



PSIRA
Private Security Industry Regulatory Authority



SAFER HOMES
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COMMUNITIES

ANNUAL REPORT
2022 / 2023



PSiRA

Private Security Industry Regulatory Authority

**ANNUAL REPORT
2022/23**

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PART A

**GENERAL
INFORMATION**

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01

GENERAL INFORMATION

REGISTERED NAME Private Security Industry Regulatory Authority

PHYSICAL ADDRESS 420 Witch-Hazel Avenue
Eco Glades 2 Office Park
Highveld Ext. 70
Centurion 0158

POSTAL ADDRESS Private Bag x817
Pretoria
0001

TELEPHONENUMBER/S +27 (012) 337 5500

EMAIL ADDRESS info@psira.co.za

WEBSITE ADDRESS www.psira.co.za

EXTERNAL AUDITORS Auditor-General of South Africa
4 Daventry Street
Lynnwood Manor
Pretoria
0081

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

CORPORATE SECRETARY Mr Jacob Makgolane

ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AGSA	Auditor-General South Africa
APSA	Academic and Professional Staff Association
AWU	Abanqobi Workers Union
CFR	Central Firearms Register
CIPC	Companies and Intellectual Property Commission
CRC	Criminal Record Centre
CSR	Corporate Social Responsibility
DETAWU	Democratised Transport Logistics and Allied Workers' Union
DUSWO	Democratic Union of Security Workers
EAP	Economically Active Population
EEA	Employment Equity Act
EE	Employment Equity
ESS	Employee Self Service
FEDCRAW	Federal Council of Retail and Allied Workers
FEU	Forensic and Ethics Unit
FLASH	Firearms Liquor and Second-Hand Goods Control
HCM	Human Capital Management
IASIR	International Association of Security and Investigative Regulators
IOD	Injury on Duty
ITU	International Telecommunication Union
KAWU	Kungwini Amalgamated Workers Union
MEC	Member of the Executive Council
MINMEC	Ministers and Members of Executive Councils Meeting
MoU	Memorandum of Understanding
NASUWU	National Security and Unqualified Workers Union

OD	Organisational Development
PATU	Progressive Allied & Travel Union
PMSC	Private Military and Security Company
POCC	Provincial Operational Command Centre
PSI	Private Security Industry
PSiRA	Private Security Industry Regulatory Authority
R&D	Research and Development
SADC	Southern African Development Community
SAFTU	South African Federation of Trade Unions
SAPS	South African Police Services
SAPSWU	South African Private Security Workers' Union
SASSETA	Safety and Security Sector Education and Training Authority
SATAWU	South African Transport and Allied Workers Union
SCM	Supply Chain Management
SHE	Safety, Health and Environment
SOCRAWU	Security Officers Civil Rights and Allied Workers Union
SSA	State Security Agency
TUSISA	Trade Union of Security Industry in South Africa
UASA	United Association of South Africa
UIF	Unemployment Insurance Fund
UNISA	University of South Africa
USA	United States of America
WIL	Work Integrated Learning
WITS	University of the Witwatersrand



FOREWORD BY THE MINISTER OF POLICE

Honourable BH Cele

Empowered by its legislation, the “PSiRA Act” and other relevant prescripts, the Private Security Industry Regulatory Authority (PSiRA), has been seen in the current financial year making significant strides towards regulating the provision of private security services in the country. PSiRA’s endeavors to enforce compliance by security service providers have restored public confidence in private security services.

With the effects of COVID-19 still persisting, in particular, the economic impact that drove unemployment to higher levels and the subsequent increased social economic challenges that arose as a result thereof. This unfortunately also impacts and drives an increase in crime. Considering the poverties caused by the pandemic, I am however grateful to note that the private security industry is a significant contributor to creating sustainable jobs within the country and plays a direct role in fostering a safer South Africa.

I am pleased with the progress the PSiRA is making regarding the implementation of its 2020/25 Strategic Plan (SP). It is unequivocal that the Authority’s impact on the security affairs of the country is noticeable and significant. Despite the economic challenges which were mostly brought about by COVID-19, I have noted with great interest the 31% increase in the number of registered active security businesses over the 2022/23 financial year, however, the picture regarding the employed security officers is not

pleasing, showing a decreasing by 1%. With a 86% increase in registered active businesses and a 19% increase in employment over the last seven years, there is no doubt that the demand for the private security industry is growing in the country. The Authority is also well prepared to administratively deal with this growth and manage the increased demand in processing applications for registration through the launched digital ‘e-PSiRA’, the Authority’s maiden online registration platform.

The collaborations amongst all role players in the security sector, including the Authority, are of paramount importance in ensuring a collective approach in combating crime in the country. As mentioned during the last Budget Vote, the collaboration of the Authority, South African Police Service (SAPS) and State Security Agency (SSA) have led to the development of a mandatory counter-terrorism awareness campaign in the form of 40 hours of training for the Private Security Industry (PSI), the development of course modules is underway.

In line with the above, the Eyes and Ears Initiative (E2) is another example of a collaborative initiative between the SAPS, Business Against Crime South Africa, and the Authority’s registered and legitimate members of the private security industry, who formally cooperate with the SAPS by relaying information directly to the Provincial Operational Command Centre (POCC) and in some instances, receiving such relevant information directly from

it. This initiative to enhance situational awareness and operational response by the SAPS in using the private security industry's geographically deployed footprint for the sharing of information, remains an important partnership that needs to be built on.

Despite the Authority's ineffective funding model, the organisation has managed to implement its strategic objectives towards its 2020/25 goals. However, it is important to ensure that the funding model is reviewed to allow growth of the Authority which will result in increased resources to assist the organisation in achieving its objectives effortlessly. I am however pleased to see the Authority's improved liquidity which is the effects of far-sighted financial management and oversight by its management, governance committees and the Council. I am looking forward to be continued support by the National Treasury to move forward in ensuring the implementation of the Private Security Industry Levies Act, which will not only improve the financial position of the Authority but also improve its collection mechanisms.

The Authority's continued commitment to implement its strategic outcomes reflects the extent in which the Authority takes its role seriously in ensuring that the industry acts in the interest of the State, the public and that of the industry itself; and its aim to continuously work towards the promotion of the transformation of the industry. Lastly, I wish to express my gratitude to the Authority's Chairperson of the Council and

her fellow Council members, its Director and his executives and all PSiRA staff, who rallied behind the vision and mission of the Authority.

As the Council nears the end of its term of office, we must reflect, assess and acknowledge the sterling work done through its oversight mandate. They maintained the upwards fiscal and governance performance of the Authority despite the difficulties experienced during the COVID-19 pandemic and unfavourable economic climate. The same accolades are expressed towards the Authority's Director and management teams for their continued exemplary leadership in the year under review. Finally, my acknowledgements go to the collective private security industry and its civilian staff for their contribution in keeping South Africa safe.



Honourable BH Cele

Minister of Police

Date: 12 September 2023



OVERVIEW BY THE CHAIRPERSON

Dr AL Mofomme

INTRODUCTION

The Council of the Authority, as the Accounting Authority of the entity, is pleased to present this Annual Report for the 2022/23 financial year to the Executive Authority, Parliament of the Republic, and to all the Authority's stakeholders in terms of the provisions under section 10 of the Private Security Industry Regulation Act, 2001, read with section 55 of the Public Finance Management Act, 1999 (PFMA).

OVERVIEW OF THE AUTHORITY'S STRATEGY AND PERFORMANCE FOR THE YEAR

The strategic direction of the Authority originates from the legislative mandate as outlined under the PSiR Act, 2001. The primary objective of the Authority is to regulate the private security industry and to exercise effective control over the practice of the occupation of security service providers in the public and national interest and the interest of the private security industry itself. The Authority's Strategic Plan (SP) 2020/25 and the Annual Performance Plan (APP) for the period under review are informed mainly by the objectives and functions of the Authority as contained in sections 3 and 4 of the Act, respectively. These objectives and functions are the main drivers of the Authority's SP and APP and have been categorised into four (4) programmes, which collectively constitute the strategic focus

areas to which the reporting herein relates. Three (3) of the programmes focus specifically on the core business of the entity as per the legislative mandate, and the fourth programme focuses on the financial and administrative support to the core business programmes.

There are four (4) key strategic outcomes as per the SP identified for the Medium-Term Strategic Plan (MTSF) period and these are allocated to each of the programmes. These outcomes are supported by output indicators as identified in the APPs for each financial year over the MTSF period. For the period under review, 28 output indicators were set in pursuit of the five-year strategic outcomes. In terms of the performance of PSiRA for the year under review, the entity achieved 84% of the output indicator targets. The achievement remains the same as in the previous financial year, and it is pleasing to the Council as the score remains above the annual target of 80%.

This achievement is attributed mainly to the Management's relentless efforts in managing the operational activities of the entity towards its strategic outcomes, and to the Council and its governance structures for the continued quality review and monitoring of Management's reporting on a quarterly basis. The continued good working relations between the Council and the Management of PSiRA also contributed to good governance practices within the entity. The good relations are

also attributed to improvements in the internal control environment within PSiRA, which in turn improved the organisation's audit outcome from a qualified audit opinion in the previous financial year, to unqualified audit opinion for the period under review.

The Council is excited about the audited reported performance as quality assured and confirmed by the Auditor-General of South Africa (AGSA), from the regulatory audit, but with some material findings on the Annual Financial Statements (AFS). The Council was assured that an audit action plan focusing on the root causes of the findings will be developed and implemented by Management for the Council's review and monitoring with the assistance of assurance providers and other governance structures.

Further, the Council is pleased to report on the progress on the implementation of the digital transformation strategy for the period under review. This achievement has seen the organisation moving into a digital space in terms of its services to clients, which has brought some efficiencies in terms of service delivery. PSiRA fully implemented the online registration platform during the period under review. The Authority continues to monitor the system for improvements to enhance its functionality with other modules, for a fully integrated digitalisation of PSiRA services. The Council is, therefore, confident as PSiRA services move into the Fourth Industrial Revolution (4IR) space, and that the delivery of services to PSiRA clients will become more efficient and accessible from anywhere in South Africa, and globally.

STRATEGIC RELATIONSHIPS

The Authority's legislative mandate requires the Authority to establish strategic partnerships with other bodies and industry stakeholders both nationally and globally in pursuit of the objectives

in the Act. Strategic partnerships were previously established with key role players in the industry, including in the education and training sector, government departments and municipalities, industry business associations and industry labour movements. These partnerships continue to be maintained and improved for a better regulation of the industry that is informed by stakeholders' inputs from experiences on the ground.

Following on the partnership that the Authority and the Geneva Centre for Security Sector Governance (DCAF) started in 2019/20, the Authority embarked on collaborations to assist with the establishment of industry regulation in the Southern African Development Community (SADC) region. These efforts were followed by its visit to Zimbabwe in March 2023 at the invitation of the Security Association of Zimbabwe (SAZ), in collaboration with the Zimbabwean Ministry of Home Affairs and Cultural Heritage.

The purpose of the visit was for the Authority to share with the Zimbabwean stakeholders, the South African private security industry regulatory regime. The Management of the Authority under the leadership of the Council Chairperson shared with the Zimbabwean stakeholders the regulatory environment of the private security industry in South Africa, governance and industry compliance best practices that underpinned our successes. Our Zimbabwean counterparts followed up with a benchmarking and information exchange tour in May 2023 at our Head Quarters.

The Authority continues to be a member of the International Association of Security and Investigative Regulators (IASIR), represented on its Board of Directors by our Deputy Director: Training and Communication. The association continues to expose the Authority to international recognition through interactions and collaborations with other regulators globally. These efforts has

boosted the Authority's recognition and influential role it plays in the African continent as the leader in terms of private security industry regulation.

Council is confident that its continuous engagements with the industry through the established Private Security Industry Advisory Committee (PSIAC), to strengthen regulation of the industry will go a long way in professionalising the industry. The industry had through this forum developed a draft transformation charter for the industry, which is being facilitated by the Authority in terms of development and industry-wide consultations. The aim is to build a transformed private security industry by 2030 for a meaningful participation in the fight against crime, and fair, transparent, and equal opportunities in the economy of the country. The Council remains committed to this cause and is hopeful that the charter will be finalised in the current MTSF period for implementation and enforcement in the next MTSF period into 2030.

CHALLENGES FACED BY THE AUTHORITY

UNSUSTAINABLE ANNUAL FEES FUNDING MODEL

The Authority continues to fund its operation mainly from the transitional annual fees funding model as inherited from the repealed Security Officers Board Act. The Authority continues to report on impairment provision in its finances due to the ever-increasing debtors' book, which is an inherent feature of this model. The model was intended as a transitional measure to be repealed by the introduction of levies collection under the Private Security Industry Levies Act, 2002.

The review of the Private Security Industry Levies Act, 2002 was initiated by the Authority with the assistance of the National Treasury in the 2019/20, in order to align the current Act with the Constitutional principles which governs Money Bills within the Republic. The draft bills will be taken through cabinet and parliament for approval once the Authority has built adequate capacity to implement the levies collection model.

The Authority has developed a strategy and plan for capacity building and the Council is satisfied with progress thus far.

THE YEAR AHEAD: 2023/24

The Council is confident that the year ahead will see some improvements in terms of the entity's performance and reporting due to expected improvements in the internal control environment. Management of the Authority continues to implement audit action plan items subject to review and monitoring of the reporting thereof by our governance structures.

The Council will continue to monitor developments with the implementation of the entity's strategy and plan in terms of capacity building to allow Treasury to process the two Levies Bills for introduction in Parliament to be passed into laws. The timelines set by Management will be closely monitored to ensure that unnecessary delays are avoided.

Furthermore, the Council is looking forward to strengthening the relations with the industry through the established Private Security Industry Advisory Committee. The process will entail the implementation of the revised terms of reference which will strengthen stakeholder consultative processes and participation in the Authority's policy regulatory formulation. Industry-wide consultations on the draft transformation charter will be conducted in the year ahead for a final industry charter to be gazetted by the Minister of Trade, Industry and Competition.

Development of training standards in the various sectors of the industry is a key milestone towards the achievement of an outcome of "*capable and trained private security industry*". Key implementation projects had started during the period under review with some specialised training courses identified for development of standards for the professionalisation of the industry. These include standards for counter-terrorism training, maritime security training and other specialised internationally accredited courses.

ACKNOWLEDGEMENTS

The Council would like to acknowledge the Minister of Police, Hon. HB. Cele, MP, for the continued confidence he shows in the Council to serve the Authority, the public and the industry at large. The Council is certain that as it approaches to the end of its term in the coming financial year, it will continue to serve the people of South Africa with integrity and distinction until the end of term.

In addition, the Council extends a word of appreciation to the Portfolio Committee on the Police's engagements with the Authority at various meetings held during the period under review. The Council welcomes and appreciates the Committee's constructive inputs, commendations and interventions that continue to instil confidence and encouragement in everyone at the Authority.

Further acknowledgements and appreciation also go to the industry at large, for the constructive inputs and comments from various consultative engagements with the Authority. An improved regulatory compliance within the industry continues to be the focus area that requires collective commitment. We believe that these engagements and the inputs from the established Private Security Industry Advisory Committee will continue to assist the Authority to realise its vision for *"South Africans to have confidence in the legitimacy, occupational practices and transformation of the Private Security Industry"*.

Finally, acknowledgements, commendations and much appreciation go to the Authority's Management and the staff at large for their continued relentless effort, dedication, and commitment in the execution of PSiRA's mandate. Your hard work has once again resulted in the Authority being able to move a step closer to the glory days of clean audit outcomes. The Council is confident that through your continued selfless efforts, the Authority will thrive and maintain an excellent regulatory environment and sustainability into the future.



Dr AL Mofomme
Council Chairperson
Date: 31 July 2023



DIRECTOR'S REPORT

Mr M Chauke

It is with great pleasure that I present to you the 2022/23 Annual Report of the Private Security Industry Regulatory Authority (PSiRA). This edition of the Annual Report coincides with the 20th Anniversary of PSiRA, a significant milestone worth celebrating. During the year under review, the Authority continued with the implementation of digital transformation strategies aimed at promoting and enhancing service delivery. Moreover, our focus remained on ensuring that the private security industry acts responsibly and ethically by treating South African citizens with dignity and does not illegally infringe on the rights of others.

HIGHLIGHTS

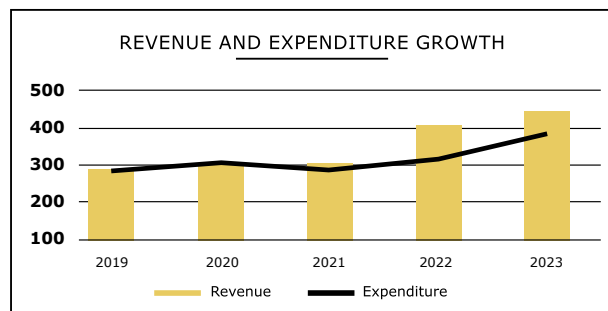
We are pleased to announce that the Authority received an unqualified audit opinion with material findings that require the Authority to improve the internal control environment. The Authority will develop an action plan to address all the root causes to ensure that the outcome is enhanced to a clean audit. The Authority has successfully delivered on its pre-determined outputs. An analysis of the performance indicated that the Authority met 84% of the planned targets.

There was a significant increase in the revenue generated during the year under review, with R452 million for the 2022/23 financial year compared to R407 million in the 2021/22 financial year. The increase is attributed to the implementation of the

online system and the service delivery efficiencies gained.

REVENUE AND EXPENDITURE

REVENUE AND EXPENDITURE GROWTH IN PERCENTAGES						
Year	2019	2020	2021	2022	2023	Average
Revenue	19%	10%	1%	28%	11%	14%
Expenditure	12%	11%	-9%	12%	20%	9%



The Authority continued to refine its operations and revenue-generating strategies to meet day-to-day challenges and optimise efficiencies for its financially sustainable outlook. Moreover, the revenue base is compounded by the annual fee model, making it impractical to effectively collect adequate revenue to fund the Authority operations as a self-funded entity. The average growth rate in revenue for the five-year period was 14% and the average expenditure growth rate was 9%. However, during the year under review, the Jaws ratio was at 9%, confirming the disparities experienced through the annual fee model, hence the need to implement a levies fee model.

W *promoting high standards in training security service providers and prospective security service providers* **W**

FINANCIAL CONSIDERATIONS

In the year under review, the Authority reported an accumulated surplus of R192 million due to the efficiencies and cost containment measures implemented; hence, the going concern issues in the past years were addressed and minimised the impact of the inequitable funding model. This intervention has yielded positive results, with a **surplus of R69.7 million** and cash resources of **R218 million** in the 2022/23 financial year. The financial reserves were well within the Authority's liquidity and solvency policy thresholds by maintaining the availability of funds for the entity's future inability to collect adequate revenue for a period of six(6) months.

REGULATORY FUNCTIONS:

Digitalisation – Online Registration System

Following the launch of an online registration and training platform in 2022, the Authority has advanced its turnaround time for registration. The system was developed to ease the burden of registering, renewing certificates, uploading course reports and other related services for our clients. The system enables ease of access to all services offered by the Authority. The online registration system is remotely accessible from anywhere in the country and has realised an increase in business applications, with 7% realised in 2022 and 31% in 2023, respectively.

The Registration Unit accounts for more than 2.8 million registered Security Officers (SO) and over 15 000 registered Security Service Providers (SSPs) on the Authority's database. This reflection is as a result of the reduced turnaround time for registering security businesses from five (05) days to four (04) working days.

Industry Training Highlights

To give effect to one of its core objectives of "promoting high standards in training security service providers and prospective security service providers", the Authority has increased its capacity to fulfil its mandate, as prescribed in the Act.

A total of **662 639** course reports were processed digitally during the 2022/23 financial year, as compared to **570 031** processed in the 2021/22 financial year. During the year under review, a total of **131** new training security service providers were accredited under business applications.

COMPLIANCE AND ENFORCEMENT

Paramount to the Authority's objectives 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 the industry.

The Authority has developed and implemented a compliance and enforcement Plan, to maintain a well-regulated Private Security Industry (PSI).

This strategy includes enforcement and prosecution of non-compliant service providers as well as a new focus on regulatory compliance through inspections. During the period, 1 April 2022 to 31 March 2023, a total of 43 642 compliance inspections of security service providers were conducted as part of investigations by the Enforcement Department compared to 37 595 inspections for the same period the previous year.

Furthermore, during the 2022/23 financial year, a total of 4 250 investigations were finalised as compared to the 3 918 investigations in the previous financial year. This is an 8% increase in the number of investigations that were finalised.

RESEARCH AND DEVELOPMENT TOWARDS EFFECTIVE REGULATORY FRAMEWORK

The Research and Development Unit (RND), a critical component of the Authority continues to contribute towards the policy development and regulatory environment through research initiatives. In the period under review, RND undertook and concluded studies and surveys in the following areas:

RESEARCH TOPICS

MAKE IT FIREPROOF: fire prevention and detection in the private security industry

LEAVING NO STONE UNTURNED: The Regulation of South African Private Security in Crowd management Private Security in the Mining Sector

TRACKING THE VALUABLES: The use of tracking devices in the Private Security Sector

SECURING THE EARTH'S TREASURES: Regulating Security Services in the South African Mining Sector

"Sorry, but I have a complaint to make": A study on the benefits of PSIRA's complaints office for the industry

SURVEY TOPICS

- Customer Survey on Crowd Management
- Customer Survey on Tracking Devices in the Private Security Sector
- Customer survey on complaints regarding quality service
- Internal staff survey

FIREARM APPLICATIONS

As one of its priorities, the Authority has beefed up its capacity to ensure a speedy turnaround time in providing information to the Central Firearms Register (CFR), pertaining to security service. This service is exclusively available for assisting the CFR in processing the applications for the private security providers applying for firearm licenses. Largely, the service includes verification of the following:

- the security business's registration status;
- number of security officers it employs,
- its registration, training status
- and annual amounts due to the Authority.

During the review period, the Authority processed **835** firearm application enquiries. The Authority rejected **516** applicants and cleared **319** for CFR's consideration. Going forward, an audit on CFR's versus the PSIRA's database will be conducted, this will be done in the coming financial year.

STAKEHOLDER ENGAGEMENT

Partnerships continue to be the cornerstone of the Authority in its pursuit to maintain and improve regulation of the industry in the interest of the nation, the public and the industry itself. To address the issues of regulation in the Southern African Development Community (SADC) region, the Authority's delegation led by the Chairperson of the Council and the Director was privileged to be invited by the Security Association of Zimbabwe (SAZ) in collaboration with the Zimbabwean Ministry of Affairs and Cultural Heritage on the 17th of March 2023.

The purpose of the visit was to share best practices in the regulation of the private security industry and for the Authority to help the neighbouring countries on how best to put systems in place to formalise and professionalise regulation of its security sector. The visit was sealed by the signing of a Memorandum

of Understanding (MoU) between the Authority and SAZ, fostering collaboration and information sharing on best practices within the private security industry.

STRATEGIC RELATIONSHIPS

During the year under review, PSiRA continued to establish strategic partnerships with key role players in the industry, including education and training institutions, Government Departments and industry labour movements.

The Authority attended numerous meetings nationally, which include with the South African Police Service (SAPS), other law enforcement agencies, security service consumers (including stadium management, business forums and State Departments) and other stakeholders to discuss matters of common interest, and the best models to foster a compliant private security industry whilst achieving the objective of building safer communities.

OUTREACH PROGRAMME

As a caring organisation, the Authority, during the year under review, ploughed back to different communities through its outreach programme.

During the Mandela month in July 2022, the Authority donated food parcels and clothes to the victims of the KwaZulu-Natal floods through the Pinetown-based Ayanda Msweli Foundation. In the same month, the Authority also donated **100** pairs of school shoes, jerseys, and socks to Lukhanyiso Primary School in Upington, Northern Cape.

In December 2022, the Authority donated **R22 600** to Siloe Special School for the Blind situated in Thokgwaneng Village outside Polokwane, Limpopo. The Authority will continue to contribute to community's and individuals alike with the aim to alleviate negative socio-economic pressures that our country experience.

CAPACITY BUILDING

PSiRA intends establishing the following Units in the future:

- Special Operations Unit
- Fire-Arms Enforcements Unit
- K9 Unit
- Pan African Cross-Border Partnership Unit
- Business Intelligence Unit

The strengthening of the Authority's Law Enforcement capacity will assist in tackling irregular use of firearms and criminality within the Private Security Industry.

ACKNOWLEDGEMENTS

It would be remiss not to convey my sincere gratitude to the Executive Committee and the Management team, moreover, to all staff members who remain loyal to the course of executing the PSiRA mandate.

I am forever thankful for the guidance and wisdom of the PSiRA Council the under leadership of Dr Leah Mofomme. Our Council makes the Authority a shining example of good governance.

The confidence that the Honourable Minister of Police, General Bheki Cele, and the Honourable Deputy Minister, Ntate Cassel Mathale, have in the Authority, and the Ministry's support and leadership are overwhelming.

To this end, I would like to thank the Portfolio Committee of the Police, industry associations, labour movements and our general stakeholders, for their constructive criticism, encouragement and support.



Mr M Chauke

Director/Chief Executive Officer

Date: 31 July 2023

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General South Africa (AGSA).

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.



Dr Leah A Mofomme

Chairperson of the Board

Date: 31 July 2023



Mr Manabela Chauke

Director/Chief Executive Officer

Date: 31 July 2023

STRATEGIC OVERVIEW

VISION

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

MISSION

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

VALUES

INTEGRITY

- Ethical Conduct
- Fairness
- Transparency

EXCELLENCE

- Accountability
- Professionalism
- Performance

UBUNTU

- Respect
- Compassion
- Diversity

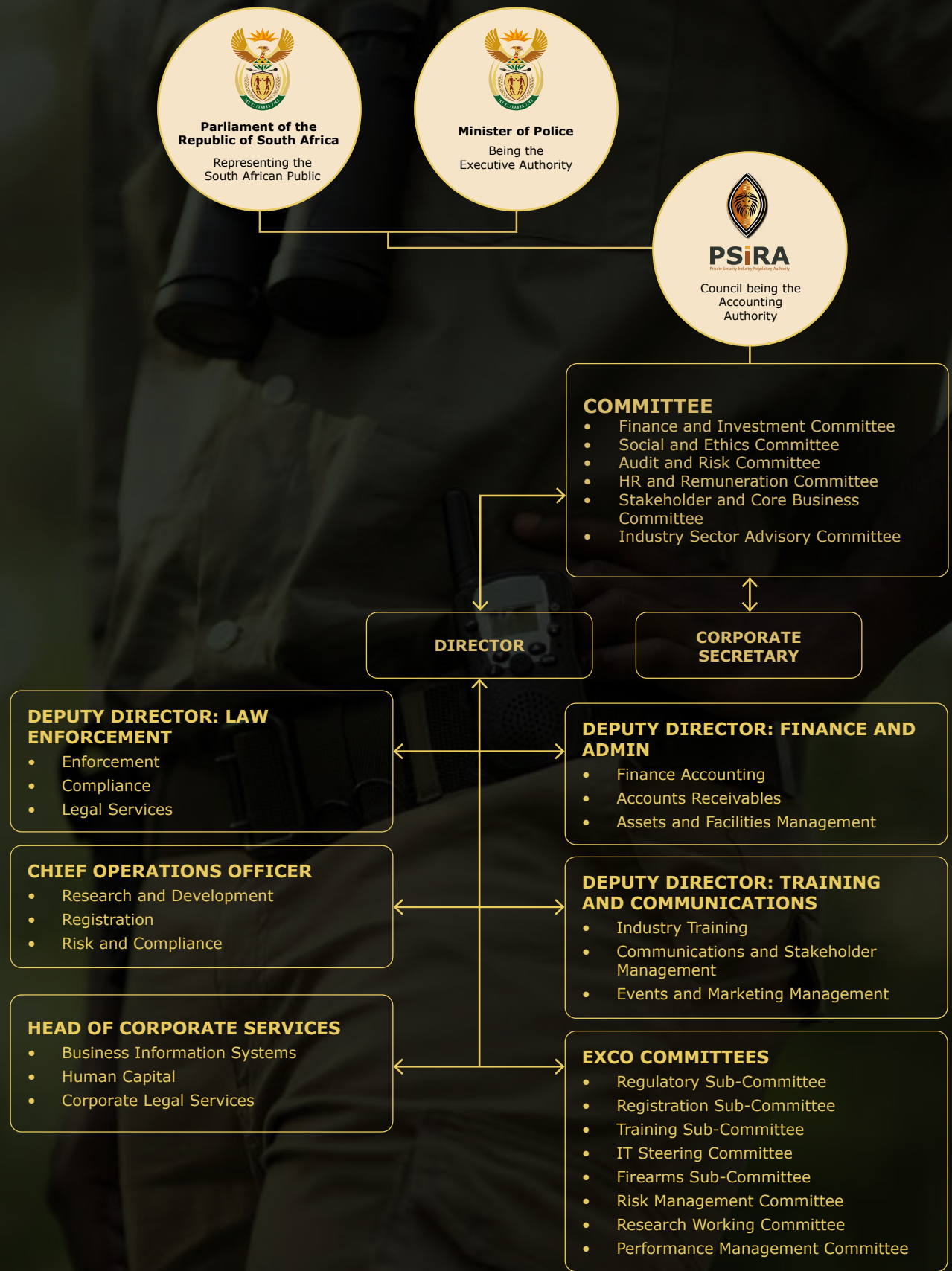
LEGISLATIVE MANDATES

The primary objectives 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 the 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.



ORGANISATIONAL STRUCTURE



COUNCIL MEMBERS



DR A L MOFOMME
CHAIRPERSON



MR M S RALEBIPI
DEPUTY CHAIRPERSON



DR S N MBETE
MEMBER



MS T NTSHANGASE
MEMBER



MR N H NGUBANE
MEMBER



MR J MAKGOLANE
CORPORATE SECRETARY

EXECUTIVE MANAGEMENT



MR M CHAUKE
DIRECTOR/
CHIEF EXECUTIVE OFFICER



MS M SEBODI
DEPUTY DIRECTOR:
FINANCE AND ADMINISTRATION
(CHIEF FINANCIAL OFFICER)



MR I RALIOMA
ACTING CHIEF
OPERATING OFFICER



MS T ZWANE
DEPUTY DIRECTOR:
LAW ENFORCEMENT



MS M SECHOARO
DEPUTY DIRECTOR: TRAINING
AND COMMUNICATION



PART B

**PERFORMANCE
INFORMATION**


1. INTRODUCTION

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

PSiRA is an entity listed under Schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and therefore has to comply with the requirements of this Act. In terms of Treasury Regulation Section 5.3, PSiRA is responsible for establishing procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action.

In line with this requirement, the Council has approved a format for annual and quarterly reporting to the Minister of Police on the progress made with regards to the implementation of the Annual Performance Plan of 2022/23. This performance report is for the financial year 2022/23 and a summary of the actual performance against predetermined outcomes and outputs per programme.

Prepared by:



Mr Isaac Ralioma

Acting Chief Operating Officer (COO)

Approved by:



Mr Manabela Chauke

Director/Chief Executive Officer

Authorised by:



Dr Leah Mofomme

Chairperson of the Council

2. PERFORMANCE REPORT FOR THE FINANCIAL YEAR 2022/2023

2.1 OVERVIEW OF THE PERFORMANCE

The strategic direction of PSiRA originates from the legislative mandate as outlined under the Private Security Industry Regulation Act, 2001. The Act lists several objects and functions that must be undertaken by the Authority in pursuit of its primary objective.

PSiRA's Strategic Plan and the 2022/2023 Annual Performance Plan for the period under review are informed mainly by the objects and functions of the Authority as contained in sections 3 and 4 the Act. The objects and functions have been broken down into four programmes, which collectively constitute key strategic focus areas to which the reporting herein relates, with three of the programmes focused specifically on the core business of the entity as per the legislative mandate, and one programme focused on the administrative support to enable the achievement of the core business outcomes, outputs and functions.

In implementing the 4 outcomes stipulated or planned in the strategic plan 2020/21 to 2024/25, 25 output indicators with targets were planned for the financial year 2022/23. In terms of the performance of the entity towards the achievement of the set targets, the entity's performance is at 84%. To ensure that the areas of under performance are addressed taking into consideration the strategic plan outcome target that must be achieved by 2024/25, the financial resources have been allocated and the targets have been incorporated into the APP 2023/24. The strategic risk action plans not achieved was also incorporated in the register for 2023/24. We anticipate that the inclusion of the targets which were not achieved during the year under review would not become a bearer in achieving targets set for the financial year 2023/24.



3. PROGRESS TOWARDS ACHIEVING THE INSTITUTIONAL IMPACT AND OUTCOMES AS PER THE 2020/2021 – 2024/2025 STRATEGIC PLAN

PSiRA’s Strategic Plan primarily focuses on Priority 6, Social Cohesion and Safe Communities of the seven priorities and related interventions of the sixth administration of government. It’s strategy also contributes towards Priorities 2 and 3 in respect of economic transformation, job creation and education and skills development. Through the implementation of PSiRA’s Strategic Plan and Annual Performance Plan, PSiRA promotes an integrated approach to safety and security, which requires coordinated activity across government departments, the private security industry and community bodies. In this regard, PSiRA also ensured, inter alia, that -

- The private security industry acts in a responsible and ethical manner, treats citizens with dignity and does not illegally infringe on the rights of others;
- The private security industry is held accountable for non-compliance with the statutory Code of Conduct for Security Service Providers to ensure a legitimate private security industry which can contribute to improved relationships with State law enforcement agencies in the fight against crime;
- The private security industry is efficiently registered, staffed by skilled, disciplined, and professional individuals who can contribute to a safer South Africa.

- Advocating the development and promotion of the necessary qualifications and learning material to improve skills levels in the private security industry, including attracting youth employment and empowerment within the private security industry;
- Continuous implementation of the digital transformation strategy that will promote implementation of service delivery and regulatory goals in the relevant areas of the Authority; and
- Continuous implementation of the self-assessment policy, which ensures the registered active security businesses complete the industry compliance self-assessments to advocate and to an extent, measure levels of compliance.

PSiRA’s impact statement and progress made towards the achievement of its five-year targets as per its Strategic Plan is as follows:

Impact: A legitimate, competent and transformed private security industry which acts in the interest of the State, public and private security industry and contributes towards a safer South Africa.

3.1 MEASURING OUTCOMES

OUTCOMES	OUTCOME INDICATOR(S)	FIVE-YEAR TARGET(S)	PROGRESS	REMEDIAL ACTIONS
Financial sustainability, accountability, relevance and performance	External audit opinion	Retain unqualified audit opinion over the period to 2025	<ul style="list-style-type: none"> 2022/2023 <ul style="list-style-type: none"> Unqualified audit opinion 2021/2022 <ul style="list-style-type: none"> Target was not achieved the entity achieved qualified audit opinion. 2020/21 <ul style="list-style-type: none"> Unqualified audit opinion (clean audit). 	<ul style="list-style-type: none"> Strengthen internal controls over principal liability. Examine and audit the portfolio of evidence pertaining to the principal liability. Prepare an interim financial statement to be audited by AGSA. Structure the Audit plan and Risk Management to address the matters that affects the audit and improve internal controls
	Liquidity ratio	01:01	2022/23 – 2.15:1 2021/22 – 2.07:1	None
	Organisational performance rating	>80%	The organisational performance for the 3 financial is as follows: <ul style="list-style-type: none"> FY 2022/23 – 84% FY 2021/22 – 83% FY 2020/21 – 86% 	None
The private security industry is transformed.	Private Security Industry Charter implemented.	Transformation Index for the private security industry developed	<p>2022/23</p> <ul style="list-style-type: none"> The target to submit the draft Transformation Charter to the Minister of Trade, Industry and Competition was not achieved. The target is part of the APP 2023/24. The Service Provider for the development of the transformation charter was approved by BAC for appointment. <p>2021/22</p> <ul style="list-style-type: none"> Consultations conducted with the Private Security Sector Advisory Committee. Draft Transformation Charter and Transformation Index for the Private Security Industry developed and approved by Council. <p>2020/21</p> <ul style="list-style-type: none"> Benchmarking on the development of a private security industry Transformation Charter. Development and approval of a concept note on the development of the Transformation Charter. 	Review the implementation plan for the outer years to bring in efficiencies that will allow for the achievement at the end of the period.
	Improvement in Sector Transformation Index	Baseline established for the Transformation Index	The establishment of the baseline is planned for the 2023/2024 financial year.	-
A professional, accountable and trustworthy private security industry	% Compliance with the industry's prescripts, regulations, and standards by the private security industry.	83%	<p>2022/23</p> <ul style="list-style-type: none"> 89% <p>2021/22</p> <ul style="list-style-type: none"> 86% <p>2020/21</p> <ul style="list-style-type: none"> 86% 	-

OUTCOMES	OUTCOME INDICATOR(S)	FIVE-YEAR TARGET(S)	PROGRESS	REMEDIAL ACTIONS
A capable and trained private security industry	Percentage improvement in the quality of sector training and assessment	Improvement on baseline established in 2022/23, per audit conducted on the quality of training and assessment	<p>2022/23</p> <ul style="list-style-type: none"> The target of learners completing online external assessment was not achieved. The target has been incorporated in the APP 2023/34. The service provider to develop online assessment system was appointed and system development is in process. The baseline on the quality of training will be conducted in the financial year 2023/24 <p>2021/22</p> <ul style="list-style-type: none"> New training curriculum developed for the guarding sector courses, grades E to A as well as the accreditation of specialist security training curriculum for key cutters and private investigators. <p>2020/21</p> <ul style="list-style-type: none"> Concept document on online assessment approved by EXCO. 	Subsequent to the appointment of the service provider to develop online assessment system in 2022/23, assessment centres will be accredited and roll-out of online assessment will commence in the FY 2023/2024.

