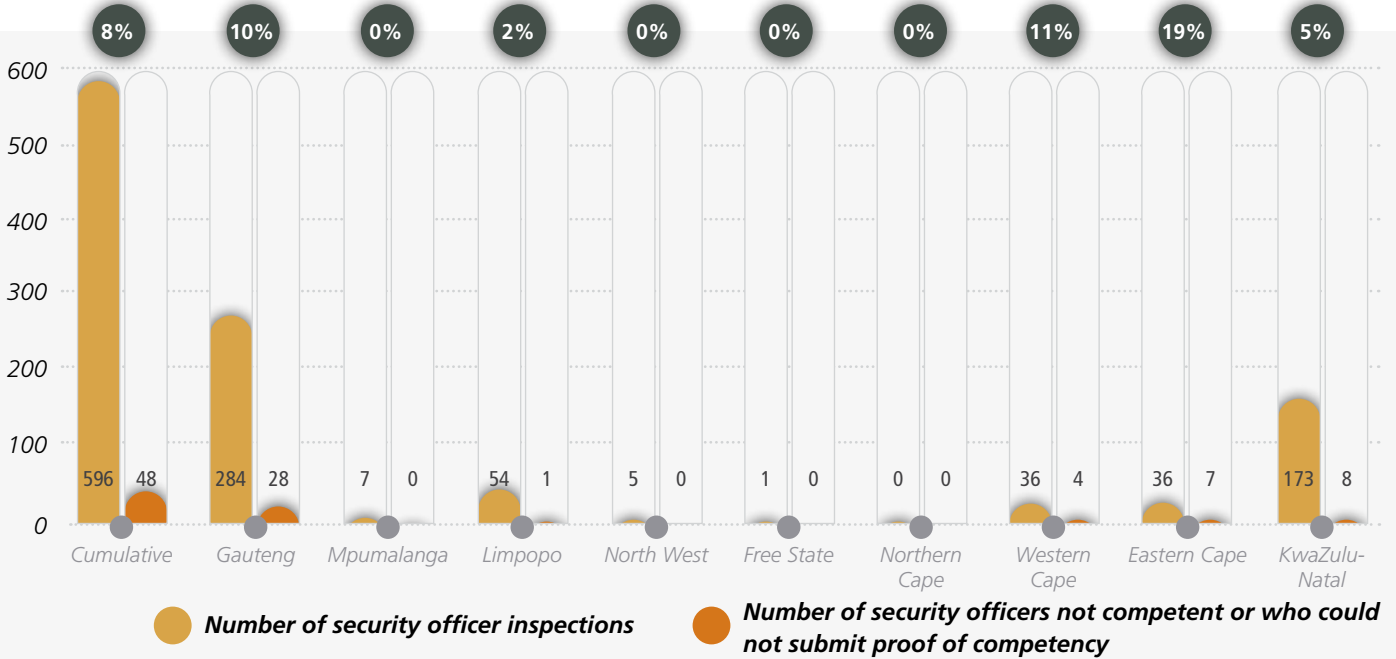
SECURITY OFFICERS NOT LINKED TO THE BUSINESS



SECURITY OFFICERS USING FIREARMS NOT COMPLYING WITH REGULATION 13(5) OR (6)



SECURITY OFFICERS CARRYING FIREARMS NOT COMPETENT IN FIREARMS



4. 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 and Department of Labour. 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, **63** operations were conducted with stakeholders compared to **28** operations in the previous financial year. The following operations were held:

REGION	NUMBER OF OPERATIONS	STAKEHOLDERS	NUMBER OF ARRESTS	UNREGISTERED	FOREIGNERS	FIREARMS	OTHER
HEAD OFFICE	36	Fielia stakeholders/ SAPS/DoL	294	291	140	4	19
• Gauteng	27	Fielia stakeholders/ SAPS/DoL	206	205	99	4	17 DoL INSPECTIONS 0
• Mpumalanga	3	SAPS/DoH/DoL	37	37	29	0	0
• Limpopo	1	SAPS	10	10	0	0	2 DoL
• North West	4	SAPS	39	37	12	0	INSPECTIONS
• Free State	0	-	0	0	0	0	0
• Northern Cape	1	SAPS	2	2	0	0	0
WESTERN CAPE	12	SAPS	40	40	39	0	2 DoL INSPECTIONS
EASTERN CAPE	7	SAPS	3	3	0	0	1 DoL INSPECTION
KWAZULU-NATAL	8	SAPS/POP	38	34	6	16	0
TOTAL	63	-	375	368	185	20	22 DoL INSPECTIONS

The Department participated in the relaunch of Operation Fiela II and conducted operations with all National Joint Operation and Intelligence Structure (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.

5. IMPROPER CONDUCT INVESTIGATIONS

During the period 1 April 2017 to 31 March 2018, a total of **2 350** improper conduct dockets against security businesses were compiled compared to **2 292** dockets in the previous year. The regional breakdown for the period under review is as follows:

REGION	NUMBER OF DOCKETS
HEAD OFFICE	1 185
• Gauteng	840
• Mpumalanga	111
• Limpopo	84
• North West	85
• Free State	45
• Northern Cape	17
• Other	3

REGION	TARGET	NUMBER OF CODE OF CONDUCT DOCKETS OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	1 224	1 185	97%
WESTERN CAPE	396	404	102%
EASTERN CAPE	252	226	90%
KWAZULU-NATAL	492	535	109%

The following number of Improper Conduct dockets was typed from 1 April 2017 to 31 March 2018 by the Law Enforcement Department:

REGION	NUMBER OF DOCKETS TYPED	OUTSTANDING
HEAD OFFICE	861	487
WESTERN CAPE	277	54
EASTERN CAPE	227	74
KWAZULU-NATAL	513	39
TOTAL	1 878	654

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

REGION	NUMBER OF DOCKETS
WESTERN CAPE	404
EASTERN CAPE	226
KWAZULU-NATAL	535
TOTAL	2 350

A further regional breakdown as far as Code of Conduct dockets against, large, medium and small businesses from 1 April 2017 to 31 March 2018 are concerned, is as follows:

REGION	NUMBER OF DOCKETS		
	SMALL BUSINESSES	MEDIUM BUSINESSES	LARGE BUSINESSES
HEAD OFFICE	491	187	507
WESTERN CAPE	222	73	109
EASTERN CAPE	128	38	60
KWAZULU-NATAL	243	120	172

Performance pertaining to the number of Code of Conduct dockets opened during the period under review is **99%** compared to the operational target set. The regional breakdown is as follows:

6. 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 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 2018, there were **549** 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 was as follows:

REGION	NUMBER OF DOCKETS
HEAD OFFICE	314
• Gauteng	181
• Mpumalanga	51
• Limpopo	28
• North West	27
• Free State	15
• Northern Cape	7
• Other provinces	5
WESTERN CAPE	102
EASTERN CAPE	18
KWAZULU-NATAL	115
TOTAL	549

As at end March 2018, there were **704** Improper Conduct cases pending against security service providers for allegations of failure to comply with the Private Security Sector Provident Fund. The regional breakdown was as follows:

REGION	NUMBER OF DOCKETS
HEAD OFFICE	256
• Gauteng	120
• Mpumalanga	41
• Limpopo	48
• North West	20
• Free State	11
• Northern Cape	7
• Other provinces	9
WESTERN CAPE	196
EASTERN CAPE	28
KWAZULU-NATAL	224
TOTAL	704

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

7. 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 them with SAPS.

As at 31 March 2018, a total of **2 663** outstanding criminal cases were pending with SAPS, compared to **2 243** cases in March 2017.

During the period 1 April 2017 to 31 March 2018, a total of **963** criminal cases were opened by inspectors of the Authority compared to **855** 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 was as follows:

REGION	CRIMINAL CASES OPENED
HEAD OFFICE	453
• Gauteng	318
• Mpumalanga	50
• Limpopo	18
• North West	59
• Free State	7
• Northern Cape	0
• Other (Eastern Cape)	1
WESTERN CAPE	271
EASTERN CAPE	84
KWAZULU-NATAL	155
TOTAL	963



Performance pertaining to the number of criminal cases opened during the period under review is **134%** compared to the operational target set. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF CRIMINAL CASES OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	432	453	105%
WESTERN CAPE	108	271	251%
EASTERN CAPE	72	84	117%
KWAZULU-NATAL	108	155	144%

During the period under review, **544** criminal cases were finalised by the National Prosecuting Authority (NPA), compared to **101** cases the previous financial year. The regional breakdown is as follows:

REGION	SUCCESSFULLY FINALISED	UNSUCCESSFULLY FINALISED	TOTAL
HEAD OFFICE	276	22	298
• Gauteng	199	14	213
• Mpumalanga	31	2	33
• Limpopo	10	3	13
• North West	36	1	37
• Free State	0	1	1
• Northern Cape	0	1	1
WESTERN CAPE	49	190	239
EASTERN CAPE	0	2	2
KWAZULU-NATAL	3	2	5
TOTAL	328	216	544

As previously stated, there were at 31 March 2018 a total of **2 663** criminal cases outstanding with SAPS countrywide. The regional breakdown is as follows:

REGION	OUTSTANDING CRIMINAL CASES
HEAD OFFICE	842
• Gauteng	585
• Mpumalanga	92
• Limpopo	76
• North West	41
• Free State	33
• Northern Cape	14
• Other (Eastern Cape)	1
WESTERN CAPE	577
EASTERN CAPE	436
KWAZULU-NATAL	808
TOTAL	2 663

There is a close working relationship between the Authority and the SAPS, which assists the Authority in investigations where the Authority requires that arrests be made. The SAPS also plays an important role in the site inspection operations. The Authority is

also conducting Law Enforcement operations with the SAPS on a national basis and also assists in general SAPS operations.

During the period under review, **377** arrests were made compared to **185** arrests during the previous financial year. The following number of arrests was made:

REGION	NUMBER OF ARRESTS
HEAD OFFICE	333
• Gauteng	240
• Mpumalanga	34
• Limpopo	15
• North West	43
• Free State	1
• Northern Cape	0
WESTERN CAPE	10
EASTERN CAPE	0
KWAZULU-NATAL	34
TOTAL	377

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

8. FIREARMS

8.1 FIREARM APPLICATIONS

The Authority provides information to the Central Firearm Register (CFR) of SAPS pertaining to security service providers applying for firearm licences. This information includes, 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, **1 902** firearm application enquiries were received from the CFR and finalised compared to **1 509** applications the previous year. Of the **1 902** processed, the CFR was informed that **551** of the applicants owed annual amounts or fines, **161** businesses did not report changes, **172** persons responsible for the firearms were not linked to the business or registered, **5** owners/partners/members/directors were not registered and/or trained and **18** businesses were not registered. Some **995** applicants were cleared by the Authority for consideration by the CFR.

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

8.2 FIREARM INSPECTIONS

The Authority conducts, as part of its APP, firearm inspections. The regional number of firearm inspection reports completed during the period 1 April 2017 to 31 March 2018 is as follows:

REGION	NUMBER OF FIREARM INSPECTIONS
HEAD OFFICE	660
• Gauteng	443
• Mpumalanga	41
• Limpopo	66
• North West	72
• Free State	34
• Northern Cape	4
WESTERN CAPE	187
EASTERN CAPE	141
KWAZULU-NATAL	336
TOTAL	1 324

The details of firearm inspections completed are tabled at the Firearm Regulatory Sub-Committee and also forwarded to CFR/FLASH.

With reference to the above statistics, the overall performance pertaining to the total number of firearm inspections conducted for the period 1 April 2017 to 31 March 2018, based on the Authority's APP target is **110%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF FIREARM INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern. Cape	576	660	115%
WESTERN CAPE	228	187	82%
EASTERN CAPE	144	141	98%
KWAZULU-NATAL	276	336	122%



8.3. 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 for the following functions in terms of its terms of reference:

- a) Upholding the objects of the Authority in promoting a legitimate private security and in particular relating to firearm control.
- b) Facilitating the establishment and implementation of effective internal systems to enhance assistance in the control of firearms in the industry. This includes:
 - (i) The enhancement of the security service provider's 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 CFR in respect of changes i.e. registration status, number of security officers employed, address changes etc.
- c) Facilitating the establishment of a standing committee between the Authority and the Office of the CFR of SAPS to:
 - (i) Guide and coordinate the decisions and actions of the Authority and the CFR 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 Law Enforcement operations;
 - (v) Facilitate and improve communication and liaison between the Office of the CFR and the Authority; and
 - (vi) Generally share information from each other's databases on security service providers and licensed institutions.
- d) Facilitating 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.

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

The following number of Regulation 3(4) Notices was served by inspectors during the period under review:

REGION	REGULATION 3(4) NOTICES
HEAD OFFICE	860
WESTERN CAPE	206
EASTERN CAPE	240
KWAZULU-NATAL	417
TOTAL	1 723

10. ANNUAL FEES AND FINES COLLECTED

During the period 1 April 2017 to 31 March 2018, a total of **R1 045 870.01** annual fees and **R81 576.74** fines were collected by inspectors of the Authority.

11. UNTRACEABLE SECURITY SERVICE PROVIDERS

Following on from the issuing of charge sheets, summonses and/or Regulation 3(4) Notices from 1 April 2017 to 31 March 2018, **26** security service provider could not be traced by Inspectors of the Authority and **11** following on from failed inspections. Steps taken to trace these security service providers include, the following :

- Visits to known addresses of the businesses as well as those 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 DEPARTMENT

1. PROSECUTIONS

Areas of functions forming part of this report in respect of prosecutions:

- Charge sheets Issued
- Summonses issued
- Cases finalised at Code of Conduct enquiries
- Cases settled without the need of enquiries
- Appeals
- Applications for exemptions

The above will be presented indicating results for the financial year 2017/2018 hereunder:

REGION	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTALS
Charge sheet and summonses (combined Reg 3(4) Notices)	846	239	249	568	1 902
Case finalised at improper conduct enquiries	117	42	26	16	201
Cases finalised without need of enquiries (settlements)	629	158	176	415	1 378
Cases finalised – charges withdrawn, warning or not guilty	68	15	22	21	126

The above table indicates a total of **1 579** cases finalised, but a further **126** cases were finalised by withdrawal of charges or respondents found not guilty. Added together, the total number of cases finalised rose to **1 705** against a total of **1 902** cases received.

2. LITIGATIONS

Four cases have been enrolled for litigation. Of the four cases, PSiRA is an applicant in one.

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

Opening Balance 2016/2017	Total Received	Dismissed	Upheld	Pending	Matter Referred Back to the Authority
41	95	95	16	25	0

Appeals against the Authority's refusal to register a security service provider due to non-South-African residence

Total Received	Dismissed	Upheld	Pending
0	0	0	0

Appeals against conviction and/or sentence following the finalisation of improper conduct enquiries convened in terms of the Act

Opening Balance 2017/2018	Total Received	Dismissed	Upheld
0	4	0	0

4. APPLICATIONS FOR EXEMPTION 2017/2018

Applications for Exemptions				
Opening Balance 2016/2017	Total Received	Dismissed	Granted	Pending
4	2	2	1	2 (1 application was withdrawn after submission)

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:

- the suspension of the registration of security service providers;
- the upliftment of the suspension of registration of security service providers;
- the withdrawal of the registration of security service providers;
- 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;

- 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;
- the application for a court order in respect of a security service provider as contemplated in Section 27 of the Act; and
- the withdrawal of accreditation certificates of security service providers providing security training.

During the period under review, **28** Regulatory Sub-Committee meetings were held and the following decisions taken:

BUSINESS REGISTRATION							INDIVIDUAL REGISTRATION			NUMBER OF IMPROPER CONDUCT CONFIRMATIONS OF CONVICTIONS SENTENCES			
Withdrawal (Annual fees)	Withdrawals (voluntary)	Withdrawals at Code of Conduct enquiries	Upliftment: Suspension	Withdrawals (Reg 5)	Suspensions (Annual fees)	Suspension (voluntary)	Withdrawals	Withdrawals at Code of Conduct enquiries	Registrations Suspended	HEAD OFFICE	EASTERN CAPE	WESTERN CAPE	KWAZULU-NATAL
989	84	27	101	6	1 270	12	4	6	7	100	24	22	9

IMPROPER CONDUCT SETTLEMENT			
HEAD OFFICE	EASTERN CAPE	WESTERN CAPE	KWAZULU-NATAL
494	171	144	494

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



C. INDUSTRY REGISTRATION

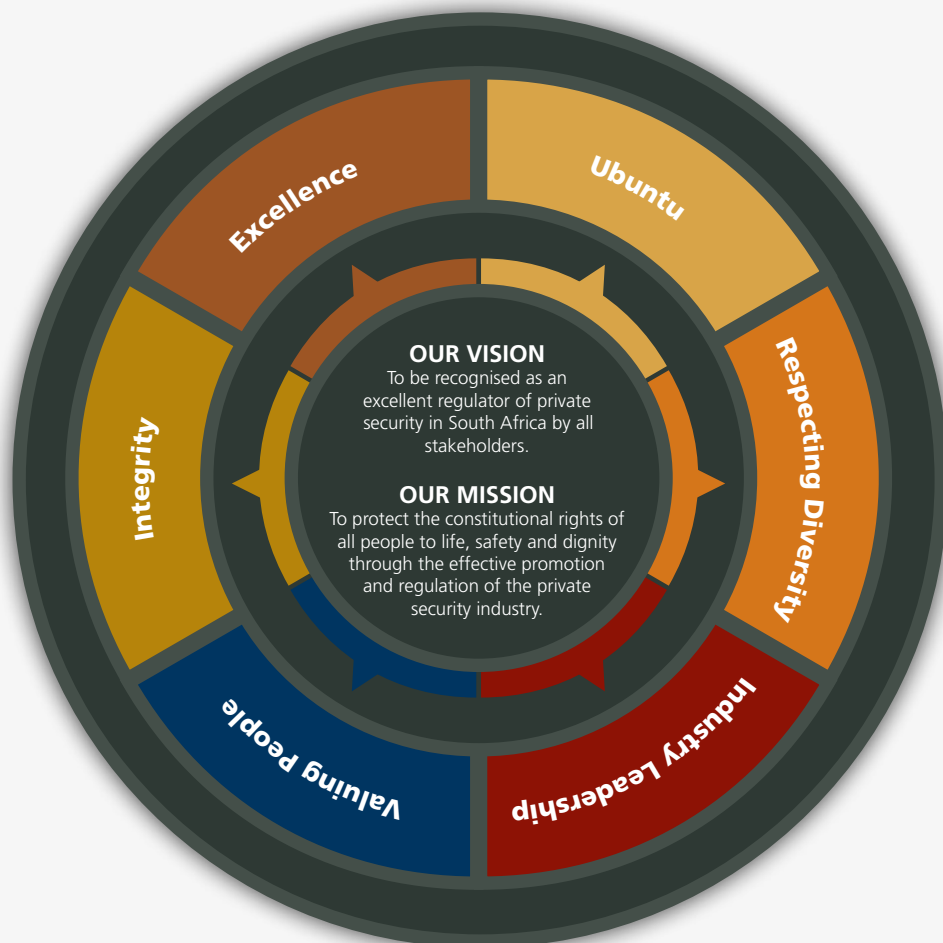
1. OVERVIEW

PSiRA's customer relationship management strategy is anchored on the corporate values, which are a guiding torch in how the Authority renders services to the public and the industry itself.

2. CUSTOMER VALUE PROPOSITION (CVP)

BRAND PROMISE: LEGITIMACY

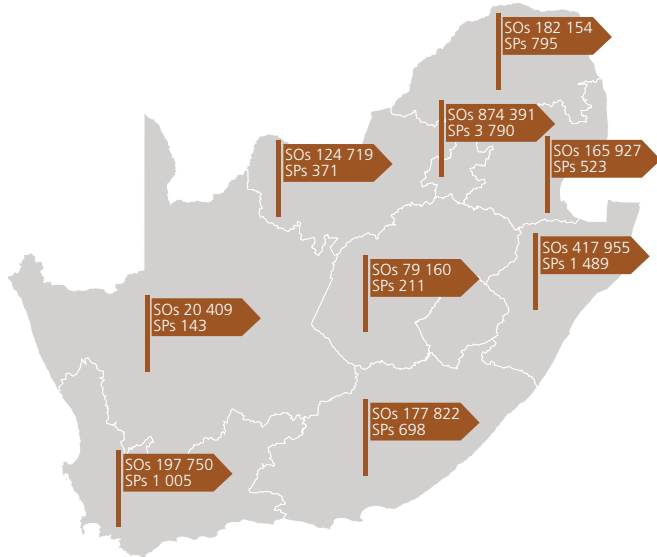
PSiRA's brand promise to the client is being able to grant an efficient and timeous registration to both security service providers and security officers. Thus, a PSiRA certificate means legitimacy to trade and work as a security officer in the private security industry.



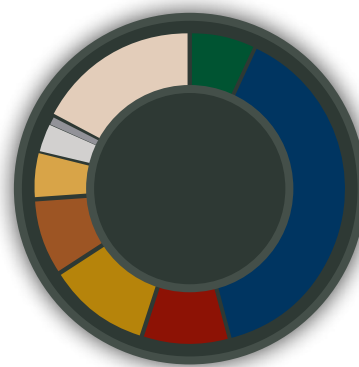
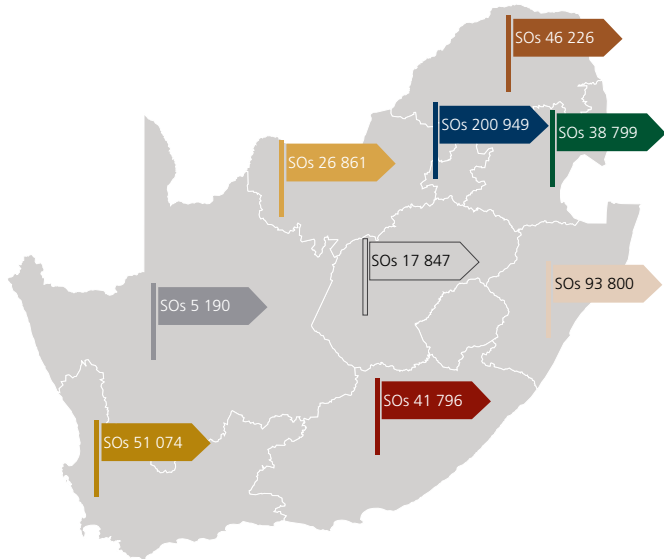
The Registration Unit's primary objective is to ensure that all individual and business applications received by the Authority are quality assured, processed and considered for registration within a reasonable turnaround time to avoid delaying the applicants.

In 2017/2018, the unit was set to register both individual and service providers within 15 days. In the year under review, the Registration Unit registered individual security officers within an average of 11 days' turnaround time - an improvement from 2016/2017 reported 14-day turnaround time. However, there was a regrettable lapse of two days in registering security businesses, which were finalised within an average of 17 days' turnaround time due to new stringent gatekeeping compliance controls introduced by the Authority during the year.

