



PSIRA

Private Security Industry Regulatory Authority

Annual Report 2020 - 2021



SAFER

HOMES
BUSINESSES
COMMUNITIES



PSiRA

Private Security Industry Regulatory Authority

ANNUAL REPORT
2020 | 2021

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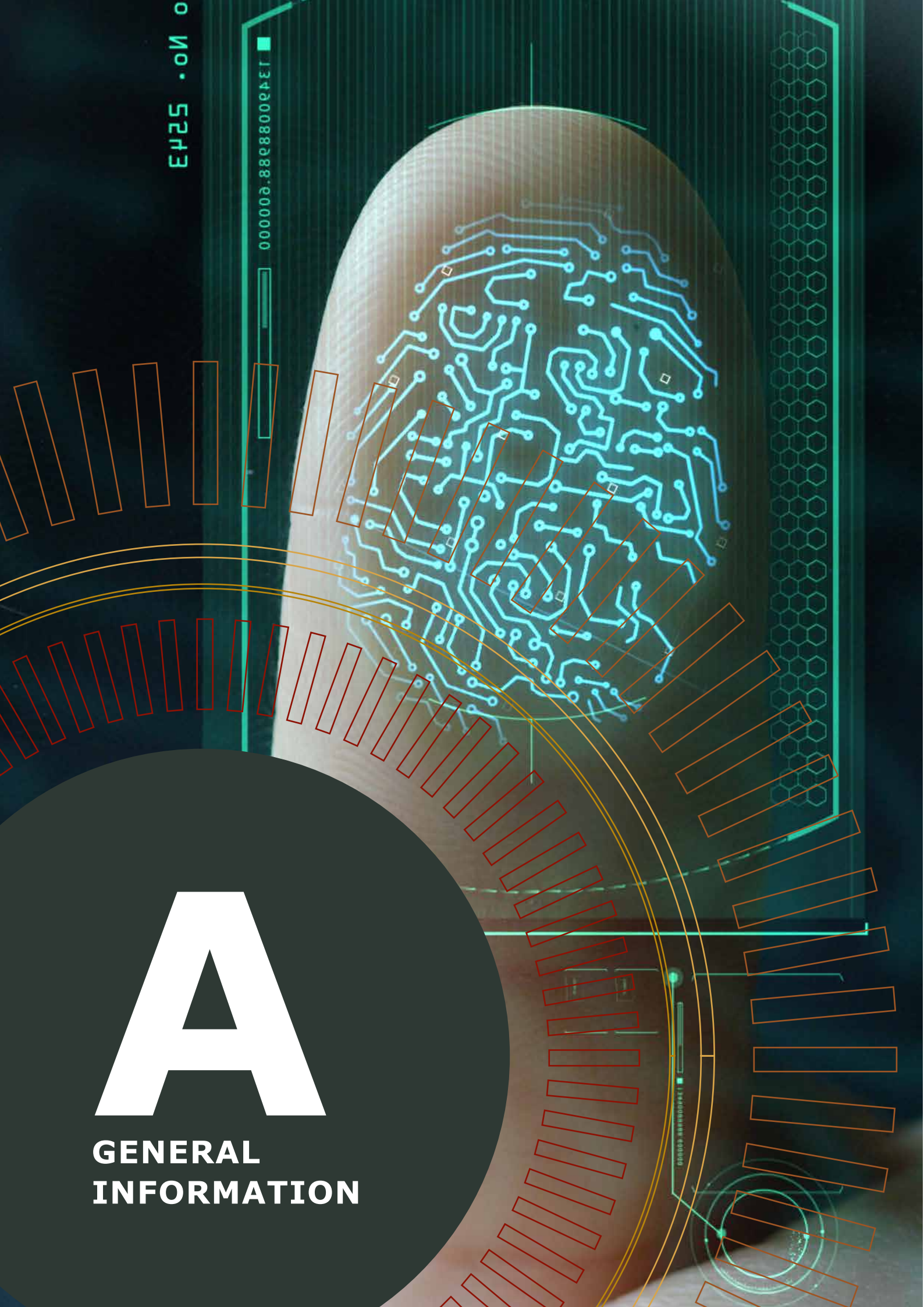
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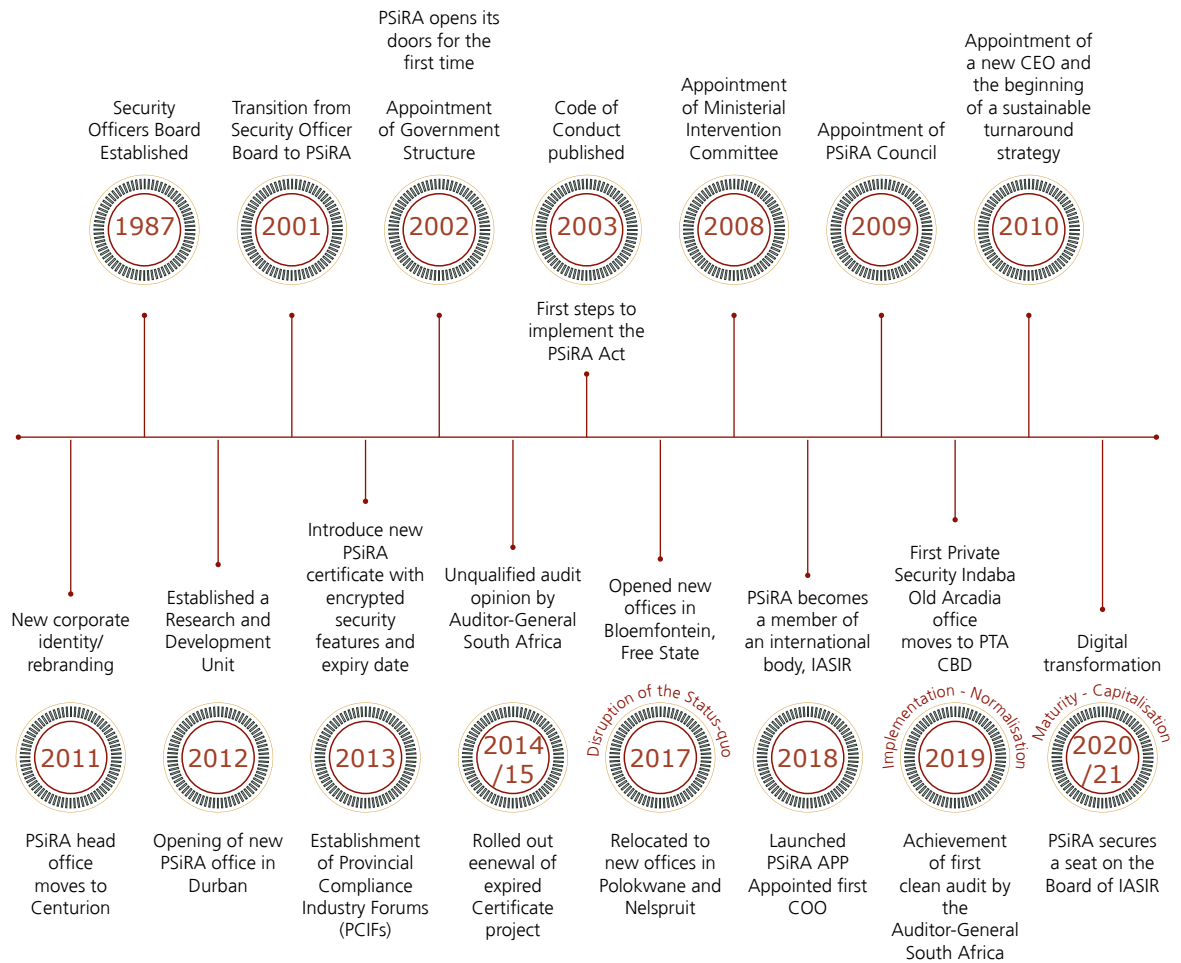
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A

GENERAL
INFORMATION

Our Legitimacy



Private Security Industry Regulatory Authority (PSiRA)

Physical Address

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

Postal Address

Private Bag X817 | Pretoria | 0001

Contact Information

Telephone: 012 003 0500/1 | 086 133 3850

Fax: 086 242 7180

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

External Auditors

Auditor-General of South Africa | 4 Daventry Str | Lynwood Manor | Pretoria | 0081

Bankers

Nedbank | Menlyn Maine | Cnr. Aramist and Constellation Streets | Waterkloof Glen

Corporate Secretary

Mr Jacob Makgolane

ABBREVIATIONS

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
EES	Employee Self Service
FEDCRAW	Federal Council of Retail and Allied Workers
FEU	Forensic and Ethics Unit
FLASH	Firearms Liquor and Second-Hand Goods Control
HCM	Human Capital Management
HRM	Human Resource 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
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
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
4IR	Fourth Industrial Revolution



1. FOREWORD BY THE MINISTER OF POLICE

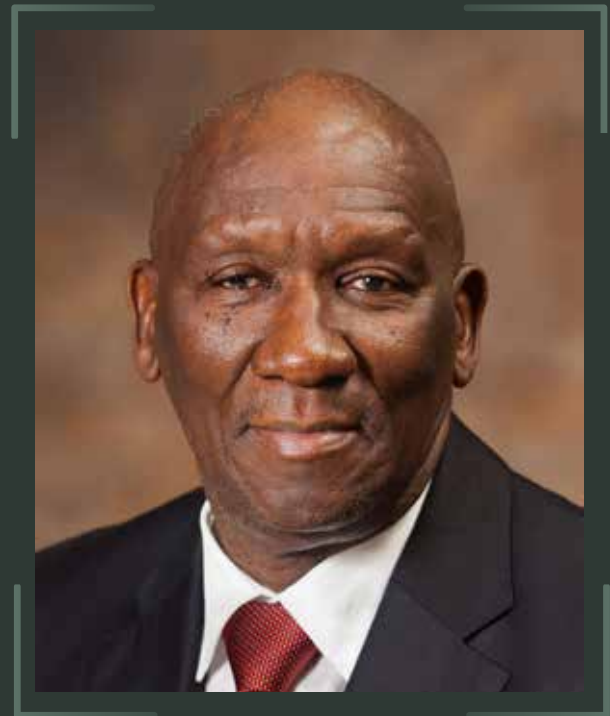
The vision and mission of the Private Security Industry Regulatory Authority (PSiRA) is beginning to take shape in very real concrete ways. South Africans have confidence in the legitimacy, occupational practices and transformation of the private security industry. The country is witnessing an effective regulation of the private security industry to enable professional and respected service providers. This has been possible because of the great industry of the Authority under the leadership of its Accounting Authority, management and staff.

“The increased compliance within the industry gives an indication that safety and security for homes, businesses, and communities remains a priority for the Authority.

As mandated by the Private Security Industry Regulation Act 56 of 2001, PSiRA has, despite the difficult restrictions of COVID-19 protocols, succeeded in fulfilling its primary objective of regulating the private security industry in the public, national and the interest of the industry itself. Looking back, it is not implausible to proclaim that indeed PSiRA has indeed come of age.

Congratulations are due for PSiRA's achievement of a clean audit for the third year running. As the famous Warren Bennis' quote states, "[l]eadership is the capacity to translate vision into reality", and the PSiRA leadership has just surpassed my expectations. Both the Deputy Minister, Honourable CC Mathale, and I are pleased to note the progress that PSiRA records in this Annual Report. The 86% success rate on the performance targets during a deadly pandemic is testament to the strong leadership and dedicated staff of the Authority. This Annual Report provides a fair representation of PSiRA's performance in line with the Annual Performance Plan for the financial year 2020/2021. The Authority successfully delivered on its predetermined outputs

I have noted with awe the increased law enforcement activities undertaken by PSiRA including the innovative idea of moving towards self-assessment for the private security industry. The increased compliance within the industry gives an indication that safety and security for homes, businesses, and communities



remains a priority for the Authority. A non-compliant private security industry spells doom to the social fabric of our society. We view the private security industry as complementing the work of the South African Police Service.

In response to COVID-19 restrictions, for the first time PSiRA introduced the concept of self-study/distance learning within the private security industry with the approval of a total number of 431 accredited security training institutions. This showed that despite the restrictions in place, security training was possible.

I would like to thank the staff and the management executive committee of PSiRA for holding the fort under the leadership of Mr M Chauke as Acting Accounting Authority during the better part of the period under review. The Authority's governance structures remained solid and stable during this period.

Finally, I welcome the new PSiRA Council under the leadership of Dr A.L Mofomme. I believe that in executing its oversight mandate, the Authority will move from strength to strength and become a global player of note.

Hon. Cele, B.H, MP
Minister of Police
20 August 2021

2. FOREWORD BY THE CHAIRPERSON

Introduction

The Council of PSiRA is pleased to present this Annual Report for the 2020/2021 financial year to the Executive Authority, Parliament of the Republic, and to all PSiRA stakeholders in terms of the provisions under section 10 of the Private Security Industry Regulation Act, 2001, read with section 55 of the Public Finance Management Act, 1999 (PFMA).

Overview of PSiRA Strategy and Performance for the Year

PSiRA strategy is informed mainly by 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 in the interest of the private security industry itself. The Act outlines several objectives and functions that must be undertaken by the Authority in support of its primary objective.

The Authority developed a five-year Strategic Plan 2020-24. The period under review was the first year of the implementation of the five-year strategic plan. The focus area of the strategy in terms of the outcomes, which were transformed into the Annual Performance Plan 2020/21, were to create a legitimate, transformed and competent private security industry which acts in the interest of the State, public and private security industry and contributes towards a safer South Africa. This is in support of Priority 6 (Social Cohesion and Safer Communities) of the seven priorities of the sixth administration under the National Development Plan 2030.

The objectives and functions of the Authority remain the main drivers of the Authority's Strategic Plan in pursuit of the vision for "South Africans to have confidence in the legitimacy, occupational practices and transformation of the private security industry". These objects and functions have been categorised into four (4) programmes, which collectively constitute the key strategic focus areas, and with three (3) of the programmes focused mainly on the core business of the entity as per legislative mandate, and only one administrative support programme as an enabler for the core business objectives and functions.

The strategy has six key strategic outcomes against which progress towards achievement in the first year of five-year period is reported under Part B of this report. These were transformed into 29 key output indicators included in the Annual Performance



Plan for the period under review. In terms of the performance of the entity towards achievement of the set targets for the output indicators, the Council is pleased to report an 86% achievement of the planned targets for the year, as confirmed by the Auditor-General. The achievement is commendable taking into consideration the difficulties that all businesses, including government business faced amid the global COVID-19 pandemic at the start of the financial year, which continues to destroy businesses in the country and globally.

The Council is pleased with the leadership provided by the Director as the Acting Accounting Authority during the better part of the period under review. The situation herein was brought about by the delayed appointment of the Council, which ultimately got appointed by the Minister in consultation with Cabinet at the start of the last quarter of the period under review. The Council commends and appreciates the work of the Director as Acting Accounting Authority, who was able to put in place the statutory Audit and risk Committee that assisted with independent quality assurance review and monitoring of Management reporting on a quarterly basis. The results of this, was continued good governance practices across the organisation, and the entity's achievement of good outcomes as reported in this annual report.

STRATEGIC RELATIONSHIPS

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

The strategic partnership with the International Association of Security and Investigative Regulators (IASIR) established in 2018

was further strengthened with the appointment of the Director as PSIRA representative on the board of IASIR. This further enhances the Authority's aspirations to be recognised as the host of the African chapter of the association, which will allow it to market the membership and internationally acclaimed regulatory product offerings in the African Continent. The Council is confident that these collaborations would put the Authority on the global stage due to its established regulatory standards in the private security industry, and to become the champion in assisting and guiding other developing nations regarding the regulation of the sector.



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

The partnership with the Unemployment Insurance Fund (UIF) established in the previous financial year in support of the government's call for the creation of employment opportunities for unemployed persons, especially UIF beneficiaries was halted due to COVID-19 restrictions. The partnership, however, continues to be maintained with some alternative interventions being considered to resume the project to finality in the 2021/22 financial year.

CHALLENGES FACED BY THE AUTHORITY

Unsustainable Annual Fees Funding Model

The Authority continues to fund its operation mainly from annual fees, a model inherited as a transitional measure from the repealed Security Officers Board Act. The Authority continues to report increased impairment provision in its finances due to an increasing debtors book, which is an inherent facet of this model. The model was supposed to have been substituted by the introduction of levies under the Private Security Industry Levies Act, 2002.

The process started by National Treasury in the previous financial for the review of the Levies Act into a Money Bill was once again delayed due to the onset of the COVID-19 pandemic at the start of the financial year. The Council is, however, hopeful that the process will see some progress in the 2021/22 financial year as

National Treasury has since developed draft levies contribution and levies administration bills, which will hopefully be tabled for Cabinet approval to be introduced into parliament legislative process in the current financial year.

COVID-19 Pandemic

The outbreak of the COVID-19 pandemic during the period under review, and its continued crippling of businesses and the economy of the country did not spare the Authority from the impact of this deadly virus. The operations of the Authority were impacted largely during the hard lockdown restrictions imposed from the start of the financial year under review. The result was less revenue for the Authority due to very limited client services offered for the period.

The pandemic not only affected operations, but employees were also impacted through infections. The Authority did not experience any fatalities from the pandemic as all employees who were infected recovered from the deadly virus. Council remains cautious to the realities of the pandemic and commends Management of the entity for following government protocols in taking the necessary steps to prevent the spread of the virus, especially at the workplace. As the pandemic continues to be a threat to the lives and livelihood of our people, Council will continue to encourage the Authority's employees to observe preventative measures against the virus and to participate in the vaccination programme of government, which is the only way for now to protect lives and livelihoods of the country's citizenry.

THE YEAR AHEAD: 2021/2022

The Council acknowledges that the year ahead could continue as business unusual due to the continued threat posed by the prevailing COVID-19 pandemic. Council is, however, hopeful that government vaccination programme will at some point start to show signs of relief for people's lives and livelihood.

The Council is also pleased with decisions taken previously for the Authority to digitise its operations for efficient client services. These decisions will see some implementation of key projects to develop online service to clients. Some percentage implementation of the online services is already planned under the Annual Performance Plan 2021/22. These services will not only bring about efficiency, but less contact with clients, which will also serve as a preventative measure against the spread of COVID-19.

The Council will continue to monitor development with the processing of the two levies bills by National Treasury for introduction in parliament to be passed into law. The timelines set by National Treasury will be closely monitored to that unnecessary delays are avoided and/or escalated for intervention by relevant authorities.

Furthermore, the Council is looking forward to improved relations with the industry through the established industry sector advisory committees, whose work should add value in terms of providing advice and guidance based on industry sector information on the ground. This will enable the Council to make properly informed regulatory decisions for each of the industry sectors. A point of departure for these committees in the year ahead, will be consultations and workshops on the development of the Private

Security Industry Transformation Charter, which is one of the key outcomes under the entity's strategic plan.

Development of training standards in the various sectors of the industry is a key milestone towards the achievement of a "capable and trained private security industry" as one of the entity's five-year outcomes. Key implementation projects will be started in the year ahead with some specialised training courses identified for development of the training standards.

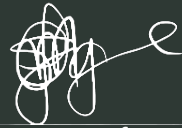
ACKNOWLEDGEMENTS

Acknowledgement first goes to the Minister of Police, Hon. B. Cele, MP, for the appointment of this Council and the confidence that he has shown to have in the Council to serve the Authority and the industry at large. The Council is confident it will not disappoint in this mammoth task to serve the people of South Africa with integrity.

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

Acknowledgements and appreciations also go to the industry at large, for the inputs and comments in various consultative and targeted engagements with PSiRA, where issues of compliance within the industry were promoted and encouraged among peers. Council believes these engagements will be further strengthened through the established industry sector advisory committees.

And lastly, acknowledgements, commendations and appreciation should also go to the PSiRA Director, his Management team and staff at large, for their continued relentless hard work, dedication and commitment to the work of the Authority even during the time of the pandemic as we observed during the period under review. The Council salutes their continued excellent service delivery with integrity to PSiRA clients. We encourage them to continue to excel and grow from strength to strength.



Dr A.L Mofomme
Chairperson of Council
6 August 2021



3. DIRECTOR'S OVERVIEW

It is with great pleasure that I present to you the 2020/21 Annual Report of the Private Security Industry Regulatory Authority. I have always been proud of how PSiRA employees rise to meet every challenge and opportunity. During the financial year under review, we adapted to the challenges of an invincible global pandemic and delivered uninterrupted service for all our customers and stakeholders.

Throughout 2020, PSiRA responded to the economic impacts and operational setbacks from COVID-19 with strong governance and oversight. The authority had to make difficult but necessary financial decisions to ensure adequate resource allocation, save jobs and maintain good customer relationships with our stakeholders and also ensure organisational objectives were met.

Even though the year under review was one of the hardest years the Authority has ever faced, it also brought an opportunity for PSiRA to accelerate the organisation's digital capabilities to keep pace and through technology we were able to protect employees and serve our stakeholders facing mobility restrictions because of the COVID-19 crisis. Some of the initiatives implemented to ensure that businesses operated were the introduction of an Industry Self-Assessment Compliance tool, the accreditation of security training institutions for distance learning (Self-Study) to ensure our mandate was achieved.

HIGHLIGHTS

We are pleased to announce that PSiRA has once again maintained an unqualified audit report – a clear testament to the ethos of responsible and accountable corporate governance that exists throughout the organisation. PSiRA has successfully delivered on its predetermined outputs. An analysis of the performance indicates that the Authority met 86% of its performance targets.

REVENUE AND OTHER INCOME

There was a marginal increase in revenue generated due to the lockdown restrictions, which affected the number of security service providers allowed to visit our offices. The increase is also due to the revision of annual and administrative fees payable by security service providers.

GOING CONCERN ISSUES

Despite the antiquated funding model utilised, the Authority managed to post a significant surplus of R34 million for the period under review, which was an improvement of R30 million from the previous financial year. The liquidity risk was mitigated mainly due to turnaround strategies implemented to improve revenue collection and cost containment measures.



FUNDING MODEL

The Authority's current revenue model proved to have reached its lifespan as most security businesses billed are finding it difficult to pay the annual fees. PSiRA in collaboration with National Treasury are in a process to review the Private Security Industry Levies Act to address the financial sustainability of the Authority and to replace the current outdated funding model. The levies will bring a balanced and equitable contribution of all service providers to the funding model. Most of the smaller security companies were hard hit by the COVID-19 pandemic and lockdown restrictions which led to some losing their work and this had an impact on our revenue.

REGULATORY FUNCTIONS

Registration

A total of 83 641 security officers and 1 884 security businesses were registered during the period under review. Despite the challenges faced during the COVID-19 pandemic, the registration turn-around time was an average of five working days an improvement from the target of eight days. In addition, a total of 588 368 certificates for security officers were issued, and 9 398 certificates of renewal were issued to businesses during the financial year. There was a 2% increase in the number of registered active security officers and an 11% increase in the number of registered active security businesses demonstrating the continuous demand for private security services in South Africa.

Over the last eight years, there has been a 14% increase in registered active security officers and 33% increase in the number of registered active security businesses in the industry. It is also encouraging to note that the number of female security officers within our industry continues to increase, though this year marked a marginal growth of 2% compared to the previous financial year.

Law Enforcement

There was an increase of 5.6% of inspections conducted at security businesses as well as a 7.2% increase of inspection of security officers. The Authority also implemented a segmented approach in respect of all inspections conducted to ensure its law enforcement activities focused on all categories or classes of security service providers. Three thousand eight hundred ninety-five (3 895) investigations were conducted, and 1 038 cases were finalised which in most cases resulted in the imposition of fines.

The Authority's law enforcement strategy is increasingly recognising the importance of other stakeholders to assist in driving the compliance agenda. In this regard, the number of law enforcement operations conducted with other stakeholders (SAPS, Dept. of Labour, and others) were 47 in the financial year. These operations saw the arrest of 875 security service providers of whom 861 were unregistered. In addition, the Authority continued its focus on firearm control within the private security industry and conducted 1 793 inspections at businesses licenced for use of firearms.

RESEARCH AND DEVELOPMENT TOWARDS EFFECTIVE REGULATORY FRAMEWORK

The research and development unit, a critical component of the Authority, continued its contribution towards the policy development and regulatory environment through research initiatives. In the period under review the unit finalised studies in the following areas:

- Punitive measures for private security services
- The impact of popi act on private security industry
- The rendering of security services outside south africa
- Exploring the role of neighbourhood watch in relation to security in south africa

INTERNATIONAL CO-ORDINATION AND PARTNERSHIPS

As part of its commitment to fostering co-operation and information sharing with other regulations PSiRA entered into memorandum of agreements (MoU) with the following stakeholders:

- **Companies and Intellectual Property Commission (CIPC):** PSiRA was granted access to business registration database for purposes of improving our registration, enrolments and inspections.
- **Association of Certified Fraud Examiners South Africa (ACFE-SA):** PSiRA strengthened co-regulation in respect of forensic investigators and anti-fraud examiners in the private security industry and to support continuous professional development of the sector.

On the international front PSiRA concluded memorandum of agreements (MoU) with the following partners:

- **Private Security Authority of Ireland:** PSiRA will foster the strategic relations between the regulators, collaboration, exchange of information and initiatives to promote the

private security transformation.

- **The Security Association of Singapore (SAS):** PSiRA will be in a position to share experiences and initiatives to promote private security industry transformation.
- **Recognition of PSiRA by International Association of Security and Investigative Regulators (IASIR):** As a member of IASIR (since 2018), PSiRA secured a seat as the association's board member through the appointment of the Director of PSiRA.

FUTURE PROJECTS AND INITIATIVES

The Authority is anticipating the digitisation project which will be rolled out in the next financial year. Through its Digital Transformation Strategic Plan for the fiscal years 2020/21 – 2023/2024, PSiRA proposes a five-staged navigation of its transformation journey that will result in the Authority's improved digital maturity. This interesting transformation journey will include online registration, training, and assessments, among other things.

ACKNOWLEDGEMENTS

During the 2020/2021 PSiRA, together with the country and the rest of the world, had to address the threats posed by the COVID-19 pandemic. However, we remained committed to the wellbeing of our staff and stakeholders. While we took all the necessary precautions to maintain a safe and healthy environment in our respective buildings, we also pulled out all the stops to ensure the continued smooth operations of PSiRA.

Lastly, I wish to express my sincere gratitude to all staff members of Authority for the successes and their commitment to organisational values. Further, I thank the Council of PSiRA and its committees for their advice, support, and strategic guidance during the period under review. I also wish to thank the Honourable Minister for Police for the support and encouragement for the Authority and its mandate.



Mr Manabela Chauke
Director/Chief Executive Officer
6 August 2021

4. Strategic Overview

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

The Authority's five-year Strategic Plan and Annual Performance Plan highlights key strategies deployed to strengthen core business service delivery initiatives. Our Strategic Plan takes a proactive response to address environmental challenges and opportunities. The Authority focuses on these priorities:



Vision

South Africans have confidence in the legitimacy, occupational practices and transformation of the private security industry.



Mission

Effective regulation of the private security industry to enable professional and respected security service providers.



Values



Integrity

Ethical Conduct | Fairness | Transparency



Excellence

Accountability | Professionalism | Performance



Ubuntu

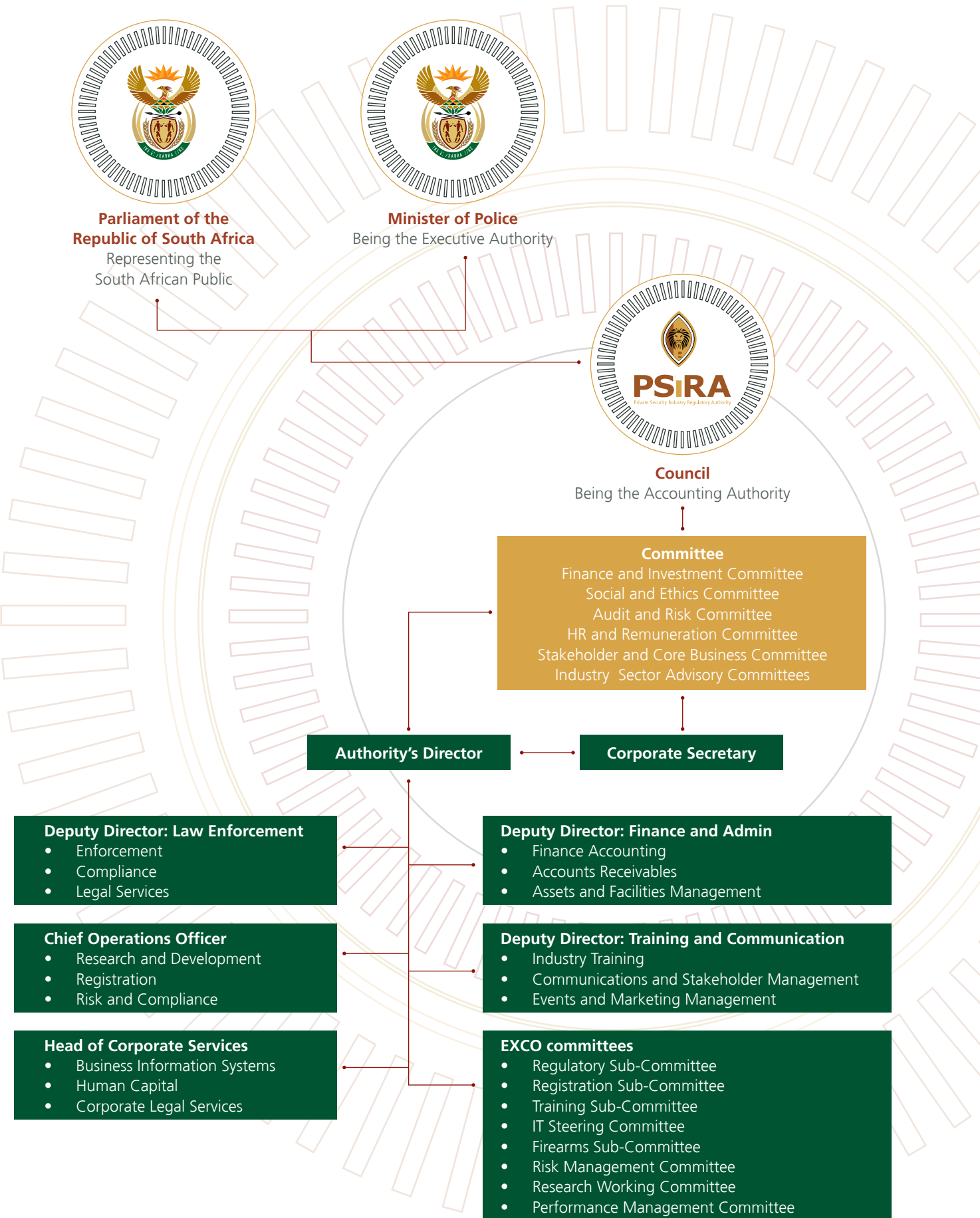
Respect | Compassion | Diversity

5. Legislative and Other Mandates

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

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

6. Organisational Structure



7. Council Members



Dr A.L Mofomme
Chairperson



Mr MS Ralebipi
Deputy Chairperson



Dr SN Mbete
Member



Mr NH Ngubane
Member



Ms T Ntshangase
Member



Mr J Makgolane
Corporate Secretary



8. Executive Management



Mr. Manabela Chauke
Director (CEO)



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



Mr. Stefan Badenhorst
Chief Operating Officer



Mr. Jan Sambo
Deputy Director:
Law Enforcement (Ag)



Dr. Sabelo Gumedze
Deputy Director:
Training and Communication (Ag)



B

**PERFORMANCE
INFORMATION**

1. Introduction

The Private Security Industry Regulatory Authority was established in 2002 in terms of Section 2 of the Private Security Industry Regulation Act (56 of 2001). Its strategic mandate originates from the Act and its regulations. PSiRA's primary objectives are, among 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 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 approved a format for annual and quarterly reporting to the Minister of Police on progress made regarding the implementation of the Annual Performance Plan of 2020/21. This performance report is for the financial year 2020/21 and is a summary of the actual performance against predetermined outcomes and outputs per programme.

Prepared by:



Mr Stefan Badenhorst
Chief Operating Officer (COO)

Approved by:



Mr Manabela Chauke
Director (CEO)

Authorised by:



Dr A.L Mofomme
Chairperson of the Council

2. Performance Report for the Financial Year 2020/2021

2.1 Overview of Performance

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

PSiRA's Strategic Plan (SP) and 2020/2021 Annual Performance Plan (APP) are informed mainly by the objectives and functions of the Authority as contained in sections 3 and 4 of the Act. These have been broken down into four programmes, which collectively constitute PSiRA's key strategic focus areas. Three of the programmes focus specifically on the core business of the entity while one programme covers the administrative support required to enable the achievement of core business outcomes, outputs and functions.

Following the crises caused by the global COVID-19 pandemic, and subsequent economic shutdown that had a direct impact on PSiRA and the private security industry, a decision was taken by Management in the first quarter of 2020/2021 not to amend and table a revised Annual Performance Plan, but rather find alternative means to work towards the achievement of the output indicators and outcomes as contemplated in PSiRA's 2020/2021 APP.

There were six strategic outcomes for the period under review, and 29 output indicators with targets set for each of the indicators. Of the 29 output indicators, 25 were achieved for the period under review and four were not achieved. In terms of the overall performance of the entity towards the achievement of the set targets, the audited achievement is 86%.

3. Progress Towards Achievement of Institutional Impact and Outcomes as per 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 decided on by the sixth administration. Its 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 SP and APP, the Authority promotes an integrated approach to safety and security. This requires co-ordinated activity across government departments, the private security industry and community bodies. In this regard, PSiRA also ensures, *inter alia*:

- 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 contribute to a safer South Africa
- Advocates 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
- Develops a concept note on the development of a Transformation Charter for the private security industry, which includes elements of gender equity and youth employment, with the aim of drafting the Charter in consultation with the industry in the 2021/2022 financial year
- Approves and starts implementing a digital transformation strategy that will promote implementation of service delivery and regulatory goals in the relevant areas of the Authority

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

Impact: A legitimate, transformed and competent private security industry acting in the interests of the state, the public and private security industry and contributing towards a safer South Africa.

3.1. Programme 1: Administration

Outcomes	Outcome indicator(s)	5-Year target(s)	Progress made towards achievement
Maintain financial sustainability, accountability, relevance and performance	Percentage billed revenue collected	90%	<p>81% of revenue collected on billed annual fees and fines for the financial year 2020/21 under a challenging collection environment as a result of the COVID-19 pandemic.</p> <p>This impacted on the private security industry as well as PSiRA.</p>
	Digital business strategy implemented	100% of implementation plan targets achieved	<p>Digital business strategy developed and approved in 2020/2021. This sets out the digital transformation journey of PSiRA over the next 5 years.</p> <p>20% of the digital business strategy plan deliverables were implemented as per strategy.</p>
	Unqualified audit opinion achieved	Unqualified audit opinion	Unqualified audit opinion with no findings for the 2020/2021 financial year.
	Implementation of Guarantee Fund for the private security industry	Implementation of Guarantee Fund and monitoring of implementation and compliance	<p>The Guarantee Fund for the private security industry will provide limited liability cover for the industry that may arise from rendering security services as contemplated in section 4(q) of the PSiR Act, 2001.</p> <p>The concept note for the development of the Guarantee Fund was approved by Council in 2019/20 and the GF product design and approval was earmarked for the 2020/21 financial year.</p> <p>The project was deferred due to lack of funds available as the funding model is changing from annual fees to a levies model.</p> <p>The Guarantee Fund product design and implementation is subject to the implementation of the Private Security Industry Levies Act, which requires amendment by National Treasury. Treasury must introduce a Money Bill in Parliament, which has not yet occurred.</p> <p>During the development of the APP in 2019, initial assurance was given by NT that the Levies Act will be tabled in Parliament by February 2020, but this did not materialise.</p> <p>As a result, the product design and establishment of the Guarantee Fund will be deferred until the Authority has certainty on the implementation of the Levies Act, which will enable PSiRA to capitalise the fund.</p> <p>This decision was also addressed through an amendment of the Strategic Plan.</p>

3.2. Programme 2: Law Enforcement

3.3.1 Measuring outcomes

Outcomes	Outcome indicator(s)	5-Year target(s)	Progress made towards achievement
A professional, accountable and trustworthy private security industry	% compliance with the industry's prescripts, regulations and standards by the private security industry	90%	<p>The average level of compliance of security service providers (businesses and security officers) following inspections conducted against predetermined and selected compliance elements are 86%.</p> <p>This includes an average compliance by security businesses of 93% and the average level of compliance for security officers inspected at sites, of 79%.</p>

3.3 Programme 3: Training and Communication

3.3.1 Measuring outcomes

Outcomes	Outcome indicator(s)	5-Year target(s)	Progress made towards achievement
A capable and trained private security industry	Increased number of new sector-based courses	15	<p>Three (3) specialised courses aligned to three different sectors were identified, i.e., armed re-ction, assets in transit and special security events.</p> <p>Procurement strategy revised for a more competitive bidding process after initial bids were unsuccessful due to non-responses.</p> <p>Five courses prioritised for 2021/22.</p>
	<p>Number of external training assessment centres established</p> <p>Implementation of online examinations/ assessments</p>	<p>16</p> <p>Implementation of online examinations/ assessments and monitoring of implementation and compliance</p>	<p>Two Memoranda of Understanding signed with TVET colleges for the appointment of external assessment centres.</p> <p>Policy on assessment and a concept document for online assessment developed and approved in 2020/21.</p> <p>Relevant IT infrastructure online assessment platform underway with expected actual performance and reporting % of learners assessed through an online assessment earmarked for quarter 3 and 4 in 2021/22.</p>
Enhanced relations and collaborations with stakeholders	% external stakeholder awareness workshops/ campaigns implemented on the role and function of PSiRA in terms of communication's plan	90%	<p>29% of output indicators on stakeholder awareness implemented. Some programmes could not be implemented due to COVID-19.</p> <p>Two consumer surveys conducted by the Research & Development Department revealed that 83% of security service provider clients are aware of PSiRA and its role and 54% of the general public are aware.</p> <p>In respect of a survey conducted on neighbourhood watches in South Africa, 63% of those participating in neighbourhood structures were aware of PSiRA and its role and 18% of the general public that participated in the survey.</p>
	Number of new co-operation agreements entered into with international security industry regulatory bodies	6	One new co-operation agreement signed with Private Security Authority of Ireland.



3.4. Programme 4: Registration

3.4.1 Measuring outcomes

Outcomes	Outcome indicator(s)	5-Year target(s)	Progress made towards achievement
The private security industry is efficiently registered	Implementation of online registrations	Implementation of online registrations and monitoring implementation and compliance	Digital Transformation Strategy developed and approved in 2020/2021. Appointment of external provider to develop online registration platform completed and development earmarked for second quarter of 2021/2022.
The private security industry is transformed	Transformation Charter developed and implemented	Implementation of the Transformation Charter	Benchmarking on the development of a private security industry Transformation Charter done, including the development and approval of a concept note on the development of the Transformation Charter. This includes an approved project plan and key deliverables for the development of the Charter in 2021/2022.

3.5. Changes to PSiRA's Strategic Plan

The process to develop the 2021/22 Annual Performance Plan started with a critical review of the approved 2020-2025 Strategic Plan, tabled in March 2020. This included reflecting on the experience and learnings from the disruption caused by the COVID-19 pandemic and related lockdown(s). As a result, amendments to the impact and outcomes reflected in the approved 2020-2025 Strategic Plan were made and approved by the Accounting as well as Executive Authority in March 2021. The details of these changes are:

	Approved 2020-2025 Strategic Plan (March 2020)	Amendment(s)	Reasons for Amendment
Impact	A legitimate, transformed and competent private security industry which acts in the interest of the State, public and private security industry and contributes towards a safer South Africa	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	To better articulate, and align with, the PSiRA value chain and the logical sequence of PSiRA's operational focus.
Outcomes	Maintain financial sustainability, accountability, relevance and performance	Financial sustainability, accountability, relevance and performance In addition, the outcome indicators dealing with: <ul style="list-style-type: none"> Percentage billed revenue collected Digital business strategy implemented Implementation of guarantee fund for the private security industry were reviewed and removed and replaced with the following outcome indicators: <ul style="list-style-type: none"> Liquidity ratio Organisational performance rating 	'Maintain' removed from the aspirational outcome statement. The outcome indicators highlighted were considered to be activities/enablers and/or operational in nature and the new outcome indicators are better aligned to the outcome statement.

3.5 Changes to PSiRA's Strategic Plan (continued)

	Approved 2020-2025 Strategic Plan (March 2020)	Amendment(s)	Reasons for Amendment
Outcomes	A capable and trained private security industry	<p>The outcome remains the same but the outcome indicators dealing with –</p> <ul style="list-style-type: none"> • Increased number of sector-based courses • Number of external training assessment centres established • Implementation of online examination/assessments were reviewed and removed and replaced with the following outcome indicator: <ul style="list-style-type: none"> - Percentage improvement in the quality of sector training and assessment 	The outcome indicators highlighted were considered to be more activities/enablers and/or operational in nature and the new outcome indicator is better aligned to the outcome statement.
	Enhanced relations and collaborations with stakeholders		Removed as an outcome as stakeholder management is an enabler to the realisation of all other outcomes, not an outcome in its own right.
	The private security industry is efficiently registered		Removed as an outcome - Registration is a critical part of the regulation pillar of the PSiRA mandate and is an element of the broader value chain towards outcome 2 (an output), not an outcome in its own right.

4. Performance Information per Programme

4.1 Programme 1: Administration

Purpose: The programme is responsible for the overall co-ordination 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 institutional reporting, management processes and systems to track performance against each of the strategic objectives. This programme comprises the following sub-programmes:

- **Finance:** Provides financial management, support and reporting, oversees internal audit function and risk management
- **Corporate services:** Provides human resource management services and support, legal 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

Programme's response to prioritising women, youth and persons with disabilities:

PSiRA's approved Employment Equity (EE) Plan is effective from 2 October 2017 to 30 September 2022. The plan is entrenched in the national and provincial equity representation targets as prescribed by the Department of Labour. Its implementation is monitored regularly by the Human Capital Department and the Employment Equity Committee to ensure its alignment with economically active population targets as released by the Department of Labour from time to time.