3.2 CHANGES TO PSiRA'S STRATEGIC PLAN

The development of the 2022/23 Annual Performance Plan started with a critical review of the approved 2020-2025 Strategic Plan, tabled in March 2022. This included reflecting on the experience and learnings from the challenges experienced or change that occurred during the implementation of the planned outcomes and outputs. As a result, amendments to the five-year targets were made and approved by the Accounting as well as Executive Authority. The details of these changes are as follows:

OUTCOME	AMENDMENT TO OUTCOME FIVE-YEAR TARGET			NOTE ON AMENDMENT
	OUTCOME INDICATOR	BASELINE (2019/20)	FIVE-YEAR TARGET (BY MARCH 2025)	
2. A professional, accountable, and trustworthy private security industry.	Percentage compliance with the industry's prescripts, regulations and standards by the private security industry.	78%	83%	5-year target revised downwards to 83%, from 90% previously.
3. A capable and trained private security industry.	Percentage improvement in the quality of sector training and assessment.	New indicator, baseline to be established in 2022/23 (TBC).	Improvement on baseline established in 2022/23, per assessment conducted on the quality of training.	Replaced audit of the quality of training in the 5-year target with an assessment conducted on the quality of training.
4. The private security industry is transformed.	Private Security Industry Charter implemented. Improvement in Sector Transformation Index.	Concept framework developed.	Transformation Index for the private security industry developed. Baseline established for Transformation Index.	5-year target revised to reflect that the Transformation Index will be developed by 2024/25, following the finalisation of the Transformation Charter. The first study, to provide a baseline, will be conducted by 2023/24.

4. PERFORMANCE INFORMATION PER PROGRAMME

4.1 PROGRAMME 1: ADMINISTRATION

PURPOSE

The programme is responsible for the overall coordination of all efforts and activities of the Authority towards the achievement of the strategic goals and achieving organisational success, the financial management of the Authority and providing institutional support and services to other programmes. It is also responsible for the institutional reporting, management processes and systems to track performance against each of the strategic objectives. This programme is comprised of the following sub-programmes:

- **Finance:** Provides financial management, support and reporting. Facilitation and coordination of internal audit and risk management;
- **Corporate Services:** Provides human resource management services and support, legal services as well as ICT services and support;
- **Operations:** Conducts research about private security to inform development of policy, regulations and standards, security and information and document management.

OUTCOME

Maintain financial sustainability, accountability, relevance and performance.

The private security industry is transformed.

4.1.1 SUB-PROGRAMME: FINANCE

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: FINANCIAL SUSTAINABILITY, ACCOUNTABILITY, RELEVANCE AND PERFORMANCE								
Audit Action Plan (AGSA & Internal Audit Findings)	1.1.1 Percentage implementation of Audit Action Plan	New indicator	100% implementation of the Audit Action Plan actions due for the quarter	100% implementation of the approved Internal Audit Action Plan	100% implementation of the approved Internal Audit Action Plan	-		N/A
Statutory tabling and reporting	1.2.1 Percentage compliance with statutory reporting requirements	New indicator	100% compliance with statutory reporting requirements	100% compliance with statutory reporting requirements	100% compliance with statutory reporting requirements	-		N/A
Risk management	1.3.1 Percentage implementation of the approved Strategic Risk Mitigation Plan	New indicator	75% implementation of the approved Strategic Risk Mitigation Plan	90% implementation of the approved Strategic Risk Mitigation Plan	82% implementation of the approved Strategic Risk Mitigation Plan	-8%		Delays were encountered regarding the appointment of the service providers due to non-responsive tenders for the development of the Transformation charter and online assessment system.
Revenue collection	1.4.1 Percentage of billed revenue collected	81% billed revenue collected	81% billed revenue collected	80% billed revenue collected	92% billed revenue collected	+12%		Effective collection strategies in place.

4.1.2 SUB-PROGRAMME: CORPORATE SERVICES

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: FINANCIAL SUSTAINABILITY, ACCOUNTABILITY, RELEVANCE, AND PERFORMANCE								
Business process digitisation	1.5.1	Percentage implementation of digital business strategy implementation plan.	20% of the strategy completed (targets=20, completed =4).	55% of digital strategy and implementation plan implemented.	60% implementation of digital business strategy implementation plan.	65% of the digital strategy implemented.	+5%	Planned activities were fast tracked to improve efficiency in delivering services to our clients.
Human resources management and development	1.6.1	Percentage of the vacancy rate against the approved funded positions.	New indicator	6.2%	Not more than 7%	6.2%	-	N/A
	1.6.2	Percentage of employee performance rating assessed at 3 and above as per Performance Management System.	New indicator	98% of assessed employees performed on rating of 3 and above.	95% of assessed employees perform on rating of 3 and above for 2021/22 FY	99.6% of assessed employees perform on rating of 3 and above for 2021/22 FY	+4.6%	Development plans were implemented for employees that underperformed in the previous financial year. Training was offered to employees in relation to the development of their skills.
Industry regulation	1.7.1	Number of draft regulations approved by EXCO.	3	4 draft regulations compiled and approved by Council.	3 draft regulations approved by EXCO.	3 Draft Regulations approved by EXCO.	-	N/A

4.1.3 SUB-PROGRAMME: RESEARCH AND DEVELOPMENT

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: FINANCIAL SUSTAINABILITY, ACCOUNTABILITY, RELEVANCE, AND PERFORMANCE								
Sector research	1.8.1	Number of relevant research reports completed	5 Research reports	5 Research reports completed	5 Research reports completed	5 Research reports completed	-	N/A
	1.8.2	Number of completed survey	4 Surveys	4 Surveys completed	4 completed surveys	4 Surveys completed	-	N/A
OUTCOME: THE PRIVATE SECURITY INDUSTRY IS TRANSFORMED								
Private Security Industry Charter	4.1.1	Draft Transformation Charter for the Private Security Industry submitted for approval	Approval of the concept model for a Transformation Charter for the Private Security Industry	Draft Transformation Charter and Transformation Index for the Private Security Industry developed and approved	Draft Transformation Charter for the Private Security Industry submitted for approval	Service Provider has been approved by BAC for appointment. Consultation with the Private Security Industry Advisory Committee.	Draft Transformation Charter not submitted to the Minister of Trade, Industry and Competition. Transformation Charter not submitted to the Minister of Trade, Industry and Competition.	Delays were encountered in the appointment of the service provider to develop Transformation Charter due to non-responsive tenders.

4.2 PROGRAMME 2: LAW ENFORCEMENT

PURPOSE

This programme is responsible for ensuring that industry players operate and comply with regulations and standards and it takes appropriate action where violations happen. This programme consists of the following **sub-programmes**:

- **Compliance and Enforcement:** Ensure that industry players operate and comply with regulations and standards and take appropriate action where violations happen;
- **Prosecutions:** Prepares and presents evidence about improper conduct by the industry participants.

OUTCOME

A professional, accountable, and trustworthy private security industry.

4.2.1 SUB-PROGRAMME: COMPLIANCE AND ENFORCEMENT

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: A PROFESSIONAL, ACCOUNTABLE, AND TRUSTWORTHY PRIVATE SECURITY INDUSTRY								
Industry inspection	2.2.1	Number of security businesses inspected to enforce compliance with applicable legislation	7 558	6 851	5 325 security businesses inspected	7 236	+1 911	Newly appointed inspectors, new business infrastructure inspections, complaints attended to and routine inspections.
	2.2.2	Percentage of registered active businesses completing industry compliance self-assessment	-	28%	50% of registered active businesses completing industry compliance self-assessments	51%	+1%	Circulars & pamphlets were sent out to the industry to promote the Industry Compliance Self-Assessment (ICSA). Reminders were also forwarded to SSP to complete the ICSA.
	2.2.3	Number of security officers inspected to enforce compliance with applicable legislation	39 805	30 744	27 930 security officers inspected	36 406	+8 476	Additional staff that were recruited during the year, as well as site and special events inspections.
Security business firearm inspection	2.3.1	Number of security businesses licensed for firearms inspected	1 793	1 988	1 650 security businesses licensed for firearms inspected	2 285	+635	Many businesses that indicated during the ICSA that they were utilizing firearms were inspected. Coupled with the inspections based on the proliferation of firearms in the PSI.
Investigations	2.4.1	Percentage of complaints finalised through an investigation against security service provider	98%	95%	90% of complaints finalised through an investigation against security service providers	98%	+8%	New staff members. Increased s/o complaints and increased Joint Operations with Stakeholders.



4.2.2 SUB-PROGRAMME: PROSECUTIONS

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: A PROFESSIONAL, ACCOUNTABLE, AND TRUSTWORTHY PRIVATE SECURITY INDUSTRY								
Improper conduct enquiries prosecuted	2.5.1 Percentage of cases of non-compliant SSPs successfully prosecuted per year.	98%	100%	92% cases of non-compliant SSPs successfully prosecuted.	100%	+8%		Improved quality of investigations to support allegations of improper conduct.

4.3 PROGRAMME 3: TRAINING AND COMMUNICATION

PURPOSE

This programme is responsible for ensuring the relevance of the content and quality of the training offered in the industry, and for communicating knowledge about the industry and sharing consistent information, results, and the relevance of the Authority. The programme consists of the following **sub-programmes**:

- **Industry Training:** Provides development of sector-based training, accreditation services and standards;
- **Marketing, Brand Management and Communications:** Ensures that PSiRA's functions and services are adequately promoted.

OUTCOMES

Financial sustainability, accountability, relevance and performance.

A professional, accountable and trustworthy private security industry.

A capable and trained private security industry

4.3.1 SUB-PROGRAMME: TRAINING

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: A CAPABLE AND TRAINED PRIVATE SECURITY INDUSTRY								
Accreditation	3.1.1 Number of accredited instructors monitored and audited.	New indicator	120 instructors	200 instructors	320 instructors	+120 instructors		The training unit increased capacity for the period under review.
Accreditation of Qualifications	3.2.1 Number of qualifications accredited.	New indicator	2 qualifications	8 qualifications	9 qualifications	+1		An additional course was identified and approved by EXCO.
External assessment	3.3.1 Percentage of learners completing online external assessments.	Concept document on online external assessment approved.	Briefing session held on the 19th of January and closing date for submission was on the 4th February 2022.	20% of learners completing online external assessments.	0% Service provider to develop online assessment system was appointed and system development is in process.	-20%		The appointment of the online assessment service provider was delayed because of the non-responsive tenders.



4.3.2 SUB-PROGRAMME: COMMUNICATIONS, MARKETING AND STAKEHOLDER RELATIONS

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: FINANCIAL SUSTAINABILITY, ACCOUNTABILITY, RELEVANCE, AND PERFORMANCE								
Stakeholder relations	1.9.1 Number of new cooperation agreements entered into with industry regulatory bodies in other countries	1 cooperation agreement	1 Agreement approved and signed	1 new cooperation agreement entered into	1 new cooperation agreement	-		N/A
OUTCOME: A PROFESSIONAL, ACCOUNTABLE, AND TRUSTWORTHY PRIVATE SECURITY INDUSTRY								
Marketing and communication	2.1.1 Number of external stakeholder awareness workshops conducted	New indicator	71 stakeholder awareness workshops conducted	70 stakeholder awareness workshops conducted	70 stakeholder awareness workshops conducted	-		N/A
	2.1.2 Number of external stakeholder awareness campaigns held	New indicator	40 stakeholder awareness campaigns	20 stakeholder awareness campaigns	47 stakeholder awareness campaigns	+27		Overachievement due to promotion regarding the printing certificates at the branches.

4.4 PROGRAMME 4: REGISTRATION

PURPOSE

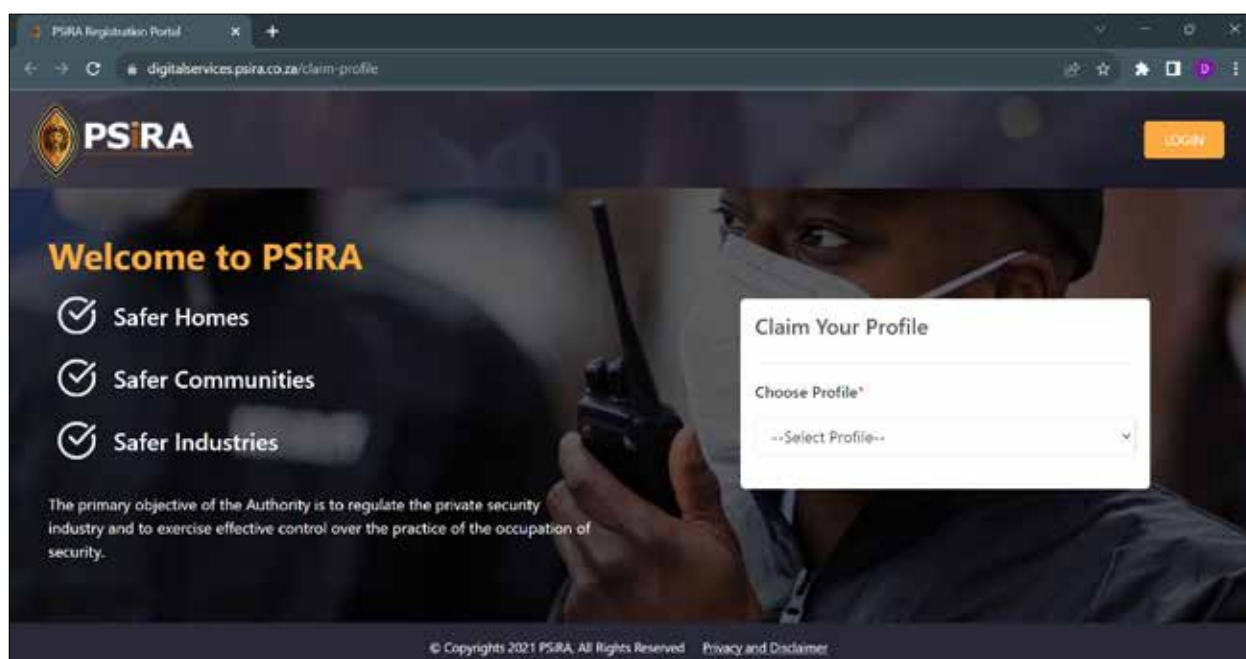
This programme is responsible for the registration of industry business and security officers.

OUTCOMES

A professional, accountable, and trustworthy private security industry.

4.4.1 SUB-PROGRAMME: REGISTRATION

OUTPUT	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	ANNUAL TARGETS		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/23	OVERALL PROGRESS	REASONS FOR DEVIATIONS
				PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23			
OUTCOME: A PROFESSIONAL, ACCOUNTABLE, AND TRUSTWORTHY PRIVATE SECURITY INDUSTRY								
Registration	2.7.1 Average turnaround time of applications for registration meeting all the requirements for security businesses (working days)	Average of 5 days	Average of 5 days	Average of 4 days	Average of 3 days	-1 day		Improved service delivery due to the new online portal
Accreditation of Qualifications	2.7.2 Average turnaround time of applications for registration meeting all the requirements for security officers (working days)	Average of 20 days	Average of 18 days	Average of 12 days	Average of 38 days	+26 days		New operating procedures due to the implementation of the new online portal in March 2022 and functional challenges on the online registration portal, affected the turnaround time negatively.



4.5 EXPLANATIONS FOR MAJOR VARIANCES AND ACTIONS TO ADDRESS UNDERPERFORMANCE

4.5.1 PROGRAMME 1: ADMINISTRATION

4.5.1.1 SUB-PROGRAMME: FINANCE

(a)	Output indicator	Percentage implementation of the approved Strategic Risk Mitigation Plan.
	Explanation for major variances (underachievement)	Delays were encountered regarding the appointment of the service providers due to non-responsive tenders for the development of the Transformation charter and online assessment system.
	Actions to address underachievement	Service Provider for the development of the transformation charter will be appointed during the 1st quarter 2023/24 FY. The service provider for the development of the online assessment system has been appointed, the development of the system is in progress and the system will be piloted and go live during the 1st quarter of the 2023/24 FY. The implementation of the risk actions not achieved in 2022/2023 have been incorporated in the 2023/2024 strategic risk register as well.
(b)	Output indicator	Percentage of billed revenue collected.
	Explanation for major variances (over-achievement)	Effective collection strategies in place and review the collection rate continuously.

4.5.1.2 SUB-PROGRAMME: CORPORATE SERVICES

(a)	Output indicator	Percentage implementation of digital business strategy implementation plan.
	Explanation for major variances (underachievement)	Planned activities were fast tracked to improve efficiency in delivering services to our clients.
(b)	Output indicator	Percentage of employee performance rating assessed at 3 and above as per Performance Management System.
	Explanation for major variances (over-achievement)	Development plans were implemented for employees that underperformed in the previous financial year. Training was offered to employees in relation to the development of their skills.

4.5.1.3 SUB-PROGRAMME: RESEARCH AND DEVELOPMENT

(a)	Output indicator	Draft Transformation Charter for the Private Security Industry submitted for approval.
	Explanation for major variances (underachievement)	Delays were encountered in the appointment of the service provider to develop Transformation Charter due to non-responsive tenders.
	Actions to address underachievement	Service Provider will be appointed during the 1st quarter 2023/24 FY and a plan will be developed to accelerate the development of the charter. The transformation charter target has been incorporated in the 2023/24 APP.

4.5.2 PROGRAMME 2: LAW ENFORCEMENT

4.5.2.1 SUB-PROGRAMME: COMPLIANCE AND ENFORCEMENT

(a)	Output indicator	Number of security businesses inspected to enforce compliance with applicable legislation.
	Explanation for major variances (underachievement)	Newly appointed inspectors, new business infrastructure inspections, complaints attended to and routine inspections.
(b)	Output indicator	Percentage of registered active businesses completing industry compliance self-assessment.
	Explanation for major variances (overachievement)	Circulars & pamphlets were sent out to the industry to promote the Industry Compliance Self-Assessment (ICSA). Reminders were also forwarded to Security Service Providers to complete the ICSA.
(c)	Output indicator	Number of security officers inspected to enforce compliance with applicable legislation.
	Explanation for major variances (overachievement)	Additional staff recruited during the year, as well as site inspections and special events contributed to this target being achieved. Law Enforcement also performed many site investigations.
(d)	Output indicator	Number of security businesses licensed for firearms inspected.
	Explanation for major variances (overachievement)	Many businesses that indicated during the ICSA that they were utilizing firearms were inspected. Coupled with the inspections based on the proliferation of firearms in the PSI.
(e)	Output indicator	Percentage of complaints finalised through an investigation against security service provider.
	Explanation for major variances (overachievement)	New staff members. Increased s/o complaints and increased Joint Operations with Stakeholders.

4.5.2.2 SUB-PROGRAMME: PROSECUTIONS

(a)	Output indicator	Percentage of cases of non-compliant SSPs successfully prosecuted per year.
	Explanation for major variances (overachievement)	Improved quality of investigations to support allegations of improper conduct.

4.5.3 PROGRAMME 3: TRAINING AND COMMUNICATIONS

4.5.3.1 SUB-PROGRAMME: TRAINING

(a)	Output indicator	Number of accredited instructors monitored and audited.
	Explanation for major variances (overachievement)	The training unit increased capacity for the period under review.
(b)	Output indicator	Number of qualifications accredited.
	Explanation for major variances (overachievement)	An additional course was identified and approved by EXCO.
(c)	Output indicator	Percentage of learners completing on-line external assessments.
	Explanation for major variances (underachievement)	The appointment of the online assessment service provider was delayed because of the non-responsive tenders.
	Actions to address underachievement	<ul style="list-style-type: none"> The online assessment system pilot to take place in April and it will go live in May 2023. The online external assessment indicator was incorporated in the APP 2023/24.

4.5.3.2 SUB-PROGRAMME: COMMUNICATIONS, MARKETING AND STAKEHOLDER RELATIONS

(a) Output indicator	Number of external stakeholder awareness campaigns held.
Explanation for major variances (underachievement)	Overachievement due to promotion regarding the printing certificates at the branches.

4.5.4 PROGRAMME 4: REGISTRATION

(a) Output indicator	Average turnaround time of applications for registration meeting all the requirements for security businesses (working days).
Explanation for major variances (underachievement)	Improved service delivery due to the new online portal.
(b) Output indicator	Average turnaround time of applications for registration meeting all the requirements for security officers (working days).
Explanation for major variances (overachievement)	<ul style="list-style-type: none"> • New operating procedures due to the implementation of the new online portal in March 2022 and functional challenges on the online registration portal, affected the turnaround time negatively.
Actions to address underachievement	<ul style="list-style-type: none"> • Decentralising and automating systems to exclude external parties and ineffective processes from the process. • Intensive training has been conducted at all branches (one-on-one) to ensure the challenge is addressed.

5. LINKING PERFORMANCE WITH BUDGETS

PROGRAMME	2021/22			2022/23		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Administration	179 594	114 549	65 045	213 866	213 598	268
Law Enforcement	127 817	167 246	(39 429)	134 720	126 523	8 197
Training and communications	25 564	16 433	9 131	37 172	25 215	11 957
Registration	21 032	21 190	(158)	23 782	20 349	3 433
Total	354 007	319 418	34 589	409 540	385 685	23 855

The financial resources available for the financial year 2022/23 resulted in the Authority achieving 84% of the targets. The total expenditure for the financial year is below budget due to the non-responsive tenders for the appointment of the service provider to develop the external online assessment system and the transformation charter.



6. PSiRA'S RESPONSE TO PRIORITISING WOMEN, YOUTH AND PERSONS WITH DISABILITIES

6.1 SKILLS DEVELOPMENT

PSiRA views learning & development as strategic tool in ensuring that its strategic goals are achieved efficiently. The youth programmes are seen as one of the contributions in which PSiRA is partaking towards the National Development Plan (NDP) goals by empowering and creating employment for the South African youth. During the 2022/2023 Financial Year, PSiRA effectively implemented the following three Youth Programmes with the intent to develop the youth's knowledge, performance and skills.

6.2 WORK INTEGRATED LEARNING PROGRAMME

In September 2022, 38 TUT students were placed within the PSiRA Law Enforcement Division for two months as part of the practical training programme. The Youth Programme progressed well as all 38 learners completed the programme and received a certificate of in-service training from PSiRA. In addition, PSiRA, in partnership with SASSETA, appointed 15 learners on a 12-month fixed-term contract as part of the learning programme. The gender representation among the learners was **6** Males and **9** Females.

6.3 PSiRA INTERNSHIP PROGRAMME

PSiRA appointed sixteen (16) interns in 2022/23 FY on a 12-month fixed-term contract. The Interns receive a monthly stipend from PSiRA that is structured according to their qualifications. The gender representation among the interns was 5 Males and 11 Females.

6.4 INTERNAL EMPLOYEES TRAINING

During the 2022/ 2023 Financial Year, the Authority only trained one (1) person with disabilities on Advanced Excel Training.

6.5 EMPLOYMENT EQUITY

During the financial year, the organisation achieved one of their most important Employment Equity Plan goal to address the gender inequality in the top management. For many past years the representation of females on top management was lacking and it was only achieved during the financial year under review to make 50% each representation of men and women.

6.6 OUTREACH PROGRAMME

- As part of Mandela Month, the Authority on Friday, 08 July 2022 donated food parcels and clothes to the victims of the KZN floods through the Ayanda Msweli Foundation in Pinetown, KwaZulu Natal in which 80% of the recipients were women and children. The recipients were estimated to be about 60 people who had lost their homes.
- On 22 July, the Authority donated 100 pairs of school shoes, jerseys, and socks to Lukhanyiso Primary School in Upington, Northern Cape. The school is situated in an informal settlement with most households also suffering from the surge of unemployment.
- On 22 December 2022, the Authority donated an amount of R22 600.00 to Siloe Special School for the Blind situated in Thokgwaneng Village outside Polokwane, Limpopo province. The Authority paid for 10 destitute children who have been struggling to pay the accommodation from the previous years and have been identified by the school. Accommodation for the children was paid in full for the year.

7. INDUSTRY REGISTRATION

7.1 INTRODUCTION

One of the authority’s objects as contemplated in section 3 of the Act is to ensure the registration process of security service providers is transparent, fair, objective and timeously concluded. To fulfil its mandatory duty, the registration department is divided into two units responsible for business and individual registrations respectively that allows each unit to focus on its respective targets and mandate and aspire to set output indicators.

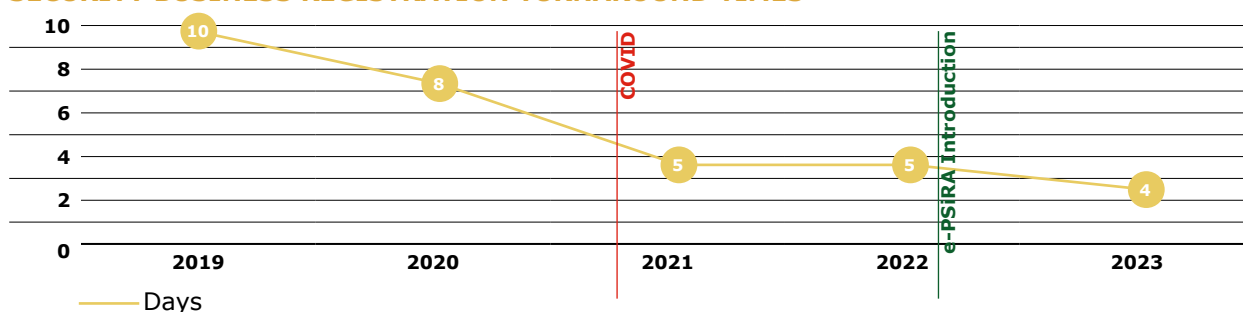
7.2 OVERVIEW

The registration department accounts for more than 2.8 million registered security officers and over 15 000 registered security businesses on the authority’s database effective 31 March 2023.

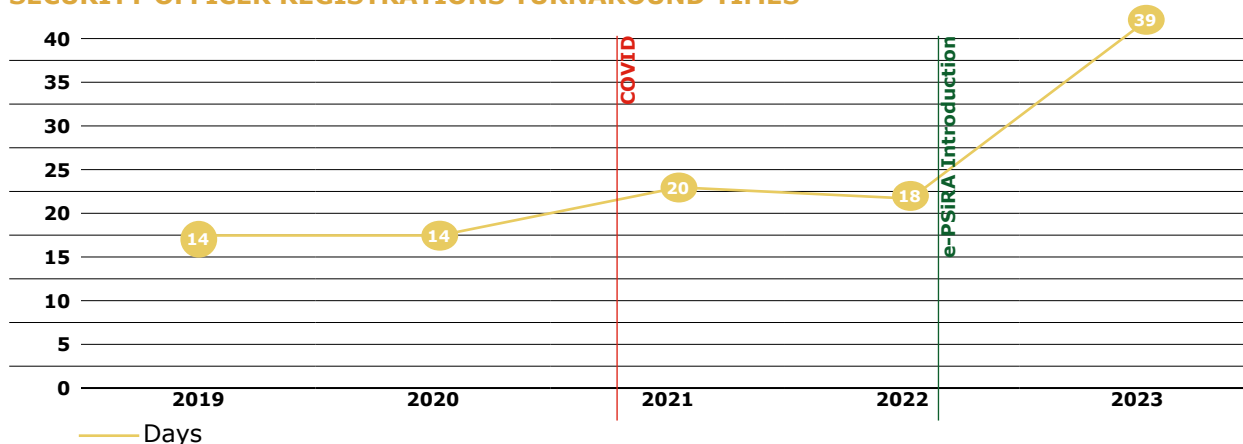
The turnaround time to register security businesses was reduced to 4 working days. The business unit achieved the target following the new online registration portal (ePSiRA) that improved functionality and processes for uploading and approving business applications.

The turnaround time for individual registrations was set at 12 days, believing the move towards a digital online system will bolster the unit’s capacity to achieve this target. However, excluding digital fingerprint processing from the online process, changing the application requirements for individuals and the impact of third parties on the registration process meant the division would never achieve its 12-day turnaround time. The department achieved a 39-day turnaround time.

AVERAGE TURNAROUND TIMES FOR BUSINESS REGISTRATION FROM 2019 TO 2023 SECURITY BUSINESS REGISTRATION TURNAROUND TIMES



AVERAGE TURNAROUND TIMES FOR SECURITY OFFICER REGISTRATIONS FROM 2019 TO 2023 SECURITY OFFICER REGISTRATIONS TURNAROUND TIMES

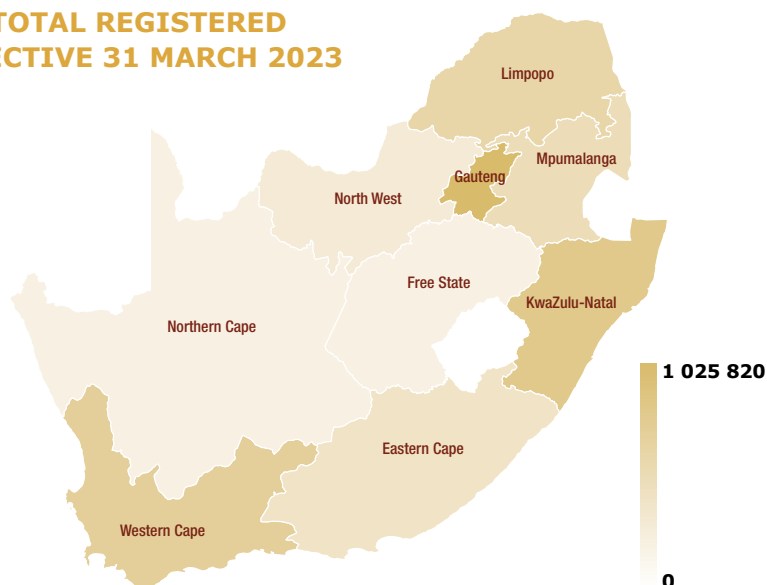


A. SECURITY SERVICE PROVIDERS EFFECTIVE 31 MARCH 2023

Total number of registered security businesses	19019
Total number of registered and active security businesses	15113
Total number of registered security officers	2816638
Total number of registered active security officers	577444
Total number of inactive security officers	2239194

B. GEOGRAPHICAL SPREAD OF TOTAL REGISTERED SECURITY OFFICERS (SOS) EFFECTIVE 31 MARCH 2023

PROVINCE	SECURITY OFFICERS
Limpopo	262 511
Mpumalanga	232 373
Gauteng	1 025 820
North West	134 917
Free State	102 244
KwaZulu-Natal	536 851
Eastern Cape	222 796
Northern Cape	29 575
Western Cape	269 551
Total	2 816 638



C. GEOGRAPHICAL SPREAD OF TOTAL REGISTERED AND ACTIVE SECURITY OFFICERS

PROVINCE	SECURITY OFFICERS
Limpopo	50 122
Mpumalanga	44 810
Gauteng	205 859
North West	26 216
Free State	19 171
KwaZulu-Natal	102 900
Eastern Cape	50 353
Northern Cape	6 814
Western Cape	71 199
TOTAL	577 444



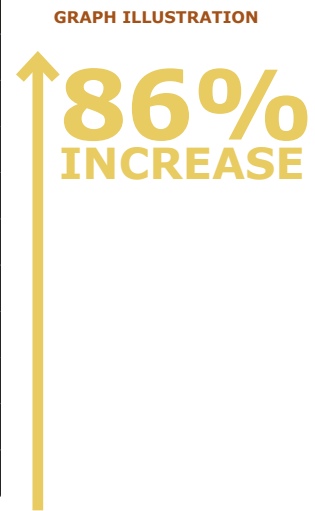
D. GEOGRAPHICAL SPREAD OF REGISTERED AND EMPLOYED (ACTIVE) SECURITY OFFICERS EFFECTIVE 31 MARCH 2023

PROVINCE	SECURITY SERVICE PROVIDERS
Limpopo	1 304
Mpumalanga	969
Gauteng	6 110
North West	727
Free State	455
KwaZulu-Natal	2 675
Eastern Cape	1 124
Northern Cape	255
Western Cape	1 494
Total	15 113

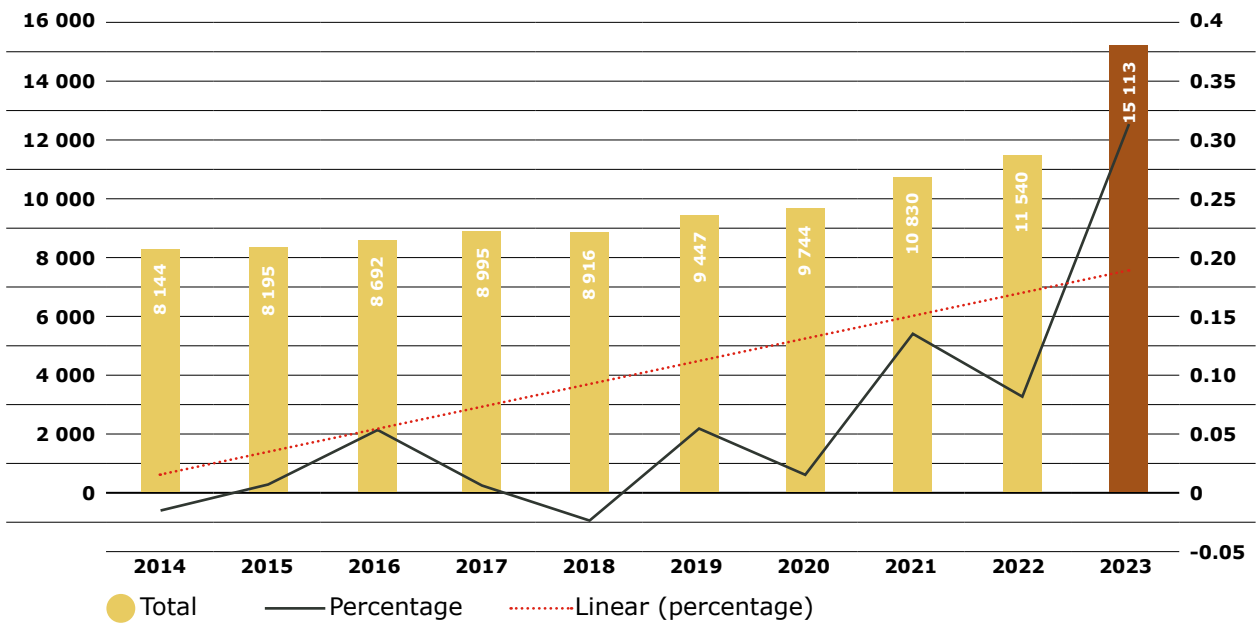


E. GROWTH OF THE SECURITY INDUSTRY SINCE 2014: ACTIVE SECURITY BUSINESSES

YEAR	TOTAL S/P	% INCREASE/DECREASE
2023	15 113	31%
2022	11 540	7%
2021	10 830	11%
2020	9 744	3%
2019	9 447	6%
2018	8 916	-1%
2017	8 995	1%
2016	8 692	6%
2015	8 195	1%
2014	8 144	none



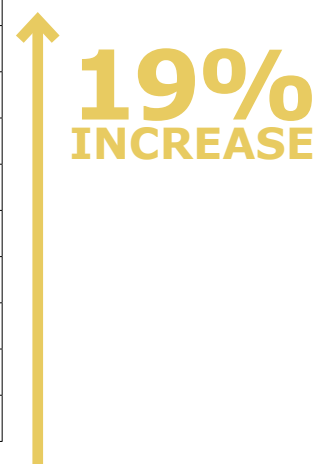
F. GROWTH OF INDUSTRY: SECURITY BUSINESS