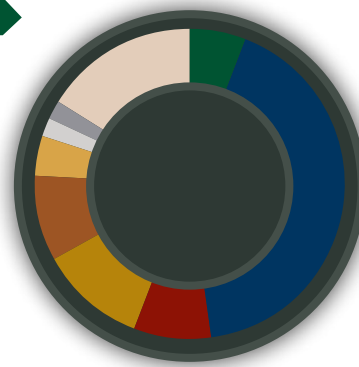
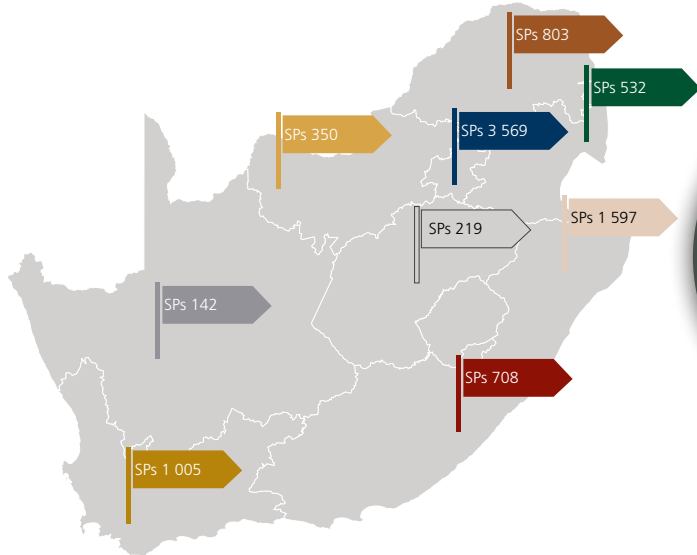
Geographical Spread of Registered Security Officers (SOs) and Security Providers (SPs) - 31 March 2018



Geographical Spread of Registered Active Security Officers - 31 March 2018

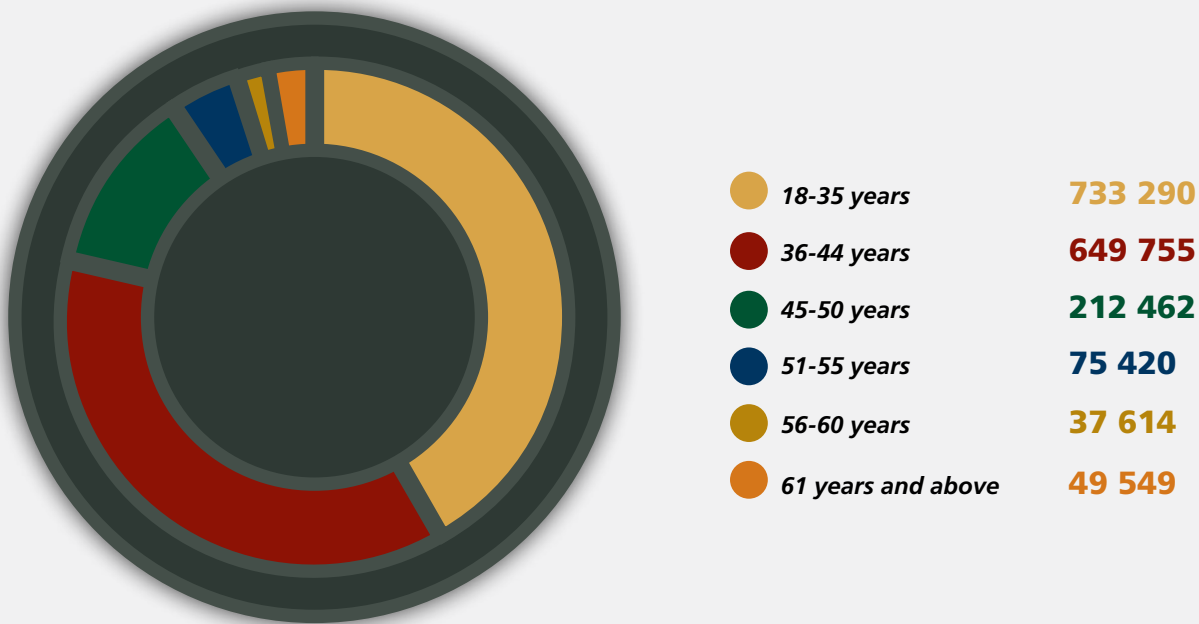


Geographical Spread of Registered Active Security Businesses - 31 March 2018



SECURITY OFFICERS REGISTERED AND INACTIVE

	Total
Number of deceased security officers	4 855
Number of security officers registered who were inactive/unemployed for the past five years based on registration date	399 933
Number of security officers who were inactive/unemployed for the past 10 years based on registration date	841 566

Security officers age group who are registered (both inactive and active)**3. THE RENEWAL OF CERTIFICATE PROJECT**

A total of aggregate number 339 466 security officers renewed their certificates in the 2017/2018 financial year and 4 332 security businesses renewed their certificates.

Security service providers who renewed their certificates	Security officers who had never renewed since registration	Security officers whose certificates had expired in the year under review
4 332	165 458	174 008

The year 2017/2018 was the last in a three-year cycle project to renew old certificates that did not have the security-encrypted features (pre 1 December 2004). Of this project, **165 458** security officers renewed their certificates as compared to the **155 757** who renewed in the 2016/2017 financial year.

As seen on the table below, by the third quarter of 2017/2018, **192 770** security officers were active in the industry with old SOB certificates that were never renewed. **87 992** Security officers' certificates had expired and never renewed. Therefore, a total of **280 692** security officers had not renewed their certificates but PSiRA made an effort through mobile renewal outreaches to companies and areas where it does not have any footprint to ensure compliance.

Province Name	SOs active in the industry but had never renewed certificates	SOs active in the industry with expired certificates	Total
Gauteng	78 254	33 131	111 385
Eastern Cape	17 386	8 731	26 117
Western Cape	23 481	10 185	33 666
Limpopo	10 636	5 983	16 619
North West	11 366	3 797	15 163
Free State	7 971	2 337	10 308
Northern Cape	2 156	1 146	3 302
KwaZulu-Natal	32 667	17 024	49 691
Mpumalanga	8 853	5 588	14 441
Total	192 770	87 922	280 692

AREAS VISITED BY PSiRA FOR MOBILE RENEWALS:

With the aid of geo-mapping technology used to focus on areas which have more concentration of security officers, mobile office renewal initiatives were conducted in the following towns and cities:

- Bloemfontein, Kroonstad, Sasolburg, Harrismith and Phuthaditjhaba - Free State
- Kuruman and Kimberley - Northern Cape
- Secunda, Witbank - Mpumalanga
- Dundee, Empangeni, Vryheid, Newcastle, Escourt and Howick - KwaZulu-Natal
- Giyani, Musina, Lephalale, Thohoyandou and Phalaborwa - Limpopo
- George and Vredendal - Western Cape
- Potchefstroom, Mahikeng and Rustenburg mining belt - North West
- Queenstown - Eastern Cape

We also visited the following companies and institutions:

- South African Reserve Bank
- University of Johannesburg
- Sibanye Gold mine in Rustenburg and Westendoria, Johannesburg
- Protea Coin Security
- Fidelity
- Anglo Gold Ashanti
- Thornburn Security
- G4S

REGISTRATIONS STATISTICS

3.1 TOTAL NUMBER OF REGISTERED SECURITY OFFICERS ON PSiRA'S DATABASE

A total number of **2 288 689** security officers were confirmed registered with PSiRA as at 31 March 2018 compared to the **2 365 782** reported in the 2016/2017 financial year. This is because **77 093** security officers were withdrawn - deceased, in correctional services facilities and retired.

There has been a decline of **6.06%** in male registration and an increase of **2.46%** in the registration of female security officers.

Financial year	Total no of SOs (employed and unemployed)	Male	Female
2016/2017	2 365 782	1 654 671	711 111
2017/2018	2 288 689	1 560 097	728 592

3.2 NUMBER OF ACTIVE/EMPLOYMENT-LINKED SECURITY OFFICERS ON PSiRA'S DATABASE

Financial year	Total no of SOs (employed)	Male	Female
2016/2017	498 435	390 201	108 234
2017/2018	522 542	407 561	114 981

3.3 NUMBER OF REGISTERED SECURITY SERVICE PROVIDERS/BUSINESSES PER PROVINCE

There were **1 301** new security businesses registered during 2017/2018 compared to the **1 376** reported in 2016/2017. The decline is attributed to the annual fee increase and the ripple effects of a decline in economic growth.

Province/Regions	No of Registered Business 2016/2017	No of Registered Business 2017/2018
Gauteng	3 806	3 569
Mpumalanga	529	532
Eastern Cape	639	708
Western Cape	989	1 005
Limpopo	803	794
Northwest	398	350
Free State	206	219
Northern Cape	120	142
KwaZulu-Natal	1 505	1 597
Total	8 995	8 916

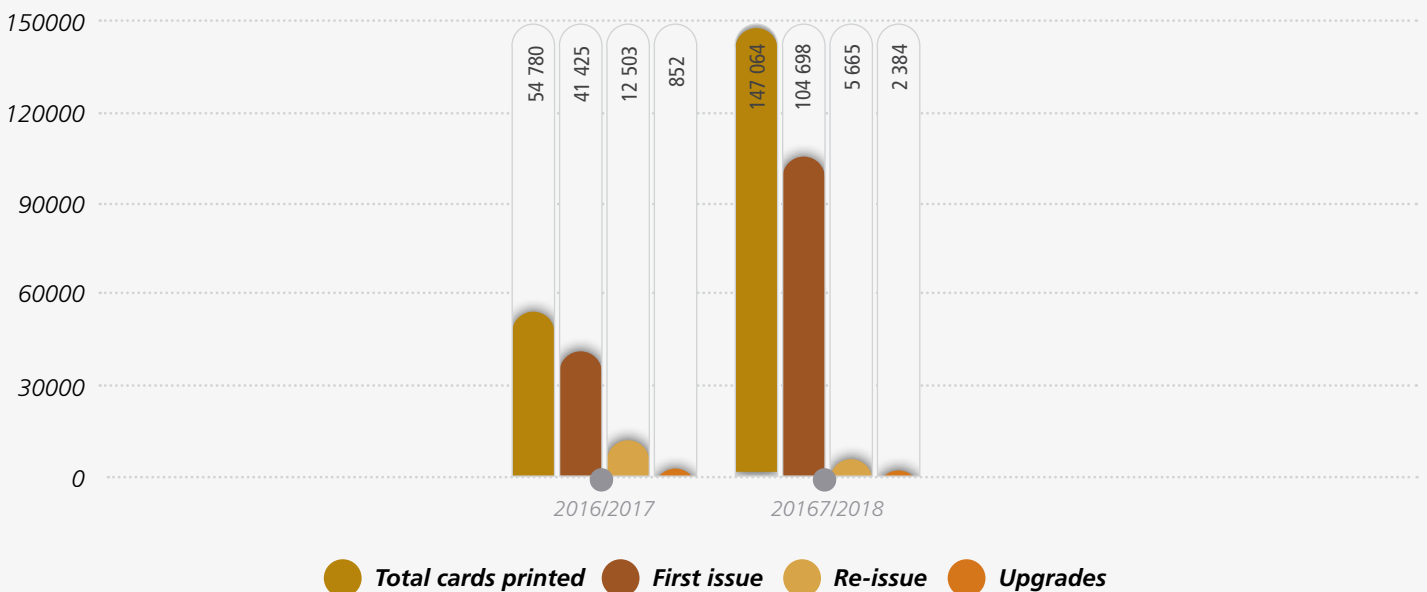
BUSINESS APPLICATIONS WITHDRAWN DURING 2017/2018 FINANCIAL YEAR

Some **991** businesses were withdrawn during 2017/2018 financial year compared to **1 994** businesses withdrawn during 2016/2017 financial year. This shows a decrease of **1 003** compared with the previous financial year.

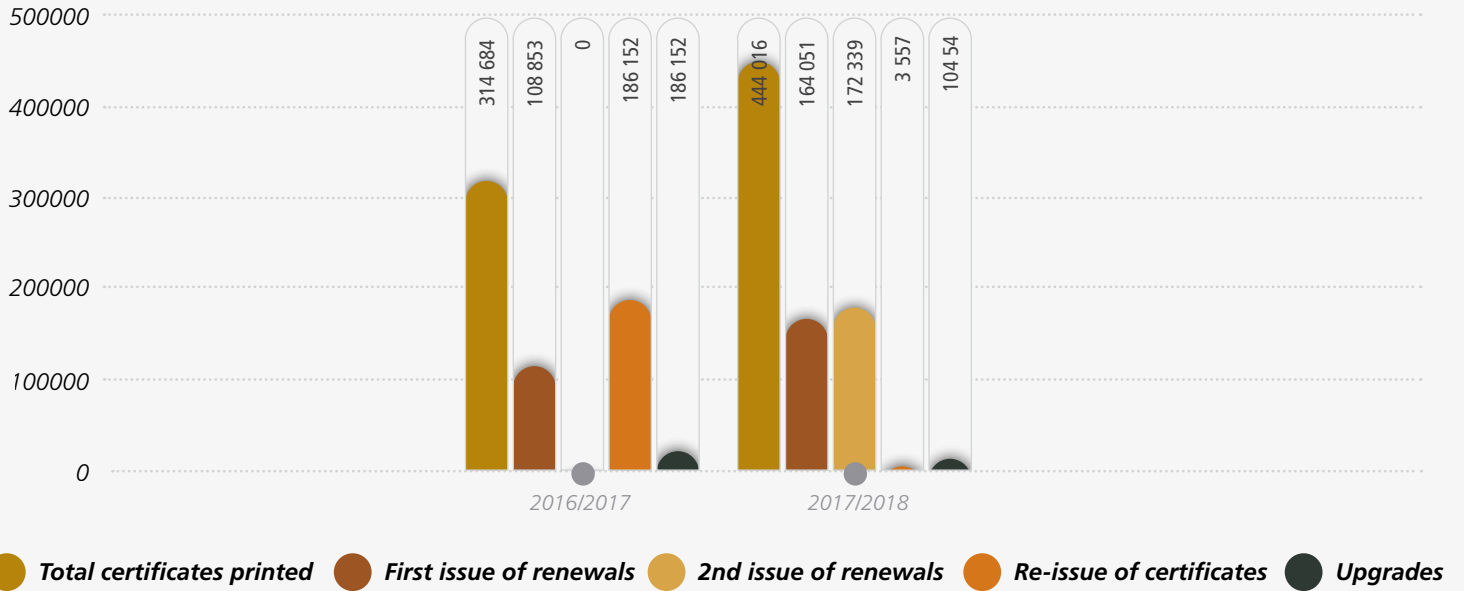
The withdrawals are as a result of non-payment of annual fees and/or general lapses in compliance picked up during the law enforcement operations. Admittedly, economic challenges also contribute in the sense that most non-established security service providers abandon their registration processes due to failure to sustain their businesses.

4. REGISTRATION STATISTICS DURING 2016/2017 AND 2017/2018 FINANCIAL YEARS

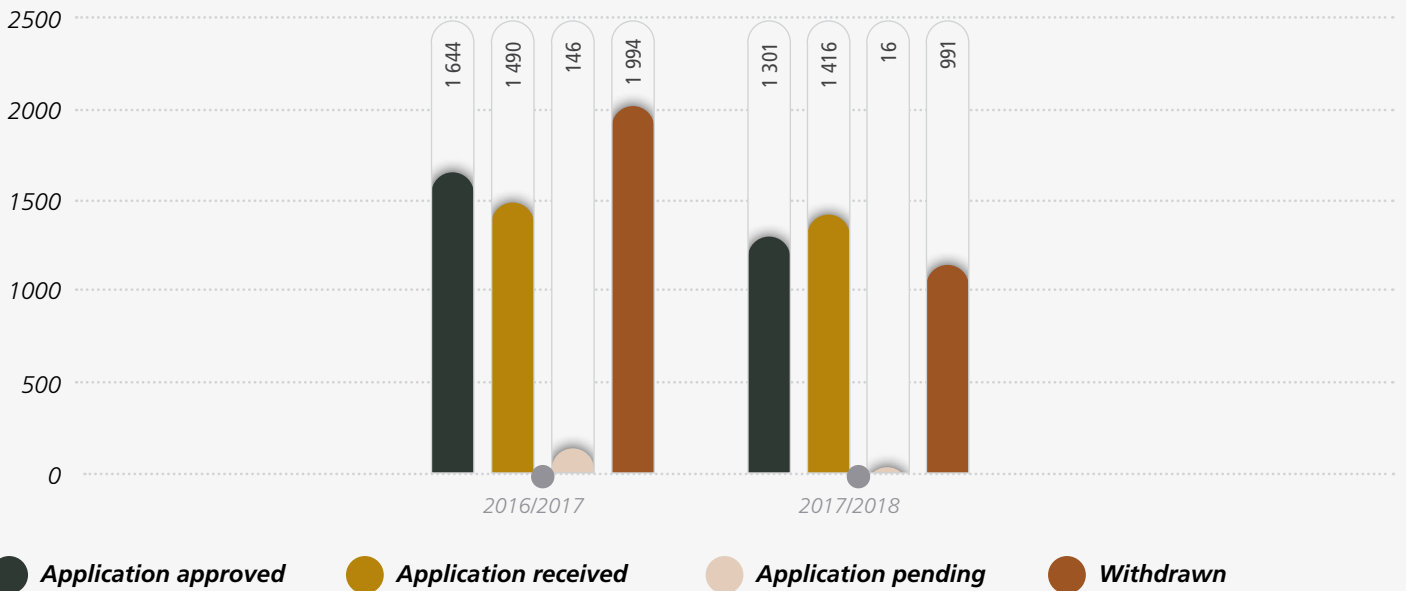
Statistical comparison of ID cards issued during the 2016/2017 and ID cards issued during 2017/2018 financial year



Statistical comparison of individual certificates issued during the 2016/2017 financial year and individual certificates issued the 2017/2018 financial year



Statistical comparison of business certificates issued during the 2016/2017 financial year and business certificates issued in the 2017/2018 financial year



Provincial breakdown of registered and active security officers for 2016/2017 and 2017/2018 financial years is as follows:

Province	No of SOs during 2016/2017	No of SOs during 2017/2018
Gauteng	195 111	200 949
Mpumalanga	33 901	38 799
Eastern Cape	43 623	41 796
Western Cape	53 879	51 074
Limpopo	37 150	46 226
Northwest	26 988	26 861
Free State	16 404	17 847
Northern Cape	4 657	5 190
KwaZulu-Natal	86 722	93 800
TOTAL	498 435	522 542

Registration information pertaining to the different types of security services offered by the **8 916** registered security businesses:

Category of security services	No of businesses as per 2016/2017 financial year	No of businesses as per 2017/2018 financial year
Security guards	6 482	6 660
Security guards cash-in-transit:	2 717	2 868
Body guarding	2 062	2 074
Security consultant	1 911	1 897
Reaction services	3 604	3 451
Entertainment/venue control	2 119	2 094
Manufacture security equipment	747	779
Private investigator	1 278	1 313
Training	1 401	1 426
Security equipment installer	1 572	1 586
Locksmith/key cutter	461	521
Security control room	1 824	1 794
Special events	2 178	2 214
Car watch	1 245	1 260
Insurance	86	84
Security and loss control	86	83
Fire prevention and detection	47	45
Consulting engineer	22	18
Dog training	16	18
Alarm installers	77	84
Anti-poaching	7	8
Rendering of security service	1 528	1 542

	2016/2017	2017/2018
Registered active security businesses	8 995	8 916
Registered active guarding businesses	6 482	6 660
Registered active cash-in-transit businesses	2 717	2 868
Registered active armed response businesses	3 604	3 451
Registered active (employed) security officers	498 435	522 542

5. REGISTRATION SUB-COMMITTEE

One of the core mandates of the registration subcommittee is to consider applications for registrations in terms of Section 23 (6) of the Private Security Industry Regulatory Act 56 of 2001, which clearly states that “*despite the provision 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*”.

Business applications received, approved and rejected by the Registration Sub-committee

DATE	Number of SPs received	Number of SPs approved	Number of SPs rejected	Number of SPs results pending
11/05/2017	152	152	0	0
01/06/2017	94	94	0	0
21/06/2017	83	83	0	0
19/07/2017	84	84	0	0
28/07/2017	128	128	0	0
03/08/2017	27	14	0	13
16/08/2017	49	46	0	3
23/08/2017	20	20	0	0
30/08/2017	36	36	0	0
06/09/2017	36	36	0	0
13/09/2017	16	15	0	1
21/09/2017	27	27	0	0
28/09/2017	27	27	0	0
11/10/2017	40	40	0	0
20/10/2017	31	31	0	0
01/11/2017	42	40	2	0
08/11/2017	31	31	0	0
23/11/2017	61	61	0	0
06/12/2017	54	52	2	0
15/12/2017	30	30	0	0
16/01/2018	42	42	0	0
19/01/2018	33	33	0	0
24/01/2018	28	26	2	0
29/01/2018	24	24	0	0
02/02/2018	41	41	0	0
07/02/2018	27	27	0	0
15/02/2018	24	24	0	0

DATE	Number of SPs received	Number of SPs approved	Number of SPs rejected	Number of SPs results pending
21/02/2018	18	18	0	0
28/02/2018	30	30	0	0
09/03/2018	37	37	0	0
22/03/2018	54	54	0	0
TOTAL NO	1 426	1 403	6	17

Individual applications received, approved and rejected with previous criminal convictions and completed merit forms

DATE	Number of SOs received	Number of SOs approved	Number of SOs rejected	Number of SOs results pending
11/05/2017	187	65	116	6
01/06/2017	88	33	54	1
21/06/2017	100	39	56	5
19/07/2017	50	16	34	0
28/07/2017	105	44	61	0
03/08/2017	127	38	85	4
16/08/2017	45	15	27	3
30/08/2017	45	15	29	1
13/09/2017	76	25	48	3
21/09/2017	40	8	32	0
28/09/2017	72	27	45	0
11/10/2017	92	29	63	0
20/10/2017	53	18	34	1
01/11/2017	50	22	27	1
08/11/2017	32	11	21	0
23/11/2017	41	10	31	0
06/12/2017	125	28	94	3
15/12/2017	74	15	58	1
16/01/2018	32	2	29	1
19/01/2018	50	14	35	1
24/01/2018	78	13	65	0
29/01/2018	46	9	32	5
07/02/2018	86	22	64	0
15/02/2018	73	29	34	0
21/02/2018	29	15	14	0
09/03/2018	102	41	61	0
22/03/2018	102	36	65	1
TOTAL NO	2 000	639	1 314	37

D. INDUSTRY TRAINING

In terms of the PSiRA mandate it is the role of the Training Department as contemplated in Section 4(K) of the PSiR Act to promote high standards in the training of security officers.

1. CAPACITY-BUILDING WORKSHOPS

The Authority considers capacity building of sessions to security training providers as a critical strategic approach to ensure that the expected delivery and implementation of training by all registered and accredited security training providers is being maintained. During the financial year under review, the Authority conducted a total of 12 stakeholder capacity building workshops aiming at driving a high degree of compliance as provided for in terms of the PSiRA Code of Conduct, 2003, for security training providers. The following is the schedule of workshops held in 2017/2018:

Province	Region	Number of Workshops
Eastern Cape	Mthata	1
Eastern Cape	Port Elizabeth	1
Free State	Bloemfontein	2
Gauteng	Pretoria	1
KwaZulu-Natal	Durban	1
Mpumalanga	Nelspruit	1
North West	Rustenburg	2
Western Cape	Cape Town	1
Limpopo	Polokwane	2

Provincial breakdown of registered PSiRA training providers:

Region	2017/18	2016/17	2015/16
KwaZulu-Natal	108	80	69
North West	21	23	19
Gauteng	219	157	133
Mpumalanga	29	29	26
Free State	23	20	18
Western Cape	50	46	36
Limpopo	60	53	44
Eastern Cape	38	31	26
Northern Cape	1	7	7
Total	548	446	378

* The security training providers registered with PSiRA were reported and the SSPs implementing the National Qualification Framework aligned qualification has had an effect on the number of security training providers increase.

2. WITHDRAWAL OF PROFESSIONAL BODY APPLICATION

Important to note for the year under review is the counteraction of objections raised by the industry stakeholders on the PSiRA application submitted to the South African Qualification Authority (SAQA) as a professional body. The provisional withdrawal acknowledged by SAQA will allow the Authority sufficient time to engage further all the dissenting parties. The future application for registration and recognition will ensure inclusivity and needed transformation in the industry, including recognition of all occupations and professionals within the private security industry.

3. STRATEGIC FOCUS TO INDUSTRY TRAINING

The private security industry's ever-changing technology and exponential growth requires the strengthening of 'fit for purpose' training and skills development with desired competencies and high productivity levels in varying categories of the private security industry.

It is therefore, critical that the current content of training is reviewed with, improved learning programmes for different occupations in the private security industry. Critical to the implementation of training, the intention is to ensure that the training is quality assured with the high focus to credibility of training and authentic certification of prospective and constituent security officers through an integrated management information system linking all participants in the training process. It is our intention to foster relationships with institutions of higher learning and partner with all key stakeholders.

4. COURSE REPORTS

For the financial year 2017/18, there were **405** PSiRA accredited training centres compared to **366** at 31 March 2017. A total of **428 843** course reports were processed successfully during the year under review compared when compared to the previously in the financial year, **418 307**.

Course Reports	2017/18	2016/17	2015/16
	Number of Course Reports	Number of Course Reports	Number of Course Reports
Course reports on hand end-March	1 677	4 779	840
Course report received from April 2017 to March 2018	431 648	416 734	405 074
Course reports processed from April 2017 to March 2018	428 843	418 307	400 513
Course reports returned from April 2017 to March 2018	341	1529	622
Course reports carried over to April	4 141	1 677	4 779

5. TRAINING SUB-COMMITTEE

For the financial year ended 31 March 2018, the sub-committees were coordinated and held meetings to conclude the following applications:

Instructor applications considered	Total received	154
	Approved	147
	Rejected	6
	Additional information required	1
Recognition of Prior Learning applications considered	Total received	102
	Approved	92
	Rejected	8
	Additional information required	2



E . COMMUNICATION AND STAKEHOLDER MANAGEMENT REPORT

The Communication Unit is tasked with implementing and driving the communication strategy with specific reference to the Authority's vision and strategic focus among all stakeholders, through an effective marketing approach.

In the year under review, PSiRA continued to maintain an appropriate environment to facilitate improved stakeholder access, media management, internal and external communications, customer care and marketing of the Authority to all its 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 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
- creating platforms for PSiRA to engage with the media in order to have the public at large fully informed of the role and responsibilities of the Authority.

ACHIEVEMENTS:

STAKEHOLDER MANAGEMENT

Under the year reviewed, the unit continued pro-active, consistent engagements with stakeholders in developing, maintaining and fostering coherent partnerships with key stakeholders. We successfully built win-win partnerships with key industry stakeholders.

