



ANNUAL REPORT | 2014/15



PSiRA
Private Security Industry Regulatory Authority

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PART A

GENERAL INFORMATION



ABBREVIATIONS

ATR	Annual training report
BIT	Business Information Technology (Unit)
Cansa	Cancer Association of South Africa
CFR	Central Firearms Registry
CIPC	Commission for Intellectual Properties and Companies
CRM	Customer Relationship Management
CSI	Corporate Social Investment
DHA	Department of Home Affairs
DoH	Department of Health
DoL	Department of Labour
EAP	Employee Assistance Programme
ETQA	Education and Training Quality Assurance body
FCA	Firearms Control Act
FETC	Further Education and Training Certificate
IDRC	International Development Research Centre
IT	Information Technology
Natjoint	National Joint Operational and Intelligence Structure
NC	National Certificate
NPA	National Prosecuting Authority
NQF	National Qualifications Framework
PMSCs	Private military and security companies
Provjoint	Provincial Joint Operational and Intelligence Structure
PSiRA	Private Security Industry Regulatory Authority
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SAPS	South African Police Service
SAQA	South African Qualifications Authority
Sasseta	Safety and Security Sector Education and Training Authority
SLA	Service-Level Agreement
SOP	Standard Operating Procedure
WSP	Workplace Skills Plan



STRATEGIC OVERVIEW

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

THE FRAMEWORK FOR THE 5-YEAR STRATEGIC PLAN 2015/16 – 2019/20

The Authority developed its 5-year Strategic Plan covering the period 2015/16-2019/20 in accordance with National Treasury guidelines. The various KPIs set out in the Strategic Plan took into consideration the National Development Plan and other key policies and regulations. The Strategic Plan also included technical indicator descriptions.

Our focus should be on the following priorities:

- **Priority 1:** Excellent service delivery (effective regulation)
- **Priority 2:** Effective Financial management
- **Priority 3:** Industry stewardship, stakeholder and customer relationship management
- **Priority 4:** Enabling environment with competent and skilled workforce
- **Priority 5:** Efficient and effective processes and systems

1. Vision, Mission and Values

1.1 Vision

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

1.2 Mission

The mission of PSiRA is "To protect the constitutional rights of all people to life, safety and dignity through the effective promotion and regulation of the private security industry". The mission properly captures the core purpose of PSiRA.

1.3 Values

The values framework going forward incorporates the current values and enhances them by introducing the drive towards a spirit of collegiality and adherence to the Batho Pele principle. PSiRA currently has three values that are further subdivided into ten sub-values as indicated in Figure 1 on page 7:

2. Legislative Mandate

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

- a. promote a legitimate private security industry which acts in terms of the principles contained in the Constitution and other applicable law;
- b. ensure that all security service providers act in the public and national interest in the rendering of security services;
- c. promote a private security industry which is characterised by professionalism, transparency, accountability, equity and accessibility;
- d. promote stability of the private security industry;
- e. promote and encourage trustworthiness of security service providers;
- f. determine and enforce minimum standards of occupational conduct in respect of security service providers;



- g. encourage and promote efficiency in and responsibility with regard to the rendering of security services;
- h. promote, maintain and protect the status and interests of the occupation of security service provider;
- i. ensure that the process of registration of security service providers is transparent, fair, objective and concluded timeously;
- j. promote high standards in the training of security service providers and prospective security service providers;
- k. encourage ownership and control of security businesses by persons historically disadvantaged through unfair discrimination;
- l. encourage equal opportunity employment practices in the private security industry;
- m. promote the protection and enforcement of the rights of security officers and other employees in the private security industry;
- n. ensure that compliance with existing legislation by security service providers is being promoted and controlled through a process of active monitoring and investigation of the affairs of security service providers;
- o. protect the interests of the users of security services;
- p. promote the development of security services which are responsive to the needs of users of such services and of the community; and
- q. promote the empowerment and advancement of persons who were historically disadvantaged through unfair discrimination in the private security industry.