The plan has been developed to address variances in relation to demographic representations of the South African population groups within PSiRA's staff complement. The current representation of gender profile in top management is below the target with 60% males and 40% females. The appointment of female employees at this level is required to ensure 50% representation in all categories. The Senior Manager's occupational level, in terms of gender, is also still under represented. As of 31 March 2021, the Authority has seven male employees and two female employees. Therefore, there is still a need to target female appointments at the Senior Manager's occupational level. There are five new posts at Senior Management level, which were introduced by PSiRA following an organisational development exercise and females will be targeted to fill these positions. The appointment of a person with a disability in one of the three top occupational levels should be highly prioritised. The gender and disability profile for the entire organisation is 61% women and 39% men and one person with disabilities.

PSiRA views learning development as strategic tool in ensuring its strategic goals are achieved efficiently. It is for this reason PSiRA has declared itself as a learning institution that embraces culture of learning in its business. The youth programme is one of the contributions PSiRA is making towards the goals of the National Development Plan (NDP) by empowering and creating employment of the South African youth. PSiRA advertised an internship programme during the year. The interns will receive a R5 000.00 stipend during the programme and will be placed in different departments and regions in the first quarter of 2021.

PSiRA also received funding from SASSETA to host 20 TVET graduate learners for work integrated learning programmes (WIL). The programme targeted unemployed learners with N4 and N6 in supply chain management (SCM), business administration, information technology, paralegal, accounting, human resources, communication and marketing and record management. The programme will run for a period of 12 or 18 months, depending on the learner's field of study. The learners will receive a R4 000.00 stipend during the WIL programme and will be placed in different departments and regions. The recruitment processes were finalised and the learners will start in the first quarter of 2021.

As far as procurement is concerned, the Authority's SCM policy is aligned to B-BBEE requirements pertaining to preferential procurement.

4.1.1 Sub-Programme: Finance

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
Maintain financial sustainability, accountability, relevance and performance	(a) Increased revenue collection	% of billed revenue collected	76%	89% of revenue collected on billed annual fees and fines	75%	81%	+6%		Enhanced efforts made to ensure billed revenue is collected as the Authority was unable to receive funds from other sources of revenue satisfactorily (e.g. sale of goods and course reports) because of lockdown restrictions
	(b) Unqualified audit opinion (UAO)	Unqualified audit opinion (UAO)	UAO with no matters of emphasis	UAO with no significant findings	UAO	UAO with no significant findings	-		Unqualified audit with no findings (clean audit opinion)
	(c) Established Guarantee Fund	Guarantee Fund (GF) product designed for the private security industry	New indicator	Final proposal developed and approved by Council	GF product designed and approved	Guarantee fund concept document developed and approved, but not the GF product	Guarantee Fund product design and approval not completed		<p>The project was deferred due to lack of funds that will be available when the funding model has changed from annual fees to levies model</p> <p>The establishment of the Guarantee Fund is subject to the implementation of the Private Security Industry Levies Act, which requires amendment by National Treasury (NT) and must be introduced by NT as a Money Bill in Parliament, which has not yet occurred</p>

4.1.2 Sub-Programme: Corporate Services

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
Maintain financial sustainability, accountability, relevance and performance	(a)	Training interventions implemented	% of employee training interventions implemented as per Annual Training Plan	82%	83% training interventions to address performance as per Annual Training Plan	85%	91%	+6%	Virtual training implemented which required less co-ordination and was the most convenient and efficient method of attending training
	(b)	Developed digital business strategy	Date for the development and approval of a digital business strategy	New indicator	New indicator	30 June 2020	Digital business strategy developed and final version approved in quarter 4	-	N/A
	(c)	Digital business strategy implemented	% implementation of digital business strategy and implementation plan	New indicator	New indicator	20%	20% of the strategy completed (targets = 20, completed = 4)	-	N/A
	(d)	Developed security sector regulations and standards	Number of security sector regulations and standards developed	2	3	3	3	-	N/A
	(e)	Achieved service standards on appeals and exemptions	Average turnaround time of finalising exemptions/ appeals	New indicator	New indicator	30 days	11 days	-19	Effective implementation of business processes

4.1.3 Sub-Programme: Research and Development

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
Maintain financial sustainability, accountability, relevance and performance	Completed research reports, surveys and policy documents	(a) Number of relevant research reports completed	5 research reports	5 research reports	5 research reports	5 research reports	-		N/A
		(b) Number of completed surveys	4 surveys	4 surveys	4 surveys	4 surveys	-		N/A
		(c) Number of policy documents completed	3 policy documents completed	3 policy documents completed	3 policy documents completed	3 policy documents completed	-		N/A

4.2 Programme 2: Law Enforcement

Purpose: This programme is responsible for ensuring industry players operate and comply with applicable legislation, regulations and standards within the private security industry. It takes appropriate action where violations happen. This programme consists of these sub-programmes:

- **Compliance and enforcement:** Provides inspections and investigations to verify whether the industry complies with regulations and standards
- **Prosecutions:** Prepares and presents evidence during improper conduct proceedings by the industry participants

Outcome: A professional, accountable and trustworthy private security industry

Programme’s response to prioritising women, youth and persons with disabilities:

Nothing to report.

4.2.1. Sub-Programme: Compliance and Enforcement

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
A professional, accountable and trustworthy private security industry	(a) Security businesses inspected	Number of security businesses inspected to enforce compliance with applicable legislation	6 833	7 158	6 725	7 558	+833	<p>Over achievement due to intervention plans implemented during the 3rd and 4th quarters in line with PSIRA's Workplace Plans in response to COVID-19 alert levels</p> <p>Compliance self-assessment programme launched</p>	
	(b) Security officers inspected	Number of security officers inspected to enforce compliance with applicable legislation	37 569	37 136	35 940	39 805	+3 865		Robust site inspection and implementation of interventions. Compliance and enforcement inspectors assisted with security officer inspections
	(c) Investigations finalised	% of investigations finalised against non-compliant security service providers	89%	93%	90%	98%	+8%		<p>Joint operations between SAPS and PSiRA conducted throughout the year</p> <p>Intervention plan implemented to assign more inspectors to deal with complaints received</p>

4.2.1. Sub-Programme: Compliance and Enforcement (continued)

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
A professional, accountable and trustworthy private security industry	(d) Registered criminal cases	% of criminal cases opened against non-compliant SSPs	99%	98%	95%	100%	+5%	<p>Joint operations with SAPS ensured criminal cases were registered against the non-compliant SSP</p> <p>Improved relationship with SAPS</p>	
	(e) Security businesses licenced for firearms inspected	Number of security businesses licenced for firearms inspected	1 498	1 582	1 500	1 793	+293		Compliance and enforcement units instrumental in contributing to achieving this target, as extra focus was placed in this category of inspections
	(f) Self-assessment policy and process	Date for the approval of a security business self-assessment policy and process	New indicator	New indicator	31 March 2021	The industry compliance self-assessment policy was approved on 9 december 2020 and procedure guidelines on 19 February 2021	+1 Quarter		Policy and process fast-tracked to supplement the physical inspections with self-assessments in view of the impact of COVID-19



4.2.2 Sub-Programme: Prosecutions

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
A professional, accountable and trustworthy private security industry	(a) Security service provider cases prosecuted	% of cases of non-compliant SSPs successfully prosecuted per year	91%	96%	92%	98%	+6%		Increased quality of investigations and sufficient evidence in support of charges

4.3. PROGRAMME 3: Training and Communication

Purpose: This programme is responsible for the content and quality of the training offered in the industry and for communicating knowledge about the industry. It shares consistent information, results and talks to the relevance of Authority. The programme consists of these 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: A capable and trained private security industry
Enhanced relations and collaboration with stakeholders

Programme's response to prioritising women, youth and persons with disabilities:

The COVID-19 pandemic had a direct impact on a number of communication and marketing initiatives undertaken by PSiRA during the period under review. However, as part the Authority's outreach programme, it managed to visit a secondary school in Nelspruit on 28 September 2020. PSiRA provided information to Grade 10 learners on opportunities within the private security industry. Actions in response to prioritising women, youth and persons with disability will increase in the next financial year.

4.3.1 Sub-Programme: Training

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
Accredited training centres	(a) Accredited training centres	Average turnaround time to finalise applications for accreditation of new training centres	New indicator	New indicator	20 days	16 days	-4 days		Increased turnaround time in conducting classroom inspections and assessments. Reports submitted timeously following accreditation assessments
	(b) Accredited training instructors	Average turnaround time to finalise instructor applications for accreditation	New indicator	New indicator	7 days	4 days	-3 days		Training sub-committee meetings held more regularly to assess applications and Training Unit's recommends. Committee ratifies in cases where it was not possible to meet
	(c) Accredited courses	Number of new accredited courses developed	New indicator	New indicator	3	0 3 courses identified - Assets in transit - Special events - Armed reaction officers Terms of reference for 3 courses to be developed following revised strategic procurement plan recommended by Bid Adjudication Committee	-3		The industry was non-responsive to the request for quotation (RFQ) advertised on the PSiRA website and on e-Tender during the first and second quarter respectively to appoint subject matter experts to develop the new course content Terms of reference to appoint service providers through a bid was reviewed and recommended to BAC in Q4 and approved in Q4

4.3.1 Sub-Programme: Training (continued)

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
Accredited training centres	(d) Training assessment centres	Number of external training assessments centres established	New indicator	New indicator	2	2 assessment centres established	-	N/A	N/A
	(e) Approved concept document on online examinations and assessment	Date for the approval of concept document on online examinations / assessments	New indicator	New indicator	31 March 2021	Concept document on online assessment approved by EXCO on 11 March 2021	-		

4.3.2 Sub-Programme: Communications, Marketing and Stakeholder Relations

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
Enhanced relations and collaboration with stakeholders	Awareness workshops and campaigns	(a) Number of awareness workshops and campaigns held	160	196 public awareness programmes	170	251	+81	N/A	Use of digital platforms and rigorous effort to promote PSIRA.
	Co-operation agreement	(b) Number of new co-operation agreements entered into with international security industry regulatory bodies	New indicator	New indicator	1	1 Entered into an agreement with Private Security Authority of Ireland	-		

4.4 Programme 4: Registration

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

Outcomes: The private security industry is efficiently registered

The private security industry is transformed

Programme's response to prioritising women, youth and persons with disabilities:

From a transformation perspective, there has been a 16% increase in the number of women employed within the private security industry over the last five years. A year-on-year comparison over the last two financial years did not indicate a growth of registered employed security officers in the private security industry, and it maintained 22% of the total number of security officers employed. There was, however, a marginal increase of 0.1% in the number of female security officers registered with PSiRA during the financial year compared with the 2019/2020. The total number of registered security officers (employed and unemployed) is 33%, an 18% increase over the last five years.

In terms of age profile, 19% of the total registered and active (employed) security officers fall within the age bracket 18-30 years, slightly down from the previous financial year. The majority of registered and active security officers fall within the age bracket of 31 to 40 years (39%). The Authority's registration database does not highlight information on persons with disabilities and this will be addressed once registration applications have been digitalised, a project is earmarked for the 2021/2022 financial year.

The Authority also developed, and its Council approved, a concept note on the development of a private security industry Transformation Charter. The Transformation Charter for the private security industry will:

- Constitute a framework and establish the principles upon which B-BBEE must be implemented in the industry
- Establish targets and qualitative undertakings in respect of each element of B-BBEE
- Outline processes for implementing the commitments contained in the Charter, as well as mechanisms to monitor and report on progress

The Charter will support Government's objectives to redress historical socio-economic inequalities and ensure broad-based economic empowerment and meaningful participation of historically disadvantaged persons in the private security industry. Incentives and recognition for meeting the transformation targets, as set out in the Charter, may also be considered part of the development of the Charter. The Transformation Charter aims to effectively promote the objectives contained in the B-BBEE Amendment Act as it relates to the private security industry. The Transformation Charter will be built on eight core transformation elements (pillars) supporting the intended impact (roof) of a transformed private security industry, which includes employment equity, gender transformation and youth employment.

4.4 Programme 4: Registration (continued)

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
The private security industry is efficiently registered	An efficient online registration process	(a) Average turnaround time taken to register security businesses meeting all the requirements	Average of 10 days	Average of 6 days	Average of 8 days	Average of 5 days	-3 days		New processes introduced in respect of approval and delegation of authority to ensure efficiency
		(b) Average turnaround time taken to register security officers' applications meeting all the requirements	Average of 15 days	Average of 14 days	Average of 14 days	Average of 20 days	+6 days		COVID-19 implications on third party, Afiswitch (Pty) Ltd and delays due to SAPS system being offline with Afiswitch resulted in 4 months scattered downtime in Nov/Dec 2020 and Jan/Feb 2021. This impacted on turnaround time for Afiswitch to conduct criminal record verifications and delayed the registration turnaround time

4.4 Programme 4: Registration (continued)

Outcome	Output	Output indicators	Audited actual performance 2018/19	Audited actual performance 2019/20	Annual targets		Deviation from planned target to actual achievement 2020/21	Overall progress of indicator	Reasons for deviations
					Planned annual target 2020/21	Actual Achievement 2020/21			
		(c) Implementation of online registrations	New indicator	New indicator	Online registrations implemented	Tender process completed	Online registration		The online registration platform was subject to the finalisation of the broader digital strategy and roadmap developed and approved in the third quarter. Delays in the finalisation of the appointment of service provider to develop digital registration platform resulted in the output indicator not being achieved
The private security industry is transformed	Transformation Charter concept model	(d) Date for the development and approval of the concept model for a Transformation Charter for the private security industry	-	-	31 March 2021	Policy and concept model approved by Council 29 March 2021	-		N/A

4.5 Explanations for Major Variances and Achievements

4.5.1 Programme 1: Administration

4.5.1.1 Sub-programme: Finance

(a)	Output indicator	% of billed revenue collected.
	Explanation for major variances (over-achievement)	Enhanced efforts made to ensure billed revenue is collected as the Authority was not able to receive funds from other sources of revenue satisfactorily (e.g. sale of goods and course reports) because of lockdown restrictions.
(b)	Output indicator	Guarantee Fund product designed for the private security industry.
	Explanation for major variances (under-achievement)	<p>The establishment of a Guarantee Fund for the private security industry is to provide limited liability cover that may arise from rendering security services as contemplated in section 4(q) of the PSIR Act, 2001. The concept note for the development of the Guarantee Fund was approved by Council in 2019/20 and the GF product design and approval was earmarked for the 2020/21 financial year.</p> <p>The project was deferred due to lack of funds available when the funding model is changed from annual fees to a levies model. The Guarantee Fund product design and implementation are subject to the implementation of the Private Security Industry Levies Act. This requires amendment by National Treasury and its introduction as a Money Bill in Parliament, which has not yet occurred. During the development of the APP in 2019, initial assurance was given by NT that the Levies Act will be tabled in Parliament by February 2020, but this did not materialise. As a result, this will be deferred until the Authority has certainty on the implementation of the Levies Act, which will enable PSiRA to capitalise the fund.</p>
	Actions to address under-achievement	As highlighted above, the Guarantee Fund product design and implementation is subject to the implementation of the Private Security Industry Levies Act, which requires amendment by National Treasury (NT) which must introduce the Money Bill to Parliament, which has not yet occurred. As a result, the product design and establishment of the Guarantee Fund will be deferred until the Authority has certainty on the implementation of the Levies Act, which will place the Authority in a financial position to capitalise the fund.

4.5.1.2 Sub-programme: Corporate Services

(a)	Output indicator	% of employee training interventions implemented as per Annual Training Plan.
	Explanation for major variances (over-achievement)	Virtual training requires less coordination and was found as the most convenient and efficient method of attending training.

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 (over-achievement)	Over achievement was due to intervention plans implemented during the 3rd and 4th quarters in line with PSiRA's COVID-19 workplace plans. A compliance self-assessment programme was launched.
(b)	Output indicator	Number of security officers inspected to enforce compliance with applicable legislation.
	Explanation for major variances (over-achievement)	Robust site inspection and implementation of interventions whereby compliance and enforcement inspectors assisted with security officer inspections.
(c)	Output indicator	% of investigations finalised against non-compliant security service providers.
	Explanation for major variances (over-achievement)	Joint operations between SAPS and PSiRA conducted throughout the year. An intervention plan was implemented by the law enforcement department in quarter four to assign more inspectors from the compliance unit to the Law Enforcement Unit to deal with the number of complaints received and assist in finalising the investigations.
(d)	Output indicator	% of criminal cases opened against non-compliant SSP's.
	Explanation for major variances (over-achievement)	Joint operations with the SAPS ensured criminal cases were registered against the non-compliant SSP.

4.5.2 Programme 2: Law Enforcement (continued)

4.5.2.1 Sub-programme: Compliance and Enforcement (continued)

(e)	Output indicator	Number of security businesses licenced for firearms inspected.
	Explanation for major variances (over-achievement)	Both compliance and enforcement units were instrumental in contributing to achieving this target, as extra focus was placed in this category of inspections.
(f)	Output indicator	Date for the approval of a security business self-assessment.
	Explanation for major variances (over-achievement)	The policy and process fast-tracked to supplement the physical inspections with self-assessments in view of the impact of COVID-19.

4.5.2.2 Sub-programme: Prosecutions

(a)	Output indicator	% of cases of non-compliant SSPs successfully prosecuted per year.
	Explanation for major variances (over-achievement)	Increased quality of investigations and sufficient evidence in support of charges.

4.5.3 Programme 3: Training and Communications

4.5.3.1 Sub-programme: Training

(a)	Output indicator	Average turnaround time to finalise applications for accreditation of new training centres.
	Explanation for major variances (over-achievement)	Inspections conducted, and reports submitted timeously following on from accreditation assessments.
(b)	Output indicator	Average turnaround time to finalise instructor applications for accreditation.
	Explanation for major variances (over-achievement)	Training sub-committee meetings held more regularly to assess applications.
(c)	Output indicator	Number of new accredited courses developed.
	Explanation for major variances (under-achievement)	<p>During the financial year, three security training courses were identified to be reviewed, and plans made to add to the training curriculum, namely:</p> <ul style="list-style-type: none"> - Assets in transit - Special events - Armed reaction officers <p>PSiRA's approach is to appoint subject matter experts from the industry to develop a new training curriculum. The industry was non-responsive to a request for quotation (RFQ) advertised on the PSiRA website and e-Tender during the first and second quarters. New terms of reference, incorporating a more strategic approach, were developed for the appointment of providers to produce the course framework guiding material design. Terms of reference for the review and development of the three courses were subsequently submitted in Q4 following approval of the revised strategic procurement plan recommended by the Bid Adjudication Committee. The development of the three courses will take place in 2021/22.</p>
	Actions to address under-achievement	Terms of reference for the review and development of the 3 courses submitted in quarter four following the revised strategic procurement plan recommended by the Bid Adjudication Committee. The development of the three courses will take place in 2021/22.

4.5.3.2 Sub-programme: Communications, Marketing and Stakeholder Relations

(a)	Output indicator	Number of awareness workshops and campaigns held.
	Explanation for major variances (over-achievement)	Use of digital platforms and rigorous effort to promote PSiRA.

4.5.4 Programme 4: Registration

(a)	Output indicator	Average turnaround time taken to register security business applications meeting all the requirements.
	Explanation for major variances (over-achievement)	New business processes implemented and delegation of authority.
(b)	Output indicator	Average turnaround time of applications for registration meeting all the requirements for security officers (working days).
	Explanation for major variances (under-achievement)	<p>One of the requirements for registration of natural persons (section 23 of the Act) is that they may not have been found guilty of a scheduled criminal offence. Part of registration is the screening of all applicants against the criminal record database of SAPS. This is currently done through a third party provider (Afiswitch) mandated by SAPS to conduct commercial searches against the Automated Fingerprint System (AFIS) of SAPS.</p> <p>COVID-19 implications on the third party, Afiswitch (Pty)Ltd, and delays due to SAPS system being offline with Afiswitch, resulted in four months scattered downtime in Nov/Dec 2020 and Jan/Feb 2021. This had an impact on the turnaround time for Afiswitch to conduct the criminal record verifications and in turn, delayed the registration turnaround time.</p>
	Actions to address under-achievement	Discussions took place with Afiswitch to improve turnaround time and reduce technical challenges. Tender to be published for a service provider to conduct criminal record verifications in progress. Discussions also ongoing to get direct electronic access to the Integrated Justice System which will result in the Authority no longer requiring the services of the intermediary company, Afiswitch, or any other provider.
(c)	Output indicator	Implementation of online registrations
	Explanation for major variances (under-achievement)	The online registration platform was subject to the finalisation of the broader digital strategy and roadmap developed and approved in the Q3. Delays in the finalisation of the appointment of service provider to develop digital registration platform resulted in the output indicator not being achieved. The tender was advertised and the BAC evaluated the tender in the Q3. Recommendations were made by the BAC in the Q4. The matter is under consideration by the BAC and follow up requests were made on the service provider's pricing. This was concluded by the BAC in April 2021 and a recommendation made to the Director and Council.
	Actions to address under-achievement	Output indicator achievements that are reliant on the appointment of third party providers will be brought forward in the procurement plan to ensure that tenders are published in the 1st quarter and dealt with without delay.

5. PSiRA Response to the COVID-19 Pandemic

The COVID-19 epidemic caused unprecedented disruption in business continuity in respect of a number of functions and services PSiRA renders, including the temporary closure of a number of branch offices at the onset of the pandemic and subsequent lockdown. As a self-funding public entity, PSiRA relies mainly on fees payable by security service providers to fund its operations, and the temporary halt in certain operations brought with it risks of financial instability.

In reaction to the announcements by President Cyril Ramaphosa in respect of the different alert levels, the Authority developed and continually reviewed its workplace plans, risk registers and action mitigation plans. As the PSiRA service delivery mandate to the private security industry includes face-to-face contact with clients, the workplace plans considered all the risks to reduce any potential COVID-19 infections to clients and employees. These plans support the commitment to provide a safe environment for all employees and stakeholders and at the same time, highlight the commitment to ensure we live the values of PSiRA in rendering excellent and professional services and ensuring stakeholders experience flexibility during these challenging times in a business unusual environment.

The overall objectives of the workplace plans were to:

- Continue with all PSiRA-related functions
- Limit the exposure of employees and clients to COVID-19 potential infections
- Develop measures to ensure operational continuity of processes and activities and assignment of roles and responsibilities

The scope of the workplace plans included:

- The plans operated across all the business functions within head office, regional offices and branches
- All the operations of each office that directly relate to the business of the respective office and those that reside within the premises of PSiRA
- Third-party service providers
- A risk-based approach in terms of the expectations from the industry and public and to give effect to our mandate
- Business continuity in respect of all business activities in line with PSiRA's mandate and income streams

Depending on the respective alert level, the workplace plans provided for different operating levels, including a staff rotational system applied during higher alert levels – including work from home through remote connectivity. From a staff impact perspective, the Authority experienced an upsurge of positive COVID-19 infections with July 2020 being the peak period of infections at PSiRA, totalling 25 positive cases.

Intensified preventative measures as well proactive methods by PSiRA's COVID-19 Operational Committee, in the form of communication to staff members on measures to combat the spread of the virus in the workplace and observing set health protocols, have gone a long way to attain a drastic decline in positive COVID-19 cases reported in the latter part of the year. Positive cases declined to only six in August 2020 and no other cases were reported until mid-December when the second wave descended on the country. In total, the Authority had 47 confirmed infections of staff members and 62 staff members directly affected as a result of close contact with infected members which required self-quarantine. The Authority reported no deaths from staff infected by the virus.

6. Law Enforcement Operational Report

A. Compliance and Enforcement Departments

One of PSIRA's objectives is to ensure compliance with legislation by security service providers is promoted and controlled through active monitoring and investigation of their affairs. To give effect to the Authority's mandate of ensuring a well regulated private security industry, the Authority has developed and implemented a compliance and enforcement strategy which also provides for two departments: compliance and enforcement. 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 rules such as a specification, policy, standard or law. In the private security industry context, compliance describes the goal the industry needs to aspire to in order to ensure it and its personnel are aware of, and take the necessary steps to comply with, the relevant rules and regulations governing the occupation of security service provider.

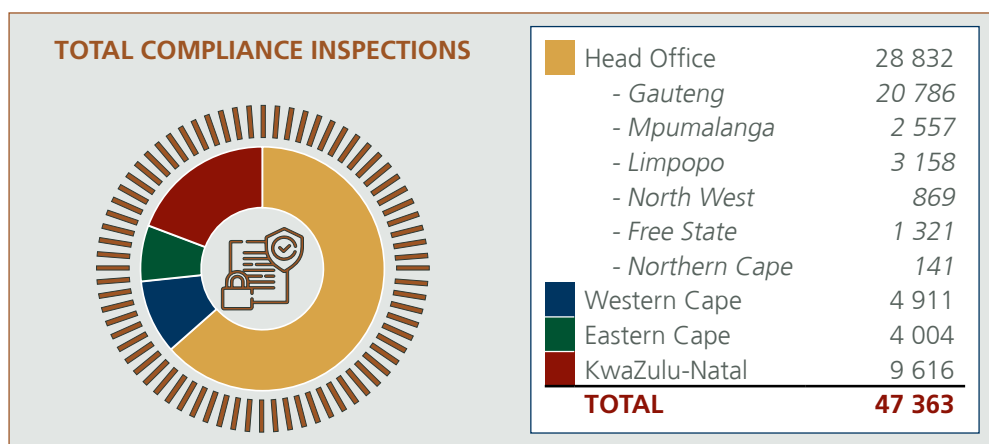
The Authority's compliance strategy is, among others, the communication of risk to the industry and to others such as the

public and clients. Such information strategies involve mandatory disclosures to provide information on issues of compliance. It is hoped that by disclosing such information, the industry will undertake co-operative compliance given the disclosed risk known.

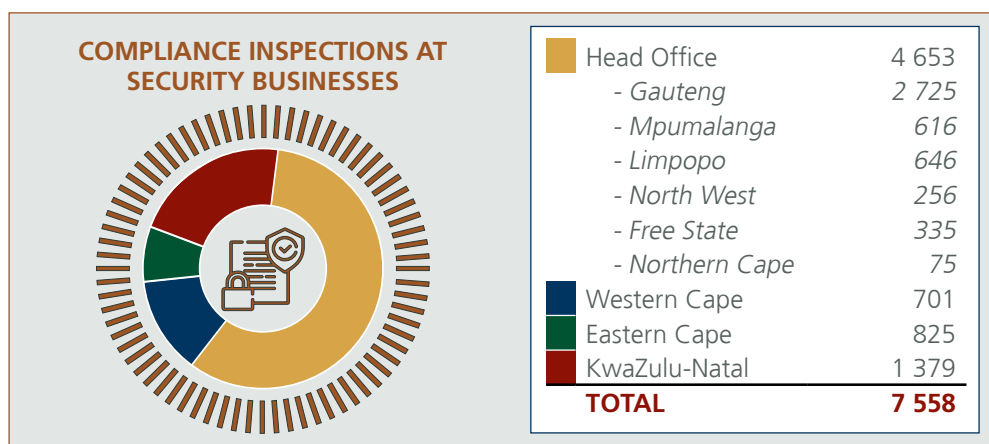
In certain scenarios, the enforcement approach may also be counterproductive, especially in the case where security service providers motivated by a sense of social and public responsibility to comply, and where providers genuinely display a law-abiding nature.

1.1. Compliance Inspections

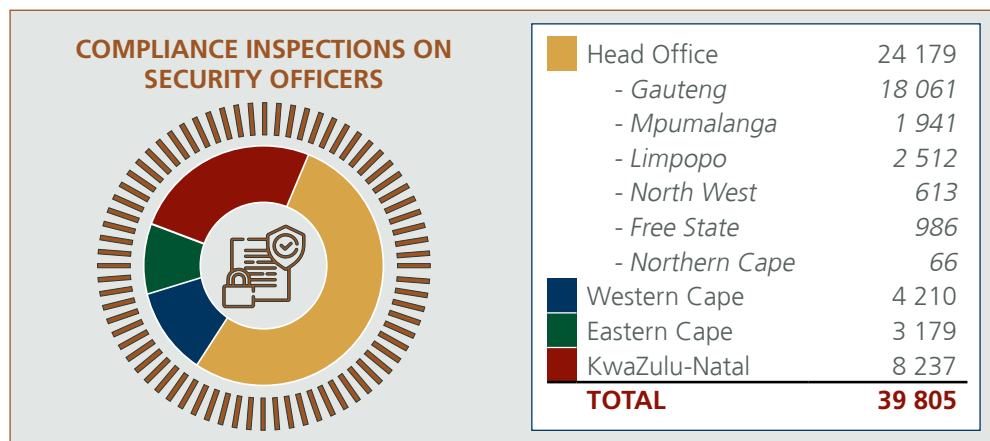
In terms of the revised Law Enforcement division's operational policy and 2020/2021 Annual Performance Plan, each compliance inspector must conduct a minimum number of inspections per month. The targets of individual inspectors may be reduced under special circumstances i.e. special investigations, annual leave, sick leave, testifying in improper conduct enquiries etc.



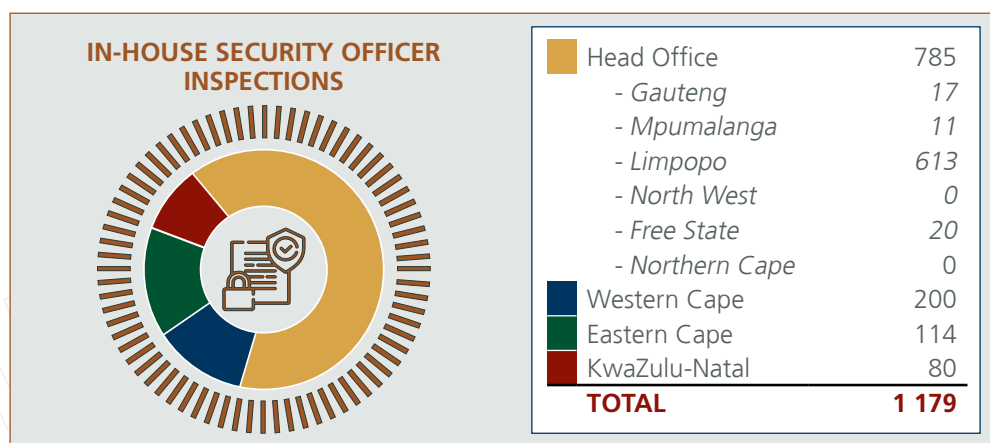
During the period 1 April 2020 to 31 March 2021, a total of 47 363 compliance inspections of security service providers were conducted or inspections as part of investigations by the Enforcement Department compared to 44 291 inspections for the same period the previous year. The regional breakdown was as in the table (left).



Of the 47 363 compliance inspections conducted, 7 558 compliance inspections were conducted at security businesses compared to 7 155 inspections for the same period the previous year.



Further, of the 47 363 compliance inspections conducted, 39 805 compliance inspections were conducted on security officers deployed at different sites, compared to 37 136 inspections for the same period the previous year.



The regional breakdown in respect of the number of in-house security officer inspections conducted from the 39 805 inspected during the period under review, is in the table (left).

A regional breakdown as far as the type of inspection conducted at security businesses from 1 April 2020 to 31 March 2021 is:

	HEAD OFFICE						Total
	Gauteng	Mpumalanga	Limpopo	N/West	Free State	N/ Cape	
Total number of routine/ regulatory/training/ infrastructure/ accreditation/ inspections conducted	2 725	616	646	256	335	75	4 653
First time inspections	438	158	210	42	60	6	914
Triggered inspections	302	58	43	12	28	5	448
Infrastructure inspections	471	163	158	93	77	13	975

COASTAL REGIONAL OFFICES				
	Western Cape	Eastern Cape	KwaZulu-Natal	Total
Total number of routine/regulatory/training/infrastructure/ accreditation/inspections conducted	701	825	1 379	2 905
First time inspections	145	198	328	671
Triggered inspections	196	34	104	334
Infrastructure inspections	193	198	375	766

Note must be taken that 'first time inspections' refers to 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 2020 to 31 March 2021 is set out below. For the purpose of this statistical information, a small business is considered to employ less than 20 security officers, medium 21 to 50 security officers and large, 51 and over.

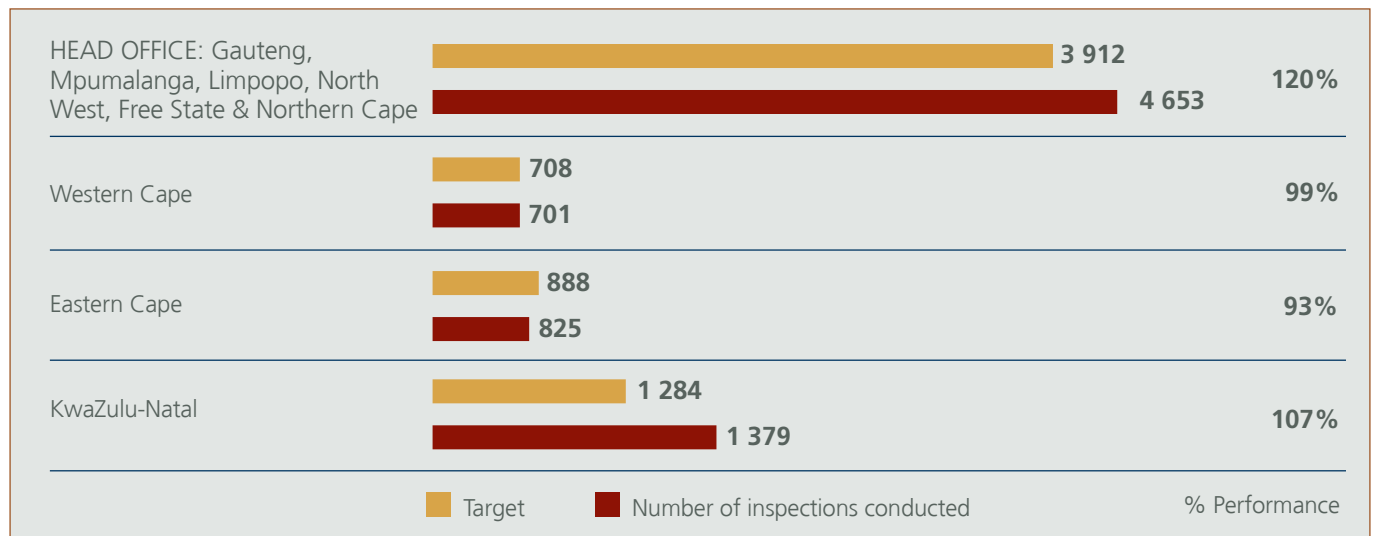
REGION	NUMBER OF INSPECTIONS			
	Small businesses	Medium businesses	Large businesses	Infrastructure & capacity
Head Office	2 442	441	794	975
Western Cape	356	69	84	193
Eastern Cape	500	54	73	198
KwaZulu-Natal	664	116	224	375
TOTAL	3 962	680	1 175	1 741

With reference to all the above statistics, the overall performance pertaining to the total number of compliance inspections conducted for the period 1 April 2020 to 31 March 2021, in relation to the Authority's APP's target is 111%. The regional breakdown is:

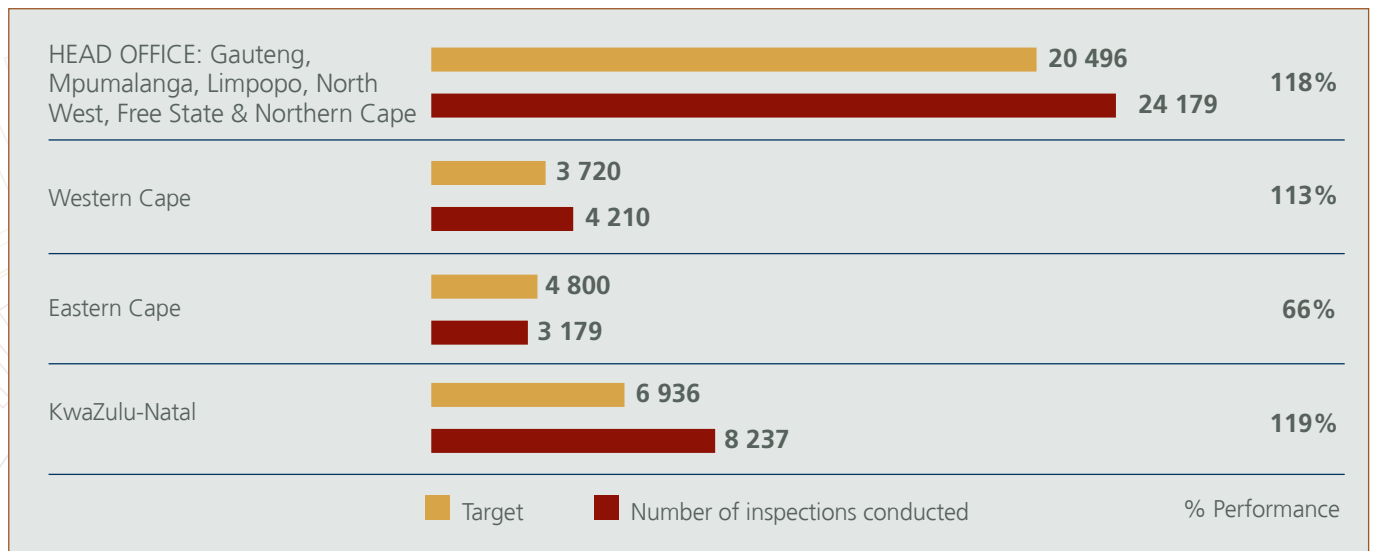
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & Northern Cape	24 408	28 832	118%
Western Cape	4 428	4 911	111%
Eastern Cape	5 688	4 004	70%
KwaZulu-Natal	8 220	9 616	117%

■ Target ■ Number of inspections conducted % Performance

The performance pertaining to the number of compliance inspections conducted at security businesses for the period 1 April 2020 to 31 March 2021, in relation to the Authority's APP's target, is 111%. The regional breakdown is:



The performance pertaining to the number of compliance inspections conducted at security officers' different sites for the period 1 April 2020 to 31 March 2021, in relation to the Authority's APP's target is, 111%. The regional breakdown is:



Statistical information pertaining to the different categories or classes of security businesses inspected from 1 April 2020 to 31 March 2021 is:

HEAD OFFICE						
	Gauteng	Mpumalanga	Limpopo	N/West	Free State	N/Cape
Total number of security business routine/regulatory/training/ infrastructure/accreditation inspections	2 725	616	646	256	335	75
Category or class of security service provider inspected						
• Commercial/industrial/residential/guarding or patrolling	1 703	434	582	165	203	54
• Assets in transit	40	13	1	3	3	0
• Close protection services	88	24	1	0	6	0
• Reaction or response services and monitoring signals from security equipment (control room)	267	56	20	17	69	15
• Ensuring safety and order on premises (special events)	72	17	0	0	11	8
• Car watch or related activities	46	2	0	0	2	1
Providing advice on the protection of persons/property (consultants/advisors)	37	17	0	1	3	0
Installing, servicing or repairing security equipment	433	105	91	27	56	17
Private investigators	234	48	49	8	11	6
Providing security training or instruction as well as accreditation	213	40	77	24	21	7
Providing services of a locksmith	112	4	30	9	6	0
Making persons or their activities available for rendering of security service (labour brokers)	12	2	0	6	0	0
In-house	76	4	6	3	2	1
Manufacturing, importing, distributing or advertising of monitoring devices	22	11	0	0	0	0
Working animals	56	16	4	1	6	0

WESTERN CAPE/EASTERN CAPE/KWAZULU-NATAL			
	Western Cape	Eastern Cape	KwaZulu-Natal
Total Number of Security Business Routine/Regulatory/Training/Infrastructure/accreditation inspections	701	825	1 379
Category or class of security service provider inspected			
• Commercial/industrial/residential/guarding or patrolling	419	484	1 010
• Assets in transit	21	46	51
• Close protection services	32	54	100
• Reaction or response services and monitoring signals from security equipment (control room)	144	85	170
• Ensuring safety and order on premises (special events)	45	63	65
• Car watch or related activities	6	63	21
Providing advice on the protection of persons/property (consultants/advisors)	28	262	38
Installing, servicing or repairing security equipment	144	98	157
Private investigators	48	36	81
Providing security training or instruction as well as accreditation	70	62	91
Providing services of a locksmith	21	23	56
Making persons or their activities available for rendering of security service (labour brokers)	7	0	3
In-house	17	23	18
Manufacturing, importing, distributing or advertising of monitoring devices	2	1	8
Working animals	37	11	20

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

INSPECTIONS								
Head Office	3 725	2 168	626	336	234	172	103	86
Western Cape	509	329	62	26	31	21	17	23
Eastern Cape	627	428	70	33	41	24	23	8
KwaZulu-Natal	1 004	664	135	66	47	50	22	20
Total	5 865	3 589	893	461	353	267	165	137

■ Inspections	■ Guarding sector	■ Electronic security sector	■ Private investigator
■ Training industry sector	■ Locksmith sector	■ In-house sector	■ Working animals

The performance pertaining to categories of security service providers inspected against the target as per the Operational Plan for the period 1 April 2020 to 31 March 2021, is:

SERVICE PROVIDER INSPECTIONS						
Guarding sector	2 628	2 168	329	428	664	3 589
Electronic security sector	444	626	62	70	135	893
Private investigator	168	336	26	33	66	461
Training industry sector	168	234	31	41	47	353
Locksmith sector	168	172	21	24	50	267
In-house sector	168	103	17	23	22	165
Working animals	80	86	23	8	20	137

■ Operational Target	■ Head Office	■ Western Cape
■ Eastern Cape	■ KwaZulu-Natal	■ Total

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 conduct security officer inspections. Site investigations sometimes conducted in co-operation with SAPS, especially in cases where unregistered security officers were found, illegal immigrants employed or firearms are used in contravention with Private Security Industry Regulations' requirements. The following inspections were conducted at various categories of sites during the period under review:

INSPECTIONS								
Head Office	24 179	6 663	2 227	2 479	9 559	2 991	26	234
Western Cape	4 210	1 242	181	381	1 382	645	21	358
Eastern Cape	3 179	965	379	310	1 073	321	0	131
KwaZulu-Natal	8 237	2 304	1 160	805	3 335	493	2	138
Total	39 805	11 174	3 847	3 975	15 349	4 450	49	861

■ Total inspections	■ Retail sector	■ Health sector	■ Educational sector
■ Industrial and corporate	■ Residential areas	■ Event	■ Other

The performance pertaining to site inspections conducted against the target as per the Operational Plan for the period 1 April 2020 to 31 March 2021, is:

SITE INSPECTIONS						
Retail sector	7 205	6 663	1 242	965	2 304	11 174
Health sector	3 604	2 227	181	379	1 160	3 947
Educational facilities	3 604	2 479	381	310	805	3 975
Industrial and corporate areas	7 205	9 559	1 382	1 073	3 335	15 349
Residential areas	3 604	2 991	645	321	493	4 450
Event sector	3 604	26	21	0	2	49

■ Operational target	■ Head Office	■ Western Cape
■ Eastern Cape	■ KwaZulu-Natal	■ Total

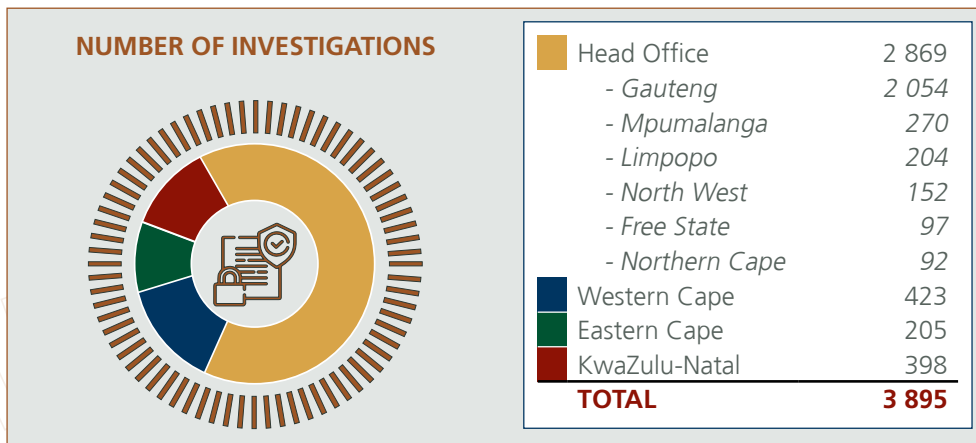
2. Enforcement

While 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 on security service providers' compliance behaviour. Under these circumstances, lenient enforcement and infrequent inspections may turn even compliant security service providers into evasive ones. In addition, a softer 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 they have to comply but choose to otherwise evade compliance. The Authority enforces the law on those providers who fail to 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 is reduced under special circumstances i.e. annual leave, sick leave, testifying in criminal and improper conduct cases, etc.