In 2017/18 one of the highlights was the intensive stakeholder engagement, of consumers of private security. The initiative has started to yield positive results where we are seeing the government departments registering their in-house security service providers and also ensuring compliance by their service providers. The awareness campaigns were driven to educate and empower the consumers of private security services, role and functions of PSiRA and the obligations of the users of private security services. It also touched on the Code of Conduct for the service providers.

We are also particularly pleased to report that throughout the year, with had constructive engagements with all our target stakeholders, which resulted in 173 stakeholder engagements conducted across all nine provinces.

Under the same year for the first time PSiRA was able to place radio, television commercials promoting the role of PSiRA to the public. Adverts were also placed on the mass media to create awareness

on the obligations and the rights of consumers of private security. PSiRA also partnered with the Security Industry Alliance in hosting the Private Security Crime Prevention Awards, which honour individuals who went beyond the call of duty in protecting the life and property whilst on duty.

CUSTOMER CARE

In the year being reviewed, PSiRA launched a Twitter account to enhance customer service through the use of social media. The usage of customer care centre also showed positive growth as the call centre received and resolved **117 942** enquiries and complaints under the year reviewed. Customer care remained a top agenda for PSiRA in ensuring customer-centric service.

GOING FORWARD

Going forward, we remain resolute to intensifying our stakeholder engagement programmes. In the coming financial year, PSiRA will focus on brand visibility campaigns to create awareness of the role of PSiRA to the public in general who are the consumers of private security.

STAKEHOLDER INTERACTION

During the period under review, a number of meetings were attended with the SAPS and other stakeholders. Some of the stakeholder interaction includes, the following:

- A meeting was attended with security businesses at SAPS Magaliesburg, on invitation from SAPS. The purpose of the meeting was to discuss collaboration between SAPS in Magaliesburg and security businesses operating in the area. A presentation was also given by PSiRA and included the following information:
 - Expiry date of the PSiRA certificates for businesses and individuals;
 - The intended upliftment of the moratorium on accreditation of training centres ; and
 - Training requirements for dog handlers.

The station commander also requested a joint operation between PSiRA and SAPS members and follow up meetings were also planned.
- Quarterly security service providers' meetings were attended on invitation from the Office of Community Safety, Security and Liaison, Mpumalanga. The purpose of the meetings were to discuss compliance and challenges facing the private security industry in providing security service to the Provincial Government. A presentation was given by PSiRA on the compliance analysis in the Mpumalanga.

- A meeting of the Security Officers Liaison Forum, Mpumalanga was attended and PSiRA also gave a presentation on compliance of the private security industry within the province and insourcing versus outsourcing of private security services.
- Security Officers Liaison Forum meetings were also attended in KwaZulu-Natal and a presentation given on compliance of the in-house security sector within government.
- A DPCI stakeholder engagement session was attended in Bloemfontein.
- The National Security Occupational Health and Safety Committee was attended on invitation from the Department of Labour and a presentation was given on the role of PSiRA and the regulation of the private security industry.
- Security Sector Forum meetings on invitation of the Commission for Conciliation, Mediation and Arbitration (CCMA), Gauteng were attended and presentations given on the role of PSiRA. Meetings of the Government Sector Security Council were attended and presentations were given on the role of the private security industry in dealing with protest action at their client's premises and other issues relating to the private security industry.
- Two separate meetings of the Department of Labour was attended in the Eastern Cape, one of which included a Business Forum.
- Several NATJOINTS meetings on the relaunch of Operation Fiela II were attended. The Department also participated in Fiela III operations at the end of January 2018 with other NATJOINTS stakeholders. The focus of Fiela II is on illegal immigrants, crime and other related matters. PSiRA's involvement focuses on the possible use of unregistered illegal foreigners used in the private security industry.
- Meetings were attended with stadium management at the Peter Mokaba Stadium. The discussions related to PSiRA accreditation for events to verify compliance of the security service providers deployed at the stadium during events. Safety and security and venue operational centre (VOC) coordination was also discussed.
- Meetings with stadium management at the FNB Stadium were held to discuss compliance of the private security industry at the venue. The Authority is experiencing cooperation with stadium management on compliance. A Vuwani SAPS Cluster meeting was attended in Limpopo, on invitation from SAPS. All security businesses within the cluster are invited to this meeting in order to ensure better co-operation in policing activities.
- Meetings of the State Security Agency were attended in KwaZulu-Natal.
- The Regional Office in Western Cape also exhibited PSiRA during a visit by the Minister of Police at Mngqesha Great Place.
- A number of PICF meetings were held in Pretoria, Polokwane, Bloemfontein, Klerksdorp, Durban, East London, Nelspruit and Cape Town with all PICF stakeholders.
- A TV interview (Kyknet – DSTV) was given on the private security industry and the role of PSiRA. Issues that were discussed included, the following:
 - The size and annual turnover of the private security industry;
 - The mandate of PSiRA and the need for regulation of the private security industry;
 - The role of the private security industry versus the SAPS; and
 - Comparison of the private security industry in South African to industries in other countries.
- A presentation was given to a National Key Point Work Session, hosted by SAPS on insourcing versus outsourcing of private security services. Challenges of insourcing were presented and the obligations that goes with insourcing security services in terms of the PSiR Act and general factors that need to be considered.
- A meeting was attended with the Polokwane Municipality (Community Safety) and the registration of in-house security was discussed as well as uniforms and insignia being used by the private security industry that resembles that of the SAPS.
- A Seshego SAPS Cluster meeting was attended and a presentation given on the overview of PSiRA and its functions.
- A meeting was held with the Limpopo Security Officers Forum and the following discussed:
 - Feedback report on previous complaints submitted;
 - The renewal of registration project and the cut-off date;
 - Deregistration of non-compliant businesses;
 - The inspection process and timeframes;
 - Training of security service providers. In this regard the Limsoforum proposed that PSiRA must train security officers and not privately accredited training centers;
 - Improvement of conditions of employment for the private security industry; and
 - The forum's participation in the PICF.
 The forum also indicated that they intend to become a national structure. However, it does not have a mandate yet on whether to remain a forum or to become a worker's union. It stated that it represented about 700 members.
- A GSSC Regulators session was attended at SAPS and a presentation given on the mandate of PSiRA. The purpose was to give effect to a previous proposal at the GSSC meeting that regulators must find a way to promote a single standard and avoid duplication of functions.
- An Immigration Priority Committee of the NATJOINTS was attended and included discussions on the ICC report, the Department of Home Affairs progress report on immigration and the detention of illegal foreigners and Fiela II.

- A meeting was attended with the Department of Labour in preparation for planned joint operations in February 2018. Issues discussed included refusal by some security businesses to give access to DoL inspectors to their premises.
- A meeting was attended at the Office of the Premier, Limpopo arranged by the Security Managers' Forum. The meeting focused on the physical security standards as well as information security in terms of the MISS.
- A meeting was held with the Security Employers National Provident Fund (SEMPF) on issues of compliance and concerns in respect of PSiRA inspections which focuses on compliance with the PSSPF.
- The Department also attended a meeting with other internal stakeholders with the Professional Staff Association of South Africa (APSA) in respect of a planned march to the offices of PSiRA. The primary challenges related to non-compliance with labour legislation.
- A meet was attended at the Wynberg SAPS on the role of PSiRA and the regulation of the private security industry discussed.
- A Provincial Safety Strategy Steering Committee (Eastern Cape) was attended, on invitation from the Department of Safety and Liaison.
- An exhibit on the launch of Operation Fiela II was attended at the Wolfson Stadium, Eastern Cape.
- The department participated in the Neighbourhood Watch Task Team (Department of Safety & Liaison, Eastern Cape). In this regard, PSiRA focuses in ensuring compliance by role players involved in neighbourhood structures which fall within the ambit of the PSiR Act.
- An information sharing meeting was attended with the Eastern Cape Provincial Planning and Treasury. PSiRA highlighted its requirements in terms of the PSiR Act.
- A meeting was attended with other internal stakeholders with Treasury on the development of the practice note for local, provincial and national government as well as SOE's on compliance with the PSIR Act. It was clear from Treasury that nothing had been done yet on the development of the practice note, but it again agreed and committed itself to do so. In this regard, Treasury requested PSiRA to draft the practice note for its consideration, which was done.
- A meeting was held with representatives of the NSPCA to discuss the draft regulations on security dogs and to look into developing standards for working horses within the private security industry.
- The MEC's Community Safety Awards ceremony was attended in Gauteng.
- The Enforcement Department participated in a meeting called by the African Security Congress, a new organisation representing security officers.
- A meeting was held with the Limpopo Provincial Treasury's Supply Chain Management office on issue of compliance and the contract pricing structure.
- The department gave a presentation to the Tshwane University of Technology, Pretoria campus on the requirements in terms of the PSIR Act.
- A meeting was attended with the SAPS on clarification in respect of the registration requirement for in-house security officers employed by the SAPS and government sector.
- A SAPS Imbizo was attended in the Eastern Cape where the Authority exhibited its services and mandate.
- A PSiRA business briefing session was attended in the Northern Cape and a presentation also given on the activities of the Enforcement Department.
- A meeting was attended with SAPS to discuss the terms of reference of the National Consultative Forum as well as any sub-committees or workstreams.
- The Enforcement Department attended a stakeholder meeting of the Department of Labour, Northern Cape regarding the national minimum wage.
- A meeting was held with the Directorate Conventional Arms Control on the legal requirements of security businesses being in possession of controlled items. It was agreed that from a process perspective, PSiRA should be requested to give input on any applications submitted to the Directorate.
- A meeting was held with Sonke Employers Association, a newly established employers association. Issued discussed included the letter of good standing issued by PSiRA and the requirements in respect thereof.
- The Enforcement Department participated in the work sessions of the panel of experts appointed to develop a transformation charter in respect of the private security industry.
- Staff of the Enforcement Department assisted at the Securex Industry Trade Exhibition and a presentation was also given at Securex on the role of the private security industry in dealing with protest action.
- A meeting was held with the office of the Compensation Commissioner on the number of injuries and fatalities in the private security industry. It was also agreed that COID and PSiRA should develop a Memorandum of Understanding for the sharing of information and general compliance.
- A meeting was held with Treasury on the development of the practice note for national, provincial and local government as well as state-owned enterprises in respect of compliance in terms of the PSiR Act. A meeting of Treasury was also hosted during the period under review where the issues of compliance were also discussed with Treasury representatives from the provinces.

- A meeting was held with the acting manager: Parliamentary Protection Services on compliance with the PSiR Act by its in-house security officers. It was agreed that they will consider our submission and revert at the end of June 2017.
- Staff of the Enforcement Department attended a number of PSSPF/PSiRA employer and employee sessions across the country, during which time presentations were given on the activities of PSiRA. This included the following:
 - Overview of the activities of the Enforcement Department during the previous financial year, including dealing with non-compliance in respect of the PSSPF requirements;
 - The renewal of registration project (certificates and ID cards) and requirements in respect thereof;
 - Annual fees and administrative fees payable and requirements;
 - Updates on the amendments of Sectoral Determination 6;
 - Update on the published training regulations and way forward; and
 - Other new developments, including the new offices to improve national footprint.
- A radio interview was given on PSiRA and the legal requirements to VUT FM 96.9 Radio.
- A meeting was attended with the South African Institute of Security on PSiRA's intention to be registered as a professional body with SAQA.
- A meeting was held between staff of PSiRA and the African Security Congress (ASC) and feedback was given on complaints previously reported. The meeting also agreed on clear channels to submit complaints and the ASC's intention to hold a security indaba. Minutes of the meeting were circulated.
- A NATJOC meeting was attended on the screening of security officers for the ANC policy conference. The Authority is working closely with SSA on the screening of all security officers and, on receipt of the details, replies are sent within 24 hours.
- A number of meetings were held with the SAPS in Cape Town in respect of the ongoing operations that are conducted in respect of the nightclub security environment. Three joint operations were held in June 2017.
- A planning meeting was attended with the Department of Sports and Recreation, SAPS, and Ethekwini Municipality at the Moses Mabhida Stadium in preparation for the Nedbank Cup. The Authority also deployed inspectors to verify and ensure compliance at the stadium.
- A radio interview was given on PSiRA and the legal requirements in conjunction with members of the Department of Labour, Vaal. The radio interview lasted an hour and was in the form of a question and answer session, allowing members of the public to phone in.
- Members of the Enforcement Department attended a number of Event Safety and Security Planning Committee meetings at the FNB stadium, in preparation for the Carling Black Label Cup between Chiefs and Pirates. The Authority also deployed 10 inspectors at the venue during the match to verify compliance of the security officers deployed.
- Members of the Enforcement Department also attended a number of NATJOC meetings during July 2017. These meetings included discussions on private security at OR Tambo as well as Operation Fiela, which focuses on compliance and illegal immigrants. An operation was done in August 2017 at OR Tambo International, in conjunction with the SAPS.
- A meeting was attended at the CCMA on the employment of foreigners/non-citizens in Limpopo. The dialogue focused on the employment of foreigners and outlining successes and challenges and finding possible solutions on the employment of foreign nationals in the Limpopo Province.
- A follow-up meeting was held with the executive of the Limpopo Security Officers Forum in Polokwane. This meeting related to allegations of non-compliance by a number of security service providers in the province, mostly by providers awarded contracts by the Department of Health since 1 May 2017. The allegations related to non-compliance with labour legislation.
- A meeting was attended with General Mawela of the OR Tambo International Airport Priority Committee (ORTIA Priority Committee) on uniform requirements for the private security industry and how to improve control. There will be a closer working relationship with SAPS on this matter and it will also form part of the development of new regulations.
- A number of meetings were held with the SAPS in Cape Town on ongoing operations in the nightclub security environment. Two joint operations were held in July 2017, which led to two arrests.
- Members of the Enforcement Department also participated in consumer awareness campaigns in Mpumalanga, Free State and Limpopo and presentations were given on the Department's role and requirements in terms of the PSiR Act.
- Two meetings were attended with representatives of the MEC for Safety and Security in Gauteng. The first meeting focused on the private security's role in safeguarding persons and property and the broader role the private security industry can play in a partnerships with SAPS in the province. It was agreed that a more formal workshop will be held in the future on this matter. The second meeting related to contracts with the private security industry that came to an end at health facilities (clinics etc) in Gauteng and that the security businesses are continuing to render security services on a month to month basis. A view was expressed by the office of the MEC that community patrollers should be used to render security services at the clinics etc and the feasibility of this view is being explored. It was explained that there will be a registration requirement and the obligations were highlighted.

- Representatives of the South African Bureau of Standards (SABS) were invited to get a better understanding of the development of standards for the private security industry and the functions of the technical committees. It was agreed that discussions on this will continue once the Council Sector Committees have been established.
- A meeting was held between the SAPS, PSiRA and the Department of Labour in KwaZulu-Natal on the employment of foreigners in the private security industry. It was agreed that all stakeholders will work together on this matter.
- A radio interview on Ligwalagwala FM was given on PSiRA and the legal requirements in terms of the Act. The radio interview lasted 45 minutes and was in the form of a question and answer session, allowing members of the public to phone in.
- A meeting was attended at the Motherwell Cluster Offices (SAPS) in Eastern Cape by the Regional Manager to consider a plan of action in light of the concerning trend of firearm losses involving security service providers in the province. Ten case dockets were scrutinised and information identified for further investigation. The case dockets identified one security service provider in particular with an alarmingly high number of firearm losses in a relative small area of operation. It was agreed that special focus would be placed on this business. There was also another concern identified that would suggest the provision of armed escort service in townships by an unregistered entity and possible involvement of a SAPS reservist or ex-reservist. This case involved the use of a private firearm. It was agreed that each of the individual case numbers would be investigated further by the PSiRA offices to determine any non-compliance of the Code of Conduct, and/or possible criminal conduct.
- A meeting was held between PSiRA and SAPS CFR and FLASH. The discussions were seen in the context of the National Consultative Forum and the broader MoA between PSiRA and the SAPS. It was agreed that PSiRA and SAPS will work towards database integration and this will happen in two phases. In the first phase, the project will look into identifying all the security businesses currently licensed and registered on CFR's institution database. PSiRA will run its SSP database against CFR's database and extract the details of the security businesses. Once known, a code will be created on CFR's database to identify the security businesses from any other businesses and future capturing of security businesses will then be under the 'security business' code. PSiRA and SAPS IT departments will liaise with each other on this project and a meeting was scheduled in September 2017 on the first phase of the project. The second phase will be to capture those businesses licensed by SAPS on PSiRA's database and database integration to ensure that any changes to these businesses are flagged to either party.
- General sharing of information was also discussed as well as PSiRA's own firearm inspections, which inspection reports are shared with FLASH. It was agreed that a process will be developed wherein PSiRA will also receive feedback following on from us submitting our inspection reports to FLASH. This is particularly for businesses highlighted as being suspended, withdrawn, sold, moved addresses etc. A follow-up meeting will be held with FLASH in early September 2018.

The conditions of granting licences were also discussed, especially in view of the fact that businesses motivate for firearms for a particular security service, only for the firearms to be used for other purposes. It was agreed that SAPS will look in its consideration policy and that PSiRA will give input into the policy, even though it is classified. It was also agreed that SAPS will develop a SOP for its members on non-compliance by the PSI on firearms. Lastly, the previous draft policy document was discussed on the calibre of firearms for which licences are granted. It was agreed that a new policy will be drafted for the PSI on the difference calibres of firearms and submitted to consideration and approval. CFR will liaise with PSiRA in respect of this policy document for our input.
- FLASH stressed that it is the Minister who is responsible for passing regulations and making policy. It was agreed that CFR will e-mail to PSiRA the draft policy developed a number of years ago between PSiRA and SAPS. A further meeting will be held involving the legal services departments of both organisations.
- A meeting of the Olievenhoutbosch CPF and SAPS was attended, during which a community patrol initiative was discussed. About 150 community members attended, as did about 40 other stakeholders, including:
 - The Provincial Government (office of the MEC – Community Safety);
 - Local SAPS and CPF management;
 - Gauteng Metro Police Department;
 - ANC Youth League;
 - Workers Unions (AMCO and SADTU);
 - Provincial Council of Chambers;
 - Management of the Forest Hill City Shopping Centre;
 - Local Municipality; and
 - Department of Education.
- The meeting briefed the community on a crime-fighting initiative of the CPF and the Provincial Government:
 - making use of volunteers from the local community to perform patrolling duties; and
 - working hand-in-hand with the local SAPS and businesses within the security industry on a 24/7-basis.
- In terms of the strategy, it was clearly outlined that:
 - the initiative will be closely regulated by the CPF;
 - it's strictly a voluntary service delivery; and
 - no misuse of power (including force) will be tolerated.

PSiRA emphasised the requirements in terms of the Act and the aspect of voluntary services (remuneration, reward, benefit or fee) or alternatively an obligation to be adequately trained and registered.

It was clearly stated by the initiators that the services will be on a voluntary basis and that there will be no form of remuneration whatsoever.

- PSiRA is entering into a formal MoA with the Department of Labour. A draft MoA was compiled and circulated for input. This will include building a relationship with the Unemployment Insurance Department, COID and the Inspectorate of the Department.
- A meeting was held with the City of Thswane on road closures and their requirements. It was clear from both cities that security businesses may not restrict access to residential areas that have successfully applied for road closures and that these conditions are clearly highlighted to resident associations formed to initiate road closures. The erection of closed circuit television cameras (CCTV) was also discussed. Authorisation must be obtained from the municipality if these cameras are erected in public spaces. This matter is being addressed with a number of security businesses found to have erected CCTV cameras in public spaces.
- The Department participated in the business briefing for all newly registered security businesses in KwaZulu-Natal, arranged by the CRM Department.
- A PSiRA and SAPS planning meeting was held in KwaZulu-Natal on joint operations in September 2017. • A meeting was attended with officials from the South African Reserve Bank on its in-house security service providers and compliance to the PSiR Act. Clarification was given on the registration requirements of certain of their staff members. The Registration Department was part of this meeting.
- A meeting was attended with members of the Department of Labour to discuss the application submitted by the Bargaining Forum to register a Bargaining Council for the Private Security Sector. Statistical information on the size and growth of the industry was shared. It was agreed that any information required by the Department will be submitted in writing. PSiRA also requested that the Department develop a communique on the progress of the application, which PSiRA will share with the industry to keep it informed on this important development.
- A two-day meeting of the Extended Security Coordinating Committee in Limpopo was attended and a presentation given on PSiRA requirements and the guidelines on insourcing of security services.
- The Department participated in a security business information session and a consumer information session arranged by the Communication Department in North West. Presentations on the Enforcement Department and general compliance were given at both these sessions.
- A radio interview on PSiRA, the legal requirements of the Act and labour legislation was aired on VUT FM. This was a question and answer format, allowing members of the public to phone in.
- Meetings of the Limpopo Provincial Security Managers Forum were attended in Limpopo.
- A safety awareness workshop was attended, arranged by the Buffalo Metro Health District, Eastern Cape. A presentation was given on the role of PSiRA, in-house security and the obligations of consumers of security services.
- A meeting was held with investigators from the Special Investigation Unit and information given on security businesses involved in a government tender.
- Two meetings were held with officials of SAPS in KwaZulu-Natal on security businesses involved in close protection services and security officers rendering close protection services to high profile persons.
- A meeting was held with representatives from the Department of Labour, Port Elizabeth on the interpretation of Sectoral Determination 6. As there were some differences of opinion, it was taken up with the Department of Labour head office to provide clarity. It was confirmed that PSiRA's interpretation is correct and that DoL's head office will communicate with its regional office in Port Elizabeth.
- A meeting was attended with the Anglo-American Platinum Group, Limpopo, and a presentation given to all the company's managers in protection services on requirements of the PSiR Act and compliance in general.
- A SAPS Cluster meeting was attended in Polokwane, on invitation from the SAPS.
- PSiRA hosted members of the DoL in December 2017 to discuss the provisions of Sectoral Determination 6 to ensure a common understanding and to eliminate differences of opinion in its interpretation. Presentations were also given to the members of DoL and the PSSPF was also invited. It was agreed that PSiRA and DoL would work toward joint operations in January/February 2018.
- A launch of Project Memeza was attended at the Vereeniging Police Station.
- A meeting was held with representatives of Denel to discuss the legal requirements of the PSiR Act. The discussions also focused on the contract pricing structure and obligations of Sectoral Determination 6.
- The Department attended a number of consultation sessions on the proposed increase in annual fees across provinces. Department staff facilitated the discussions and input from the industry.
- A meeting on community policing and neighbourhood watches was attended, hosted by the Eastern Cape Safety and Liaison Department.

- A Private Security Sector Forum Meeting, hosted by the CCMA in Johannesburg, was attended, and a presentation given on PSiRA and its role in dealing with exploitation of labour. The participants were mostly from registered trade unions.
- A meeting of the Department of Water and Sanitation Security Forum, hosted by the Department of Water and Sanitation, was attended and a presentation given on the PSiR Act and regulations, with specific focus on compliance.
- A roundtable discussion between the private security industry and the state law enforcement agencies, hosted by the Gauteng Province Community Safety, was attended and the Department participated in the discussions on public/private policing partnerships.
- The Department participated in the Communication Department's business briefings held in Port Elizabeth and Mthatha as well as the consumer awareness workshops in East London, Northern Cape, Gauteng and Eastern Cape. Presentations were given on the activities of the Enforcement Department.
- A meeting of the State Security Agency, Limpopo, was attended and a presentation given on PSiRA and the activities of the Enforcement Department. The focus was on compliance of contract security as well as in-house security in the government sector and screening requirements.
- The Department participated in a meeting held between PSiRA and the Locksmith Association of South Africa (LASA). The discussions revolved around key cutters and their requirement to register. It was highlighted that the matter is addressed in terms of the amendment Act, but not promulgated yet.
- In addition, LASA called for increased control on the purchasing and importing of key-cutting machines, especially those involved in the duplication of electronic motor vehicle keys. Concerns were raised that there is no control over the importation and specifications of this equipment and any person can import these equipment and duplicate keys. This matter should be further researched by the Research and Development Department to possibly develop regulations.
- Meetings of the Stability Priority Committee were attended at NATJOC, Snake valley. These meetings focused on the provincial and national crime statistics as well as intelligence that may impact on stability.
- The Department participated in a meeting between Spire and Red Ants Security and Relocation (Pty) Ltd. The modus operandi of the business was explored and the involvement of the private security component of the company during evictions. It was agreed that follow-up discussions will still be held and stated that Spire intends to develop a directive and operational procedure on activities dealing with evictions and relocations. This will include reporting of such activities. It was also highlighted that the conduct of any security service provider comes under scrutiny and its conduct must comply with the requirements of the Code of Conduct for Security Service Providers, 2003.
- The Department participated in a joint meeting between PSiRA and USAF. Presentations were given on the role of the private security industry in managing crowds, especially in a protest. The directive previously developed for the private security industry was discussed at length. A presentation was also given on insourcing versus outsourcing of private security services and the guideline developed was discussed.
- The Department also participated in the launch of the research paper of the private investigator sector, arranged and hosted by the Research and Development Department.
- The Department gave a radio interview for a local radio station in Mahikeng. The focus was on registration requirements, basic conditions of employment and general conduct of security service providers. It was an hour-long phone-in programme.
- An Eastern Cape Social Development and Special Programmes supplier roadshow was attended and a presentation given to suppliers on the requirements of the Act the need for registration with the Authority.
- A Small Business Forum meeting was attended. This organisation represents small security service providers whose aim is to lobby the provincial government for support.
- A radio interview was given to Umhlobo Wenene FM, which attended a business briefing. The interview covered the briefing and its messages.
- A radio interview was given to Radio Ikhwezi on PSiRA and the requirements of the Act.
- The Department attended a stakeholder engagement network session of the SAPS FLASH Division. The purpose was for FLASH to establish a committee of stakeholders with an interest in the regulation of firearms, such as Gun Free South Africa. It was agreed that draft terms of reference would be compiled by SAPS and circulated to all members for input.
- A meeting was attended with representatives of the Department of Labour head office to discuss a closer working relationship between PSiRA and DoL. It was also agreed that PSiRA would host DoL at its offices in December to discuss the provisions of Sectoral Determination 6, thus ensuring a common understanding and eliminating differences of opinion in its interpretation.
- A meeting of the MEC Safety and Security Gauteng was attended to discuss the crime statistics issued by the Minister of Police. The meeting gave an overview of the crime statistics in Gauteng, followed by a panel discussion on reducing crime.
- A meeting was held with members of the Association of Mineworkers and Construction Union (AMCU) in Polokwane to discuss compliance by the private security industry in Limpopo. It was agreed that AMCU will share information of non-compliance and an invitation was also extended to AMCU to attend PICF meetings.