FIGURE 1: VALUES FRAMEWORK FOR PSIRA



Foreword by the Minister of Police



Honourable NPT Nhleko
Minister of Police

*The entity continues to post improvement on its planned strategic objectives. It achieved **83%** of its planned performance indicators.*

The current inclement economic environment calls upon innovative solutions to ensure that the private security industry continues to play a significant role towards the growth of our country's economy. In order to reap the economic rewards, collaborative efforts must be made by all role players to improve and drive compliance within the industry. Significant efforts must be placed to improve the following areas:

- Review of administrative fines;
- Phase out introduction of training in new regulations;
- Introduction of new identity cards to stamp out identity fraud and improve disclosure and protection of personnel;
- Benchmark on sustainable funding models in order to reduce regulatory fees and improve participation of the previously disadvantaged within the industry.

Although the number of registered security officers increased by 5.9% from 1 868 398 to 1 979 969 as at 31 March 2015, the number of active (employed) security officers has decreased by 7.2% from 487 058 to 451 565 during the year under review. The entity has once again improved on its monitoring of security companies and officers by over 2.2% compared to the previous year. These efforts will go a long way in contributing to joint efforts in fighting crime and ensuring a safer environment for all South Africans.

The entity continues to post improvement on its planned strategic objectives. It achieved 83% of its planned performance indicators. Improved awareness programmes on the role of the entity and monitoring of security service providers are amongst others notable successes for the year under review.

The launch of the new improved certificates has been a resounding success and has benefited the industry in many ways, notably improving compliance of security service providers. Increased compliance with the Private Security Sector Provident Fund (PSSPF) and reported cases on identity theft are but some of the notable improvements.

In the last quarter of the year under review, PSiRA participated in the Portfolio Committee of Police's National Fire-arms Summit. This not only showed valuable insight into the accountability of fire-arms in the private security industry but also contributed significantly in mapping the way forward on a more comprehensive policy review on fire-arm management which has been integrated into the law enforcement strategy of the entity.

The Ministry acknowledges the collaboration between the private security industry and other stakeholders in celebrating and recognising the significant role that women within law enforcement continue to play in creating a safer environment for all South Africans.

One of the highlights was the launch of the industry's National Training Compliance Forum which aims to promote high standards of training amongst security training providers and foster greater collaboration in the developments of new training standards within the Private Security Industry.

The Ministry supports all efforts and collaborations made to improve regulation of the Private Security Industry. We commend the entity's Research and Development Unit which has continued to ensure the entity takes the lead as the centre of excellence within the Private Security Industry in the African continent.

The entity has successfully finalised two pieces of research assignments notably regarding the "involvement of the Private Security sector in taxi violence in Kwa-Zulu Natal". The research focused on Ntuzuma, Piesang and other areas and will assist in efforts to strengthen legislative oversight in such critical areas.

It is a matter of pride that the entity achieved yet another unqualified audit opinion. Although the entity posted a significant deficit (figures restated 2014)

due to provision made to refund the industry on fees paid in excess, the overall revenue has continued to improve by **1%** when compared to the previous financial year.

The entity has also resolved its legal challenges with the Private Security Industry and has republished new annual fees. The new fees were supported by the majority of service providers within the industry and the entity has since collected over **60%** of the annual fees.

As you may be aware, the Private Security Industry Regulatory Amendment Bill is awaiting consideration by the President. Ministry has made note of the continued engagement on the ownership clauses of this piece of legislation. Nothing should prevent the Private Security Industry to engage and pioneer topics to address transformation within the industry whilst we await the finalisation of the legislation.

Let me take this opportunity to congratulate the Chairperson of Council Prof. N M Mazibuko on her new appointment. Under her guidance, the Council and management of the entity should continue their work of improving industry compliance for the safety of all South Africans.

It is my pleasure to table the Annual Report of the Private Security Industry Regulatory Authority for the period 2014/2015.