The regional breakdown is:

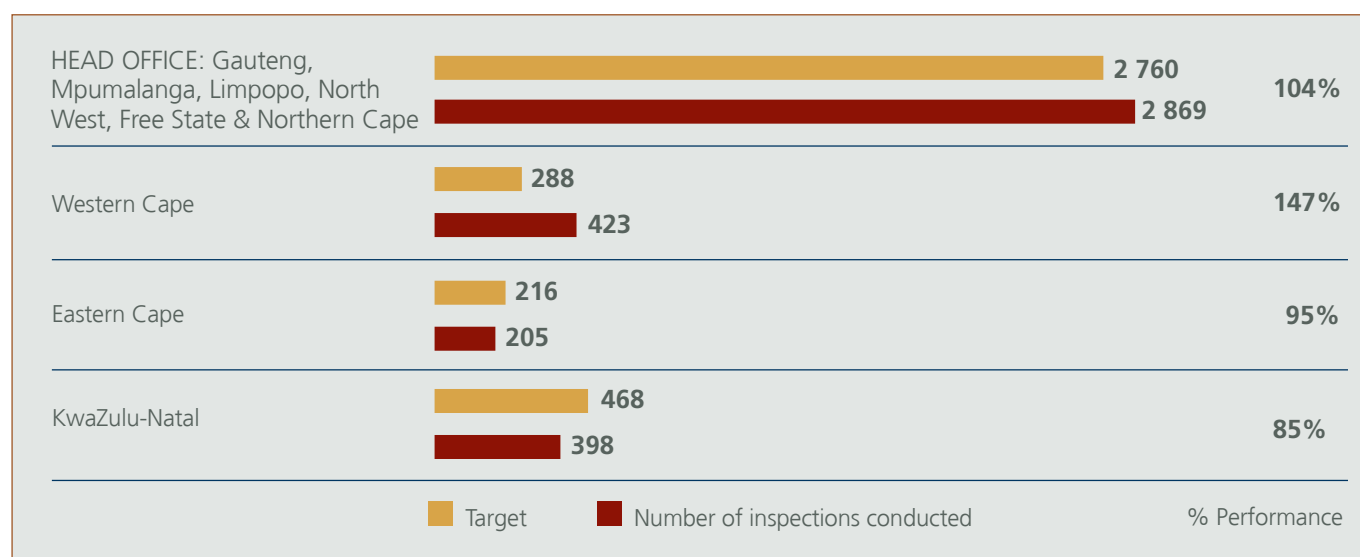


During the period 1 April 2020 to 31 March 2021, a total of 3 895 investigations were finalised compared to 3 838 investigations the previous year.

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

Region	Number of Security Business Investigations	Number of Security Officer Investigations	Total
Head Office	2 561	308	2 869
- Gauteng	1 868	186	2 054
- Mpumalanga	228	42	270
- Limpopo	178	26	204
- North West	103	49	152
- Free State	124	3	127
- Northern Cape	60	2	62
Western Cape	296	127	423
Eastern Cape	163	42	205
KwaZulu-Natal	285	113	398
TOTAL	3 305	590	3 895

With reference to the above statistics, the overall performance pertaining to investigations conducted for the period 1 April 2020 to 31 March 2021, based on the Operational Plan of the Enforcement Department is 104%. The regional breakdown is:



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

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	2 869	650	649
Western Cape	423	188	188
Eastern Cape	205	61	61
KwaZulu-Natal	398	125	125
Total	3 895	1 024	1 023

The position in respect of enforcement complaints is:

Region	Number of complaints carried over by enforcement department or unit from March 2021	Number of new complaints received in April 2019 to March 2020	Total number of complaints finalised	Number of complaints carried over to April 2020
Head Office	15	570	574	11
Western Cape	31	161	188	4
Eastern Cape	16	96	110	2
KwaZulu-Natal	25	73	94	4
Total	87	900	966	21

Compliance Analysis Conducted

2.1. Security Business Inspections

Following compliance inspections (excluding infrastructure inspections) conducted at security businesses as well as security officer inspections during 1 April 2020 to 31 March 2021, the following was found in terms of compliance:

	Cumulative	Gauteng	Mpumalanga	Limpopo	North West	Free State	Northern Cape	Western Cape	Eastern Cape	KwaZulu-Natal
Security business inspections										
Number of security business inspections	6 055	2 312	507	518	170	273	62	525	652	1 035
Businesses deploying unregistered security officers	207	58	18	5	3	8	2	35	17	37
Performance %	3	4	4	0	2	3	3	7	3	4
Businesses deploying untrained security officers	176	88	17	2	3	5	1	27	12	21
Performance %	3	4	3	0	2	2	2	5	2	2
Businesses failing to pay annual fees	535	157	4	57	3	39	21	12	14	178
Performance %	9	12	9	33	20	23	7	6	27	13
Businesses failing to report intake/discharges	609	272	35	35	7	31	10	57	31	131
Performance %	10	12	7	8	4	11	16	11	5	13
Businesses failing to comply with regulation 10 documentation	583	263	81	12	2	35	11	17	31	131
Performance %	10	11	16	2	1	13	18	3	5	13
Businesses using firearms not complying with regulation 13(5) or (6)	20	14	0	0	0	0	0	2	0	4
Performance %	1	5	0	0	6	0	0	1	2	4
Businesses not paying minimum wages	509	192	40	24	4	46	14	39	37	113
Performance %	8	8	8	5	2	17	23	7	5	10
Businesses not complying with provident fund	466	178	32	25	5	42	11	34	34	105
Performance %	8	8	6	5	3	15	18	6	5	10

	Cumulative	Gauteng	Mpumalanga	Limpopo	North West	Free State	Northern Cape	Western Cape	Eastern Cape	KwaZulu-Natal
Security officer inspections										
Number of security officer inspections	39 910	18 055	1 941	2 512	619	986	66	4 224	3 179	8 238
Number of unregistered security officers	1 937	842	121	76	69	47	46	184	34	518
Performance %	5	5	6	3	11	5	70	4	1	6
Number of untrained security officers	1 953	862	125	72	68	52	45	171	66	492
Performance %	5	5	6	3	11	5	4	4	2	6
Number of security officers not carrying PSiRA ID cards	21 440	8 921	698	894	313	583	57	3 799	1 013	5 162
Performance %	54	49	36	36	51	59	86	90	32	62
Number of security officers whose uniforms did not meet the requirements	8 507	1 135	149	501	96	173	10	1 881	1 655	2 907
Performance %	21	6	8	20	16	18	15	45	52	34
Number of security officers not linked to the business	8 889	3 318	394	570	240	247	49	776	496	2 799
Performance %	22	18	20	23	39	25	74	18	16	34

2.1. Security Business Inspections (continued)

	Cumulative	Gauteng	Mpumalanga	Limpopo	North West	Free State	Northern Cape	Western Cape	Eastern Cape	KwaZulu-Natal
Security officer firearm inspections										
Number of security officer firearm inspections	745	304	27	50	4	11	1	55	57	233
Number of security officers using personal firearms	53	27	6	0	0	0	1	1	9	17
Performance %	7	9	22	0	0	0	0	2	4	7
Number of security officers not competent or who could not submit proof of competency	44	19	5	0	0	0	0	1	5	14
Performance %	6	6	19	0	0	0	0	2	9	6

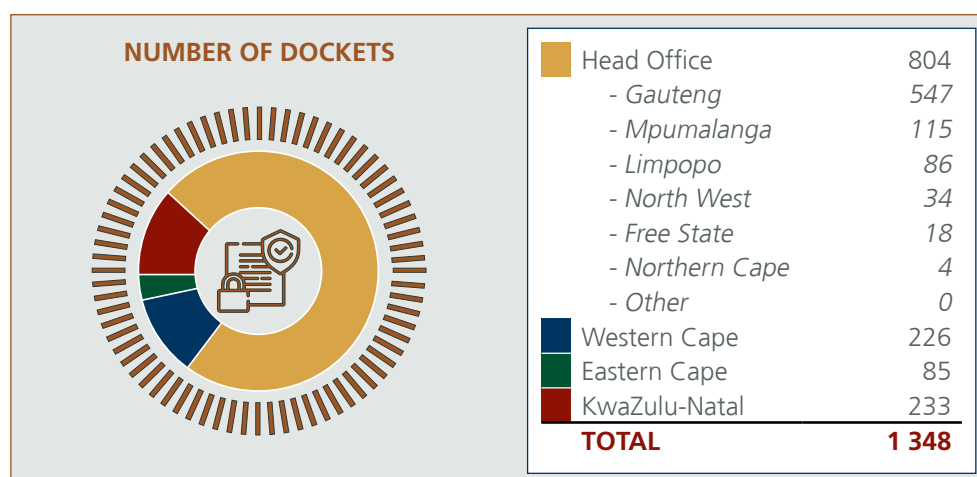
3. Operations

The Authority is also involved in a number of operations with different stakeholders, including the SAPS. These operations are at times initiated by the Authority or are attended on invitation from stakeholders such as the SAPS, Department of Home Affairs and Department of Labour. The focus is on compliance in terms of the PSIR Act, which includes the deployment of registered and trained security officers, illegal immigrants, and compliance with the Firearms Control Act. During the period under review **47** operations were conducted with stakeholders compared to **83** operations the previous financial year. The following operations were held:

Region	Number of Operations	Stakeholders	Number of Arrests	Unregistered	Foreigners	Firearms	Other
Head Office	23	SAPS/DOL/DOH	676	676	130	16	0
- Gauteng	17	SAPS/DOL/DOH	458	458	100	11	0
- Mpumalanga	2	SAPS	58	58	12	5	0
- Limpopo	0	-	43	43	0	0	0
- North West	2	SAPS	72	72	9	0	0
- Free State	0	-	9	9	0	0	0
- Northern Cape	2	-	36	36	9	0	0
Western Cape	9	SAPS	106	92	18	0	0
Eastern Cape	6	SAPS	22	22	2	2	0
KwaZulu-Natal	9	AACL/SAPS	71	71	4	1	1
Total	47	SAPS/DOL/DOH AAAL	875	861	154	19	1

The Department is participating in the relaunch of Operation Fielia II and conducts operations with all NATJOINTS stakeholders. In addition, inspectors were deployed at Industrial, corporate and residential sites over weekends and after hours to verify compliance of security officers deployed.

4. Improper Conduct Investigations

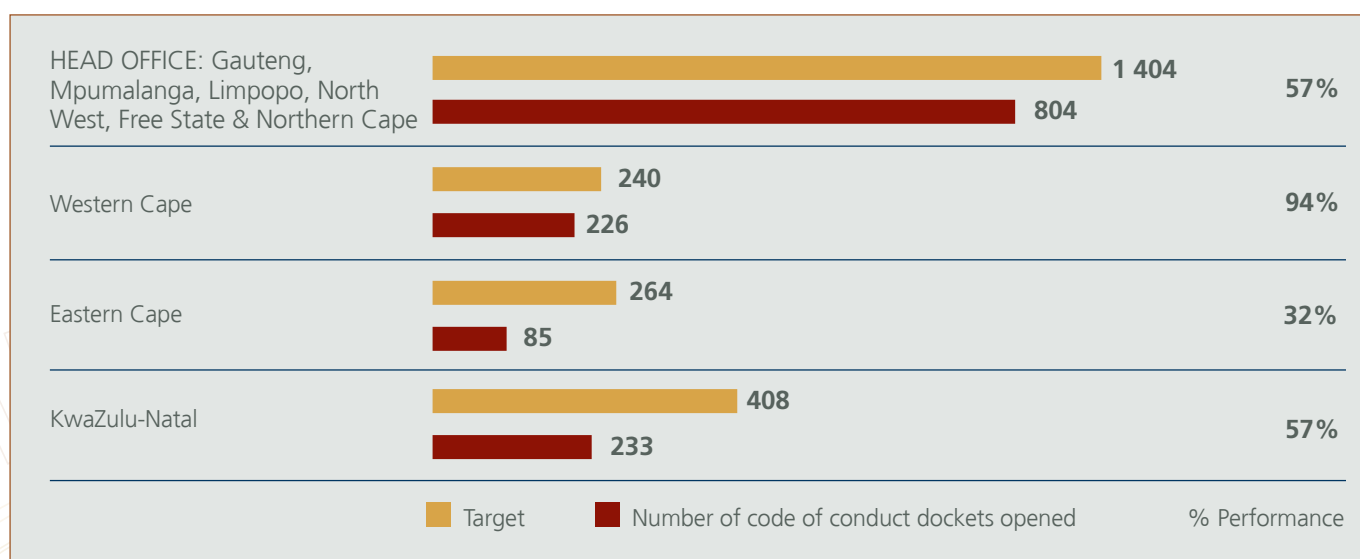


During the period 1 April 2020 to 31 March 2021, a total of 1 348 improper conduct docket cases against security businesses were compiled compared to 1 512 docket cases for the same period last year. The regional breakdown for the period under review is as in the table (left).

A further regional breakdown as far as Code of Conduct docket against, large, medium and small businesses from 1 April 2020 to 31 March 2021 are concerned, is:

NUMBER OF DOCKETS			
REGION	Small businesses	Medium businesses	Large businesses
Head Office	391	154	259
Western Cape	114	32	80
Eastern Cape	49	19	17
KwaZulu-Natal	112	46	75

Performance pertaining to the number of Code of Conduct dockets opened during the period under review is 58% compared to the operational target set. The regional breakdown is:



The Law Enforcement division typed the following number of improper conduct dockets between 1 April 2020 to 31 March 2021:

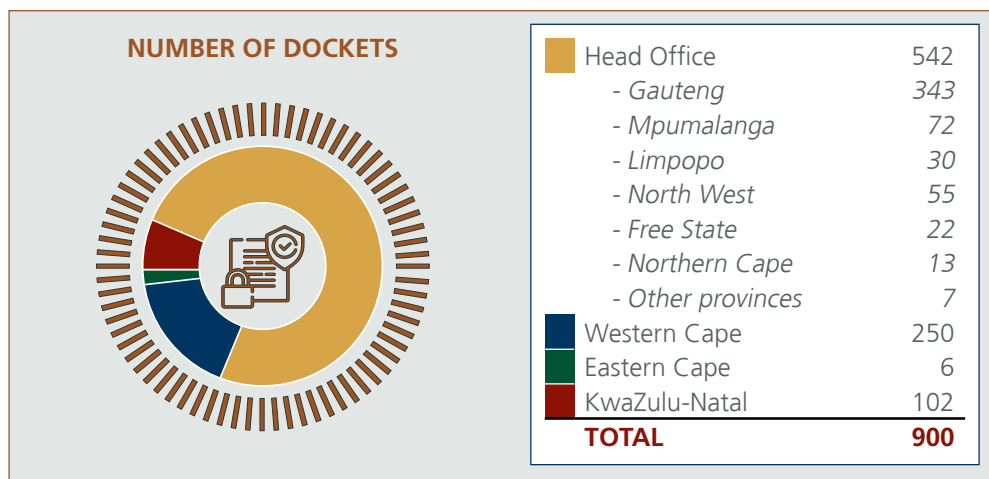
Region	Number of dockets typed	Outstanding
Head Office	1 344	243
Western Cape	319	22
Eastern Cape	129	0
KwaZulu-Natal	184	42
Total	1 976	307

Case lists and progress reports are kept in respect of all dockets opened and registered by the Law Enforcement division. All progress in respect of the docket is captured on the progress report, from the original docket to the finalisation and the outcome of the case.

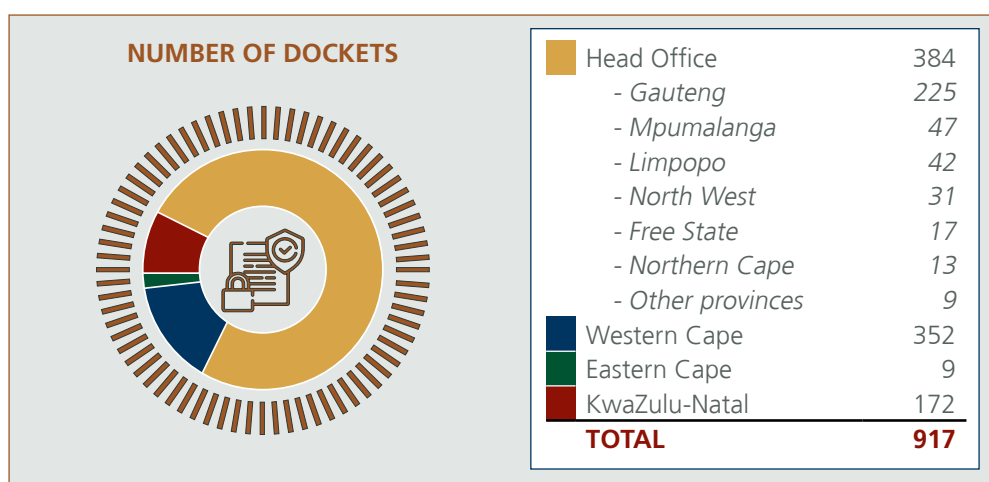
5. Improper Conduct Investigation Dockets Pertaining to Exploitation of Labour

One of the Authority's objectives is to promote the protection and enforcement of the rights of security officers and other employees in the private security industry. PSIRA ensures security businesses pay the prescribed minimum wages as determined by the Department of Labour and that they comply with the Private Security Sector Provident Fund in order to ensure employees are not exploited.

The regional breakdown is:



As at end March 2021, there were 900 improper conduct dockets pending against security service providers for allegations of failing to pay the statutory minimum wage to employee security officers.



As at end March 2021, there were 917 improper conduct cases pending against security service providers for allegations of failure to comply with the Private Security Sector Provident Fund.

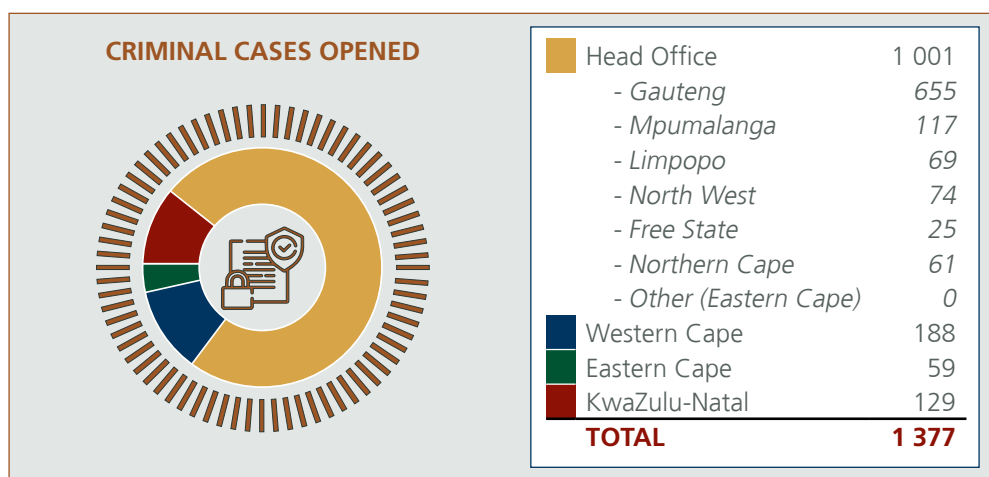
Co-operation between the Authority and Department of Labour resulted in a process developed and implemented for the referral of complaints to the Department of Labour.

6. Criminal Investigations

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

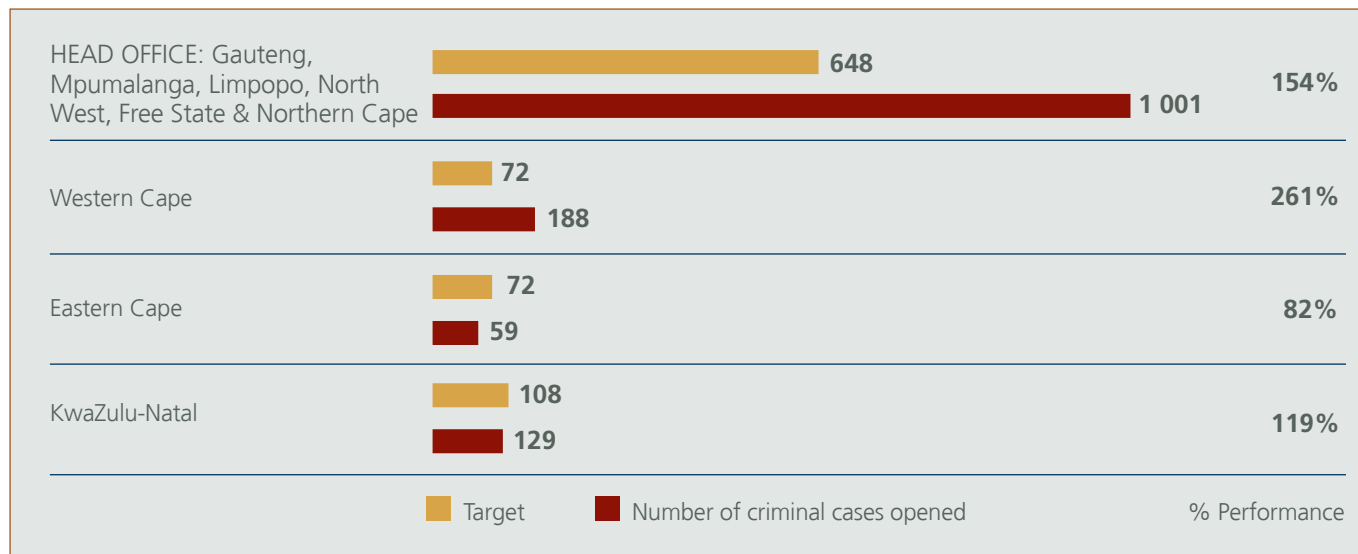
As at 31 March 2021, a total of 3 461 outstanding criminal cases were pending with the SAPS, compared to 4 125 cases in March 2020.

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



During the period 1 April 2020 to 31 March 2021, a total of 1 377 criminal cases were opened by inspectors compared to 1 148 cases the previous financial year.

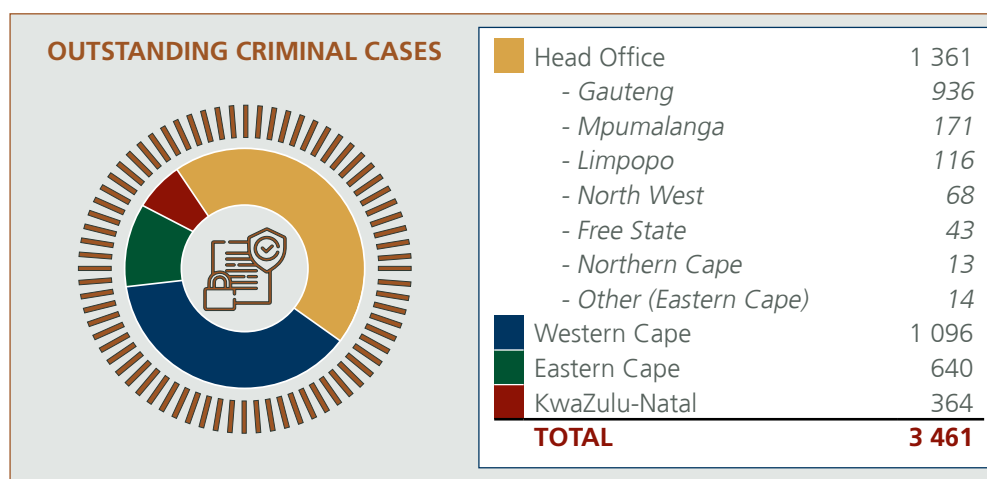
Performance pertaining to the number of criminal cases opened during the period under review is 153% compared to the set operational target. The regional breakdown is:



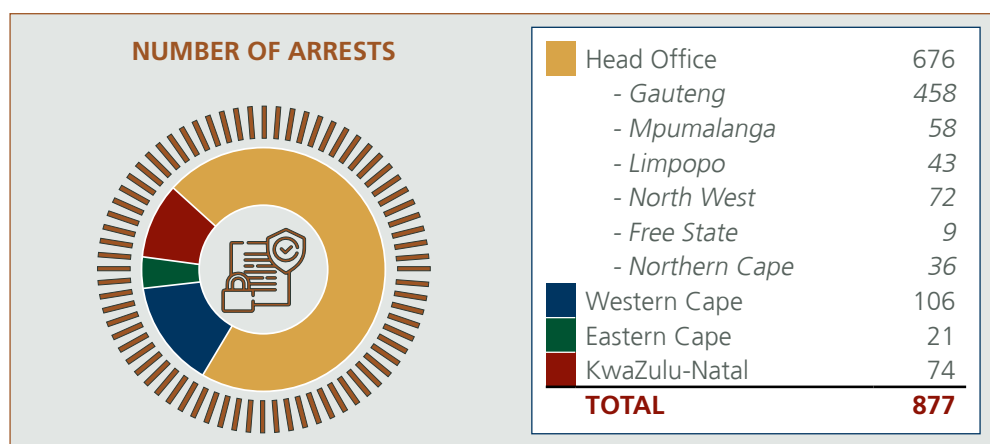
The National Prosecuting Authority finalised 494 criminal cases in the period under review compared to 308 cases the previous financial year. The regional breakdown is:

Region	Successfully finalised	Unsuccessfully finalised	Total
Head Office	466	19	485
- Gauteng	319	19	338
- Mpumalanga	33	0	33
- Limpopo	48	0	48
- North West	48	0	48
- Free State	0	0	0
- Northern Cape	18	0	18
- Other (Eastern Cape)			
Western Cape	1	0	1
Eastern Cape	2	2	4
KwaZulu-Natal	4	0	4
Total	473	21	494

As previously stated, there were at 31 March 2021 a total of 3 461 criminal cases outstanding with the South African Police Services countrywide. The regional breakdown is:



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



During the period under review, 877 arrests were made compared to 566 arrests during the previous financial year. The following number of arrests was made:

The Director of PSiRA and Acting National Commissioner of the SAPS signed an agreement in April 2016 that provided for the establishment of a National Consultative Forum.

7. Firearms

7.1. Firearm Applications

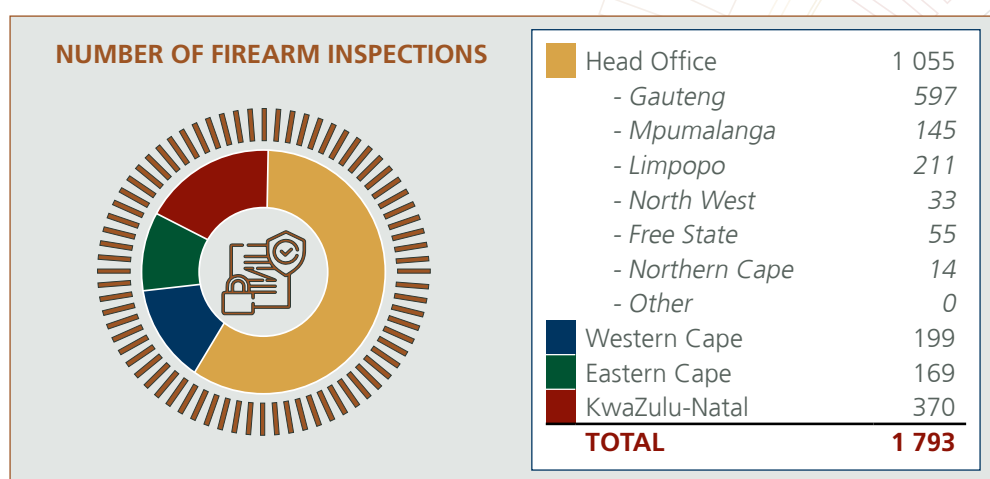
The Authority provides information to the Central Firearms Register (CFR) pertaining to security service providers applying for firearm licences. This information includes, inter alia:

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

During the period under review, a total of 1 399 firearm application enquiries were received from the CFR and finalised compared to 1 787 applications the previous year. A total of 513 applicants were rejected and 886 applicants were cleared by the Authority for consideration by the CFR.

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

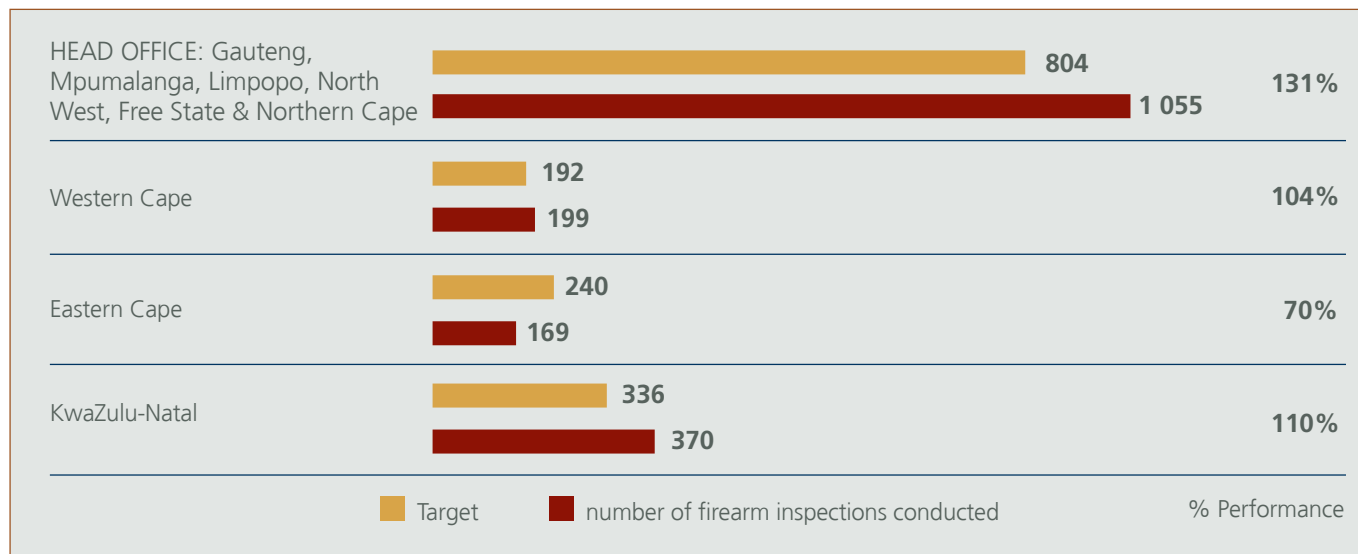
7.2. Firearm Inspections



The Authority launched, as part of its Annual Performance Plan, a firearm inspection programme. The regional number of firearm inspections conducted during the period 1 April 2020 to 31 March 2021

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

With reference to the above statistics, the overall performance pertaining to the total number of firearm inspections conducted for the period 1 April 2020 to 31 March 2021, based on the Authority's APP targets is 114%. The regional breakdown is:



7.3. Firearm regulatory sub-committee

The Director of the Authority established a Firearm Regulatory Sub-Committee in order to improve firearm control in the private security industry. This sub-committee performs the following functions in terms of its terms of reference:

- a) The Firearm Regulatory Sub-Committee upholds the objectives of the Authority in promoting a legitimate private security industry, particularly relating to firearm control
- b) It facilitates the establishment and implementation of effective internal systems to enhance assistance in the control of firearms in the industry. This includes, but is not limited to:
 - i. The enhancement of the security service provider's database to include details of all security businesses licensed for firearms
 - ii. Regular updating of the security business database in respect of applications for licences granted/withdrawn by the Central Firearm Register of the SAPS
 - iii. Submits regular reports on those businesses licenced with the Central Firearm Register in respect of changes i.e. registration status, number of security officers employed, address changes, etc.
- c) Facilitate the establishment of a Standing Committee between the Authority and the Central Firearm Register of the South African Police Service in order to:
 - i. Guide and co-ordinate the decisions and actions of the Authority and the Central Firearm Register in the performance of their respective regulatory functions
 - ii. Facilitate the establishment of a mechanism to standardise the control of firearms in the private security industry as well as the types of firearms used in the industry
 - iii. Establish the minimum requirements needed for the issuing of licences and guidelines for the withdrawal of licences
 - iv. Oversee co-operation and co-ordination between the Authority and SAPS in respect of law enforcement operations
 - v. Facilitate and improve communication and liaison between the Central Firearm Register and the Authority
 - vi. Generally share information from each other's databases in respect of security service providers and licenced institutions
- d) Facilitate the training of inspectors to enhance proper firearm control including competency in the use of firearms and verification of ammunition.

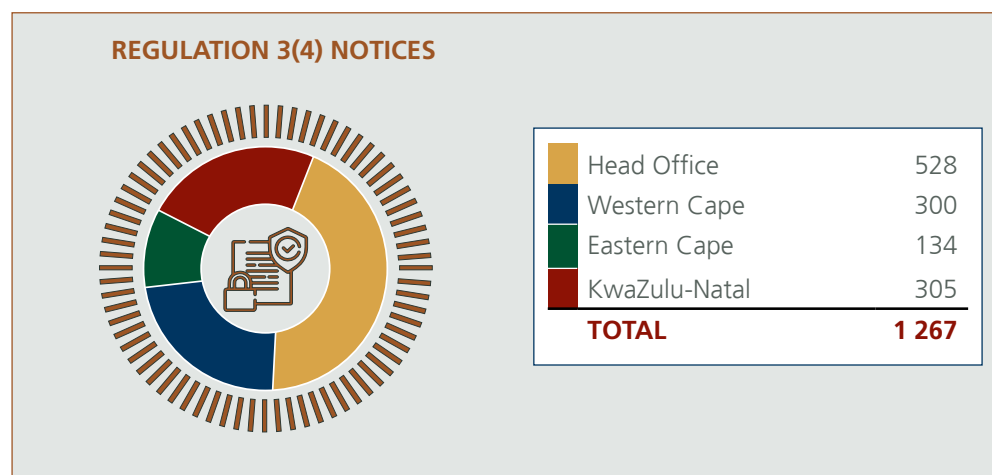
The Firearm Regulatory Sub-Committee held four meetings in the period under review.

8. Charge sheets, summonses and regulation 3(4) notices issued

During the period 1 April 2020 to 31 March 2021, 1 267 regulation 3(4) notices in respect of improper conduct cases were prepared by the Authority compared to 1 281 regulation 3(4) notices for the same period last year.

These summonses and prosecutions bear no reference to the businesses charged as the charge sheets and summonses issued by the Authority could be from previous years and not necessarily from the year under review. Furthermore, the variance between summonses served and total successful prosecutions could be due to reasons such as postponements and respondents not being traceable.

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



9. Annual Fees and Fines Collected

During the period 1 April 2020 to 31 March 2021, a total of R2 046 946.61 annual fees and R2 500.00 fines were collected by inspectors of the Authority compared to R1 610 106.61 annual fees and R30 846.04 in fines collected the previous year.

10. Untraceable Security Service Providers

Following the issuing of charge sheets, summonses and/or regulation 3(4) notices from 1 April 2020 to 31 March 2021, 0 security service providers could not be traced by Authority inspectors, and 0 following on from failed inspections. But steps taken to trace these security service providers include, inter alia:

- Visits to know addresses of the businesses as well as that of the owners/ directors/members, etc.
- Enquiries at neighboring businesses
- Calling all numbers available on the Authority's database

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

11. Staff Complement of the Compliance and Enforcement Departments

11.1. Inspectors

At end of March 2021, Law Enforcement had 61 inspectors.

Deployment within the compliance and enforcement departments during the period under review (including staff on suspension, maternity leave, acting positions, etc.) was:

Region	Compliance department	Enforcement department	Total
Head Office	19 (2 Senior Inspectors – admin)	15	34
- Gauteng	13	12	25
- Mpumalanga	1	1	2
- Limpopo	2	1	3
- North West	2	0	2
- Free State	1	1	2
- Northern Cape			
Western Cape	5	5	10
Eastern Cape	4	2	6
KwaZulu-Natal	7	4	11
Total	35	26	61

12. Complaints and Helpdesk

The Authority has a full-time complaints and helpdesk at the Arcadia, KwaZulu-Natal and Western Cape offices. Their purpose is to deal with general enquiries and to register complaints needing further investigation by inspectors. Statistical information pertaining to the number of enquiries received during 1 April 2020 to 31 March 2021 is:

Number of enquiries/Complaints	Head office	KZN	Western cape
Telephonic	40	0	-
Personal	122	31	-
Enquiries	30	16	-
Complaints	123	57	-
Enquiries/complaints pertaining to registration/training	22	23	-
Wages	46	30	-
Provident Fund	4	3	-

The complaints and helpdesk assistant in Western Cape has been deployed as a receptionist until this vacant position is filled.

13. Regulatory Sub-Committee

The Director of the Authority established a Regulatory Sub-Committee as a sub-committee of the Executive Committee. The Regulatory Sub-Committee is responsible for:

- The suspension of the registration of security service providers
- The upliftment of the suspension of registration of security service providers
- The withdrawal of the registration of security service providers
- The confirmation, review and substitution of the findings, penalties and other orders at improper conduct enquiries, and the putting into operation of suspended penalties at such enquiries
- The conviction of and the imposition of a penalty on a security service provider who has indicated to the Director that the security service provider intends to plead guilty to a charge of improper conduct, or will not oppose the putting into operation of a suspended penalty
- The application for a court order in respect of a security service provider as contemplated in section 27 of the Act
- The withdrawal of accreditation certificates of security service providers providing security training

During the period under review, 36 Regulatory Sub-Committee meetings were held and the following decisions taken:

BUSINESS REGISTRATION							INDIVIDUAL REGISTRATION			NUMBER OF IMPROPER CONDUCT CONFIRMATIONS OF CONVICTIONS SENTENCES			
Withdrawal (annual fees)	Withdrawals (voluntary)	Withdrawals at Code of Conduct enquiries	Upliftment: Suspension	Withdrawals (Reg.5.)	Suspensions (annual fees)	Suspension (voluntary)	Withdrawals	Withdrawals at Code of Conduct enquiries	Registrations Suspended	Head Office	Eastern Cape	Western Cape	KwaZulu-Natal
928	90	9	24	156	1 027	0	20	6	83	50	41	143	161

IMPROPER CONDUCT SETTLEMENT			
Head Office	Eastern Cape	Western Cape	KwaZulu-Natal
405	59	158	0

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

14. Stakeholder Interaction

During the period under review, a number of meetings were attended throughout the country with the SAPS, other Law Enforcement agencies, consumers of security services (including stadium management, business forums and state departments) and other stakeholders. The purpose was to discuss collaboration between PSiRA, SAPS (other Law Enforcement agencies) and security service providers in combating crime, conducting joint operations between the parties to enforce compliance of applicable legislation within the private security industry. The meetings also offered a platform to educate consumers of private security on their rights and obligations to providers of security service.