- A business briefing was attended in Gauteng and a presentation given on the Enforcement Department.
- A Management Committee Meeting of Transnet was attended and a presentation given on insourcing versus outsourcing of security services.
- A meeting of PSiRA and TVET was attended to discuss cooperation and establish partnerships. The Office of the Director hosted the meeting.
- A meeting of the JCPS DG's Cluster was attended and a presentation given on PSiRA's mandate and the challenges of regulating the private security industry.
- A business breakfast hosted by Community Safety and Liaison was attended in the Ilembe District, KwaZulu-Natal.
- A meeting was held with the SAPS Ladysmith to ensure cooperation between PSiRA and SAPS in regulating the private security industry.
- A training capacity workshop was attended with the training industry in Kwazulu-Natal, hosted by the Training Department, head office.
- A JCPS Cluster meeting was attended in KwaZulu-Natal.
- An Eastern Cape Safety and Liaison meeting was attended in Port Elizabeth, which discussed community policing and neighbourhood watches.
- An interview was given to Radio Sonder Grense on the private security industry and the mandate of PSiRA.

F. RESEARCH AND DEVELOPMENT

According to the PSiRA Act, the Authority must achieve its objectives with the means at its disposal. Section 4(d) of the Act states that it may 'conduct an ongoing study and investigation of the rendering of security services and practices of security service providers in order to identify shortcomings in this Act and 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'. The studies undertaken by the Research and Development Unit enable the Authority to better understand the private security industry and inform policy options and changes aimed at strengthening the Authority's core mandate. To this end, and in the pursuit of being a centre for excellence in private security research, the unit continued unearthing interesting perspectives of the private security industry.

PRIORITY RESEARCH TOPICS

In line with the APP, the Research and Development Unit undertook four research topics, commissioned four research surveys and developed four policies.

Priority Research Topic 1: Armoured security: Regulating high-value goods in transit

This study was undertaken to gain better insights into this lucrative, yet vulnerable, sector. The findings support policy processes of the Authority that are intended to lead to an enhanced regulatory strategy for the assets-in-transit (AIT) sector in South Africa. The study found that the AIT sector had grown significantly in parallel to South Africa's burgeoning economy and high crime rates. The transportation of high-value goods, particularly cash, has become risky for cash-in-transit security companies, leading to an increase in the use of AIT security providers for the transportation of precious stones and metals, cash, electronic goods etc. A handful of companies dominate this sector, which now integrates the highest quality and most sophisticated technology. This has also resulted in a number of private security companies not adhering to the high quality and high cost environment.

The use of explosives and heavy firearms in cash-in-transit heists has become commonplace. There is no standard for the vehicles used and this is beyond the Authority's influence. It was found that there were service providers making use of normal utility vans to transport cash, which posed a huge risk. Some AIT officers are not provided with protective equipment, which exposes them to risks.

The study recommended that vehicles and protective gear used in the sector are included in PSiRA regulations and that provision be made for this in PSiRA inspection reports and that additional training be developed for AIT operatives in line with PSiRA requirements. It was also recommended that the Authority's inspectorate be strengthened in numbers, approach and training. Given the unfortunate deaths and injuries resulting from heists, the study recommended that these incidences be reported to the Authority.

Priority Research Topic 2: When duty calls: The armed response security sector in South Africa

The study found that the armed response sector is unique in the South African context due to the influence of apartheid policies, as well as contemporary and emerging risks. In the past, this sector was non-existent, as apartheid police responded to criminality in homes and businesses for a small section of the population. The need for armed response security services has grown due to the high crime rates and the sector responds to burglar or intruder alarms in private homes and business premises. Armed response security entails a contractual obligation by a security company to respond to a criminal incident at the request of a customer or in response to an activated alarm.

In most cases, the intruders' firearms are more powerful than those used by armed security officers, thus exposing them to serious risks. In addition, the credibility of some centres for firearms training is in question, as some armed security officers are incompetent in firearm handling. It was also found that some companies did not provide bulletproof vests to employees, as it is not a legal requirement to

do so. The study further revealed that PSiRA training standards are not sufficient, with few modules relevant to the sector, and that gradings are arguably incorrect.

The study found that PSiRA must, in consultation with the industry, define new relevant and feasible training standards and that SASSETA's role in this process must be clearly indicated. A learnership should be introduced to empower previously disadvantaged South Africans in the armed response sector. PSiRA inspectors must be trained to better enforce PSiRA regulations and protective gear must be specified to minimise fatalities. . The study also recommended that specific regulations be developed to address transgressions.

Priority Research Topic 3: The private eye under the microscope: Towards effective regulations of the private investigation industry within the South African private security industry

The study revealed that growth of the private investigation sector is accompanied by a growth in numbers of rogue individuals posing as private investigators. Registered private investigators expressed their displeasure of the unfair competition of those whom they labelled fraudsters. The study revealed that the general public is not conversant with the requirements for private investigators. The study looked at the various types of private investigation, including forensic, fraud, cheating, theft, cybercrime and global risk investigations. The sector is vast in type and assignment, and this would inform what role PSiRA could play in effective regulation.

The study recommended that the Authority take a tough stance on rogues who compromise the profession and reinforced the need for sustained inspections of businesses operating as private investigators. It also pointed to the need for revision of training standards and the grading system, which does not cover many aspects of private investigation, and for regulation of gadgets used in the private investigation field, some of which are illegal.

The study also stressed the need for transforming the industry, which is largely dominated by the previously advantaged individuals. It was decided that private investigating services advertisements in the electronic and print media must include the PSiRA business number. To protect industry credibility, any private investigator operating illegally must be charged for impersonation and must be registered as an offender on the PSiRA database and with the South African Police Service (SAPS). Furthermore, all private investigators must have business liability insurance to protect consumers. It was also strongly recommended that the Authority's forensics department be strengthened to address the rogue elements in the sector.

Priority Research Topic 4: More than just a key cutter: The regulation of the locksmith industry

This study analysed the regulation of the locksmith sector in South Africa. It was found that modern technological advancements have a significant influence on the functioning of contemporary

locksmiths. The sector is not effectively regulated, which poses a security threat. Equally evident was the ignorance of PSiRA inspectors on the intricacies of the locksmith sector, an aspect which requires urgent attention.

The study revealed that a modern locksmith is more than just that a key cutter, providing services such as duplication of keys, installation of locks, repairing damaged locks, lock opening, vehicle work, evaluating homes and businesses, safe work and burglar alarm installation. The study noted the high cost of training in locksmithing, which affected previously disadvantaged individuals. It is for this reason that the locksmith sector is dominated by previously advantaged individuals in, predominantly, family businesses.

Unregistered training providers are advertising on various platforms, particularly transponders and unregistered businesses advertising immobiliser equipment. This poses a serious threat to society. The study recommended that the Authority must, with SAPS, address this problem. It recommended, too, that the training of locksmith be standardised and efforts taken by the Authority to effectively regulate and control the industry. As the locksmith sector also involves the use of security equipment, the study recommended that PSiRA inspectors are trained in what obtains in this sector in terms of the use of security equipment???, which must be in line with legislative prescripts.

RESEARCH SURVEYS

To enhance understanding of the research topics undertaken by the Research and Development Unit, independent research surveys were commissioned. This was also pursuant to the 2016-2017 strategic objective, the need for developing industry stewardship and for cultivating customer relationships in the private security industry. During the financial year 2017/18, the following research surveys were conducted in these sectors: assets-in-transit, armed response, private investigation, and Locksmith. The customer surveys assisted the Authority in understanding the perspectives of customers or end-users in so far as they "consumed" the security services offered under the auspices of these topics researched. – this is largely duplication of the text above

INDUSTRY POLICIES

The research studies undertaken also informed the development of industry policies by the Authority. During the year under review, the Research and Development Unit developed the following policy documents: Policy on Assets-In-Transit, Policy on Armed Response Security, Policy on Private Investigation and Policy on Locksmith.

PARTNERSHIPS

During 2016/17, PSiRA signed an MoU with the University of Cape Town, which allows for a collaborative research project titled Innovations in private security regulation: An exploration of how private security is governed in Africa. The Authority was to focus on public schools in Gauteng. However, the MoU – dependent on

clearance by the University of Cape Town Faculty of Law Ethics Committee - was not implemented in 2017/18 as planned.

Nevertheless, the collection of data began during 2017/18 and will be concluded in 2018/19 with the publication of a report on security in public schools in Gauteng.

KEY POLICY DEVELOPMENT AND LEGISLATIVE CHANGES

Regulations

Policies

The following industry policies were developed during the year: 1) Policy on Assets-In-Transit; 2) Policy on Armed Response Security; 3) Policy on Private Investigation; and 4) Policy on Locksmith.

STRATEGY TO OVERCOME AREAS OF NON-PERFORMANCE

PROGRAMME 1

Review the funding model by implementing the Levies Act and by reducing capacitating debtor's collection to ensure that the debts prescribed are collected.

PROGRAMME 2

N/A

TURNAROUND TIMES

- Redefined registration process for businesses by eliminating registration committee
- Upliftment of the moratorium on training service providers







PART C

GOVERNANCE

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GOVERNANCE REPORT

1. INTRODUCTION

PSiRA is established in terms of the Private Security Industry Regulation Act, 2001 as a statutory body entrusted with the regulation of 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.

PSiRA is listed under the Public Finance Management Act, 1999 (PFMA) schedules as a Schedule 3A public entity, and as such must comply with the statutory requirements and execute its responsibilities for public entities as provided for under Chapter 6 of the PFMA and the National Treasury Regulations applicable to public entities.

Corporate governance entails processes and systems by which public entities are governed, controlled and held to account in terms of enabling legislation. In addition to the legislative requirements, corporate governance within PSiRA is guided by the principles of the King Code of Corporate Governance in Southern Africa which has expanded the scope of corporate governance in the Republic with the introduction of the King IV Report in 2016.

PSiRA is governed and controlled by a Council appointed by the Minister of Police in consultation with the Cabinet of the Republic. The Council of PSiRA is the Accounting Authority of the entity in terms Chapter 6 of the PFMA, and as the Accounting Authority, the Council is responsible for corporate governance within the entity. The Council is accountable to Parliament through the Executive Authority, being the Minister of Police for reporting on 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.

2. PORTFOLIO COMMITTEE ENGAGEMENTS

During the period under review PSiRA Council and Executive Management were invited to five (5) meetings of the Portfolio Committee on Police as follows:

- **10 May 2017** - to present the strategic and annual performance plans, including the budget for 2017/18;

- **20 June 2017** – to present Quarter 4 of 2016/17 performance information report and progress on addressing service delivery and awareness campaigns to make PSiRA known in the whole Republic;
- **22 August 2017** – to present on the role of PSiRA in Private Security Sector Provident Fund governance matters;
- **31 October 2017** – to present Annual Report for 2016/17, the audit outcome and audit action plan for implementation in 2017/18; and
- **20 March 2018** - to present PSiRA's response on private security matters in the public domain.

The key strategic focus areas which the Portfolio Committee raised during these meetings included review of the funding model for the Authority which had been a challenge in the previous years with the Authority posting a deficit from 2012 to 2014 and in the period under review, service delivery to the industry in remote areas and other provinces where the Authority does not have regional presence, the role of PSiRA in the Private Security Sector Provident Fund governance matters to ensure the protection of upcoming and small security businesses, transformation of the private security industry through the development of the Industry Transformation Charter and its implementation plan and compliance to legislative framework for which the Council must ensure continued monitoring of implementation of audit action plan to maintain and improve on the positives from the previous financial year.

The Authority has made some significant improvements in terms of addressing the issues raised by the Portfolio Committee. Progress has been made in terms of the development of the Industry Transformation Charter with the first discussion document presented to Council by the Panel of Experts in October 2017. The document was developed after a consultative process was undertaken by the panel with industry stakeholders throughout the country. This will be followed by the second phase of the project, which will entail publication of the discussion document to obtain further inputs and comments from the industry. The second phase will only started towards the end of the 2018/19 financial year due to financial constraints that the entity is currently experiencing.

Various awareness campaigns were also conducted to improve on our service delivery to our clients in remote areas and other provinces by setting-up temporary and mobile operations. Procurement for new offices was also completed during the period under review in Bloemfontein (Free State), Cape Town (Western Cape) and Mbombela (Mpumalanga). New offices were launched in Umtata (Eastern Cape) and Polokwane (Limpopo). Procurement for office space in Empangeni (KZN) did not go well as responses to the two

bid adverts published were very limited and poor. The Authority is considering other methods of procurement for office space in this region and anticipate to finalise this by the second quarter of 2018/19.

In terms of issues raised at Parliament regarding the Private Security Sector Provident Fund matters, PSiRA started engagements with all role players to promote access to the provident fund by all industry sectors through a progressive registration approach to the fund, to ensure that upcoming and small security businesses do not get excluded on account of stringent registration requirements. PSiRA had also engaged with the Provident Fund in December 2017 to clarify its role as the regulator as there were complaints being received from the industry that the Provident Fund was issuing "letters of good standing" to its members, which the Provident Fund had used to convince security service clients to include as a requirement in their specifications for security tenders. PSiRA made it clear to the provident fund that such a requirement in tenders by security service clients is unlawful and that such practice must be stopped henceforth as the Authority remains the only regulator that can issue "letters of good standing" for the industry as a license to participate in the economy of the country.

Regarding progress with the implementation of the audit action plan, the Authority was able to resolve at least **86%** of the AGSA audit findings for 2016/17 as at year end. This resulted in the improvement of audit outcome for the period under review as per the report of the Auditor-General under Part E of this Annual Report. The remainder of the findings is work in progress as the complete resolution rely on implementation of the new ERP project, which was again delayed due to excessive costs escalation that the service provider wanted to add to the initial award price for the project. This project could not be kick started as there are continuous negotiations between the parties on the costs escalation.

3. EXECUTIVE AUTHORITY ENGAGEMENTS

In compliance with PFMA prescripts, the Authority submitted to the Executive Authority the following reports and documents during the period under review:

- Draft Annual Performance Plan, including the budget for 2018/19 on 31 August 2017;
- Annual Report for 2016/17 on 31 August 2017;
- Final Annual Performance Plan, including the budget for 2018/19 on 31 January 2018;
- Quarterly performance information reports for 2017/18 by the end of the month following each quarter; and
- Shareholders' Compact for consideration by the Executive Authority as the legal framework to regulate the relations between Council and Executive Authority, over and above the provisions in the Act.

Further engagements with the Executive Authority included the first meeting with former Minister, Mbalula upon his appointment on 20/07/2017, where the Council shared with the former Minister the key strategic priorities for PSiRA as agreed to with his predecessor. A planned follow-up meeting could not materialise as there was a change in political leadership with the appointment of Hon. B. Cele at the end of the financial year. Council looks forward to a smooth working relationship with the new Minister in the next financial year.

4. THE ACCOUNTING AUTHORITY

INTRODUCTION

PSiRA is governed and controlled by Council which is appointed in terms of Section 6 of PSiR Act by the Minister in consultation with Cabinet. The Council, as the Accounting Authority of PSiRA is the focal point of corporate governance within PSiRA, and is accountable to Parliament of the Republic through the Minister as the Executive Authority of the entity. The Council subscribes to the principles under the King Reports on corporate governance, and in this regard has adopted the key principles to define the strategy of PSiRA, provide direction in its implementation and has 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 PSiR Act, the role of the Council includes among others, to take steps to achieve the objects of the entity contemplated in section 3 of the Act, 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 Authority guided by the legislative mandate under the PSiR Act, and government policy as enunciated in Chapter 12 of the National Development Plan, 2030.

The Council is accountable to the Minister for the performance of its functions and must from time to time supply the Minister with such information and particulars as the Minister may in writing require in connection with the functions of the entity or any other matter relating to the entity. Council also accounts to the Minister under Chapter 6 of the PFMA.

COUNCIL CHARTER

During the period under review the Council revised some of the governance framework developed and approved in the previous financial year, to ensure that these remain relevant and aligned to new trends in governance practices. These included the Council Charter, which strengthens corporate governance within the entity

through the implementation of the framework and the establishment of relevant governance structures. The Charter clarifies the roles and responsibilities of Council and those of the Executive Management, as guided by sound principles of delineation of responsibilities. This is supported by the Delegation of Authority Policy which is an internal control measure to guide the delineation of responsibilities and segregation of duties within PSIRA.

The Council continues to implement and monitor the implementation of the Charter by Management in all its activities, and has seen some significant improvements in terms of the governance of the entity with the focus for the Council having shifted completely to strategic matters, whilst Management is left to deal with the operational matters in terms of the Delegation of Authority, and regularly reports to Council on performance of the entity in the execution of strategic direction as set by the Council.

COMPOSITION OF THE COUNCIL

The PSiR Act prescribes the composition of the Council as follows:

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

During the period under review PSIRA was under the leadership of a full Council whose term of office will run until 31 December 2019, except for the Chairperson whose term of office ends on 20 April 2018.

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 (e.g. Audit committee / Ministerial task team)	No. of Meetings attended
Prof N.M Mazibuko	Chairperson	19/04/2015	20/04/2018	<ul style="list-style-type: none"> • Bachelor of Arts (Social Work); • B.A Hons (community organisations and Development); • Post Grad Diploma Management and Admin; Public Relations Diploma; • B.A (Communications); • Master of Social Sciences; and PhD. 	<ul style="list-style-type: none"> • Social policy; • Community Development; • Social Welfare; • Management and Admin; • Governance and Transformative Leadership and Programme Evaluation 	KZN Museum Council & National Women in Research S.A	N/A	6 out of 6
Mr. N.H Ngubane	Vice-Chairperson	01/01/2017	Current	<ul style="list-style-type: none"> • Master of Education; • Bachelor of Education; • Bachelor of Arts; • Certificate in Labour Law 	<ul style="list-style-type: none"> • Education and Training; Management; and Project Management 	Media Education Trust (NGO); Independent Development Trust	Stakeholder & Core Business Committee and Social and Ethics Committee	6 out of 6

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 (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Maj-Gen C. Philson	Councillor	06/09/2013 (reappointed on 01/01/2017)	Current	<ul style="list-style-type: none"> National Diploma in Police Administration 	<ul style="list-style-type: none"> Intelligence; Governance & Policing 	None	Stakeholder & Core Business Committee and Social and Ethics Committee	5 out of 6
Mr. M.T. Oliphant	Councillor	01/01/2017	Current	<ul style="list-style-type: none"> B. Tech: Labour Relations; Diploma in Human Resources Management; and Specialised HR Management Programme 	<ul style="list-style-type: none"> 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 6
Mr. Z. Zulu	Councillor	01/01/2017	Current	<ul style="list-style-type: none"> MBA, Post Grad Diploma in Business Management; Bachelor's Degree in Business Technology and Diploma Labour Economics 	<ul style="list-style-type: none"> Strategy development; Project Management; Management; Labour Relations, Human Resources; and Capacity Building and Training 	KZN Nature Conservation; Durban ICC and Gold Circle & BWQ Holdings (Pty) Ltd	HR & Remuneration Committee and Finance and Investment Committee	5 out of 6

COUNCIL COMMITTEES

The Council is empowered under section 13 of the Act to establish committees consisting of one or more councillors, or one or more councillors and one or more other persons, or one or more other persons to advise or assist the Council in the execution of its mandate in relation to any matters referred to the committee by the Council, and to report on those matter to the Council. During the period under review Council established the committees as per the Table below which operated in terms of approved the Terms of Reference. The committees reported to Council meetings on their activities as per their 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 Resource and Remuneration Committee (REMCO)	5	4	<ul style="list-style-type: none"> Mr. M.T Oliphant (Chairperson) Dr A. Moshikaro Ms. D. Dlodlu Mr. Z. Zulu
Audit and Risk Committee (ARC)	7	5	<ul style="list-style-type: none"> Ms. K.G Mbonambi (Chairperson) Mr. P. Ravhudzulo Mr. C. Motau Mr. Z. Fihlani Mr. M. Zikalala
Stakeholder and Core Business Committee (SCBC)	4	3	<ul style="list-style-type: none"> Mr. N.H Ngubane (Chairperson) Maj-Gen C. Philison Mr. M.T Oliphant
Finance and Investment Committee (FINCO)	4	5	<ul style="list-style-type: none"> Mr. Z. Zulu Mr. M.T Oliphant Ms. P. Mzizi Ms. N. Selamolela Mr. Z. Msindo
Social and Ethics Committee (SEC)	2	3	<ul style="list-style-type: none"> Maj-Gen C. Philison (Chairperson) Mr. N.H Ngubane Mr. M.S Chauke

REMUNERATION OF COUNCIL MEMBERS

PSiRA as a Schedule 3A public entity under the PFMA was classified in terms National Treasury guidelines on service benefits for office bearers of certain statutory entities under Category A1 in terms of determinations for the remuneration of Council members. Council members were remunerated in terms of the rates determined for entities falling under Category A1 of the guidelines. 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.

The Minister determines the remuneration of Councillors on the recommendations of Council, taking cognisance of National Treasury guidelines. The Minister had determined a fixed remuneration for Councillors as a monthly stipend, and not based on meeting fee structure.

5. RISK MANAGEMENT

Risk Management remains the cornerstone of business strategy and good corporate governance, therefore the identification of risks at enterprise level cannot be overlooked in pursuit of performance and ultimately, the attainment of objectives.

As required by Section 51(1)(a) of the Public Finance Management Act to implement and maintain effective, efficient and transparent systems of financial, risk management and internal control, the Authority continues to adopt the:

- ISO 31000 Risk Management;
- COSO Enterprise Risk Management Framework;
- Risk Management Principles and Guidelines as detailed in the King IV Report in so far as Risk Management is concerned.

The Authority has over the past two financial years, self-assessed at 3.9 and 4.0 managed consecutively. This was brought by the following achievements:

RISK MANAGEMENT GOVERNANCE STRUCTURES

The Authority has during the period under review appointed an external independent chairperson for the Risk Management Committee (RMC) at an operation level to assist Management in monitoring the implementation of mitigating actions to improve the risk profile of the organisation.

The Authority has a functional Audit and Risk Management Committee (ARC) at Council level with five (5) independent non-executive members, which assists the Council in monitoring Management implementation of the risk strategies and mitigating actions to ensure improved risk profile of the entity. The Committee reports to Council on a quarterly basis.

Risk Champions Sub-Committee is in place which advises Management on the Authority's overall state of risk management, and makes recommendations to address any identified deficiencies, whereas the Risk Manager chairs the meetings of the Risk Champions Sub-Committee.

Members of the Risk Champions Committee and the Risk Management Committee were trained on their fiduciary responsibilities and their role as member of the committees using the National Treasury e-Learning module.

INTEGRATING RISK MANAGEMENT INTO PERFORMANCE

Risk Management has been incorporated into Performance Agreements of Management to ensure that risk management becomes embedded in the day-to-day running of the business from all divisions and sections.

RISK MANAGEMENT METHODOLOGY

The Risk Management Framework of the Authority was revised during the period under review to incorporate the Risk Appetite and Tolerance matrix. The matrix was adopted and implemented in all risk assessments (Operational and Strategic) conducted.

The Risk Management Policy, Strategy and Implementation Plan were also reviewed to ensure continued relevance to the current needs and risk maturity of the Authority, and to further enhance the achievement of objectives.