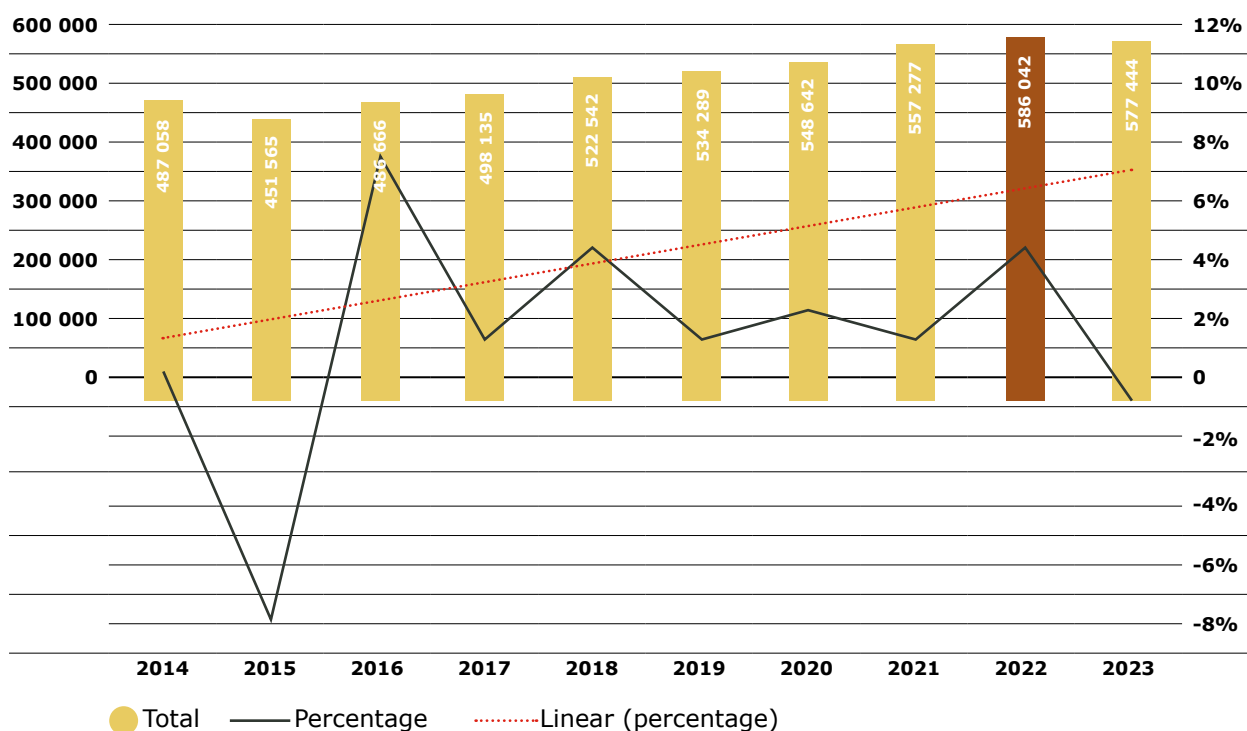
G. GROWTH OF THE SECURITY INDUSTRY SINCE 2014: ACTIVE SECURITY OFFICERS

YEAR	TOTAL S/O	% INCREASE/DECREASE
2023	577 444	-1%
2022	586 042	5%
2021	557 277	2%
2020	548 642	3%
2019	534 289	2%
2018	522 542	5%
2017	498 135	2%
2016	488 666	8%
2015	451 565	-7%
2014	487 058	none

GRAPH ILLUSTRATION



H. GROWTH OF INDUSTRY: ACTIVE SECURITY OFFICERS

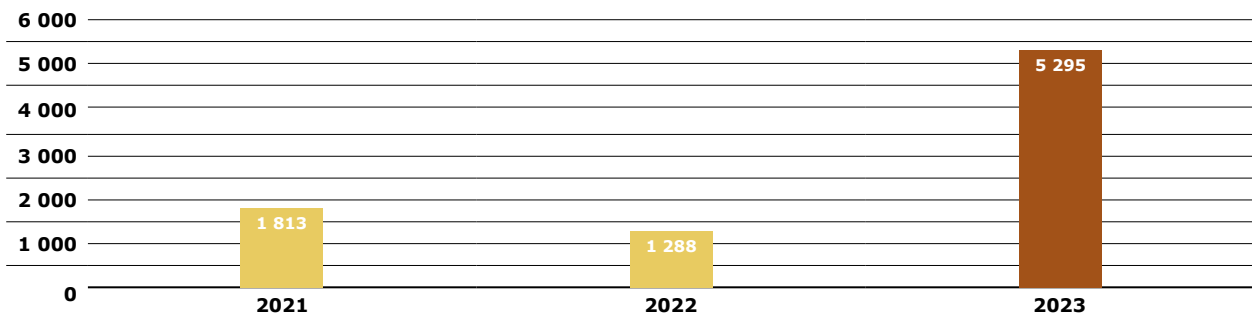


7.3 SECURITY OFFICERS

A. NUMBER OF NEW APPLICATIONS RECEIVED BY THE CRIMINAL RECORD CENTRE AND CAPTURED DURING 2022/2023

Applications received	226 214
Approved	226 385
Retakes (poorly taken fingerprints)	31 000
Applications with possible criminal record (query by CRC)	4 733
Rejected individual applications due to a criminal record	5 295
Case awaiting trial matters	29 120

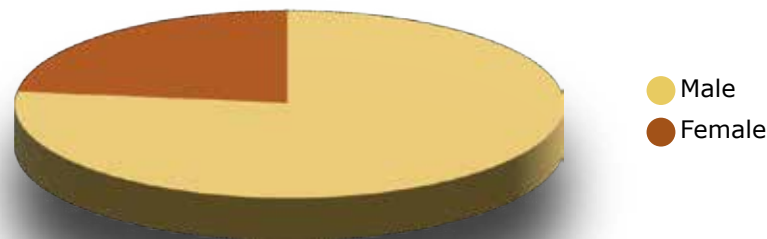
NUMBER OF APPLICATIONS DECLINED DUE TO A CRIMINAL RECORD



B. GENDER PROFILE OF ACTIVE AND REGISTERED SECURITY OFFICERS

MALE	FEMALE	TOTAL
443 823	133 621	577 444
77%	23%	100%

GRAPH ILLUSTRATION



C. PSIRA ACTIVITY – INDIVIDUALS

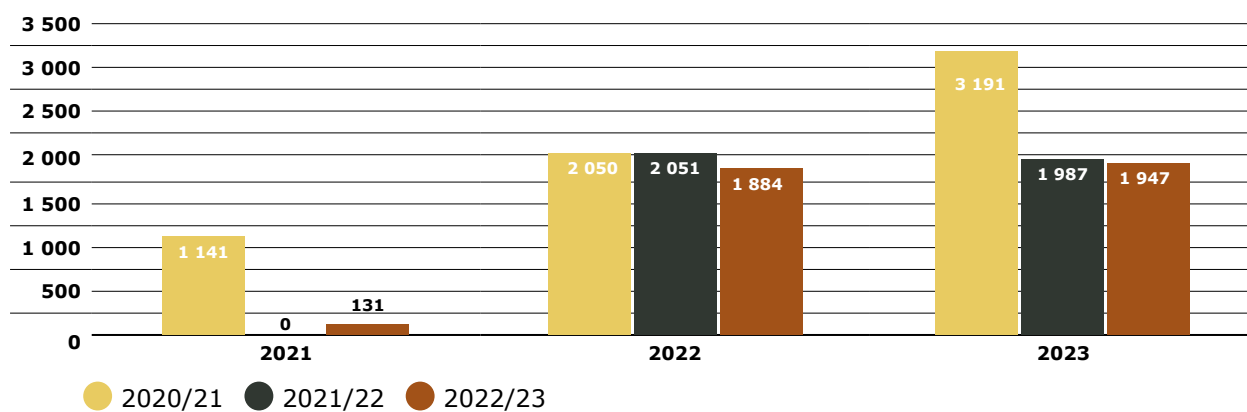
Digital certificates printed by individuals	93 154
PSiRA ID cards printed	103 700
Number of certificates renewed	369 063
Number of individual profiles claimed	413 198

7.4 SECURITY BUSINESSES

A. NUMBER OF NEW APPLICATIONS RECEIVED AND APPROVED 2020 - 2023

	2020/2021	2021/2022	2022/2023
Applications received	1 947	1 987	3 191
Approved	1 884	2 051	2 050
Pending	131	0	1 141

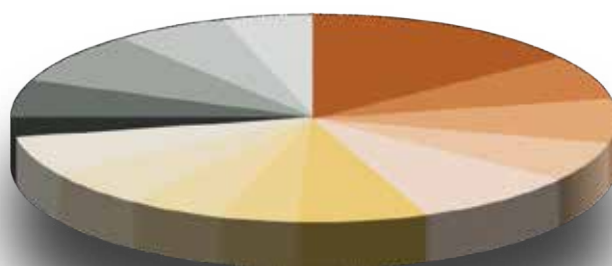
GRAPH ILLUSTRATION



B. REGISTRATION INFORMATION PERTAINING TO THE DIFFERENT TYPES OF SECURITY SERVICES OFFERED BY REGISTERED SECURITY BUSINESSES

CATEGORY OF SECURITY SERVICES	TYPES OF SERVICES OFFERED IN 2020/2021	TYPES OF SERVICES OFFERED IN 2021/2022	TYPES OF SERVICES OFFERED IN 2022/2023
Security officers	8 422	9 923	12 126
Security guards cash-in-transit	3 978	4 756	5 812
Body guarding	3 868	4 774	5 834
Security consultant	3 501	4 313	5 270
Reaction services	4 911	5 852	7 151
Entertainment/venue control	3 914	4 841	5 916
Manufacture security equipment	1 951	2 505	3 061
Private investigator	2 623	3 229	3 946
Training	2 978	3 683	4 501
Security equipment installer	3 324	4 113	5 026
Locksmith	1 542	2 021	2 470
Security control room	3 469	4 231	5 170
Special events	4 268	5 230	6 391
Rendering security services	2 971	3 709	4 532
Car watch	2 712	3 382	4 133
Insurance	58	68	68
Security and loss control	71	73	73
Fire prevention and detection	44	45	45
Consulting engineer	18	20	20
Dog training	23	25	31
Alarm installers	79	83	101
Anti-poaching	12	12	15

GRAPH ILLUSTRATION (2022/2023)

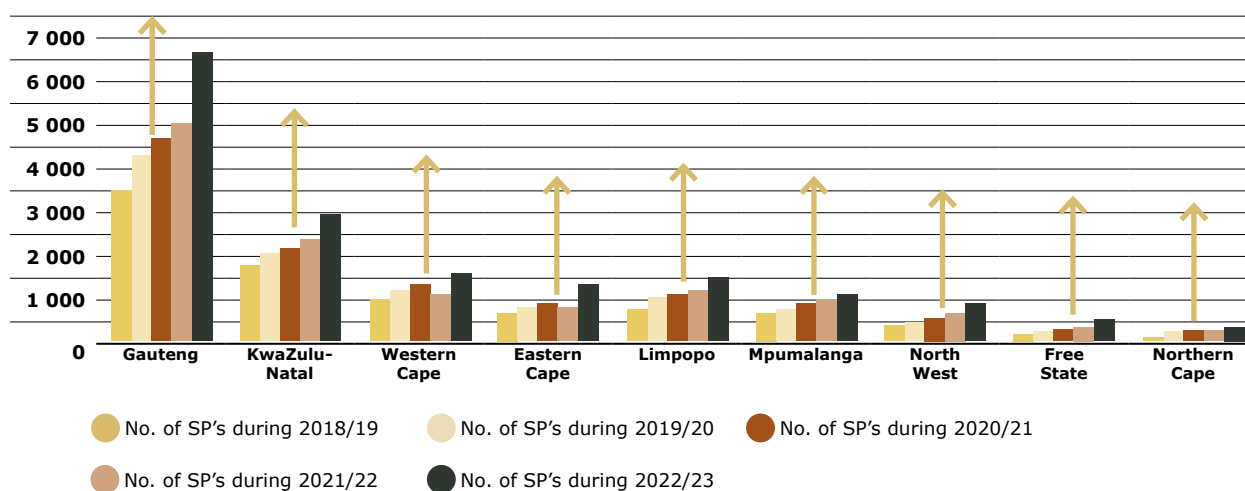


- Security Officers
- Private Investigator
- Car Watch
- Security Guards Cash-in-Transit
- Training
- Insurance
- Body Guarding
- Security Equipment Installer
- Security and Loss Control
- Security Consultant
- Locksmith
- Fire Prevention and Detection
- Reaction Services
- Security Control Room
- Consulting Engineer
- Entertainment/Venue Control
- Special Events
- Dog Training
- Manufacture Security Equipment
- Rendering of Security Services
- Alarm Installers
- Anti-poaching

C. PROVINCIAL BREAKDOWN OF REGISTERED AND ACTIVE SECURITY BUSINESSES 2018 – 2022

PROVINCE	NUMBER OF SPS DURING 2018/2019	NUMBER OF SPS DURING 2019/2020	NUMBER OF SPS DURING 2020/2021	NUMBER OF SPS DURING 2021/2022	NUMBER OF SPS DURING 2022/2023
Gauteng	3 295	4 026	4 386	4 630	6 110
KwaZulu-Natal	1 549	1 926	2 048	2186	2 675
Western Cape	928	1 104	1 137	1 012	1 494
Eastern Cape	644	793	831	796	1 124
Limpopo	750	931	998	1 031	1 304
Mpumalanga	502	664	801	842	969
North West	324	427	505	538	727
Free State	214	282	309	327	455
Northern Cape	113	145	180	178	255
TOTALS	8 319	10 298	11 195	11 540	15 113

GRAPH ILLUSTRATION



D. ePSiRA ACTIVITY – BUSINESS

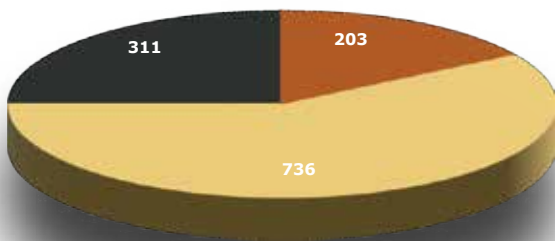
Applications for renewal	6 116
Number of business profiles claimed	9 144

7.5 REGISTRATION SUB-COMMITTEE

One of the core functions of the registration sub-committee is considering registration applications in terms of Section 23(6) of the Private Security Regulation Act 56 of 2001 that states, "Despite the provisions of Section 23(1) and (2), the authority may on good cause shown and on grounds not in conflict with the purpose of this Act, and the objects of the authority, register any applicant as a security service provider".

Applications registered, rejected (criminal records) and security business registrations confirmed by the registration sub-committee:

NUMBER OF SECURITY OFFICERS REGISTERED	NUMBER OF SECURITY OFFICERS REJECTED	NUMBER OF SECURITY BUSINESS REGISTRATIONS CONFIRMED
203	736	311



- Number of Security Officers Registered
- Number of Security Officers Rejected
- Number of SP Registrations confirmed



8. 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 in ensuring a well regulated private security industry, the Authority has developed and implemented a compliance and enforcement strategy which also provides for two departments namely Compliance and Enforcement Department. This strategy includes enforcement and prosecution as well as a new focus on regulatory compliance through inspection.

1. COMPLIANCE

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

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

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

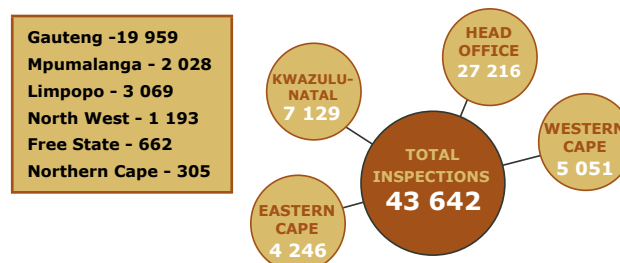
1.1 COMPLIANCE INSPECTIONS

In terms of the revised Law Enforcement Division's operational policy and 2018/2019 Annual Performance Plan, each compliance inspector must conduct a minimum number of inspections per month. In certain cases the targets of individual inspectors are reduced under special circumstances

i.e. special investigations, annual leave, sick leave, testifying in improper conduct enquiries, etc.

During the period 1 April 2022 to 31 March 2023, a total of 43 642 compliance inspections of security service providers were conducted or inspections as part of investigations by the Enforcement Department compared to 37 595 inspections for the same period the previous year. This is a 16% increase in the total number of compliance inspections when compared to the same period the previous year.

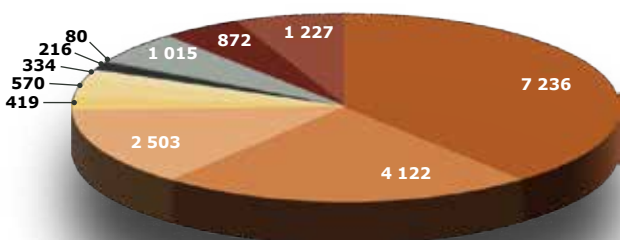
The regional breakdown was as follows:



Of the 43 642 compliance inspections conducted, 7 236 compliance inspections were conducted at security businesses compared to 6 851 inspections for the same period the previous year. This is a 6% increase in the number of compliance inspections conducted at security businesses when compared to the same period the previous year.

The regional breakdown was as follows:

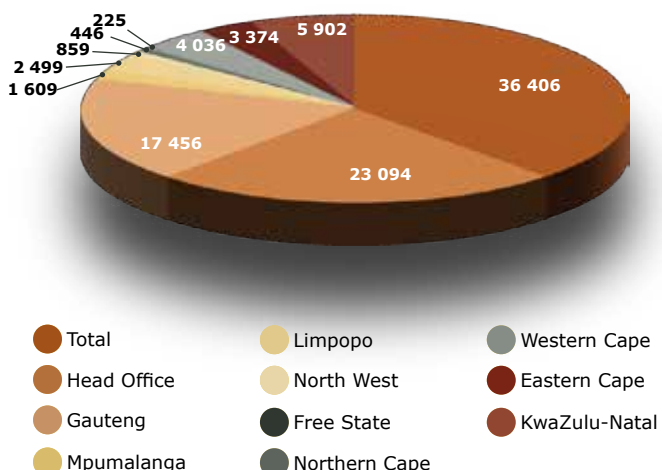
NUMBER OF BUSINESS INSPECTIONS



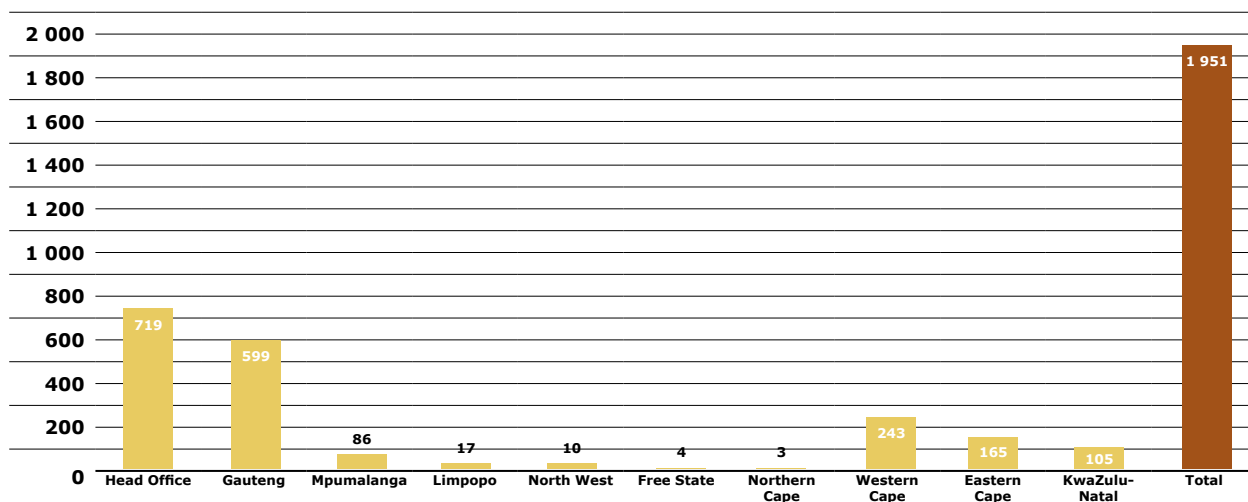
NUMBER OF SECURITY OFFICER INSPECTIONS

Furthermore, of the 43 642 compliance inspections conducted, 36 406 compliance inspections were conducted at security officers deployed at different sites, compared to 30 744 inspections for the same period the previous year. This is a 18% increase in the number of compliance inspections conducted at security officers when compared to the same period the previous year.

The regional breakdown is shown to the right.



The regional breakdown in respect of the number of in-house security officer inspections conducted from the 1 951 inspected during the period under review, is as follows:



A regional breakdown in the type of inspection conducted at security businesses from 1 April 2022 to 31 March 2023 is as follows:

HEAD OFFICE	GAUTENG	MPUMALANGA	LIMPOPO	N/WEST	FREE STATE	N/CAPE	TOTAL
Total number of routine/regulatory/training/infrastructure/accreditation/inspections conducted	2 503	419	570	334	216	80	4 122
First-time inspections	135	3	21	4	3	1	600
Triggered inspections	51	10	3	2	11	0	403
Infrastructure inspections	449	65	153	83	42	12	804

COASTAL REGIONAL OFFICES	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
Total number of routine/regulatory/training/infrastructure/accreditation/inspections conducted	1 015	872	1 227	3 114
First-time inspections	61	25	99	670
Triggered inspections	22	19	25	301
Infrastructure inspections	163	149	259	571

Note must be taken that “first-time inspections” referred to above refers to businesses that have not been the subject of an inspection from its date of registration. These businesses are newly registered businesses. “Triggered inspections” refers to complaints sourced via the help desk, telephonic, written or personal complaints, internet, newspaper articles, account administrators, etc. In terms of the Law Enforcement Division’s operational policy, priority must be given to complaints and infrastructure inspections first.

Compliance inspections are also conducted, depending on the particular area visited, on the basis of when last an inspection was conducted at a particular security service provider.

Statistical information pertaining to inspections conducted at large, medium and small businesses from 1 April 2022 to 31 March 2023 is as set out below. For the purpose of this statistical information, a small business is considered to be employing less than 20 security officers, medium 21 to 50 security officers and large, 51 and above security officers.

REGION	NUMBER OF INSPECTIONS			
	SMALL BUSINESSES	MEDIUM BUSINESSES	LARGE BUSINESSES	INFRASTRUCTURE AND CAPACITY
Head office	2 158	451	706	804
Western Cape	582	122	148	163
Eastern Cape	569	67	87	149
KwaZulu-Natal	657	104	210	259
TOTAL	3 966	744	1 151	1 375

With reference to all the above statistics, the overall performance pertaining to the total number of compliance inspections conducted for the period 1 April 2022 to 31 March 2023, in relation to the Authority’s APP’s target is 131%. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	22 591	27 216	120%
Western Cape	3 877	5 051	130%
Eastern Cape	3 047	4 246	139%
KwaZulu-Natal	3 743	7 129	190%

The performance pertaining to the number of compliance inspections conducted at security businesses for the period 1 April 2022 to 31 March 2023, in relation to the Authority's APP's target is 136%. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	3 013	4 122	137%
Western Cape	889	1 015	114%
Eastern Cape	707	872	123%
KwaZulu-Natal	719	1 227	171%

The performance pertaining to the number of compliance inspections conducted at security officers different sites for the period 1 April 2022 to 31 March 2023, in relation to the Authority's APP's target is 130%. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF SECURITY OFFICER INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	19 578	23 094	118%
Western Cape	2 988	4 036	135%
Eastern Cape	2 340	3 374	144%
KwaZulu-Natal	3 024	5 902	195%



Statistical information pertaining to the different categories or classes of security businesses inspected from 1 April 2022 to 31 March 2023 is as follows:

REGION	GAUTENG	MPUMALANGA	LIMPOPO	N/WEST	FREE STATE	N/CAPE
Total number of security business routine/regulatory/training/ infrastructure/ accreditation inspections	2 503	420	570	334	216	80
Commercial/industrial/residential/guarding or patrolling	1 728	276	446	241	146	45
Assets in transit	60	0	17	10	1	2
Close protection services	109	1	17	12	6	6
Reaction or response services and monitoring signals from security equipment (control room)	339	36	49	23	39	14
Ensuring safety and order on premises (special events)	84	6	17	1	5	7
Car watch or related activities	50	0	21	0	0	0
Providing advice on protecting persons/ property (consultants/ advisors)	46	0	11	0	0	0
Installing, servicing or repairing security equipment	320	56	62	38	37	13
Private investigators	129	19	38	15	2	0
Providing security training or instruction as well as accreditation	264	43	99	32	19	9
Providing services of a locksmith	76	17	37	2	2	2
Making persons or their activities available for rendering security services (labour brokers)	23	0	0	0	2	0
In-house	80	10	12	7	6	0
Manufacturing, importing, distributing or advertising monitoring devices	18	0	11	3	0	0
Supplier/user/dog trainer	80	8	7	9	7	0
Anti-poaching	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	1 015	872	1 227
SECURITY SERVICE PROVIDER CATEGORY OR CLASS INSPECTED			
Commercial/industrial/residential/guarding or patrolling	458	553	996
Assets in transit	29	36	145
Close protection services	67	32	178
Reaction or response services and monitoring signals from security equipment (control room)	193	108	310
Ensuring safety and order on premises (special events)	34	27	166
Car watch or related activities	10	15	98
Providing advice on the protection of persons/property (consultants/advisors)	40	22	136
Installing, servicing or repairing security equipment	198	153	261
Private investigators	53	41	150
Providing security training or instruction and accreditation	84	62	163
Providing locksmith services	29	28	100
Making persons or their activities available for rendering security services (labour brokers)	9	1	61
In-house	21	30	66
Manufacturing, importing, distributing or advertising monitoring devices	6	5	53
Working animals	83	16	80
Anti-poaching	1	5	10

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

REGION	TOTAL INSPECTIONS	GUARDING SECTOR	ELECTRONIC SECURITY SECTOR	PRIVATE INVESTIGATOR	TRAINING INDUSTRY SECTOR	LOCKSMITH SECTOR	IN-HOUSE SECTOR	WORKING ANIMALS	ANTI-POACHING
Head Office	3 318	2 110	408	135	331	102	118	114	0
Western Cape	852	537	109	41	36	30	31	67	1
Eastern Cape	723	489	83	27	50	26	30	14	4
KwaZulu-Natal	968	599	114	67	78	48	26	34	2
Total	5 861	3 735	714	270	495	206	205	229	7

The performance pertaining to categories of security service providers inspected against the target as per the operational plan for the period 1 April 2022 to 31 March 2023, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
Guarding Sector	2 172	2 110	537	489	599	3 735
Electronic Security Sector	284	408	109	83	114	714
Private Investigator	168	135	41	27	67	270
Training Industry Sector	173	331	36	50	78	495
Locksmith Sector	173	10	30	26	48	206
In-House Sector	173	118	31	30	26	205
Working Animals	88	114	67	14	34	229
Anti-Poaching	16	0	1	4	2	7

1.3 SITE INSPECTIONS/INVESTIGATIONS

Site investigations forms part of the division's operational plan in order to, inter alia, verify the accuracy of information provided by security businesses to inspectors as well as conducting security officer inspections. These site investigations are at times also conducted in cooperation with the 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:

THE NUMBER OF SITE INSPECTIONS CARRIED OUT AT VARIOUS CATEGORIES:

REGION	TOTAL INSPECTIONS	RETAIL AND CORPORATE SECTOR	HEALTH SECTOR	EDUCATIONAL SECTOR	INDUSTRIAL AND CORPORATE	RESIDENTIAL AREAS	SPECIAL EVENTS	OTHER
HEAD OFFICE	23 094	9 180	2 651	2 315	3 978	2 631	2 005	334
WESTERN CAPE	4 036	975	524	310	883	448	847	49
EASTERN CAPE	3 374	814	423	410	806	363	353	205
KWAZULU-NATAL	5 902	1 360	785	401	440	392	2426	98
TOTAL	36 406	12 329	4 383	3 436	6 107	3 834	5 631	686

The performance pertaining to site inspections conducted against the target as per the Operational Plan for the period 1 April 2022 to 31 March 2023, is as follows:

SECTOR	OPERATIONAL TARGET	HEAD OFFICE	WESTERN CAPE	EASTERN CAPE	KWAZULU-NATAL	TOTAL
Retail and Corporate Sector	5 592	9 180	975	814	1 360	12 329
Health Sector	2 793	2 651	524	423	785	4 383
Educational Facilities	2 793	2 315	310	410	401	3 436
Industrial Areas	5 592	3 978	883	806	440	6 107
Residential Areas	2 793	2 631	448	363	392	3 834
Special Events	2 793	2 005	847	353	2 426	5 631
Other	0	334	49	205	98	686

2. ENFORCEMENT

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

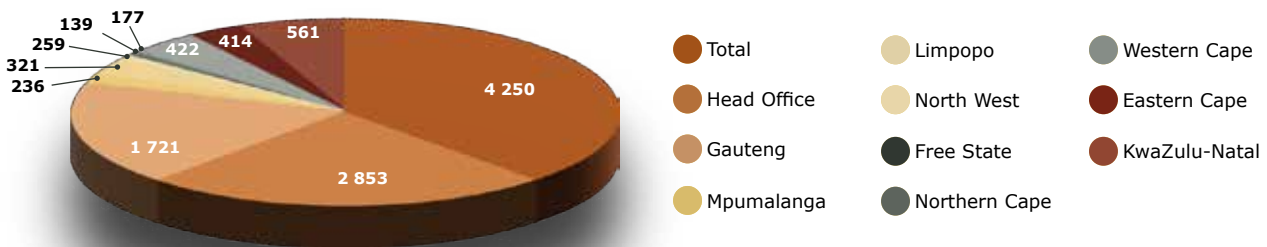
Enforcement therefore seeks to address security service providers who know that they have to comply but choose to otherwise evade compliance. The Authority enforce the law on those providers who do not comply with the Act and regulations.

In terms of the Law Enforcement Division's operational policy, all enforcement inspectors must finalise a minimum number of investigations per month. In certain cases the target of individual inspectors are reduced under special circumstances i.e. annual leave, sick leave, testifying in criminal and improper conduct cases, etc.

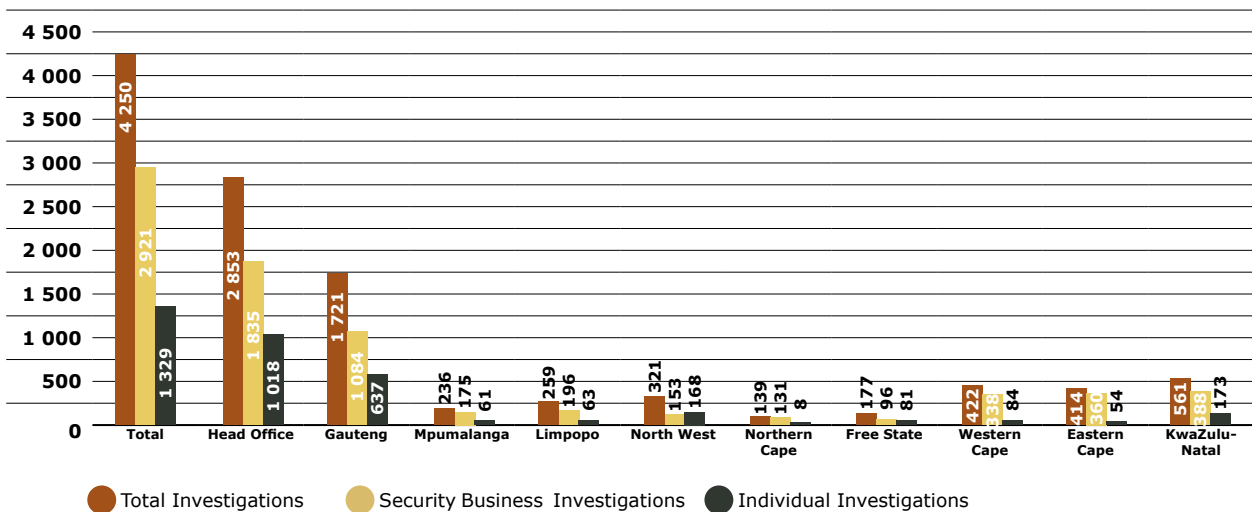
During the period 1 April 2022 to 31 March 2023, a total of 4 250 investigations were overall finalized compared to 3 918 investigations for the same period the previous year. This is a 8% increase in the number of investigations that were finalised when compared to the same period the previous year.

The regional breakdown is as follows:

TOTAL NUMBER OF INVESTIGATIONS



A further regional breakdown follows:



The overall performance pertaining to investigations conducted between 1 April 2022 to 31 March 2023, based on the enforcement department's operational plan is 129%. The regional breakdown follows:

REGION	TARGET	NUMBER OF INVESTIGATIONS CONDUCTED	PERFORMANCE
Head Office: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	2 220	2 853	129%
Western Cape	360	422	117%
Eastern Cape	360	414	115%
KwaZulu-Natal	360	561	156%

The investigations finalised in respect of the total conducted (current and previous financial years) 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	2 853	1 185	1 185
Western Cape	422	86	108
Eastern Cape	414	101	101
KwaZulu-Natal	561	210	211
Total	4 250	1 582	1 605

The enforcement complaints follows:

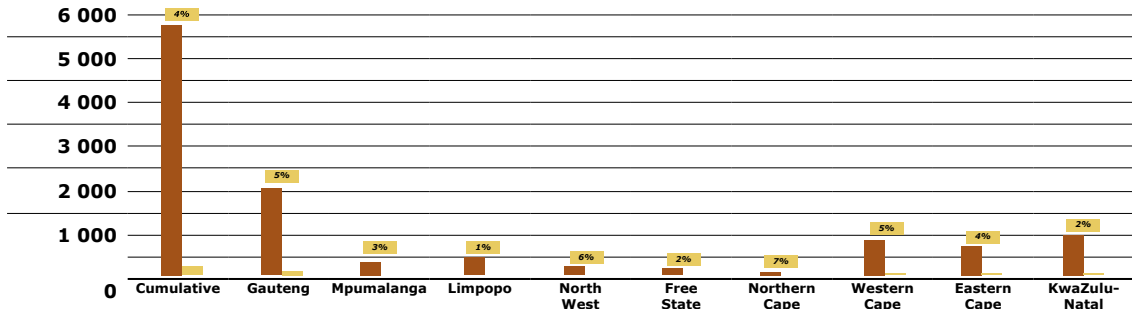
REGION	NUMBER OF COMPLAINTS CARRIED OVER BY THE ENFORCEMENT DEPARTMENT OR UNIT FROM APRIL 2022	NUMBER OF NEW COMPLAINTS RECEIVED FROM APRIL 2022 TO MARCH 2023	TOTAL NUMBER OF COMPLAINTS FINALISED FROM APRIL 2022 TO MARCH 2023	NUMBER OF COMPLAINTS CARRIED OVER TO APRIL 2023
Head Office	4	403	398	9
Western Cape	2	89	88	3
Eastern Cape	19	91	110	0
KwaZulu-Natal	10	106	112	4
Total	35	689	708	16

COMPLIANCE ANALYSIS CONDUCTED

A. SECURITY BUSINESS INSPECTIONS

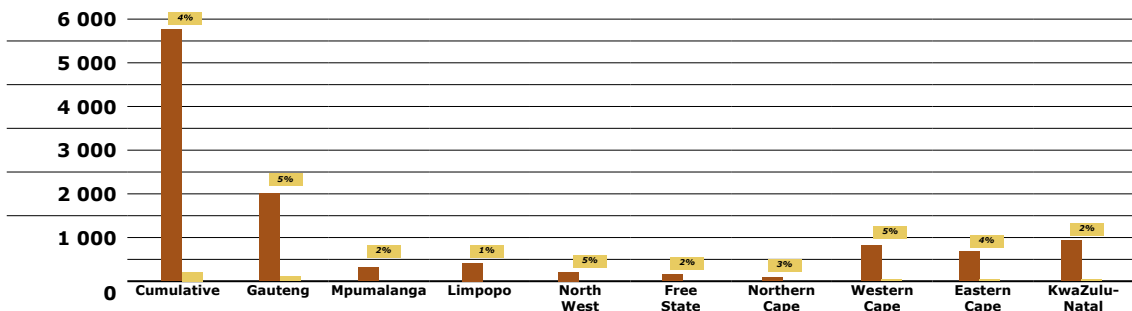
Following the compliance inspections (excluding the infrastructure inspections) conducted at security businesses and security officer inspections from 1 April 2022 to 31 March 2023, the following was found:

BUSINESSES DEPLOYING UNREGISTERED SECURITY OFFICERS



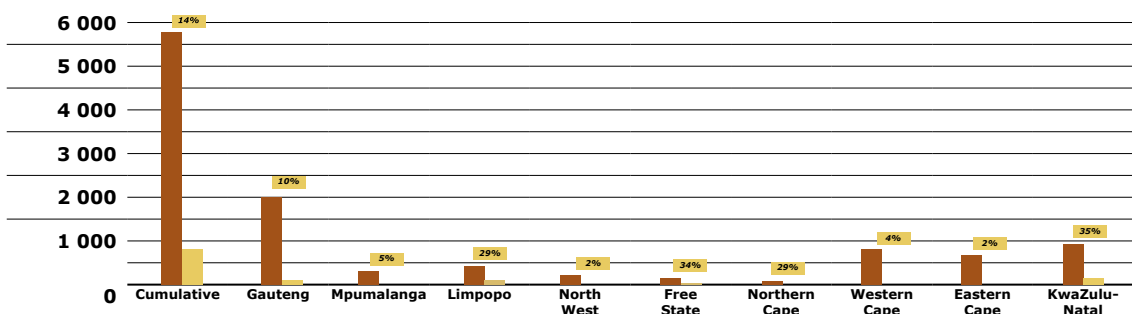
Number of security business inspections	5 862	2 054	355	417	251	174	68	852	723	968
Number of businesses deploying unregistered security officers	227	101	9	3	14	4	5	40	30	21

BUSINESSES DEPLOYING UNTRAINED SECURITY OFFICERS



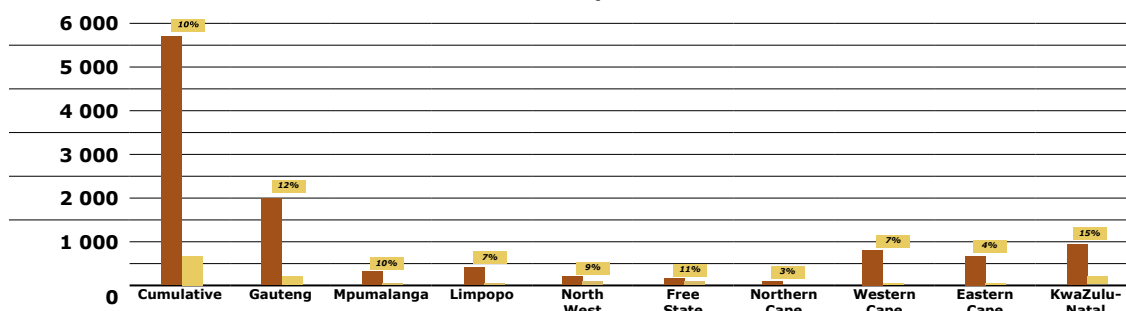
Number of security business inspections	5 862	2 054	355	417	251	174	68	852	723	968
Number of businesses deploying untrained security officers	218	97	7	3	13	4	2	46	29	17