Honourable NPT Nhleko, MP

Minister of Police



Performance Overview by the Chairperson



Prof. NM Mazibuko
Chairperson of the Council

Compliance inspections of security service providers conducted improved by 2,2% from 27 073 in the previous financial year to 27 669..... The Authority achieved a turnaround time of 15 days for business registration and 17 days for individual security officers' registration.

Introduction

It is pleasing to report some of the milestones achieved by the Authority during the financial year ending 31 March 2015. During the year under review, the Authority continued to strengthen its effort towards delivering excellent service in areas of law enforcement, registration and training, stakeholder and customer relationship management during the year under review. Compliance inspections of security service providers conducted improved by 2.2% from 27 073 in the previous financial year to 27 669. The average turnaround time of 20 days for the registration of both individual security officers and businesses meeting all requirements was successfully achieved. The Authority achieved a turnaround time of 15 days for business registration and 17 days for individual security officers' registration.

Stakeholder awareness and engagements were reinforced using radio and TV interviews, compliance forums, print media campaigns, industry circulars, trade exhibitions, community outreach programmes, capacity building workshops and social media. In addition to these objectives, PSiRA also focused its resources on internal activities such as capacity building workshops, improving conditions at the delivery sites, IT systems, building the organisation and improving resources and systems to ensure a streamlined service to stakeholders.

Economic Challenges and Changing Landscape

The number of Active (employed) Security Officers decreased by 7.2% from 487 058 in the previous financial year to 451 565 as at 31 March 2015. The registered active cash-in-transit businesses decreased from 4 465 businesses to 2 137 businesses during the year under review, representing a decrease of 52.1%. The registered active armed response businesses decreased from 4 550 businesses to 3 136 businesses during the year under review, representing a decrease of 31.1%. The reduction

can be attributed to poor economic growth which is contributing job losses within the private security industry. Another contributing factor is the growing demand from consumers of the private security to have advanced technologies integrated in the security services provided. More companies are replacing their human capital with improved technologies.

Despite the above mentioned environmental challenges, the Authority has once again received an unqualified audit opinion from the Auditor-General of South Africa (AGSA).

Strengthening our governance

Our strategic plan, the current internal and external environmental challenges call for relevant, appropriate proactive governance structures that ensure effective implementation of the mandate of the Authority. As Council of PSiRA we acknowledge and appreciate the milestones achieved thus far. However, we remain cognisant of the fact that we must strengthen our governance structure. An effective governance system enhances management, operations oversight and accounting activities.

The Council has made note of all matters of emphasis highlighted by the AGSA and we are committed towards ensuring that the Authority achieves a clean audit in the near future. It is also evident that there is a growing need to provide improved access to PSiRA whilst improving service delivery to stakeholders, in accordance with the principles of Batho Pele. The increased technological complexity of the security industry and the need for the Authority to develop competent internal resources to provide oversight to these industry segments as contemplated in the Act remains as one of the priorities for the future. I am

humble for the opportunity that has been bestowed upon me by the Minister of Police, Honourable Nhleko and look forward to working with my fellow Council Members, the Executive Team and the staff at large in making the PSiRA *'an excellent regulator of private security in South Africa'*.

Ngiyabonga – Thank You!!



Prof. NM Mazibuko

Chairperson of the Council

*"I am humble for the opportunity that has been bestowed upon me by the Minister of Police, Honourable Nhleko and look forward to working with my fellow Council Members, the Executive Team and the staff at large in making the PSiRA **'an excellent regulator of private security in South Africa'**."*



Operational Overview by the Director (CEO)



Mr Manabela (Sam) Chauke
Director (CEO)

For the first time, the PSiRA Certificate has an expiry date (18 months for Security Officers and 12 months for Security Businesses). The Authority also used the project to address the current footprint challenges by taking service delivery in a form registration to some of the rural and remote areas across South Africa.

The Authority has again received an unqualified audit from the Auditor-General of South Africa (AGSA) for the financial year ended 31 March 2015. Effective implementation of our Strategic Plan remains imperative. During the year under review, the Authority continued to improve industry compliance through effective implementation of the law enforcement strategy. Intensified efforts undertaken during the financial year under review to improve awareness about the role and functions of PSiRA and stakeholder engagement relations demonstrate our effort in fulfilling our strategic imperatives.