RISK ASSESSMENTS

Based on the approved Appetite and Tolerance levels set by Council, the Authority undertakes an annual process of strategic and operational risk assessments, where the Authority's risk

profile is reviewed to identify new and emerging risks. Project risk assessments are also conducted, but due to capacity constraints these are reserved for projects over R5 million.

OPERATIONAL RISK REGISTERS AS AT 31 MARCH 2018

The Authority had 17 approved operational risk registers, with the branch offices registers consolidated into one risk register. A major risk at branch level was around *Inadequate Infrastructure (office premises)*, where the office buildings are small to cater for adequate business processes to ensure efficiency and accelerate service delivery, however this has been partially resolved as new office space was acquired for some branches, including Limpopo, Bloemfontein (new), Mpumalanga, and Umtata.

TOP THREE STRATEGIC RISKS AS AT 31 MARCH 2018

The following are the top three strategic risks for the Authority:

- 1. Ageing IT infrastructure** where the current IT systems utilized is outdated and marred in addressing the ever-increasing industry needs. The risk was carried over from the 2016/2017 financial year at both operational and strategic levels.
- 2. Industry exploitation** where people operate as security officers without being formally registered. The risk was also carried over from the 2016/2017 financial year at both operational and strategic levels.
- 3. Financial instability** where the Authority's major source of revenue comes from the collection of annual fees and fines, which therefore, means that the revenue strength of the Authority is dependent on the industry's level of compliance.

Quarterly monitoring and reporting on the implementation of mitigating actions is reported to the relevant Governance Structures of Council.

VALUE ADD OF RISK MANAGEMENT

Based on the 2017/2018 Risk Management Implementation Plan, targets were achieved at 95% with the Business Continuity Plan remaining outstanding, which has been carried over to the 2018/2019 Risk Management Implementation Plan.

6. INTERNAL CONTROL UNIT

The Council oversees the system of internal control within PSiRA, however the implementation of these systems rests with the executive management. On a regular basis, the Council through its sub-committees is presented with a formal review of the effectiveness of the internal controls implemented. This review is informed by the combined assurance matrix, which identifies significant processes and assurances.

The systems of internal control in relation to financial environment has improved, however there is a need to review the funding strategy

to address the liquidity issues that the entity is currently facing. Document management continues to be a challenge in relation to performance information reporting. Management continuously interrogates financial, HR and supply chain information to detect possible instances of internal deficiencies as part of the day-to-day control activities. Internal control deficiency tests were also included in the external and internal auditor's procedures.

7. INTERNAL AUDIT FUNCTION AND AUDIT AND RISK COMMITTEE

The internal audit function within PSiRA is 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 annual audit plan. The internal audit plan was based on the strategic risk register developed after a risk assessment which identified the key risks facing the entity. The audit plan focused on the following areas which presented key risks for the entity:

- Internal Financial Controls;
- Asset Management review;
- Predetermined Objectives for Q2 and Q3;
- Information Technology (ITGC) and SAP ERP Solution Review;
- Risk Management Review;
- Governance and Compliance Review;
- Communications, Registration and Training;
- Compliance and Enforcement;
- Supply Chain Management; and
- Follow-up review on external audit action plan.

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 has been established by Council in terms of Section 77 of the PFMA, read with section 13 of the PSiR Act. The Committee comprises of five (5) independent non-executive members. The members collectively have sufficient qualifications and experience

to fulfil their duties. The members of the Committee 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 term of a Charter approved by Council. The roles and responsibilities of the Committee include the following:

- Monitoring the internal control system 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 Council approval.
- Ensuring that an effective internal audit function is in place and the roles and functions of external audits are clear and coordinated to provide an objective overview of the operational effectiveness of the entity's systems of internal control, risk management, governance and reporting. The Committee also assesses the performance of the internal audit and finance functions.
- Ensuring that the Authority has implemented an effective policy and plan for risk management which will protect it from undue losses.
- Reviewing any accounting and auditing concerns raised by internal and external audit, and the annual financial statements.
- 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.
- Instituting and overseeing fraud and corruption investigations as needed.

The Committee had seven (7) meetings during the period under review, which were attended by both internal and external auditors, Executive and Senior Management and other relevant officials. Details regarding activities and attendance of meeting of this Committee are presented in the Audit and Risk Committee report in Part E.

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
Ms. K.G Mbonambi (Chairperson)	<ul style="list-style-type: none"> B.Com (Hons); B. Com (Accounts); Cert. in Board Governance and Cert. in Enterprise-wide Risk Management 	External	N/A	17/03/2017	Current	7
Mr. C. Motau	<ul style="list-style-type: none"> MBL, Master IT, B.Com; and Higher Dip in Computer Auditing 	External	N/A	18/06/2014	Current	7
Mr. P. Ravhudzulo	<ul style="list-style-type: none"> CA (SA) 	External	N/A	17/03/2017	Current	7
Mr. Z. Fihlani	<ul style="list-style-type: none"> CA (SA) 	External	N/A	05/06/2017	Current	3
Mr. M. Zikalala	<ul style="list-style-type: none"> LLB 	External	N/A	05/06/2017	Current	4

8. 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 has to ensure overall compliance therewith remains the PSiR Act and the PFMA. Other pertinent legislation continues to be monitored through the activities of the relevant divisions to which such legislation applies and reporting on compliance is monitored through the relevant Committees of Council.

Council has also developed checklists for monitoring compliance with legislation, which 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 to come up with mitigating measures to prevent the risk from escalates to intolerable levels.

Compliance with internal policies and procedures is also crucial for the improvement of the governance and internal control environment within the entity. A policy universe is maintained and compliance therewith is monitored on an on-going basis. The policies are also reviewed on a regular basis to ensure continued relevance and alignment with the legislative and regulatory prescripts.

9. FRAUD AND CORRUPTION

PSiRA has a Fraud Prevention Plan that was approved in May 2017 and implemented during the financial year under review. During this period, 187 complaints were received through Fraud Hotline, of which 160 cases were industry-related and were referred to the Law Enforcement Division for investigation and further processing in terms of enforcement; and 27 cases were investigated by the Forensic and Ethics Unit (FEU), of which four (4) were allegations of corruption against the employees of PSiRA and 23 were fraud cases related to the industry.

FRAUD HOTLINE REPORTED CASES

The table below outlines activities within PSiRA's FEU for the 12 months under review.

a) External Cases

External Cases (Industry Related)	Totals	Finalised	Carried Over
Referred to Law Enforcement	160	98	62
Investigations by Forensic and Ethics Unit	23	16	7
Total Cases Received	183	114	69

b) Internal Cases

Internal Cases (Against staff members)	Total	Finalised	Carried Over
Complaints received	4	4	0

The Fraud Prevention Plan is being reviewed for the 2018/2019 financial year. In this regard the specific priorities emanating from the plan, the actions to be taken, responsible persons and feedback dates relating to the progress made, will also be set.

The fraud risk assessment will be conducted annually at the same time as the review of the Anti-Fraud and Corruption Strategy and the Fraud Prevention Plan.

REPORTING CHANNELS

The reporting channels for unethical practices, fraud and corruption that have an impact on PSiRA are the following:

- The Fraud Hotline, where any suspected or actual fraud can be reported on **0800 22 0918**.
- All calls are treated with the utmost confidentiality and reporting may be done anonymously.
- The reporting hierarchy for fraud and corruption to instil sense of confidence for whistle-blowers for reporting purposes without fear of reprimand.

Further the reporting hierarchy has been developed for the Hotline to use in separating issues which should be addressed to the Director, Audit and Risk Committee Chairperson, Council Chairperson and the Minister for the purpose of investigation. The Fraud Hotline is administered by an independent firm of forensic auditors to ensure that the identity of staff members who utilise this facility remains safeguarded. No person in PSiRA, regardless of seniority, has access to the identities of staff members or other persons who report irregularities or fraud through the hotline.

PSiRA has adopted a policy of investigating all reports of fraud and corruption. Any suspicion of fraud and corruption will be tested, reviewed and analysed, if it warrants investigation. The appointed investigator submits a written report to the Accounting Authority, through the Audit and Risk Committee, detailing the circumstances and recommending appropriate remedial action following the investigation.

FRAUD AND CORRUPTION AWARENESS

PSiRA continuously raises awareness among employees regarding the system of internal controls. This includes the delegations of authority, code of conduct, supply chain and other policies aimed at protecting the organisation's assets and reputation, preventing fraud and corruption, and promoting ethical conduct. The system

provides for segregation of duties to promote transparency and accountability at various levels of the entity.

The values of PSiRA, ethics and fraud and corruption prevention awareness are included in the PSiRA induction programme. Additionally, fraud and corruption prevention awareness is conducted to ensure compliance.

10. MINIMISING CONFLICT OF INTEREST

As part of developing the governance framework for the entity, Council in its Charter adopted the principle that Councillors have a legal obligation to act 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 to the Authority for any advantages gained in discharging their duties on behalf of the Authority. Councillors must always put the interests of the Authority ahead of their own interests.

Council also developed a Code of Conduct for Councillors which obliges Councillors to disclose to the Council, or to any committee that the Councillor is a member, any direct or indirect personal or private business interest that Councillor, or any spouse, partner or business associate of that Councillor may have in any matter before the Council or committee; and to withdraw from the proceedings of the Council or committee when that matter is considered by the Council or committee, unless the Council or committee decides that the Councillor's direct or indirect interest in the matter is trivial or irrelevant.

Councillors are also required 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 policy on declaration of interests. There is a process of verification of information disclosed, which is conducted by the Authority's Forensics Unit to provide some level of assurance on the disclosures. This entails verification against CIPC and PSiRA databases of suppliers and registered security businesses.

11. 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 Values Framework based on the values of Integrity, Excellence and Ubuntu which are being inculcated in the organisational culture to raise ethical standards within PSiRA.

At the core of the Values Framework at PSiRA are the Code of Conduct for both Councillors and employees and other ethics-related policies, which are informed by the provisions in the PFMA and the principles under 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 and officials in the course of PSiRA business;
- To manage conflicts of interest, particularly in human resources and supply chain management processes; and
- To create an organisational culture for the conduct of PSiRA business based on the Values Framework of the entity.

Cases of non-compliance with the ethics codes and related policies are referred for disciplinary processes in terms of PSiRA disciplinary procedures in respect of employees, and investigations and referral to the Executive Authority for a decision in respect of Council members.

12. CORPORATE SECRETARY

The Corporate Secretary of PSiRA is functionally accountable to the Council to among others:

- Ensure that Council governance framework and procedures are followed and reviewed regularly;
- Ensure that the applicable rules and regulations for the conduct of the affairs of the Council are complied with;
- Maintain statutory records in accordance with legal requirements;
- Provide the Council as a whole and individual Council members with detailed governance advice as to how their duties and responsibilities should be properly discharged in the best interest of the Authority;
- Keep abreast of, and inform, the Council of current corporate governance thinking and practices;
- Ensure Council and Council Committee Terms of Reference are reviewed regularly and approved;
- Provide a central source of guidance and support to the Council and Executive Management on governance matters;
- Assist with the evaluation of the Council, Committees and individual Councillors;
- Facilitate the Council induction and develop customised training programmes for Council and Council Committees; and
- Ensure preparation and timeous circulation of meeting packs and minutes of Council and Council Committee meetings.

13. SOCIAL RESPONSIBILITY

PSiRA takes serious the issue of corporate social responsibility as espoused in the King Report on Corporate Governance. To this end the Authority developed Corporate Social Responsibility (CSR) Policy, which supports both external and internal social responsibilities to be undertaken in each year by the Authority in pursuance of its commitment to become a good corporate citizen.

PSiRA recognises that the country remains an uneven society for which 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 support to the national imperatives to deal with these challenges, PSiRA has committed to some proactive CSR initiatives, including support to the communities and our stakeholders, donations and fund raising for aid aimed at advancing education and training aligned to the core mandate of PSiRA, and to support community and stakeholder events and initiatives aimed at the safety and security of communities and those aligned to events of national imperative.

The Council has also established the Social and Ethics Committee as part of its governance structures to ensure monitoring of CSR activities and for the entity to observe the highest standards of ethics and professionalism in its dealings with stakeholders, including the environment and the community in which it operates. The Committee meets twice a year and reports back to Council on its activities, which include ethics risk reviews both at Council and operational levels. Below are some of the activities undertaken by the Authority during the period under review.

PSiRA 'taking action, inspiring change and making every day, a Mandela Day'

PSiRA Gauteng - 18 July 2017

Impelled by Theodore Roosevelt's old adage, 'nobody cares how much you know, until they know how much you care', PSiRA, as a responsible corporate citizen, also took part in this global event.

To make an indelible mark on this global initiative, PSiRA in Gauteng chose Bakgethwa Orphan Centre in Ivory Park, Tembisa. The centre was founded in 2011 by Ms. Matankie Makhete, who uses her private home to support and care for nearly 40 orphans, living off from donors such as PSiRA.

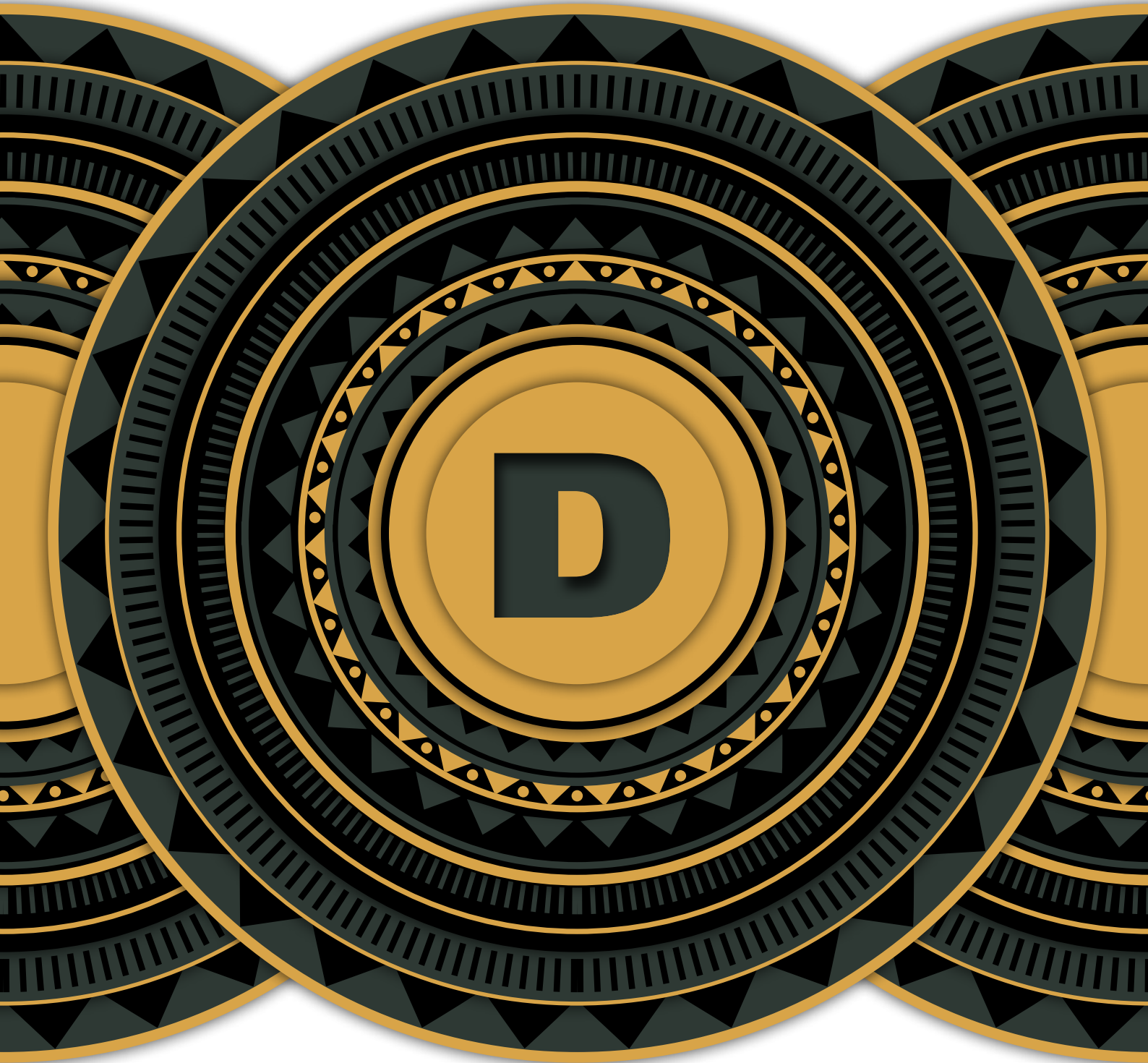
Even more exhilarating and benevolent to write home about is the fact that Ms. Makhete used to be a security officer until she resigned in order to be able to care for these homeless children. The ever present need for food and other basic life necessities cannot be over emphasised. The generosity of PSiRA's employees was highly commendable. On the day of our visit, we presented non-perishables, clothes and blankets to cheer up the orphans.

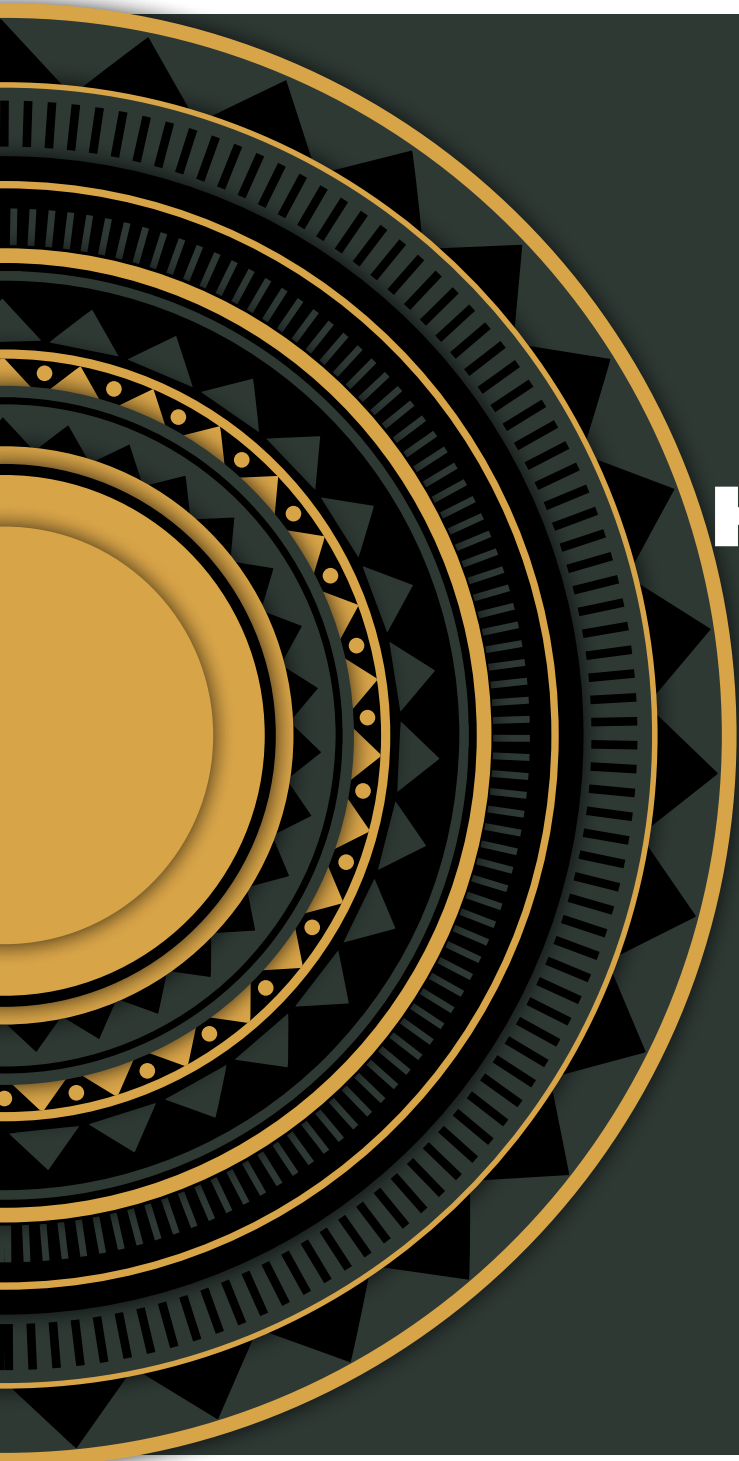
MANDELA DAY- PE OFFICE, 24 OCTOBER 2017

Our Port Elizabeth regional office selected a community crèche called Lisakhanya based in an informal settlement, Airport Valley, Walmer Township, just a walking distance from Port Elizabeth International Airport.

PSiRA officials spent the day with the kids, donated toys, food and a small shelter for the toddlers to play under. There is a vegetable garden to support the soup kitchen in which our 'Philanthropists' spent some time tilling and watering. The crèche enjoys little help from the Walmer Methodist church which assisted it to build a soup kitchen and fence around the main house, rather, a shack.

The feeding scheme caters for 150 children and a handful adults on a daily basis. Methodist church also supplements the wages of the two Caregivers. Recently, the Garden Route Children's Trust has come on board to provide meals for the children on a daily basis. In future the crèche would like to extend its "building" in order to have separate spaces for the younger and older children.





PART D

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HUMAN CAPITAL MANAGEMENT (HCM)

The Human Capital Division at PSiRA is committed in attracting and retaining a talented and diverse workforce to ensure that the organisation achieves its objectives. The division provides a full range of support services, programmes and resources in employee benefits, compensation, compliance, employee relations, recognition, talent management and training.

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During the year under review, the HR function evolved further from an administrative unit to a professional, value-added service partner influenced by the latest global trends. Worldwide, the human resources profession is moving increasingly to a 'customer focus' and playing a more strategic role in organisations. PSiRA's Human Capital Division is gradually adopting a more strategic role and the disconnection in HR planning processes from the main business planning and objectives setting.

To enhance productivity and build a culture of performance, Management has reinvigorated the performance management

process, which enables top-down, bottom-up and cross-complex alignment on the corporate KPIs.

Over the years, the division has complied with the legislative framework, including the Employment Equity Act. A new Employment Equity Committee has been appointed to intensify organisational transformation. The division has played a pivotal role in managing employment policies that strengthen the employer-employee relationship.

An Organisational Development Project has been launched to ensure that PSiRA's business model aligns with the mandate.

- The project will look at the current organisational structure and the mandate as per the Act to delivery arease of gaps in terms of the full implementation of the mandate.
- The result will inform the complete organisational structure and assist in developing strategic goals that cover the entire mandate.

COMPOSITION OF STAFF PER PROGRAMME

Table 1.1 Staff composition according to programmes (permanent staff)

Programme	Number of permanent staff members
Law Enforcement	153
Finance and Administration	88
Communication and Training	36
Total	277

Graph 1.1 Staff composition according to programmes (permanent staff)

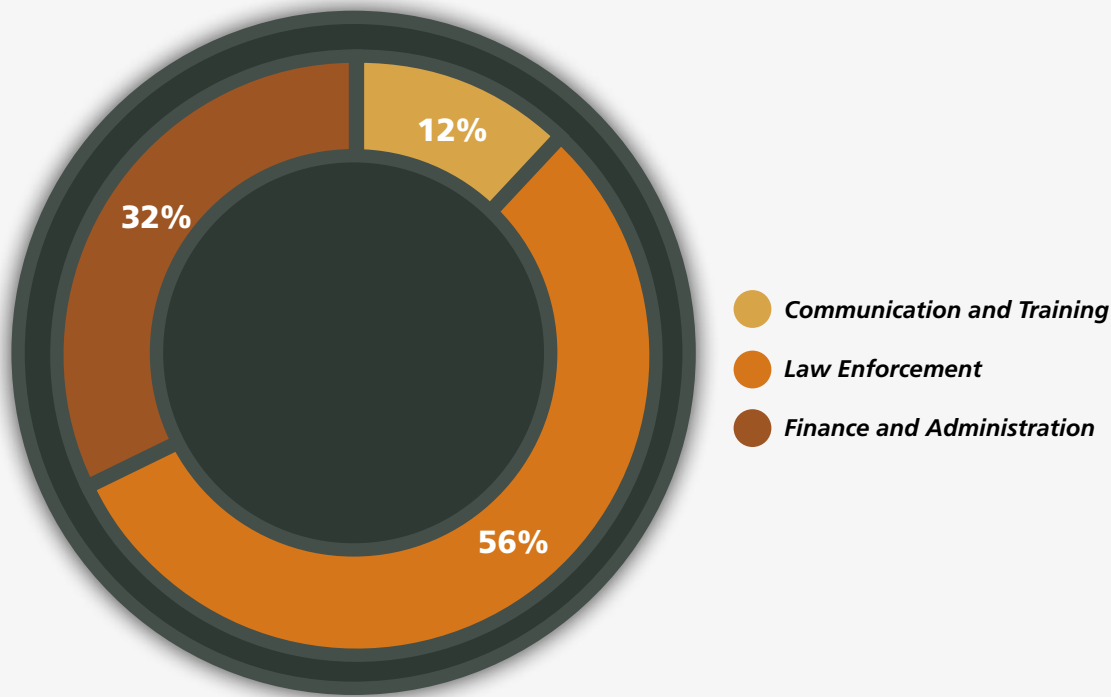


Table 1.2 Contracts and interns composition

Programme	Employees on fixed-term contract	Interns	Total
Law Enforcement	6	20	26
Finance and Administration	5	15	20
Communication and Training	3	7	10
Total	14	42	56

EMPLOYMENT EQUITY

As a designated employer in terms of the Employment Equity Act (Act No 55 of 1998), PSiRA is required to have an Employment Equity Committee representing all genders, races and employees with disabilities across all its occupational categories and a Section 24 Employment Equity Manager. PSiRA's Employment Equity Committee was reviewed during the year under review and new members across different genders, races, employees with disabilities and occupational categories were appointed. One of the major priorities of this committee, during the year under review, was to review the Employment Equity Plan, which expired on 30 September 2017, having come into effect on 1 October 2014. The reviewed five-year Employment Equity Plan was approved by the Council and became operational on 2 October 2017. It will run until 30 September 2022.