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

- Meeting held with the SAPS in respect of COVID-19
- PSiRA Law Enforcement had stakeholder interaction with SAPS in terms of Operation Clean Up
- A meeting was attended at the City of Johannesburg to advise on compliance as well as insourcing
- PICF presentations conducted in Gauteng, Mpumalanga, Limpopo, Free State, Eastern Cape, Cape Town and KwaZulu-Natal
- Meeting held with the SAPS: Division Head: Detectives regarding security criminal cases
- Meeting held with 'Street Eyes' regarding compliance in the private security industry
- Meeting held with Locksmiths Associations of S.A. (LASA)
- Meeting held with SAPS regarding awareness campaigns in the respective provinces
- Meeting held interviews between SAPS and PSiRA in terms of the National Consultative Forum (NCF)
- Interviews were held via TV media with Law Enforcement personnel
- Radio shows were also held with Law Enforcement personnel

B. Legal Service Division

1. Prosecutions

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

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

The performance for the year under review is:

	INSPECTIONS				
Charge sheets/summons issued	797	502	156	315	1 770
Cases removed from the roll	419	199	65	167	850
Case successfully finalised	432	336	101	169	1 038
Cases unsuccessfully finalised	7	2	1	11	21

Head Office
 Western Cape
 Eastern Cape
 KwaZulu-Natal
 Totals

- 1.1 A total of 1 770 cases were issued with summonses but only 1 059 were successfully placed on the roll for adjudication.
- 1.2 Cases removed from the roll were mostly those that were either postponed or written off.
- 1.3 A total of 21 cases were unsuccessfully finalised due to charges being withdrawn or a not guilty finding given.
- 1.4 A total of 1 038 successfully finalised by way of settlement or Code of Conduct hearings.
- 1.5 139 comprise summons issued in respect of witnesses and cases from the previous financial year.

2. Litigation

Thirty-six cases registered in the litigation register during this period. Two matters were finalised and 34 remained pending at the end of March 2020.

3. Appeals

APPEALS AGAINST THE AUTHORITY'S REFUSAL TO REGISTER A SECURITY SERVICE PROVIDER AND WITHDRAWAL BY THE AUTHORITY OF REGISTRATION DUE TO A CONVICTION OF A SCHEDULED OFFENCE						
Total brought forward from 2020/2021	Total received for 2020/2021	Total matters on hand	Dismissed	Upheld	Pending	Matter referred back to the Authority
0	143	0	119	15	9	0

APPEALS AGAINST CONVICTION AND/OR SENTENCE FOLLOWING THE FINALISATION OF IMPROPER CONDUCT ENQUIRIES CONVENED IN TERMS OF THE ACT							
Total brought forward from 2020/ 2021	Total received for 2020/ 2021	Total matters on hand	Dismissed	Upheld	Pending	Matter referred to the Authority	Withdrawals
25	7	0	27	1	2	1	1

APPEALS AGAINST THE AUTHORITY'S REFUSAL TO REGISTER A SECURITY SERVICE PROVIDER DUE TO NON-SOUTH-AFRICAN RESIDENCE			
Total received	Dismissed	Upheld	Pending
0	0	0	0

4. Applications for Exemption

APPLICATIONS FOR EXEMPTIONS					
Total brought forward from 2020/ 2021	Total received for 2020/ 2021	Dismissed	Granted	Withdrawals	Pending
9	3	3	6	2	1

C. Industry Regulation (CRM)

1. Introduction

The objects of the Authority as contemplated in section 3 of the Private Security Industry Regulation Act, 2001 includes to promote a legitimate private security industry which acts in terms of the principles contained in the Constitution and other applicable law. As the private security industry operates within a democratic State with the Constitution of South Africa as the supreme law, this objective is interpreted to refer primarily to an aspect of the legitimacy of the private security industry. In other words, the private security industry must in no way be seen as posing a threat to the stability of the democratic state or the democratic characteristics of the State.

One of the elements in ensuring legitimacy of the private security industry, is the requirement that all those who fall within the definition of "security service provider" and who propose to render a "security service", must comply with registration procedures and be registered before becoming active in the industry. Registration is therefore the cornerstone of the regulation of the private security industry as not all applicants will be able to secure entry to the industry and that the admission to or exclusion from the industry is based on proper grounds.

The registration requirement therefore applies in regard to those falling within the following categories:

- All natural persons personally rendering a security service (whether as employee or otherwise)
- All forms of businesses which render a security service
- Natural persons involved in the executive management or governance of the said business

The process of determining who should register with the Authority as security service providers is provided for in the definitions describing the private security industry as set out in terms of section 1 of the Act. In summary, the following categories or classes of security service providers need to register with the Authority:



The Authority must ensure decisions made in respect of the registration of security service providers are objective and fair and unclouded by feelings or opinions. As registration is a statutory requirement to render a security service, the process should also be concluded timeously in order to ensure the industry is accessible to applicants as highlighted in section 3(i) of the Private Security Industry Regulations Act, 2001.

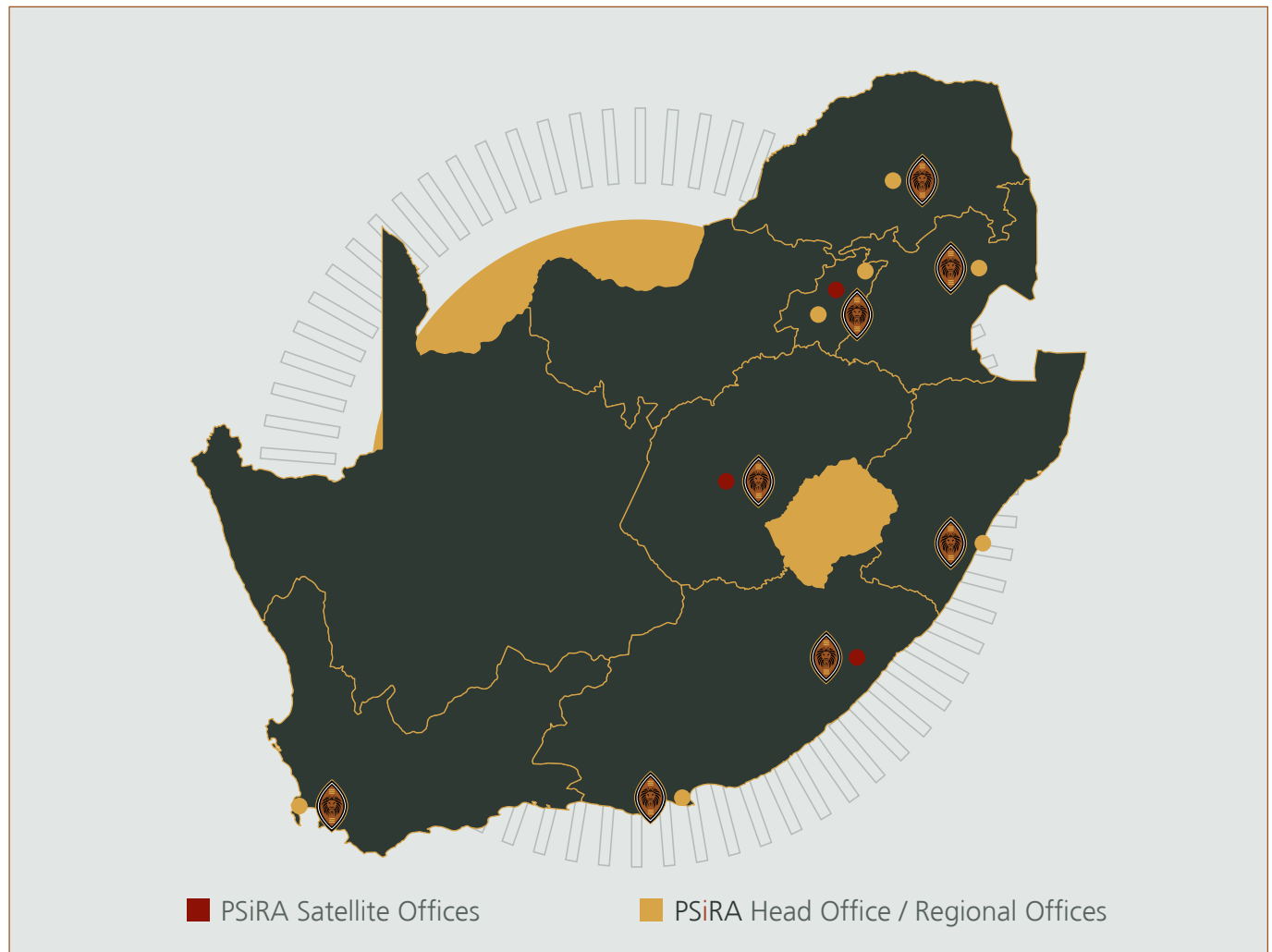
The national lockdown to mitigate the spread of the COVID-19 pandemic and subsequent alert levels in government's response to the epidemic, has resulted in a reduction in the functions rendered by the Department.

In the Authority's response to the national lockdown and subsequent alert levels, the department implemented and continuously revised its Workplace Plan to ensure that services (although at a reduced level) are still rendered.

In order to fulfil its mandatory duty, the Registration Department is divided into two distinct sub-units dealing with business registrations and individual registrations respectively, which allows each business unit to specialise and ensure the objectives and set targets are met.

2. Overview

Registration services are conducted at all PSiRA offices. PSiRA's national footprint is:



PSiRA has registered and accounts for almost 2.6 million individual security officers and over 11 000 security businesses registered on the Authority's register of security service providers as at 31 March 2021.

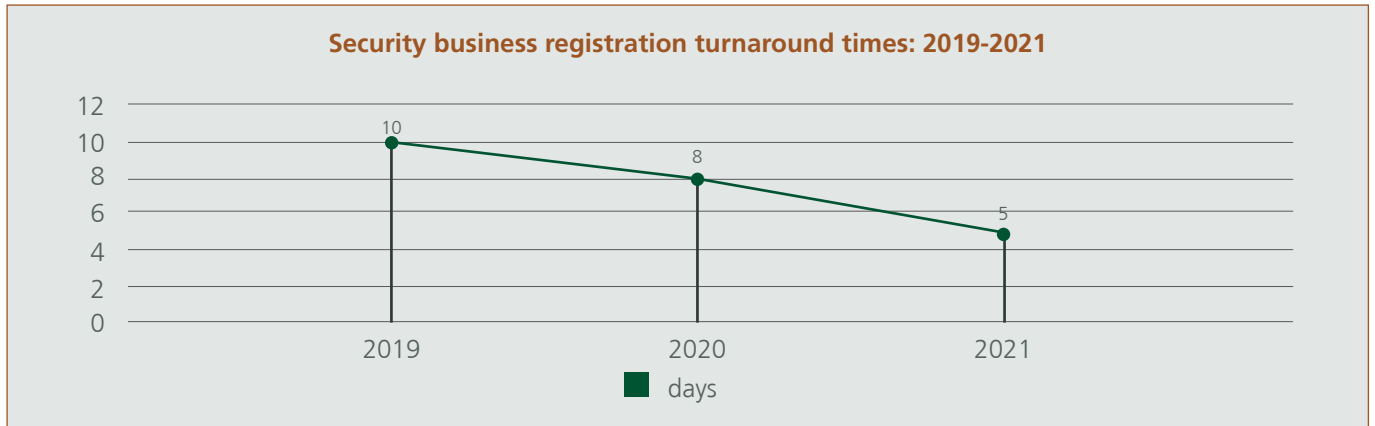
Of the total registered security officers, almost 560 000 (employees, independent contractors, in-house security officers) are registered and actively deployed by just under 11 000 registered and active security businesses. These security businesses employee security officers represent all the different categories or classes of security service providers as highlighted under the introduction above. However, it must be noted that the employment records represent the number of security officers reported by the security business and employers of in-house security officers as employed or deployed. The Authority is aware there significant underreporting of security officers and this matter is addressed through enforcement as well as renewal of registration initiatives.

As has historically been the case, the contract guarding sector constitutes the largest part of the industry, but the regulation of the private security industry is obviously more complex than just the contract guarding sector, as it includes a high number of categories or classes of security service providers as highlighted above, as well as a growing in-house security component. With the continuous call for more insourcing of security services, this complexity will increase. In this regard, the Authority also developed guidelines on insourcing versus outsourcing.

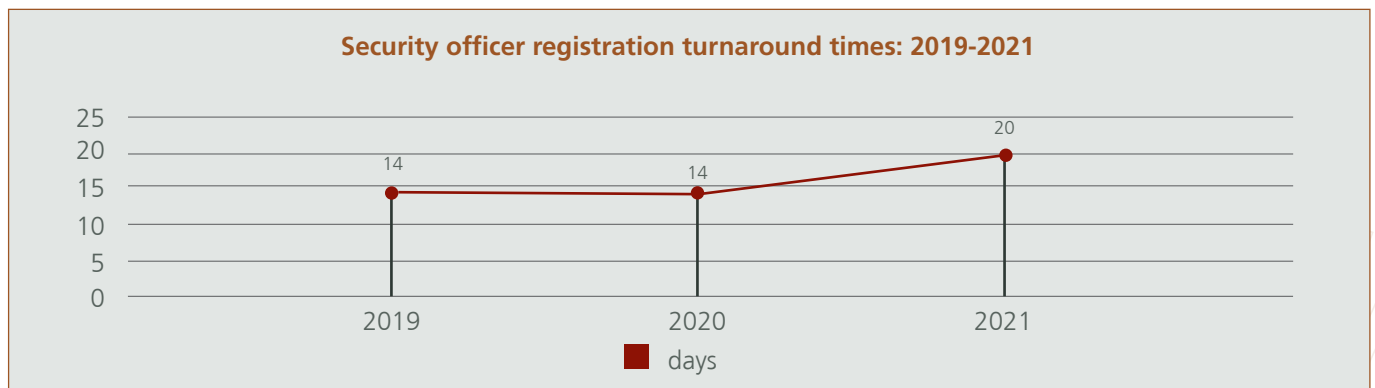
The registration turnaround time for registering security businesses was reduced to eight working days from the target set in 2019/2020 of 10 days, despite the challenges faced during the COVID-19 Pandemic, the business unit still managed to register businesses within an average of five working days.

The turnaround time for individual registrations was set at 14 days and the Department was only able to attain an average of 20 days in finalising individual registrations, as the impact of the COVID-19 pandemic seriously hampered service delivery, not only internally but also as a result of PSiRA's reliance on external service providers in conducting criminal record verifications against the Automated Fingerprint Identification System (AFIS) of SAPS as well as supply chain challenges in obtaining certificate stock and others.

- Average turnaround time for business registrations over the last three financial years



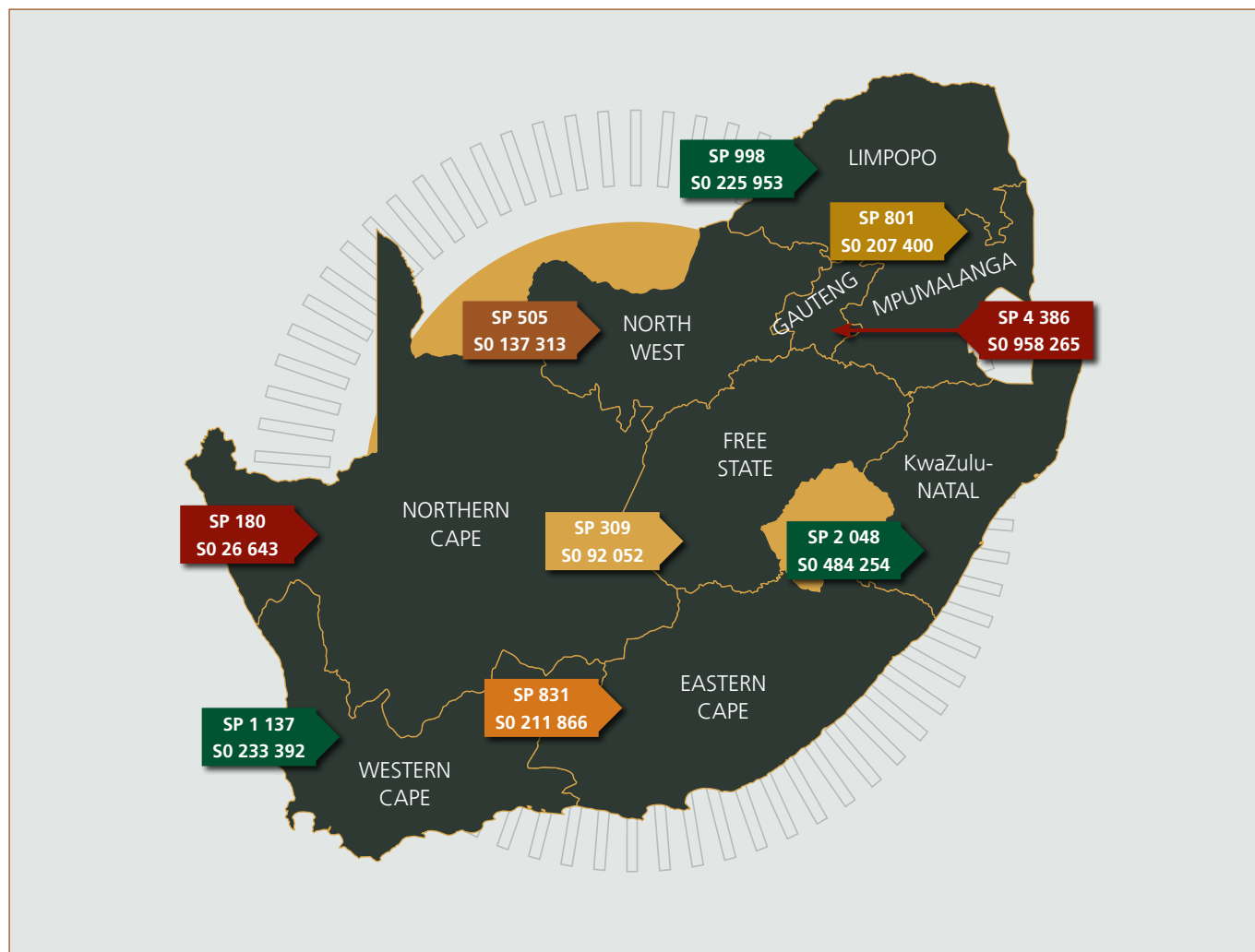
- Average turnaround time for security officer registrations over the last three financial years



a. Total number of security service providers as at 31 March 2021

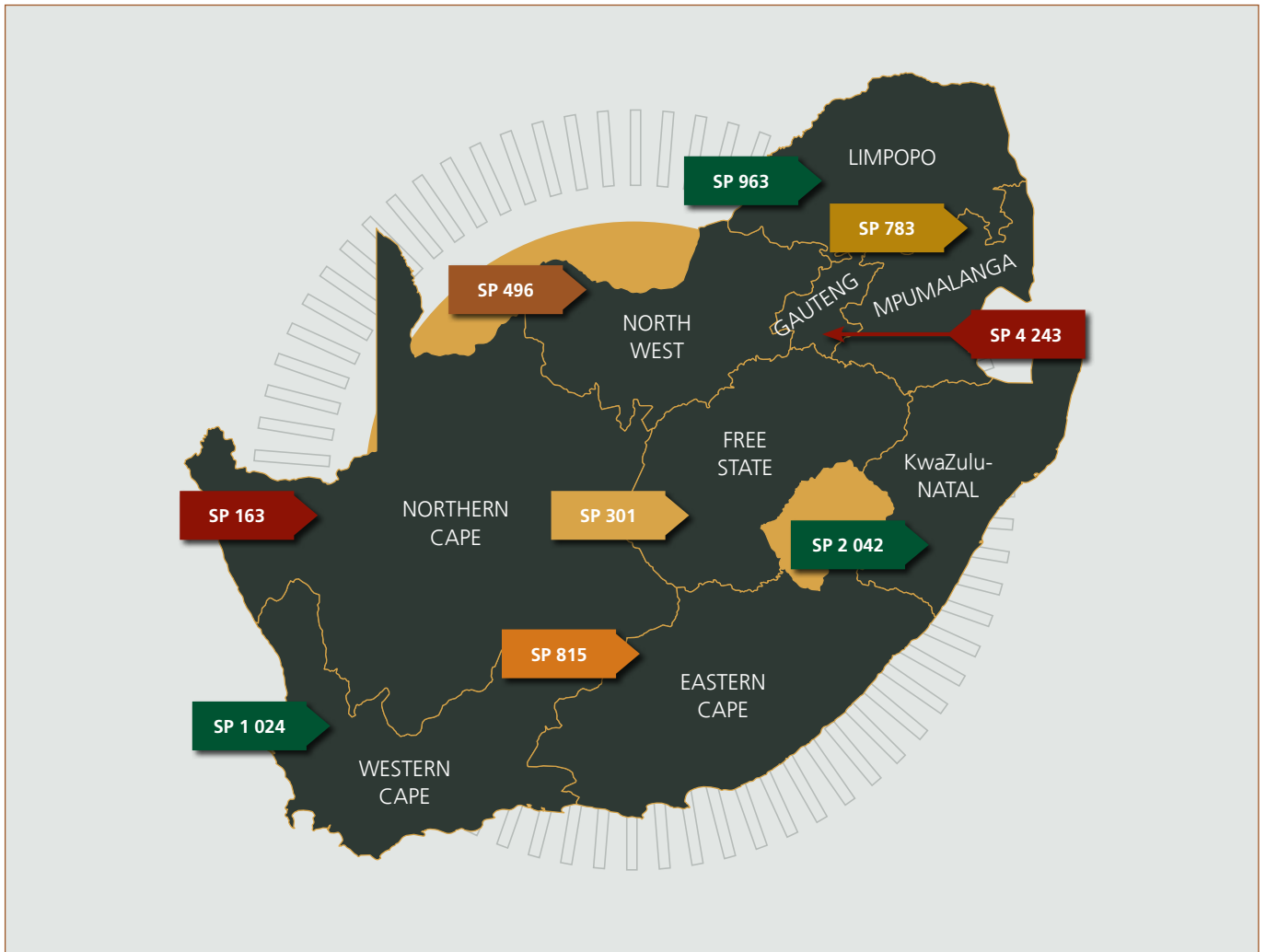
Total number of registered security businesses	11 195
Total number of inactive security businesses	365
Total number of registered security officers	2 577 138
Total number of inactive security officers	2 019 861

b. Geographical spread of the total number of registered security businesses (SPs) and security officers (SOs) – 31 March 2021



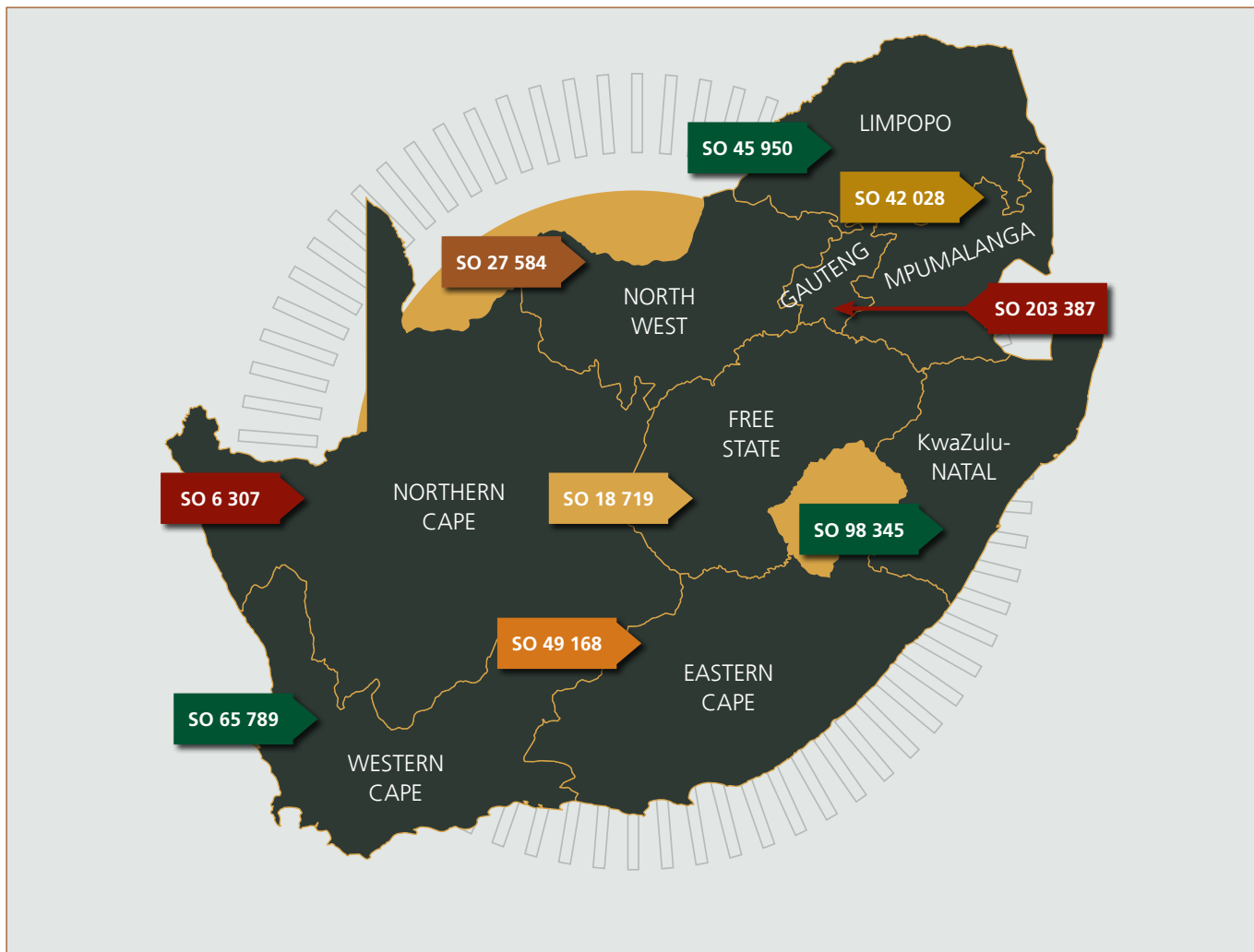
Province	Security officers	Security businesses
Limpopo	225 953	998
Mpumalanga	207 400	801
Gauteng	958 265	4 386
North West	137 313	505
Free State	92 052	309
KwaZulu-Natal	484 254	2 048
Eastern Cape	211 866	831
Northern Cape	26 643	180
Western Cape	233 392	1 137
Total	2 577 138	11 195

c. Geographical spread of the total number of registered and active security businesses - 31 March 2021



Province	Security businesses
Limpopo	963
Mpumalanga	783
Gauteng	4 243
North West	496
Free State	301
KwaZulu-Natal	2 042
Eastern Cape	815
Northern Cape	163
Western Cape	1 024
Total	10 830

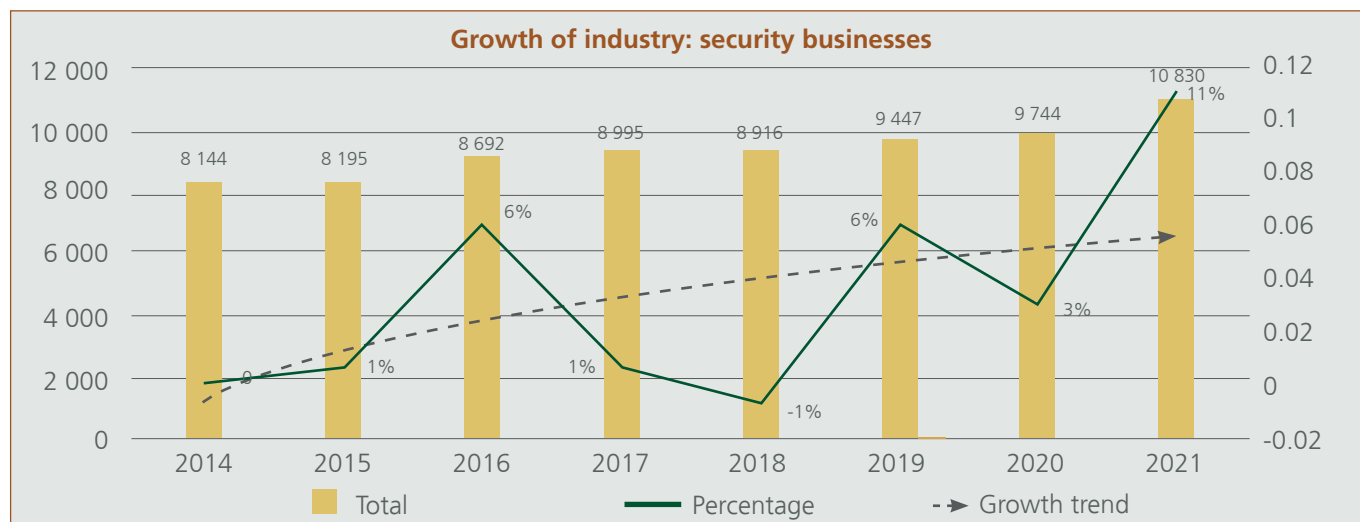
d. Geographical spread of registered and employed (active) security officers (SOs) – 31 March 2021



Province	Security officers
Limpopo	45 950
Mpumalanga	42 028
Gauteng	203 387
North West	27 584
Free State	18 719
KwaZulu-Natal	98 345
Eastern Cape	49 168
Northern Cape	6 307
Western Cape	65 789
Total	557 277

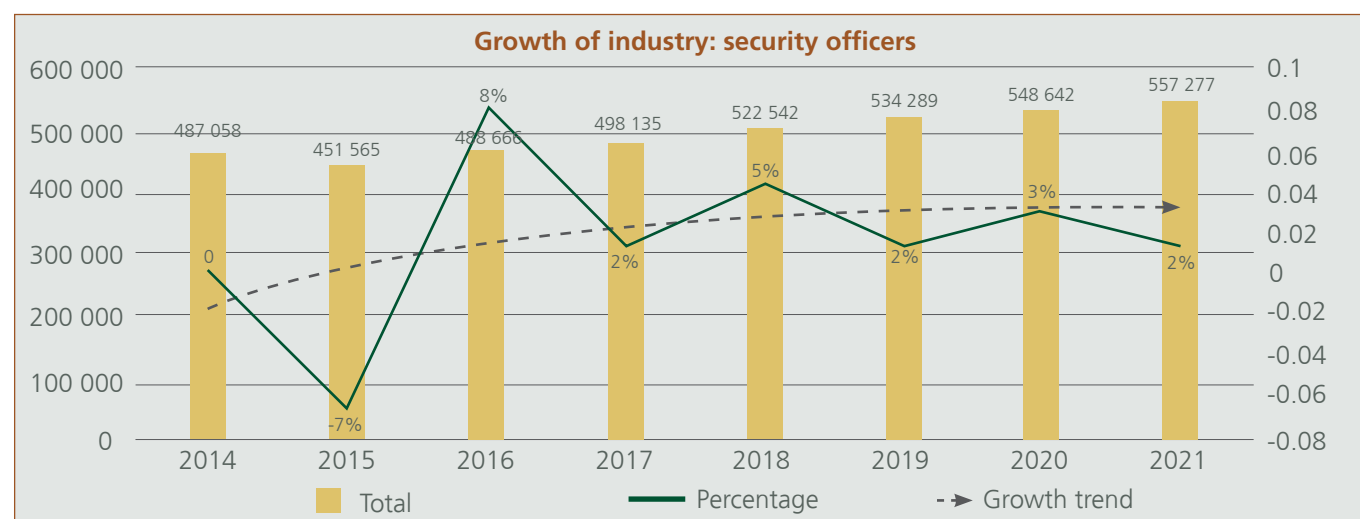
e. Growth of the private security industry since 2014 – security businesses

Year	Total security businesses	% increase/decrease	Total increase/decrease
2014	8 144	-	33% increase
2015	8 195	1%	
2016	8 692	6%	
2017	8 995	1%	
2018	8 916	-1%	
2019	9 447	6%	
2020	9 744	3%	
2021	10 830	11%	



f. Growth of the private security industry since 2014 – security officers

Year	Total security officer	% increase/decrease	Total increase/decrease
2014	487 058	-	14% increase
2015	451 565	-7%	
2016	488 666	8%	
2017	498 135	2%	
2018	522 542	5%	
2019	534 289	2%	
2020	548 642	3%	
2021	557 277	2%	

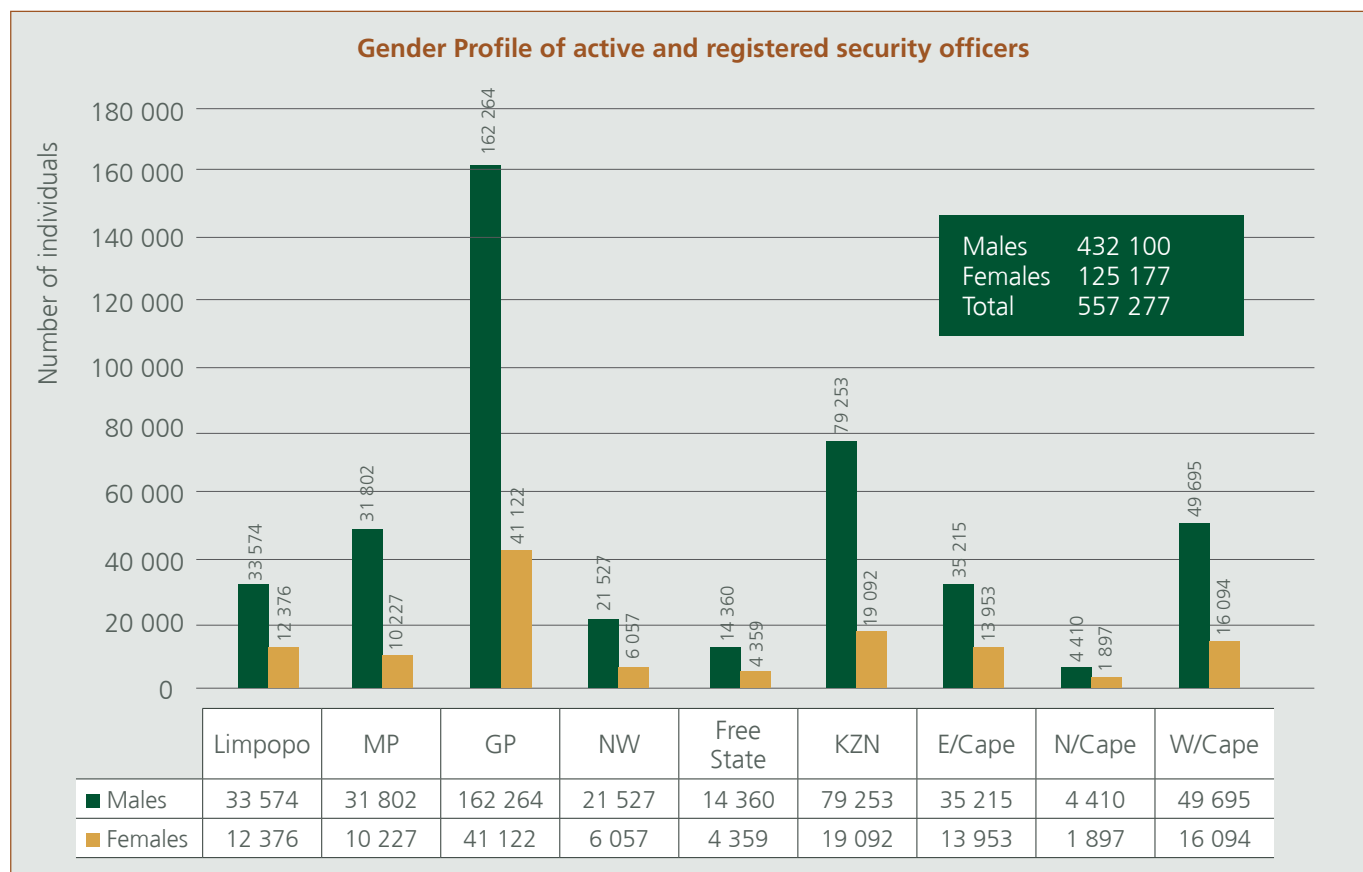


3. Security Officers

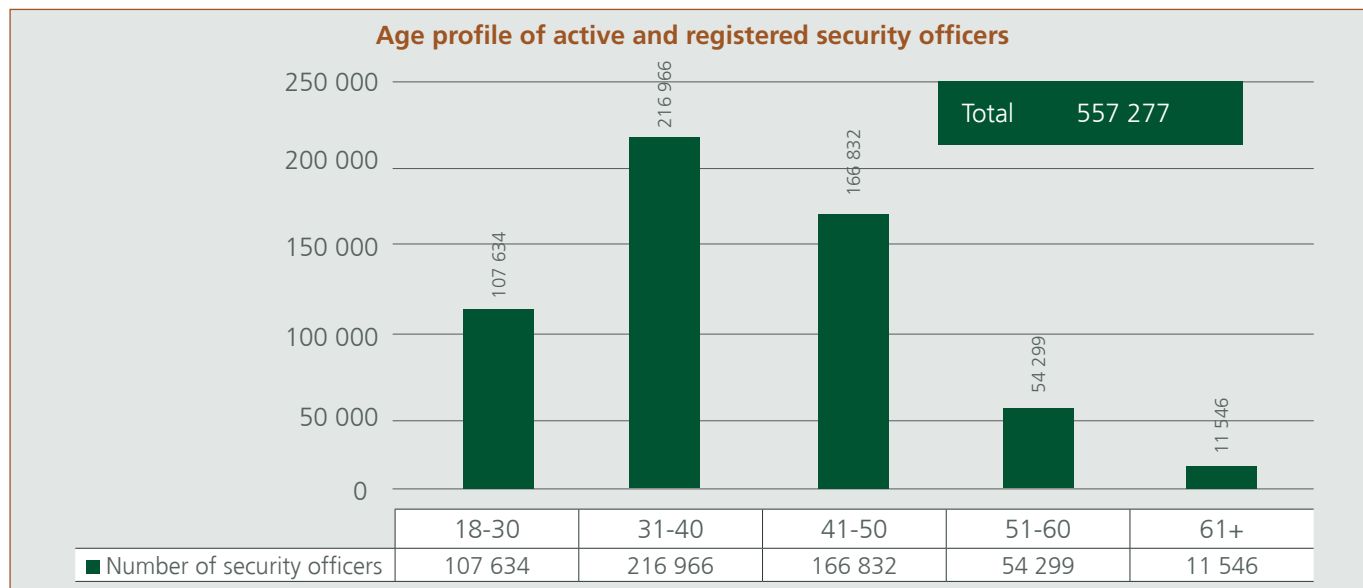
a. Number of new applications received by the Authority and captured during the financial year 2020/2021

Applications received	99 273
Approved	83 641
Retakes (poorly taken fingerprints)	10 516
Applications with possible criminal record (query by CRC)	6 806
Rejected individual applications due to a criminal record	1 918
Case awaiting trial matters	2 366

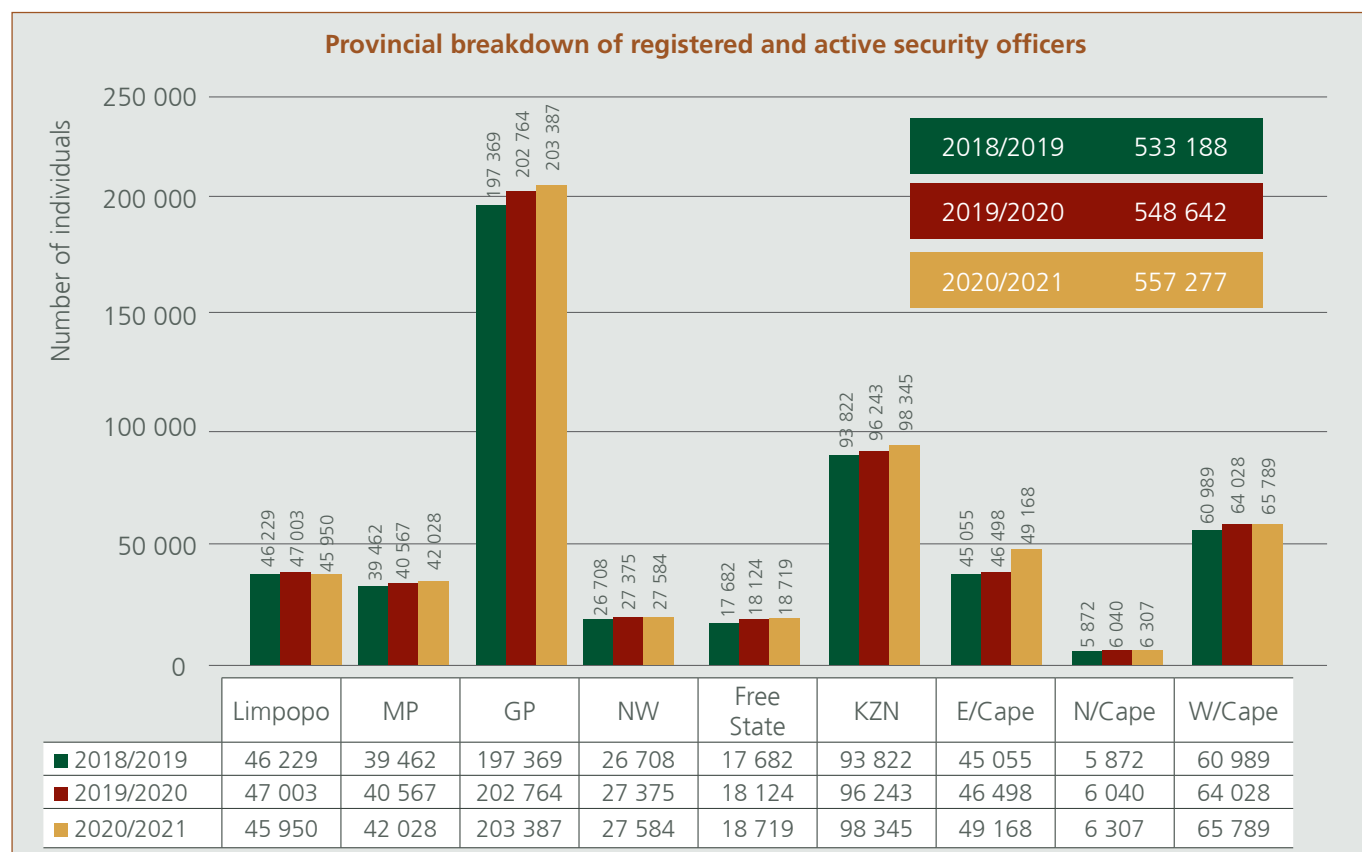
b. Gender profile of active and registered security officers



c. Age profile of active and registered security officers



d. Provincial breakdown of registered and active security officers over the last three financial years