BUSINESSES FAILING TO PAY ANNUAL FEES



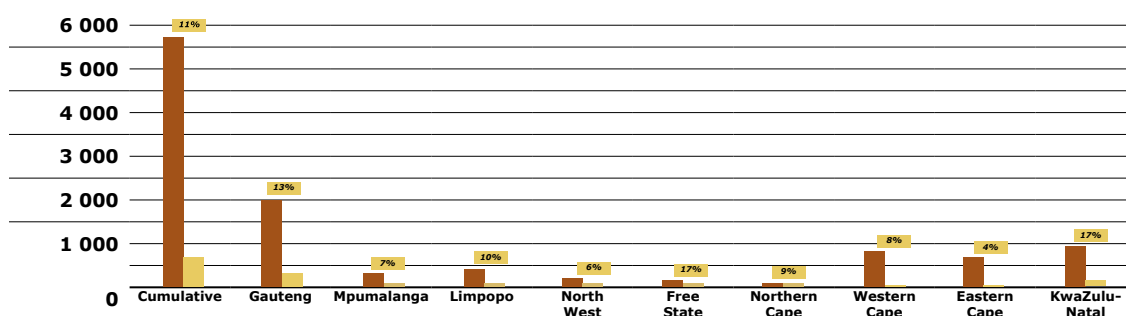
Number of security business inspections	5 862	2 054	355	417	251	174	68	852	723	968
Number of businesses failing to pay annual fees	801	198	16	120	6	60	20	33	11	337

BUSINESSES FAILING TO REPORT INTAKES/DISCHARGES



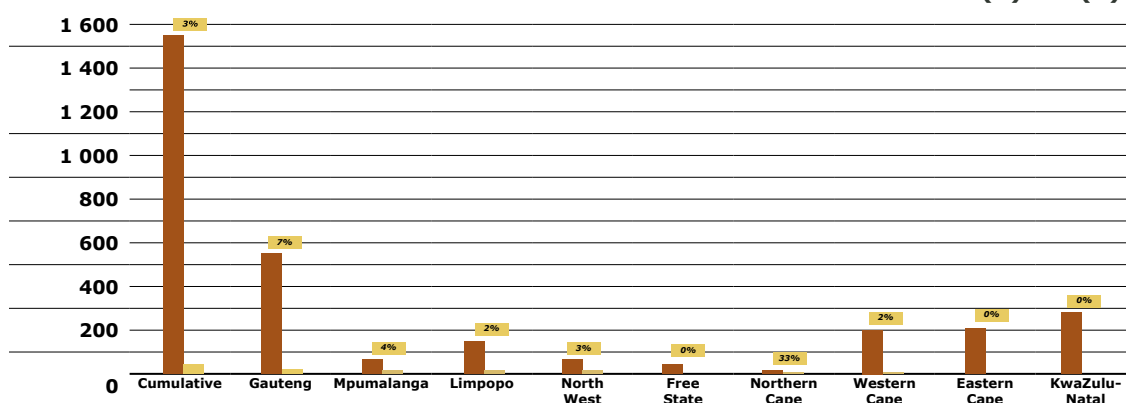
Number of security business inspections	5 862	2 054	355	417	251	174	68	852	723	968
Number of businesses failing to report intakes/discharges	580	238	37	29	23	19	2	60	29	143

BUSINESSES FAILING TO COMPLY WITH REGULATION 10 DOCUMENTATION



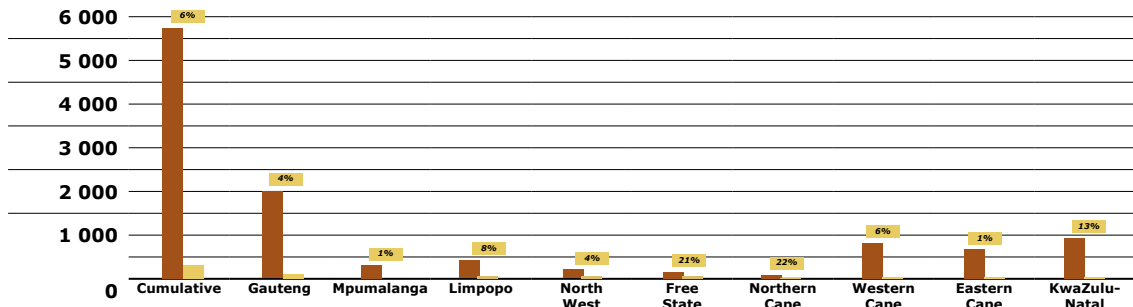
Number of security business inspections	5 862	2 054	355	417	251	174	68	852	723	968
Number of security business inspections	640	263	25	40	16	30	6	72	26	162

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



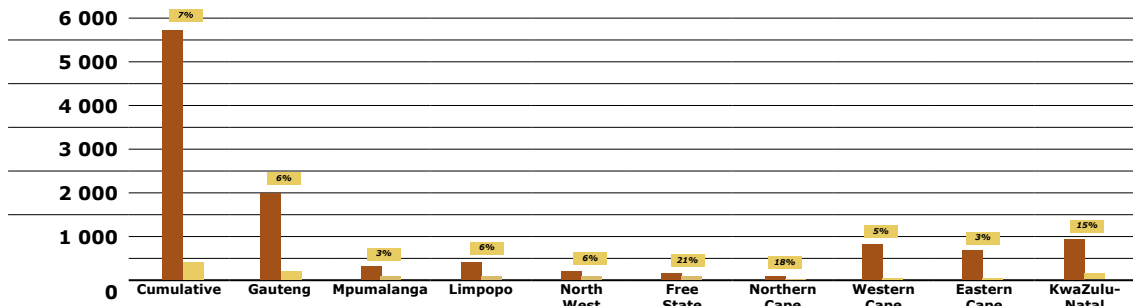
Number of security business inspected and investigated using firearms	1 480	507	57	154	60	27	9	188	204	274
Number of businesses allowing security officers to use own firearms	47	33	2	3	2	0	3	3	0	1

BUSINESSES NOT PAYING MINIMUM WAGES



Number of security business inspections	5 862	2 054	355	417	251	174	68	852	723	968
Number of businesses not paying minimum wages	375	90	3	32	10	37	15	54	9	125

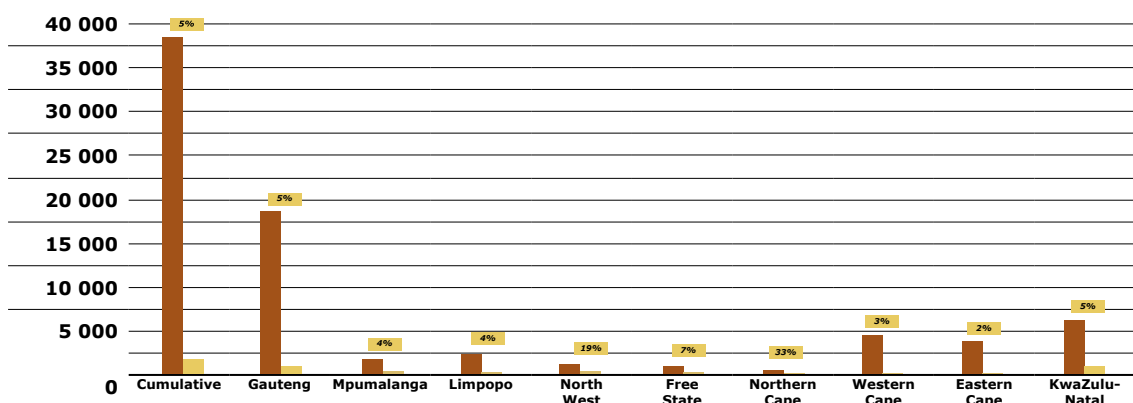
BUSINESSES NOT COMPLYING WITH PROVIDENT FUND



Number of security business inspections	5 862	2 054	355	417	251	174	68	852	723	968
Number of businesses not complying with Provident Fund	438	131	12	24	14	37	12	41	19	148

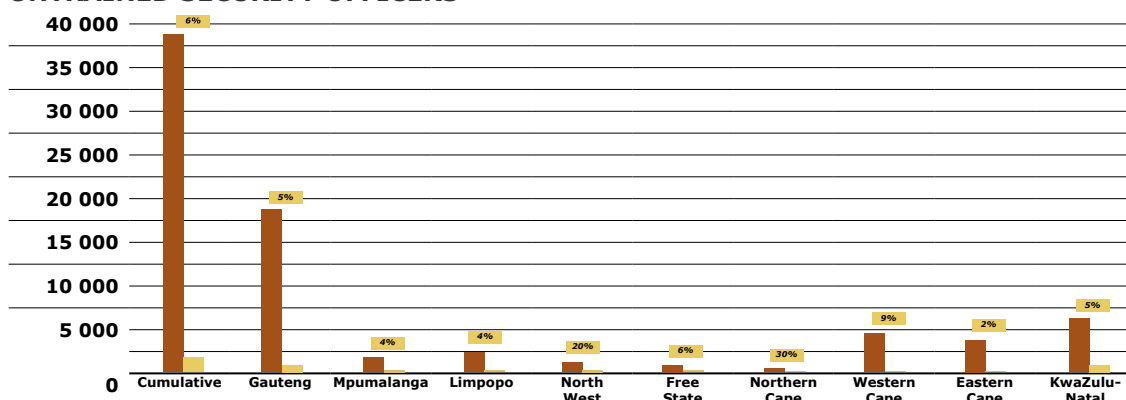
B. SECURITY OFFICER INSPECTIONS

UNREGISTERED SECURITY OFFICERS



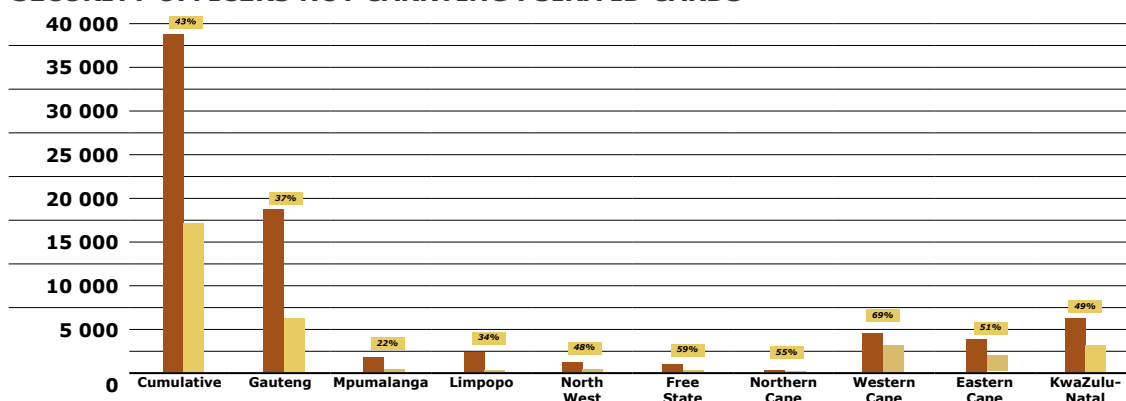
Number of security officer inspections	36 406	17 456	1 609	2 499	859	446	225	4 036	3 374	5 902
Number of unregistered security officers	1 773	853	57	101	167	31	75	134	58	297

UNTRAINED SECURITY OFFICERS



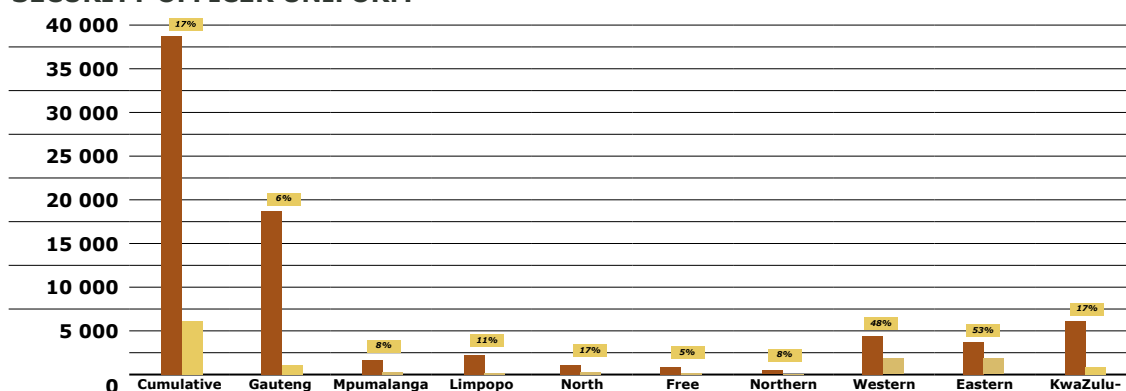
Number of security officer inspections	36 406	17 456	1 609	2 499	859	446	225	4 036	3 374	5 902
Number of untrained security officers	2 050	878	67	101	172	27	67	374	58	306

SECURITY OFFICERS NOT CARRYING PSIRA ID CARDS



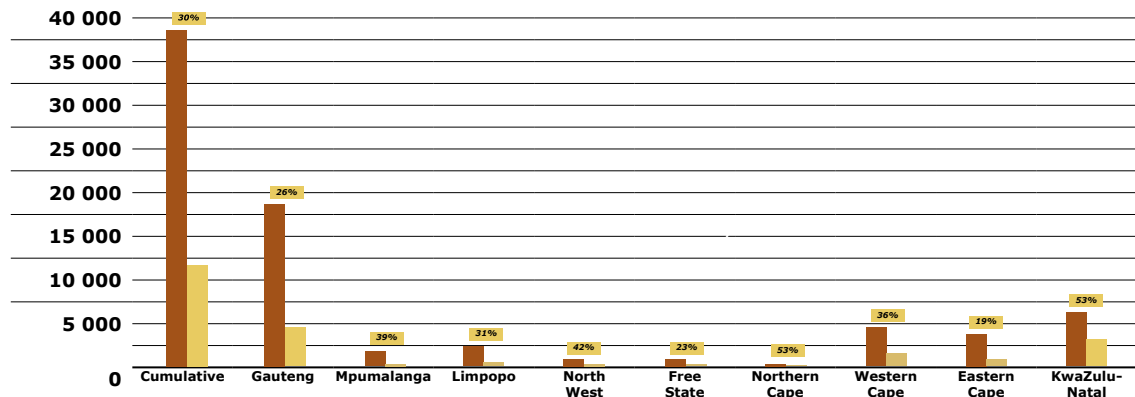
Number of security officer inspections	36 406	17 456	1 609	2 499	859	446	225	4 036	3 374	5 902
Number of security officers not carrying PSIRA ID cards	15 815	6 387	362	850	412	264	124	2 799	1 725	2 892

SECURITY OFFICER UNIFORM



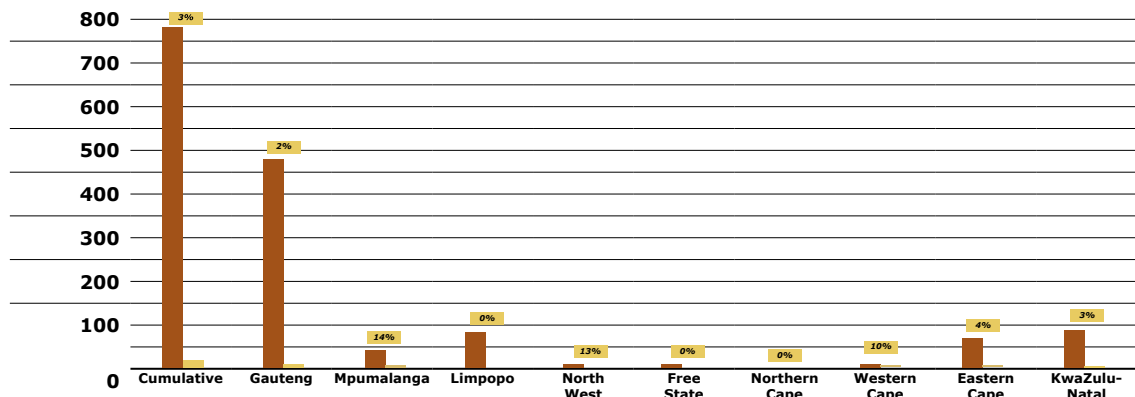
Number of security officer inspections	36 406	17 456	1 609	2 499	859	446	225	4 036	3 374	5 902
Number of security officers whose uniforms did not meet the requirements	6 341	987	126	265	150	21	17	1 951	1 792	1 032

SECURITY OFFICERS NOT LINKED TO THE BUSINESS



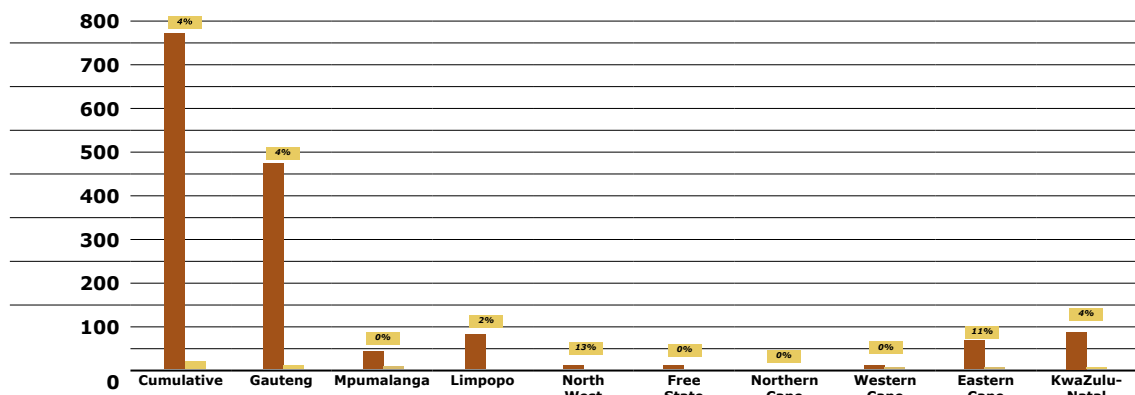
Number of security officer inspections	36 406	17 456	1 609	2 499	859	446	225	4 036	3 374	5 902
Number of security officers not linked to the business	10 944	3 891	447	787	365	103	120	1 465	647	3 119

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



Number of security officers inspected and investigated carrying firearms	811	495	44	84	8	8	0	10	73	89
Number of security officers using personal firearms	22	8	6	0	1	0	0	1	3	3

SECURITY OFFICERS CARRYING FIREARMS NOT COMPETENT IN FIREARMS



Number of security officers inspected and investigated carrying firearms	811	495	44	84	8	8	0	10	73	89
Number of security officers not competent or who could not submit proof of competency	32	18	0	2	1	0	0	0	8	3



3. OPERATIONS

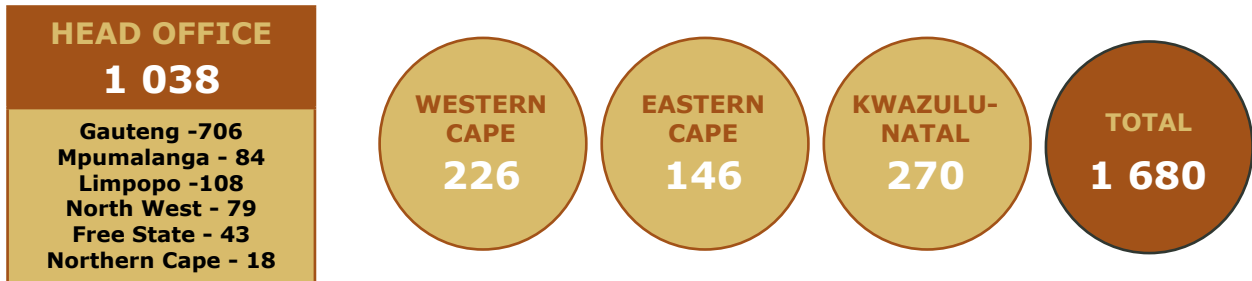
The authority is involved in a number of operations with different stakeholders including SAPS. The authority initiated these operations or attended on invitation from stakeholders such as the SAPS and departments of Home Affairs and Labour. The focus is on compliance with the PSIR Act including deploying registered and trained security officers, illegal immigrants and compliance with the Firearms Control Act. During the review period 106 operations were conducted with stakeholders compared to 63 operations the previous financial year – a 68% increase. The following operations were held:

REGION	NUMBER OF OPERATIONS	STAKEHOLDERS	NUMBER OF ARRESTS	UNREGISTERED	FOREIGNERS	FIREARMS	OTHER
Head office	84	SAPS/DOHA/Liquor Board/ Labour Dept/JMPD	817	646	527	6	21
Gauteng	51	SAPS/DOHA/Liquor Board/ Labour Dept/JMPD	484	450	320	5	18
Mpumalanga	5	SAPS	30	22	12	0	2
Limpopo	9	SAPS	64	36	27	1	0
North West Province	14	SAPS	156	80	135	0	1
Free State	3	-	5	11	0	0	0
Northern Cape	2	-	78	47	33	0	0
Western Cape	5	SAPS/Dept Immigration/ Metro Police/SSIU	42	35	37	0	80
Eastern Cape	7	SAPS	3	4	0	0	158
KwaZulu-Natal	10	SAPS/KZN Provincial Task Team// Metro/ ICASA/SA Aviation/JMPD/ Mountain Rise	129	58	16	0	8
TOTAL	106	SAPS/ DOHA/Liquor Board/Metro Police/SSIU/KZN Provincial Task Team/ICASA/SA Aviation/JMPD/ Mountain Rise/ Dept Immigration/ / DOHA/Liquor Board/ Labour Dept/ Trans-Net Nationals Ports Authority	991	743	580	6	267

The department is participating in the relaunch of Operation Fiela II and conducts operations with the NATJOINTS stakeholders. In addition, inspectors were deployed at various stadiums over weekends and after hours to verify security officer compliance deployed at the stadiums.

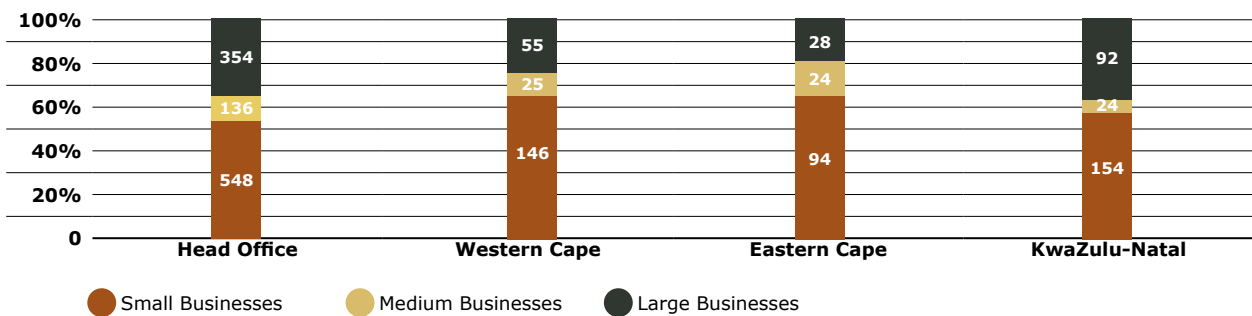
4. IMPROPER CONDUCT INVESTIGATIONS

Between 1 April 2022 and 31 March 2023, a total of 1 680 improper code of conducts against security businesses were compiled, compared to 1 850 dockets for the same period last year – a 9% decrease due to establishing the National Bargaining Council for the Private Security Sector (NBCPSS) and vacancies. The regional breakdown follows:



A further regional breakdown as far as Code of Conduct dockets against large, medium and small businesses from 1 April 2022 to 31 March 2023 follows:

NUMBER OF DOCKETS

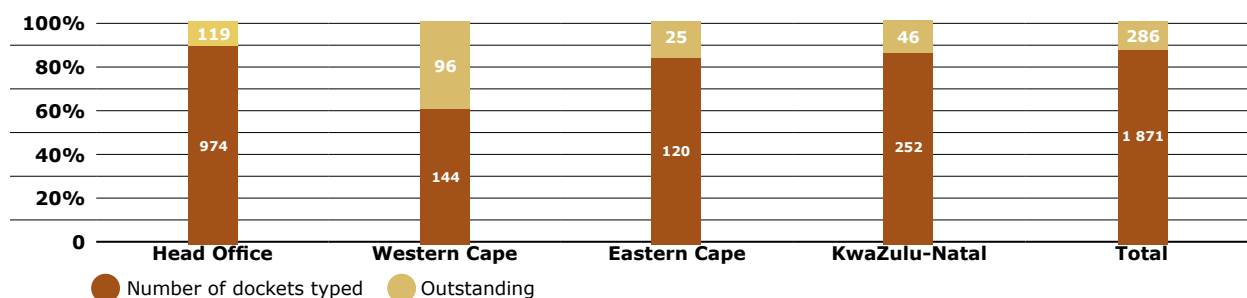


Performance pertaining to the number of Code of Conduct dockets opened during the review period is 112% compared to the operational target set. The regional breakdown follows:

REGION	TARGET	NUMBER OF CODE OF CONDUCT DOCKETS OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	900	1 038	115%
Western Cape	216	226	105%
Eastern Cape	180	146	81%
KwaZulu-Natal	204	270	132%

The law enforcement division typed up following number of Improper Conduct docket from 1 April 2022 to 31 March 2023:

NUMBER OF DOCKETS TYPED

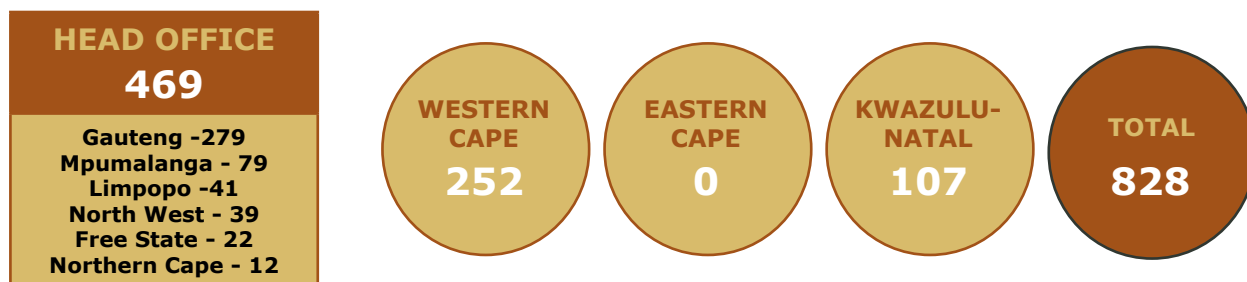


A case list and progress report is kept in respect of all docket the law enforcement division opens and registers. The progress report captures progress from the original docket to the finalisation and outcome.

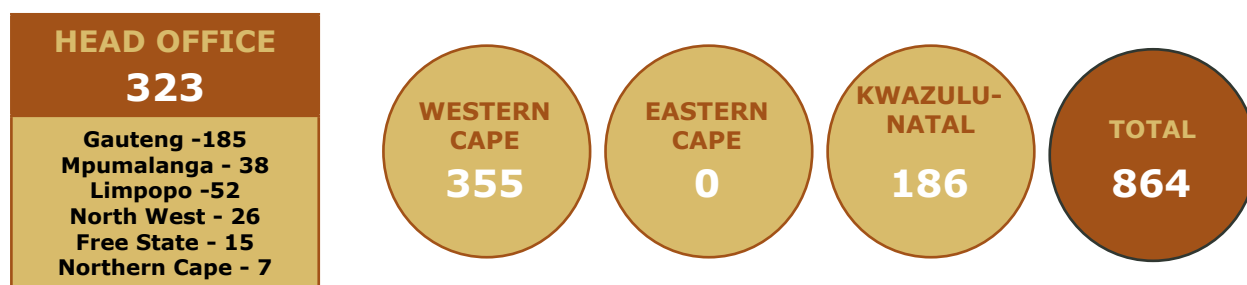
5. IMPROPER CONDUCT INVESTIGATION DOCKETS PERTAINING TO LABOUR EXPLOITATION

One of the authority’s objects is to promote the protection and enforcement of the rights of security officers and other employees in the PSI, particularly ensuring security businesses pay the prescribed minimum wages as determined by the Department of Labour and comply with the Private Security Sector Provident Fund to ensure employee security officers are not exploited.

As at 31 March 2023, there were 828 improper conduct docket pending against security service providers for allegedly failing to pay the statutory minimum wage. The regional breakdown follows:



As at 31 March 2023, there were 864 improper conduct cases pending against security service providers for allegedly failing to comply with the Private Security Sector Provident Fund. The regional breakdown follows:



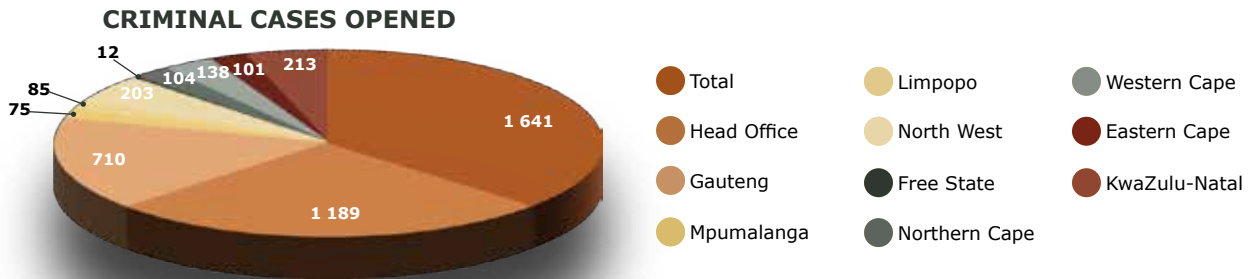
Cooperation between the authority and Department of Labour developed a complaints referral process to the department.

6. CRIMINAL INVESTIGATIONS

Regulatory inspections are also conducted to investigate and detect unregistered security service providers as well as other criminal contraventions of the Act to open criminal cases with the SAPS.

As at 31 March 2023, a total of **4 745** outstanding criminal cases were pending with the South African Police Service, compared to **3 969** cases in March 2022, 1 641 criminal cases were opened compared to 1 250 criminal cases opened during the previous financial year – a 31% increase in the number of criminal cases opened with SAPS against non-compliant security service providers.

The regional breakdown in respect of criminal cases opened follows:



Performance pertaining to the number of criminal cases opened during the review period is 154% compared to the operational target set. The regional breakdown follows:

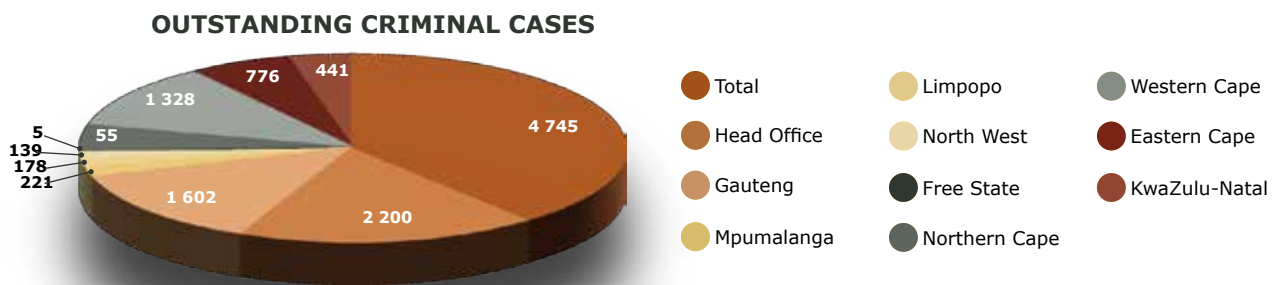
REGION	TARGET	NUMBER OF CRIMINAL CASES OPENED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	708	1 189	168%
Western Cape	120	138	115%
Eastern Cape	120	101	84%
KwaZulu-Natal	120	213	178%

During the period under review, **865** criminal cases were finalized by the National Prosecuting Authority (NPA), compared to **701** cases the previous financial year. This is a **23%** increase in the number of criminal cases that were finalized by the (NPA) when compared to the same period the previous year. The regional breakdown follows:

REGION	SUCCESSFULLY FINALISED	UNSUCCESSFULLY FINALISED	TOTAL
Head office	837	0	837
Gauteng	520	0	520
Mpumalanga	51	0	51
Limpopo	44	0	44
North West Province	148	0	148
Free State	0	0	0
Northern Cape	74	0	74
Other (Eastern Cape)	0	0	0
Western Cape	12	0	12
Eastern Cape	3	1	4
KwaZulu-Natal	11	1	13
TOTAL	863	2	865

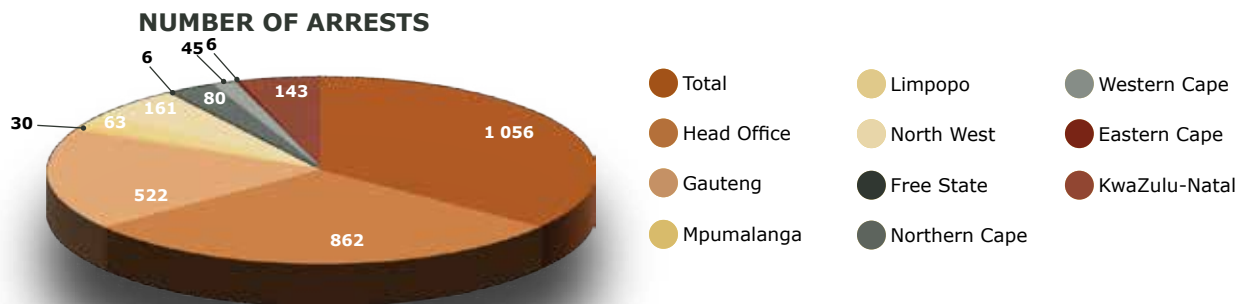


As at 31 March 2023, there were 4 745 criminal cases outstanding with SAPS nationally. The regional breakdown follows:



The authority and SAPS has a close working relationship with the latter assisting in investigations where arrests are to be made. The SAPS also plays an important role in the site inspection operations, while the authority and SAPS jointly conduct law enforcement operations nationally. The authority assists in general SAPS operations.

During the review period, 1 056 arrests were made compared to 825 arrests during the previous financial year – a 28% increase. The following arrests were made:



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 (NCF).

7. FIREARMS

7.1. FIREARM APPLICATIONS

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

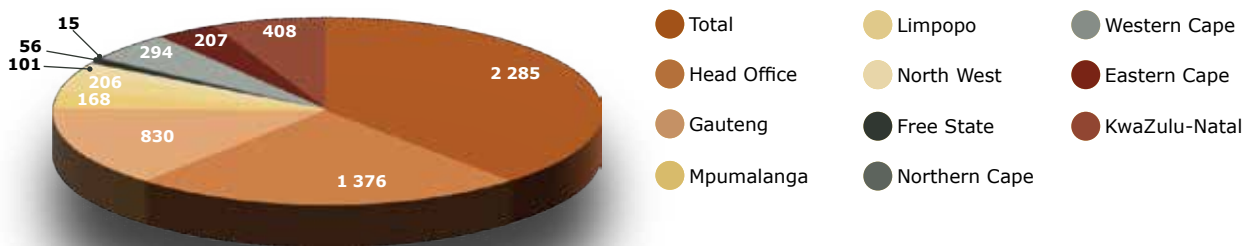
- the security business's registration status;
- number of security officers it employs and its registration and training status and
- annual amounts due to the authority.

During the review period, 835 firearm enquiries were received from the CFR and finalized when compared to 2 358 firearm enquiries received during the same period the previous year. The authority rejected 516 applicants and cleared 319 for the CFR's consideration. An audit on CFR's versus PSiRA's database will be conducted in the next financial year.

7.2. FIREARM INSPECTIONS

As part of its APP, the authority launched a firearm inspection programme. The regional number of firearm inspections conducted between 1 April 2022 and 31 March 2023 follows:

NUMBER OF FIREARM INSPECTIONS



The firearm regulatory sub-committee details the firearm inspections completed and forwards the information to the CFR/FLASH. With reference to these statistics, the overall performance pertaining to the total number of firearm inspections conducted, based on the authority's APP targets, is 138%. The regional breakdown follows:

REGION	TARGET	NUMBER OF FIREARM INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State and Northern Cape	990	1 376	140%
Western Cape	256	294	115%
Eastern Cape	184	207	113%
KwaZulu-Natal	220	408	185%

Between 1 April 2022 and 31 March 2023, 2 285 firearm inspections were conducted compared to 1 988 firearm inspections for the same period the previous year. This is a 15% increase in the number of firearm inspections conducted with security service providers when compared to the same period the previous year.

7.3. FIREARM REGULATORY SUB-COMMITTEE

The authority's director established a firearm regulatory sub-committee to improve firearm control in the PSI. The sub-committee is responsible for performing the following functions: Uphold the authority's objects in promoting a legitimate PSI, particularly relating to firearm control.