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS:

The table below indicates progress against targets for different occupational categories and recommendations to accelerate progress in Top Management, Senior Management and Middle Management categories. The targets are provided by the Department of Labour.

Table 1.3: 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	0	0
Senior Management	6	0	0	0	0	0	1	0
Professional qualified	9	1	0	0	3	0	3	0
Skilled	36	6	1	0	1	0	5	0
Semi-skilled	41	0	0	1	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
Total	97	7	1	1	4	0	9	1

Table 1.4: 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	0	1	0	1	0	0	0	0
Professional qualified	10	0	1	0	0	0	0	0
Skilled	39	1	3	0	2	0	3	0
Semi-skilled	85	2	5	0	0	2	6	1
Unskilled	11	0	0	0	0	0	0	0
Total	147	5	9	1	2	2	9	1

Table 1.5: Female employment equity target

Level	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	2	0	2	0
Senior Management	6	0	0	0
Professional qualified	9	0	10	1
Skilled	36	1	39	1
Semi-skilled	41	1	85	0
Unskilled	3	0	11	0
Total	97	2	147	2

EXPLANATION OF VARIANCES

PSiRA uses media platforms such as national press, online career junction and agencies to source candidates from designated groups. There is also a concerted effort to encourage applications from designated employees. The result has been an influx of female and African recruits from the economically active population (EAP).

Attempts have been made to address the variances:

- (i) Employment Equity Plan developed.
- (ii) Preference given to designated groups with the required knowledge, skill, ability and qualifications, acknowledging such person's prior learning and experience.
- (iii) Elimination in the Employment Equity Plan of employment barriers that adversely affect people from designated groups and that are not justified, given the job.

- (iv) Alignment of workplace infrastructure and facilities to suit employees with disabilities.
- (v) Management consideration of measures to retain and develop people from designated groups.

PERSONNEL EXPENDITURE

Personnel expenditure, which constitutes 53% of the Authority's budget, includes remuneration and additional benefits. The Authority views these expenses as fundamental to attract, motivate and retain high performers. The Paterson Grading System determines post levels and, with PSiRA's policies, compensation of employees is based on this model.

During the year under review, the Authority increased salaries by 7.5% across the board, with the exception of the Executives, whose packages were adjusted by 7.2%. The adjustment is done annually as a cost of living adjustment.

Table 1.6: Personnel cost per programme 2017/18

Programme	Total expenditure	Personnel expenditure	Personnel expenditure as a % of total expenditure	Total number of staff	Average personnel cost per person
Law Enforcement	92 239 560	70 297 435	76%	177	397 161
Finance and Administration	125 943 519	46 600 332	37%	109	427 526
Communication and Training	34 993 167	15 966 077	46%	47	339 704
	253 176 246	132 863 844	52%	333	388 130

Graph 1.2: Personnel cost per programme 2017/18

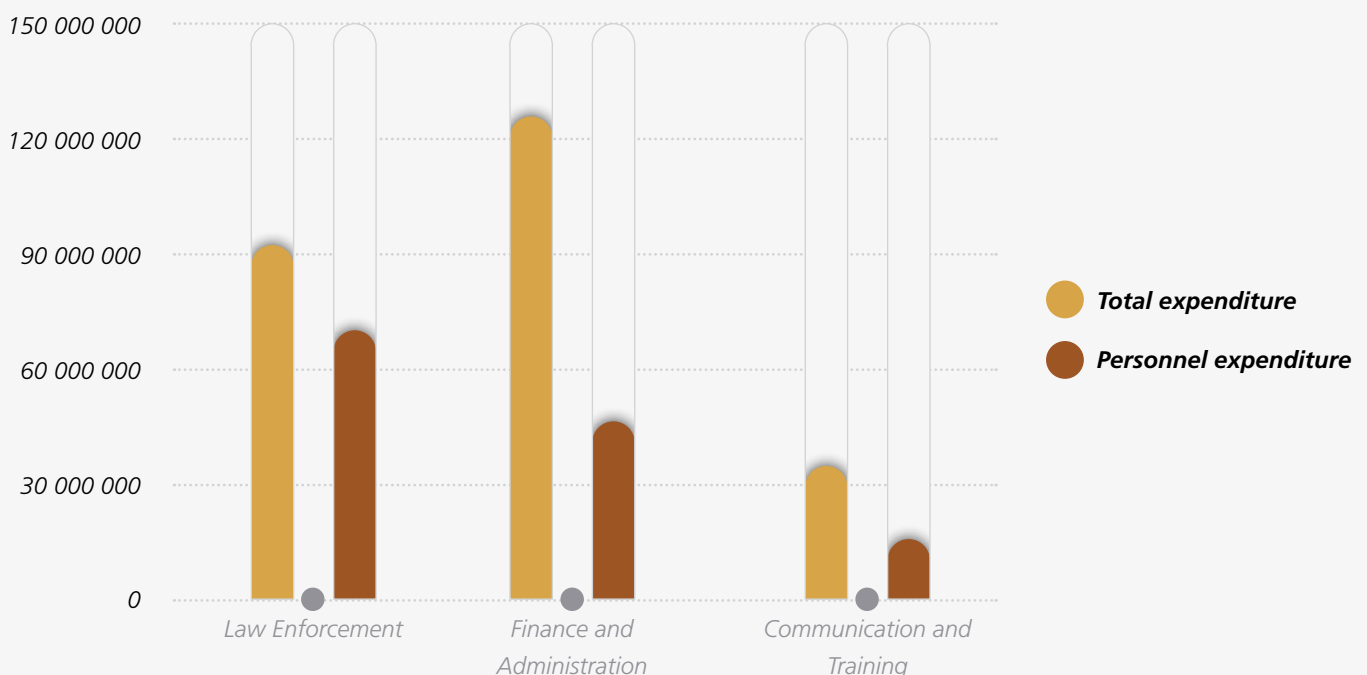


Table 1.7: Personnel cost salary band 2017/18

Occupational levels	Personnel expenditure	% of personnel expenditure to total personnel cost	Number of employees as at 31 March 2018	Average personnel cost per employee
Top Management	8 049 336	6%	4	2 012 334
Senior Management	11 900 012	9%	10	1 190 001
Professional qualified	16 152 672	12%	21	769 175
Skilled	41 151 951	31%	90	457 244
Semi-skilled	50 307 058	38%	138	364 544
Unskilled	2 298 677	2%	14	164 191
Interns and contracts (including ARC and Council members)	3 004 138	2%	56	53 645
TOTAL	132 863 844	100%	333	715 876

EMPLOYMENT AND VACANCIES

The Authority, through its Human Capital Division, always fills vacated posts promptly to avoid disruptions to its operations. The vacancy rate is calculated based on the approved posts as per the Annual Staffing Plan of the year under review. In 2017/18, budget constraints prevented certain critical positions from being filled.

The table below depicts the number of the posts in the organisation, vacated posts and filled posts:

Table 1.8: Employment and vacancies per programme

Programme	2016/17 number of employees	2017/18 approved posts	2017/18 number of employees	2017/18 vacancies	% of vacancies
Law Enforcement	146	159	153	6	4%
Finance and Administration	87	94	88	6	6%
Communications and Training	32	39	36	3	8%
Totals	265	292	277	15	5%

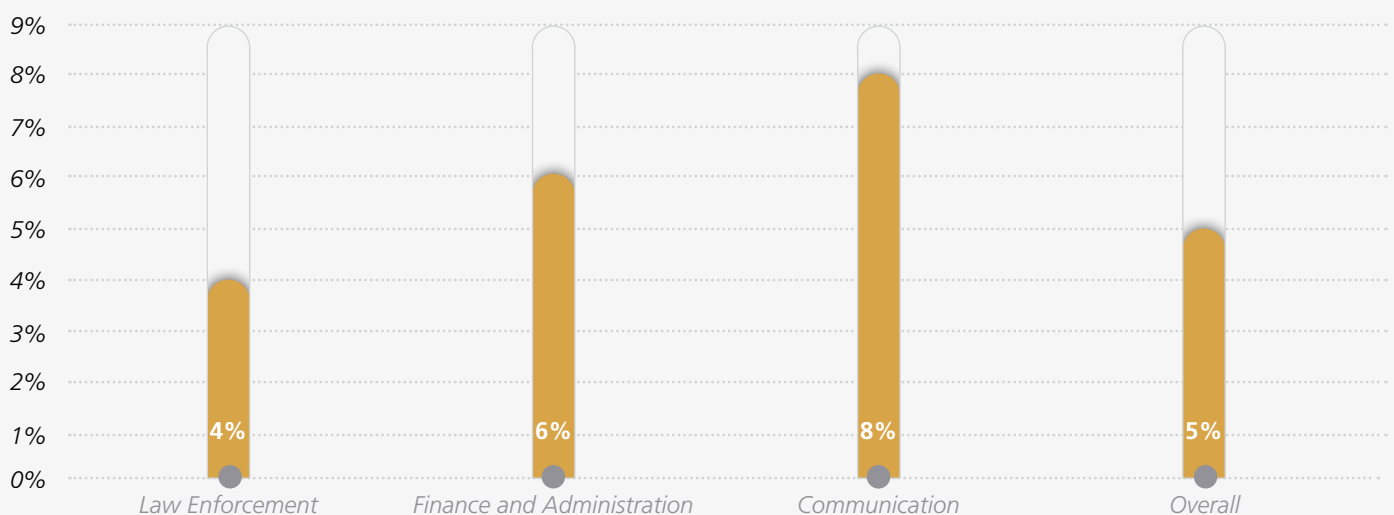
Graph 1.6: Vacancy rate per programme

Table 1.9: Employment and vacancies per occupational levels

Occupational levels	2016/17 number of employees	2017/18 approved posts	2017/18 number of employees	2017/18 vacancies
Top Management	4	5	4	1
Senior Management	8	8	7	1
Professional qualified	21	25	24	1
Skilled	80	96	90	6
Semi-skilled	135	141	138	3
Unskilled	17	17	14	3
TOTAL	265	292	277	15

ANNUAL EMPLOYMENT TURNOVER

During the year under review, 15 employees from different programmes left the organisation, translating to 5% turnover level. Effective implementation of the Retention and Succession Policy has been instrumental in containing the turnover level. Exit interviews conducted did not reflect anything undesirable at the Authority.

Table 1.10: Annual turnover per occupational levels (only permanently employed staff)

Occupational levels	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	4	1	1	4
Senior Management	8	0	1	7
Professional qualified	21	4	1	24
Skilled	80	13	3	90
Semi-skilled	135	9	6	138
Unskilled	17	0	3	14
Total	265	27	15	277

Table 1.11: Reasons for termination (permanent and contract)

Termination type	Number	%
Retirement	0	0%
Death	0	0%
Resignation	13	76%
Dismissal – misconduct	2	12%
Contract expired	2	12%
Total	17	100%

Graph 1.8: Reasons for termination (permanent and contract)

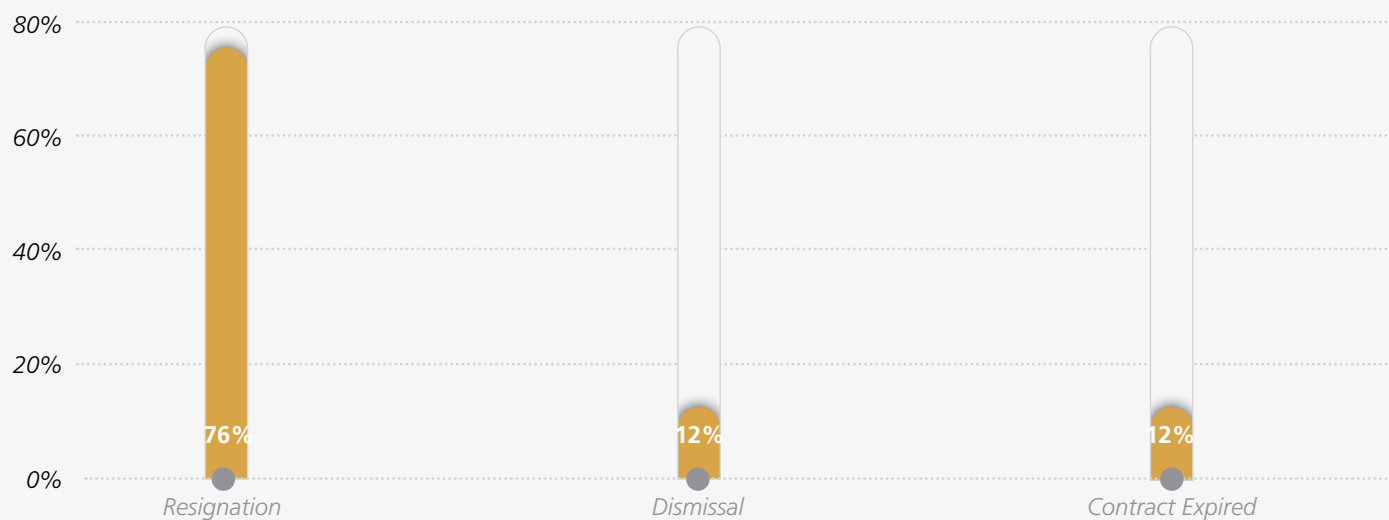


Table 1.12: Vacancies per programme

Programme	Department/region	Number of vacancies
Law Enforcement	Head Office	2
	Mthatha	0
	Port Elizabeth	1
	Nelspruit	0
	KwaZulu-Natal	0
	Western Cape	1
	Limpopo (Polokwane)	0
	Legal Services (HO)	0
	Johannesburg	2
	Total - Law Enforcement	
Finance and Administration	Finance and Accounting (HO)	1
	Accounts Receivable (HO)	1
	Business Information System (HO)	1
	SCM (HO)	0
	Office Service and Facilities	0
	Asset Management	0
	Office of the CEO	3
	Human Capital	0
	Office of the Chairperson	0
Total Finance and Administration		6
Communication and Training	Registration	1
	Communications, Events and Research and Training	2
Total Communication and Training		3
Grand Total		15

SKILLS DEVELOPMENT AND TRAINING

The Skills Development Act, National Skills Development Strategy and Strategic Framework for Human Resource Development emphasise the importance of skills in an organisation. PSiRA's Learning and Development Division, with the support of the Skills Development Committee, develops the training and development programme for each financial year.

The Authority is a learning organisation, which provides occupational programmes from its annual Workplace Skills Plan (WSP) to capacitate its workforce with current skills in various occupations. Skills gaps are identified through the skills audit and performance management system. Annually, the Authority submits its WSP to SASSETA, as required by the Skills Development Act No 98 of 1998. SASSETA has awarded bursaries to 28 PSiRA employees for leadership development courses, whereas most Managers and supervisors were selected to complete 12-month management

development and project management programmes through the University of South Africa (Unisa).

The Authority awarded 35 employees with 100%-funded bursaries for diplomas, degrees, postgraduate degrees and master's degrees.

In line with PSiRA's commitment to development for all employees, 125 employees from different occupational levels were trained during 2017/18. Courses offered included:

- Leadership and management
- Business soft skills programmes
- Technical skills (SCM, human capital and finance)
- Private security service law
- Office administration
- Computer literacy.

The table below details training interventions for the financial year:

Table 1.13: Training and development per programme

Programme	Total number of personnel	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
Law enforcement	153	70 297 435	515 885	0.7%	43	11 997
Finance and Administration	88	46 600 332	525 216	1.1%	53	9 910
Communications and Training	36	15 966 077	423 078	2.6%	29	14 589
Total	277	132 863 844	1 464 178	1.1%	125	11 713

INTERNSHIP PROGRAMME

To address youth and graduate unemployment and empower those in need of workplace opportunities, the Authority, in 2017/18, in partnership with SASSETA, recruited 44 interns, 30 of whom were fully funded through SASSETA's discretionary grants. The interns were placed in different business units of the Authority across the country. PSiRA appointed mentors in all business units to support capacitate the interns. This workplace-learning initiative assists young people to obtain marketable skills and work experience. Once the programme is complete, PSiRA retains certain interns.

The following table depicts how interns were deployed in different departments in the year under review:

Table 1.14: Placement of interns

Internship programme	Division/region	Number of placements
Law Enforcement	Law Enforcement	2
	Legal Services	2
	Forensic and Investigations	1
	Research and Development	1
	Durban Regional Branch	3
	Port Elizabeth Regional Branch	2

Internship programme	Division/region	Number of placements
	Cape Town Regional Branch	1
Finance and Administration	Human Capital	3
	Accounts Receivable	3
	Risk management	1
	Accounts Payable	1
	Business and Information Technology	3
	Asset Management	1
	Supply Chain	2
Communications, Training and Customer Relationship Management	Arcadia Registration Office	4
	Johannesburg Registration Office	2
	Polokwane Registration Office	2
	Nelspruit Registration Office	2
	Centurion Head Office Registration	2
	Training	2
	Communications	4
Total		44

LABOUR RELATIONS MANAGEMENT

MANAGEMENT OF INDUSTRIAL RELATIONS

Human capital is the most important and valuable asset of the organization, thus PSiRA's Management strives for a harmonious and productive work environment conducive to achieving its strategic objectives, enabling its people to develop their potential and based on constructive employer and employees relations. The Authority's grievance procedures allow for employees to express dissatisfaction with no fear of victimisation. These procedures also capacitate line managers on resolving their concerns professionally, which promotes productivity and maintenance of a harmonious work environment.

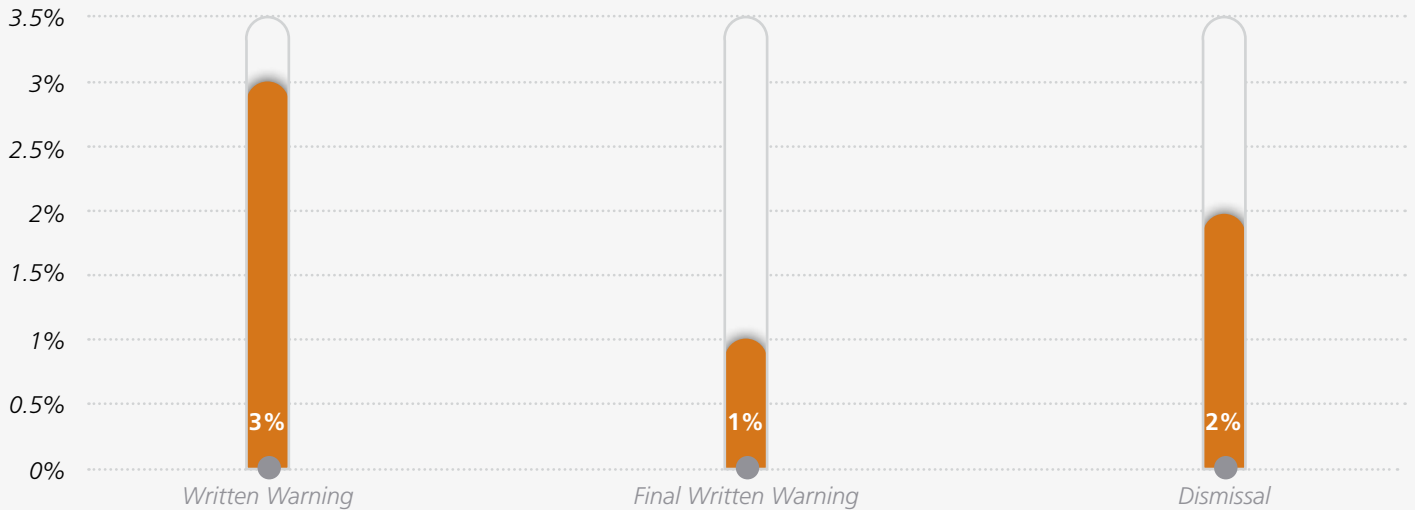
Table 1.15: Disciplinary matters finalised

Disciplinary actions taken:	Number of incidents
Counselling	0
Verbal warning	0
Written Warning	3
Final written warning	1
Dismissal	2
Total	6

DISCIPLINARY MATTERS FINALISED IN 2017/18

Corrective measures and progressive disciplinary actions are taken against PSiRA's employees who do not adhere to the code of conduct, core values and required performance standards. Six employees were suspended in the year under review to enable the organisation to conduct objective investigations into the allegations made against them for contravention of the code of conduct. The table below details disciplinary action during the year under review.

Graph 1.9 Disciplinary matters finalised



UNION REPRESENTATIONS

PSiRA upholds its employees' right to freedom of association as inculcated in Labour Relations Act and the Constitution of the Republic of South Africa. Two trade unions are active in PSiRA's industry, the South African Transport and Allied Workers Union (SATAWU) - the majority and the recognised trade union, with which PSiRA has a collective agreement. Some employees are members of Solidarity Union, which is not recognised and does not have a collective agreement with PSiRA. The relationship between PSiRA and SATAWU is regulated through the collective agreement, in terms of which the parties undertake to consult with each other on conditions of service such as salary negotiation and on mutual interest aspects relating to the development and implementation of policies.

PSiRA's EMPLOYEE WELLNESS PROGRAMME

An employee wellness programme is in place, which is provided by ICAS. The programme assists PSiRA employees and their families

with socioeconomic challenges and seeks to create conditions that allow employees to perform their duties effectively. During 2017/18, PSiRA organised a wellness day for employees in all their offices through partnership with ICAS and Discovery Health. There was an increase in participation in the year under review compared to the previous year. This programme:

- Promote a workplace wellness programme
- Provides care and support on HIV/Aids and other life-threatening diseases
- Identifies individual and organisational health risks
- Establishes a wellness culture.

Certain training implemented during 2017/18 was in line with needs identified through the wellness programme. PSiRA is currently conducting a climate survey to uncover employee challenges, with a view to providing progressive solutions that are sustainable by the organisation.