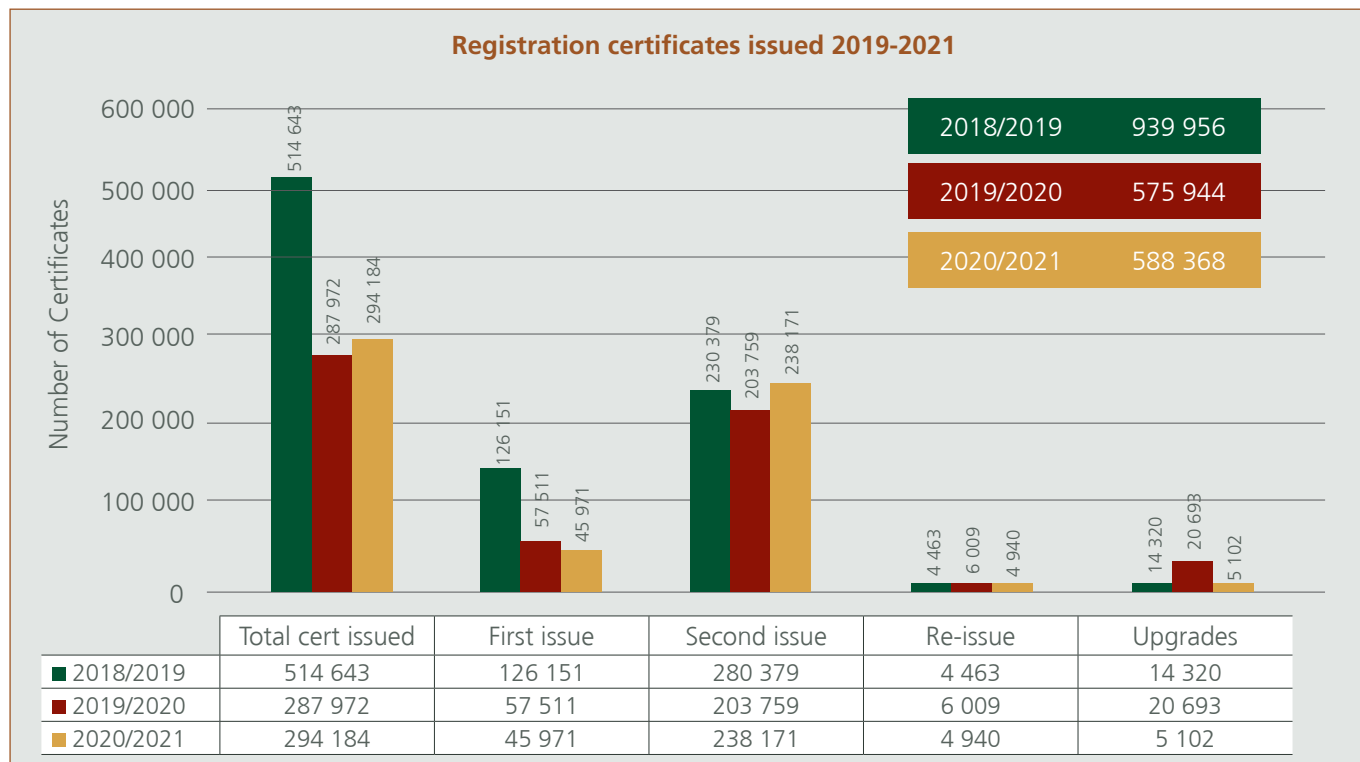
e. Security officers inactive and other

Number of deceased security officers 01/4/2020 - 31/3/2021	247
Total number of security officers who are inactive/unemployed	2 014 584
Number of security officers who were inactive/unemployed for the past five years based on registration date	417 757
Number of security officers who were inactive/unemployed for the past 10 years based on registration date	771 652

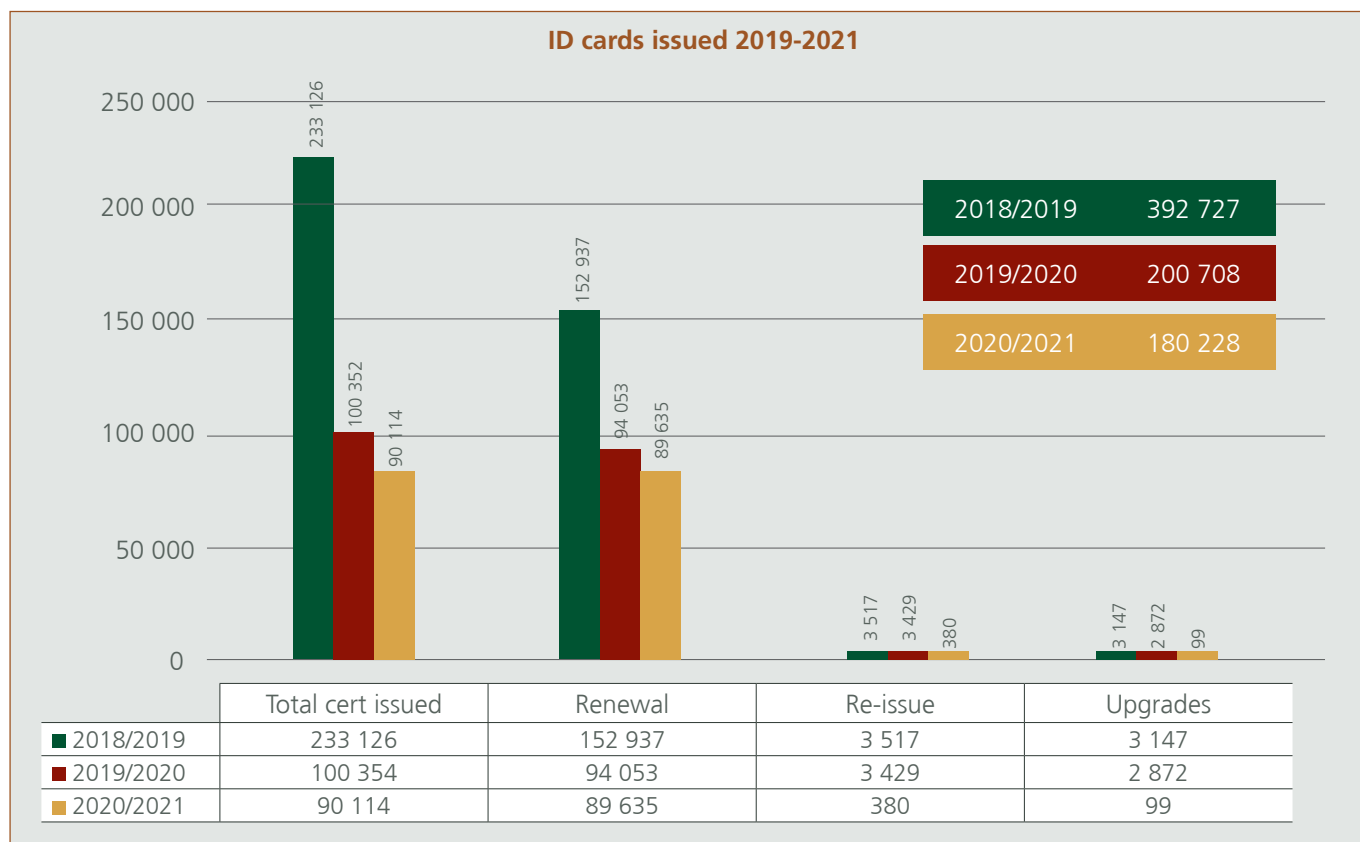
f. Renewal of registration certificates

Province	Security officers active in the industry but had never renewed their certificates	Security officers active in the industry with expired certificates
Gauteng	24 167	70 327
KwaZulu-Natal	9 952	35 666
Western Cape	7 537	19 072
Eastern Cape	4 313	12 652
Limpopo	3 094	14 101
Mpumalanga	3 396	11 807
North West	3 625	8 556
Free State	2 016	4 856
Northern Cape	702	1 490
Total	58 802	178 527

g. Statistical comparison of security officer certificates issued over the last three financial years



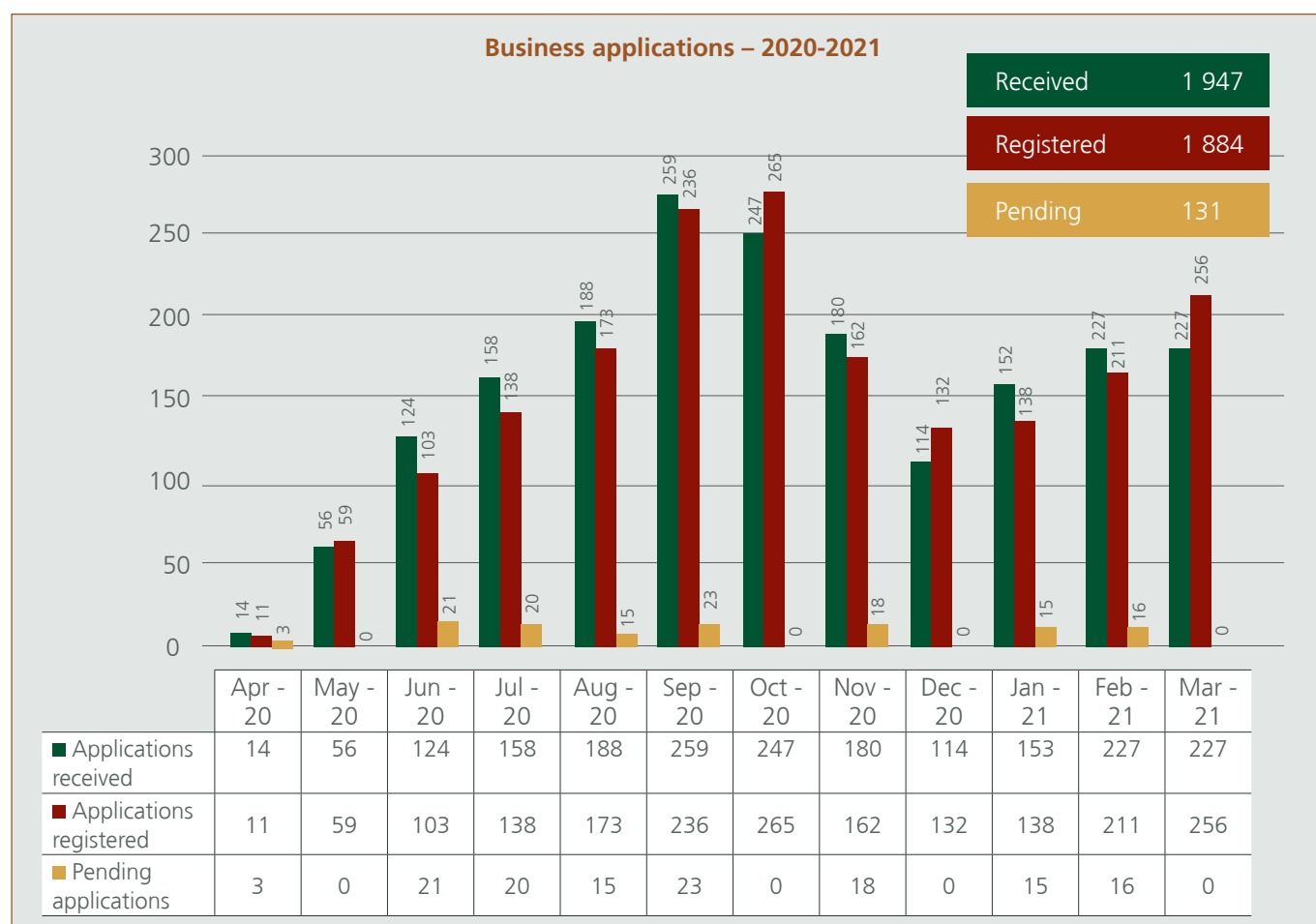
h. Statistical comparison of PSiRA ID cards issued over the last three financial years



4. Security Businesses

a. Number of new applications received and captured during the financial year – 2020/2021

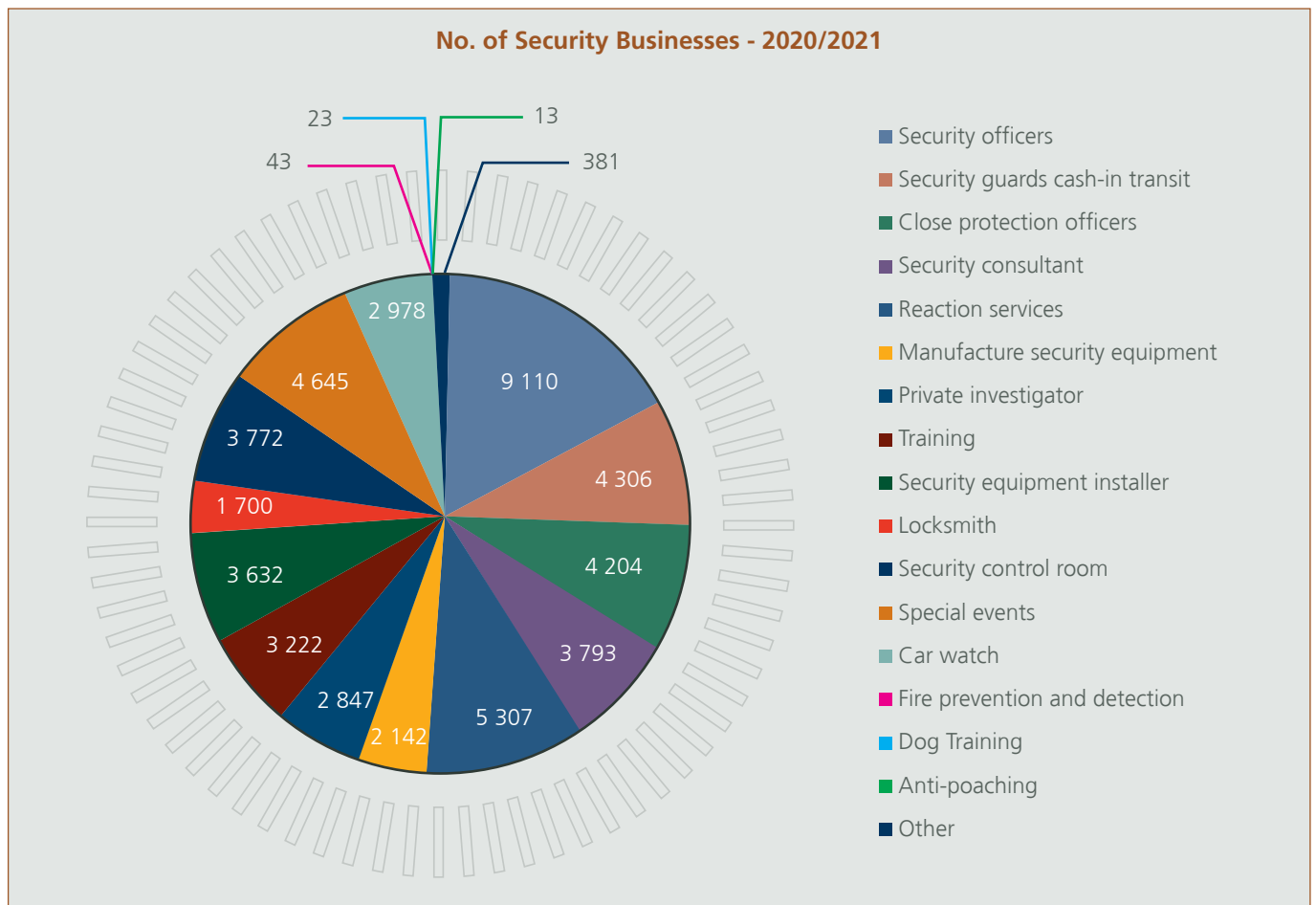
Month	Applications received	Applications registered	Pending applications
April 2020	14	11	3
May 2020	56	59	-
June 2020	124	103	21
July 2020	158	138	20
August 2020	188	173	15
September 2020	259	236	23
October 2020	247	265	-
November 2020	180	162	18
December 2020	114	132	-
January 2021	153	138	15
February 2021	227	211	16
March 2021	227	256	-
Total	1 947	1 884	131



b. Registration information pertaining to the number of applications processed and security services offered by Security Businesses

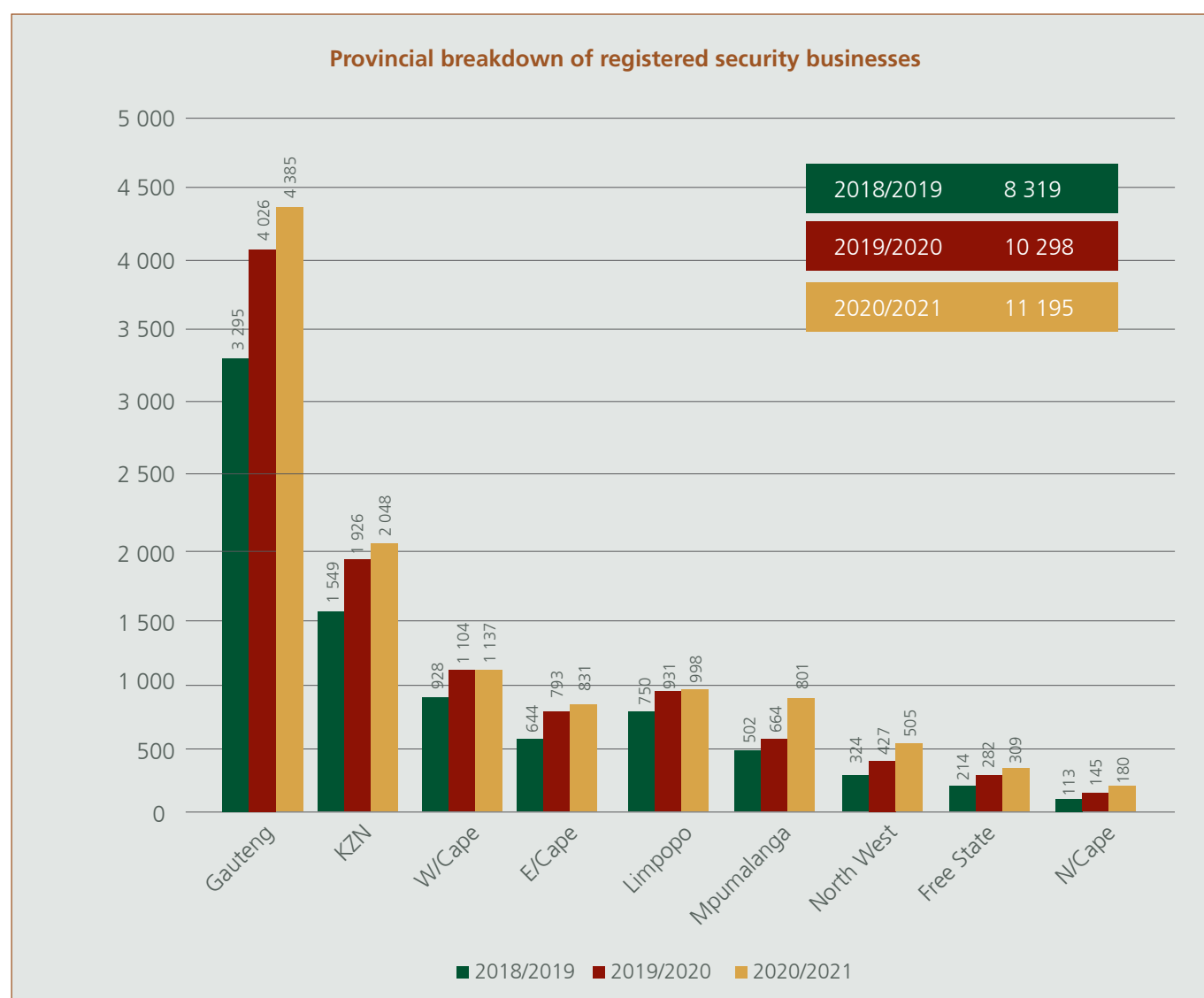
Category of security services	No. of security businesses during 2018/2019	No. of security businesses during 2019/2020	No. of security businesses during 2020/2021
Security officers/guarding	6 383	8 163	9 110
Assets-in transit	2 802	3 734	4 306
Close protection officers	2 431	3 502	4 204
Security consultant	2 198	3 174	3 793
Reaction services	3 510	4 618	5 307
Manufacture security equipment	1 071	1 734	2 142
Private investigator	1 598	2 363	2 847
Training	1 761	2 657	3 222
Security equipment installer/repairer	1 995	2 946	3 632
Locksmith	786	1 366	1 700
Security control room	2 166	3 118	3 772
Special events	2 650	3 847	4 645
Car watch	1 582	2 449	2 978
Fire prevention and detection	40	40	43
Security dog training	21	21	23
Anti-poaching	11	11	13
Other	338	351	381

* On review of the statistical information presented above, note must be taken of the fact that a security business may be registered for more than one particular security service



c. Provincial breakdown of registered security businesses over the last three financial years

Province	No. of security businesses during 2018/2019	No. of security businesses during 2019/2020	No. of security businesses during 2020/2021
Gauteng	3 295	4 026	4 385
KwaZulu-Natal	1 549	1 926	2 048
Western Cape	928	1 104	1 137
Eastern Cape	644	793	831
Limpopo	750	931	998
Mpumalanga	502	664	801
North West	324	427	505
Free State	214	282	309
Northern Cape	113	145	180
Total	8 319	10 298	11 195

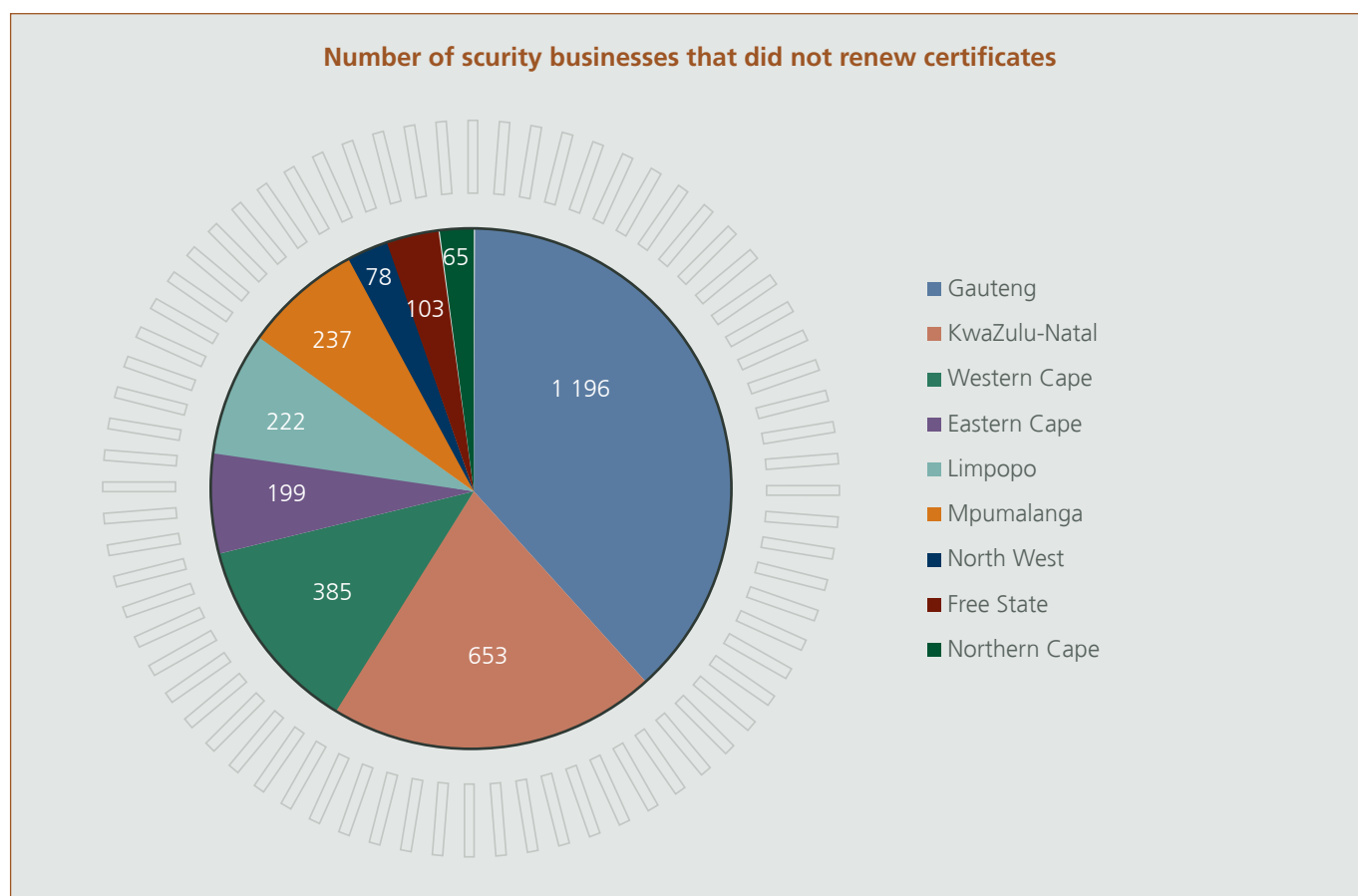


d. Renewal of registration certificates



e. Provincial breakdown of security businesses that did not renew their certificates during the 2020/2021 financial year

Province	Number of security businesses that did not renew 2020/2021
Gauteng	1 196
KwaZulu-Natal	653
Western Cape	385
Eastern Cape	199
Limpopo	222
Mpumalanga	237
North West	78
Free State	103
Northern Cape	65
Total	3 138

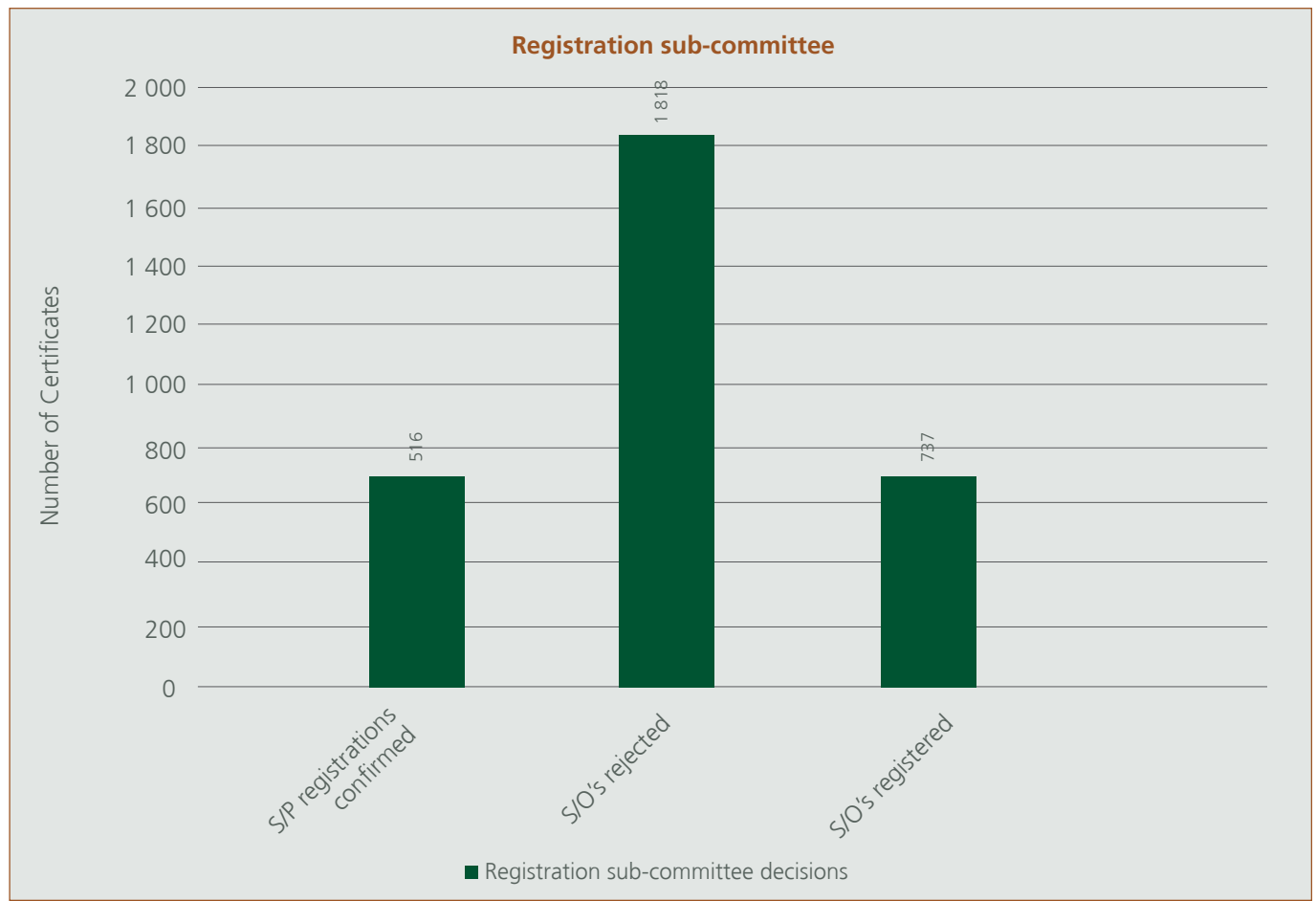


5. Registration Sub-Committee

One of the core mandates of the registration sub-committee is to consider applications for registration in terms of Section 23(6) of the Private Security Regulatory Act 56 of 2001, which states that “despite the provisions of Section 23(1) and (2), the Authority may on good cause shown and on grounds not in conflict with the purpose of this Act, and the objects of the Authority, register any applicant as a security service provider”.

a. Applications registered, rejected (criminal records) and security businesses (S/P) registrations confirmed by the Registration sub-committee per month.

DATE	Number of SOs registered	Number of SPs rejected	Number of SP registrations confirmed
02 June 2020	205	755	66
09 June 2020	9	52	64
09 July 2020	49	148	0
04 September 2020	27	151	0
18 September 2020	2	46	0
13 October 2020	38	176	44
09 November 2020	23	258	0
07 December 2020	89	189	114
01 February 2021	19	1	114
23 March 2021	276	42	114
Total	737	1 818	516



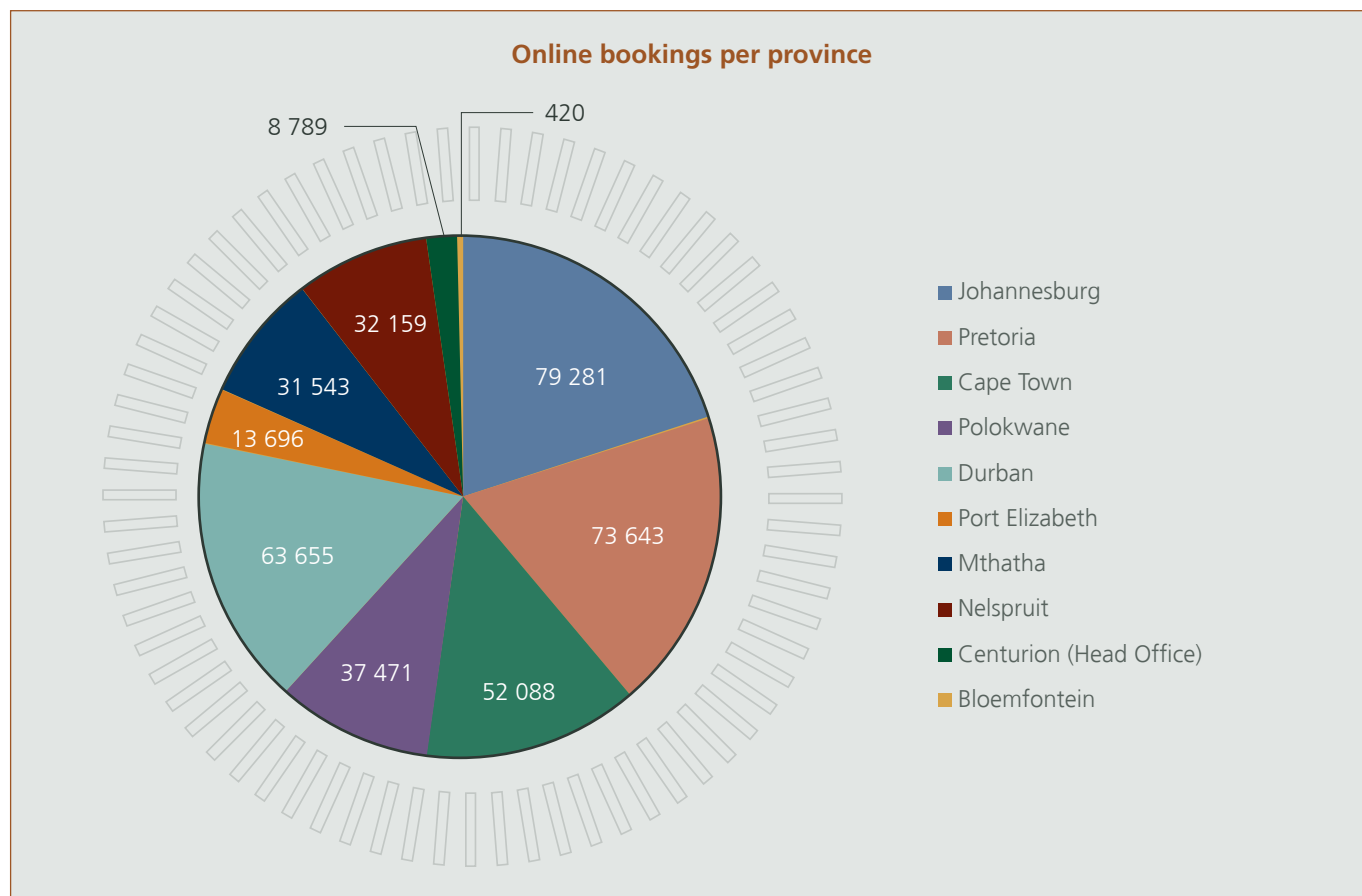
6. Online bookings and bulk renewals

In order to mitigate the spread of COVID-19 and ensure adequate social distancing, the Authority’s online booking system was made compulsory for most categories of services to ensure that the numbers of clients visiting PSiRA branches are controlled in line with the respective alert levels. Adjustments were made on the number of bookings throughout the year, in response to the alert levels to improve service delivery, while still creating a safe environment.

All security officer visits to PSiRA offices were subject to online bookings, either via the PSiRA App, internet or the PSiRA call centre. As part of the Authority’s response to the pandemic and improve social distancing, it also implemented and marketed bulk renewal of registration certificates and registration applications system where industry stakeholders (businesses, training centres, etc.) assisted in the submission for processing, renewal of certificates and applications for registration at all offices and other registration services, on security officer’s behalf.

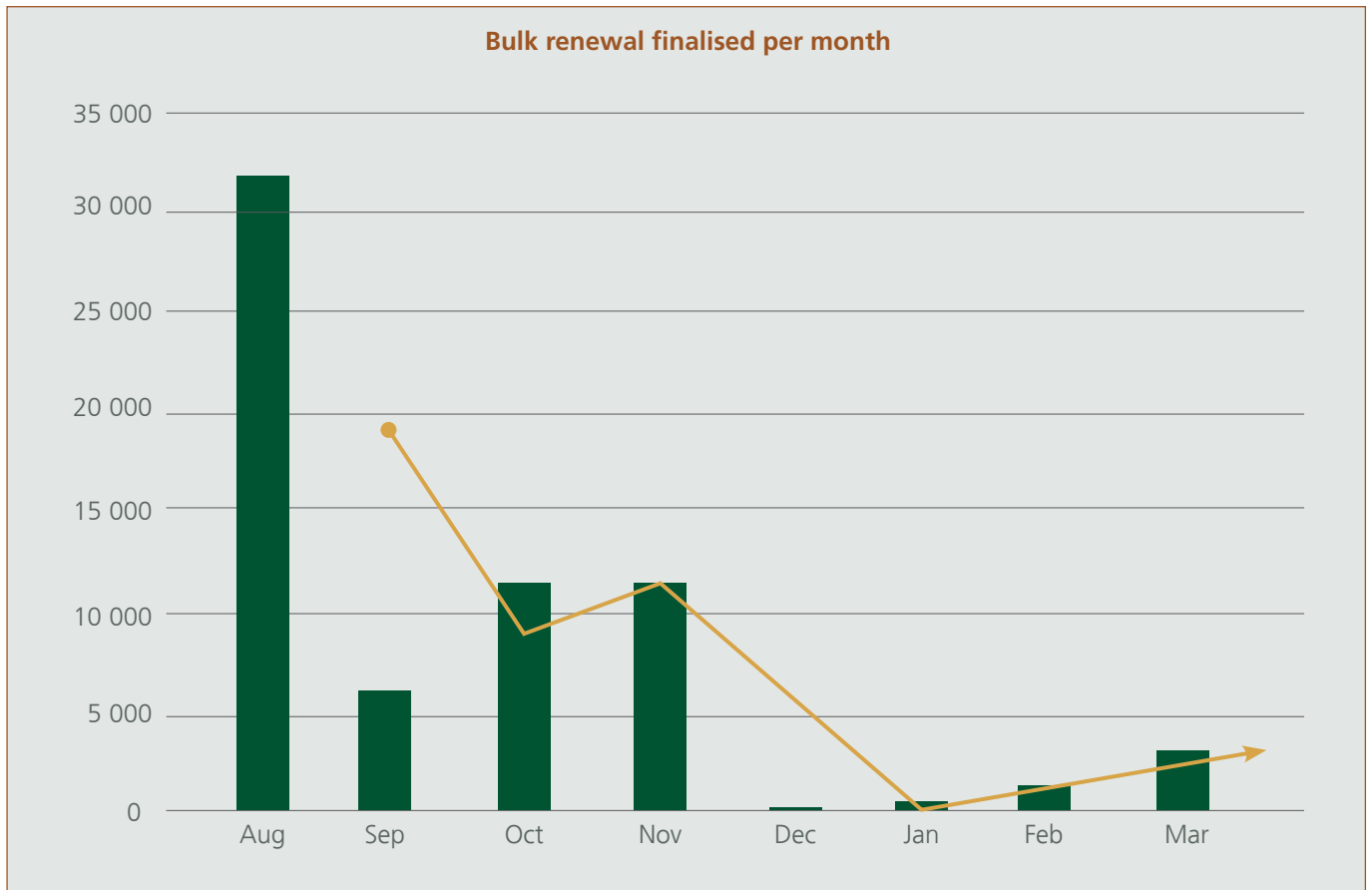
a. Number of online bookings made during the financial year 2020/2021

Branch	Number of bookings
Johannesburg	79 281
Pretoria	73 643
Cape Town	52 088
Polokwane	37 471
Durban	63 655
Port Elizabeth	13 696
Mthatha	31 543
Nelspruit	32 159
Centurion (Head Office)	420
Bloemfontein	8 789
TOTAL	392 745



b. Bulk renewals nationally

BRANCH	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
Head Office	5 712	2 750	2 223	2 223	0	0	0	1 216	14 124
Johannesburg	7 200	350	1 501	1 501	0	0	0	0	10 552
Pretoria	1 440	1 184	1 850	1 850	0	0	811	568	7 703
Cape Town	4 686	323	2 503	2 503	0	356	479	576	11 426
Port Elizabeth	540	441	163	163	0	0	0	127	1 434
Mthatha	468	88	0	0	0	0	0	0	556
Durban	8 800	804	1 769	1 769	0	0	0	0	13 142
Polokwane	1 310	410	1 001	1 001	0	0	0	451	4 173
Nelspruit	500	90	237	237	0	0	0	0	1 064
Bloemfontein	1 093	469	239	239	117	226	22	237	2 642
Total	31 749	6 909	11 486	11 486	117	592	1 312	3 175	66 826



D. Industry Training Unit

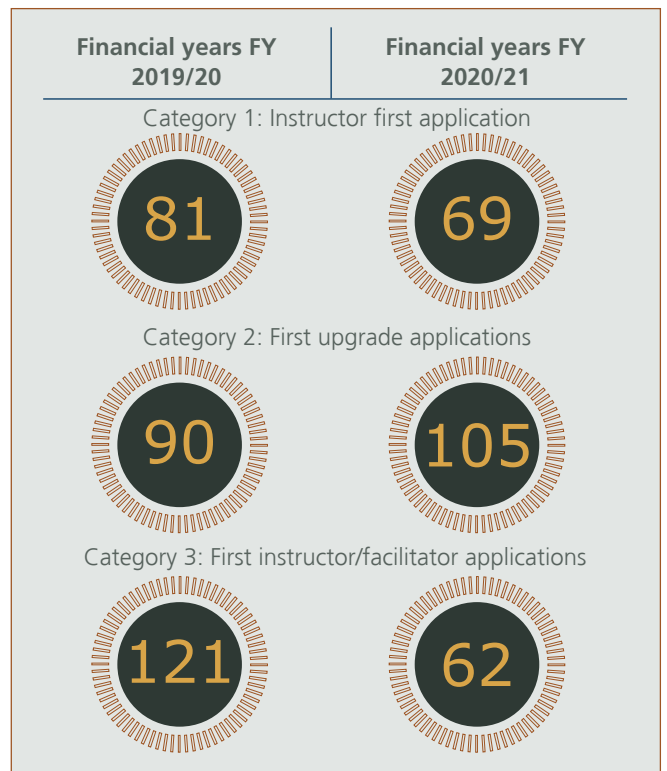
One of the objectives of the Authority is to promote high standards in the training of security service providers and prospective security service providers. To give effect to this mandate, the Authority has determined a strategic objective to ensure fulfilment and the support of the mandate as contemplated in section 4(K) (i) –(vi) of the Private Security Industry Regulations Act, No. 56 of 2001.