Facilitate establishing and implementing effective internal systems to control firearms in the industry. This includes but are not limited to:

- enhancing the security service provider's database to include details of all security businesses licensed for firearms;
- regularly updating of the security businesses' database in respect of applications for licenses granted/withdrawn by the SAPS central firearm register officer and
- submitting regular reports on those businesses licensed to the central firearm register in respect of changes including registration status, number of security officers employed and addresses.
- facilitate establishing a standing committee between the authority and the SAPS central firearm register office to:
 - guide and co-ordinate the decisions and actions of the authority and the central firearm register in performing their respective regulatory functions;
 - establish a mechanism to standardise the firearms control and type of firearms used in the PSI;
 - establish minimum requirements needed for issuing licenses and guidelines for withdrawing licenses;
 - oversee co-operation and co-ordination between the authority and SAPS or law enforcement;
 - facilitate and improve communication and liaison between the central firearm register office and the authority and
 - share their databases relating to security service providers and licensed institutions.

Facilitate inspector training to enhance proper firearm control. This includes competency in using firearms and ammunition verification.

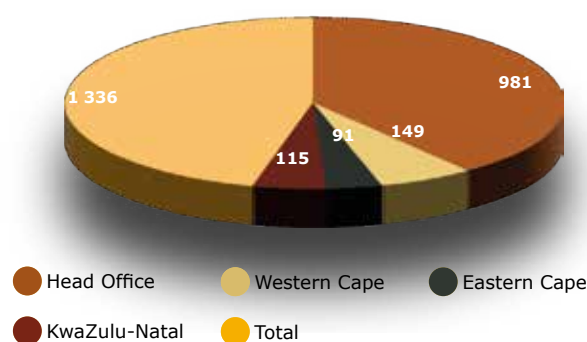
During the review period, the sub-committee held three meetings.

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

During the period 1 April 2022 to 31 March 2023, **1 336** Regulation 3(4) Notices in respect of **improper conduct cases** were prepared by the Authority compared to **1 318** Regulation 3 (4) Notices for the same period last year. These summonses and prosecutions bear no reference to the businesses charged as the charge sheets and summonses could date to previous years. Furthermore, the variance between summonses served and the total successful prosecutions could be due to various reasons including postponements and respondents not being traceable.

The following charge sheets and summonses were served during the review period:

REGULATION 3(4) NOTICES



9. ANNUAL FEES AND FINES COLLECTED

During the period 1 April 2022 to 31 March 2023, a total of **R2 325 054,00** annual fees and **R169 310,00** fines were collected by inspectors of the Authority compared to **R608 962,00** annual fees and **R54 617,00** in fines collected the previous year.

10. UNTRACEABLE SECURITY SERVICE PROVIDERS

Following on issuing charge sheets, summonses and/or regulation 3(4) notices from 1 April 2022 to 31 March 2023, there were no untraceable security service providers and none following from failed inspections. Steps taken to trace security service providers include:

- visits to known business addresses and homes of the owners, directors and members.
- enquiries with neighbouring businesses.
- telephoning every available number on the authority's database.

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

11. STAFF COMPLEMENT OF THE COMPLIANCE AND ENFORCEMENT DEPARTMENTS

11.1 INSPECTORS

As at 31 March 2023, law enforcement had 62 inspectors. Deployment within the compliance and enforcement departments during the review period (including staff on suspension, acting positions) follows:

REGION	COMPLIANCE DEPARTMENT	ENFORCEMENT DEPARTMENT	TOTAL
Head office	19	18	37
Gauteng	15	14	29
Mpumalanga	1	2	3
Limpopo	2	0	2
North West Province	1	1	2
Free State	0	1	1
Northern Cape	0	0	0
Western Cape	5	4	9
Eastern Cape	3	4	7
KwaZulu-Natal	4	5	9
TOTAL	31	31	62

11.2 VACANCIES

The law enforcement division had nine vacancies as at 31 March 2023. Short listing has taken place and interviews will be conducted in Q1.

The vacancies are:

HEAD OFFICE

POSITION	OFFICE
One inspector	Gauteng
One inspector	Free State
Two assistant inspectors	Free State
One assistant inspector	Gauteng
One assistant inspector	Limpopo

WESTERN CAPE

POSITION	OFFICE
Two inspectors	WC

KWAZULU-NATAL

POSITION	OFFICE
One inspector	WC

EASTERN CAPE

POSITION	OFFICE
No Vacancies	N/A



12. COMPLAINTS AND HELPDESK

The authority has full-time complaints and help desks at the Arcadia, KwaZulu-Natal and Western Cape offices to deal with general enquiries and register complaints requiring further investigation by inspectors. Statistical information pertaining to the enquiries received between 1 April 2022 and 31 March 2023 follows:

NUMBER OF ENQUIRIES/COMPLAINTS	HEAD OFFICE	KZN	WESTERN CAPE
Telephonic	0	0	0
Personal	0	117	0
Enquiries	0	106	0
Complaints	0	226	0
Enquiries/complaints pertaining to registration/training	0	108	0
Wages	0	111	0
Provident fund	0	2	0

The Western Cape complaints and help desk assistant has been deployed as a receptionist until this vacancy is filled.

13. REGULATORY SUB-COMMITTEE

The authority's director established a regulatory sub-committee under exco to perform the following functions:

- suspend security service provider registrations;
- uplift suspended security service provider registrations;
- withdraw security service provider registrations;
- confirm, review and substitute the findings, penalties and other orders at improper conduct enquiries and put into operation suspended penalties at such enquiries;
- oversee the conviction of and/or penalty imposed on a security service provider who has indicated to the director that it intends pleading guilty to the improper conduct charge or will not oppose putting into operation a suspended penalty;
- apply for a court order relating to a security service provider as contemplated in section 27 of the Act and
- withdraw accreditation certificates of security service providers providing security training.

During the review period, 27 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	H/O	EC	WC	KZN
412	51	10	63	4	266	17	19	7	53	57	13	23	0

IMPROPER CONDUCT SETTLEMENT			
H/O	EC	WC	KZN
487	30	55	5

Note the number of improper conduct confirmations refers to those convictions and sentences imposed by presiding officers and referred to the sub-committee for confirmation. It does not include all improper conduct cases finalised through settlements and other means.

14. STAKEHOLDER INTERACTION

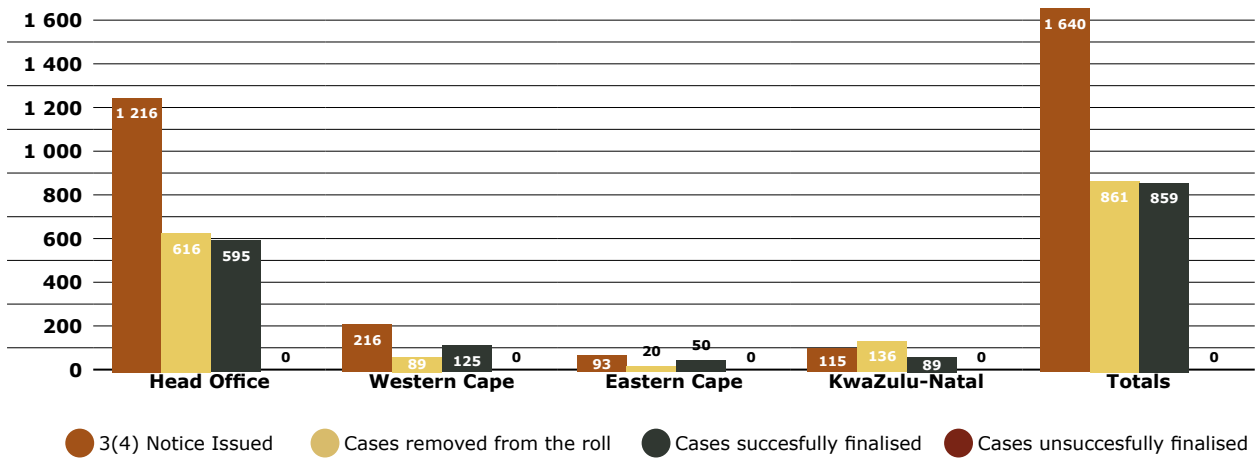
During the review period, numerous meetings were attended nationally with the SAPS, other law enforcement agencies, security service consumers (including stadium management, business forums and state departments) and other stakeholders to discuss collaboration between PSiRA, SAPS (other law enforcement agencies) and security service providers in combating crime, and conducting joint operations to enforce legislative compliance.

The meetings also offered the platform to educate private security consumers of their rights and obligations to security service providers. These stakeholder activities included the following:

- Prov Joint (SOPA);
- PSSCM;
- Radio and TV interviews;
- Provincial Industry Compliance Forum;
- Ministerial outreach programmes;
- Consumer awareness;
- Eastern Cape – PROVJOINTS;
- Operation clean-up – PSiRA/SAPS;
- National operations with SAPS and Department of Home Affairs;
- Operation with Mountain Rise and SAPS;
- Eyes and ears meeting with SAPS and Business Against Crime;
- Meeting held with TUT WILs;
- Eastern Cape had an operation with the Transnet National Ports Authority and SAPS;
- Meeting with National Treasury;
- Meeting with SASSETTA regarding learnerships;
- PSiRA and SAPS awareness programme in the Eastern Cape and KwaZulu-Natal;
- Business briefings;
- National Consultative Forum PSiRA/SAPS;
- Meeting with NATJOC regarding operations in Pretoria North;
- TUT learners' assessment meeting;
- PSiRA SAPS awareness programme;
- TUT site visit in respect of learners;
- Meeting with SAPS (central firearms register) in respect of recommendation letters;
- Locksmith Association South Africa training with inspectors;
- Annual fees consultation;
- SAPS/PSiRA awareness programme Limpopo;
- E2 national steering committee (SAPS/ Business Against Crime);
- Consultation fee workshop;
- Operational discussions – SAPS/VISPOL (Brooklyn/Sunnyside);
- Operation – SAPS;
- Application for Section 212 affidavit Transnet with SIU;
- Feedback meetings regarding new law enforcement operational system with Khathula;
- TUT student internship;
- NPA meeting – community prosecutions and
- SAPS crime intelligence meeting.

B. LEGAL SERVICES DIVISION

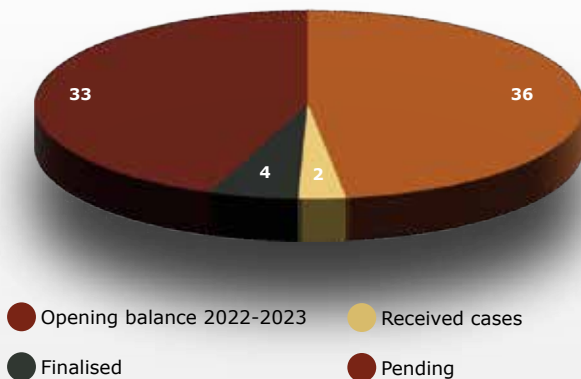
1. PROSECUTION 2022 - 2023



There were 1640 cases were issued with summonses of which 859 were successfully placed on the adjudication roll. The 861 cases removed from the roll were either postponed or written-off. In total 859 cases were successfully finalised via settlement or Code of Conduct hearings.

2. LITIGATION 2022 - 2023

Legal services handled 38 cases.

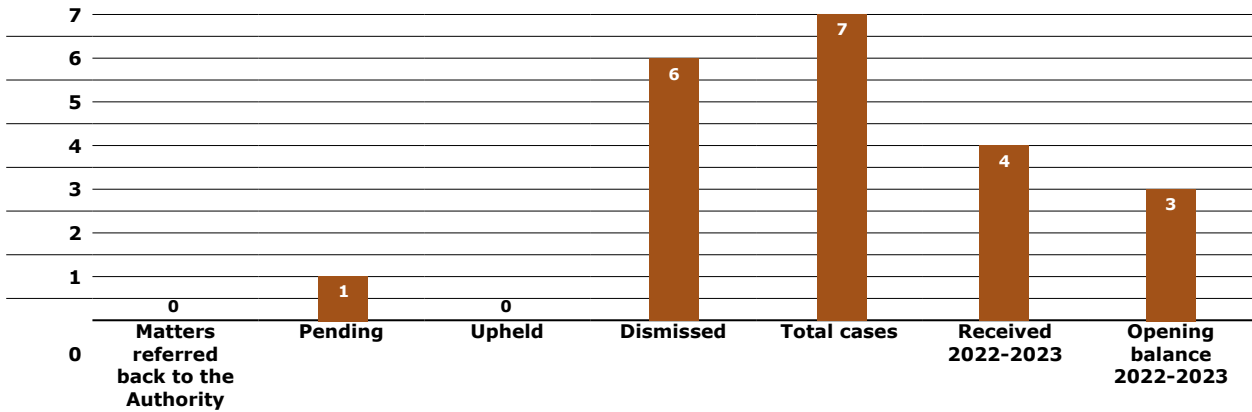


Note: one matter was moved to contingent asset

3. APPEALS AND EXEMPTIONS 2022 - 2023

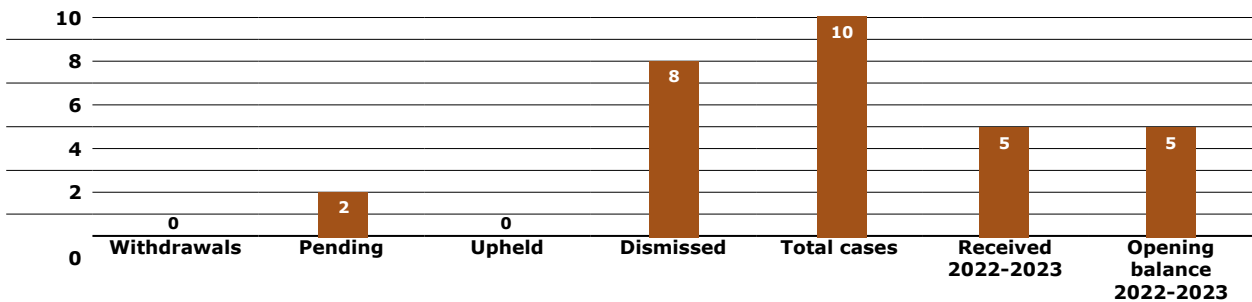
3.1 APPEALS AGAINST THE AUTHORITY'S REFUSAL TO REGISTER A SECURITY SERVICE PROVIDER AND WITHDRAWAL BY THE AUTHORITY OF A REGISTRATION DUE TO A SCHEDULED OFFENCE CONVICTION

INDIVIDUALS APPEALS



3.2 APPEALS AGAINST CONVICTIONS AND/OR SENTENCES FOLLOWING IMPROPER CONDUCT ENQUIRY FINALISATIONS CONVENED IN TERMS OF THE ACT

BUSINESS APPEALS

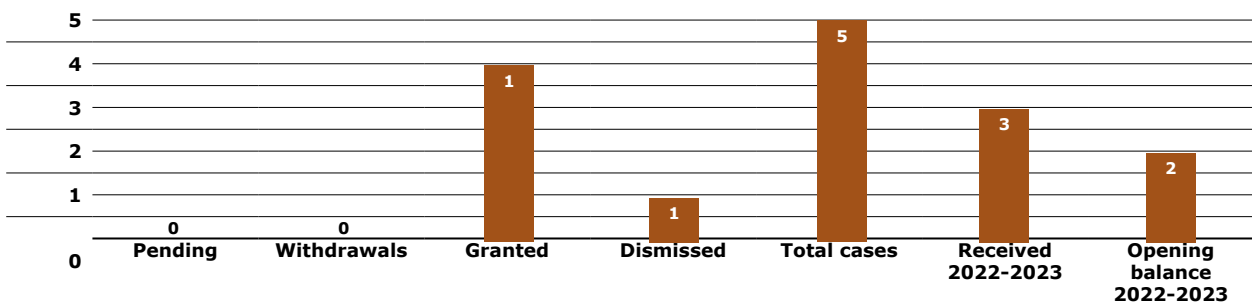


3.3 APPEALS AGAINST THE AUTHORITY'S REFUSAL TO REGISTER A SECURITY SERVICE PROVIDER DUE TO NON-SOUTH AFRICAN RESIDENCE

Total received 2022-2023	0
Dismissed	0
Upheld	0
Pending	0

3.4 EXEMPTION APPLICATIONS

EXEMPTIONS 2022-2023



C. INDUSTRY REGULATION

1. INDUSTRY TRAINING UNIT

One of the authority's objectives is promoting high standards in training security service providers and prospective security service providers. To give effect to this, the authority has determined strategic objectives to fulfil and support of the mandate as contemplated in Section 4(k) (i)-(vi) of the Private Security Act, No. 56 of 2001.

1.1 ACCREDITATION OF PERSONS AND INSTITUTIONS PROVIDING SECURITY TRAINING

A key function is ensuring persons, including instructors and training security providers providing security training, are accredited.

1.3 ACCREDITATION OF INSTRUCTORS

During the financial year, instructor accreditation occurred within an average of four days. In total 279 instructors were accredited in varying categories:

2020/21 FY	2021/22 FY	2022/23 FY
CATEGORY 1: INSTRUCTOR FIRST APPLICATION		
69	105	57
CATEGORY 2: FIRST UPGRADE APPLICATION		
105	159	191
CATEGORY 3: FIRST INSTRUCTOR/FACILITATOR APPLICATION		
62	62	31
236	326	279

1.4 ACCREDITATION OF SECURITY SERVICE PROVIDERS

The accreditation of training security service providers was fully automated during the financial year 2022/23. There was a decline in applications received in Q1 and Q2 from prospective training security service providers as a result of the transition from manual to online applications. There was a slight increase in Q3 and Q4 following ongoing system training and workshops.

During the reporting period, a total of 131 applications from training security service provider were approved.

PROVINCE	NUMBER OF SECURITY TRAINING CENTRES		
	2020/21	2021/22	2022/23
Eastern Cape	18	14	7
Free State	10	6	7
North West	10	7	8
Limpopo	28	33	33
Mpumalanga	21	15	13
KwaZulu-Natal	26	21	24
Western Cape	12	9	10
Northern Cape	8	2	0
Gauteng	59	67	29
Total	182	174	131

1.4 ACCREDITATION OF PERSONS PROVIDING SECURITY (RPL - OTHER)

OCCUPATIONAL LEVEL	NUMBER OF APPLICATIONS APPROVED
Private investigator	2
Management	7
Locksmith	1
Technician	1
Close protection	1
Rejected/not recommended	1
Total RPL applications	12

Twelve RPL applications were received with the training sub-committee approving 11 and rejecting one.

1.5 COURSE REPORTS

COURSE REPORTS	FY 2022/23
Course reports on hand by 31 March 2022	16 972
Total course reports received 1 April 2022 to March 2023	694 316
Total	711 288
Total course report processed from 1 April 2022 to March 2023	662 639
Course reports returned from 1 April 2022 to March 2023	8 431
Course reports on-hand carried over to 1 April 2023	40 218

During the year under review, all course reports were automated. Implementing online course report submissions over paper-based ones improved turnaround times.

In total 662 639 course reports were processed during 2022/23, as opposed to (570031) processed in the 2021/22 financial year – a 16% increase. There were 8431 course reports returned to training service providers due to irregularities during 2022/23.

2. INDUSTRY TRAINING OPERATIONS

During the year under review, the authority instituted mechanisms to ensure a continuous promotion of high-quality training. The industry training strategy has been developed and approved and the industry training policy reviewed. These documents aim to ensure high quality standards within the PSI and support the strategic outcome in respect of industry training aimed at driving a capable, trained security industry.

D. COMMUNICATION AND STAKEHOLDER ENGAGEMENT

The financial year was filled with much-needed change as the country turned its back on the global Covid-19 pandemic and focused on effectively disseminating content through engagements and various marketing platforms.

STAKEHOLDERS

Stakeholders have embraced the digital landscape through the various national engagements. PSiRA has attracted more stakeholders on its virtual platforms, opening up the digital space for more dialogue. Engagements took place in each province with one-on-one sessions between employer and employee organisations.

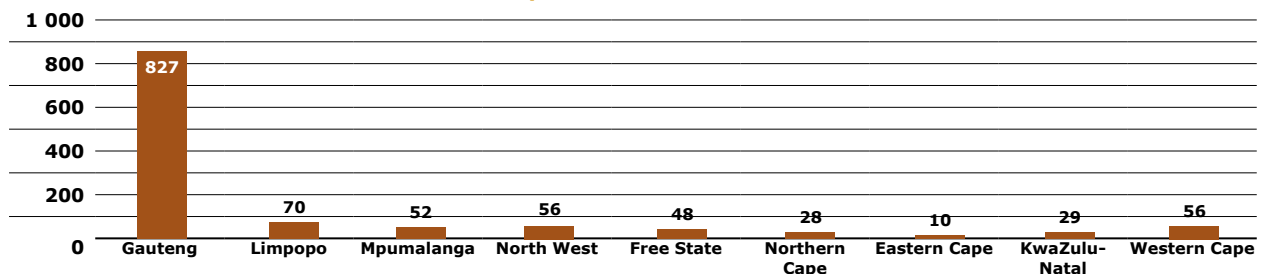
MARKETING

The marketing focus included the online system and the self-assessment for security businesses. This promoted the authority at large and other security industries and focused on compliance. Marketing media used were local, regional and national radio stations, billboards and online publications with consideration given to the language variance across the provinces. Advertising promotions were seen in the nine Airports Company South Africa (ACSA) airports, while cognisance of sport as a unifying factor, particularly soccer, meant the authority was visible at most PSL matches through digital running rail boards.

CALL CENTRE

Call centre consultants predominantly resolve queries pertaining to claiming profiles on the new digital platform, checking business and individual application statuses and checking course reports. The yearly performance target was achieved with a rate of 90.42%. The three-minute average call handling time was calculated across the 211 771 calls received.

COMPLAINTS RECEIVED DURING 2022/23 FINANCIAL YEAR



There was also a boosted increase in the WhatsApp platform with over 59000 messages received. The enquiries were mostly due to stakeholders enquiring about the e-PSiRA platform and how to navigate the system when renewing their certificates.

During the financial year the complaints management office received and processed 1 176 industry complaints. These were referred to various units within the organisation or to external stakeholders such as SAPS and the private security sector national bargaining council. The regional break down is shown above.

The complaints relate to:

- security training centres not submitting course reports;
- employment of untrained/unregistered security officers;
- employment of illegal immigrants;
- businesses operating while not registered with PSiRA;
- untrained officers using firearms;
- security training centres operating where they are not accredited to train and
- the service quality rendered by security service providers.

E. RESEARCH AND DEVELOPMENT (R&D)

The authority has a statutory obligation to conduct ongoing research and investigations into rendering security services and the practices of security service providers to identify shortcomings in the PSiRA Act.

Over the years the research and development unit conducted numerous research studies on various PSI sectors and sought research participants' opinions on industry-related topics. This enriched the PSI knowledge and, informed by the findings, the authority made policy changes and developed regulations to improve the effectiveness of PSiRA.

The financial year under review marked a decade since the unit's establishment with more than 40 research studies completed. The diagram below depicts some of those studies:

Research Reports since 2012	
2012-2015	Promoting partnership for crime prevention in Southern Africa
2013/14	The Private Security Guarding Sector in South Africa; The Private Security Electronic Security Sector in South Africa
2014/15	Dogs and Dog Handlers in the South African Private Security Industry; Caught in Between: The involvement of the private Security Sector in the taxi violence in KwaZulu-Natal
2015/16	Improving the Regulation and Control of the Use of Firearms within the PSI in South Africa; Training Standards in the Private Security Industry in South Africa
2016/17	Close Protection within the South African PSI; Special Events Sector
2017/18	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.
2018/19	Labour broking and the private security industry; Regulation of the Car guarding sector in South Africa; The Manufacturing, importation, selling and Distribution of security equipment in South Africa; The Private Security Industry and Students Protest; The Governance of Private Security in Selected Public Schools in Gauteng
2019/20	A study on the regulation of anti-poaching as security services in South Africa; Security consulting in the private security industry of South Africa; The regulation of inhouse security sector in South Africa; Exploring the regulation service providers in South African Airports; Regulating the private maritime security industry in South Africa; An explorative study on private security in South African Railways
2020/21	Punitive measures for Private Security Providers; Exploring the role of Neighborhood watch in relation to security in South Africa; Examining the services rendered by Private Security Companies in Public Spaces; The impact of Personal Information Act on the Private Security; The rendering of security services outside South Africa
2021/22	4IR; COVID 19; Legal Aspects; and Cybersecurity
2022/23	Complaints; Crowd Management; Fire Detection; Mining Sector and Tracking Device

During the review period, the unit conducted surveys, through independent service providers, to assess the consumer perspective and awareness level of the authority and five qualitative industry research studies summarised below:

REPORT ONE

TRACKING THE VALUABLE: THE USE OF TRACKING DEVICES IN THE PRIVATE SECURITY SECTOR

The research analysed the use of tracking devices in South Africa's PSI. The study used a qualitative research methodology to investigate using tracking devices as security equipment. It established that the tracking sector is divided into three categories, namely technology (includes the research, manufacture and assembly of tracking units); installation and monitoring (includes fitting tracking units into motor vehicles while the monitoring happens in control rooms and guiding manufacturers on requirements based on market response) and tracking and recovery (responsible for tracking and recovering vehicles, property or people).

The study highlighted that although South Africa's tracking business mainly tracks vehicles, it was not limited to these items and included other valuables such as trailers, human beings, animals and industry generators. Service provider recovery rates are 70-95%.



The study also found that some unregistered security service providers providing tracking services are not registered, considering that the installation of tracking device, according to the PSiRA Act is regarded as rendering a security service. Therefore, the study recommended that the security service providers install the tracking devices, are obliged to register with PSiRA.

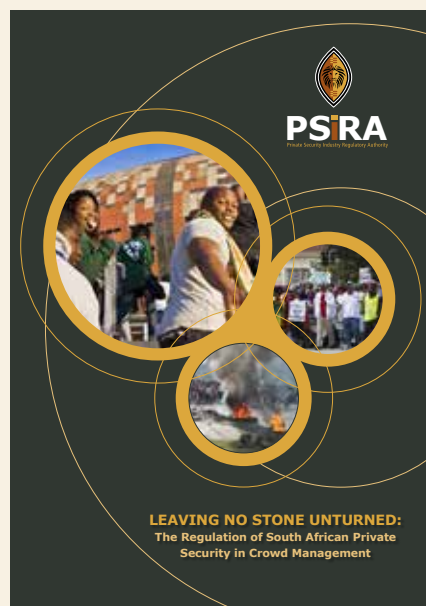
REPORT TWO

LEAVING NO STONE UNTURNED: THE REGULATION OF SOUTH AFRICAN PRIVATE SECURITY IN CROWD MANAGEMENT

The study examined the PSI's role in crowd management. To fully grasp the understanding of crowd management and the industry's involvement, the study followed an interpretive approach and used a qualitative research approach method. The crowd management concept means different things to different people.

The study revealed the PSI plays a role in crowd management but is not mandated to restore order, which is the function of public order police. It highlighted that while PSiRA accredited institutions do not offer training in crowd management or evacuation, SASSETA offers a crowd management course to security service providers and prospective security service providers.

Given that the PSI plays a role in crowd management and control, the study recommended that PSiRA consider developing a



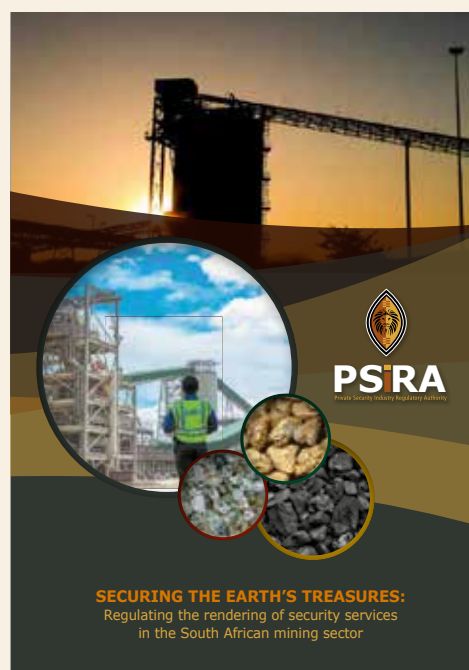
mandatory crowd management and control course for security officers rendering security services in large gatherings and other crowded spaces. Moreover, the authority should ensure security equipment used by security service providers during large gatherings does not infringe on citizens' human rights.

REPORT THREE

SECURING THE EARTH'S TREASURES: REGULATING THE RENDERING OF SECURITY SERVICES IN THE SOUTH AFRICAN MINING SECTOR

The study sought to uncover the specialised field of South Africa's mining security industry. It used a qualitative research method to gain insight into rendering these security services. Mines use both in-house and outsourced security service providers. Aviation security also plays a role in this industry.

The study revealed that the mining industry generally complies with the PSiRA regulations. The lack of training and shortage of PSiRA inspectors were some of the concerns identified in the study. It recommended more inspections to be conducted in the sector and that the PSiRA should consider a database that functions as a file history to flag anyone who has attained a



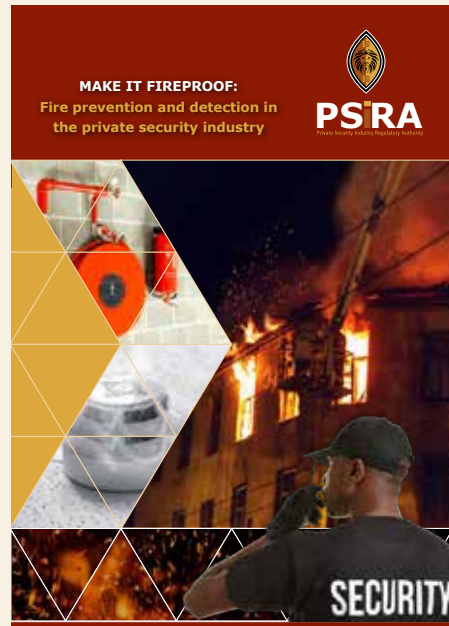
criminal record once in the industry to prevent them from engaging with other companies.

REPORT FOUR

MAKE IT FIREPROOF: FIRE PREVENTION AND DETECTION IN THE PSI

The study aimed to gain insight and knowledge on different roleplayers in the fire detection and prevention sector and used qualitative research methodology. While the study was unable to identify the sub-sector's true size, it found that there were different roleplayers falling under both or either the prevention or detection categories. It also identified a number of associations within the sub-sector.

The study recommended establishing the sub-sector's true size and PSiRA's need to engage with industry associations.



REPORT FIVE

SORRY, BUT I HAVE A COMPLAINT TO MAKE: A STUDY ON THE BENEFITS OF PSiRA'S COMPLAINTS OFFICE FOR THE INDUSTRY

The study sought to establish the nature of the complaints office and the services it would render. It employed a qualitative research approach and identified non-compliance as the main concern within the PSI such as employing unregistered and untrained security personnel. It also identified identity theft and unaccounted salary deductions as prevalent. The report recommended that the authority intensifies its quality assurance among other things.

TRANSFORMATION PROJECT

Over and above the research and survey reports, the unit was tasked with overseeing the transformation charter process and PSI scorecard index. After numerous unsuccessful attempts to



appoint a service provider, the process has been deferred to the next financial year.



PART C
GOVERNANCE

1. INTRODUCTION

Corporate governance entails the processes, systems and other legislative prescripts governing, controlling and holding to account public entities. In addition to the legislative prescripts, corporate governance within PSiRA is guided by the principles of the King Code of Corporate Governance in Southern Africa that expanded the application of the scope of corporate governance to include public sector entities under the King IV Code.

PSiRA is governed and controlled by a Council appointed under Section 6 of the Act by the Police Minister in consultation with cabinet. As PSiRA's governing body and central point of corporate governance, the Council adopted the King Code in as far as it relates to good public sector governance practices and strives to live by these principles in carrying out its oversight responsibilities.

PSiRA is listed under the Public Finance Management Act, 1999 (PFMA) as a Schedule 3A public entity with statutory obligations and responsibilities under Chapter 6 and National Treasury Regulations, 2005 applicable to public entities as promulgated under PFMA.

The Council is the entity's accounting authority and responsible for its corporate governance. It reports to parliament through the executive authority regarding its performance in executing its mandate under the Act and in line with the strategic plan, APP and budgets as agreed with the executive authority and sanctioned by parliament.

2. PORTFOLIO COMMITTEE ENGAGEMENTS

During the review period the PSiRA Council and executive management had two meetings with the portfolio committee on police namely:

- 10 May 2022 – to present the APP and 2022/23 budget and
- 14 October 2022 – to present PSiRA's 2021/2022 annual report.

The portfolio committee's key strategic focus area raised was the authority's unsustainable annual fee funding model. It was inherited from the repealed Security Officers Act, 1987 as a transitional arrangement when the PSiR Act came into operation in 2001.

During the review period, the authority made submissions on the strategy and plan for implementing the Levies Administration Bill and provided National Treasury with the financial data to determine the proposed levy percentage to be prescribed under the Private Security Industry Levies Bill. The National Treasury process is underway aimed at retabling of levies bills in the 2023/24 financial year.

Meanwhile the authority implemented cost containment measures to deal with the funding challenges without compromising on key service deliverables. It intensified annual fee collections and interest charges on overdue accounts through appointed debt collectors while other revenue streams included collecting fines imposed for improper code of conduct cases against security service providers. Introducing the digital services platform further reduced registration and renewal costs.

The second issue raised deals with how security service providers handle firearms. This is a joint responsibility between the authority (as the industry's regulator) and SAPS firearms control registry (as the licensing authority).

The authority continued conducting compliance inspections on firearms use by security service providers and, where non-compliances were identified, SAPS was involved in removing those weapons. PSiRA instituted code of conduct inquiries against non-compliant security service providers.

3. EXECUTIVE AUTHORITY ENGAGEMENTS

In line with PSiR Act and PFMA prescripts, the executive authority held the following engagements:

- 29 June 2022 – minister's meeting with the PSiRA Council and management to brief the minister on governance matters and operations in collaboration with the SAPS;
- Various MINMEC meetings to present quarterly performance information reports for the review period and
- 5 October 2022 – to present the minister with the PSiRA annual report 2021/2022 before its presentation to parliament.

The Authority also accompanied and supported the minister and deputy minister on their roadshows and imbizos including township visits in Gauteng, Mpumalanga and KwaZulu-Natal to launch the SAPS specialised units.

4. ACCOUNTING AUTHORITY

The Council is the PSiRA' accounting authority under the PFMA, 1999 and accountable to the minister as the entity's executive authority. The Council's reporting responsibilities extend to parliament through the executive authority. It subscribes to the King Code principles on corporate governance that then define its strategy, provide direction in its implementation and establishes the ethics and values framework to influence and guide the necessary practices and behaviour for sustainable performance to achieve its objectives.

THE COUNCIL'S ROLE

The Council takes steps to achieve the entity's objectives as envisaged in Section 3 of the Act to ensure the authority performs its duties and oversees and exercises general control over the authority's performance and the activities of those appointed by Council.

The Council is responsible for setting the entity's strategic direction, guided by the Act and government policy as articulated in the NDPlan, 2030. It is ultimately accountable to the minister for performing its functions and, from time to time, supplies the minister with such information as legally prescribed or, as the minister may require regarding the authority's functions or other matters relating to the entity.

COUNCIL CHARTER

Over and above its legislative prescripts, the Council has developed and approved its governance framework including the Council charter, Councillors' code of conduct and the performance evaluation framework to guide its activities and supplement the legislative prescripts to ensure good governance.

The minister adopted the approved governance framework and the Council charter sets out its roles and responsibilities and those of the executive

management as guided by sound principles of delineation of responsibilities. The delegation of authority policy governing the internal control environment, supports the charter by providing for delineated responsibilities and duty segregation within PSiRA.

The Council monitors and reviews the governance framework to ensure its activities are in line with new trends in good governance practices and that the charter's provisions remain relevant. This has produced some significant improvements in terms of the entity's governance with the Council's functional focus being on strategic matters while management handles the day-to-day operational matters. It regularly reports to Council on the entity's performance.

COUNCIL COMPOSITION

Section 6 of the Act prescribes that the Council constitute the following members:

- chairperson;
- vice-chairperson and
- three additional Councillors appointed by the minister in consultation with cabinet.

During the review period, the Council was constituted by the five required members whose terms of office commenced in January 2021 and expire on 31 December 2023.