Financial Performance

During the year under review the revenue position of the Authority remains stable at **R127.1** when compared to the **R126.7** in the previous financial year. Revenue from course reports increased by **24.9%** and registration by **9.1%** respectively when compared to the previous financial year despite a drop in annual fees of **4.5%**. Another noticeable improvement is the bad debts recovered during the year under review of **R1.9 million** when compared to **R0.4 million** in the financial year ended 31 March 2014. Bad debts written off in the financial year ended 31 March 2015 was **R0** compared to **R24.6 million** written off during the financial year ended 31 March 2014. The passing of the credit notes as a result of overbilling on annual fees had the impact of improving the debtor's book. However, it must be noted that the Authority's liquidity has been compromised by the passing of the credit notes for the overbilling of annual fees.

Service Delivery

During the year under review, the Authority officially rolled out the *Renewal of Certificate* project with effect from **1 December 2014** as part of fulfilling its regulatory mandate in the interest of public safety. The purpose of the project is to ensure that only eligible registered applicants (Security Officers and Businesses) receive the new certificate with new

security features encrypted. Furthermore, the ongoing industry exploitation in relation to deployment of unregistered illegal emigrants at the expense of South African citizens presented a critical need for the project. For the first time, the PSiRA Certificate has an *expiry date* (**18 months** for Security Officers and **12 months** for Security Businesses). The Authority also used the project to address the current footprint challenges by taking service delivery in a form registration to some of the rural and remote areas across South Africa. A total of **64 106** individual certificates were renewed and **1 234** businesses renewed their certificates.

A total of **27 669** compliance inspections of security service providers were conducted as part of investigations by the Authority compared to **27 073** inspections in the previous financial year. Of the **27 669** compliance inspections conducted, **4 114** compliance inspections were conducted at security businesses and **23 555** compliance inspections were conducted at security officers deployed at different sites.

Stakeholder Engagement

During the year under review, the Authority implemented an integrated stakeholder engagement and awareness drive with the objective of effectively educating the public about the role and functions of PSiRA and reducing industry non-compliance. The Authority deployed an integrated awareness drive which include Radio and TV interviews, Compliance Forums; Print Media Campaigns, Industry Circulars, SMS Campaigns, Trade Exhibitions, Community Outreach programmes; Consumer education workshops; Capacity Building Workshops; and Social Media platforms. Extensive consultation with industry through Provincial Industry Compliance Forums (PICF) and compliance workshops specifically targeted at Security Service Providers continues to add value towards the achievement of effective industry regulation.

Research and Development

Our Research and Development Unit conducted surveys focused on *consumer trends in mall security; consumer trends in public and private hospitals; consumer trends in public and private universities; and consumer trends in public and private schools*. Among other things, the consumer trend surveys revealed the significant role that consumers play in ensuring compliance or adversely perpetuating non-compliance. Over and above the research topics and surveys, the Unit continued to work on an ongoing three-year research project that is funded by the International Research and Development Centre (IDRC), namely, *Promoting Partnership for Crime Prevention between State and Private Security Providers in Southern Africa*. During the financial year our Research and Development Unit facilitated the peer review process, worked on the overall editorial work, and the eventual publication of the monograph.

Let me express my sincere gratitude to all staff members of PSiRA for their commitment and constantly striving for ensure that we “*be recognised as an excellent regulator of private security in South Africa by all*”. I also want to thank our Council for their vision and strategic guidance.