The table below details the problems presented by employees and their families:

Table 1.16: Referral report

Problem category	Problem type	Number of cases
Pressure	Stress	17
	Work/life balance	7
	Anger management	1
Pressure total		25
Musculoskeletal (MSK)	Back pain	10
	Lower limb pain	3
	Neck pain	1
	Upper limb pain	1
	Joint pain	1
Musculoskeletal total		16
Child and family care	Parenting/parental guidance	8
	Child behavioural problems	5
	Child school/learning problems	3
	Childcare counselling	1
	Education	1
	Eldercare	1
Child and family care total		19
Information and resources	Service enquiry	8
	Healthcare practitioner	2
	Information	4
Information and resources total		14
Relationship issues	Partner/spouse	6
	Infidelity	3
	Divorce/separation	3
	Family members	4
	Interpersonal conflict	2
Relationship issues total		18
Legal issues	Court procedures	4
	Contractual	2
	Custody/maintenance/access	2
	Consumer/credit laws	1
	Marriage regimes/systems	1
	Wills and estates	1
Legal issues total		11
Trauma	Assault	4
	Armed robbery/robbery	1
	Critical incident	1
	General	1
	Motor vehicle accident	1
Trauma total		8

Problem category	Problem type	Number of cases
Loss issues	Bereavement	5
	Abortion/miscarriage	1
Loss issues total		6
Mental illness/psychiatric	Depression	2
	Mental health issues	2
	Psychiatric disorders (other)	1
	Anxiety disorders	1
Mental illness/psychiatric total		6
Personal development	Communication skills	2
Personal development total		2
Human resources issues	Labour law	1
Human resources o=issues total		1
Money management	Financial coaching/information	1
Money management total		1
Total		127

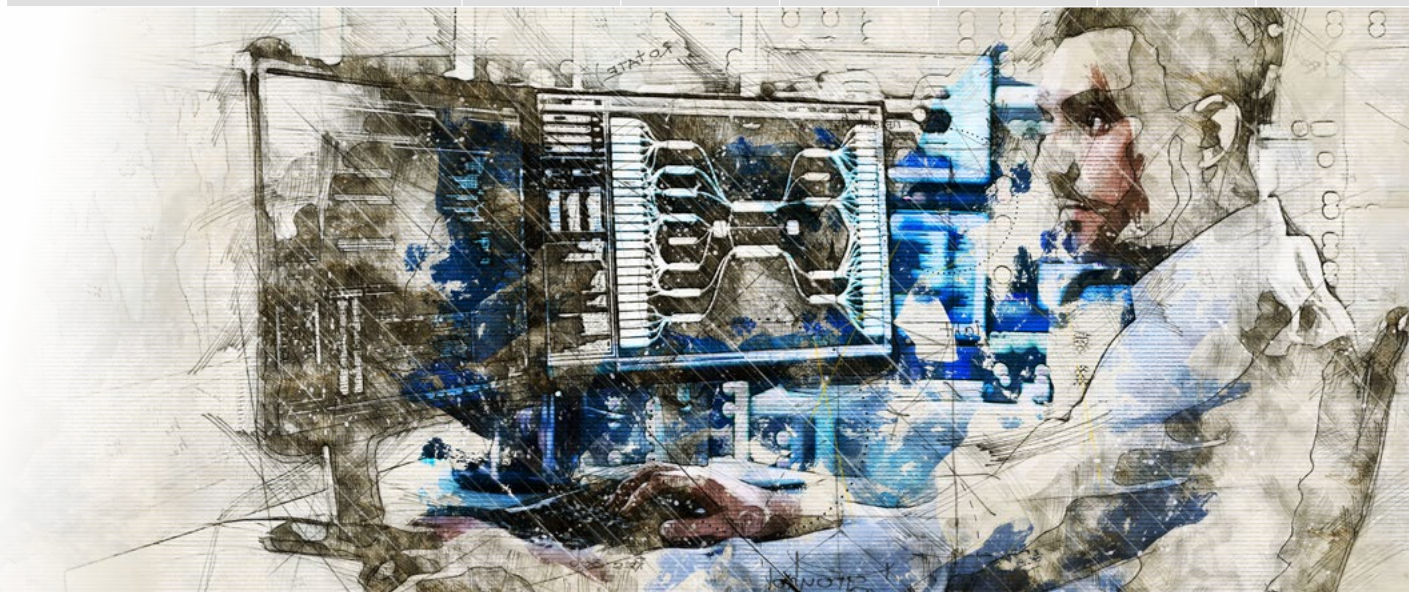
LEAVE UTILISATION

The Council approved the reviewed leave policy in the previous financial year to enable the Human Capital Management Division to effectively and efficiently manage different types of leave to which employees are entitled. The division also manages the efficient functioning of the online system, SAGE Employee Self Service (ESS) through the dedicated ESS Administrator, who assists users and manages leave. The total annual average leave is 20 days, which confirms that absenteeism is not a concern at PSIRA.

The table below shows the leave summary.

Table: 1.17: Leave Utilisation

Programmes	Number of employees	Annual	Sick	Family	Totals	Average per employee
Law Enforcement	146	2 456	640	75	3 171	22
Finance and Administration	87	1 285	394	48	1 727	20
Communications and Training	32	416	93	22	530	17
Total	265	4 157	1 127	145	5 428	20







PART E

FINANCIAL INFORMATION

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Report of the Auditor-General to Parliament on 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 113 to 154, which comprise the statement of financial position as at 31 March 2018, the 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 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act.

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 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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 code.
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 matters below. My opinion is not modified in respect of these matters.
7. I draw attention to note 23 to the financial statements, which indicates that the public entity incurred a net loss of R12 378 463 during the year ended 31 March 2018 and, as of that date the public entity's current liabilities exceeded its current assets by R13 863 393. As stated in note 23, these events or conditions, along with other matters as set forth in note 23, indicate that a material uncertainty exists that may cast significant doubt on the public entity's ability to continue as a going concern.

EMPHASIS OF MATTER

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 R55 768 534 (2017: R44 389 024) was raised on trade debtors, as a result of uncertainty regarding the recovery of the amounts due.

AN UNCERTAINTY RELATING TO THE FUTURE OUTCOME OF EXCEPTIONAL LITIGATION

10. With reference to note 21 to the financial statements, the entity is the 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 THE 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 South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act, 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 Private Security Industry Regulatory Authority'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 accounting authority either intends to liquidate the public 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.

Report of the Auditor-General to Parliament on Private Security Industry Regulatory Authority (continued)

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

19. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

PROGRAMME 2 – LAW ENFORCEMENT

20. I did not raise any material findings on the usefulness and reliability of the reported performance information.

PROGRAMME 3 – COMMUNICATION, REGISTRATION AND TRAINING

Indicator: Average turnaround time of applications for registration meeting all the requirements for security businesses (working days)

21. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target average of 15 days. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of average of 17 days as reported in the annual performance report.

22. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

23. Refer to the annual performance report on pages 24 to 31 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 21 of this report.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislations are as follows:

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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did 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 programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – Law Enforcement	28 – 29
Programme 3 – Communication Registration and Training	29 – 31

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.

Report of the Auditor-General to Parliament on Private Security Industry Regulatory Authority (continued)

FRUITLESS AND WASTEFUL EXPENDITURE

26. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R216 428 as disclosed in note 20 to the annual financial statements, in contravention of section 51(1) (b) (ii) of the PFMA.

REVENUE

27. Adequate, effective and appropriate steps were not taken to collect money due, as required by section 51(1) (b) (i) of the PFMA and Treasury Regulation 31.1.2(a) and (e).

OTHER INFORMATION

28. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
29. 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.
30. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this auditor's report. After I receive 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. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

32. 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. The matters reported

below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the performance report and the findings on compliance with legislation included in this report.

LEADERSHIP

33. The accounting authority inadequately reviewed the annual performance report for accurate and complete reporting prior to submission for audit purposes and as a result contained numerous misstatements. This was mainly due to insufficient systems and processes not being in place to provide adequate accurate, valid and complete audit evidence.
34. The accounting authority exercised inadequate oversight responsibility regarding performance reporting and compliance as well as related internal controls.
35. The accounting authority inadequately monitored the implementation of the audit action plan developed to ensure that internal control deficiencies identified in the prior years were addressed.

FINANCIAL AND PERFORMANCE MANAGEMENT

36. The entity did not have a proper record management system to maintain information that supported the reported performance in the annual performance report. This included information that related to the collection, collation, verification, storing and reporting of actual performance information.
37. The entity did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting.
38. The entity did not have effective processes in place to prevent non-compliance with laws and regulations in respect of fruitless and wasteful expenditure. Non-compliance could have been prevented had compliance been properly reviewed and monitored.

Auditor-General

Pretoria
31 July 2018



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 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 related to events or conditions that may cast significant doubt on Private Security Industry Regulatory Authority's ability 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 the 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 continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Accounting Authority's Responsibilities and Approval

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 external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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 control 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 control 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, accounting authority 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.

We draw attention to Note 23 of the Annual Financial Statements which indicates that a material uncertainty exists that may cast significant doubt on PSiRA to continue as a going concern. As at 31 March 2018, PSiRA had an accumulated deficit of R6 477 764 and that the total assets exceed liabilities by R4 041 202. PSiRA posted a net deficit of R12 378 463 for the current financial year.

The accounting authority has reviewed PSiRA's cash flow forecast for the year to March 31, 2019 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 external auditors are responsible for independently reviewing and reporting on PSiRA's annual financial statements.

The annual financial statements set out on pages 113 to 154, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2018 and were signed on its behalf by:



Nhlanhla Ngubane
Acting Chairperson of the Council

Annual Financial Statements

for the year ended 31 March 2018

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Current Assets			
Inventory	4	952,526	735,790
Trade and other receivables	5	21,448,493	34,089,412
Cash and cash equivalents	6	6,719,224	28,823,056
		29,120,243	63,648,258
Non-Current Assets			
Property, plant and equipment	2	22,671,868	21,047,620
Intangible assets	3	306,604	499,336
		22,978,472	21,546,956
Total Assets		52,098,715	85,195,214
Liabilities			
Current Liabilities			
Trade and other payables	8	40,001,613	63,962,507
Provisions	9	2,982,023	4,434,098
Operating lease liability	7	-	34,155
		42,983,636	68,430,760
Non-Current Liabilities			
Operating lease liability	7	5,073,877	2,124,790
Total Liabilities		48,057,513	70,555,550
Net Assets		4,041,202	14,639,664
Revaluation reserve		10,518,966	8,738,966
Accumulated surplus/(deficit)		(6,477,764)	5,900,698
Total Net Assets		4,041,202	14,639,664

Annual Financial Statements (continued)

for the year ended 31 March 2018

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2018	2017
Revenue			
Revenue from exchange transactions			
Sale of goods	10	18,991,211	10,147,213
Rendering of services	10	1,368,341	1,064,857
Annual fees	10	128,754,724	123,247,052
Infrastructure re-assessment	10	75,900	46,081
Course reports	10	38,136,200	33,129,330
Registration fees	10	34,857,290	32,429,195
Total revenue from exchange transactions		222,183,666	200,063,728
Revenue from non-exchange transactions			
Bad debts recovered	11	394,457	758,848
Interest received	12	2,147,917	3,658,381
Sundry Income	11	1,279,617	2,698,290
Fines and Penalties	10	14,887,573	10,853,693
Total revenue from non-exchange transactions		18,709,564	17,969,212
Total revenue	10	240,893,230	218,032,940
Expenditure			
Employee related costs	16	(132,863,844)	(112,000,487)
Other operating expenses	14	(88,672,292)	(77,236,871)
Lease rentals on operating lease		(948,651)	(951,462)
Repairs and maintenance		(1,248,071)	(2,034,798)
Bad debt impairment	5	(25,788,648)	(15,528,892)
Finance costs	13	(13,187)	(9,458)
Depreciation and amortisation	2&3	(3,641,553)	(3,356,664)
Total expenditure		(253,176,246)	(211,118,632)
Operating (deficit) surplus		(12,283,016)	6,914,308
Loss on disposal of assets		(95,447)	(300,841)
(Deficit) surplus for the year		(12,378,463)	6,613,467

Annual Financial Statements (continued)

for the year ended 31 March 2018

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Revaluation reserve	Accumulated surplus/ (deficit)	Total net assets
Balance at April 1, 2016	8,738,966	(712,769)	8,026,197
Changes in net assets Surplus for the year	-	6,613,467	6,613,467
Total changes	-	6,613,467	6,613,467
Balance at April 1, 2017	8,738,966	5,900,699	14,639,665
Changes in net assets Revaluation Surplus	1,780,000	-	1,780,000
Loss for the year	-	(12,378,463)	(12,378,463)
Total changes	1,780,000	(12,378,463)	(10,598,463)
Balance at March 31, 2018	10,518,966	(6,477,764)	4,041,202

Annual Financial Statements (continued)

for the year ended 31 March 2018

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Receipts			
Cash received from regulatory services		203,384,889	170,558,396
Interest income		2,198,640	3,657,922
		205,583,529	174,216,318
Payments			
Employee costs		(136,190,674)	(112,648,009)
Suppliers		(88,094,984)	(80,464,008)
Finance costs		(13,187)	(9,458)
		(224,298,845)	(193,121,475)
Net cash flows from operating activities	17	(18,715,316)	(18,905,157)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3,388,516)	(5,283,647)
Proceeds from sale of property, plant and equipment	2	-	8,110
Purchase of other intangible assets	3	-	(560,004)
Net cash flows from investing activities		(3,388,516)	(5,835,541)
Net decrease in cash and cash equivalents		(22,103,832)	(24,740,698)
Cash and cash equivalents at the beginning of the year		28,823,056	53,563,754
Cash and cash equivalents at the end of the year	6	6,719,224	28,823,056

Annual Financial Statements (continued)

for the year ended 31 March 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS -NOTE 26

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Variance
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Cash received from regulatory services	50,019,753	-	50,019,753	18,991,211	(31,028,542)	-62%
Rendering of services	3,105,500	-	3,105,500	1,368,341	(1,737,159)	-56%
Annual fees	116,551,750	-	116,551,750	128,754,724	12,202,974	10%
Infrastructure re-assessment	52,000	-	52,000	75,900	23,900	46%
Registration fees	32,400,000	-	32,400,000	34,857,290	2,457,290	8%
Course reports	36,000,000	-	36,000,000	38,136,200	2,136,200	6%
Total revenue from exchange transactions	238,129,003	-	238,129,003	222,183,666	(15,945,337)	
Revenue from non-exchange transactions						
Interest received - investment	4,300,000	-	4,300,000	2,147,917	(2,152,083)	-50%
Bad debts recovered	-	-	-	394,457	394,457	100%
Sundry Income	-	-	-	1,279,617	1,279,617	100%
Fines and Penalties	6,000,000	-	6,000,000	14,887,573	8,887,573	148%
Total revenue from non-exchange transactions	10,300,000	-	10,300,000	18,709,564	8,409,564	
Total revenue	248,429,003	-	248,429,003	240,893,230	(7,535,773)	
Expenditure						
Employee related cost	(117,544,851)	-	(117,544,851)	(132,863,844)	(15,318,993)	13%
Depreciation and amortisation	(9,119,824)	-	(9,119,824)	(3,641,553)	5,478,271	-60%
Finance costs	-	-	-	(13,187)	(13,187)	100%
Lease rentals on operating lease	(2,252,462)	-	(2,252,462)	(948,651)	1,303,811	-58%
Debt Impairment	-	-	-	(25,788,648)	(25,788,648)	100%
Repairs and maintenance	(3,775,879)	-	(3,775,879)	(1,248,071)	2,527,808	-67%
General Expenses	(115,735,987)	-	(115,735,987)	(88,672,292)	27,063,695	-24%
Total expenditure	(248,429,003)	-	(248,429,003)	(253,176,246)	(4,747,243)	
Operating deficit	-	-	-	(12,283,016)	(12,283,016)	
Loss on disposal of assets	-	-	-	(95,447)	(95,447)	100%
Surplus for the year	-	-	-	(12,378,463)	(12,378,463)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(12,378,463)	(12,378,463)	

Annual Financial Statements (continued)

for the year ended 31 March 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - NOTE 26

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Variance
Statement of Financial Position						
Assets						
Current Assets						
Inventory	300,000	-	300,000	952,526	652,526	218%
Trade and other receivables	32,000,000	-	32,000,000	21,448,493	(10,551,507)	-33%
Cash and cash equivalents	25,000,000	-	25,000,000	6,719,224	(18,280,776)	-73%
	57,300,000	-	57,300,000	29,120,243	(28,179,757)	
Non-Current Assets						
Property, plant and equipment	32,953,000	-	32,953,000	22,671,868	(10,281,132)	-31%
Intangible assets	25,200,000	-	25,200,000	306,604	(24,893,396)	-99%
	58,153,000	-	58,153,000	22,978,472	(35,174,528)	
Total Assets	115,453,000	-	115,453,000	52,098,715	(63,354,285)	
Liabilities						
Current Liabilities						
Trade and other payables	106,900,000	-	106,900,000	40,001,613	(66,898,387)	-63%
Provisions	8,173,000	-	8,173,000	2,982,023	(5,190,977)	-64%
Operating lease liability	380,000	-	380,000	-	(380,000)	-100%
	115,453,000	-	115,453,000	42,983,636	(72,469,364)	
Non-Current Liabilities						
Operating lease liability	-	-	-	5,073,877	5,073,877	100%
Total Liabilities	115,453,000	-	115,453,000	48,057,513	(67,395,487)	
Net Assets	-	-	-	4,041,202	4,041,202	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	-	-	-	10,518,966	10,518,966	100%
Accumulated surplus/(deficit)	-	-	-	(6,477,764)	(6,477,764)	100%
Total Net Assets	-	-	-	4,041,202	4,041,202	

Annual Financial Statements (continued)

for the year ended 31 March 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - NOTE 26 (CONTINUED)

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Percentage Variance
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash received from regulatory services	192,544,000	-	192,544,000	203,384,889	10,840,889	6%
Interest income	4,300,000	-	4,300,000	2,198,640	(2,101,360)	-49%
	196,844,000	-	196,844,000	205,583,529	8,739,529	
Payments						
Employee costs	(134,208,000)	-	(134,208,000)	(136,190,674)	(1,982,674)	1%
Suppliers	(71,005,056)	-	(71,005,056)	(88,094,984)	(17,089,928)	24%
Finance costs	-	-	-	(13,187)	(13,187)	100%
	(205,213,056)	-	(205,213,056)	(224,298,845)	(19,085,789)	
Net cash flows from operating activities	(8,369,056)	-	(8,369,056)	(18,715,316)	(10,346,260)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(8,600,000)	-	(8,600,000)	(3,388,516)	5,211,484	-61%
Purchase of other intangible assets	(25,200,000)	-	(25,200,000)	-	25,200,000	-100%
	(33,800,000)	-	(33,800,000)	(3,388,516)	30,411,484	
Net cash flows from investing activities	(33,800,000)	-	(33,800,000)	(3,388,516)	30,411,484	
Net increase/(decrease) in cash and cash equivalents	(42,169,056)	-	(42,169,056)	(22,103,832)	20,065,224	48%
Cash and cash equivalents at the beginning of the year	28,823,056	-	28,823,056	28,823,056	-	0%
Cash and cash equivalents at the end of the year	(13,346,000)	-	(13,346,000)	6,719,224	20,065,224	

Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with 89 of the PFMA (Act No.1 of 1999).

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.

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 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.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Impairment testing

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

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 over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Allowance for doubtful debts

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.

1.3 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.

Accounting Policies (continued)

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, its 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 property, plant and equipment is 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.

Any increase in an asset's carrying amount, 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 an asset's carrying amount, 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.

Accounting Policies (continued)

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	10 - 20 years
Leasehold property	Straight line	5 - 10 years
Furniture and fixtures	Straight line	10 - 15 years
Motor vehicles	Straight line	5 - 8 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

The entity 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 have 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.

1.4 INTANGIBLE ASSETS

Initial recognition and Measurement

An asset is identifiable if it either:

- is 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 PSIRA or from other rights and obligations.

Accounting Policies (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a **contract**.

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.

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.

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.

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

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

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

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.

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 Straight line	3 -20 years

Accounting Policies (continued)

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.

1.5 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 PSiRA'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.

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.

Accounting Policies (continued)

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.

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.

Accounting Policies (continued)

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 amortised cost
Trade and other receivables	Financial asset measured at fair value

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 thereto:

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

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

Accounting Policies (continued)

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 recognise 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.

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 recognise 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.

Accounting Policies (continued)

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).

1.6 TAX

PSiRA is exempt from taxation in terms of section 10 of the South African Income Tax Act, 1962 (Act no. 58 of 1962).

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 - 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 INVENTORY

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

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

1.9 EMPLOYEE BENEFITS

Short-term 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.

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:

Accounting Policies (continued)

- 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 render 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.

1.10 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.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

Accounting Policies (continued)

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 21.

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 21.

1.11 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 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.

1.12 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.

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.

Accounting Policies (continued)

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.

1.13 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.

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.

Other income

Other income includes insurance proceeds and revenue from the sale of tender documents. Such other income is recognised on the receipt of funds

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As PSiRA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

Accounting Policies (continued)

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.

1.14 COMPARATIVE FIGURES

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

1.15 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.

1.16 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 -

- (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.

Accounting Policies (continued)

1.17 BUDGET INFORMATION

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

The approved budget covers the fiscal period from 01/04/2017 to 31/03/2018.

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

1.18 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 entity in accordance with legislation, in instances where they are required to perform such functions.

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

1.19 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 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.

Notes to the Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	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	8,800,000	-	8,800,000
Buildings	4,800,000	-	4,800,000	4,600,000	(920,000)	3,680,000
Furniture and fixtures	6,553,570	(3,438,703)	3,114,867	5,141,992	(3,003,173)	2,138,819
Motor vehicles	212,438	(116,841)	95,597	212,438	(74,353)	138,085
Office equipment	5,615,346	(3,256,273)	2,359,073	5,451,222	(2,637,353)	2,813,869
Computer equipment	8,179,462	(5,158,840)	3,020,622	6,848,943	(3,751,255)	3,097,688
Leasehold improvements	1,399,447	(1,117,738)	281,709	1,399,447	(1,020,288)	379,159
Total	35,760,263	(13,088,395)	22,671,868	32,454,042	(11,406,422)	21,047,620

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	8,800,000	-	-	200,000	-	9,000,000
Buildings	3,680,000	-	-	1,580,000	(460,000)	4,800,000
Furniture and fixtures	2,138,819	1,602,038	(16,011)	-	(609,979)	3,114,867
Motor vehicles	138,085	-	-	-	(42,488)	95,597
Office equipment	2,813,869	298,115	(23,540)	-	(729,371)	2,359,073
Computer equipment	3,097,688	1,488,363	(55,896)	-	(1,509,533)	3,020,622
Leasehold improvements	379,159	-	-	-	(97,450)	281,709
	21,047,620	3,388,516	(95,447)	1,780,000	(3,448,821)	22,671,868

Notes to the Annual Financial Statements (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	8,800,000	-	-	-	8,800,000
Buildings	4,140,000	-	-	(460,000)	3,680,000
Furniture and fixtures	1,479,702	1,298,782	(34,771)	(604,894)	2,138,819
Motor vehicles	180,572	-	-	(42,487)	138,085
Office equipment	2,262,031	1,334,118	(142,733)	(639,547)	2,813,869
Computer equipment	2,079,549	2,320,960	(111,772)	(1,191,049)	3,097,688
Leasehold improvements	330,061	329,787	-	(280,689)	379,159
	19,271,915	5,283,647	(289,276)	(3,218,666)	21,047,620

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. Accumulated depreciation for the revalued buildings has been eliminated against the gross carrying value of buildings.

PSiRA reassessed the useful lives and residual values, and tested for impairment, of items of property, plant and equipment, at the end of the reporting period, in line with the accounting policy and GRAP 17 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information. Refer to note 27

PSiRA had assets in use during the year that had a zero net book value at the beginning of the accounting period.

PSiRA assessed assets to determine whether there were any indication that the expectations about residual value were still relevant.

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

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:

Figures in Rand	2018	2017
Proceeds from Insurance claims	93,729	88,125
Proceeds from sale of assets	-	8,110
	93,729	96,235

Notes to the Annual Financial Statements (continued)

3. INTANGIBLE ASSETS

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	5,170,294	(4,863,690)	306,604	5,170,294	(4,670,958)	499,336

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	499,336	(192,732)	306,604

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	97,003	560,004	(19,673)	(137,998)	499,336

Other information

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

Figures in Rand	2018	2017
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4. INVENTORY

Consumables stores	952,526	735,790
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No inventory was pledged as security during the year.

5. TRADE AND OTHER RECEIVABLES

Trade debtors	72,903,715	76,666,084
Provision for impairment of trade debtors	(55,768,534)	(44,389,024)
Deposits	986,368	729,398
Other receivables	2,567,915	554,980
Prepayments	759,029	527,974
	21,448,493	34,089,412

Notes to the Annual Financial Statements

(continued)

Figures in Rand	2018	2017
5. TRADE AND OTHER RECEIVABLES (CONTINUED)		
Trade debtors		
Trade debtors from exchange transactions	59,164,920	66,894,181
Trade debtors from non-exchange transactions	13,738,795	9,771,903
	72,903,715	76,666,084
Ageing of trade debtors		
Current (0 - 30 days)	4,394,676	7,727,298
31 - 60 days	8,561,863	3,319,059
60 - 90 days	3,285,299	1,540,579
90 - over	56,661,877	64,079,148
	72,903,715	76,666,084
Fair value of trade debtors		
Trade debtors impaired		
Reconciliation of provision for impairment of trade debtors		
Opening balance	44,389,025	28,860,133
Current year provision	25,788,648	15,528,892
Amounts written off as uncollectable	(14,409,139)	-
	55,768,534	44,389,025
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 is making small payments within the last 24 months.		
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1,375,298	883,801
Short-term deposits	3,562,136	24,850,416
Deposits and current accounts	1,781,790	3,088,839
	6,719,224	28,823,056

Notes to the Annual Financial Statements

(continued)

Figures in Rand	2018	2017
7. OPERATING LEASE OBLIGATION		
Non-current liabilities	(5,073,877)	(2,124,790)
Current liabilities	-	(34,155)
	(5,073,877)	(2,158,945)

Lease payments: non-cancelable leases - Buildings

PSiRA has regional offices in Johannesburg, Durban, Port Elizabeth, Mthatha and Polokwane, 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

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

Lease payments: Office equipment

5 year contracts expiring in 2019 - escalation of 0% per annum

Lease payments: Operating costs buildings

Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion

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

Johannesburg Shop G0001 & Office 0201, Romi-Lee Buildingd, Corner Eloff and Marshal Streets, Marshalltown:

5 year contract expiring 31 May 2021 -escalation 7% per annum

Notes to the Annual Financial Statements

(continued)

Figures in Rand	2018	2017
7. OPERATING LEASE OBLIGATION (CONTINUED)		
Summary for all the operating lease obligations		
No later than one year	-	34,155
One to five years	5,073,877	2,124,790
	5,073,877	2,158,945
Total Operating Lease obligation		
Lease payments: Buildings	4,474,708	1,893,657
Lease payments: Operating costs of buildings	599,169	265,288
	5,073,877	2,158,945
8. TRADE AND OTHER PAYABLES		
Trade payables and accruals	9,535,889	9,124,098
Credit balances on Debtors	28,168,315	53,204,013
Accruals for salary related expenses	7,728	3,464
13th Cheque	1,737,078	1,542,419
Unknown deposits	552,603	88,513
	40,001,613	63,962,507

Trade payables include cash receipts or deposits into PSiRA's bank account, with incorrect or unidentifiable references. In some instances these deposits relates 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 includes credit notes processed against overbilling of annual fees from the inception of the revised Annual Fees regulation which were 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.