1. Accreditation of persons and institution providing security training

One of the key functions of the Authority is to ensure persons performing the functions of industry training are accredited, and these include all institutions providing security training.

1.1. Accreditation of instructors

The Authority has taken such steps as may be expedient or necessary to accredit the instructors during this financial year. The accreditation of these instructors occurred within an average time of four days. A total of 236 instructors were accredited in varying categories:



1.2. Accreditation of security service providers

The COVID-19 disruption had a negative impact on the initiation and navigation of security businesses venturing into security training based the obvious reasons encountered by the country at large within the broader education and training landscape. During this financial year, the Authority recorded 192 security training providers as compared to the 240 recorded in the last financial year.

The table below illustrates the provincial breakdown of institutions providing security training:

Province	Number of security training centres 2018/19	Number of security training centres 2019/20	Number of security training centres 2020/21
Eastern Cape	10	23	18
Free State	5	12	10
North West	6	9	10
Limpopo	16	24	28
Mpumalanga	9	35	21
KwaZulu-Natal	17	24	26
Western Cape	9	25	12
Northern Cape	7	4	7
Gauteng	52	84	31
Total	131	240	193

It is important to highlight that 91 of the 192 were excluded in the calculation of applications that met all the requirements within the average turnaround time measured for finalising applications for accreditation.

1.3. Accreditation of persons providing security training (RPL)

Occupational level	Total number of applications approved
Private investigation	21
Management	35
Locksmithing	10
Technician	1
Control room operator	1
Advisor (security)	2
Close protection	1

Two of the 21 applications received and processed were rejected by the Training Sub-Committee.

1.4 Promotion of high quality of training

During this financial year under review, the Authority put mechanisms in place to ensure continuous promotion of high quality training by accredited security institutions. These initiatives support the strategic outcomes in respect of industry training, aimed at driving capable trained security industry. Firstly, the building blocks include an approved assessment policy which introduces an online assessment for competency judgement and award of constituent and prospective security officers. Secondly, a concept document was initiated that provides for a digital platform accessible to all trained and assessed security officers through the established and accredited assessment centres.

2. Operations

2.1. Course Reports

Course reports on hand by end of 31 March 2021	2 861
Course reports received from April 2020 to March 2021	462 750
Course reports processed from April 2020 to March 2021	450 595
Course reports returned from April 2020 to March 2021	6 407
Course reports on-hand carried over to April 2021	8 609

The number of course reports processed during this financial year was lower than the previous financial year. In comparison to the total number of course reports processed in the previous financial year (506 710) there was a 11% decline. A significant number of course reports were returned due to non-compliance with lockdown regulations and distance learning guidelines by increased number of security training institutions recording a high administration challenges in relation to processable course reports. In satisfying the distance learning provisions and approval, training institutions had to comply with the instructor’s allocations, and class capacity was reduced in line with the COVID-19 regulations.

2.2. Response to industry training – COVID-19

In response to the COVID-19 pandemic, industry training processes were reviewed to make a provision for distance learning. A process was put in place in terms of which accredited security training institutions would be granted permission to offer distance learning aligned to their scope of accreditation. During this financial year, 431 security training institutions were approved for distance learning.

E. Communication and Stakeholder Engagement Report

The 2020/2021 financial year was one of vast change and adjustments to the new normal. With the COVID-19 pandemic and lockdown having started in March 2020, a few alterations were put in place operationally to fulfil objectives. Notably, technology reared its head in terms of communication. As most stakeholders were growing accustomed to newfound modifications to our operations, the division had to adapt as well promote and engage through all spheres available in the quest to ensure continuation of all practical processes.

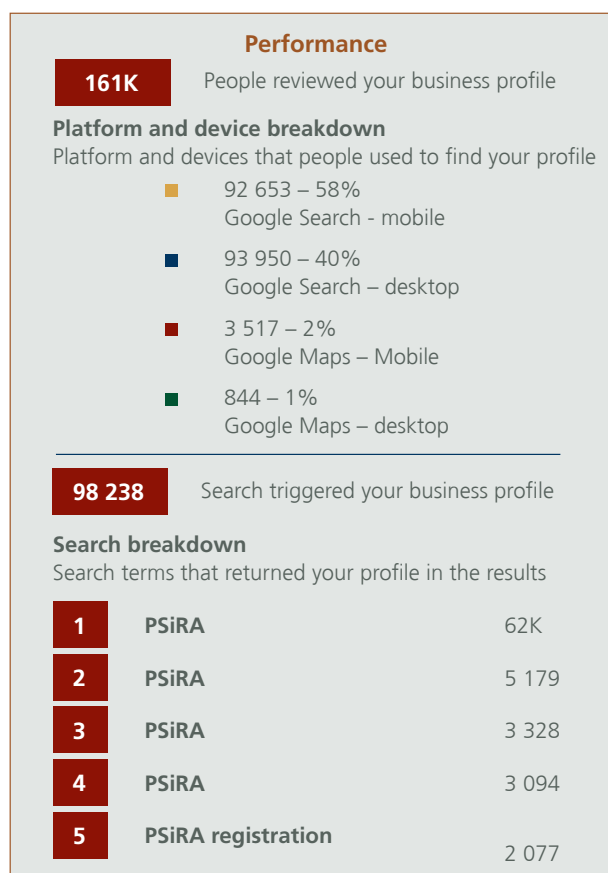
1. Stakeholder engagement

Stakeholder engagements had to take place digitally, using all accessible virtual platforms. Most stakeholders adjusted to utilising digital platforms and were encouraged that the Regulator was taking strides in reaching out to a greater audience regardless of the usual physical interaction. Consumer interaction also took place with the provision of social distancing in educating the public through interaction at various municipalities, shopping centres and at residential estates. Over 60 stakeholder engagements were conducted in all nine provinces, most of which took place virtually.

2. Marketing

All updates to clients and stakeholders were increased to ensure that operationally, we were able to adequately produce and service our clientele accordingly. With the introduction of the online booking system further education and processes were placed at the centre stage in our communication to the public at large. This was done through our social media portals including the PSiRA app and on our website, together with advertising on different media platforms.

The global shift to sharing information digitally provided us with an opportunity to maximise our reach to the public. One of the ways we achieved this was to be more prominent on the ground through community radio stations where we were featured in over 15 local radio stations across the country. Marketing campaigns were also executed through online platforms on various publications together with tapping into uncharted waters of Google Ads and Google My Business. The aforementioned platforms allowed for instant one-on-one interactions between consumers and the Regulator.

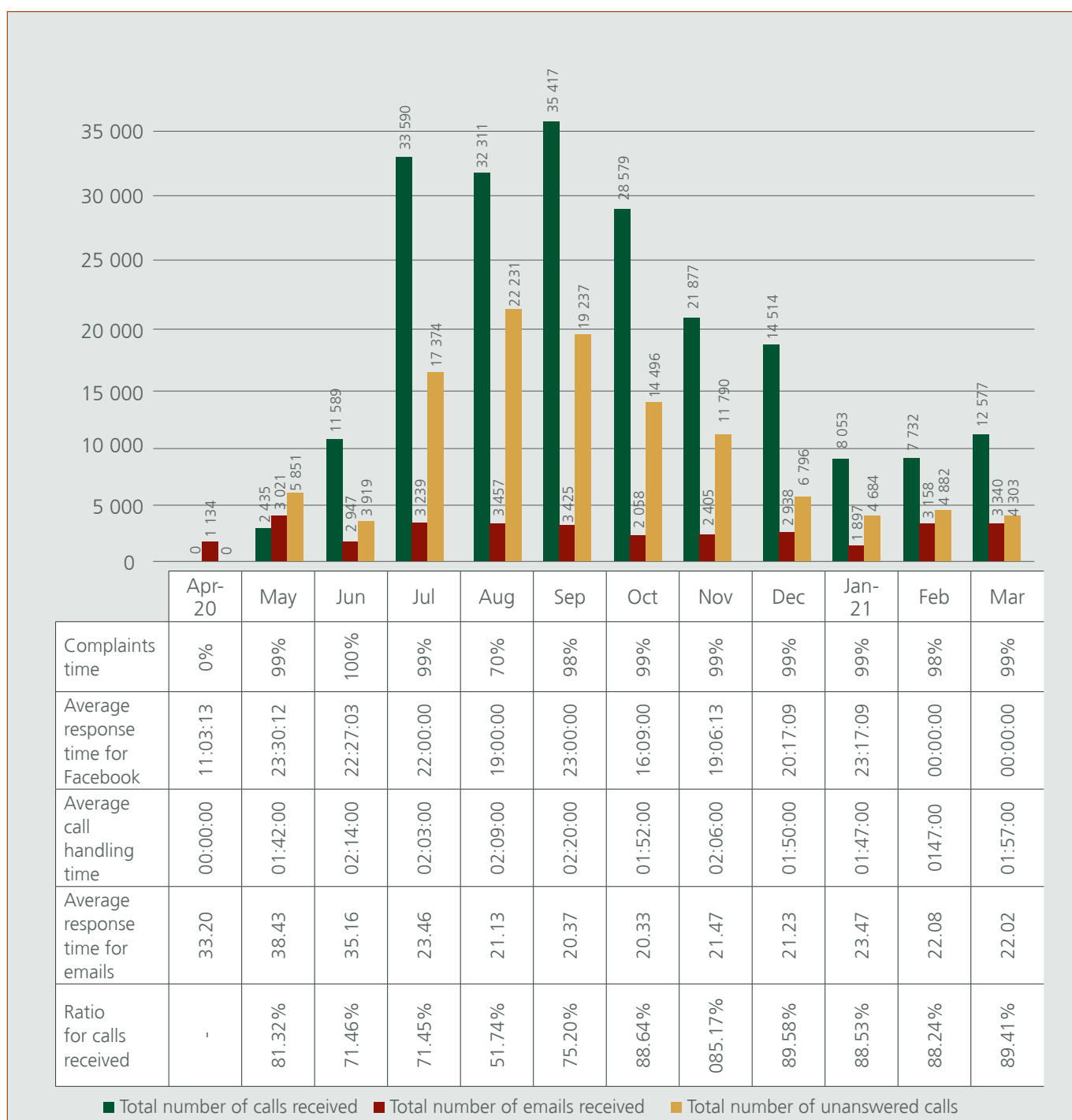


Above: PSiRA Google My Business Profile statistics October 2020-March 2021

3. Call Centre

The call centre is our voice to our clientele, taking an average of 3 000 calls per day. At the core of the service provided by call centre agents is resolving queries pertaining mostly to course reports, business queries and most frequently, assistance in booking security officers at our branches through the online booking platform on the PSiRA website. Interaction with clients is not only limited to calls as queries are also acknowledged via emails to info@PSiRA.co.za. The uncertainty due to lockdown levels created great uneasiness among clients. The email platform experienced a peak of queries in August with 3 457 queries in that month alone. There was also an increase in our WhatsApp line with over 48 000 messages during the 2020/2021 financial year. This surge was mostly due to stakeholders enquiring about the changes brought about by lockdown, whether our offices were open and if expired certificates would be deemed valid during this period.

The overall yearly performance was achieved with a rate of 80.79% of our targets achieved. With an average call handling time being 1:48 seconds per call and a total of 208 674 received during the financial year.



Above: Call centre statistics April 2020-March 2021

4. Complaints desk

The complaints desk recorded approximately 329 complaints. Considering the hard lockdown in the first quarter of the financial year, there were months where we had no record of complaints registered. Receipt of complaints come through the various mediums ranging from walk-in clients, complaints email and through our call centre. Receipt of each complaint was recorded through our central platform and disseminated from the central complaints desk and filtered through to the respective units within the Authority to investigate and resolve them in accordance with the nature of the complaint.

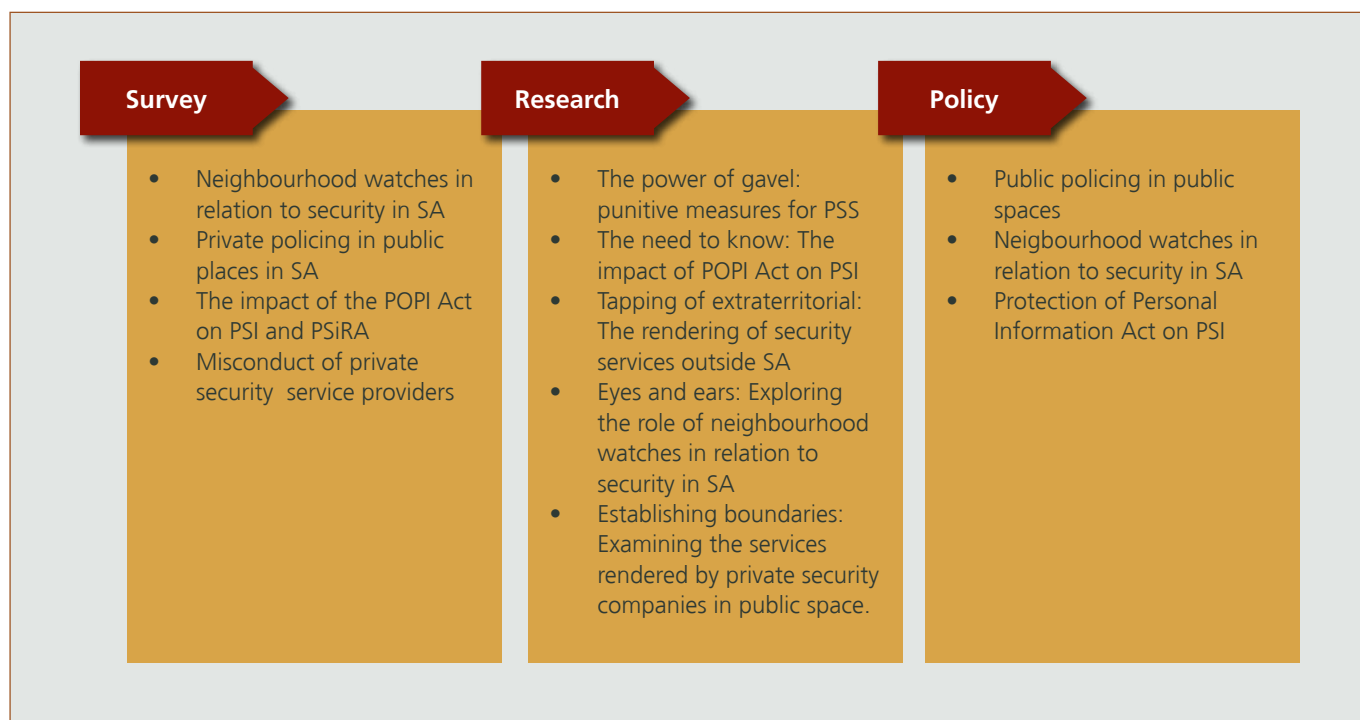
Of the 329 complaints recorded, over 60% were resolved with 18% still pending. The investigation process of a complaint stretches a bit longer when not all the relevant information is provided and when investigators do not find the business that the complaint is being laid against at the stated address. The remaining portion were out of our jurisdiction and mandate therefore the complainant was redirected to the relevant organisation. Complaints falling out of our mandate included but were not limited to matters relating to the Private Security Sector Provident Fund (PSSPF), Commission for Conciliation Mediation and Arbitration (CCMA) and the Bargaining Council.

The 2020/2021 financial year has proved PSiRA's resilience under difficult circumstances throughout the COVID-19 pandemic. We managed to tap into unknown territories and have bridged the gap in communicating with the public and stakeholders at large.

F. Research and Development

R&D continues to generate knowledge in the private security industry by conducting research and surveys that ultimately informs the development of industry policies and regulations. The unit's activities are informed by section 4 (d) of the PSiR Act, which empowers the Authority to conduct ongoing study and investigation into the rendering of security services and practices of security services providers. This is done to identify shortcomings in the Act and the Levies Act, or any policy or rule made in terms thereof, and to deal with evasion, abuse or violation of the procedures or principles contained in PSiR Act or the Levies Act, or any policy or rule made in terms thereof. The R&D unit undertook three main activities (depicted in figure 1 below), during the period under review. These are industry research topics, surveys and development of policy in support of the research/surveys conducted.

Figure 1: The three main activities of Research and Development Unit



During the 2020/21 financial year, the unit completed five research topics (section A), four surveys (section B) and three industry policies (section C) in line with the approved Annual Performance Plan for the period under review. A summary of these is discussed in sections below.

Section A: Research Topics

THE POWER OF GAVEL: PUNITIVE MEASURES FOR PRIVATE SECURITY SERVICES.

This study investigated the reasons behind the continuous increase in improper conduct by security service providers over the years. The Authority's punitive measures are meted out to those found guilty of contravening the Code of Conduct. But despite this, non-compliance in the industry persists. To exacerbate the matter, one of the studies conducted by PSiRA revealed an allegation that some SPPs budget for fines. For this reason the Authority decided to conduct a study on punitive measures used against SSPs found guilty of contravening the Code of Conduct. This was done with the aim of developing a focused framework to assist the Authority in improving its regulatory regime and ultimately build a culture of compliance within the private security industry.

The study established that some contraventions have a financial bearing in the form of benefit for such SSPs. This is mostly done through unlawful deductions, such as uniforms and the Provident Fund, for example. Greediness is one of the major contributors to non-compliance. The study established that the Authority is consistent in its application of the law. Consumers of security services play a huge role in non-compliance. The compliance level in the industry is 67% on average over the past four years. The study recommended that the Authority develop a follow-up system to monitor corrective measures, which will determine whether the SSP has corrected whatever misconduct they have been penalised for to ensure the enforcement approach is not only punitive but also reformative.



THE NEED TO KNOW: THE IMPACT OF POPI ACT ON PSI.

This report assessed the impact of the Protection of Personal Information Act on the private security industry. Many technologies are used to collect, process and store personal information ranging from biometric systems, ID scanners and CCTV cameras to cloud computing. As a result, there are data breaches and, in an effort to minimise the risk of personal information being shared, processed and stored unlawfully, the POPI Act was enacted. The Act applies to private security industry, therefore it is important for the industry to know and understand its provisions.

The study found POPI Act training is usually limited to the human resources department/directors of the various security companies and security service providers. The full impact of the POPI Act remains to be seen in the different departments within the private security industry. The study found that although there is awareness of the POPI Act, it is limited. Therefore, there is a need for the Information Regulator to raise awareness within the private security industry regarding the POPI Act.



TAPPING INTO THE EXTRATERRITORIAL: THE RENDERING OF SECURITY SERVICES OUTSIDE SOUTH AFRICA.

This report provides analysis on the rendering of security services outside of South Africa, as the use of private military and security companies (PMSC) has become a global phenomenon. These PMSCs are increasingly diversifying their activities from the usual guarding to more sophisticated combat operations. Some PMSCs have even penetrated the core activities and tasks of the United Nations.

The study found that there are South Africans who export their security services outside South Africa. The majority of those interviewed were former soldiers and police officers who highlighted economic factors as the main reason they offered their services abroad. The pressing issue highlighted is that PMSCs operate in an underground world. The research found that the legislation regulating those rendering private security services outside South Africa are complementary. Despite this, the implementation of such laws remains arguably ineffective. The study recommended the implementation of legislation and the designation of officials to dedicatedly deal with those rendering security services outside South Africa.



EYES AND EARS: EXPLORING THE ROLE OF NEIGHBOURHOOD WATCH IN REALTION TO SECURITY SOUTH AFRICA.

This study explored the intricacies of the community-oriented form of policing known as the neighbourhood watch. Neighbourhood watch schemes were established as a result of an increasing crime rate resulting in some communities deciding to be the eyes and ears of the police by observing and reporting suspicious activities that may lead to crime. A majority of affluent areas in South Africa have established neighbourhood watch schemes. Neighbourhood watches operate differently from one province to the other and at times they operate beyond or outside community policing forum (CPF) rules. Most of these schemes have become a problem for the industry and Authority as they start to operate like security service providers, yet they are registered as non-profit organisations. The Authority therefore conducted the study to discover the role of neighbourhood watch schemes in relation to security.

There is an existing gap in regulation of community policing forum structures. This gap leads to neighbourhood watch schemes overstepping their mandates and conducting themselves like security service providers. The research revealed the schemes are not profit-oriented organisations. Neighbourhood watch schemes are forums, therefore PSiRA has no mandate to regulate them. It is for this reason that the research recommended that the Authority consider advising the Minister of Police about the development of regulations to regulate all community patrollers and neighborhood watches established by community policing forum structures.



ESTABLISHING BOUNDARIES: EXAMINING THE SERVICES RENDERED BY PRIVATE SECURITY COMPANIES IN PUBLIC SPACES.

This study investigated the phenomenon of private security companies in public spaces. Private security companies continue to play an important role in the provision of security services. The industry continues to grow at an exponential rate. Moreover, it is now common to see private security companies offering their services in public spaces and performing duties specifically allocated to the police. This phenomenon is described as private policing; one of the reasons behind the growth of private policing is that people can purchase security services or personalise security. This consumerist approach has filled the gap in the provision of security where it is sometimes hard for the police to be present.

The study revealed that constitutionally security officers couldn't take up the same functions as the police; however, this is not always the case as security officers find themselves performing certain police duties. This is due to clients wanting security officers to perform these duties irrespective of the fact that such actions contravene the Constitution. The study established that the issuing of peace officer status does not lie with PSiRA but with the Minister of Justice and Correctional Services. Moreover, much needs to be done within the industry. As such, powers could potentially pose a threat to national security. The study recommended that PSiRA intensify its education drive.



Section B: Surveys

To enhance understanding of the research topics, the unit commissioned an independent Market Survey Service Provider to conduct four surveys. These were:

- Neighbourhood watches in relation to security in South Africa
- Private policing in public places in South Africa
- The impact of the POPI Act on PSI and PSiRA
- Misconduct of private security service providers

The surveys were conducted to contribute to a greater understanding of the end-users of private security services in the context of enhancing greater compliance to PSiRA's regulations, and to uncover what role the consumer plays in non-compliance of private security providers.

Section C: Policies

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

- Policy on private policing in public spaces
- Policy on neighbourhood watches in relation to security in South Africa
- Policy on Protection of Personal Information Act on PSI



C

**CORPORATE
GOVERNANCE**

1. Introduction

Corporate governance involves processes and systems by which public entities must be governed, controlled and held to account. These originate from enabling and other legislative prescripts, which at PSiRA are supplemented by a governance framework and policies the entity has developed to assist in the implementation of good governance principles. In addition, PSiRA adopted the principles of the King Code of Corporate Governance in Southern Africa in as far as they relate to good governance practices in the public sector environment.

PSiRA is governed and controlled by a Council appointed under section 6 of the Act by the Minister of Police in consultation with the Cabinet. The Council is the governing body and the central point of corporate governance at PSiRA in terms of the King Code.

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

PSiRA was for the three quarters of the financial year under review governed and controlled by the Director (CEO) as the Acting Accounting Authority appointed by the Minister under section 49(2) of the PFMA. The need for the appointment was due to the expiry of the term of office of the previous Council in January 2020, and some inevitable delays in the appointment process of the new Council by the Minister in consultation with Cabinet.

2. Portfolio Committee Engagements

During the period under review PSiRA had engagements with the Portfolio Committee on Police (PCoP) in five meetings for reporting purposes:

- **14 May 2020** – to present PSiRA Strategic Plan 2020-25 and Annual Performance Plan, including the budget for 2020/21
- **11 June 2020** – to present PSiRA Quarter 1, 2 and 3 reports for 2019/20
- **13 October 2020** – to present PSiRA Quarter 4 report for 2019/20
- **18 November 2020** – to present PSiRA Annual Report for 2019/20
- **23 February 2021** – to present PSiRA progress report on BRRR recommendations of the PCoP

The key strategic focus areas the Portfolio Committee raised during these meetings included the Authority's unsustainable funding model inherited from the repealed Security Officers Act,

1987 as a transitional arrangement when the PSiR Act came into operation in 2001 and the delayed appointment of the new Council.

The Authority has since made submissions to National Treasury to start with a review of the Private Security Industry Levies Act, 2002. The Act is intended to introduce levies as a source of funding for the Authority, but was never assented to by the President due to some irregularities in the processing of the Act by Parliament. It was supposed to have been processed as a Money Bill under section 77 of the Constitution. National Treasury has since taken custodianship and responsibility for the review of the Act and its re-introduction in Parliament to be passed as a Money Bill.

In the interim, the Authority continues to implement the turnaround strategy to deal with funding problems under the current annual fees model. The strategy is focused on intensified annual fees collection and related interest charges on overdue accounts. Other revenue strategies include collection of fines imposed for improper Code of Conduct cases against security service providers. The turnaround strategy also focuses on cost containment measures in terms of expenditure patterns directed at the main cost drivers, which include travel and accommodation costs. Some significant savings are being realised due to the impact of the COVID-19 restrictions in terms of regulations under Disaster Management Act, 2002.

The delayed appointment of the Council did not have any significant impact on the operations of the Authority as the Director was appointed as the Acting Accounting Authority by the Minister under section 49(2) of the PFMA, 1999. The new Council has since been appointed by the Minister in consultation with Cabinet in December 2020, and the term of office was effective from 1 January 2021 for a period of three years ending 31 December 2023.

3. Executive Authority Engagements

In compliance with PSiR Act, PFMA prescripts and Ministerial directives, the Authority continues to engage with the Executive Authority, and during the period under review the following engagements were undertaken:

- **16 July 2020** – to present the Minister's submission on recommended candidates for appointment as PSiRA councillors to the JCPS Ministers' cluster for support
- **31 July 2020** – Media briefing by Minister on Annual Crime Statistics
- **28 November 2020** – Attended Ministerial Rural Safety Programme in Giyani, Limpopo
- **12 February 2021** – Minister's introductory meeting with the new Council
- **1 March 2021** - Meeting with Minister to discuss the Authority's performance and the assessment of Director
- **12 March 2021** – Council briefing the Minister on PSiRA amendments to Strategic Plan 2020-25 and Annual Performance Plan including the Budget for 2021/22

4. The Accounting Authority

PSiRA is governed and controlled by a Council appointed by the Minister in consultation with Cabinet under Section 6 of PSiR Act, but for the better part of period under review (April-December 2020), the entity was governed and controlled by the Director as the Acting Council appointed by the Minister under section 49(2) of the PFMA in the absence of the Council. The previous Council's term of office expired on 31 January 2020, and some inevitable delays were experienced by the Minister in the appointment process of the new Council, which ultimately got appointed effective from 1 January 2021.

The Council is the Accounting Authority of PSiRA under the PFMA, 1999 and is accountable to the Minister as the Executive Authority of the entity. The reporting and accounting responsibilities of Council extend to the Parliament of the Republic through the Executive Authority.

The Council subscribes to the principles under the King Code on corporate governance, and in this regard, has adopted the key principles to define the strategy of PSiRA as guided by Government's framework for strategic plans to provide direction in its implementation. It has established an ethics and values framework that influence and guide the practices and behaviour for a sustainable performance to achieve the objectives of the Act.

The Role of the Council

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

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

Council Charter

Over and above the legislative prescripts which set out the role of the Council and how it should operate, the Council has developed and approved a governance framework, which includes the Council Charter, Code of Conduct and the performance evaluation framework to guide its activities, and to supplement the legislative prescripts to ensure good governance across the organisation. The governance framework was adopted by the Minister and enjoins the Council to the authority of the Minister over and above legislative prescripts.

The Council Charter sets out the roles and responsibilities of Council and those of the Executive Management, guided by sound principles of delineation of responsibilities. The Charter is supported by the Delegation of Authority Policy, which governs the internal control environment by providing for delineation of responsibilities and segregation of duties within PSiRA.

The monitoring and review of the governance framework by Council is an ongoing process to ensure that the Council's activities are aligned with the new thinking in good governance practices, and that the Charter remains relevant. This results in some significant improvements in terms of the governance of the entity with the Council's functional focus being on strategic matters, while Management is left to deal with the day-to-day operational matters, with regular reporting back to Council on the performance of the entity in the execution of the strategic direction as set by the Council.

Composition of the Council

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

- Chairperson
- Vice-Chairperson
- Three (3) additional councillors, all appointed by the Minister in consultation with Cabinet

During the period under review the Council was constituted by all five Councillors whose term of office started on 1 January 2021. The Director was the Acting Council for the better part of the period (April-December 2020).

The following table depicts the Council's composition for the period under review with an indication of the dates of appointment, qualifications, areas of expertise and number of meetings attended by each councillor for the period under review.

Council Composition								
Name	Designation (in terms of the public entity board structure)	Date appointed	Date term of office expires	Qualifications	Area of expertise	Board Directorships	Other committees or task teams	No. Of meetings attended
Dr A.L Mofomme	Chairperson	01/01/2021	31/12/2023	D. Phil M. Public Admin B. Social Science	Safety and security management	Zwonaka Marketing and Management Solutions Elderly Care Fund for Retired Police Officers Lungisa Entrepreneurial Development African Institute for Mentoring	None	2 out 2
Mr MS Ralebipi	Deputy Chairperson	01/01/2021	31/12/2023	B. Comm (Acc) Post Grad Dip: Computer Auditing	Financial management and accounting, auditing and risk management, and strategic leadership	Road Agency Limpopo Limpopo Economic Development Agency	HCREMCO FINCO	2 out 2
Dr SN Mbetse	Member	01/01/2021	31/12/2023	D. Phil M. Soc Sc B. Soc Sc (Hons) B. Soc Sc	Research politics	Social Justice Initiative Amabhungane Centre for Investigative Journalism;	SEC HCREMCO SCBC	2 out 2
Mr NH Ngubane	Member	01/01/2017	31/01/2023	Master of Education Bachelor of Education Bachelor of Arts Certificate in Labour Law	Education and training; management and project management	Media Education Trust (NGO) Elangeni TVET College Cape Town Book Fair Jaybex Pty Ltd	SCBC HCREMCO SEC	2 out 2
Ms T Ntshangase	Member	01/01/2021	31/12/2023	B. Comm (Econ & SCM) Cert: Project Management	Finance, budgeting and cost management; governance; supply chain management and project management	Ezemvelo KZN Wildlife Health Professions Council of SA Wholesale and Retail SETA Logico Logistics Pty Ltd Vunavest Pty Ltd	FINCO SCBC	2 out 2

Council Committees

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

During the better part of the period under review (April-December 2020) with the Director as the Acting Council, most of the committees that existed before the expiry of the term of office of the previous Council were not reconstituted by the Director. The

Director only reconstituted the statutory Audit and Risk Committee (ARC) by re-appointing the members of the previous committee to assist him in the exercise of the duties and responsibilities of Council. The ARC played a pivotal role of independent review of Management reporting before submission to the Director as Acting Council for approval as required by PFMA prescripts.

The committee continued to operate within the terms of reference (charter) approved by the previous Council. It reported to the Director as Acting Council on its activities as per the annual programme and terms of reference, and recommended matters reserved for Council decision to the Director to take such decisions. The table below depicts members of the ARC and the number of meetings held during the period under review.

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee (ARC)	4	4	<ul style="list-style-type: none"> Mr P Ravhudzulo (Chairperson)* Mr C Motau Mr Z Fihlani Mr M Zikalala

*Resigned in November 2020

Remuneration of Council Members

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

The Minister has, taking cognisance of National Treasury guidelines as published by the Minister of Finance from time to time, concurred with the determination by the previous Council on the fixed remuneration of councillors as a monthly stipend, and not based on meeting fee structure. No annual cost of living adjustments to the rates were approved by the Minister of Finance for the period under review. For the full disclosures in terms of the remuneration and other allowances paid to councillors during the period under review, refer to the notes in the annual financial statements under Part E of this report.

5. Risk Management

The Authority's risk management approach and principal objective is to increase the likelihood of PSiRA achieving its objectives by optimally balancing risk and reward. The methodology and processes described below are aimed at ensuring that significant business risks are systematically identified, assessed and reduced to acceptable levels. The importance of risk management was prevalent in view of the COVID-19 pandemic, which had significant impact on the Authority in achieving its annual and operational targets, as well as business continuity in general. Risk management contributed in lessening the impact of the pandemic in terms of the different alert levels.

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

Risk Methodology

The Authority's risk management methodology is revised over a three-year cycle and/or as and when the need arises. The next revision date is scheduled for the 2023/2024 financial year.

The Authority aims to be risk aware but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its statutory objectives and strategic outcomes, PSiRA recognises it will have to manage certain risks according to their priority as per the risk-based approach. As a regulator of vast and growing private security industry, sustainability risks relating to financial sustainability, regulatory compliance, industry training standards, customer relations and brand management remain a priority.

PSiRA's risk tolerance is set at a risk rating level of ≥ 10 (i.e., those risks with high impact and high likelihood of occurrence). The Authority's risk appetite has been defined as those risks ranging between high and catastrophic categories ($10 \leq \text{rating} \leq 25$).

Risk Assessments

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

Top strategic risks

The following strategic risks were identified:

Risk area and risk statement	Medium term strategic framework outcomes (1 selection per risk)					National development plan priorities impacted by strategic risks			
	Outcome 1: Improved quality of basic education	Outcome 3: Safety	Outcome 4: Economy	Outcome 5: Skills	Economy & Employment C3 – NDP	Positioning South Africa in the world C7 – NDP	Improving education and training C9 – NDP	Building Safer communities C12 – NDP	
					4	1	1	3	
1. Registration of incompetent security service providers may lead to inability to promote a private security which is characterised by professionalism, transparency, accountability, equity, and accessibility	16			16	16		16	16	
2. Financial risk – The absence of a sustainable funding model may result in financial instability; and adversely impact PSiRA's ability to deliver on its mandate and a threat to going concern of the Authority			12		12				
3. Compliance risk is the inability to enforce compliance to the PSiRA legislation and applicable prescripts may lead to non-compliance and lawlessness in the private security industry				12	12			12	
4. Regulatory reform risk – non-acceptance of the transformation charter may lead to lack of representation of previously disadvantaged groups.		9				9		9	

The strategic risk profile has not improved much over the past three years, compounded by the emergence of the global COVID-19 pandemic, which has had a negative impact on the financial stability of the Authority and the implementation of planned mitigation plans.

Operational risk registers

The Authority has four operational risk registers, but with the emergence of the pandemic, it had to develop a fifth risk register covering the safety of employees, stakeholders and minimising the spread and impact of the virus. Looking at the top 10 risks, a major one is fire caused by document pile-up. The Authority began shredding old documents in various branches/offices as part of its risk mitigation plan.

Tactical risk registers

The Authority has developed two tactical risk registers looking at fraud and ethics related risk areas as well as its legislative compliance obligations. The fraud risk register contains proactive measures put in place by business units to prevent the appearance of fraud while the legislative compliance risk profile provides management with a heat map of high risk areas to low risk areas for prioritisation of efforts and gap analysis.

Risk management governance

- The Authority has an established Risk Management Committee at an operational level to oversee the implementation and monitoring of the risk and business continuity management. An independent external chairperson chairs the Committee.

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

- The Audit and Risk Committee (ARC), a committee established by Council, comprises 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. Its roles and responsibilities, among others, include ensuring the Authority has implemented an effective policy and plan for risk management, which will protect it from undue losses.

Value add of risk management

Based on the risk management implementation plan for the 2020/2021 financial year, 100% of the activities planned were achieved by the end of the financial year.

Other key achievements include:

- The Authority's risk management maturity level was assessed to be level 5
- The Risk Management Unit successfully held an induction for the appointed risk champions
- The Risk Management Unit reviewed the business continuity plan as per the annual review time frames and the development of workplace plans in terms of the different COVID-19 alert levels to manage business continuity through all the levels
- Risk management features as a standing agenda item at all the Executive Management meetings

6. Internal Audit and Audit and Risk Committee

Internal audit within PSiRA is an outsourced function rendered by Nexia SAB&T as a service provider for the period under review. The internal audit firm conducts its assurance activities for the year based on the approved internal audit charter and annual audit plan. The internal audit plan follows a risk-based approach informed by the strategic risks which could impact on the achievement of the entity's strategic objectives, adopted after a risk assessment. The priority areas presenting key risks for the entity were:

- Compliance and enforcement programme
- Supply chain management
- Predetermined objectives for Q1, Q2 and Q3
- Training and communication programme
- Information technology systems and governance
- Risk management review
- Human resource management review

The audit plan was fully executed, and audit reports submitted to the ARC for review and monitoring. This ensures audit findings raised, including Auditor-General's findings from the previous financial year, are addressed and resolved by Management.

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

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

- Reviewing and monitoring of the internal control systems to protect the interests and assets of the Authority
- Reviewing the accuracy, reliability and credibility of statutory financial reporting and the annual financial statements, as presented by Management prior to submission to Council for approval
- Ensuring the internal audit function is effective, and the roles and functions are clearly documented in the internal audit charter and co-ordinated to provide an objective and independent overview of the operational effectiveness of the entity's systems of internal control, risk management process, governance and reporting. The Committee also assesses the performance of the internal audit function annually
- Ensuring the Authority has an effective risk management policy and plan, which is implemented for risk mitigation to protect against undue losses
- Reviewing any accounting and auditing concerns raised by internal and external auditors, the annual financial statements and performance information reports for accuracy
- Obtaining assurance on information technology governance 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 investigations and follow-up (including disciplinary action) of any instances of non-compliance
- Instituting and overseeing fraud and corruption investigations as needed

The Committee normally meets four times a year, and their meetings are attended by internal and external auditors, executives and senior management and other relevant officials of the Authority. Details regarding activities and attendance of meeting of the Committee are presented under Part E of this annual report. The table below discloses relevant information regarding the ARC members.

Internal Audit and Audit and Risk Committee						
Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date term expired	No. of meetings attended
Mr P Ravhudzulo	CA (SA)	External	N/A	17/03/2017	11/11/2020	3
Dr C Motau	PhD IT, MBL, Masters IT, B.Com, Higher Dip in Computer Auditing	External	N/A	18/06/2014	31/01/2021	4
Mr Z Fihlani	CA (SA)	External	N/A	05/06/2017	31/01/2021	2
Mr M Zikalala	LLB	External	N/A	05/06/2017	31/01/2021	4

7. Compliance With Laws and Regulations

PSiRA is a creature of statutes, and must therefore always ensure the enabling legislation and the regulations promulgated under the Act are complied within the execution of its regulatory mandate. The Authority is listed as a Schedule 3A public entity under the PFMA to which the provisions as contained in Chapter 6 of the Act and National Treasury Regulations, 2005 are applicable. Monitoring of compliance with these laws and regulations is an ongoing exercise to ensure the entity's business is conducted within the parameters of the law.

Other relevant legislation is monitored through the activities of the relevant divisions to which such legislation applies, and PSiRA policies are regularly reviewed for alignment with relevant legislation and to remain relevant. Reporting on compliance is monitored and reviewed through the ARC and remains a standing agenda item on Council meetings.

Tools developed to monitor compliance with laws and regulations include a legislative compliance risk register and the PFMA compliance checklist, which are regularly updated. Other tools include registers for listing of non-compliant expenditure under the PFMA, and reporting on actions taken (consequence management) where cases of non-compliance are reported or identified. These tools assist the Council in monitoring and assessing the risk of non-compliance to legislation and regulations, and for Management to come up with mitigating measures for implementation to mitigate against the risks from materialising.

Compliance with corporate policies and procedures is also crucial for improved governance and the entity's internal control environment. A policy universe is maintained and regularly updated, and compliance is monitored on an ongoing basis.

8. Fraud and Corruption

Fraud prevention policy and plan

PSiRA has a fraud prevention policy and plan in place. It was reviewed and approved by the Director as the acting Accounting Authority for 2020/2021 financial year, and continues to be relevant in terms of fraud prevention. The Forensic and Ethics Unit is responsible for the 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 outlined below.

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 the identity of staff members utilising this facility remains safeguarded. No person in the Authority, regardless of seniority, has 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 guides 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's whistle blowing policy, which is aligned to the Protected Disclosure Act, 2000 (Act no. 26 of 2000).

Fraud and corruption investigation

The Authority investigates all reports of fraud and corruption. Allegations are tested, reviewed and analysed to see if they warrant 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. Forensic and Ethics Unit (FEU) statistics for the period 1 April 2020 to 31 March 2021, indicates the extent to which fraud is experienced and managed by the organisation, as well as PSiRA's commitment to combatting fraud and corruption.

Seven hundred and ninety-five complaints were received through the fraud hotline and 50 through the helpdesk. Out of 795 complaints, 710 were industry related and were referred to Law Enforcement division for investigation and further processing in terms of the Improper Conduct Regulations, 2000. Eighty-five hotline complaints were undertaken by Forensic and Ethics Unit of which 11 were allegations of misconduct against employees of the Authority (two allegations of corruption and nine were misconduct in general. There were 15 cases (four internal and 11 external cases) brought forward from 2019/2020 financial year.

In total, the unit had 171 (135 external cases and 36 internal cases). Out of 135 external cases, 126 cases were finalised, and nine were brought forward to 2021/2022 financial year. Eleven criminal cases opened for the industry related cases and 18 suspects were arrested by SAPS. Out of 36 internal cases 34 were finalised and two were brought forward to 2021/2022 financial year.

Confirmed incidents of irregularities 2020				
PSiRA Offices	Disciplinary actions (completed)	Disciplinary actions (in progress)	Total Cases	Resolution
Head Office inclusive of other 9 offices	4	5	36	Investigations conducted: 20 allegations unfounded 4 employees dismissed 4 employees resigned 5 verdicts are pending 2 criminal cases registered 2 under investigation

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

Confirmed security industry irregularities 2020				
Descriptions/ categories	Investigation completed	Investigation in progress	Total	Resolution
Identity fraud/submission of fraudulent course reports/deployment of unregistered security officers/unregistered security businesses/fraudulent registration certificates (security officers or businesses/ fraudulent PSiRA cards	125	10	135	Investigations conducted: 87 complaints were unfounded 20 criminal cases registered 17 arrested 1 recommended for withdrawal 10 still under investigation

- Categories include fraud (identity fraud, fraudulent course reports, fraudulent PSiRA 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 interests 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 Council or to any committee that the councillor is a member, any direct or indirect personal or private business interest that that councillor, or any spouse, partner or business associate of that councillor may have in any matter before 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 requires councillors to disclose their directorships and/or shareholding in any company or any other entity that may potentially have an interest in the business of PSiRA, on an annual basis. Similar provisions are applicable to PSiRA officials under the Code of Conduct for employees and the procedures for disclosure of interests. A verification process of the information disclosed is undertaken by the Authority’s Forensics and Ethics Unit to provide a level of assurance on the disclosures.