The table below depicts the Council's composition for the review period:

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE TERM OF OFFICE EXPIRES	HIGHEST QUALIFICATION	EXPERTISE	BOARD DIRECTORSHIPS (LIST ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NUMBER OF MEETINGS ATTENDED
Dr A.L Mofomme	Chairperson	01/01/2021	Current	D. Phil (Leadership in Performance and Changes)	Human resource, law enforcement (safety and security), wellness and procurement (governance)	Elderly care fund for retired officers; Lungisa Entrepreneurial Development; Zwonaka (private clinic) and African Institute of Mentoring	None	4
Mr. M.S Ralebipi	Vice-Chairperson	01/01/2021	Current	B. Com (Acc)	Finance human resource and governance	Road Agency Limpopo; Limpopo Development Agency; Musina Makhado Special Economic Zone; Corridor Mining Resources; Amazing Hotels (Pty) Ltd; Ralebipi Properties; Lesedi Ko Pele consulting and KCRL Motor Licensing	HCREMCO and FINCO	6
Dr S.N Mbetse	Councillor	01/01/2021	Current	D. Phil (International Relations)	Education and training; international relations and governance	Social Justice Initiative; Amabhungane Centre for Investigative Journalism and Peridot Traders	HCREMCO, SEC and SCBC	5
Ms. T. Ntshangase	Councillor	01/01/2021	Current	B. Com	Finance and supply chain management	HPCSA Medical Technology Board; Agribusiness Development Agency; Wholesale and Retail SETA; National Agricultural Marketing Agency; Vunavest and Logico Logistics	FINCO and SCBC	6
Mr. N.H Ngubane	Councillor	01/01/2021	Current	M. Ed (Leadership and administration)	Education and training and governance	Jaybex; Netasq; Sunshine Golf Academy; Makhaye Ngubane Investments; Composite Cylinder Technologist and Secretariat of KZN Education Development Trust	SEC, SCBC and HCREMCO	6

COUNCIL COMMITTEES

The Council is empowered under Section 13(1) to establish governance committees to assist with oversight and general control. The committees may consist of one or more Councillors; one or more Councillors plus one or more other persons. They advise and assist the Council in executing its mandate and report on those matters to the Council.

During the review period Council was assisted by various committees operating under the terms of reference (charter). These committees reported to Council on their activities as per their annual programmes and terms of reference and regularly recommended matters to Council for approval, where such matters required authorisation at Council level.

COMMITTEE	NUMBER OF MEETINGS HELD	NUMBER OF MEMBERS	NAME OF MEMBERS
Audit and Risk Committee (ARC)	6	5	<ul style="list-style-type: none"> Mr N Mhlongo (chairperson) Ms U Exner (deputy chairperson) Mr M Matlwa (member) Ms L Mudau (member) Ms G Ramphaka (member)
Finance and Investment Committee (FINCO)	7	5	<ul style="list-style-type: none"> Ms T Ntshangase (chairperson) Mr MS Ralebipi (member) Ms P Motsielwa (member) Ms L Maseko (member) Mr G Maluleke (member)
Human Capital and Remuneration Committee (HCREMCO)	5	5	<ul style="list-style-type: none"> Mr MS Ralebipi (chairperson) Ms SN Mbete (member) Mr HN Ngubane (member) Dr N Skeepers (member) Ms T Thankge (member)
Stakeholder and Core Business Committee (SCBC)	6	4	<ul style="list-style-type: none"> Mr HN Ngubane (chairperson) Dr SN Mbete (member) Ms T Ntshangase (member) Prof K Pillay (member)
Social and Ethics Committee (SEC)	2	3	<ul style="list-style-type: none"> Dr SN Mbete (chairperson) Mr. HN Ngubane (member) Ms T Thankge (Member)

During the review period, the Council also received advisory recommendations on regulatory matters pertaining to the specific PSI sectors from the constituted private security industry advisory committee established under section 13(2) of the Act. The committee represents various PSI sectors as defined in section 1 of the Act and is primarily established to:

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

Representatives from the following industry sectors constitute the PSI advisory committee:

- guarding sector;
- close protection sector;
- electronic sector;
- private investigation sector;
- security training sector and
- locksmith sector.

REMUNERATION OF COUNCIL MEMBERS

Section 8(6) of the Act provides a Councillor or Council-appointed committee member who is not an employee of the authority or a public services officer or employee, to be paid from the authority's funds a remuneration and allowance as the Council determines with the minister's approval. PSiRA as a Schedule 3A public entity under the PFMA was classified by the minister of finance in terms of National Treasury guidelines on service benefits for office bearers of certain statutory entities under sub-category A1 for determining Councillors' remunerations.

Taking cognisance of National Treasury guidelines as published by the minister of finance from time to time, the minister concurred with the Council on a fixed remuneration as a monthly stipend rather than a meeting fee structure based on an hourly or daily rate. Annual cost of living adjustments to the rates as published by National Treasury are implemented after the minister of police's approval. The full disclosures in terms of the remuneration and other allowances paid to Councillors are contained in the AFS under Part E of this report.

5. RISK MANAGEMENT

The Risk Management unit is responsible for the coordination of activities to ensure that risk management processes are embedded within the functions of PSiRA as delegated by the Director (Accounting Officer) in accordance with the provisions of the PFMA.

RISK MANAGEMENT METHODOLOGY

The implementation and integration of risk management within the Authority is guided by the approved Risk Management Framework, Policy and Strategy which outline PSiRA's commitment and approach to risks affecting its mandate. The implementation of the Digital Transformation Strategy still requires the Authority to be agile in managing risks that arise with the digitalisation of services including Customer Relations and Brand Management which may further be exacerbated by cyber-attacks and unstable power supply. The Authority through the implementation of Business Continuity Management is prepared for eventualities that may disrupt its business operations and service delivery imperatives.

RISK ASSESSMENTS

Risk assessments within the Authority are conducted on an annual basis for strategic, operational and as and when new projects are initiated. During this process, risks affecting the strategic outcomes, operations and projects are identified, assessed, analysed and appropriate measures put in place to manage them. In addition, the risk assessment process includes the identification of compliance, fraud and ethical risks. Monitoring of these risks and reporting which is inclusive of materialised risks is continuous throughout the financial year.



The strategic risks for the Authority are highlighted below:

MSTF PRIORITY 6	SOCIAL COHESION AND SAFE COMMUNITIES	
STRATEGIC OUTCOME	STRATEGIC RISK	RISK MITIGATION
Maintain financial sustainability, accountability, relevance, and performance.	Financial Instability	Proposal on the adjustment of administration fees charged to companies insourcing security.
A professional, accountable and trustworthy private security industry	Non-compliance to PSiRA regulations and standards	Establishment of the Complaints Management Office. Submission of the PSI regulations to the Police Ministry for approval. Capacitation of Law Enforcement through the establishment of the National Tactical Task Team.
A capable and trained private security industry	Inadequate industry training by accredited security training providers	Development of an Industry Training Strategy. Accreditation of security courses offered by Private Institutions. Independent external assessment of courses completed. Roll out of the revised grades course/curriculum.
The private security industry is transformed	Non acceptance of the Transformation Charter	Submission of the Draft Transformation Charter to the Minister of DTIC for approval.

RISK MANAGEMENT GOVERNANCE

- The Authority has established a Risk Management Committee which is chaired by an independent external chairperson. The Committee operates within the confines of an approved charter and is responsible for, amongst others, the review of the Authority's Risk Management methodology, Business Continuity Plans and monitoring of the implementation thereof.
- The RMC Charter was reviewed during the financial year and the Committee was restructured during the financial year to be inclusive of all members of management. The Committee's performance is assessed on an annual basis.
- Audit and Risk Committee (ARC) is a Council established Committee, comprises of four independent non-executive members, who, collectively, are adequately qualified and experienced to fulfil their duties. Committee members also have sufficient knowledge of financial reporting, internal financial controls, the external and internal audit process, risk management process, and information technology governance.
- The Committee operates in terms of a Charter approved by the Council. The roles and

responsibilities of the Committee, among others, include ensuring that the Authority has implemented an effective policy and plan for risk management, which will protect it from undue losses.

VALUE ADD OF RISK MANAGEMENT

- The Authority, through the activities outlined in the Risk Management Implementation Plan continually endeavours to build a risk awareness culture. During the 2022/23 financial year, the Authority implemented 100% of the key activities in the Risk Management Implementation Plan. This has translated positively within the organisation with the Authority achieving a risk maturity rating of a 5 for the fifth consecutive year based on the National Treasury Maturity Assessment.
- Further to the National Treasury Maturity Assessment, the Authority achieved a rating of 4/4 on the independent maturity assessment carried out by Internal Audit, with an overall score of 87% which is to say there is a robust enterprise risk management in place.
- Overall, there has been an improvement in the risk profile of the Authority as a result of the implementation of mitigating actions.

6. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The PSiRA's internal audit function is outsourced to OMA Chartered Accountants as a service provider. The firm conducted its assurance activities for the year based on the approved internal audit charter and annual audit plan. The internal audit plan followed a risk-based approach informed by the strategic risks adopted after a risk assessment that identified the key risks impacting on achieving the entity's objectives. The audit plan prioritised the following areas as key risks for the entity:

- Unaudited annual performance information – 2021/22;
- Unaudited financial statements compliance review – 2021/22;
- ICT – follow up review and penetration testing;
- Compliance and enforcement – follow-up review;
- Communication, registrations and training – follow up review;
- Risk management maturity assessment;
- Review of performance information reporting Q2 and Q3;
- APP review 2023/24;
- Supply chain and expenditure management – focus on deviations register;
- Human capital management;
- Follow-up on external audit findings 2021/22;
- Financial discipline review; and
- Memorandum on UIF principal/agent liability AG-SA qualified audit opinion.

The audit plan was fully executed and audit reports submitted to the ARC for review and to monitor implementing management audit action plans; ensure audit findings raised, including the auditor-general's findings from the previous financial year were addressed and resolved by management.

The internal audit function operates under the ARC's oversight monitoring and assessment. Council established the committee in terms of Section 77 of the PFMA read with section 13 of the PSiR Act and consists of five independent non-executive members. The members collectively have adequate qualifications, skills and experience to fulfil their duties including financial reporting knowledge, internal financial controls, external

and internal audit processes, risk management and compliance and ICT governance.

The committee operates in terms of a Council-approved charter and its roles and responsibilities include:

- Reviewing and monitoring the internal control systems to protect the authority's interests and assets;
- Reviewing the accuracy, reliability and credibility of statutory financial reporting and the AFS as presented by management before submitting to Council for approval;
- Ensuring an effective internal audit function is in place with clear and coordinated roles and functions to provide an objective overview of the operational effectiveness of the entity's systems of internal control, risk management processes, governance and reporting. The committee also annually assesses the performance of the internal audit function and was happy with the results that indicated satisfactory levels of assurance and effectiveness in the internal auditors' work;
- Ensuring the authority has an effective policy and plan implemented for risk management to protect against undue losses;
- Reviewing any accounting and auditing concerns raised by internal and external auditors, the AFS and performance information reports;
- Obtaining assurance for IT in relation to the management of IT assets, governance and controls, risks and disaster recovery;
- Reviewing the effectiveness of the system monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any non-compliance; and
- Instituting and overseeing fraud and corruption investigations as needed.

The committee convened six times during the period under review and the following assurance functions attended in either a standing capacity or on invitation:

- internal and external auditors;
- executives and senior management and
- other relevant authority officials.

Details regarding the committee’s activities and members’ attendance are presented in the committee’s report under Part E of this annual report. The table above discloses relevant information regarding ARC members.

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE TERM EXPIRED	NUMBER OF MEETINGS ATTENDED
Mr N Mhlongo	B. Com (Hons), ATC, ACMA, CGMA and CA (SA)	External	N/A	April 2021	Current	6
Ms U Exner	B. Com (Informatics), CGEIT and EDP	External	N/A	April 2021	Current	6
Mr M Matlwa	B. Com, B. Compt (Hons), CTA, CA(SA), MBA and MCOM(Tax)	External	N/A	April 2021	Current	6
Ms G Ramphaka	B. Accountancy (Hons), B. Com and CA (SA)	External	N/A	April 2021	Current	5
Ms L Mudau	B. Com, B. Com (Hons) and CA (SA)	External	N/A	April 2021	Current	5

7. COMPLIANCE WITH LAWS AND REGULATIONS

Council continued to monitor management’s compliance with legislation and regulations in conducting the business required to achieve the strategic objectives. The primary legislation to which the entity consistently complies remains the PSiR Act and the PFMA. Other relevant legislation is monitored through the activities of the relevant divisions and PSiRA policies are regularly reviewed for alignment with relevant legislation and to ensure they remain relevant. Compliance reporting is monitored through the ARC and other relevant committees and remains a standing agenda item for all Council meetings.

Council monitors compliance by monitoring the compliance risk register and checklists designed for monitoring compliance with relevant legislation. These include registers for listing of non-compliant expenditure under the PFMA and reporting on actions taken where cases of non-compliance are reported or identified. The monitoring tools assist Council in monitoring and assessing the risk of non-compliance with legislation and regulation and inform management’s responses to develop and implement mitigating measures to prevent the risks from materialising.

Compliance with internal policies and procedures is a further crucial aspect for ensuring an improved governance and internal control environment within the entity. A policy universe is maintained and compliance is monitored on an ongoing basis.

8. FRAUD AND CORRUPTION

FRAUD PREVENTION POLICY AND PLAN

PSiRA had an approved Fraud Prevention Plan in place and was implemented during the financial year under review. The Fraud Prevention Plan was reviewed and adopted by the Council for 2022/2023 financial year and continues to be relevant in terms of fraud prevention. The Forensic and Ethics Unit is responsible for annual review and implementation of the plan.

MECHANISMS IN PLACE TO REPORT FRAUD AND CORRUPTION

The reporting channels for unethical, fraud and corruption impacting PSiRA are as follows:

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

The facility is administered by an independent firm of Forensic Auditors to ensure that the identity of staff members that utilise this facility remains safeguarded. No person in the Authority regardless of seniority, have access to the identities of staff members or other persons who report allegations of fraud.

There is a reporting hierarchy on hand for the fraud hotline administrators, which guide them on where to refer cases, including allegations against the Director and Council members.

Cases reported are managed through an automated case management system and allocated to the relevant divisions for investigation. Details of the hotline are communicated to all employees through various awareness and education mechanisms.

Employees are protected from victimisation by PSiRA Whistle Blowing Policy, which is aligned to the Protected Disclosure Act, 2000 (Act no. 26 of 2000).

FRAUD AND CORRUPTION INVESTIGATION

The Authority has adopted a policy of investigating all reports of fraud and corruption. Any allegations of fraud and corruption is 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 circumstances and recommending appropriate remedial action following the investigation. FEU statistics for the period 1 April 2022 to 31 March 2023, indicates the extent to which fraud is experienced and managed by the organisation, as well as PSiRA's commitment to combat fraud and corruption.

During the financial year under review, Forensic and Ethics Unit had 16 opening cases that were brought forward from 2021/2022 financial year (14 were external cases and 2 were internal cases), 694 new complaints were received through the Fraud Hotline and 51 complaints were received through the Helpdesk (36 were external cases and 15 were internal cases). Out of 694 hotline complaints, 591 were referred to Law Enforcement division for investigation and further processing in terms of the Improper Conduct Regulations, 2000 and 103 hotline complaints were undertaken by Forensic and Ethics Unit of which 10 were allegations of misconduct against employees of the Authority (1 allegation of corruption and 9 were misconduct in general).

In total, the Forensic and Ethics Unit had 154 (129 external cases and 25 internal cases). Out of 129 external cases, 111 cases were finalised (6 criminal cases opened with the SAPS for the industry related cases) and 18 cases were brought forward to 2023/2024 financial year. Out of 25 internal cases 22 were finalised and 3 were brought forward to 2023/2024 financial year.



CONFIRMED INCIDENTS OF IRREGULARITIES 2022/2023 FINANCIAL YEAR

PSIRA OFFICES	DISCIPLINARY ACTIONS (COMPLETED)	DISCIPLINARY ACTIONS (IN-PROGRESS)	TOTAL CASES	RESOLUTION
Head Office inclusive of other 9 offices	0	0	25	Investigation conducted: <ul style="list-style-type: none"> • 17 No illicit activities identified. • 1 employee resigned. • 2 Disciplinary processes. • 2 employees resigned and criminal cases registered. • 3 under investigation.

Categories include fraud, corruption (misuse of resources, non-compliance with policies, theft).

CONFIRMED SECURITY INDUSTRY IRREGULARITIES 2022/2023 FINANCIAL YEAR

DESCRIPTIONS / CATEGORIES	INVESTIGATION COMPLETED	INVESTIGATION IN PROGRESS	TOTAL	RESOLUTION
Identity Fraud, Submission of fraudulent course reports, Deployment of unregistered security officers, Deployment of unregistered security officers, Deployment of unregistered security officers, Unregistered security businesses, Fraudulent registration certificates	111	18	129	Investigation conducted: <ul style="list-style-type: none"> • 53 cases finalised. • 28 unfounded. • 17 complainants were advised to open criminal cases against perpetrators. • 2 Impersonation of PSIRA Inspectors. • 6 criminal cases registered. • 2 operations conducted. • 3 delinked from companies that are unknown to them. • 18 under investigation.

Categories include fraud (identity fraud, fraudulent course reports, fraudulent ID cards, fraudulent registration certificates, contravention of section 20 of Act 56 of 2001).



9. MINIMISING CONFLICT OF INTEREST

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

The Code of Conduct prescribes that Councillors must disclose to the Authority or to any Committee of which the Councillor is a member, any direct or indirect personal or private business interest that the Councillor, their spouse, partner or business associate may have that relates to 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.

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

10. 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 the Values Framework based on the values of Integrity, Excellence and Ubuntu

which are inculcated in the organisational culture to enhance compliance with ethical standards within PSiRA.

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

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

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

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

PSiRA continues to assess and monitor compliance with the provisions of the Occupational Health and Safety Act 85 of 1993 to ensure the health and safety of persons at work and visiting clients. In ensuring that the requirements of the aforesaid Act are fully met, the following activities were undertaken:

Cognisant to the importance of combining Health and Safety to the wellbeing of our employees and clients, the following matters were presented as awareness by the Authority's appointed EAP provider i.e. ICAS:

- a) Wellness
- b) Psychological safety
- c) Disability
- d) Covid -19 regulations and guidelines

- Management displayed Visible Felt Leadership and adherence for safety at the following satellite offices:
- All fire extinguishers, gas suppression unit and fire hydrants were serviced and allocated strategically at all PSiRA offices
- Establishment of the health and safety committee: the health and safety committee is in place
- Accident and injuries records are kept at the Human Capital Office
- ensuring Council and Council committee terms of reference are reviewed regularly for continued relevance and compliance;
- providing a central source of guidance and support to the Council and executive management on governance matters, particularly with reference to the relationship that must be maintained between the Council and management;
- assisting with the coordination of performance evaluation of the Council, committees and individual Councillors to identify areas for improvement and skills gaps;
- facilitating the Council induction/training workshops and developing customised developmental training programmes for Council and Council committees and
- ensuring preparation and timeous circulation of agenda meeting packs and compilation and proper record keeping of minutes of Council and Council committee meetings.

12. CORPORATE SECRETARY

The Council-appointed corporate secretary facilitated and coordinates the Council governance structure activities with the appointee being functionally accountable to the Council to:

- ensure the Council governance framework and procedures are consistently complied with and reviewed regularly;
- ensure the applicable rules and regulations for conducting Council's affairs are complied with;
- maintain statutory records in accordance with legal requirements;
- provide Council collectively and individual Councillors with governance advice on properly discharging their duties and responsibilities in the authority's best interest;
- keeping abreast of and informing the Council of current corporate governance trends and practices;

13. CORPORATE SOCIAL RESPONSIBILITY

PSiRA DONATES FOOD PARCELS TO KWAZULU-NATAL FLOOD VICTIMS

On Friday 8 July 2022, as part of the Mandela Month celebrations, the authority donated food parcels and clothes to victims of the KwaZulu-Natal floods through the Pinetown-based Ayanda Msweli Foundation. The estimated 60 recipients had lost their homes during the floods two months earlier and were residing in a community hall in eThekweni Municipality.

PSiRA donates food parcels to KZN flood victims



SECURITY OFFICERS RECEIVE MEAL PACKS FOR MANDELA DAY

South Africa celebrates former president Nelson Mandela’s birthday throughout July. Globally, 18 July has been declared Nelson Mandela International Day but South Africans embrace the chance to celebrate Nelson Mandela’s life for the whole month as this provides opportunities for everyone to heed the call to recognise their individual power and change the world around them.

Under the theme **“Do what you can, with what you have, where you are”**, the authority joined the world on Monday, 18 July 2022 in celebrating Mandela’s life by distributing 1000 ChesaNyama meal packs to security officers in Gauteng, Limpopo, Western Cape and Eastern Cape.



PSiRA DONATES SCHOOL UNIFORM TO LUKHANYISO PRIMARY SCHOOL

On 22 July, the authority donated 100 pairs of school shoes, jerseys and socks to Lukhanyiso Primary School in Upington, Northern Cape. The

school is situated in area dominated by informal settlements with most households suffering from unemployment.



Learners at Lukhanyiso Primary School in Upington receive school uniform donated by PSiRA.

PSIRA PAYS ACCOMMODATION FOR BLIND LEARNERS

On 22 December 2022, the authority donated R22 600 to Siloe Special School for the Blind in Thokgwaneng Village outside Polokwane, Limpopo. Established in 1950, Siloe was South Africa's first school for the blind black children and has continued serving the educational needs for this community. Currently, 120 learners are registered at the school from Grade R-7 and are exempt from paying school fees. However, they are required to pay for the hostel accommodation and the authority paid the accommodation fees for 10 destitute children who have been struggling to pay the previous year's accommodation; an amount of R2 260 per annum.

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	NO	As a regulatory body, PSiRA among other things, issues registration certificates to eligible security services providers. Currently, the qualifying criteria applied is that which is determined in terms of the Legislation (PSIR Act 56 of 2001). However, the Authority is developing considerations regarding the registration requirements. The considerations would allow previously disadvantaged persons to apply for temporary licenses to enable them to seek work and be compliant with the tender terms of reference.
Developing and implementing a preferential procurement policy?	YES	PSiRA has developed a Supply Chain Management Policy that supports preferential procurement requirements through specific goals, which are aligned to corresponding templates, evaluation criteria and frameworks to ensure that the imperatives of B-BBEE are achieved and complied with.
Determining qualification criteria for the sale of state-owned enterprises?	NO	PSiRA is a public entity and recognised as such in terms of Schedule 3A of the Public Finance Management Act. We do not partake in such sales as an entity. However, if we were to participate in such sales, the Supply Management Policy referred to above will assist, particularly in reference to the B-BBEE requirements.
Developing criteria for entering partnerships with the private sector?	NO	PSiRA entered into memoranda of understanding with various institutions in the public and private sectors, and the criteria are determined on a case by case basis to align with the objective of the collaborations.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	NO	The award of incentives, grants and investments is not the core activity of PSiRA. However, PSiRA does invest in bursary awards to staff and corporate social responsibilities initiatives that target previously disadvantaged individuals and institutions such as schools etc.



PART D

HUMAN CAPITAL MANAGEMENT





1. OVERVIEW

PSiRA's Human Capital Management is the driving force in ensuring that the Authority demonstrates the characteristics of being an employer of choice. The department is a trusted and valued partner in supporting the organisation's success through strategic alignment with leadership, excellence in the delivery of workforce initiatives, and uncompromised teamwork.

The Human Capital Management (HCM) department main goal is to help Authority achieve its strategic mission while ensuring employees are engaged and motivated to help the organisation succeed. HCM's success is measured by our ability to align and integrate processes with the strategic mission. We do this by identifying issues and executing corrective measures effectively.

In moving forward, HCM has targeted its operational initiatives to align with the Authority's Strategic Plan by initially identifying ways to leverage and develop technology as a means to cut costs and improve internal efficiencies.

The HCM function plays a critical role in defining and fostering key organisational factors, enabling and ensuring sustainable value creation and thus underpinning the Authority's agenda. This includes our positive impact in areas from employee engagement, working environment, the wellbeing of our workforce, fostering diversity and inclusion, continuous investment in our talent pipeline, and development of our workforce to a fair and transparent remuneration philosophy.

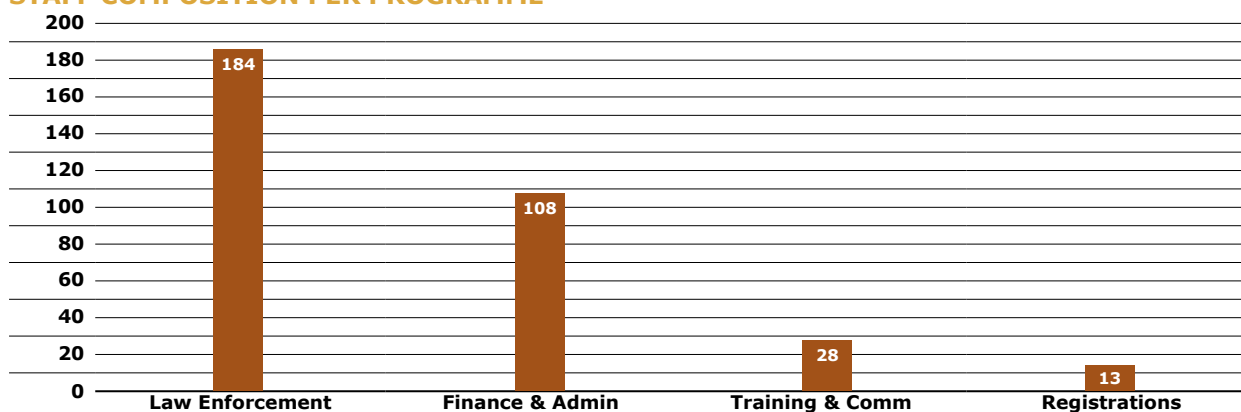
As a strategic business partner, Human Capital Management supports the organisation using current best Human Capital Management practices and systematic processes to ensure that PSiRA achieves its strategic mandate most cost-effectively and efficiently.

1.1. COMPOSITION OF STAFF PER PROGRAMME

Table 1.1 Staff composition according to programmes (Permanent staff)

PROGRAMME	NUMBER OF PERMANENT STAFF MEMBERS
Law Enforcement	184
Finance and Administration	108
Training and Communication	28
Registrations	13
Total	333

STAFF COMPOSITION PER PROGRAMME



Graph 1.1 Staff composition according to programmes (Permanent)

Table 1.2 Contracts and Interns' Composition

PROGRAMME	EMPLOYEES ON A FIXED-TERM CONTRACT	INTERNS	TOTAL
Law Enforcement	0	18	18
Finance and Administration	6	9	15
Training and Communication	3	2	5
Registrations	14	2	16
Total	23	31	54

1.2 EMPLOYMENT EQUITY

1.2.1. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

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

Table 1.3 Male Employment Equity Target

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	2	40%	0	0%	0	0%	1	20%
Senior Management	6	44%	0	0%	1	11%	2	11%
Professional qualified	6	35%	0	0%	2	12%	1	6%
Skilled	43	39%	2	2%	1	1%	6	7%
Semi-skilled	61	30%	1	1%	0	0%	0	0%
Unskilled	2	23%	0	0%	0	0%	0	0%
Total	120	35%	3	1%	4	4%	10	7%

Table 1.4 Female Employment Equity Target

LEVEL	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	3	40%	0	0%	0	0%	0	0%
Senior Management	2	33%	0	0%	0	0%	0	0%
Professional qualified	10	47%	0	0%	0	0%	0	0%
Skilled	42	44%	3	2%	2	2%	3	3%
Semi-skilled	110	63%	6	3%	1	1%	5	3%
Unskilled	9	77%		0%		0%		0%
Total	176	51%	0	1%	0	0%	0	1%

Table 1.5 Employment Equity Target (People with Disability)

LEVEL	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	1	0	1
Semi-skilled	0	1	1	0
Unskilled	0	0	0	0
Total	0	2	1	1

1.2.2. EXPLANATION OF VARIANCES AND ATTEMPTS MADE TO ADDRESS THE VARIANCES

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

- Appointment of the Employment Equity Committee (which is representative of all genders, races and employees with disabilities across all its occupational categories) and meets quarterly.

- Appointment of a Section 24 Employment Equity Manager in accordance with the requirement of the EEA.
- PSiRA has an approved 5-year Employment Equity (EE) Plan, which commenced from 01 May 2022 to 30 April 2027 (EE plan has a national and provincial equity representation).
- HCM, through the Employment Equity Committee, monitor the above-mentioned plan, and it is reviewed periodically (i.e. monthly, quarterly and annually) in line with the latest results of Economically Active Population (EAP), which the Department of Employment and Labour releases through the achievement of the set targets in the plan.

The above information shows that male and female employees are equally represented at the Executive level, and at the Senior Management level, males are highly represented as against the set equity targets per Economically Active Population (EAP) statistics. Therefore, the plan to address the imbalance has been developed and highly targeted the following priorities:

- Appointment of female employees in the Senior Management level.
- The appointment of persons with disabilities in one of the three top occupational levels and any of the suitable junior levels. If the

direct recruitment does not yield the desired outcomes, HCM will liaison with the disability organisations to assist in headhunting the candidates. In addition, the Authority has approached organisations representing people with disabilities to assist in the reasonable accommodation and recruitment of suitable candidates.

- The lack of representation of coloured male employees at all levels concerns the Authority, and measures have been put in place to ensure representativity in this category by constantly being on the lookout for suitable applicants so that they are prioritised in filling the advertised posts.

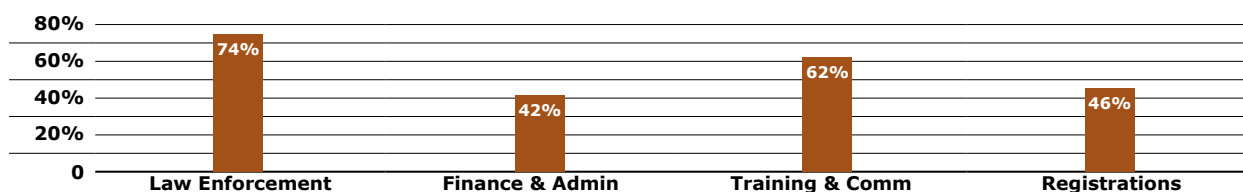
1.3. PERSONNEL EXPENDITURE

Personnel expenditure constitutes 54% of the Authority's budget, which provides for remuneration and other additional benefits paid to employees. The Authority views these expenses as fundamental factors to attract, motivate and retain high performers. In addition, PSiRA uses the Paterson Grading System to determine the post levels in its structure. To this effect, different occupational levels within the structure are compensated in line with the Paterson Grading System and PSiRA's internal policies.

Table 1.6 Personnel cost per programme against the total expenditure

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXP. AS A % OF TOTAL EXP.	TOTAL NO. STAFF	AVERAGE PERSONNEL COST PP
Law Enforcement	R126 523 088	R93 679 548	74%	184	R509 127
Finance and Administration	R210 527 300	R89 170 751	42%	108	R825 655
Training and Communication	R25 214 917	R15 632 597	62%	28	R558 307
Registrations	R20 349 275	R9 416 790	46%	13	R724 368
Totals	R382 614 580	R207 899 686	54%	333	R2 617 457

PERSONNEL COSTS PER PROGRAMME



Graph 1.2 personnel cost per programme against the total expenditure

Table 1.7 Personnel cost per programme against the total expenditure

OCCUPATIONAL LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Top Management	R15 831 223	8%	6	R2 638 537
Senior Management	R14 480 117	7%	11	R1 316 374
Professional qualified	R22 147 761	11%	19	R1 165 671
Skilled	R81 996 745	39%	102	R803 889
Semi-skilled	R62 764 617	30%	184	R342 112
Unskilled	R5 095 162	2%	11	R463 196
Interns and Contracts (Including Council Committees)	R5 584 061	3%	72	R77 556
TOTAL	R207 899 686	100%	405	R6 807 335

1.4. EMPLOYMENT AND VACANCIES

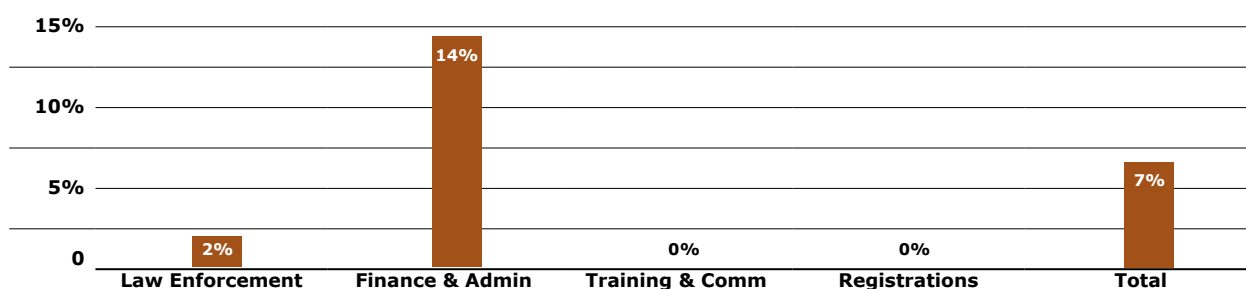
PSiRA appointed additional twenty-nine (29) employees on different occupational levels in the FY 2022/2023 to increase its human capital and ensure its strategic mandate's effective achievement. Some of these positions were filled through the promotion of internal staff members in line with the succession and retention strategy.

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

Table 1.8 Employment and vacancies per programme (Full-time employees)

PROGRAMME	2021/2022 NO. OF EMPLOYEES	2022/2023 APPROVED POSTS	2022/2023 NO. OF EMPLOYEES	2022/2023 VACANCIES	% OF VACANCIES
Law Enforcement	173	188	184	4	2%
Finance and Admin	107	123	108	15	14%
Training and Communication	25	30	28	2	0,07%
Registrations	14	14	13	1	0,07%
TOTAL	319	355	333	22	6,58%

VACANCIES %



Graph 1.3 Vacancy rate per programme

Table 1.9 Employment and vacancies per occupational levels

PROGRAMME	2021/2022 NO. OF EMPLOYEES	2022/2023 APPROVED POSTS	2022/2023 NO. OF EMPLOYEES	2022/2023 NO OF VACANCIES
Top Management	5	6	6	0
Senior Management	10	12	11	1
Professional qualified	16	22	19	3
Skilled	100	109	102	7
Semi-skilled	175	193	184	9
Unskilled	13	13	11	2
TOTAL	319	355	333	22

1.5 ANNUAL EMPLOYMENT TURNOVER

During the financial year under review, twenty-nine (29) employment contracts of permanently employed employees from different programs were terminated, translating to a 10.5% staff turnover level. The effective implementation of the Retention and Succession Policy has been an instrumental factor in the attainment of low turnover levels. The exit interviews conducted do not reflect anything undesirable on the employer's part. On the contrary, most employees have left the organisation for promotional positions elsewhere. The Exit Interviews report reflects the consolidated information provided by employees during the interviews and will be used by management to improve areas where the departing employees mention matters of concern. The concerns raised which are leading are as follows:

- The Authority must prioritise employees' health and wellbeing.
- Employees experienced too much workload.

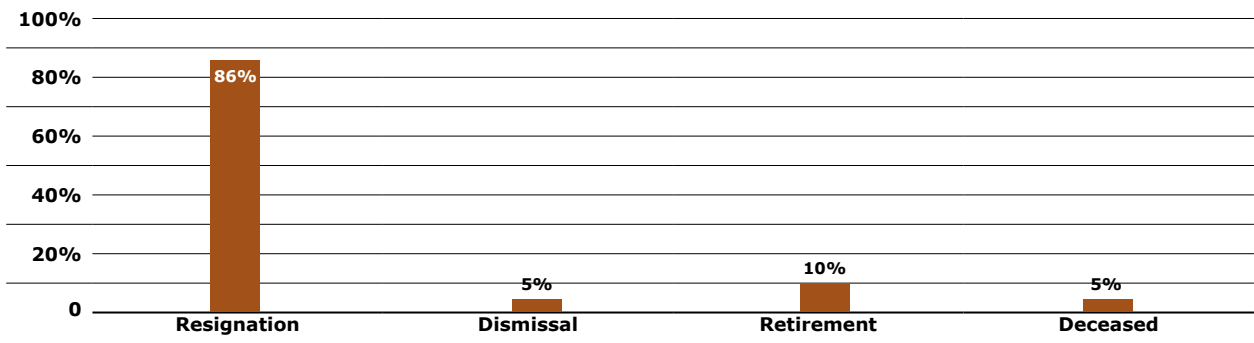
Table 1.10 Annual turnover per occupational level (Only permanently employed staff)

SALARY BAND	EMPLOYMENT AT THE BEGINNING OF THE PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD
Top Management	5	1	0	6
Senior Management	9	2	0	11
Professional qualified	17	4	2	19
Skilled	104	6	8	102
Semi-skilled	177	16	9	184
Unskilled	13	0	2	11
TOTAL	325	29	21	333

Table 1.11 Reasons for termination (Permanent and contract)

TERMINATION TYPE	NUMBER	%
Retirement	2	9.52
Resignation	17	80.95
Dismissal – Misconduct	1	4.76
Deceased	1	4.76
Contract expired	0	0
Total	21	100%

REASONS FOR TERMINATIONS



Graph 1.4 Reasons for termination (Permanent)





2. SKILLS DEVELOPMENT AND TRAINING

As part of Human Capital, learning and development is a strategic tool the Authority uses to achieve its goals and equip its employees with skills to ensure efficient and effective service delivery. The Authority also prioritises talent management by attracting, developing, and retaining the right employees to contribute to its objectives' success. In this regard, the Authority continues to uphold itself as a learning organisation fostering a learning and development culture.

During the 2022/2023 financial year, the Authority collaborated with institutions such as the University of Johannesburg (UJ); University of the Witwatersrand (Wits); University of South Africa (UNISA), Tshwane University of Technology (TUT), Private Training Providers and Safety and Security Sector Education and Training Authority (SASSETA) to implement learning programmes within PSiRA. The collaborations between PSiRA and the institutions mentioned above resulted in an enhanced and progressive learning environment.