9. PROVISIONS

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	4,434,098	2,982,023	(2,606,123)	(1,827,975)	2,982,023

Reconciliation of provisions - 2017

	Opening balance	Additions	Utilised during the year	Total
Performance bonus	3,666,202	2,376,607	(1,608,711)	4,434,098

Notes to the Annual Financial Statements (continued)

Figures in Rand	2018	2017
10. REVENUE		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	18,991,211	10,147,213
Rendering of services	1,368,341	1,064,857
Annual fees	128,754,724	123,247,052
Infrastructure re-assessment	75,900	46,081
Course reports	38,136,200	33,129,330
Registration fees	34,857,290	32,429,195
	222,183,666	200,063,728
The amount included in revenue arising from non-exchange transactions is as follows:		
Fines and Penalties	14,887,573	10,853,693
11. OTHER INCOME (NON-EXCHANGE REVENUE)		
Bad debts recovered	394,457	758,848
Sundry Income	1,279,617	2,698,290
	1,674,074	3,457,138
12. FINANCE INCOME (NON-EXCHANGE REVENUE)		
Interest revenue		
Interest received	2,147,917	3,658,381
13. FINANCE COSTS		
Other interest paid	13,187	9,458

Notes to the Annual Financial Statements (continued)

Figures in Rand	2018	2017
14. GENERAL EXPENSES		
Advertising	1,813,260	2,824,723
Auditors remuneration	4,029,069	2,605,586
Bank charges	1,427,831	1,061,991
Cleaning	636,436	694,890
Consulting and professional fees	4,752,165	3,713,725
Council members fees	1,598,999	453,936
Audit and Risk committee members fees	390,778	200,200
Consumables	154,317	1,337,516
Fingerprint cost	7,859,757	6,985,455
Functions & workshops	3,872,952	2,947,219
Insurance	608,019	524,525
Legal fees	2,374,461	1,566,371
Postage and courier	992,697	1,120,110
Printing and stationery	2,997,333	3,506,058
Donations & Sponsorships	204,085	80,000
Property rental	21,952,077	18,264,177
Vehicle license fees	426	396
SARS penalties	189,232	38
Security	6,837,049	5,693,455
Software expenses	1,952,011	2,600,597
Subscriptions and membership fees	101,533	93,539
Sundry Expenses	763,166	853,101
Telephone and fax	7,940,792	7,056,001
Training	1,077,594	1,037,422
Travel - local	8,454,111	6,638,903
Travel - overseas	-	356,119
Water, Electricity and levies	5,647,826	5,019,681
Uniforms	44,316	1,137
	88,672,292	77,236,871

Notes to the Annual Financial Statements (continued)

Figures in Rand	2018	2017
15. AUDITORS' REMUNERATION		
Internal audit fees	673,345	535,680
External audit fees	3,355,724	2,069,906
	4,029,069	2,605,586
16. EMPLOYEE RELATED COSTS		
Basic salaries	98,316,472	82,147,802
Performance bonus - provision	1,154,048	2,376,607
Medical aid	7,134,034	6,274,750
Unemployment insurance fund	509,119	450,239
Skills development levy	1,154,603	928,432
Pension contribution	10,363,721	8,130,544
13th Cheques	6,147,533	5,258,794
Travel and other allowances	7,650,802	6,071,171
Workmens compensation	363,514	292,148
Long-service awards	69,998	70,000
	132,863,844	112,000,487
Defined contribution plans		
Pension contributions	6,223,236	4,886,375
Employee Contributions	10,363,721	8,130,544
Employer Contributions	16,586,957	13,016,919

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.

Notes to the Annual Financial Statements

(continued)

Figures in Rand	2018	2017
17. CASH USED IN OPERATIONS		
(Deficit) surplus	(12,378,463)	6,613,467
Adjustments for:		
Depreciation and amortisation	3,641,553	3,356,664
Loss on disposal of assets	95,447	300,841
Debt impairment	25,788,648	15,528,892
Movements in operating lease assets and accruals	2,914,932	(60,780)
Movements in provisions	(1,452,075)	767,896
Changes in working capital:		
Inventory	(216,736)	(414,991)
Trade and other receivables	(13,147,728)	(5,629,186)
Trade and other payables	(23,960,894)	(39,367,960)
	(18,715,316)	(18,905,157)
18. EVENTS AFTER THE REPORTING DATE		
PSiRA has entered in to a new lease agreement for the Pretoria, Blomfontein and Nelpruit offices. Prof. N. Mazibuko, the chairperson of council's contract ended on 18 April 2018. Mr N. Ngubane was appointed as the acting chairperson effective from 19 April 2018.		
19. IRREGULAR EXPENDITURE		
Total irregular expenditure	-	-
20. FRUITLESS AND WASTEFUL EXPENDITURE		
Fruitless and wasteful expenditure for the current year	216,428	116,754
Fruitless and wasteful expenditure - written off	(710)	(41,046)
Fruitless and wasteful expenditure - transferred to trade debtors for recovery	(6,378)	(75,376)
Fruitless and wasteful expenditure - recovered from staff	(5,861)	(332)
Fruitless and wasteful expenditure - under investigation	(203,479)	-
	-	-

Notes to the Annual Financial Statements

(continued)

Figures in Rand	2018	2017
20. FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
Details of fruitless and wasteful expenditure		
SARS Penalties	189,332	38
SARS Interest	13,098	8,641
Flight Costs	5,481	-
Interest on creditors accounts	13	625
Non Attendance of consultation session	3,400	-
Traffic fines	-	1,028
Presiding officer fees	1,875	11,310
Accommodation	2,789	4,827
Overpayment of overtime	-	72,224
Cash losses	-	18,061
	440	-
	216,428	116,754

During the current year fruitless and wasteful expenditure of R216 428 (2017:R116 754) was incurred as a result of late payments made to SARS and other creditors, late cancellation of services, traffic fines, accommodation that was paid and not utilised as well as overtime paid due to a system error. Interest and penalties on late payment of employee taxes is under investigation..

PSiRA's forensic team has either investigated or currently investigating all incurrences. Costs were recovered where individuals were found to have been negligent in performing their duties.

21. CONTINGENCIES

Contingent liabilities

PSiRA is a defendant in a number of legal actions. The cases are yet to be brought before the court. 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 to R671 500 (2017: R741 000).

Contingent assets

PSiRA is a complainant in a number of legal actions. The cases are yet to be brought before the courts. The estimated probable inflow is R80 000 (2017: R60 965), excluding costs.

Notes to the Annual Financial Statements

(continued)

22. RISK MANAGEMENT

Liquidity risk

PSiRA's risk to liquidity is a result of the funds available to cover future commitments. Entity 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 the entity'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	-	5,073,877	5,073,877
Trade and other payables	40,001,613	-	40,001,613
	40,001,613	5,073,877	45,075,490

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 invests 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Trade and other receivables	21,448,493	34,089,412
Cash and cash equivalents	6,719,224	28,823,056
	28,167,717	62,912,468

Notes to the Annual Financial Statements

(continued)

23. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Even though the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern, we draw attention to the fact that a material uncertainty exists that may cast significant doubt on PSiRA to continue as a going concern as indicated below.

Financial consideration

At March 31, 2018, the entity had an accumulated loss of R6,477,764 and that the PSiRA's total assets exceed its liabilities by R 4,041,202. PSiRA posted a net deficit of R12,378,463 for the current financial year. PSiRA experienced a net cash outflow on operating activities of R18 million for the current and past financial year. This resulted from the low payment from Security Businesses and as a result the provision for bad debt has increased to R55 million. The low payments from the Security Businesses also resulted in the Bank Balance reducing by R22 million when compared to prior financial year.

PSiRA has a bad debt of R55 million of which R32 million has been prescribed. The authority will be deploying a collection strategy inhouse where employees in Collections Department and Law Enforcement will act as debt collectors and will receive an incentive for overdue debts. Those debtors in the remaining R23 million will be issued with summons through the state attorney. We are anticipating that this project will yield at least R5.75 million cash inflow.

PSiRA has not been charging interest for the past 5 financial years because of the court case that was challenging the increase annual fees from January 2012 ending November 2014. PSiRA will start charging interest as from 1 April 2018 and we are anticipating Revenue to increase by R12 million and expecting R1.146 million to be collected from the increase revenue.

In 2018 we will intensify the charging of transgressing security businesses and 42 000 counts from 2100 cases has been estimated in 2018/2019 financial year. We are expecting a cash inflow of R31 million in 2018/2019 financial year. PSiRA will also uplift the moratorium on grades and training. It is anticipated that this project will result in cash collection of R9 million.

All of the above projects will result in the positive net cash inflow for 2018/2019 financial year.

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.

Notes to the Annual Financial Statements

(continued)

23. GOING CONCERN (CONTINUED)

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.

24. COMMITMENTS

Figures in Rand	2018	2017
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	451,838	64,029
• Intangible assets	38,115,558	38,115,558
Total Capital Commitments	38,567,396	38,179,587
Authorised operational expenditure		
Already contracted for but not provided for		
• Printing, Stationery & publications	696,296	492,738
• Training	95,862	54,427
• Maintenance	126,698	222,181
• Consultancy Fees	2,802,207	1,654,348
• Consumables	63,988	55,942
• Telephone & fax	1,996,609	8,037,423
• Security	12,131,792	17,531,156
• Equipment Rental	71,820	1,555,714
• Advertising	222,842	-
• Office removal	7,068	-
Total operational commitments	18,215,182	29,603,929

Notes to the Annual Financial Statements

(continued)

Figures in Rand	2018	2017
24. COMMITMENTS (CONTINUED)		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	25,185,564	18,330,314
- in second to fifth year inclusive	61,258,395	71,675,904
- later than five years	-	-
	86,443,959	90,006,218

Operating lease payments represent rentals payable by 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.

25. 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

PSiRA incurred certain expenses on behalf of the Department of Police, which was recovered at cost and a 15% management fee was charged for the management of these expenses.

The table below reflect the expenses incurred on behalf of the Department of Police that were recovered through Sundry Income

Other operating expenses

Functions & workshops		
Sundry expenses	-	66,825
Lease rentals and operating leases	1,555	152,802
Telephone and fax	-	11,881
	-	51,517
	1,555	283,025

Included in revenue is the recovery of costs for expenses incurred on behalf of the Department of police and a management fee of 15% on these costs.

Notes to the Annual Financial Statements

(continued)

Figures in Rand	2018	2017
25. RELATED PARTIES (CONTINUED)		
Sundry Income		
Cost recovery	-	283,025
Management fee	-	42,453
	-	325,478
Related party balances		
Amounts included in Trade payables regarding related parties		
Department of police	-	20,208

Board and executive Members Emoluments

The Executive Authority determined the fixed remuneration of Councillors as a monthly stipend, and not based on meeting fee structure.

Council members 2018

	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Prof N.M. Mazibuko (Chairperson) *	Six	1,990,729	-	-	1,990,729
Mr. N. Ngubane	Six	553,476	-	-	553,476
Maj Genl C.L. Philison ^	Five	-	-	-	-
Mr T.M. Oliphant ***	Four	484,152	-	-	484,152
Mr Z. Zulu***	Five	484,152	-	2,660	486,812
		3,512,509	-	2,660	3,515,169

Council members 2017

	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Prof N.M. Mazibuko (Chairperson) *	Nine	1,857,024	-	7,511	1,864,535
Mr. N. Ngubane***	Three	138,369	-	-	138,369
Mr B.S. Ntuli **	Six	51,971	-	5,746	57,717
Maj Genl C.L. Philison^	Seven	-	-	-	-
Adv N. Mthembu**	Four	30,672	-	3,510	34,182
Mr. Z. Zulu***	Three	121,038	-	-	121,038
Mr. T.M. Oliphant***	Three	121,038	-	2,886	123,924
Mr D.C.M Rathebe (Deputy Chairperson)**^	Two	-	-	-	-
		2,320,112	-	19,653	2,339,765

Notes to the Annual Financial Statements

(continued)

25. RELATED PARTIES (CONTINUED)

- * Appointed April 2015
 ** Term ended December 2016
 *** Appointed January 2017
 ^ Non remunerated government employee

Audit and Risk committee 2018

	Meetings attended	Remuneration	Special Assignments and other meetings	Reimbursive and other allowances	Total
Ms K.G. Mbonambi (Chairperson)	Seven	138,412	-	2,988	141,400
Mr P. Ravhudzulo (Deputy Chairperson)	Seven	62,430	-	18,801	81,231
Mr. Z.L.Fihlani****	Three	22,852	-	858	23,710
Mr. M.G.M. Zikalala****	Four	34,278	-	-	34,278
Mr C. Motau	Seven	89,136	-	857	89,993
		-	-	-	-
		347,108		23,504	370,612

Audit and Risk committee 2017

	Meetings attended	Remuneration	Special Assignments and other meetings	Reimbursive and other allowances	Total
Mr. K.G. Mbonambi (Chairperson)***	None	-	-	-	-
Mr P. Ravhudzulo (Deputy Chairperson)***	None	-	-	-	-
Mr A.N. Mhlongo (Chairperson)*	Four	121,200	-	2,820	124,020
Ms. N. Tsobeni (Dep. Chairperson)*	None	-	-	-	-
Mr C. Motau	Three	31,000	-	-	31,000
Mr B. Mkhize**	Three	24,000	-	666	24,666
Mr T. Mvelase**	Two	24,000	-	-	24,000
		200,200	-	3,486	203,686

- * Term ended 28 February 2017
 ** Term ended December 2016
 *** Appointed 17 March 2017
 **** Appointed 05 June 2017

Notes to the Annual Financial Statements

(continued)

25. RELATED PARTIES (CONTINUED)

Key Management Personnel 2018

	Office Held	Remuneration	Car and other allowances and benefits	Reimbursive allowance	Total
Mr M.S. Chauke	Director	1,969,771	477,353	6,026	2,453,150
Ms M.P. Mofikoe	Deputy Director: Comm, Train & Reg	1,296,924	329,560	1,188	1,627,672
Mr I. Kgamanyane*	Deputy Director: Law Enforcement	568,823	112,220	7,631	688,674
Mrs M.C. Sebogodi	Deputy Director: Fin & Admin	1,475,011	265,120	-	1,740,131
Mr J. Makgolane ****	Corporate Secretary	1,212,554	342,000	-	1,554,554
Mr C.S. Badenhorst*****	Acting Deputy Director: Law Enforcement	1,234,640	43,500	3,712	1,281,852
		7,757,723	1,569,753	18,557	9,346,033

Key Management Personnel 2017

	Office Held	Remuneration	Car and other allowances and benefits	Reimbursive allowance	Total
Mr M.S. Chauke	Director	1,620,558	326,751	21,577	1,968,886
Ms M.P. Mofikoe	Deputy Director: Comm, Train & Reg	1,489,032	56,060	5,786	1,550,878
Mr P.P. Mthethwa *****	Deputy Director: Law Enforcement	895,017	72,280	-	967,297
Mrs M.C. Sebogodi	Deputy Director: Fin & Admin	1,375,538	106,340	660	1,482,538
Mr J. Makgolane****	Corporate Secretary	330,639	86,884	683	418,206
		5,710,784	648,315	28,706	6,387,805

* Appointed August 2017 and resigned December 2017

**** Appointed December 2016

***** Resigned September 2016

***** Acting April 2017 to July 2017, February 2018 to March 2018

Notes to the Annual Financial Statements (continued)

26. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Statement of Financial performance

Revenue

Total Revenue is 3% below budget mainly due to the following:

Below is an explanation of significant variances above budget

Annual Fees are 10% above budget-The budgeted annual fees was based on lower fees before the negotiations started with the security businesses. After the negotiations an increase in fees especially on the monthly levy was agreed upon. The entity was also able to successfully implement the in-house fee for the first time.

Registration fees are 8% above budget-The actual number of registered Security Officers in 2017/2018 financial year is higher than what was budgeted. A total of 105 429 Security Officers were registered compared to the budgeted number of 90 000 SO's and a total of 1 301 security businesses were registered compared to 1 512 that were budgeted

Course Reports income is 6% above budget -The total number of course reports processed in the 2017/18 financial year were higher than budgeted. A total of 428 843 course reports were processed compared to the budgeted total of 322 224.

Fines and penalties are 148% above budget - The increase is mainly due to an increase in the value of the maximum fine that can be charged, we have also see an increase in the number of fines charged to security businesses. There was also one entity that was charged R3m in January 2018.

Below is an explanation of significant variances below budget

Interest received is 50% below budget - The interest is lower than budgeted as our cash holdings decreased by R22m compared to March 2017. The average interest rate year-on-year has also decreased from 6.25% per annum to 6.00% per annum.

Sale of Goods 62% below budget- Sale of good is below budget as ID cards were only issued to working security officers until 01 November 2017 resulting in lesser income being received.

Expenditure

Total expenditure is 2% above budget mainly due to below budget spending in the following:

Depreciation 60% below budget -There depreciation for the ERP system software and hardware was budgeted for but not incurred as there was a change in the ERP system implementation plan

Repairs and maintenance 67% below budget -Repairs and maintenance are done as and when required. There was also budget for new offices in Bloemfontein, Nelspruit and Polokwane which were occupied later than the originally planned date.

General expenses are 24% below budget due to the following expenditure items: Items below budget-

Notes to the Annual Financial Statements (continued)

26. BUDGET DIFFERENCES (CONTINUED)

Advertising and Publication 79% below budget- The corporate video that was budgeted for has not been finalised. Certain advertising projects that were planned for the financial year were not undertaken due to cost savings.

Printing, stationery and cartridges 76% below budget-The budget included the printing of ID cards to all security officers irrespective of their employment status. The printing was only done for employed security officers until October 2017.From November 2017 printing was done for security officers irrespective of their employment status.

Telephone, fax and diginet costs 13% below budget -The costs for new offices in Bloemfontein, Nelspruit and Polokwane was budgeted for but not incurred as the occupation of the offices was later than the originally planned date.

Legal fees 14% below budget-The expenditure is based on the number of transgressions and cases handled by the Legal Department. It is difficult to estimate the timing of finalisation of the cases and expenditure to be incurred.

Licences 54% below budget-There has been a change in the ERP system implementation plan. Items above budget- Transformation project - Main cost driver in relation to: Travel and accommodation 24% above budget, Seminars, conferences and venue hire 10% above budget and Consultancy 112% above budget:

Fingerprints costs 3% above budget -The increase in fingerprint costs is due to the increase in newly registered Security Officers which also resulted in Registration Fees being 8% higher than budgeted.

Bank Charges 8% above budget.-We have experienced an increase in cash deposits due to renewal of certificates. We have since rented extra mobile card machines that will be used during the renewal project and we are hoping this will decrease the cash deposits.

Statement of financial information

Current Assets and Liabilities

Trade and Other Receivables

The decrease in trade and other receivables is due to an increase in the provision for debt impairment from R44 million to R56 million

Cash and Cash Equivalents

The cash resources have decreased from R29 million in 2016/17 to R7 million in 2017/18 due to an increase in expenditure, mainly employee costs. Certain trade debtors are on credit balances and have not been paying PSiRA.

Trade and Other Payables

The decrease in Trade and other payables is due to the reduction in credit balances. Credit balances amounting to R53 million existed in the 2016/17 financial year. The credit balances have reduced to R28 million in the 2017/18 financial year.

Notes to the Annual Financial Statements (continued)

Figures in Rand

2018

2017

26. CHANGE IN ESTIMATE

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 useful lives were reassessed as follows:

The useful life of computer equipment increased from 5 to 7 years.

The useful life of office equipment increased from 5 years to 10 years.

The useful life of office furniture increased from 10 to 15 years.

The useful life of leasehold improvements increased from 5 to 10 years.

The useful life of computer software increased from 18 to 20 years.

The effect of this on current and future periods has been illustrated below:

	Increase in carrying value at end of year	Decrease in depreciation for the year
Computer equipment	83,157	(83,157)
Office equipment	23,130	(23,130)
Office furniture	63,943	(63,943)
Leasehold improvements	77,257	(77,257)
Software	8,619	(8,619)
	256,106	(256,106)

Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2018.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE OF MEETINGS

Name	Designation	# of Ordinary Meetings	# of Special Meetings	# of Meetings Attended
Ms KG Mbonambi	Chairperson	5	2	7
Mr KP Ravhudzulo	Deputy Chairperson	5	2	7
Mr C Motau	Member	5	2	7
Mr M Zikalala*	Member	3*	2	4
Mr Z Fihlani*	Member	3*	2	3

*Appointed on 05/06/2017, which was after two ordinary meetings were held in April and May 2017

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act, 1999 and Treasury Regulation 3.1.13. The Committee also reports that it has adopted appropriate formal terms of reference as its Charter approved by Council, has conducted its affairs in compliance with this 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 entity reported a deficit in the Annual Financial Statements, which raised a 'going concern' risk. The Committee established that the main reason for the deficit were the significant amount of the debt provision which resulted from 8% under collection of revenue targets together with 10% over expenditure on operations.

The Committee noted that the current annual fee funding model had reached its lifespan and needs to be reviewed by introducing the Private Security Industry Levies Act, 2002, through a proclamation by the President. The Committee was presented with a turnaround strategy by Management on how the finances of the entity would be improved in the next 12 months, including by the introduction of the Private Security Industry Levies Act, 2002 in the 2019/20 financial year, and was confident that the strategy if implemented properly, would yield the desired results.

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 the independent and objective assurance on the appropriateness and effectiveness of the internal controls within PSiRA to mitigate the risks that the entity faces in the execution of its mandate. Internal Audit was robust in the review of Management's turnaround strategy to improve the "Going Concern" status of the entity. The Committee was assured from this process that when implemented properly, the objectives as per the strategy would turnaround the entity.

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the entity revealed certain weaknesses, which were then raised with the Management of the entity. Internal audit action plan was developed by Management to resolve the findings raised, and the Committee is satisfied with the progress made in this regard 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, including Assets Management Review;
- Predetermined objectives for Q2, Q3 & Q4;
- Information Technology - ITGC and SAP ERP Solution Review;
- Communications, Registrations and Training;
- Compliance and Law Enforcement;
- Governance and Compliance Review;
- Supply Chain Management;

Report of the Audit and Risk Committee (continued)

- Follow-up review on internal and external audit action plan; and
- Review of the Annual Financial Statements for 2017/18.

RISK MANAGEMENT

The Committee fulfils an oversight role on 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 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, except for the financial sustainability risk which had since materialised in the period under review. The Committee is however, confident that the turnaround strategy put together by Management would address the 'going concern' issues reported in the Annual Financial Statements, and is hopeful that the objectives would be achieved in the 2018/19 financial year and the years ahead.

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 for the entity before approval by Council at each quarterly meeting, and is satisfied that these reports were submitted to the Executive Authority on time as per PFMA prescripts. By the end of the 2nd quarter, the Committee was already alerted to the signs of a deficit financial performance come the end of the financial year, which were confirmed by the end of the third quarter when the year-end projections were presented with the Statement of Financial Performance for the quarter. The Committee was presented with an action plan to improve the situation, which included intensified debt collection through litigation, but this did not bear fruit as the debtors who contribute largely to the debt provision were those that were in the majority on PSiRA database, and therefore, would under normal circumstances contribute a bigger portion to the revenue, if they were not defaulting and untraceable in the main.

GOVERNANCE PROCESSES

The Committee reviewed the governance processes and is satisfied that the audit action plan from the governance and compliance review and ITGC audits is being implemented and continually reviewed in line with applicable prescripts, including the ICT

Governance Framework requirements. The Committee has noted some continuous improvement in this area and is hopeful that these processes will lead to 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 of the reported performance against predetermined objectives of the entity at 82%.

EVALUATION OF FINANCIAL STATEMENTS

The Committee has reviewed the annual financial statements prepared by Management, including the appropriateness of accounting policies and practices used in the preparation of the annual financial statements before the audit, and is satisfied that these present fairly the negative financial position of PSiRA as at 31 March 2018.

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 concerned that some action plans to address prior year audit findings were not fully effective to resolve the findings.

The Committee has also reviewed and discussed the:

- audited financial statements to be included in the annual report, with the AGSA and the Management of the entity;
- AGSA Management letter and Management's response thereto; and
- adjustments resulting from the audit.

The Committee concurs and accepts 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.



Ms KG Mbonambi
Chairperson: Audit and Risk Committee
Date: 24 July



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