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. To this end, PSiRA developed a values framework based on the values of integrity, excellence and ubuntu which are inculcated in the organisational culture to enhance its ethical standards.

At the core of PSiRA’s values framework are the Code of Conduct for councillors and employees and other ethics-related policies informed by the provisions of the PFMA, 1999 and the principles of the King Code of Governance. The overall objectives of the ethics codes and related policies are to:

- Provide exemplary standards of conduct expected of all councillors (ethical leadership at the top) and officials while conducting PSiRA business
- Manage conflicts of interest, particularly in human resources and supply chain management processes
- Create a sound and ethical organisational culture for the conduct of PSiRA business based on its values framework

Cases of non-compliance with the ethics codes and related policies are referred for investigation and disciplinary processes. In respect of councillors, preliminary investigations are referred to the Executive Authority for a decision/sanction.

11. Health, Safety and Environmental Issues

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

- i. Temperature screening and monitoring done through employees' COVID-19 screening: In conjunction with the BIT Unit, employees declare their health status and temperature when entering and leaving the building. When a concerning status/declaration is made, the BIT Unit alerts the Security Manager, who is also the OHS Chairperson, and the COVID-19 Committee to immediately remedy the situation.

Clients and visitors are monitored by screening for temperature and a symptom declaration form is completed before entering the building. The universal 'No mask, No entry' policy has also been adopted by the Authority.

- ii. Mask distribution compliance and sanitisation: The Authority procured and issued two branded cloth face masks to every employee for their protection as well as protective face shields.

Sanitisers were placed on every member's work-station and at the entrance of every bathroom, office and client consultation room. A weekly rotational work schedule was implemented and employees are working from home.

- iii. Fumigation: The Authority procured fogger disinfecting machines for all offices to sanitise and deep clean frequently and immediately when a positive case is reported. The chemicals for the machines are readily available at hardware stores.

- iv. COVID-19 infections: In order to minimise and curb the spread of the coronavirus in the workplace, client admission is strictly maintained through the online booking system and on an appointment basis. Walk-in and random clients are limited and controlled through the assistance of security personnel and seating arrangements have been redesigned to accommodate prescribed social distancing protocols.

Adherence to organisational safety protocols is constantly communicated through internal memoranda and communiqués to staff. Some crucial injunctions include: the strict adherence to a decreased office movement between colleagues and no physical touching and or close contact; electronic means of communication in the office exercised for exchanging official documents and attendance of meetings. An office movement register is placed at every entrance of the respective business units for employees' compliance.

Whenever a positive COVID-19 case arises, necessary contact tracing of members who might've been affected by a positive member is done and the positive member is immediately advised to observe prescribed health protocols.

- v. Any OHS related matters are brought to our attention through monthly reports received from a Team Manager in all PSiRA

offices and are given the highest priority because we forward them to the office of the COO, who reports to the Executive. The monthly report also entails completion of a workplace inspection checklist, based on the health inspection report assessment (HIRA), which includes sanitation, first-aid facilities, electrical equipment and overall health and safety of the workplace.

12. Corporate Secretary

The office of the Corporate Secretary appointed by Council supports the Council governance structures within PSiRA. The Corporate Secretary reports to the Council functionally, and administratively to the Director. The role co-ordinates the activities of Council and its committees, which include:

- Ensuring Council governance framework and procedures are followed and reviewed regularly
- Ensuring that the applicable rules and regulations for the conduct of the affairs of the Council are complied with
- Maintaining statutory records in accordance with legal requirements
- Providing the Council as a collective, and individual Council members with governance advice on how their duties and responsibilities should be properly discharged in the best interest of the Authority
- Keeping abreast of, and informing the Council of current corporate governance trends and practices
- 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 appropriate relationships that must be maintained between the Council and Management
- Assisting with the co-ordination of performance evaluation of the Council, committees and individual Councillors to identify any skills gaps
- Facilitating the Council induction/training workshops and developing specifications for customised developmental training programmes for Council and Council committees
- Ensuring preparation and timeous circulation of agenda meeting packs and compilation and proper record keeping of minutes of Council and Council committee meetings
- Act as a channel of communication between the Council and Management, the Executive Authority and other stakeholders

13. Corporate Social Responsibility

PSiRA recognises the country remains an uneven society for which corporate social responsibility (CSR) initiatives are required to address some of the imbalances of the past and the upliftment and empowerment of previously disadvantaged persons. As part of its contribution to national imperatives to deal with these challenges, PSiRA has committed to some proactive CSR initiatives aimed at advancing education and training aligned to the core mandate of PSiRA, poverty alleviation and support to

communities and stakeholder events. These initiatives are aimed at crime prevention, the safety and security of communities and events aligned to the national imperative.

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

On 16 December, the Authority donated R4 000.00 fundraised by staff to the Ntshembho Cancer Foundation in Limpopo.

The Foundation was founded by Ms Nyeleti Managanyi, a cancer survivor. Managanyi, who is 34, was diagnosed with stage four

cancer when she was 31 years old. She is using her experience to educate rural communities in Limpopo about the illness.

Through the Ntshembho Cancer Foundation, she visits local clinics in the Vhembe district, talking to community members about the importance of regular cancer treatment. She recognises the beliefs many still hold about cancer, as they were once her own. The foundation has adopted 12 children who have lost their parents to cancer who are currently staying with their guardians, but the foundation ensures they are well taken care of.



Mr Oupa Mamabolo (Santa Claus): Senior Manager of Training and Communications handing over a cheque to Ntshembho Cancer Foundation.

Other allied corporate social responsibility activities

Another corporate social activity undertaken by PSiRA in the financial year under review was Tomorrow's Man Today in Mpumalanga.

On 25 September 2020, our Nelspruit Regional Office visited 15 boys from Khaliphani Secondary School, situated KaNyamazane (Lekazi Township) in Mpumalanga and inducted them on the role of PSiRA and private security in general.



Mr Mlungisi Shongwe, Nelspruit Branch Supervisor, explaining the role of PSiRA at Khaliphani Secondary School in Mpumalanga

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 caters for preferential procurement with 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 memorandums of understanding with various institutions in the public and private sector and the criteria are determined on a case by case to align with the objective of the collaboration and the Authority's mandate.
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 make investments in the form of bursary awards to staff and corporate social responsibilities that would target previously disadvantaged individuals and institutions such as schools etc.



D

HUMAN CAPITAL

1. Human Capital Management

The Human Capital (HC) 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, wellbeing of our workforce, fostering diversity and inclusion, continuous investment in our talent pipeline, development of our workforce, to a fair and transparent remuneration philosophy.

As a strategic business partner, Human Capital Management (HCM) support to the organisation uses current best human capital management practices and systematic processes to ensure PSiRA achieves its strategic mandate in the most cost-effective and efficient manner.

The goal of the HCM department is to help PSiRA achieve its strategic mission, while ensuring employees are engaged and motivated to help the organisation succeed. HCM's success is always measured by its ability to align and integrate processes with the strategic mission. We do this by identifying human capital issues and executing effective corrective measures. Moving forward, HCM has targeted its operational initiatives to align with PSiRA's Strategic Plan by initially identifying ways to leverage and develop technology as a means to cut costs and improve internal efficiencies.

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	171
Finance and Administration	99
Training and Communication	24
Registrations	17
Total	311

Graph 1.1 Staff composition according to programmes (permanent)

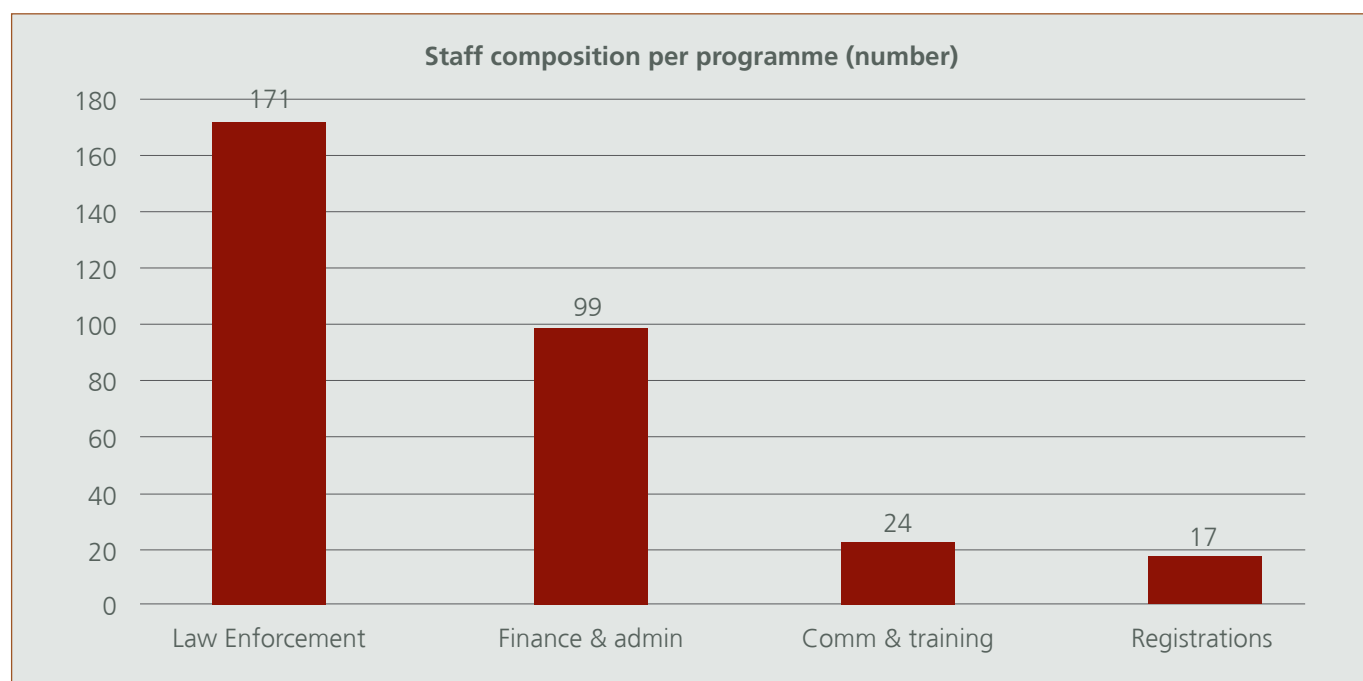


Table 1.2 Contracts and intern composition

Programme	Employees on fixed-term contract	Interns	Total
Law Enforcement	18	0	18
Finance and Administration	13	0	13
Training and Communication	3	0	3
Registration	2	0	2
Total	36	0	36

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	0	0	0	0	0	1	0
Senior management	5	0	0	0	1	0	1	0
Professional qualified	8	2	0	0	2	0	1	0
Skilled	41	0	2	1	1	0	7	0
Semi-skilled	47	2	0	2	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
Total	106	4	2	3	4	0	10	0

Table 1.4: Female employment equity target

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	1	0	0	0	0	0	0
Senior management	2	4	0	1	0	0	0	0
Professional qualified	9	2	0	1	0	1	0	0
Skilled	43	4	2	1	2	1	3	1
Semi-skilled	106	5	5	0	0	1	5	1
Unskilled	10	0	0	0	0	0	0	0
Total	172	16	7	3	2	3	8	2

Table 1.5: Employment equity target (people with disabilities)

Level	Disabled staff			
	African		Coloured	
	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 variances

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

- Appointment of the Employment Equity Committee (which is representative of all the genders, races and employees with disabilities across all its occupational categories) which meets on quarterly basis
- Appointment of a Section 24 Employment Equity Manager in accordance with the requirement of the EEA
- PSiRA's has an approved five-year Employment Equity (EE) Plan dated from 2 October 2017 to 30 September 2022 (the EE Plan has a national and provincial equity representation)
- The above-mentioned plan is monitored by HCM and the Committee and is reviewed periodically (i.e. monthly, quarterly and annually). It is in line with the latest results of economically active population (EAP) statistics released by the Department of Labour and through the achievement of the set targets in the plan

The above information shows male employees are highly represented in the Executive and Senior Manager level as against the set equity targets and per EAP statistics. The plan to address the imbalance has been developed and highly targeted these priorities:

- Appointment of female employees on the Executive and Senior Management level
- The appointment of persons with the disabilities in one of the three top occupational levels and in any of the junior suitable levels if the direct recruitment does not yield the desired outcomes the liaison with the disability agencies will have to be sort
- The lack of the representation of coloured male employees in all the levels is concerning and the HCM department is constantly on the lookout for these applicants. They are prioritised to fill the advertised posts; when coloured applicants apply, departmental heads are advised accordingly to give them preference

1.3. Personnel Expenditure

Personnel expenditure constitutes 60% 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. PSiRA uses the Paterson Grading System to determine post levels in its structure. Different occupational levels within the structure are compensated in line with the Paterson Grading System and PSiRA's policies.

Table 1.6: Personnel cost per programme against the total expenditure

Figures in Rands	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	Total no. staff	Average personnel cost per person
Law Enforcement	106 984 473	79 569 286	74%	189	421 002
Finance and Administration	147 538 363	70 331 648	48%	112	627 961
Communication and training	13 077 569	11 009 644	84%	27	407 765
Registrations	15 166 291	8 411 778	55%	19	442 725
Total	282 766 696	169 322 356	60%	347	487 961

Graph 1.1 Staff composition according to programmes (permanent)

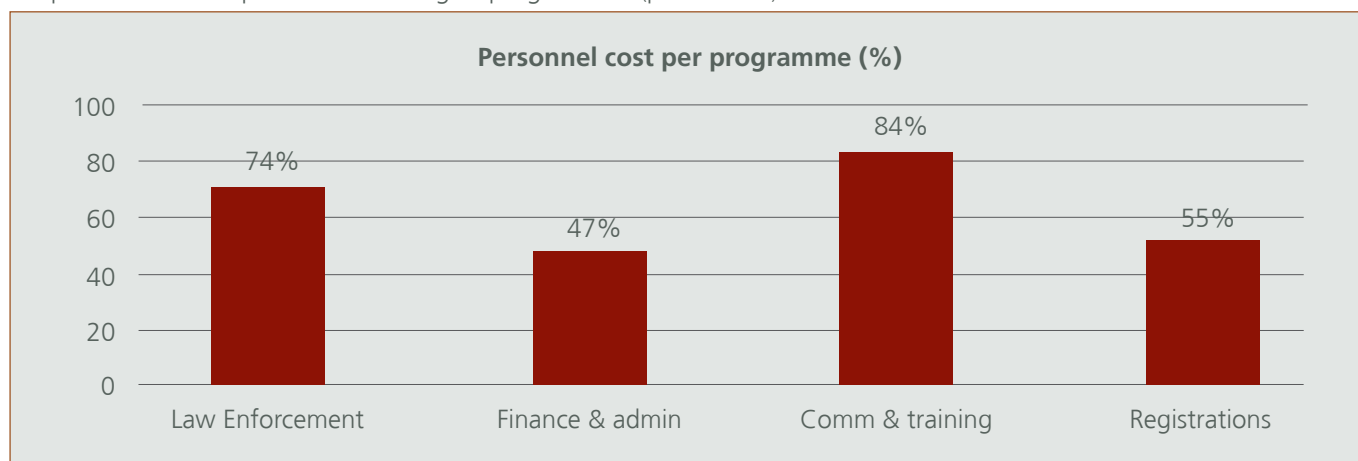


Table 1.7: Personnel cost salary band 2020/21

Figures in Rands Occupational level	Personnel expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top management	10 797 177	6%	5	2 159 435
Senior management	10 100 635	6%	9	1 122 293
Professional qualified	17 566 337	10%	20	878 317
Skilled	66 500 659	39%	103	645 637
Semi-skilled	60 616 497	36%	161	376 500
Unskilled	2 520 918	1%	13	193 917
Interns and contracts (including Council committees)	1 220 134	1%	36	33 893
Total	169 322 356	100%	347	487 961

1.4. Employment and Vacancies

PSiRA appointed additional 16 employees on different occupational levels in 2020/2021 to increase its human capital to ensure effective achievement of its strategic mandate. Some of these positions were filled through promoting internal staff members in terms of succession and retention strategy.

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

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

Programme	2019/2020 No. of employees	2020/2021 approved posts	2020/2021 No. of employees	2020/2021 vacancies	% of vacancies
Law Enforcement	176	179	171	8	4.68%
Finance and Administration	97	108	102	6	5.88%
Communication and Training	24	22	21	1	4.76%
Registrations	22	17	17	0	0.00%
Total	319	326	311	15	4.82%

Graph 1.6: Vacancy rate per programme

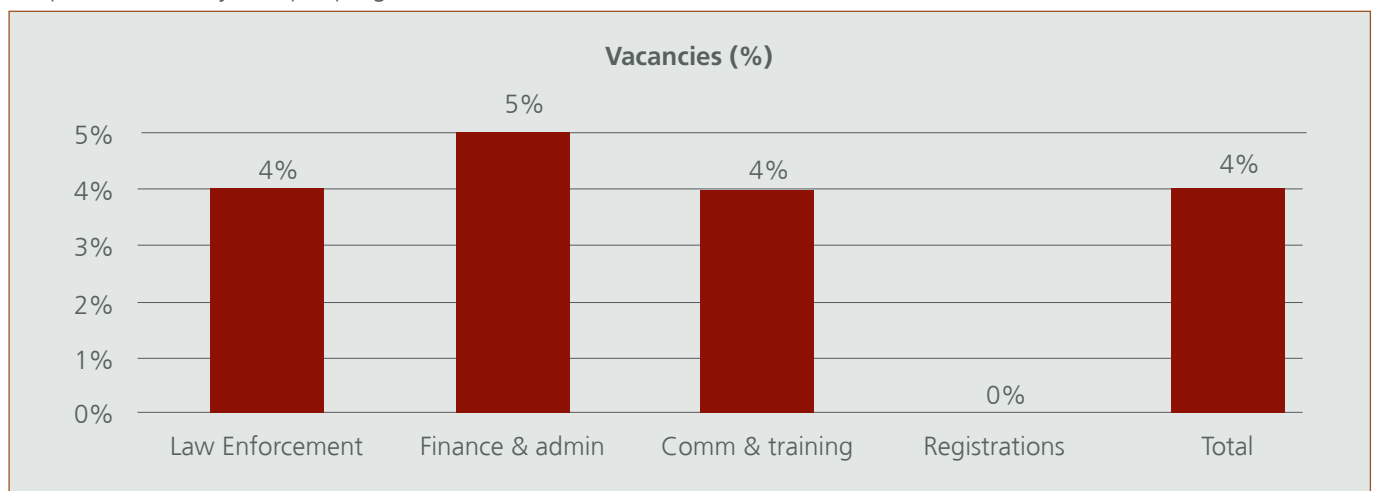


Table 1.9: Employment and vacancies per occupational levels

Occupational Level	2019/2020 No. of employees	2020/2021 Approved posts	2020/2021 No. of employees	2020/2021 No of vacancies
Top management	5	6	5	1
Senior management	6	7	7	0
Professional qualified	22	25	22	3
Skilled	107	108	103	5
Semi-skilled	165	166	161	5
Unskilled	14	14	13	1
Total	319	326	311	15

1.5. Annual Employment Turnover

During the financial year under review, 24 employment contracts of permanently employed employees from different programmes terminated, translating to 4.8% staff turnover level. The effective implementation of retention and succession policies has been an instrumental factor in attaining this low turnover. Exit interviews conducted do not reflect anything undesirable on the employer's part. Most of the employees left the organisation for positions elsewhere.

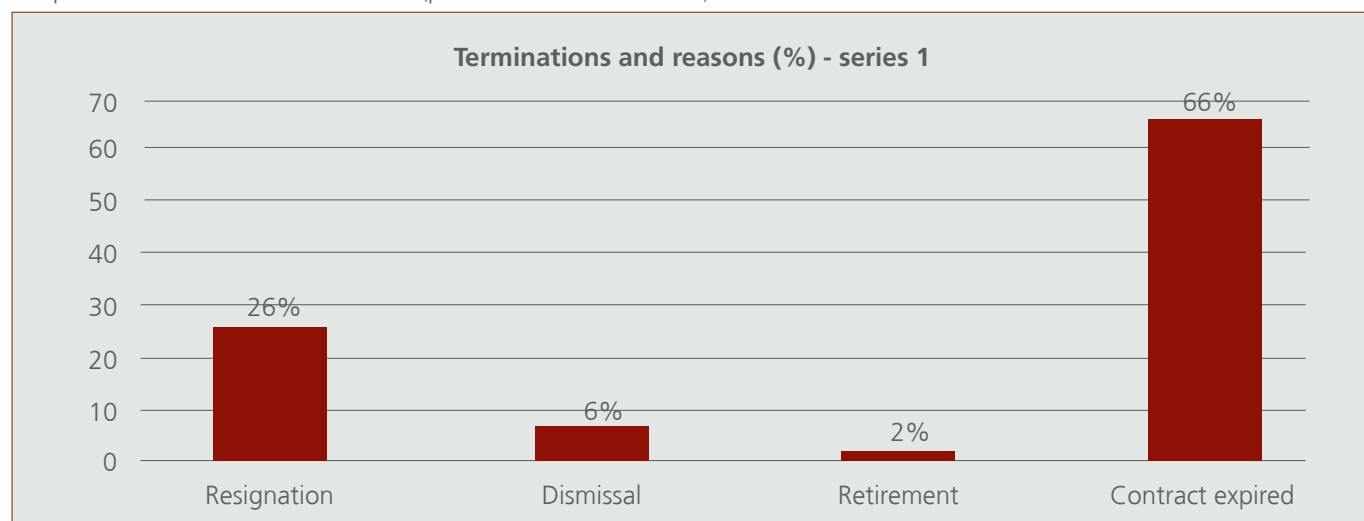
Table 1.10: Annual turnover per occupational levels (only permanently employed staff)

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	5	0	0	5
Senior management	6	1	0	7
Professional qualified	22	5	5	22
Skilled	107	5	9	103
Semi-skilled	165	5	9	161
Unskilled	14	0	1	13
Total	319	16	24	311

Table 1.10: Reasons for termination (permanent and contract)

Termination type	Number	%
Retirement	1	2%
Resignation	13	26%
Dismissal – misconduct	3	6%
Contract expired	33	66%
Total	50	100%

Graph 1.8: Reasons for termination (permanent and contract)



1.6. Vacancies per programme

Programme	Department/region	No. of vacancies
Law Enforcement	Head Office	3
	Mthatha	-
	Port Elizabeth	1
	Nelspruit	-
	KwaZulu-Natal	1
	Western Cape	2
	Limpopo (Polokwane)	-
	Legal Services (HO)	2
	Johannesburg	2
	Bloemfontein	-
Total Law Enforcement		8
Finance and Administration	Finance and accounting (HO)	3
	Accounts receivable (HO)	1
	Business Information System (HO)	-
	SCM (HO)	-
	Office service and facilities	-
	Asset management	1
	Office of the CEO	1
	Human Capital	-
	Office of the Chairperson	-
Total Finance and Administration		6
Training and Communication	Communications, events and research and training	1
Total Communication & Training		1
Grand Total		16

2. Skills Development and Training

PSiRA views learning and development as a strategic tool to ensure its strategic goals are efficiently achieved by ensuring that its human capital is capacitated with the latest skills to be efficient in-service delivery. It is for this reason PSiRA affirms itself as a learning organisation embracing a culture of learning and development of its human capital. PSiRA has collaborated with institutions such as Wits, UNISA and SASSETA, which, eventually, laid a good foundation for a progressive and substantial learning environment.

Management of learning and development initiatives at PSiRA are in line with the provision of the Skills Development Act No 98 of 1998, the National Skills Development Strategy and Strategic Framework. In accordance with the provisions of the aforesaid prescripts, PSiRA submits its Workplace Skills Plan to SASSETA on yearly basis. During the year under review, SASSETA funded seven PSiRA employees for bursaries and 16 employees for skills programmes targeting management.

To validate its intention of cultivating a culture of learning, PSiRA has placed 171 employees from different occupational levels to various skills and short programmes. The return on investment (ROI) is evident with the achievement of the overall annual performance plans for 2020/2021 by 91%.

In line with the study bursary policy, PSiRA awarded 26 employees bursaries to pursue different formal qualifications at different levels varying from diplomas, degrees, postgraduates, Master's degrees, and doctorate studies. The table below depicts how training interventions were implemented during the current financial year.

Table 1.10: Training and development per programme

Figures in Rand	Total no. of personnel:	Personnel expenditure:	Training Expenditure:	Training expenditure as a % of personnel cost:	No. of employees trained:	Avg. training cost per employees:
Programme						
Law Enforcement	171	79 569 286	230 894	0.3%	83	2 782
Finance and Administration	99	70 331 648	511 962	0.7%	92	5 565
Communication and training	24	11 009 644	217 071	2.0%	19	11 425
Registrations	17	8 411 778	176 000	2.1%	9	19 556
Total	311	169 322 356	1 135 927	0.7%	203	5 596

2.1. Youth programme

The youth programme is seen as one of the contributions in which PSiRA is making towards the goals of the National Development Plan (NDP) by empowering and creating employment of the South African youth. During the year under review, 38 graduates were employed as interns at various divisional programmes. The programme aims to address youth unemployment through provision of practical workplace experience. The interns received mentoring and coaching from experienced professionals within PSiRA. The effectiveness of this programme has been seen as 13 interns permanently appointed within PSiRA.

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 endeavours to establish a harmonious and productive working environment conducive for the organisation to achieve its strategic mandate. In return, management strives to provide and maintain favourable working conditions and a constructive and cordial employer-employee relationship. One of the tools used to reinforce the cordial employer-employee relationship is through approved disciplinary and grievance policy. This policy is in place for employees who experience any feelings of dissatisfaction on matters arising out of employment requiring the formal attention of management; it helps to harmoniously address any matters of mutual interest.

The year under review was particularly challenging due to the impact of COVID-19 in terms of lockdown, office closures, and employees having to go into quarantine, social distancing measures and travel restrictions. On the flip side of the coin, 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. The use of technology was also relied on heavily for virtual meetings to break the barriers of travel restrictions and social distancing imposed by the coronavirus. Finally, a panel of external legal practitioners presided over disciplinary hearings.

3.2. Disciplinary matters finalised for the FY 2020/2021

PSiRA's has an approved disciplinary policy is in place to undertake corrective and progressive disciplinary to eradicate deviant behaviour 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 disciplinary action taken during the year under review.

Table 1.15 Disciplinary matters finalised

Disciplinary Actions taken:	Number of incidents
Counselling	0
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	3
Total	3

3.3. Union representations

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

4. Employee Assistance Programme (EAP)

With growing focus on employee health, PSiRA’s wellness programme is increasingly becoming the order of the day. It was realised, over time, that PSiRA’s wellness programmes are well worth the time and effort invested in them. The success record of PSiRA’s wellness programmes have proved an employee who is happy and healthy is more productive and motivated and also stays away from work due to illness less often and remains employed with the company for a longer time. Investing in employee health is beneficial to the employee as well as to the company.

Centre for Occupational and Wellness Services is an appointed provider for EAP services. With the COVID-19 pandemic, the service provider is playing a pivotal role in providing the necessary support to employees who tested positive for COVID-19 together with their immediate family members.

The EAP services are free and assist its PSiRA employees and their immediate family members on various counselling services not limited to:

- Family and relationship problems
- Parenting and step-parenting
- Major transitions and decisions
- Work-related issues
- Grief and loss
- Substance abuse
- Chronic disease management
- HIV/Aids and other life-threatening disease
- Identify Individual and organisational health risks

Furthermore, the provider has been working closely with Human Capital to provide ongoing COVID-19 protocol awareness to PSiRA.

The table below depicts the number of presented problems by PSiRA employees and their families during the financial period 2020/2021:

Type of individuals	Counselling and advisory services			Total
	Telephone counselling	Face-to-face Counselling	Virtual Counselling	
PSiRA employees	75	62	39	176
Immediate family members	28	38	10	76
Total	103	100	49	252

5. Leave Utilisation

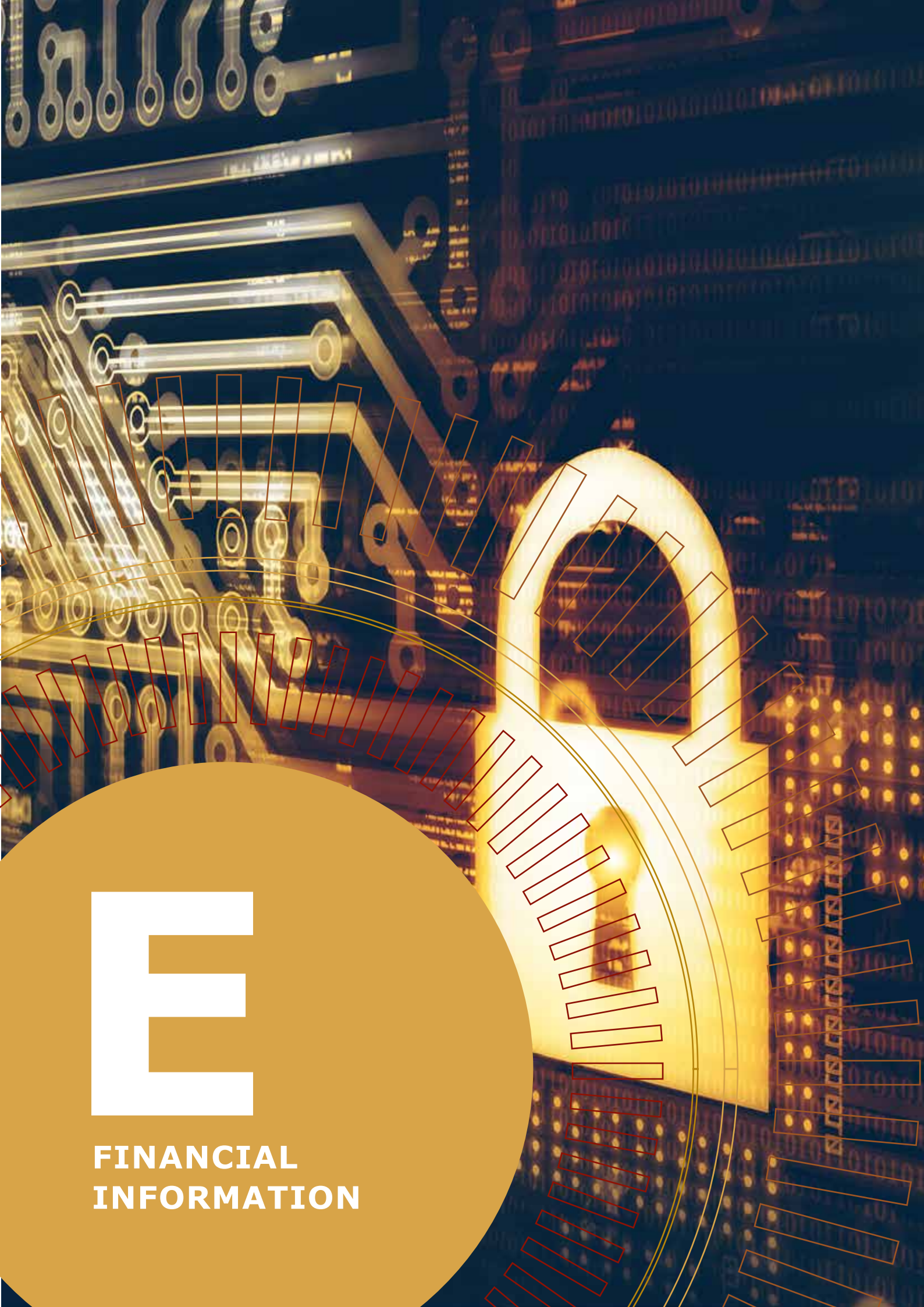
PSiRA believes leave utilisation allows employees to take paid time off from work for the purpose of having regular breaks so that they can rest and re-energise. It is proved, that employees who take leave from work can be more motivated about their work and perform more effectively than those who do not. They are less prone to accidents and are less likely to suffer from stress because they have regular opportunity to rest, which means they might take less sickness absence.

PSiRA's leave policy is in line with the relevant labour-related legislation and provides leave days to allow employees to rest. The HCM department manages leave through the employee self service (ESS).

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

Table: 1.17 Leave utilisation

Programme	Number of employees	Annual	Sick	Family	Totals	Ave. per employee
Law Enforcement	171	2 375	758	141	3 274	19
Finance and Administration	99	1 760	439	82	2 281	23
Communication and training	24	457	106	20	583	24
Registrations	17	340	75	14	429	25
Total	311	4 932	1 378	257	6 567	23



E

**FINANCIAL
INFORMATION**

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

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Private Security Industry Regulatory Authority
Annual Financial Statements for the year ended 31 March 2021

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

Report on the Audit of the Financial Statements

Opinion

1. I have audited the financial statements of the Private Security Industry Regulatory Authority set out on pages 117 to 123 which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Private Security Industry Regulatory Authority as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of General Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of 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.

Material impairment

7. As disclosed in note 5 to the financial statements, provision for impairment of R16 496 789 (2020 R15 780 919) was raised on trade debtors. Furthermore, material losses of R6 261 851 was incurred as a result of a write-off of irrecoverable trade debtors.

An uncertainty relating to the future outcome of exceptional litigation

8. With reference to note 20 to the financial statements, the entity is a defendant in a number of legal actions. It is not possible at the stage of proceedings to determine the actual losses that the entity would suffer in the event that the court found against the entity. The estimated liability for the period ended 31 March 2021 is R5 390 000 (2020: R1 050 000).

Responsibilities of the Accounting Authority for the financial statements

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

Auditor-General's responsibilities for the audit of the financial statements

11. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

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

Report on the Audit of the Annual Performance Report

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2021:

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

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme 2: Law Enforcement.

Report on the Audit of Compliance with Legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other Information

20. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
21. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion it.
22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Private Security Industry Regulatory Authority Annual Financial Statements for the year ended 31 March 2021

23. I did not receive the other information prior to the date of the auditor's report. After I received and read this information, and if I conclude that there is a material misstatement, I am required to report as appropriate. However, if it is corrected this will not be necessary.

Internal Control Deficiencies

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

Auditor-General

Pretoria

31 July 2021



Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Annexure – Auditor-General’s responsibility for the Audit

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

Financial Statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority
 - conclude on the appropriateness of the Accounting Authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Private Security Industry Regulatory Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also 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.

Private Security Industry Regulatory Authority Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Private Security Industry Regulation Act (Act no. 56 of 2001), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of PSiRA as at the end of the financial year and the results of its operations and cash flows for the period then ended.

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

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

The Accounting Authority acknowledges that they are ultimately responsible for the system of internal financial controls established by PSiRA and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal controls aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout entity and all employees are required to maintain the highest ethical standards in ensuring entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in entity is on identifying, assessing, managing and monitoring all known forms of risk across entity. While operating risk cannot be fully eliminated, entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The 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 entity's cash flow forecast for the year to 31 March 2022 and, in the light of this review and the current financial position, they are satisfied that entity has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out in pages 117 to 123, which have been prepared on a going concern basis, were approved by the Accounting Authority on 30 July 2021 and were signed on its behalf by:



Accounting Authority
Chairperson of Council

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Accounting Authority's Report

The Accounting Authority submits his report for the year ended 31 March 2021.

1. Nature of business

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

2. Going concern

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

3. Accounting policies

The annual financial statements have been prepared in accordance 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 Authority was for the better part of the 2020/21 financial year under the leadership of the Director as the Acting Accounting Authority under section 49(2) of the PFMA, 1999. The Director acted in this position with the assistance of the Audit and Risk Committee, which provided him with assurance on management statutory reporting.

The members of the Council during the financial year were appointed on 01 January 2021 to date of this report are:

Dr A.L. Mofomme (Chairperson) appointed 1 January 2021 (Current)

Mr M.S. Ralebipi (Deputy Chairperson) appointed 01 January 2021 (Current)

Mr H.N. Ngubane (Council Member) reappointed 1 January 2021 (Current)

Dr S.N. 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.

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Audit and Risk Committee

The activities of the Audit and Risk committee are governed by the Audit and Risk Committee charter. Appointed by the Council, the committee met four 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.

During the period where the Director acted as the Accounting Authority, the Audit and Risk Committee continued to play a pivotal role of monitoring and reviewing management reporting to ensure that the Director was made aware of any issues of concern that the committee might identify during its meetings.

The members of the committee during the financial year were:

Mr P. Ravhudzulo (Chairperson) appointed 22 March 2017 resigned 11 November 2020

Mr C. Motau appointed 18 June 2014 contract expired 31 January 2021

Mr Z.L. Fihlani appointed 05 June 2017 contract expired 31 January 2021

Mr M.G.M. Zikalala appointed 05 June 2017 contract expired 31 January 2021

Ms M. Ramutshelili appointed 17 September 2019 contract (Current)

The Audit and Risk Committee was supported by the Risk Management Committee at operational level which is chaired by an independent chairperson appointed by the Director namely Ms M. Ramutshelili (appointed 17 September 2019). She reported to the Director administratively and functionally to the Audit and Risk Committee.