Furthermore, the Authority's learning and development initiatives are aligned with the objectives of the Skills Development Act No 98 of

1998, the National Skills Development Strategy and the Sector Skills Plan. In accordance with the provisions of the aforesaid prescripts, PSiRA continues to submit its Workplace Skills Plan (WSP) to SASSETA yearly without fail.

During the year under review, PSiRA, in collaboration with SASSETA, implemented the following programmes: SASSETA funded three (03) employees to study the Executive Development Programme at the University of the Witwatersrand (Wits); three (03) employees to study Management Advancement Programme at the University of the Witwatersrand (Wits), and fifteen (15) unemployed learners to participate on Work Integrated Learning Internship Programme for a period of twelve (12) months that ended in March 2023.

A) STUDY BURSARIES

In addition to the above short courses, which are destined to improve performance, the Authority also awarded study bursaries to forty-one (41) of its employees in line with the PSiRA's Study Bursary Policy, to pursue formal qualifications at different levels as follows:

Table 1.12

PROGRAMME	NUMBER OF EMPLOYEES	GENDER	
		MALE	FEMALE
Higher Certificates	3	0	3
Undergraduates	30	16	14
Postgraduates/Honours	7	2	5
Masters	1	1	0
TOTAL	41	19	22



B) TRAINING AND DEVELOPMENT PER PROGRAMME

The Authority has implemented short skills programmes targeted at its employees. The below table depicts the number of permanent employees trained during the period under review, excluding training of fixed-term contracts, interns, and study bursary costs.

Table 1.13

PROGRAMME	TOTAL NO. OF PERSONNEL	PERSONNEL EXPENDITURE R	TRAINING EXPENDITURE R	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO.: OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE R
Law Enforcement	184	93 679 548	350 651	0.4%	116	3 023
Finance & Admin	108	89 170 751	530 297	0.6%	95	5 582
Training and Communication	28	15 632 597	72 263	0.5%	22	3 285
Registrations	13	9 416 790	13 500	0.1%	13	1 038
TOTAL	333	207 899 686	966 711.14	0.5%	246	3 930

C) FINANCIAL AID FOR CHILDREN OF SECURITY OFFICERS

During the 2022/2023 financial year and as part of the social responsibility initiative, the Authority advertised Financial Aid for children of security officers pursuing or wishing to pursue studies at TVET colleges across South Africa and six (6) learners whose parents are appointed as security officers in the private security industry were awarded the financial aid in the following study areas:

Table 1.14

QUALIFICATION NAME	NUMBER OF LEARNERS	GENDER	
		MALE	FEMALE
National N Certificate: Educare L4	1		1
Office Administration NCV L2	1	1	
Public Management L4-L5	1	1	
Mechanical Engineering L4	1		1
Civil Engineering L4	1	1	
Electrical Engineering L1-L6	1		1
TOTAL	6	3	3

2.1. VACANCIES PER PROGRAMME

PROGRAMME	NO. OF VACANCIES
Law Enforcement	13
Finance and Administration	7
Training and Communication	1
Registrations	1
Grand Total	22

2.2. YOUTH PROGRAMMES

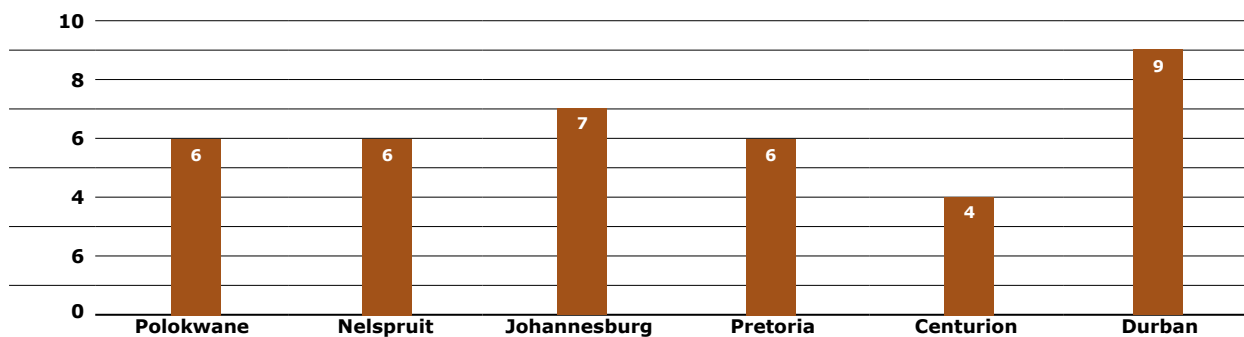
Youth Programmes are seen as one of the contributions in which PSiRA is partaking towards the National Development Plan (NDP) goals by empowering and creating employment for the South African youth. During the 2022/2023 Financial Year, PSiRA effectively implemented the following three Youth Programmes with the intent to develop the youth’s knowledge, performance and skills.

A) 38 TUT LEARNERS ON A WORK INTEGRATED LEARNING PROGRAMME

PSiRA signed MoU with TUT to provide students who are studying Diploma in Policing with practical work experience. In September 2022, 38 TUT students were placed within the PSiRA Law Enforcement Division for two months as part of the practical programme.

The learners were placed at the following regional offices:

TUT WORK INTERGRATED LEARNING PLACEMENT PER REGION



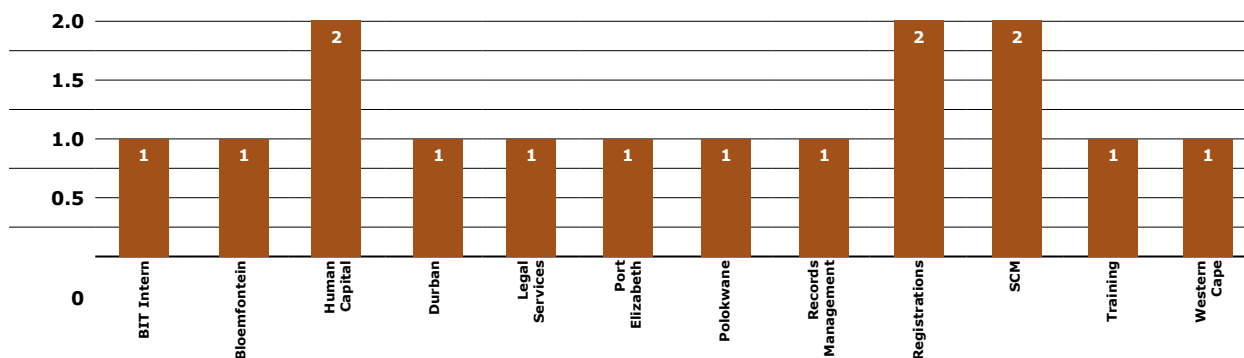
Graph 1.5 TUT Work Integrated Learning placement per region

The Youth Programme progressed well, and all 38 learners completed the programme and received a certificate of In Service from PSiRA.

B) 15 INTERNS ON A SASSETA-FUNDED WORK INTEGRATED LEARNING PROGRAMME

PSiRA, in partnership with SASSETA, appointed 15 learners on a 12-month fixed-term contract. The interns received a monthly stipend sponsored by SASSETA and structured according to their qualifications. The gender fragment among the interns is six males and nine females. The below table reflects the placements of the interns per region/department:

SASSETA INTERNSHIP PLACEMENT PER REGION

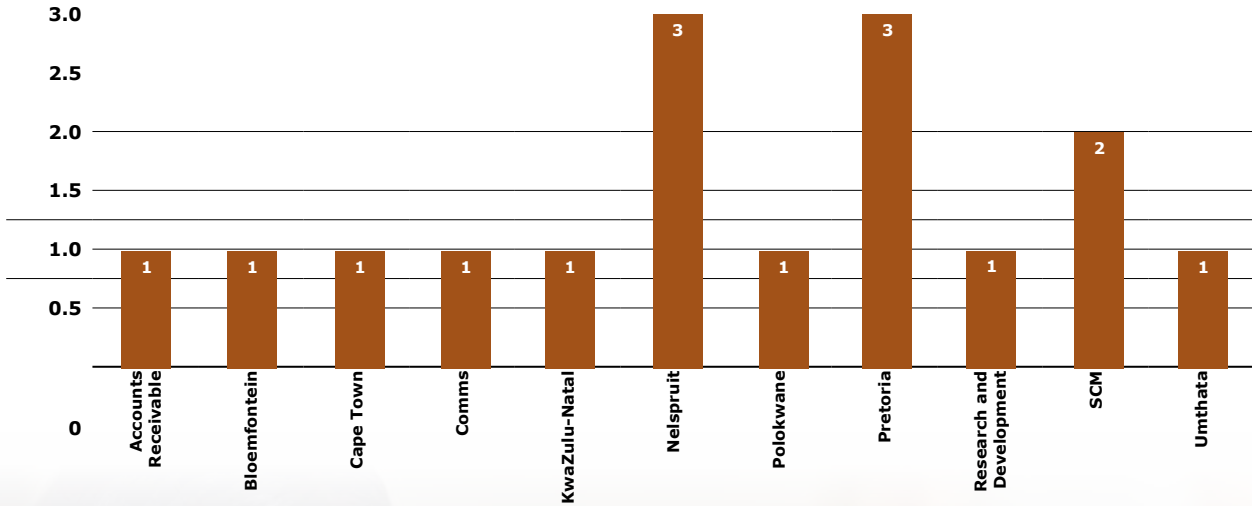


Graph 1.6 SASSETA Internship placement per region

C) 16 INTERNS ON A PSIRA INTERNSHIP PROGRAMME

PSiRA appointed sixteen (16) interns in 2022/23 FY on a 12-month fixed-term contract. The interns receive a monthly stipend from PSiRA that is structured according to their qualifications. The gender fragment among the interns is five males and eleven females. The below table reflects the placements of the interns per region/department:

PSIRA INTERNSHIP PLACEMENT PER REGION



Graph 1.7 PSiRA Internship placement per region



3. LABOUR RELATIONS MANAGEMENT

3.1. MANAGEMENT OF LABOUR RELATIONS

PSiRA values its human capital as an important and valuable asset. As a result, management always endeavors to establish a harmonious and productive working environment that is conducive for the organisation to achieve its strategic mandate. In return, management strives to provide and maintain favorable working conditions and constructive and cordial employer-employee relationships. One of the tools that management relies on is to reinforce the cordial employer-employee relationship through an approved Disciplinary and Grievance Policy. This policy is in place for employees who experience any feelings of dissatisfaction on matters arising out of employment that require the formal attention of management; it helps to harmoniously address any matters of mutual interest.

The year under review was particularly challenging, serious disciplinary matters flared up. This set of circumstances required innovative solutions and tighter controls. This was achieved by working closely with the Forensics and Ethics Unit to the extent of developing terms of reference for investigations, which greatly assisted in reducing the turnaround time of investigations and subsequent disciplinary action.

3.2 DISCIPLINARY MATTERS, DISPUTES, AND GRIEVANCES FINALIZED FOR THE FY 2022/2023

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

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

Table 1.15 Disciplinary matters finalised

DISCIPLINARY ACTIONS ARE TAKEN	NUMBER OF INCIDENTS
Counseling	2
Verbal warning	3
Written Warning	15
Final Written Warning	3
Dismissal	1
Total	24

These corrective actions were undertaken as a result of misconduct-related issues ranging from failure to submit financial disclosure, dereliction of duty, absenteeism, and failure to carry out legal instruction.

Table 1.16 CCMA Disputes

DISPUTES UNDERTAKEN	NUMBER OF INCIDENTS
Unfair Dismissal	5
Unfair Labour Practice	1
Total	6

Six (6) disputes were undertaken as indicated above, four (4) unfair dismissal disputes were finalised in favour of the Authority, and one (1) is still outstanding and pending. One (1) unfair labour practice finalized in favour of the Authority.

Table 1.17 Labour Court Disputes

DISPUTES UNDERTAKEN	NUMBER OF INCIDENTS
Unfair Dismissal	1
Total	1

One (1) dispute was referred to Labour Court, reviewing the CCMA award which confirmed the dismissal of the official.

Table 1.18 Grievances

GRIEVANCES UNDERTAKEN	NUMBER OF INCIDENTS
Unfair treatment by the supervisor	3
Performance Assessment	1
Total	4

Four (4) disputes were administered and resolved as indicated above.

3.3 UNION REPRESENTATIONS

PSiRA's management indorses its employees' right to freedom of association as contained in the Labour Relations Act (as amended) and the Constitution of the Republic of South Africa. South African Transport and Allied Workers Union (SATAWU) and Solidarity are the two recognised unions within the Authority.

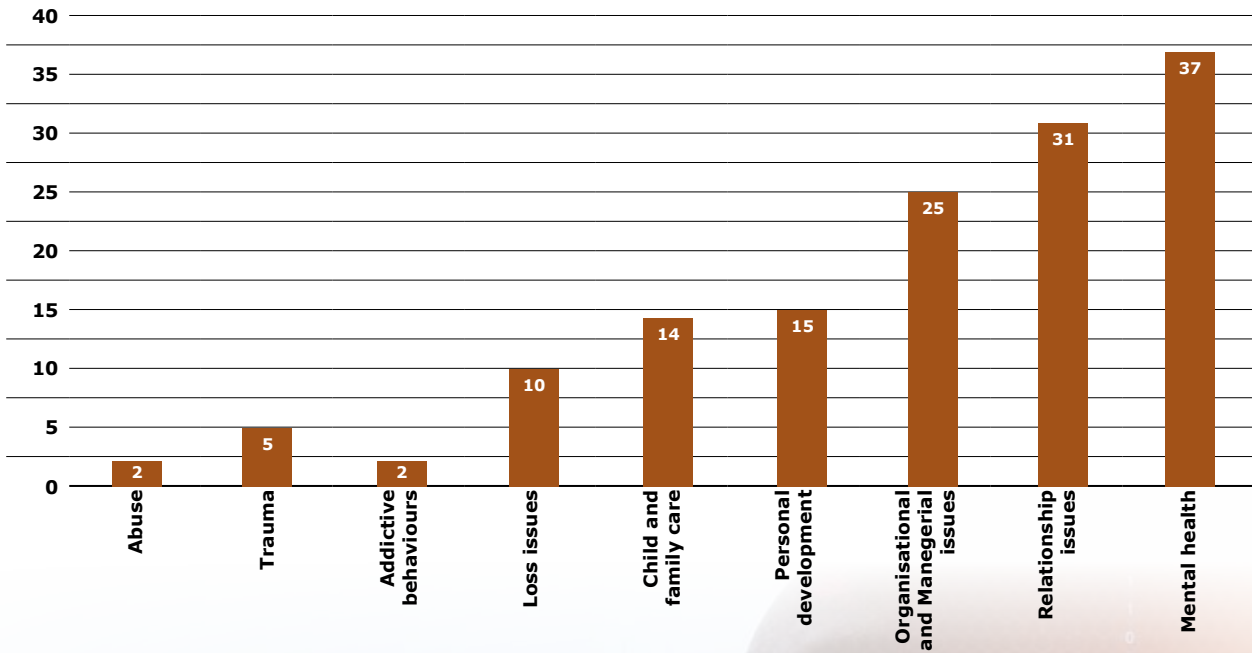


4. EMPLOYEE ASSISTANCE PROGRAMME (EAP)

The Authority strives to promote a working environment that has a healthy work-life balance and is committed to investing in programmes that enable its employees to improve their health and wellbeing. The Employee Assistance Program (EAP) is one of the programmes designed to assist employees with resolving problems that might unpleasantly impact their emotional, psychological, work and social environments.

The below table indicates the utilisation of the EAP services during the year under review:

NATURE OF PROBLEMS OR ADVISORY SERVICES



Graph 1.8 SASSETA Internship placement per region

Below are the interventions which were implemented to address some of the problems presented above, which qualified professionals facilitated.

- A relationship enhancement workshop was arranged for staff members to educate them about general relationships, including relations in the workplace, at home and, to a large extent, how they influence how we work.
- Employee Wellness Programme provided information and advice to employees on physical health and fitness matters.





5. LEAVE UTILISATION

PSiRA believes that leave utilisation allows employees to take paid time off from work for the purpose of having regular breaks so that they can rest and re-energise. It is proven that employees who take leave from work can be more motivated about their work and perform more effectively than those who do not. On the same note, employees are compelled to take at least ten consecutive annual leave days during the leave cycle to ensure that they have enough rest, ultimately leading to staff wellbeing.

PSiRA's Leave Policy is in line with the relevant Labour-related legislation and provides leave days to allow employees to rest. Human Capital Management Department manages the leave through Employee Self Service (ESS).

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

Table 1.19 Leave Utilisation

PROGRAMS	NUMBER OF EMPLOYEES	ANNUAL	SICK	FAMILY	TOTALS	AVE. PER EMPLOYEE
Law Enforcement	184	3 071,35	812,50	201	4 084,85	22
Finance and Admin	108	1 727,90	623	120	2 470,9	22
Training and Communication	28	551,50	224,50	34	810	28
Registration	13	333,55	158,50	33	225,05	17
Total	333	5 684,3	1 818,5	388	7 590,5	23



PART E

FINANCIAL INFORMATION

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 126 to 171, which comprise statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 2023 and its financial performance and cash flows for the year then ended in accordance with Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

CONTEXT 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other 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.

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 23 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2023.

MATERIAL IMPAIRMENTS AND LOSSES—TRADE RECEIVABLES

8. As disclosed in note 9 to the financial statements, material impairments to the amount of R27 862 086 were provided for trade receivables and are potentially irrecoverable. Furthermore, as state in the same note to the financial statements, material losses to the amount of R14 255 895 were incurred as a result of a write-off of irrecoverable trade receivables.

OTHER MATTER

9. I draw attention to the below. My opinion is not modified in respect of this matter.

UNAUDITED IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular

and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 26 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of entity. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.

11. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

14. 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.

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

REPORT ON THE ANNUAL PERFORMANCE REPORT

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following material performance indicators related to law enforcement and registration programmes presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Number of security businesses inspected to enforce compliance with applicable legislation
 - Percentage of registered active businesses completing industry compliance self- assessments
 - Number of security officers inspected to enforce compliance with applicable legislation

- Number of security businesses licensed for firearms inspected
 - Percentage complaints finalised through an investigation against security service providers
 - Percentage of cases of noncompliant SSPs successfully prosecuted per year
 - Average turnaround time of applications for registration meeting all the requirements for security businesses
 - Average turnaround time of applications for registration meeting all the requirements for security officers
18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
20. I performed the procedures for the purpose of reporting material findings only.
21. I did not identify any material findings on the reported performance information for the selected material performance indicators.
- OTHER MATTER**
22. I draw attention to the matter below.
- ACHIEVEMENT OF PLANNED TARGETS**
23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.
- REPORT ON COMPLIANCE WITH LEGISLATION**
24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of

the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENT AND ANNUAL REPORT

28. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.
29. Material misstatements of payable from exchange transactions, other receivables and risk management disclosure note identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

30. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report. The other information referred to does not include financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report
31. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-

in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, 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

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
35. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
36. Management incorrectly interpreted the GRAP standards and this resulted incorrect accounting of disclosure line items in the annual financial statements.
37. Management did not implement adequate procurement processes to ensure compliance with supply chain management laws and regulations.

Auditor-General

Pretoria

Date: 28 July 2023



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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 material performance indicators and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

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.

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

	Selected legislation and regulations	Consolidated firm level requirements
1	Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(w); 51(1)(b)(i); 51(1)(b)(11); 51 (1) (e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c); 66(5)
2	Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1 (e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 321 .1(b); 32.1.1(0) Treasury Regulation 33.1.1; 33.1.3
3	Companies Act No.71 of 2008	
4	Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
5	Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
6	PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
7	PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
8	PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
9	PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
11	National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2

	Selected legislation and regulations	Consolidated firm level requirements
12	SCM Instruction 4A of 2016/17	Paragraph 6
13	NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
14	NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
15	NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
16	PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
17	Practice Note 5 of 2009/10	Paragraph 3.3
18	PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
19	Competition Act	Section 4(1)(b)(ii)
20	NT instruction note 4 of 2015/16	Paragraph 3.4
21	Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
22	Erratum NTI 5 of 202/21	Paragraph 1
23	Erratum NTI 5 of 202/21	Paragraph 2
24	Practice note 7 of 2009/10	Paragraph 4.1.2
25	Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
26	NT instruction note 1 of 2021/22	Paragraph 4.1

AUDIT AND RISK COMMITTEE REPORT 2022/2023

The Committee is pleased to present its report for the financial year ended 31 March 2023.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE OF MEETINGS

Name	Qualification	Designation	# of Ordinary Meetings	# of Special Meetings	Total Meetings Attended
Mr AN Mhlongo	B. Com (Hons), ATC, ACMA, CGMA and CA (SA)	Chairperson	5	1	6
Ms U Exner	B. Com (Informatics), CGEIT, and EDP	Deputy Chairperson	5	1	6
Mr M Matlwa	B. Com, B. Compt (Hons), CTA, CA(SA), MBA and MCOM(Tax)	Member	5	1	6
Ms L Mudau	B. Com, B. Com (Hons), M. Com and CA (SA)	Member	4	1	5
Ms G Ramphaka	B. Accountancy (Hons), B. Com and CA (SA)	Member	4	1	5

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The statutory responsibilities of the Committee are prescribed under Section 77 of the Public Finance Management Act, 1999 and Treasury Regulation 3.1.13. The Committee's responsibilities are further supplemented by the adopted formal terms of reference (Charter) of the Committee, which outline the roles and responsibilities of the Committee and how it should conduct its affairs and activities as informed by its annual plan (programme). The Committee is satisfied that its roles, responsibilities, and the activities for the period under review were executed as per the annual plan and the terms of reference as adopted by the Council (Accounting Authority).

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 Committee regularly reviewed and monitored Management's reporting on the continued implementation and improvement of internal controls to ensure sustainability on the operations of the entity. The Committee however, noted that despite efforts that Management had put in place, some of the control deficiencies from the previous year's audit

remained unresolved with further internal control deficiencies being identified during the follow-up audits and the subsequent regulatory audit. The Committee continues to provide guidance to both Management and Internal Auditors on the review of audit action plans to ensure that the remaining audit findings could be resolved for improved internal control environment into the 2023/24 financial year.

The Committee is supported by an independent outsourced Internal Audit function, which provides the Committee and Management with independent and objective assurance on the appropriateness and effectiveness of the internal control environment within PSiRA, and to identify the risks that the entity faces in the execution of its mandate for Management to develop and implement mitigating measures. The overall internal control environment opinion of internal auditors did not give the Committee adequate assurance and confidence that Management was able to identify the correct root causes of the findings and therefore, correct audit action plans for implementation to resolve the findings during the period under review.

Whilst the Committee is satisfied with the progress being made by Management to enhance the effectiveness of the internal control environment in the audited areas, it had however, noted some persistent delays with resolution of some of the significant audit findings from the prior year. The follow-up audit by AGSA had identified further non-

compliance findings in the same areas which had resulted in the entity being selected for Material Irregularity (MI) process during the regulatory audit by AGSA. The Committee welcomes the decision by AGSA as this would ensure that areas of unresolved audit findings are revisited in their entirety for the purpose of improving the internal control environment in those areas.

Internal Auditors had during the year under review, conducted audits in the following areas in accordance with the approved Internal Audit Coverage Plan:

- Unaudited Annual Performance Information – 2021/22;
- Unaudited Financial Statements Compliance Review – 2021/22;
- Information and Communication Technology – Follow up Review and Penetration Testing;
- Compliance and Enforcement – Follow-up review;
- Communication, Registrations and Training – Follow up review;
- Risk Management Maturity Assessment;
- Review of Performance Information reporting Q2 and Q3;
- Review of Annual Performance Plan for 2023/24;
- Supply Chain and Expenditure Management – Focus being on Deviations Register;
- Human Capital Management;
- Follow Up on External Audit Findings from 2021/22;
- Financial Discipline Review; and
- Memorandum on UIF Principal/Agent Liability – Area of AGSA's qualified audit opinion for 2021/22 and for MI process for 2022/23.

The Committee is assured from the Internal Auditors' overall conclusions that from the samples tested and results of the audit work performed for the year under review the entity's internal control environment requires improvement. The Committee will continue to review and monitor implementation of the audit action plan to ensure improvement of the internal control environment throughout the organisation.

RISK MANAGEMENT

The Committee also plays an oversight role on risk management processes within the Authority, and it's supported by the Risk Management Committee at an operational level, which is however, chaired by an external independent risk management professional.

The Audit and Risk Committee continued to monitor and review Management's implementation of risk mitigation measures for the strategic risks as identified at the beginning of the financial year and is not pleased that the targeted output indicator at 90% of implementation of the risk mitigations could not be achieved. The Committee has however, noted that the achievement of 80% implementation of the risk mitigations is consistent with the achievements of output indicators under the Annual Performance Plan 2022/23 at 83%.

The risks that remain significant for the entity had been carried over to the next financial year with Management taking the responsibility through the Risk Management Committee to identify other mitigating measures for implementation and to continue monitoring the risks from escalating to levels above the tolerance level as set by Council. Committee is assured that the monitoring of the liquidity risk which had since been brought under control, will continue to ensure no recurrence of the going concern issues that the entity had experienced in previous years.

The Committee also continues to monitor the implementation of the risk management strategy and plan, and the fraud prevention plan. Quarterly reports in these areas are reviewed and monitored for appropriate and timely resolution of reported cases, including the Fraud Hotline cases. Compliance with legislation is also a standing agenda item at the meetings of the Committee, and monitoring is through reporting under the PFMA and Governance Compliance Checklist.

IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The Committee has reviewed quarterly reports and managements accounts (financial reports) for the entity at each quarterly meeting before submission to Council for approval. The Committee is satisfied that these reports represented an accurate performance in terms of the operations of the entity as confirmed by the results of internal audit reviews.

GOVERNANCE PROCESSES

The Committee is satisfied with the established governance processes within the entity and continues to obtain assurance from the internal audit function that these processes are aligned to good governance practices and remain relevant for improved internal control environment. The Committee is therefore, satisfied that PSiRA governance processes and structures continue to support improved sustainable operations of the entity.

EVALUATION OF THE REPORT ON PREDETERMINED OBJECTIVES

The Committee has reviewed and evaluated the performance information report on predetermined objectives before the audit process and was satisfied with the reported performance against predetermined objectives of the entity, which is at 83% achievement. The Committee is pleased that the audit outcome in this area confirmed the results as presented by Management before the audit with no findings recorded during the audit.

EVALUATION OF FINANCIAL STATEMENTS

The Committee has reviewed the annual financial statements prepared by Management, including the appropriateness of accounting policies in the preparation of the annual financial statements before the audit. A review of the annual financial statements by the internal audit function assured the committee of the accuracy of the reported financial information. The Committee noted the audit findings on the Annual Financial Statements which resulted in some material adjustments and is pleased that these were at least resolved by Management during the audit to avoid them being included in the Auditor's report.

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 assured that the plan continues to be implemented, and that there is progress in addressing the findings in a few areas where findings from the interim audit remained unresolved. The Committee has also reviewed and discussed with the AGSA and the Management of the entity, the audited annual financial statements to be included in the annual report, AGSA's

Management report and Management's response thereto, and the adjustments resulting from the audit. The Committee is satisfied that all audit adjustments/corrections have been incorporated into the final annual financial statements of the entity for the 2022/23 financial year, and that corrective actions would be implemented by Management going forward, to address the root causes of the corrected material misstatements and the unresolved audit findings.

The Committee noted the Auditor-General's decision to select the entity for Material Irregularity process, which the Committee believes would assist in addressing all the persistent issues in the area that resulted in a qualified audit opinion in the prior year. The Committee is assured that this process would ensure that the entire area is revisited to address all control deficiencies for the entity to revert to the glory years of clean audit outcomes. The Committee's intervention in this regard would remain regular review and monitoring of Management's implementation of agreed audit action plans by due date and advice and guidance, where necessary.

Although there are areas that require further attention to deliver an absolute positive report given the improvements needed, the Committee remains confident in the leadership of the executive committee and remains committed to oversee and monitor that the remaining challenges are addressed accordingly. The Committee would also like to thank the AGSA for the support and guidance during the audit with improvements in their processes having been noted and appreciated.

The Committee, therefore, welcomes and appreciates the conclusions of the Auditor-General on the annual financial statements and the report on predetermined objectives, and recommends that the annual financial statements and the report on predetermined objectives read together with the report of the Auditor-General, should be accepted.



Mr. A.N Mhlongo CA(SA) ACMA CGMA

Chairperson: Audit and Risk Committee

Date: 31 July 2023

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 the PSiRA as at the end of the financial year and the results of its operations and cash flows for the period then ended.

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

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

The Accounting Authority acknowledges that they are ultimately responsible for the system of internal financial control established by the 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, PSiRA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Authority has reviewed PSiRA's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, he is satisfied that PSiRA has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 126, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2023 and were signed on its behalf by:



Accounting Authority
Chairperson of Council

The Accounting Authority submits his report for the year ended 31 March 2023

1. Nature of Business

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

2. Going concern

At the time of preparation of the annual financial statements for the period under review, the Council believed that PSiRA will be a going concern in the foreseeable future. For this reason, they continue to adopt a going concern basis in the preparation of these annual financial statements. For further details on going concern refer to note 25.

3. Accounting policies

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

4. Corporate governance

COUNCIL

The members of the Council during the financial year were:

Dr AL Mofomme (Chairperson) appointed 1 January 2021 (Current)

Mr MS Ralebipi (Deputy Chairperson) appointed 01 January 2021 (Current)

Mr HN Ngubane (Council member) appointed 1 January 2021 (Current)

Dr SN Mbete (Council Member) appointed 1 January 2021 (Current)

Ms T Ntshangase (Council member) appointed 01 January 2021 (Current)

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

CHAIRPERSON AND DIRECTOR

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

AUDIT AND RISK COMMITTEE

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

The members of the committee during the financial year were:

Mr N Mhlongo (Chairperson) appointed 15 April 2021 (Current)

Ms U Exner (Deputy Chairperson) appointed 15 April 2021 (Current)

Mr M Matlwa (Audit and Risk Committee member) appointed 15 April 2021 (Current) Ms L Mudau (Audit and Risk Committee member) appointed 15 April 2021 (Current)

Ms G Ramphaka (Audit and Risk Committee member) appointed 15 April 2021 (Current)

INTERNAL AUDIT

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

Statement of Financial Position

as at 31 March 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	8	1 583 628	1 185 064
Trade Receivables	9	66 021 205	46 576 987
Prepayments	29	31 558 129	31 443 871
Other receivables	7	13 359 970	7 330 735
Cash and cash equivalents	10	217 995 673	150 169 895
		330 518 605	236 706 552
Non-Current Assets			
Property, plant and equipment	3	21 623 585	21 071 860
Intangible assets	4	472 583	4 069
Work In Progress Asset (Online System)	7&6	10 826 168	6 565 668
		32 922 336	27 641 597
Total Assets		363 440 941	264 348 149
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	99 296 119	71 611 213
Provisions	11	5 215 740	4 855 706
UIF liability	28	54 666 989	53 637 355
		159 178 848	130 104 274
Non-Current Liabilities			
Operating lease liability	5	3 615 785	3 297 099
Total Liabilities		162 794 633	133 401 373
Net Assets		200 646 308	130 946 776
Revaluation reserve		9 148 966	9 148 966
Accumulated surplus		191 497 342	121 797 811
Total Net Assets		200 646 308	130 946 777

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	13	28 626 810	34 415 947
Rendering of services	13	1 545 593	1 964 079
Interest on trade debtors	13	8 244 560	4 677 653
Annual fees	13	214 167 447	198 560 622
Infrastructure re-assessment	13	406 300	306 709
Registration fees	13	66 105 268	49 767 062
Course reports	13	101 360 073	84 947 780
Bad Debts Recovered	13	1 095 767	1 547 903
Interest received - investment	13	10 175 041	3 381 000
Total revenue from exchange transactions		431 726 859	379 568 755
Revenue from non-exchange transactions			
Sundry Income	13	6 594 078	2 089 910
Fines and Penalties	13	14 126 704	26 057 321
Total revenue from non-exchange transactions		20 720 782	28 147 231
Total revenue	13	452 447 641	407 715 986
Expenditure			
Employee related costs	14	(207 899 682)	(182 038 044)
Depreciation and amortisation	3&4	(6 730 114)	(2 989 731)
Finance costs	15	(2 940)	(1 579)
Lease rentals on printing equipment		(1 068 211)	(1 281 854)
Impairment on trade debtors	9	(27 862 086)	(22 623 897)
Repairs and maintenance		(2 915 104)	(1 618 821)
Loss on disposal of assets	3	(132 957)	(301 242)
Other operating expenses	16	(136 137 013)	(108 563 360)
Total expenditure		(382 748 107)	(319 418 528)
Surplus for the year		69 699 534	88 297 458

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 April 2021	9 148 966	33 500 353	42 649 319
Changes in net assets Surplus for the year	-	88 297 458	88 297 458
	-	88 297 458	88 297 458
Restated* Balance at 01 April 2022	9 148 966	121 797 808	130 946 774
Changes in net assets			
Surplus for the year	-	69 699 534	69 699 534
	-	69 699 534	69 699 534
Balance at 31 March 2023	9 148 966	191 497 342	200 646 308

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Cash Received from Regulatory Services		417 447 457	400 199 100
Interest income		10 175 041	3 381 000
UIF receipts		1 163 502	1 052 369
		428 786 000	404 632 469
Payments			
Employee costs		(211 538 760)	(180 232 947)
Suppliers		(137 140 849)	(123 071 917)
Finance costs		(2 940)	(1 579)
UIF Related Costs		(133 863)	(15 238 295)
		(348 816 412)	(318 544 738)
Net cash flows from operating activities	18	79 969 588	86 087 731
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(7 411 825)	(4 351 093)
Purchase of other intangible assets	4	(471 484)	-
Purchase of work in progress asset (online system)	6	(4 260 500)	(6 565 668)
Net cash flows from investing activities		(12 143 809)	(10 916 761)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		67 825 779	75 170 970
Cash and cash equivalents at the beginning of the year		150 169 895	74 998 925
Cash and cash equivalents at the end of the year	10	217 995 674	150 169 895

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sale of goods	35 018 840	-	35 018 840	28 626 810	(6 392 030)	-18%
Rendering of services	1 967 087	-	1 967 087	1 545 593	(421 494)	-21%
Interest received (trading)	2 358 000	-	2 358 000	8 244 560	5 886 560	+250%
Annual fees	194 190 846	-	194 190 846	214 167 447	19 976 601	+10%
Infrastructure re-assessment	1 926 165	-	1 926 165	406 300	(1 519 865)	-79%
Registration fees	50 920 000	-	50 920 000	66 105 268	15 185 268	+30%
Course reports	93 280 000	-	93 280 000	101 360 073	8 080 073	+9%
Bad debts recovered	2 000 000	-	2 000 000	1 095 767	(904 233)	-45%
Interest received - investment	2 000 000	-	2 000 000	10 175 041	8 175 041	+409%

Total revenue from exchange transactions

383 660 938 - **383 660 938** **431 726 859** **48 065 921**

Revenue from non-exchange transactions

Transfer revenue

Bad debts recovered	-	-	-	-	-	-
Sundry Income	878 595	-	878 595	6 594 078	5 715 483	+651%
Fines and Penalties	25 000 000	-	25 000 000	14 126 704	(10 873 296)	-43%

Total revenue from non-exchange transactions

25 878 595 - **25 878 595** **20 720 782** **(5 157 813)**

Total revenue

409 539 533 - **409 539 533** **452 447 641** **42 908 108**

Expenditure

Employee related cost	(202 983 902)	-	(202 983 902)	(207 899 682)	(4 915 780)	+2%
Depreciation and amortisation	(14 008 553)	-	(14 008 553)	(6 730 114)	7 278 439	-52%
Finance costs	(2 516 437)	-	(2 516 437)	(2 940)	2 513 497	-100%
Lease rentals on printing equipment	(1 721 137)	-	(1 721 137)	(1 068 211)	652 926	-38%
Debt Impairment	-	-	-	(27 862 086)	(27 862 086)	+100%
Repairs and maintenance	(1 614 131)	-	(1 614 131)	(2 915 104)	(1 300 973)	+81%
General Expenses	(186 695 373)	-	(186 695 373)	(136 137 013)	50 558 360	-27%

Total expenditure

(409 539 533) - **(409 539 533)** **(382 615 150)** **26 924 383**

Operating surplus

- - - **69 832 491** **69 832 491**

Loss on disposal of assets

- - - (132 957) **(132 957)** -100%

Surplus for the year

- - - **69 699 534** **69 699 534**

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

- - - **69 699 534** **69 699 534**

Reconciliation

Statement of Comparison of Budget and Actual Amounts (continued)

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Statement of Financial Position

Assets

Current Assets

Inventories	632 000	-	632 000	1 583 628	951 628	+151%
Trade Receivables	21 054 000	-	21 054 000	66 021 205	44 967 205	+214%
Prepayments	872 000	-	872 000	31 558 129	30 686 129	+3519%
Other receivables	-	-	-	13 359 970	13 359 970	+100%
Cash and cash equivalents	23 348 000	-	23 348 000	217 995 673	194 647 673	+834%
	45 906 000	-	45 906 000	330 518 605	284 612 605	

Non-Current Assets

Property, plant and equipment	27 572 000	-	27 572 000	1 623 585	(5 948 415)	-22%
Intangible assets	5 538 000	-	5 538 000	472 583	(5 065 417)	-91%
Work In Progress Asset (Online System)	-	-	-	10 826 168	10 826 168	+100%
	33 110 000	-	33 110 000	32 922 336	(187 664)	

Total Assets

	79 016 000	-	79 016 000	363 440 941	284 424 941	
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Liabilities

Current Liabilities

Payables from exchange transactions	57 169 000	-	57 169 000	99 296 119	42 127 119	+74%
Provisions	434 000	-	4 434 000	5 215 740	781 740	+18%
UIF liability	-	-	-	54 666 989	54 666 989	+100%
	61 603 000	-	61 603 000	159 178 848	97 575 848	

Non-Current Liabilities

Operating lease liability	2 123 000	-	2 123 000	3 615 785	1 492 785	+70%
Total Liabilities	63 726 000	-	63 726 000	162 794 633	99 068 633	

Net Assets

	15 290 000	-	15 290 000	200 646 308	185 356 308	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Revaluation reserve	3 751 000	-	3 751 000	9 148 966	5 397 966	+144%
Accumulated surplus	11 539 000	-	11 539 000	191 497 342	179 958 342	+1560%
Total Net Assets	15 290 000	-	15 290 000	200 646 308	185 356 308	

Statement of Comparison of Budget and Actual Amounts (continued)

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash received from regulatory services	380 895 000	-	380 895 000	417 447 457	36 552 457	+10%
Interest received - investment	4 923 000	-	4 923 000	10 175 041	5 252 041	+107%
UIF receipts	-	-	-	1 163 502	1 163 502	+100%
	385 818 000	-	385 818 000	428 786 000	42 968 000	
Payments						
Employee costs	(202 574 000)	-	(202 574 000)	(211 538 760)	(8 964 760)	+4%
Suppliers	(173 396 000)	-	(173 396 000)	(137 140 849)	36 255 151	-21%
Finance costs -	-	-	-	(2 940)	(2 940)	+100%
UIF related cost -	-	-	-	(133 863)	(133 863)	+100%
	(375 970 000)	-	(375 970 000)	(348 816 412)	27 153 588	
Net cash flows from operating activities	9 848 000	-	-	79 969 588	70 121 588	
Cash flows from investing activities						
Purchase of property, plant and equipment	(6 500 000)	-	(6 500 000)	(7 411 825)	(911 825)	+14%
Purchase of other intangible assets	(5 000 000)	-	(5 000 000)	(471 484)	4 528 516	-91%
Purchase of work in progress asset	-	-	-	(4 260 500)	(4 260 500)	100%
Net cash flows from investing activities	(11 500 000)	-	(11 500 000)	(12 143 809)	(643 809)	
Net increase/(decrease) in cash and cash equivalents	(1 652 000)	-	(1 652 000)	67 825 779	69 477 779	
Cash and cash equivalents at the beginning of the year	1 652 000	-	1 652 000	150 169 895	148 517 895	0%
Cash and cash equivalents at the end of the year	-	-	-	217 995 674	217 995 674	
Reconciliation						

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

A summary of the significant accounting policies, which have been consistently applied in the reporting of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous period

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

Entity 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

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 11 - Provisions.