Internal audit

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

Private Security Industry Regulatory Authority
Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position

as at March 2021

Figures in Rand	Notes	March 2021	March 2020 Restated*
Assets			
Current Assets			
Inventories	4	867 309	1 463 851
Trade receivables	5	35 386 043	28 502 691
Prepayments		1 061 451	741 671
Other receivables		7 050 353	3 251 199
Cash and cash equivalents	6	74 998 925	51 065 408
		119 364 081	85 024 820
Non-current Assets			
Property, plant and equipment	2	19 524 548	24 733 140
Intangible assets	3	491 260	1 052 870
		20 015 808	25 786 010
Total Assets		139 379 889	110 810 830
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	52 943 024	53 878 167
Provisions	9	3 489 092	2 685 362
Operating lease liability	7	1 692 713	3 188 568
Principal liability	28	37 640 442	37 816 906
		95 765 271	97 569 003
Non-Current Liabilities			
Operating lease liability	7	1 035 299	2 641 331
Total Liabilities		96 800 570	100 210 334
Net Assets			
Revaluation reserve		9 148 966	10 518 966
Accumulated surplus		33 430 353	81 531
Total Net Assets		42 579 319	10 600 497

Private Security Industry Regulatory Authority
Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

For the Year Ended 31 March 2021

Figures in Rand	Notes	March 2021	March 2020 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	10	25 568 216	23 861 966
Rendering of services	10	1 905 107	2 293 845
Interest on trade debtors	10	4 111 321	5 041 434
Annual fees	10	163 581 185	153 013 038
Infrastructure re-assessment	10	155 589	247 900
Course reports	10	53 812 780	55 697 510
Registration fees	10	35 733 354	43 522 566
Administration and management fees received		-	673 750
Bad debts recovered	10	2 083 805	3 498 891
Interest received - investment	10	1 308 035	2 225 713
Total revenue from exchange transactions		288 259 392	290 076 613
Revenue from non-exchange transactions			
Transfer revenue			
Grant received		-	271 672
Sundry income	11	4 163 998	3 320 787
Fines and penalties	10	25 120 509	22 475 100
Total revenue from non-exchange transactions		29 284 507	26 067 559
Total revenue		317 543 899	316 144 172
Expenditure			
Employee related costs	15	(169 322 357)	(174 693 952)
Other operating expenses	13	(89 718 195)	(113 888 055)
Lease rentals on operating lease		(1 385 789)	(1 159 641)
Repairs and maintenance		(1 589 742)	(1 641 756)
Impairment on trade debtors	5	(16 496 789)	(15 780 919)
Finance costs	12	(6 708)	(1 349)
Depreciation and amortisation	2&3	(5 500 091)	(5 469 325)
Total expenditure		(284 019 671)	(312 634 997)
Operating surplus		33 524 228	3 509 175
Loss on disposal of assets		(175 406)	(71 448)
Surplus for the year		33 348 822	3 437 727

Private Security Industry Regulatory Authority
Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

For the Year Ended 31 March 2021

Figures in Rand	Revaluation reserve	Accumulated surplus	Accumulated surplus
Balance at 01 April 2019	10 518 966	(3 356 197)	7 162 769
Changes in net assets			
Surplus for the year	-	2 163 029	2 163 029
Opening balance as previously reported	10 518 966	(1 193 173)	9 325 793
Adjustments			
Correction of errors	10 518 966	1 274 704	1 274 704
Restated* Balance at 01 April 2020 as restated*	10 518 966	81 531	10 600 497
Changes in net assets			
Surplus for the year	-	33 348 822	33 348 822
Changes in revaluation surplus	(1 370 000)	-	(1 370 000)
Balance at 31 March 2021	9 148 966	33 430 353	42 579 319

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Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

For the Year Ended 31 March 2021

Figures in Rand	Notes	March 2021	March 2020 Restated*
Cash flows from operating activities			
Receipts			
Cash received from regulatory services		304 869 295	292 292 256
Interest income		1 308 036	3 837 567
Cash receipts for the UIF project		1 184 935	128 007 431
		307 362 266	424 137 254
Payments			
Employee costs		(173 041 272)	(174 591 422)
Suppliers		(107 744 078)	(120 607 424)
Finance costs		(6 708)	(1 349)
UIF project costs		(1 361 398)	(90 190 525)
		(282 153 456)	(385 390 720)
Net cash flows from operating activities	16	25 208 810	38 746 534
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 275 293)	(3 055 593)
Proceeds from sale of property, plant and equipment	2	-	19 737
Purchase of other intangible assets	3	-	(19 724)
Net cash flows from investing activities		(1 275 293)	(3 055 580)
Net increase in cash and cash equivalents		23 933 517	35 690 954
Cash and cash equivalents at the beginning of the year		51 065 408	15 374 454
Cash and cash equivalents at the end of the year	6	74 998 925	51 065 408

Private Security Industry Regulatory Authority
Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

For the Year Ended 31 March 2021

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	34 482 000	-	34 482 000	25 568 216	(8 913 784)	-26%
Rendering of services	2 855 926	-	2 855 926	1 905 107	(950 819)	-33%
Interest received (trading)	2 250 000	-	2 250 000	4 111 321	1 861 321	+83%
Annual fees	143 905 830	-	143 905 830	163 581 185	19 675 355	+14%
Infrastructure re-assessment	1 576 265	-	1 576 265	155 589	(1 420 676)	-91%
Registration fees	44 020 369	-	44 020 369	35 733 354	(8 287 015)	-19%
Course reports	59 865 438	-	59 865 438	53 812 780	(6 052 658)	-10%
Bad debts recovered	-	-	-	2 083 805	2 083 805	+100%
Interest received - investment	3 289 000	-	3 289 000	1 308 035	(1 980 965)	-60%
Total revenue from exchange transactions	292 244 828	-	292 244 828	288 259 392	(3 985 436)	
Revenue from non-exchange transactions						
Transfer revenue						
Bad debts recovered	-	-	-	-	-	
Sundry Income	722 319	-	722 319	4 163 998	3 441 679	+476%
Fines and penalties	26 500 000	-	26 500 000	25 120 509	(1 379 491)	-5%
Total revenue from non-exchange transactions	27 222 319	-	27 222 319	29 284 507	2 062 188	
Total revenue	319 467 147	-	319 467 147	317 543 899	(1 923 248)	
Expenditure						
Employee related cost	(187 369 076)	-	(187 369 076)	(169 322 357)	18 046 719	+10%
Depreciation and amortisation	(7 349 000)	-	(7 349 000)	(5 500 091)	1 848 909	+25%
Finance costs	-	-	-	(6 708)	(6 708)	-100%
Lease rentals on operating lease	(1 334 757)	-	(1 334 757)	(1 385 789)	(51 032)	-4%
Debt impairment	-	-	-	(16 496 789)	(16 496 789)	-100%
Repairs and maintenance	(1 738 000)	-	(1 738 000)	(1 589 742)	148 258	+9%
General Expenses	(121 676 314)	-	(121 676 314)	(89 718 195)	31 958 119	+25%
Total expenditure	(319 467 147)	-	(319 467 147)	(284 019 671)	35 447 476	
Operating surplus	-	-	-	33 524 228	35 524 228	
Loss on disposal of assets	-	-	-	(175 406)	(175 406)	-100%
Surplus for the year	-	-	-	33 348 822	33 348 822	

Private Security Industry Regulatory Authority
Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

For the Year Ended 31 March 2021

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	667 000	-	667 000	867 309	200 309	+30%
Trade receivables	15 026 000	-	15 026 000	35 386 043	20 360 043	+137%
Prepayments	954 000	-	954 000	1 061 451	107 451	+11%
Other receivables	-	-	-	7 050 353	7 050 353	+100%
Cash and cash equivalents	4 317 000	-	4 317 000	74 998 925	70 681 925	+1636%
	20 964 000	-	20 964 000	119 364 081	98 400 081	-
Non-Current Assets						
Property, plant and equipment	25 787 000	-	25 787 000	19 524 548	(6 262 452)	-24%
Intangible assets	13 306 000	-	13 306 000	491 260	(12 814 740)	-96%
	39 093 000	-	39 093 000	20 015 808	(19 077 192)	
Total Assets	60 057 000	-	60 057 000	139 379 889	79 322 889	
Liabilities						
Current Liabilities						
Operating lease liability	2 363 000	-	2 363 000	1 692 713	(670 287)	-28%
Payables from exchange transactions	39 372 000	-	39 372 000	52 943 024	13 571 024	+38%
Provisions	5 312 000	-	5 312 000	3 489 092	(1 822 908)	-34%
Principal liability	-	-	-	37 640 442	37 640 442	+100%
	47 047 000	-	47 047 000	95 765 271	48 718 271	
Non-Current Liabilities						
Operating lease liability	4 272 000	-	4 272 000	1 035 298	(3 236 702)	-76%
Total Liabilities	51 319 000	-	51 319 000	96 800 569	45 481 569	
Net Assets	8 738 000	-	8 738 000	42 579 320	33 841 320	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	8 738 000	-	8 738 000	9 148 965	410 965	+5%
Accumulated surplus	-	-	-	33 430 355	33 430 355	+100%
Total Net Assets	8 738 000	-	8 738 000	42 579 320	33 841 320	



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Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

For the Year Ended 31 March 2021

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	314 326 680	-	314 326 680	304 869 295	(9 457 385)	-3%
Interest income	5 538 995	-	5 538 995	1 308 036	(4 230 959)	-76%
Cash receipts from the UIF project	-	-	-	1 184 935	1 184 935	+100%
Other cash item	3 000 000	-	3 000 000	-	(3 000 000)	-100%
	322 865 675	-	322 865 675	307 362 266	(15 503 409)	
Payments						
Employee costs	(185 369 066)	-	(185 369 066)	(173 041 272)	12 327 794	-7%
Suppliers	(150 494 213)	-	(150 494 213)	(107 744 078)	42 750 135	-28%
Finance costs	-	-	-	(6 708)	(6 708)	-100%
UIF surplus funds	-	-	-	(1 361 398)	(1 361 398)	+100%
	(335 863 279)	-	(335 863 279)	(282 153 456)	53 709 823	
Net cash flows from operating activities	(12 997 604)	-	(12 997 604)	25 208 810	38 206 414	
Cash flows from investing activities						
Purchase of property, plant and equipment	5 315 000	-	5 315 000	(1 275 293)	(6 590 293)	+124%
Purchase of other intangible assets	12 000 000	-	12 000 000	-	(12 000 000)	+100%
Net cash flows from investing activities	17 315 000	-	17 315 000	(1 275 293)	(18 590 293)	
Net increase/(decrease) in cash and cash equivalents	4 317 396	-	4 317 396	23 933 517	19 616 121	+453%
Cash and cash equivalents at the beginning of the year	-	-	-	51 065 408	51 065 408	+100%
Cash and cash equivalents at the end of the year	4 317 396	-	4 317 396	74 998 925	70 681 529	

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that 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 has made the following judgements, that 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 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.

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions

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

Provisions for performance bonuses

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

Provision for impairment of debtors

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

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

Contingent liabilities

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

Depreciation and amortisation

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

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
- 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.

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Property, plant and equipment(continued)

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 three 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.

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

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

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

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

Item	Depreciation method	Average useful life
Land	N/A	Unlimited
Buildings	Straight line	10-20 years
Leasehold property	Straight line	5-10years
Furniture and fixtures	Straight line	10-15 years
Motor vehicles	Straight line	5-10years
Office equipment	Straight line	5-15years
Computer equipment	Straight line	3-10years

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

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

1.5 Intangible assets

Initial recognition and measurement

An asset is identifiable if it either:

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

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential will that are attributable to the asset will flow to PSiRA
- 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

Private Security Industry Regulatory Authority

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Intangible assets (continued)

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

Derecognition

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

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

1.6 Financial instruments

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

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

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

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

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

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

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1.6 Financial instruments (continued)

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

A financial asset is:

- Cash
- A residual interest of another entity
- A contractual right to:
 - receive cash or another financial asset from another entity
 - 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
- 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
- A formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity

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

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

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

- Combined instruments that are designated at fair value
- Instruments held for trading. A financial instrument is held for trading if:

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Accounting Policies

1.6 Financial instruments (continued)

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term
- 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

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

Class	Category
Cash & cash equivalents	Financial asset measured at fair value
Trade & other receivables	Financial asset measured at amortised cost

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-collectibility of financial assets

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

Financial assets measured at amortised cost:

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

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1.6 Financial instruments (continued)

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
- 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
 - Recognise separately any rights and obligations created or retained in the transfer

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

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

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

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

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1.6 Financial instruments (continued)

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.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases – lessee

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

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Accounting Policies

1.8 Inventories

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

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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

1.10 Employee benefits

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

Short-term employee benefits

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

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

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Accounting Policies

1.10 Employee benefits (continued)

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
- 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 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.

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 20.

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

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- The amount of the obligation cannot be measured with sufficient reliability

An estimated outflow is estimated and disclosed in note 20.

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Accounting Policies

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-cancelable or only cancelable 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.

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 certificates and ID cards, recognition of prior learning and transcription fees received.

Rendering of services

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

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

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1.13 Revenue from exchange transactions (continued)

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.

1.14 Revenue from non-exchange transactions

Fines and Penalties

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

Investment income

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

Other income

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

Measurement

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

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Accounting Policies

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 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.

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

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

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

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

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

1.20 Budget information

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

The approved budget covers the fiscal period from 01/04/2020 to 31/03/2021.

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 South African Department of Police as the executive authority.

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

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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)
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

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

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

1.23 New standards and interpretations

The following standards, amendments to standards and interpretations have been issued effective 01 April 2020. Management has assessed the application of these standards to Entity South Africa and their impact and interpretations on the operations of PSiRA. The adoption of the standards did not have material changes on the presentation of the financial statements or prior year balance, but improve the presentation of the financial statements.

Standards approved and effective:

Title	Name	Nature	Date Effective	Date Applied
GRAP 18	Segment reporting	Disclosure	1 April 2020	Not applicable
GRAP 34	Separate financial statements	Disclosure	1 April 2020	Not applicable
GRAP 35	Consolidated financial statements	Disclosure	1 April 2020	Not applicable
GRAP 36	Investments in associates and joint ventures	Disclosure	1 April 2020	Not applicable
GRAP 37	Joint arrangements	Disclosure	01 April 2020	Not applicable
GRAP 38	Disclosure of interests in other entities	Disclosure	01 April 2020	No applicable
GRAP 110	Living and non-living resources	Recognition, measurement, presentation and disclosure requirements for living resources	01 April 2020	No applicable

Interpretations of the standards and guidelines approved and effective:

Title	Name	Nature	Date Effective	Date Applied
IGRAP 7	Limit on a defined benefit asset min fund requiem and interact	Disclosure	01 April 2021	On effective date

Standards, amendments to standards and interpretations issued but not yet effective

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1.23 New standards and interpretations (continued)

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

Standards approved but not yet effective

Title	Name	Nature	Date Effective	Date Applied
GRAP 25	Employee benefits	Disclosure	01 April 2021	Not applicable to the entity
GRAP 104	Financial instruments	Disclosure	01 April 2021	On effective date

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Notes to the Annual Financial Statements

2. Property, plant and equipment

	2021			2020		
	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	9 000 000	-	9 000 000
Buildings	7 010 000	-	7 010 000	4 800 000	(960 000)	3 840 000
Furniture and fixtures	7 470 290	(4 517 317)	2 952 973	7 605 917	(4 073 864)	3 532 053
Motor vehicles	617 763	(374 567)	243 196	617 763	(282 881)	334 882
Office equipment	6 579 677	(5 185 434)	1 394 243	7 002 873	(4 924 874)	2 077 999
Computer equipment	14 720 463	(10 869 695)	3 850 768	13 988 607	(8 194 643)	5 793 964
Leasehold improvements	1 429 422	(1 336 054)	93 368	1 429 422	(1 275 180)	154 242
Total	41 807 615	(22 283 067)	19 524 548	44 444 582	(19 711 442)	24 733 140

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	9 000 000	-	-	(5 020 000)	-	3 980 000
Buildings	3 840 000	-	-	3 650 000	(480 000)	7 010 000
Furniture and fixtures	3 532 053	6 873	(90 699)	-	(495 254)	2 952 973
Motor vehicles	334 882	-	-	-	(91 686)	243 196
Office equipment	2 077 999	67 981	(101 565)	-	(650 172)	1 394 243
Computer equipment	5 793 964	1 200 439	16 860	-	(3 160 495)	3 850 768
Leasehold improvements	154 242	-	-	-	(60 874)	93 368
	24 733 140	1 275 293	(175 404)	(1 370 000)	(4 938 481)	19 524 548

Reconciliation of property, plant and equipment – 2020

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

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2. Property, plant and equipment (continued)

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. Included in repairs and maintenance is the maintenance of property plant and equipment.

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

Included in repairs and maintenance is the repairs and maintenance of property, plant and equipment amounting to R1 466 465.

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

Proceeds from insurance claims	35 557	33 296
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3. Intangible assets

	2021			2020		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	6 705 082	(6 213 822)	491 260	6 705 082	(5 652 212)	1 052 870

Reconciliation of intangible assets – 2021	Opening balance	Amortisation	Total
Computer software	1 052 870	(561 610)	491 260

Reconciliation of intangible assets – 2020	Opening balance	Additions	Amortisation	Total
Computer software	1 704 552	19 724	(671 406)	1 052 870

Other information

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

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4. Inventories

Consumable stores	867 309	1 463 851
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Included in consumable stores is stationery, ID cards, individual and business certificates.

Revenue from the sale of certificates and business and business cards has been included under income from sale of goods. Expenses amounting to R102 580 have been incurred on purchases of certificates and ID cards during the current financial year.

No inventory was pledged as security.

5. Receivables from exchange transactions

Trade debtors	86 380 797	69 262 507
Provision for impairment of trade debtors	(50 994 754)	(40 759 816)
	35 386 043	28 502 691

Trade debtors

Trade debtors from exchange transactions	57 517 827	43 765 512
Trade debtors from non-exchange transactions	28 862 787	25 496 995
	86 380 614	69 262 507

Ageing of trade debtors

Current (-30 days)	4 827 484	5 744 578
31-60 days	7 064 251	4 634 336
60-90 days	9 438 621	2 563 441
90 days-over	14 055 504	15 560 336
	35 385 860	28 502 691

Fair value of trade debtors

Trade debtors impaired

Reconciliation of provision for impairment of trade debtors

Balance at the beginning of the year	40 759 816	38 770 242
Current year provision	16 496 789	15 780 919
Amounts written off as uncollectable	(6 261 851)	(13 791 345)
	50 994 754	40 759 816

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

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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 091 612	1 118 584
Short-term deposits	31 849 827	2 737 112
Deposits and current accounts	2 417 044	9 392 806
Cash on behalf of principal	37 640 442	37 816 906
	74 998 925	51 065 408

7. Operating lease obligation

Non-current liabilities	1 035 299	2 641 331
Current liabilities	1 692 713	3 188 568
	2 728 012	5 829 899

Lease payments: non-cancellable leases – Buildings

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

Kwa-Zulu Natal: 26 Mathews Road , Greyville

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

Pretoria Corporate Offices: Eco Glades2 Office Park, Centurion

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

Port Elizabeth: Shop 221D, Pier Shopping Centre

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

Mthatha: 13 Cumberland Street, Hillcrest

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

Bloemfontein offices: 53 Maxeke Street, Bloemfontein

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

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

5 year contract expiring 31 October 2022 – escalation of 6% per annum

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7. Operating lease obligation (continued)

Lease payments: non-cancellable leases – buildings

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

Pretoria Offices: 170 Thabo Sehume Street, Pretoria

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

Nelspruit: 7 Bell Street, Nelspruit

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

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

5 year contract expiring 30 September 2022 – Escalation of 6% per annum

Lease payments: Operating costs buildings

Pretoria Corporate Offices: Eco Glades 2 Office Park, Centurion

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

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

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

Bloemfontein offices: 53 Maxeke Street, Bloemfontein

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

Summary for all the operating lease obligations

Payable within one year	1 692 713	3 188 568
Payable between one and five years	1 035 299	2 641 331
	2 728 012	5 829 899

Total operating lease obligation

Lease payments: Buildings	2 527 861	5 249 064
Lease payments: Operating costs of buildings	200 150	580 835
	2 728 011	5 829 899



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8. Payables from exchange transactions

Trade payables and accruals	15 335 496	14 893 255
Credit balances on debtors	32 658 377	28 290 271
Accruals for salary related expenses	-	5 865 404
13th cheque	2 158 920	2 185 559
Unknown deposits	2 790 231	2 643 678
	52 943 024	53 878 167

Trade payables include cash receipts or deposits into PSiRA's bank account, with incorrect or unidentifiable references. In some instances these deposits relate to registration fees, course reports or fines and settlements that cannot be allocated yet. These cash receipts are disclosed as unknown deposits.

Overpayment on annual fees by debtors include credit notes processed against overbilling of annual fees from the inception of the revised annual fees regulation which was implemented from 1 January 2012. The processing of credit notes resulted in credit debtors balances for security businesses that were paying the revised fees during the period.

9. Provisions

Reconciliation of provisions – 2021	Opening balance	Additions	Utilised during the year	Total
Performance bonus	2 685 362	3 621 761	(2 818 031)	3 489 092

Reconciliation of provisions – 2020	Opening balance	Additions	Utilised during the year	Total
Performance bonus	3 027 689	3 756 165	(4 098 492)	2 685 362

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

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10. Revenue

The amount included in revenue arising from exchanges of goods or services are:

Sale of goods	25 568 216	23 861 966
Rendering of services	1 905 107	2 293 845
Interest received (trading)	4 111 321	5 041 434
Annual fees	163 581 185	153 013 038
Infrastructure re-assessment	155 589	247 900
Course reports	53 812 780	55 697 510
Registration fees	35 733 354	43 522 566
Agency fee income	-	673 750
Bad debts recovered	2 083 805	3 498 891
Interest received - investment	1 308 035	2 225 713
	288 259 392	290 076 613

The amount included in revenue arising from non-exchange transactions is as follows:

Grants received	-	271 672
Interest received	1 308 035	2 225 713
Fines and penalties	25 120 509	22 475 100
	26 428 544	24 972 485

11. Other income (non-exchange revenue)

Sundry income	4 163 998	3 320 787
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12. Finance costs

Other interest paid	6 708	1 349
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13. General expenses

Advertising	1 027 975	1 036 466
Auditors remuneration	3 712 925	3 783 549
Bank charges	2 021 082	1 972 002
Cleaning	1 621 049	826 598
Consulting and professional fees	4 046 033	6 953 650
Council members fees	738 952	1 735 219
Audit and Risk Committee members fees	220 148	256 954
Consumables	290 083	456 226
Fingerprint cost	6 454 725	10 136 835
Functions & workshops	440 070	5 738 308
Insurance	734 369	538 812
Legal fees	3 292 639	8 737 579
Postage and courier	639 289	1 383 373
Printing and stationery	4 150 431	4 735 552
Donations & sponsorships	-	316 185
Property rental	29 246 446	29 404 077
Security	5 219 483	7 729 919
Licence fees	4 480 243	3 570 182
Subscriptions and membership fees	107 150	120 649
Sundry expenses	1 051 624	885 016
Telephone and data costs	9 932 320	6 698 160
Training	1 124 743	1 434 429
Travel – local	1 865 109	7 777 366
Travel – overseas	-	464 487
Water, electricity and levies	7 197 807	7 160 273
Uniforms	103 500	36 189
	89 718 195	113 888 055

14. Auditors' remuneration

Internal audit fees

Internal audit fees	505 659	756 009
External audit fees	3 207 266	3 027 540
	3 712 925	3 783 549

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15. Employee related costs

Basic salaries	126 149 700	128 207 111
Performance bonus – provision	4 014 933	3 756 164
Medical aid	10 160 786	9 421 749
Unemployment Insurance Fund	601 606	626 003
Skills development levy	1 131 185	1 504 109
Pension contribution	11 266 192	13 294 938
13th cheques	8 051 083	8 268 775
Travel and other allowances	7 540 607	9 136 428
Workmen compensation	406 265	478 675
	169 322 357	174 693 952

Defined contribution plans

Pension contributions

Employee contributions	6 829 016	8 146 925
Employer contributions	11 547 011	13 294 940
	18 376 027	21 441 865

Contributions to the defined contribution fund is paid over to Alexander Forbes who manages the Pension Fund, a separate entity, on behalf of PSiRA.

The employer contributions have been included in employee related costs as pension contributions.

16. Cash generated from operations

Surplus	33 348 822	3 437 727
Adjustments for:		
Depreciation and amortisation	5 500 091	5 469 325
Loss on disposal of assets	175 406	71 448
Debt impairment	16 496 789	15 780 919
Movements in operating lease assets and accruals	(3 101 887)	(625 706)
Movements in provisions	803 730	(342 327)
Movement in principal liability	(176 463)	37 816 906
Changes in working capital:		
Inventories	595 645	(1 014 700)
Receivables from exchange transactions	(27 528 177)	(22 599 237)
Payables from exchange transactions	(905 143)	752 179
	25 208 810	38 746 534

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17. Events after the reporting date

Council approved the extension of the Centurion Head Office, Gqeberha and Umtata lease agreements for a further 5 years.

18. Irregular expenditure

Opening balance	-	-
Add: Irregular expenditure – current year	-	1 176 742
Less: Amounts condoned	-	(1 176 742)
Total irregular expenditure	-	-

During the 2020/21 year irregular expenditure amounting to R0 (2020: R0) was incurred.

19. Fruitless and wasteful expenditure

Opening balance	98 577	8 611
Add: Fruitless and wasteful expenditure for the current year	66 615	92 595
Add: Amounts recovered from staff	(464)	(885)
Less: Amounts written off	(2 550)	(241)
Less: Amounts transferred to debtors for recovery	-	(1 503)
Closing balance under investigation	162 178	98 577

Details of fruitless and wasteful expenditure for the current year

Interest on creditor accounts	6 615	1 350
Failure to stop a salary	60 000	-
Traffic fines	-	2 065
Retention fee for fundraising	-	82 800
Credit card fraud	-	6 380
	66 615	92 595

During the period ended 31 March 2021 fruitless and wasteful expenditure of R66 615 (2019: R92 595) was incurred as a result of late payment of creditors and an incorrect payment of a salary.

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

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20. Contingencies

Contingent liabilities

PSiRA is a defendant in a number of legal actions. It is not possible at this stage of proceedings to determine the actual losses that PSiRA would suffer in the event that the court found against PSiRA. Estimated liability amounts for the period ended 31 March 2021 to R5 390 000 (2020: R1 050 000).

Contingent Assets

PSiRA was a complainant in a number of legal actions. The estimated probable amount for the period ended 31 March 2021 is R356 900 (2020: 0)

21. Risk management

Liquidity risk

PSiRA's risk to liquidity is a result of the funds available to cover future commitments. PSiRA manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the PSiRA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual undiscounted cash flows as at reporting date	Less than 1 year	Between 2 and 5 years	Total
Operating lease obligation	1 692 713	1 035 299	2 728 012
Trade and other payables	52 943 024	-	52 943 024
	54 635 737	1 035 299	55 671 036

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.

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21. Risk management (continued)

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

Financial instrument

Trade and other receivables	35 386 043	28 502 691
Cash and cash equivalents	74 998 925	51 065 408
	110 384 968	79 568 099

22. Going concern

The 2020/2021 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 R33 430 353 for the 2020/21 financial year.

Financial consideration

We draw your attention to the fact that at 31 March 2021, entity had an accumulated surplus of R33 430 353 and that the total assets exceed total liabilities by R42 579 319. PSiRA posted a net surplus of R33 348 822 for the current financial period. A bad debt provision of R50 994 754 was recorded, for the 2020/21 financial year. The R50 994 754 million bad debt provision is after considering a bad debt write-off of R16 496 789 million in the in the 2020/21 financial year.

PSiRA implemented a turnaround strategy to minimise the effects of the COVID-19 lockdown. The turnaround strategy yielded positive results with a surplus of R33 348 822 and PSiRA cash resources of R37 358 483 for the 2020/21 financial year. The turnaround strategy will focus on cost containment and the collection of debt that is owed to the Authority using external debt collectors and resources within the Authority.

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.

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23. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	764 126	796 066
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Authorised operational expenditure

Already contracted for but not provided for

• Printing, stationery and publications	1 044 887	456 296
• Training	20 360	110 325
• Maintenance	283 148	567 373
• Consultancy	2 116 842	1 759 703
• Consumables	58 949	17 607
• Telephone and fax	7 840 950	11 761 220
• Security	4 107 158	3 513 874
• Sundry expenses	-	71 330
• Equipment rental	1 622 199	2 918 798
• Advertising	430 280	103 195
• Cleaning	282 449	115 889
• Staff amenities	296 937	264 418
• Software licences	1 910 544	2 011 522
• Internal audit fees	440 992	181 787
• Meetings and workshops	2 948	45 906
Total operational commitments	20 458 643	23 899 243

Operating leases – as lessee (expense)

Minimum lease payments due

- Within one year	17 591 157	31 691 041
- In second to fifth year inclusive	9 887 154	25 667 396
- Later than five years	-	-
	27 478 311	57 358 437

Operating lease payments represent rentals payable by entity for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.



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24. Related parties

PSiRA is a section 3A Public Entity listed in the PFMA. In terms of the PFMA, PSiRA is mandated to report to the Minister of Police as its Executive Authority.

Related party transactions

During the financial year there were no transactions that were incurred with the Department of police or any entity that it reporting to it.

Board and executive members emoluments

The Executive Authority approves the remuneration of the Treasury guidelines. Remuneration of the Council is paid in line with the Treasury guidelines.

Council members 2021	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Dr A.L. Mofomme (Chairperson) ^	Two	181 208	-	-	181 208
Mr H.N. Ngubane ^	Two	134 718	-	-	134 718
Mr M.S.Ralebipi ^	Two	153 590	-	-	153 590
Dr S.N.Mbete ^	Two	134 718	-	-	134 718
Ms T. Ntshangase ^	Two	134 718	-	-	134 718
		738 952	-	-	738 952

Council members 2020	Meetings attended	Remuneration	Car allowance	Reimbursive and other allowances	Total
Mr N. Ngubane	Four	724 831	-	-	724 831
Maj Genl C.L. Philiso^^	Six	-	-	-	-
Mr Z. Zulu	Seven	538 872	-	3 003	541 875
Mr T.M. Oliphant	Five	538 872	-	-	538 872
		1 802 575	-	3 003	1 805 578

^ Appointed 01 January 2021

^^ Non remunerated government employee

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24. Related parties (continued)

Audit and Risk Committee 2021	Meetings attended	Remuneration	Special Assignments and other meetings	Reimbursive and other allowances	Total
Mr P. Ravhudzulo (Chairperson)*	Three	46 056	900	-	46 956
Mr Z.L.Fihlani**	Two	22 544	600	-	23 144
Mr M.G.M. Zikalala**	Four	32 000	1 200	-	33 200
Mr C. Motau**	Four	60 848	1 200	-	62 048
Ms. M. Ramutsheli***	Three	56 000	2 494	-	58 494
		217 448	6 394	-	223 842

Audit and Risk Committee 2020	Meetings attended	Remuneration	Special Assignments and other meetings	Reimbursive and other allowances	Total
Mr P. Ravhudzulo (Deputy Chairperson)	Seven	84 840	-	15 960	100 800
Mr Z.L.Fihlani**	Two	18 284	-	429	18 713
Mr M.G.M. Zikalala	Five	50 284	-	-	50 284
Mr C. Motau**	Four	76 120	-	-	76 120
Ms M. Ramutsheli***	Two	35 426	-	-	35 426
		264 954	-	16 389	281 343

* Mr P. Ravhudzulo resigned on the 11 November 2020

** Term ended on 31 January 2021

*** Appointed 17 September 2019. Chairperson of RMC



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24. Related parties (continued)

Key management personnel 2021

	Office Held	Remuneration	Car and other allowances and benefits	Re-imbursive allowance	Total
Mr M.S. Chauke	Director	2 484 306	475 200	-	2 959 506
Mr J. Sambo****	Acting Deputy Director: Law Enforcement	1 130 282	181 920	-	1 312 202
Ms I. Mbana**	Deputy Director: Law Enforcement	1 442 832	396 000	-	1 838 832
Mrs M.C. Sebogodi	Deputy Director: Fin & Admin	1 796 532	264 000	-	2 060 532
Mr J. Makgolane	Corporate Secretary	1 511 002	306 800	-	1 817 802
Mr C.S. Badenhorst***	Chief Operating Officer	1 934 651	42 000	-	1 976 651
Mr O.L.J. Mamabolo*****	Acting Deputy Director: Comm & Training	1 110 335	240 000	-	1 350 335
Dr S. Gumedze^	Acting Deputy Director: Comm & Training	1 657 088	120 000	5 200	1 782 288
		13 067 028	2 025 920	5 200	15 098 148

Key management personnel 2020

	Office Held	Remuneration	Car and other allowances and benefits	Re-imbursive allowance	Total
Mr M.S. Chauke	Director	2 534 177	475 200	-	3 009 377
Ms M.P. Mofikoe*	Deputy Director: Comm, Train & Reg	2 171 105	164 400	-	2 335 505
Ms I Mbana**	Deputy Director: Law Enforcement	1 432 865	396 000	2 350	1 831 215
Mrs M.C. Sebogodi	Deputy Director: Fin & Admin	1 797 226	264 000	1 135	2 062 361
Mr J. Makgolane	Corporate Secretary	1 523 620	346 800	-	1 870 420
Mr C. S. Badenhorst***	Acting Deputy Director: Law Enforcement	1 954 340	42 000	320	1 996 660
Mr O.L.J. Mamabolo*****	Acting Deputy Director: Comm, Train & Reg	1 237 285	240 000	3 350	1 480 635
		12 650 618	1 928 400	7 155	14 586 173

* Resigned September 2019

** Appointed August 2018

*** Appointed June 2018

***** Acting appointed from May 2018 to September 2020

^ Acting appointed 1 October 2020

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25. Budget differences

Material differences between budget and actual amounts

Statement of Financial Performance

Revenue

Total Revenue is 1% above budget mainly due to the following:

Annual fees are 13% above budget. The actual number of security officers and businesses billed were higher than the budgeted number. The actual number of registered security officers and businesses was higher at 496 370 security officers and 1 210 security providers compared to a budgeted number of 483 315 security officers and 11 284 security providers.

Other income is 83% above budget: The positive variance is mainly due to the grants paid by SASSETA to PSiRA for interns' stipends and funds received from UIF COVID-19 relief.

Interest income from debtors is 83% above budget: As from April 2018 financial year PSiRA started charging interest on overdue accounts not paid by security businesses. The rate used is determined by the Minister of Finance.

Interest from investments is 60% above budget: Excess funds have been invested into a fixed deposit which has resulted in an increase in investment income

Registrations income is 3% below budget: 69% of budgeted individual applications and 98% of the budgeted businesses applications were received as at the end of 31 March 2021.

Fines are 9% below budget: There were fewer activities in the finalisation of cases during the 2020/21 financial year. As at 31 March 2021, R24.1 million of fines were billed vs R14 million that was collected.

Below is income that is 10% below budget:

Sale of goods is 47% below budget: The issuing of certificates and ID cards for the first seven months was lower than budgeted. The Authority has reassessed the frequency for compulsory renewals of certificates on an annual basis to lessen the financial burden placed on security officers. As a result, the renewal of certificate requirement was increased from 12 months to 24 months, which resulted in a lesser number of renewal applications received and processed during the financial year, if compared to the previous financial year.

Expenditure

Total expenditure is 12% below. Below is an explanation of expenditure variances which are 10% and more above budget:

Water, electricity & levies are 20% above budget: This is mainly due to the electricity being incurred for old Cape Town and Pretoria offices that were originally planned for sale.

Staff Costs are 11% below budget. The current staff costs do not include the cost of living adjustment for the 2020/21 financial year. which was not implemented due to cash resources. As part of cost containment vacancies were prioritised to only fill critical positions, some interns and contract positions that were funded by PSiRA were terminated.

Advertising & publications is 68% below budget. This mainly due to cost containment measures which resulted in the deferring of marketing activities such as the Ministerial Imbizo and the bravery awards due to lockdown regulations and as a cost containment measure.

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25. Budget differences (continued)

Security costs are 38% below budget. This is mainly due to the number of security officers at PSiRA offices being reduced as a result of alarm installations.

Travelling and accommodation costs are 68% below budget. Due to a decrease in travel during the financial year as a result of COVID-19 regulations implemented in the 1st and 2nd quarters. Cost containment measures also included less travelling and the encouragement of virtual meetings resulting in less travel costs.

Postage and courier is 51% below budget, fingerprint costs (47% below budget). There were lesser registrations of security officers nationally hence the courier of registration documents and the fingerprint costs were low. The revenue from registrations was also three below budget.

Printing stationery & cartridges are 31% below budget. There was less purchases of certificates, ID cards and stationery materials usage due to the COVID-19 regulations mainly during the first two quarters of the financial year.

Seminars, conferences and venue hire 89% below budget. Stakeholder and other engagements have been deferred due to the prohibition of social gatherings under lockdown regulations.

Staff training 26% below budget. There was a decrease in the cost of trainings as trainings were online and they had been budgeted for as venue based.

Statement of Financial Position

Property, plant and equipment decreased by 15% mainly due on depreciation of property, plant and equipment during the year and lesser purchases of PPE during the 2020/21 financial year. As part of the COVID-19 turnaround strategy, projects that relate to the acquisition of assets were deferred.

Intangible assets decreased by 38% in intangible assets is due to the amortisation in intangible assets during the year and lesser purchases of intangible assets during the 2020/21 financial year. As part of the COVID-19 turnaround strategy, projects that relate to the acquisition of assets were deferred.

Inventory holdings decreased by 41% at year-end mainly due lesser purchases of certificate inventory during the year resulting in lesser inventory holdings by the end of the financial year.

Trade and other receivables increase of 25% is mainly due to the following: Trade debtors increased by 25% from R69.2 million to R86.7 million and the provision for bad debt increase by 25% from R40.8 million to R50.9 million.

Cash and cash equivalents increased by 47% due to cost containment measures that were put in place to ensure financial health for the Authority. The Authority has created reserves to ensure the purchase of the systems for the Authority.

Principal liability. The amount represents cash and cash equivalents belonging to the UIF project which should be reflected as a liability on the financial statements. A cash balance of R37.6 million was remaining as at year end.

Provision for bonus payment increased by 19% due to additional amounts being included for the 2021 financial year.

Net assets increased by 358% because of the surplus of R34 million for the 2020/2021 financial year.

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26. Change in estimate

Property, plant and equipment

During the financial year the useful lives of specific assets have been reassessed to reflect the actual pattern of service potential that PSIRA estimated could still be derived from these assets. The effect of this on the current and future periods has been illustrated below:

	Increase in carrying amount end of the year	Decrease in depreciation for the year
Computer equipment	7 708	7 708
Office equipment	88 617	88 617
Office furniture	6 711	6 711
Leasehold improvements	22 343	22 343
	125 379	125 379

27. Prior period errors

Nature of misstatement

An invoice for the 2019/20 financial year relating to fingerprint costs that amount to R1 274 703 was incorrectly reversed in the 2020/21 financial year.

The correction of the error results in adjustments as follows:

Statement of financial position

Accumulated surplus	-	1 274 704
Trade creditors	-	(1 274 704)

Statement of financial performance

Fingerprint costs	-	(1 274 704)
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28. Agent-principal disclosure

Income

Opening balance	37 816 906	126 911 550
Interest received	1 184 935	1 095 881
	39 001 841	128 007 431

Operating Expenses

UIF consulting fees – security training companies	1 359 680	86 964 483
Travelling and accommodation	-	136 908
Amenities	1 000	1 208 121
Stipends	-	929 460
Agency fee	-	673 750
Bank charges	719	681
Venue hire	-	277 122
	1 361 399	90 190 525
	37 640 442	37 816 906

PSiRA entered into an agreement with the Unemployment Insurance Fund (UIF) to implement the skills development programmes for the benefit of persons who have contributed to the Unemployment Insurance Fund and are currently unemployed to create opportunities for their employability. A total of 4 672 learners have been trained as at 31 March 2021.

Section 5(d) of the Unemployment Insurance Fund Act provides that the UIF funds must be used for the financing of the retention of contributors in employment and re-entry of contributors into the labour market and any other scheme aimed at vulnerable workers. For the purposes of this scheme the Authority is regarded as an agent and the UIF a principal and all transactions relating to the partnership have been accounted for on that basis.

The principal liability of R37 640 442 is the amount that has been included in cash and cash equivalents.

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Audit and Risk Committee Report

The Committee is pleased to present its report for the financial year ended 31 March 2021.

Audit and Risk Committee members and attendance of meetings

Name	Designation	# of Ordinary Meetings	# of Special Meetings	Total # of Meetings Attended
Mr. K.P Ravhudzulo*	Chairperson	3	0	3
Mr. C. Motau	Member	4	0	4
Mr. M. Zikalala	Member	4	0	4
Mr. Z. Fihlani	Member	2	0	2

*Resigned 11 November 2020

The term of office of the members of the Committee in the table above expired on 31 January 2021. New members of the Committee were appointed by the new Council in April 2021, to take-over the functions and responsibilities that remained for the year in terms of the activities for the annual reporting. The new Committee was constituted by the following members:

- Mr A.N Mhlongo (Chairperson)
- Ms. U. Exner (Deputy Chairperson)
- Mr. M. Matlwa (Member)
- Ms. L. Mudau (Member)
- Ms. G. Ramphaka (Member)

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 is confident that these responsibilities were fully carried out for the period under review. The Committee's responsibilities are further supplemented by the adopted formal terms of reference of the Committee, which outline how the Committee should conduct its affairs and activities as informed by its annual plan (programme). The Committee is satisfied that its affairs and activities for the period under review were fully executed as per the annual plan and the terms of reference as adopted by the Accounting Authority (Council).

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 monitored and reviewed management's reporting on the continued implementation and improvement of internal controls to ensure improved sustainability on the operations of the entity. The Committee is mindful about the going concern issues that constantly affect the liquidity of the organisation, hence the continued monitoring of implementation of turnaround strategy and cost containment measures. Management's efforts in this regard are commendable as they assisted in reducing the liquidity risk for the entity to post a significant surplus of R34 million for the period under review, which is an improvement of R30 million from the previous financial year.

The Committee is satisfied with strategies implemented to improve revenue collection, given the business unusual environment due to challenges brought about by the COVID-19 pandemic. The cash-flow forecast presented by management for the 2021/22 financial year provides assurance on the going concern assumptions as contained in the Annual Financial Statements. The Committee is therefore, confident that management's continued implementation of the turnaround strategy will keep the entity afloat until such time that the current funding model is replaced in terms of the Private Security Industry Levies Act, 2002. The Committee is assured that National Treasury had started with the review of this legislation for it to be re-introduced in Parliament to be passed into law in the next two (2) years.

The Committee was also presented with a revised turnaround strategy by management on how the finances of the entity would be improved in the next 12 months, which includes increased debt collection through debt collectors, collection of fines and settlements

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amounts imposed for non-compliance transgressions, including admission of guilt fines (new initiative), and some significant cost savings in operations on items such as travel and accommodation due to the COVID-19 pandemic.

The Committee is, however, mindful that intermittent lockdown restrictions might result in economic hardships for businesses, including security businesses, which may lead to reduced economic activity, and therefore, less revenue for the entity that relies on increased economic activity and employment in the industry to be able to generate enough revenue to sustain itself. The Committee will therefore, continue to monitor the implementation of the turnaround strategy, especially on cost reduction through implementation of some business processes and activities into virtual platforms to reduce some of the costs such as travel and accommodation, permanently.

The Committee is supported by an independent outsourced Internal Audit function, which provides the Committee and Management with independent and objective assurances on the appropriateness and effectiveness of the internal control environment within PSiRA, to mitigate the risks that the entity faces in the execution of its mandate. The opinion of internal auditors gave the Committee an assurance in terms of improvements noted in the areas audited for the period under review, with some improvements needed for which Management had developed an audit action plan to resolve the findings raised. The Committee is satisfied with the progress made in terms of resolving the findings and to enhance the effectiveness of the internal control environment.

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

- Review of Annual Financial Statements for 2019/20
- Compliance and Law Enforcement Programme
- Supply Chain Management
- Information Technology Systems and Governance
- Training and Communication Programme
- Predetermined Objectives for Q1, 2 & 3
- Risk Management review
- Human Resource Management review.

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. The committee noted that compensating measures were implemented in some instances to address risk mitigation plans that required funding.

The Committee is also alive to the realities of the challenges brought about by the COVID-19 pandemic, which have to some extent, also contributed to delayed implementation of some of the mitigation measures. The risks that remain significant for the entity, had since been rolled-over to the next financial year with management taking the initiative through the Risk Management Committee to identify other non-financial mitigation measures for implementation and to continue monitoring the risks from escalating to catastrophic levels. Committee is assured that the major liquidity risk is being monitored and addressed by management through implementation of the turnaround strategy to improve the finances of the entity.

The Committee also continues to monitor the implementation of the risk management strategy and plan, and the fraud prevention plan. It continues to review the quarterly reports in these areas 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 updates under legislative compliance register and PFMA compliance checklist.

In-year management and quarterly reports

The Committee has reviewed quarterly reports and management's 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 and the annual regulatory audit by AGSA.

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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 had also obtained assurances through the internal audit function that all previous year's audit findings from the governance and compliance review were resolved, including those that required actions from the Executive Authority. 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 stood at 86% achievement. The Committee is pleased that the audit outcome confirmed the results as presented by management before the audit. The Committee commends the management of the entity for the achievement, which happened under very difficult conditions as presented by the COVID-19 pandemic.

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 financial information.

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 was assured that the plan was fully implemented. The Committee is pleased that no significant findings for the period under review were raised during the regulatory audit, which is an indication that implemented controls are effective and have therefore, assisted the entity to maintain a clean audit outcome for the period under review.

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 minor 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 2020/21 financial year.

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



Mr. A.N Mhlongo CA(SA) ACMA CGMA
Chairperson: Audit and Risk Committee
Date: 31 July 2021



PSiRA

Private Security Industry Regulatory Authority

Connect with us:

Telephone: 012 003 0500/1 or 086 133 3850

Fax: 086 667 7140

email: info@PSiRA.co.za

website: www.PSiRA.co.za

WhatsApp: 082 803 4329

420 Witch-Hazel Avenue, Block B - Eco Glades 2 Office Park
Highveld Ext 70, Centurion 0158

Private Bag X 817
PRETORIA 0001