Provisions are recognised when PSiRA has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. All the provisions of PSiRA are short-term in nature and thus ignore the effects of discounting. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Provisions for performance bonuses

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

Provision for impairment of debtors

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

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, estimates are made about the probability of recovery of the debtors, based on their past payment history. The provision of impairment is disclosed in Note 8.

Provision for deferred bonuses

The creation of the deferred bonus is based on the prorata amount for qualifying employees. The assumption of the probability amount for qualifying employees leaving the Authority was taken into account in the calculation.

Contingent liabilities

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

Depreciation and Amortisation

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

Accounting Policies

1.4 Property, plant and equipment

Initial recognition and measurement

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

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

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's 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 are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

Item	Depreciation method	Average useful life
Land	N/A	Unlimited
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	5-10 years
Office equipment	Straight-line	5-15 years
Computer equipment	Straight-line	3-10 years

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

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

Impairment

PSiRA assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset 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.

Accounting Policies

1.5 Intangible assets

Initial recognition and measurement

An asset is identifiable if it's 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 the entity or from other rights and obligations.

An intangible asset is recognised when:

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

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

Subsequent measurement

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

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

Amortisation and impairment

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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

Accounting Policies

1.5 Intangible assets (continued)

Derecognition

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

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

1.6 Financial instruments

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

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

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

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

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

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

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

Accounting Policies

1.6 Financial instruments (continued)

A financial asset is:

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

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

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

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

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

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

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

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

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Accounting Policies

1.6 Financial instruments (continued)

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.

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

Entity 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 and other payables	Financial liability measured at fair value

Initial measurement of financial assets and financial liabilities

Entity 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 non-collectability of financial assets

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

Financial assets measured at amortised cost:

Accounting Policies

1.6 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

PSiRA derecognises financial assets using trade date accounting. PSiRA derecognises a financial asset only when:

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

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

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

Accounting Policies

1.6 Financial instruments (continued)

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

Financial liabilities

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

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

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

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

Operating leases - lessor

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

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

Accounting Policies

1.7 Leases (continued)

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

Operating leases - lessee

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

1.8 Inventories

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Useful life is either:

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

1.10 Employee benefits

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

Short-term employee benefits

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, PSiRA recognises 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 benefits 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.

1.11 Provisions and contingencies

Provisions are recognised when:

- entity 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 the entity 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.

Accounting Policies

1.11 Provisions and contingencies (continued)

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

Contingent assets are a potential economic benefits dependent solely on future events that can't be controlled by the company. Due to the uncertainty of the future events, these assets are not recognised, however a potential economic benefit is estimated and disclosed in Note 10.

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 disclosed in Note 10.

1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

1.13 Revenue from exchange transactions

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

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

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

Accounting Policies

1.13 Revenue from exchange transactions (continued)

Measurement

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

Sale of goods

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

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

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

Rendering of services

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

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

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

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

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

Bad debts recovered

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

Accounting Policies

1.13 Revenue from exchange transactions (continued)

Investment income

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

1.14 Revenue from non-exchange transactions Fines and Penalties

Fines and penalties are economic benefits or service potential received or receivable by PSiRA, as determined by the PSiRA 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.

Other income

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

Measurement

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

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

1.15 Borrowing costs

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

1.16 Accounting by principals and agents Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Accounting Policies

1.16 Accounting by principals and agents Identification (continued)

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

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

1.19 Irregular expenditure

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

- (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.

Accounting Policies

1.19 Irregular expenditure (continued)

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

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

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

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

1.20 Budget information

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

The approved budget covers the fiscal period from 01/04/2022 to 31/03/2023.

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

1.21 Related parties

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

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

PSiRA reports to the Minister of Police as the Executive Authority.

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

Accounting Policies

1.22 Events after reporting date

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

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

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

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

Accounting Policies

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Directive 14: The application of Standards of GRAP by Public Entities that applies IFRS Standards	01 April 2021	The impact is not material
GRAP 25 (as revised 2021) : Employee Benefits	01 April 2023	The impact is not material
GRAP 104 : Financial Instruments	01 April 2023	The impact is not material

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	01 April 2023	Unlikely there will be a material impact
GRAP 103: Heritage assets	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

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3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3 980 000	-	3 980 000	3 980 000	-	3 980 000
Buildings	7 246 000	(1 427 567)	5 818 433	7 246 000	(702 967)	6 543 033
Furniture and fixtures	8 159 197	(4 835 991)	3 323 206	7 842 896	(4 793 723)	3 049 173
Motor vehicles	2 367 559	(404 921)	1 962 638	212 438	(212 437)	1
Office equipment	4 406 519	(2 237 131)	2 169 388	7 405 217	(5 350 437)	2 054 780
Computer equipment	12 038 786	(7 677 858)	4 360 928	16 424 107	(11 064 399)	5 359 708
Leasehold improvements	29 975	(20 983)	8 992	1 429 422	(1 344 257)	85 165
Total	38 228 036	(16 604 451)	21 623 585	44 540 080	(23 468 220)	21 071 860

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 980 000	-	-	-	3 980 000
Buildings	6 543 033	-	-	(724 600)	5 818 433
Furniture and fixtures	3 049 173	990 997	(120 149)	(596 815)	3 323 206
Motor vehicles	1	2 155 121	-	(192 484)	1 962 638
Office equipment	2 054 780	1 112 991	(78)	(998 305)	2 169 388
Computer equipment	5 359 708	3 152 716	(12 722)	(4 138 774)	4 360 928
Leasehold improvements	85 165	-	(8)	(76 165)	8 992
	21 071 860	7 411 825	(132 957)	(6 727 143)	21 623 585

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	3 980 000	-	-	-	3 980 000
Buildings	7 010 000	236 000	-	(702 967)	6 543 033
Furniture and fixtures	2 952 973	449 580	(22 159)	(331 221)	3 049 173
Motor vehicles	243 196	-	(162 130)	(81 065)	1
Office equipment	1 394 243	1 174 324	(95 972)	(417 815)	2 054 780
Computer equipment	3 850 768	2 491 189	(20 979)	(961 270)	5 359 708
Leasehold improvements	93 368	-	-	(8 203)	85 165
	19 524 548	4 351 093	(301 240)	(2 502 541)	21 071 860

The asset classes of land and buildings are carried at revalued amounts. Land and buildings were revalued on 31 March 2021.

The land and buildings were revalued by independent valuers. The fair values were determined by using the income capitalisation methods.

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

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

Included in repairs and maintenance is the repairs and maintenance of property, plant and equipment amounting to R1 325 004

Proceeds from insurance claims

236 667

371 581

4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	6 340 632	(5 868 049)	472 583	6 705 082	(6 701 013)	4 069

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	4 069	471 484	(2 970)	472 583

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	491 260	(487 191)	4 069

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5. Operating lease liabilities

Non-current liabilities

(3 615 785) (3 297 099)

Lease payments: Buildings

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

Kwa-Zulu Natal: 26 Mathews Road, Greyville

5 year contract expiring 31 May 2022 - escalation of 7% per annum, extended for 12 months

Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion

5 year contract expiring 31 July 2026 - escalation 6% per annum.

Port Elizabeth: Shop 221D, Pier Shopping Centre

3 year contract expiring 30 April 2024 - escalation of 6% per annum.

Mthatha: 13 Cumberland Street, Hillcrest

5 year contract expiring 31 July 2026 - escalation of 6% per annum.

Bloemfontein offices: 53 Maxeke Street, Bloemfontein

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

Polokwane: Unit A Constantia Park, 80 Hans Van Rensburg Street, Polokwane

5 year contract expiring 31 October 2027 - 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 March 2022 - escalation of 7% per annum, extended for 12 months.

Nelspruit:7 Bell Street, Nelspruit

5 year contract expiring 30 April 2023- Escalation of 6% per annum.

Pretoria Offices:170 Thabo Sehume Street, Pretoria

5 year contract expiring 30 June 2023-Escalation of 6% per annum.

Cape Town: 3rd Floor, 23 Vrede Street, Louville, Cape Town

5 year contract expiring 30 September 2023- Escalation of 6% per annum.

Lease payments: Operating costs buildings

Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion

5 year contract expiring 31 July 2026 - escalation 6% per annum.

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

5 year contract expiring 31 March 2022 -escalation 7% per annum,extended for 12 months.

Bloemfontein offices: 53 Maxeke Street, Bloemfontein.

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

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5. Operating lease liabilities (continued)

Summary for all the operating lease obligation

Payable within one year	(129 693)	(738 732)
Payable between one to five years	3 620 594	3 320 126
	3 490 901	2 581 394
Total Operating lease obligation		
Lease Payments: Buildings	2 963 152	2 292 809
Lease Payments: Operating costs of buildings	527 749	288 585
	3 490 901	2 581 394

6. Work In Progress Asset (Online System)

Online registration systems	6 511 668	6 511 668
SAGE 200 Advanced procurement and fixed assets module	-	54 000
Law Enforcement system	314 500	-
Online assessment system	4 000 000	-
	10 826 168	6 565 668

Work in progress asset comprises of an online registration, law enforcement and online assessment system that is developed and Sage 200 Advance procurement and fixed assets module.

Reconciliation of work in progress is follows:

Additions during the year	4 314 500	6 565 668
Transfer to intangible asset	(54 000)	-
	4 260 500	6 565 668
	4 260 500	6 565 668

7. Other receivables

Other receivables	3 376 870	7 330 735
UIF receivable	9 983 100	-
	13 359 970	7 330 735

Included in the other receivables is rental deposits, UIF receivable (R9 983 100) and operating lease assets (R129 693).

8. Inventories

Consumable stores	1 583 628	1 185 064
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Included in consumable stores is stationery, ID cards and printing material. No inventory was pledged as security.

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9. Trade Receivables

Trade debtors	146 974 871	113 924 463
Provision for impairment of trade debtors	(80 953 666)	(67 347 476)
	66 021 205	46 576 987

Trade Receivables comprises of the following:

Trade Debtors from exchange transactions	113 558 074	83 484 177
Trade and other receivables from non-exchange transactions	33 416 796	30 440 286
	146 974 870	113 924 463

Ageing of trade debtors

Current	2 845 870	5 961 122
31-60 days	4 580 909	9 156 717
60 - 90 days	6 623 044	11 474 720
90 days- over	51 971 379	19 984 428
	66 021 202	46 576 987

Reconciliation of provision for impairment of trade and other receivables

Opening balance	67 347 476	50 994 754
Provision for impairment	27 862 086	22 623 897
Amounts written off as uncollectible	(14 255 895)	(6 271 175)
	80 953 667	67 347 476

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	835 279	1 538 953
Bank balances	5 768 479	4 500 234
Deposits and current accounts	186 907 765	120 676 192
Cash held on behalf of principal	24 484 150	23 454 516
	217 995 673	150 169 895

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11. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	2 224 150	9 418 700	(9 058 666)	2 584 184
Deferred bonus	2 631 556	-	-	2 631 556
	4 855 706	9 418 700	(9 058 666)	5 215 740

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	3 489 092	3 855 765	(5 120 707)	2 224 150
Deferred bonus	-	2 631 556	-	2 631 556
	3 489 092	6 487 321	(5 120 707)	4 855 706

Performance bonuses are paid to employees who meet their performance targets in line with performance contract for the year end review. The provision for performance bonus represents management's best estimate of the entity's liability at year end for current employees in service. The calculation is based on a pro-rata estimated percentage of total salaries paid to employees.

Deferred bonuses are paid to qualifying employees as a retention strategy at the end of the scheme period upon leaving employment. The employees qualify for the deferred bonuses upon leaving employment or at the end of the scheme period. The liability represents management's best estimate at year end. The calculation is based on stipulated target taking into account probability and allowable amounts.

12. Payables from exchange transactions

Trade payables and accruals	30 466 162	21 543 985
Credit balances on Debtors	60 976 401	38 764 716
Accruals for salary related expenses	-	2 785 777
Unknown deposits	4 246 327	6 249 274
13th Cheque	3 607 229	2 267 461
	99 296 119	71 611 213

Trade payables include cash receipts or deposits into PSiRA's bank account, with incorrect or unidentifiable references. In some instances these deposits relate to registration fees, course reports or fines and settlements that are unidentifiable at the time of reporting. These cash receipts are disclosed as unknown deposits.

Overpayment on annual fees by debtors include credit notes processed against overbilling of annual fees from the inception of the revised Annual Fees regulation and prepayment by mainly training providers who use the credit on submission of course report.

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13. Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	28 626 810	34 415 947
Rendering of services	1 545 593	1 964 079
Interest received (trading)	8 244 560	4 677 653
Annual fees	214 167 447	198 560 622
Infrastructure re-assessment	406 300	306 709
Registration fees	66 105 268	49 767 062
Course reports	101 360 073	84 947 780
Bad debts recovered	1 095 767	1 547 903
Interest received - investment	10 175 041	3 381 000
	431 726 859	379 568 755

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue	-	-
Fines and Penalties	14 126 704	26 057 321
Sundry income	6 589 483	2 089 910
	20 716 187	28 147 231

Included in sundry income are amounts relating to penalties on refunds to service providers, SASSETA receipts for internships and insurance proceeds.

14. Employee related costs

Basic salaries	157 485 519	131 891 597
Performance bonus - expense	9 418 699	3 891 104
Medical aid	11 288 808	10 583 833
Unemployment insurance fund	732 518	685 473
Workmen's compensation	276 601	505 946
Skills development levy	1 778 223	1 559 691
Pension contribution	15 608 307	14 183 379
Travel and other allowances	8 333 977	7 412 354
Deferred bonuses	-	2 631 556
13th Cheques	2 977 030	8 693 111
	207 899 682	182 038 044

Defined contribution plans

Employee contributions	9 719 812	8 755 970
Employer contributions	15 608 307	14 183 379
	25 328 119	22 939 349

15. Finance costs

Other Interest paid	2 940	1 579
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16. Other operating expenses

Advertising	3 813 719	3 668 360
Auditors remuneration	4 319 048	4 643 129
Bank charges	5 971 461	2 933 442
Cleaning	2 085 994	1 024 183
Audit and Risk Committee members fees	631 455	340 408
Consulting and professional fees	13 300 336	4 643 904
Donations & Sponsorships	135 796	10 007
Consumables	725 647	315 410
Insurance	949 845	846 044
Cash loss expenses	-	972 820
Postage and courier	1 726 400	1 821 171
Printing and stationery	4 406 305	5 189 058
Security	7 372 876	5 637 213
License fees	7 429 559	4 113 891
Subscription and membership fees	1 927 188	355 454
Telephone and Data costs	11 986 329	8 575 911
Training	1 808 037	1 550 146
Travel - local	6 331 618	2 837 463
Water, Electricity and levies	8 712 835	9 260 398
Uniforms	17 580	-
Fingerprint cost	12 292 790	10 140 110
Legal fees	3 135 845	4 242 840
Functions & workshops	3 227 949	1 427 420
Sundry Expenses	1 841 672	1 258 074
Property rental	29 030 922	29 648 712
Council members fees	2 955 807	3 107 792
	136 137 013	108 563 360

17. Auditors' remuneration

Internal audit fees	675 401	985 273
External audit fees	3 643 647	3 657 855
	4 319 048	4 643 128

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18. Cash generated from operations

Surplus	69 699 534	88 297 458
Adjustments for:		
Depreciation and amortisation	6 730 114	2 989 731
Loss on disposal of assets	132 957	301 242
Debt impairment	27 862 086	22 623 897
Movements in operating lease assets and accruals	318 686	569 087
Movements in provisions	360 034	1 366 614
Movement in UIF liability	1 029 634	15 996 913
Changes in working capital:		
Inventories	(398 564)	(317 755)
Trade Receivables	(53 449 799)	(64 407 645)
Payables from exchange transactions	27 684 906	18 668 189
	79 969 588	86 087 731

19. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- Property, plant and equipment

1 110 984 3 779 912

Authorised operational expenditure

Already contracted for but not provided for

- Printing, stationery and publication
- Staff training
- Maintenance
- Consultancy
- Security
- Consumables
- Telephone and fax
- Advertising
- Cleaning
- Staff amenities
- Software licences
- Internal audit fees
- Meetings and workshops
- Equipment rental
- Sundry expense

1 225 861	4 500 804
142 152	228 825
693 390	465 489
13 514 215	4 200 582
6 195 697	12 779 580
1 147 363	-
2 743 875	11 989 675
901 522	1 487 336
3 418 398	3 094 400
503 997	500 282
1 815 742	3 130 895
581 258	1 281 973
-	17 585
11 094 133	-
18 676	-

Total operational commitments

43 996 279 43 677 426

Total commitments

Authorised Capital Expenditure

1 110 984 3 779 912

Authorised Operating Expenditure

43 996 279 43 677 426

45 107 263 47 457 338

Notes to the Annual Financial Statements

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20. Commitments (continued)

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	26 391 566	27 909 628
- in second to fifth year inclusive	56 474 156	71 868 878
- later than five years	-	-
	82 865 722	99 778 506

Operating lease payments represent rentals payable by the 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.

20. Contingencies

Contingent liabilities incurred relating to interests in other entities

Contingent Liabilities

PSiRA is a defendant in a number of legal actions. It is not possible at this stage of proceedings to determine the actual losses that PSiRA would suffer in the event that the court found against PSiRA. Estimated liability amounts for the period ended 31 March 2023 to R4 920 000 (2022: R5 538 860).

Contingent assets

PSiRA was a complainant in a number of legal actions. The estimated probable amount for the period ended 31 March 2023 is R656 682 (2022: R311 900)

Notes to the Annual Financial Statements

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21. Related parties

Related party transactions

During the current financial year, there were no transactions incurred with the Ministry of Police or any entity reporting to it.

Board and executive members emoluments

Management class: Council members

2023

Name	Fees for services as a member of management	Reimbursive and other allowances	Total
Dr. A.L. Mofomme (Chairperson)	724 830	2 509	727 339
Mr. H.N. Ngubane	538 872	1 398	540 270
Mr. M.S. Ralebipi (Deputy Chairperson)	614 358	-	614 358
Dr. S.N. Mbete	538 872	-	538 872
Ms. T. Ntshangase	538 872	-	538 872
	2 955 804	3 907	2 959 711

2022

Name	Fees for services as a member of management	Total
Dr. A.L. Mofomme (Chairperson)*	724 830	724 830
Mr. H.N. Ngubane*	538 873	538 873
Mr. M.S. Ralebipi (Deputy Chairperson)*	614 358	614 358
Dr. S.N. Mbete*	538 873	538 873
Ms. T. Ntshangase*	538 873	538 873
	2 955 807	2 955 807

*- Appointed 01 January 2021

Notes to the Annual Financial Statements

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21. Related parties (continued)

Management class: Executive management

2023

Name	Basic salary	Other benefits received	Total
Mr. M.S. Chauke	3 567 173	475 200	4 042 373
Ms. T Zwane	1 855 548	165 734	2 021 282
Ms. M.C. Sebogodi	2 105 024	264 000	2 369 024
Mr. J. Makgolane	1 837 992	268 800	2 106 792
Mr. C.S. Badenhorst	2 166 781	42 000	2 208 781
Ms. Sechoaro	1 432 622	22 203	1 454 825
Mr. I Ralioma ^^^^	1 437 032	191 110	1 628 142
	14 402 172	1 429 047	15 831 219

2022

Name	Basic salary	Bonuses and performance related payments	Other benefits received	Total
Mr. M.S. Chauke	2 993 941	168 310	475 200	3 637 451
Mr. J. Sambo	1 238 686	71 584	184 790	1 495 060
Ms. I. Mbana ^^	993 135	-	66 000	1 059 135
Ms. M.C. Sebogodi	1 834 468	118 926	264 000	2 217 394
Mr. J. Makgolane	1 586 324	69 718	281 300	1 937 342
Mr. C.S. Badenhorst	1 987 165	115 528	42 000	2 144 693
Ms. Sechoaro ^^	120 212	-	-	120 212
	10 753 931	544 066	1 313 290	12 611 287

^^ - Resigned 31 May 2021

^^ - Appointed 09 March 2022.

^^ - Acting 01 September 2022

Notes to the Annual Financial Statements

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21. Related parties (continued)

Management class: Audit and Risk Committee

2023

Name	Fees for services as a member of management	Other benefits received	Total
Mr N. Mhlongo (Chairperson)	167 013	3 900	170 913
Ms U. Exner (Deputy Chairperson)	91 686	1 800	93 486
Mr M. Matlwa	87 320	1 800	89 120
Ms L. Mudau	37 111	900	38 011
Ms G. Ramphaka	79 405	1 500	80 905
Ms. M. Ramutsheli	62 575	2 376	64 951
	525 110	12 276	537 386

2022

Name	Fees for services as a member of management	Other benefits received	Total
Mr N. Mhlongo (Chairperson) ^^	125 286	2 790	128 076
Ms U. Exner (Deputy Chairperson) ^^	62 562	2 400	64 962
Mr M. Matlwa ^^	54 562	1 500	56 062
Ms L. Mudau ^^	32 000	1 200	33 200
Ms G. Ramphaka ^^	54 562	2 100	56 662
Ms. M. Ramutsheli ^^	72 000	3 662	75 662
	400 972	13 652	414 624

Notes to the Annual Financial Statements

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22. 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 the assets. The effect of this on the current and future periods has been illustrated below.

	Increase in the carrying amount at the end of the year	Decrease in depreciation for the year
Computer equipment	125 979	125 979
Office equipment	38 384	38 384
Office Furniture	86 558	86 558
Software	1 097	1 097
	252 018	252 018

23. Prior period errors

A fine amounting to R70 000 was incorrectly raised in the 2021/22 financial year instead of the 2020/21 financial.

This relate to an advance payment of R30 182 839 for UIF training still to finalized, which was recorded erroneously in the previous years. The advance payment decreased the principal liabilities by R30 182 839. The impact of the adjustment will result in an increase in account receivable and accounts payables.

This relate to a payment of R15 000 000 which was not disclosed as irregular expenditure in the prior year. The service provider was appointment without following a competitive bidding process. The impact will result in an increase in the irregular expenditure.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Accumulated surplus	-	70 000
Trade receivables from exchange transactions	-	70 000
Principal prepaid	30 182 839	-
Principal liability	30 182 839	-

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24. Risk management

Financial risk management

Liquidity risk

PSiRA's risk to liquidity is a result of the funds available to cover future commitments. The PSiRA manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the PSiRA's financial liabilities and net-settled derivative 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	26 391 566	56 474 156	82 865 722
Trade and other payables	82 321 342	-	82 321 342
	108 712 890	56 474 156	165 187 064

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.

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

Financial instrument

Trade and other receivables	66 021 205	46 576 987
Cash and cash equivalents	217 995 674	150 169 895

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25. Going concern

The 2022/2023 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. The Authority has reported an accumulated surplus of R191 497 345 for the 2022/23 financial year.

Financial consideration

We draw your attention to the fact that at 31 March 2023, entity had an accumulated surplus of R191 497 345 and that the total assets exceed total liabilities by R200 646 311. PSiRA posted a net surplus of R69 699 534 for the current financial period. A bad debt provision of R80 953 666 was recorded, for the 2022/23 financial year. The R80 million bad debt provision is after considering a bad debt write-off of R14 255 896 in the in the 2022/23 financial year.

PSiRA continues to implement cost containment measures to minimise the impact of inequitable funding model. The cost containment measure yielded positive results with a surplus of R69 698 264 and PSiRA cash resources of R217 995 674 for the 2022/23 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.

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.

The ability of the Authority to continue as a going concern is dependent on a number of factors. The most significant of these is that the Authority has projected positive cashflows for the 2023/24 financial year. The positive cash flows have been calculated based on the revenue and expenditure trends for the 2022/23 financial year also taking into account the cost containment measure that are implemented continuously.

Notes to the Annual Financial Statements

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	2023	2022
26. Irregular, fruitless and wasteful expenditure		
Irregular expenditure	451 101	15 000 000
Fruitless expenditure	82 830	13 450
	533 931	15 013 450

The irregular expenditure relates to contracts from the UIF for a skills development project.

27. Budget differences

Material differences between budget and actual amounts

Statement of Financial Performance

Revenue

Total Revenue is 9% above budget.

Below is an explanation of variances 10% and more above budget.

Registration fees are 30% above budget. Due to the ease of use of the online system by the industry. A total of 128 221 individual applications and 3 191 company applications.

Interest on debtors is 250% above budget. The Authority is imposing a ten percent interest rate on overdue security business accounts, as determined by the Minister of Finance. Because of the economic downturn, interest rates are higher due to non-payment by Security Service Providers.

Interest from bank is 409% above budget. The authority has favourable bank balance and it invested in higher interest-earning securities in accordance with the investment policy. Interest earned is at an average of 8.5%.

Sundry income is 651% above budget. It due to the increase of SASSETA grant received to cover cost for learnerships. Course reports are 9% above budget. It is due to security training providers finding it easy to transact on the online system

Below is an explanation of variances below budget.

Sale of goods are 18% below budget. It is due to a slower purchase of ID cards as security officers prefer the use of employer issued ID cards. There was also a delay on the supply of stock from government printing works.

Rendering of services 21% below budget. It due less applications received for business profile changes.

Infrastructure re-assessment 79% below budget. It is due to minimum requirements met by the security service provider and thus approved at first time.

Training Accreditation Fees are 79% below budget. It is due to delay in finalization and distribution of training material. Distribution of training material to training providers occurred in the fourth quarter.

Bad Debts Recovered 45% below budget. The amount depends on whether part of debt collected relates to debt that had been written off. Service providers with old debt are usually no longer operating in the industry.

Notes to the Annual Financial Statements

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2023
2022

27. Budget differences (continued)

Other Income 22% below budget. The amount includes revenue from infrastructure re-assessments, penalties on refunds, administration income. The transactions are dependent of the requests from Security Service Providers in instances where security tenders are issued or refunds are required, or if there are changes in directors of security businesses.

Fines and penalties are 43% below budget, The Authority no longer imposes fines for violations connected to labour related issues because the Bargaining Council for the Private Security Industry now handles these matters.

Expenditure

Total Expenditure is 7 % below budget.

Below is an explanation of expenditure variances which are 10% and more below budget:

Advertising & Publications is 21% below budget. There has been less marketing events as at the end of the 4th quarter of the financial year. The Authority has implemented events that cost less but have a bigger impact.

Security costs 25% below budget. The Authority is moving to the use of electronic security and reducing physical security. The reduction has contributed to the saving on security costs that is estimated to be R12 million over three years.

Printing, Stationery and Cartridges 64% below budget. The under expenditure is mainly due to the discontinuation of printing of certificates because of implementation of electronic certificates with the Online Registration System.

Lease rental of printing equipment. 38% below budget: It is due the authority renegotiation of the lease agreement on rental of printing equipment.

Finance cost 100% below budget. Due improvement in internal controls, hence less interest charged on overdue accounts.

Travel costs are 31% below budget. There has been less travel during the financial year. The lessons learnt during the period of Covid-19 have assisted in the reduction of costs such as travel and accommodation.

Consultancy costs are 27%, Licence Fees 30% and Depreciation 50% below budget. The saving is mainly due to modules of the online registration system where the implementation of some phases are still in the process of being finalised.

Legal Fees 77% below budget. The expenditure is dependent on the number of transgressions that are instituted during the period.

Seminars, conferences, and venue hire 56% below budget. The Authority had a lesser number of stakeholder and other engagements due to the prohibition of social gatherings under lockdown regulations. Several engagements were held virtually resulting in the reduction of costs.

Staff Training 10% below budget. There was a reduction in cost of training due to most training being held virtually because of Covid-19 regulations.

Notes to the Annual Financial Statements

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27. Budget differences (continued)

Other Expenses 53% and other operating expenditure 25% below budget. The expenses were reduced and targeted for cost containment measures.

Loss of disposal of assets 100% above budget: It due to assets that were lost through theft in our office and the authority wrote them off.

Below is an explanation of expenditure variances which are 10% and more above budget:

Debtors Impairment Expense are 100% below budget. An assessment is done at interim and at year end to determine the amount by which debtors should be impaired.

Repairs and Maintenance 81% above budget. The authority incurred cost for the replacement of damaged infrastructure due break-ins in our offices.

Postage and couriers 56% above budget. It is due new office equipment and computer that was courier to our branches.

Bank Charges 137% above budget. The excess spending is a result of extra merchant fees that were paid for new credit card terminal and to facilitate the use of the online system.

Cleaning costs 51% above expenditure. It is due to employment of contract worker during the year to following offices: Centurion, Johannesburg and Nelspruit.

Telephone and Data Costs 27% above budget. The excess spending is the result of R1.3 million in traffic fees and one-time Short Message Service - One Time Password MMS charges.

Sundry expenses 28% above budget. It is due addition expenditure incurred due to storage cost.

Statement of Financial Position

Property, Plant and Equipment (PPE). 22% below budget. The reduction is mainly due to depreciation and write off of assets and lesser purchase of capital assets during the year.

Inventories. 151% above budget. This is mainly due to ID cards that were not utilised at year end

Other receivables. 100% above budget . The amount represent rental deposit, UIF receivable and current portion of the operating lease assets.

Prepayment. The increase of 3 519% is due to principal liability prepayment recognised in the prior years.

Asset In Progress. The online system which is in progress and is not yet completed will be classified/ transferred to Intangible Assets on completion.

Trade and other receivables. The increase of 214% is due to the billing of annual fees for the 2022/23 financial year. Additional billing is done throughout the financial year as new SSP are engaged and fines imposed for non-compliant SSP's.

Cash and cash equivalents. The increase of 834% in cash and cash equivalents is due the turnaround strategy which seeks to improve the liquidity of the Authority by ensuring that cash resources are increased. Cash and cash equivalents amounting to R24 million belong to the UIF project.

Notes to the Annual Financial Statements

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27. Budget differences (continued)

Principal Liability. The amount represents cash and cash equivalents belonging to the UIF project. A cash balance of R24 million remains as a surplus funds.

Operating lease liabilities. The increase of 70% is due to new lease entered into for Head Office, Port Elizabeth and Umthatha

Payables from exchange transactions. The increase of 74% is due to accrued leave that has to be taken by June in the subsequent year and accruals for UIF Skills programme..

Unallocated Deposits. The amount is representative of receipts that do not have reference numbers. The Authority continuously allocates the amounts to the relevant accounts using dedicated staff members.

Provisions. Provision for bonus payment has increased by 18% due to a deferred bonus provision that was implemented in the current financial year.

Net assets. Net assets increase is due to a surplus that has been made because of additional revenue collected.

28. UIF Liability

UIF Liability

54 666 989 53 637 355

54 666 989 53 637 355

PSiRA entered into an agreement with the Unemployment Insurance Fund (UIF) to implement the skills development programmes for the benefit of persons who have contributed to the Unemployment Insurance Fund and are currently unemployed to create opportunities for their employability. The UIF liability of R54 666 989 is the amount that has been included in cash and cash equivalents and prepayment at 31 March 2023.

29. Prepayments

Prepayments

Licences and memberships

1 375 289 1 261 031

UIF assets

30 182 840 30 182 840

31 558 129 31 443 871

Prepayments consist of licences, membership fees, UIF prepayment and warranties on IT assets which are consumed over a specified period.

COMPLIANCE

PART F

**PFMA
COMPLIANCE
REPORT**

transparency

Requirement

Law

PFMA COMPLIANCE REPORT

RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

Description	2023	2022
	R	R
Opening balance	13 450	162 178
Add: Fruitless and wasteful expenditure confirmed	82 830	1 436
Less: Fruitless and wasteful expenditure written off	(80 127)	(67 265)
Less: Fruitless and wasteful expenditure recoverable	(1 393)	(82 899)
Closing balance	14 761	13 450

RECONCILING NOTES

Description	2023	2022
	R	R
Fruitless and wasteful expenditure under assessment in 2023	82 830	1 436
Fruitless and wasteful expenditure relating to 2022 and identified in 2023	-	-
Fruitless and wasteful expenditure for the current year	82 830	1 436
Total	-	-

DETAILS OF CURRENT AND PREVIOUS YEAR FRUITLESS AND WASTEFUL EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

Description	2023	2022
	R	R
Fruitless and wasteful expenditure under assessment		
Fruitless and wasteful expenditure under determination		
Fruitless and wasteful expenditure under investigation	2704	0
Total	2704	0

DETAILS OF CURRENT AND PREVIOUS YEAR FRUITLESS AND WASTEFUL EXPENDITURE RECOVERED

Description	2023	2022
	R	R
Fruitless and wasteful expenditure recovered	1 393	82 899
Total	1 393	82 899

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE NOT RECOVERED AND WRITTEN OFF

Description	2023	2022
	R	R
Fruitless and wasteful expenditure written off	80 127	67 265
Total	80 127	67 265

IRREGULAR EXPENDITURE

RECONCILIATION OF IRREGULAR EXPENDITURE

Description	2023 R	2022 R
Opening balance	78 817 094	63 817 094
Add: Irregular expenditure confirmed	451 101	15 000 000
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	79 268 195	78 817 094

RECONCILING NOTES

Description	2023 R	2022 R
Irregular expenditure under assessment in 2022/23	-	-
Irregular expenditure relating to 2019/20 and identified in 2022/23	63 817 094	-
Irregular expenditure relating to 2021/22 and identified in 2022/23	15 000 000	-
Irregular expenditure for the current year	451 101	-
Total	79 268 195	-

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE (UNDER ASSESSMENT, DETERMINATION, AND INVESTIGATION)

Description	2023 R	2022 R
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	79 268 195	-
Total	79 268 195	-

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE CONDONED

Description	2023 R	2022 R
Irregular expenditure condoned	-	-
Total	-	-

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

Description	2023 R	2022 R
Irregular expenditure NOT condoned and removed	79 268 195	78 817 094
Total	79 268 195	78 817 094

The irregular expenditure relates to contracts from the UIF for a skills development project.

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE RECOVERED

Description	2023 R	2022 R
Irregular expenditure recovered	-	-
Total	-	-

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE WRITTEN OFF (IRRECOVERABLE)

Description	2023 R	2022 R
Irregular expenditure written off	-	-
Total	-	-



WWW.PSiRA.CO.ZA

HEAD OFFICE

420 Witch-Hazel Avenue | Block B, Eco Glades 2 Office Park | Highveld Ext 70 | Centurion | 0158
Private Bag X817 | Pretoria | 0001

Tel: 012 003 0500/1 or 086 133 3850 | Fax: 086 667 7140 | Email: info@PSiRA.co.za
Whatsapp: 082 803 4329

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