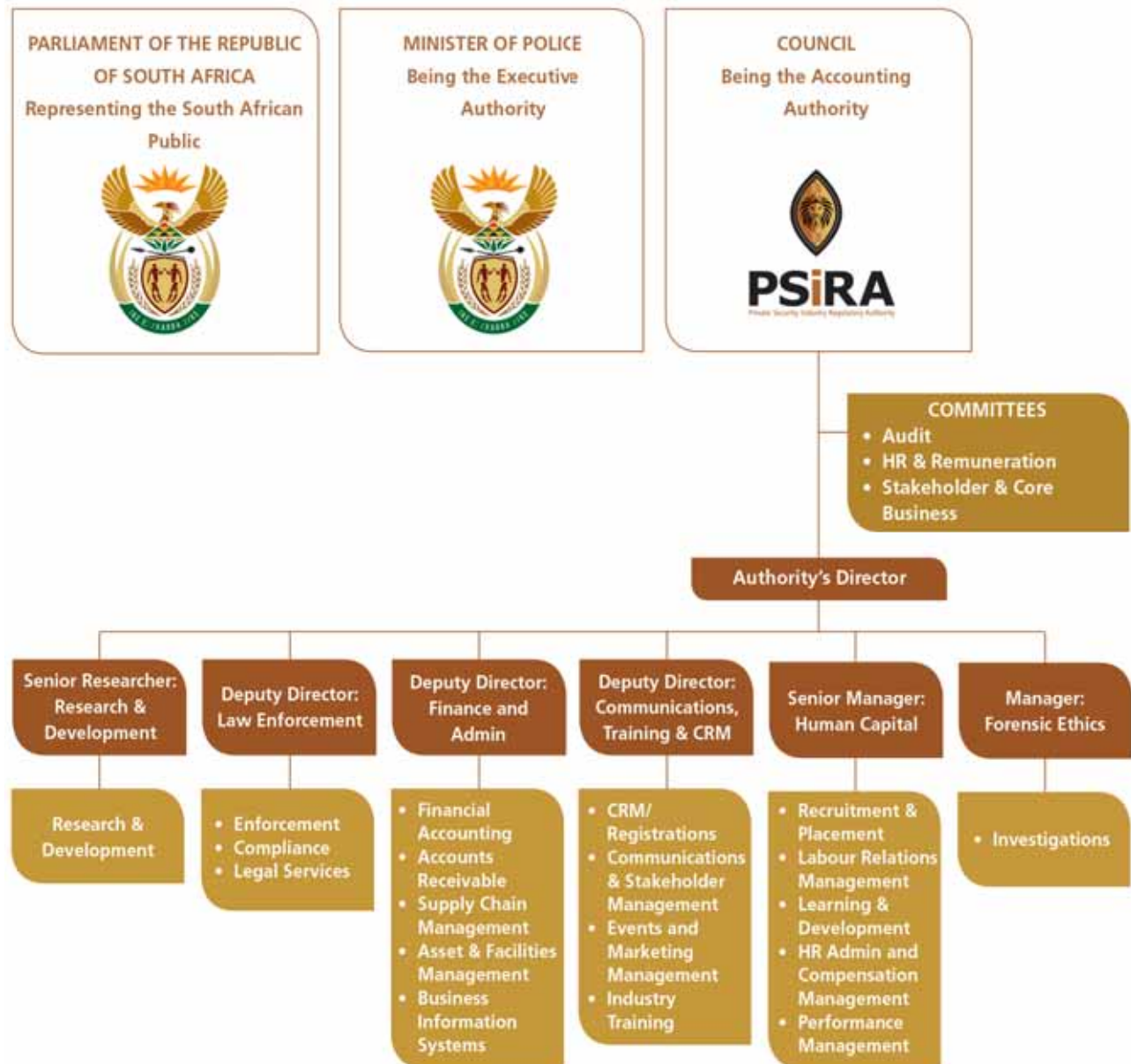
Thank You!!



Mr Manabela (Sam) Chauke
Director (CEO) PSiRA



ORGANISATIONAL STRUCTURE



COUNCIL MEMBERS



Prof. NM Mazibuko
Chairperson



Mr Joy Rathebe
Deputy Chairperson



Major General Cynthia Philison
Council Member



Advocate Nontokozi Mthembu
Council Member



Mr Benjamin Ntuli
Council Member



Ms Zanele Mthembu
Corporate Secretary



EXECUTIVE MANAGEMENT



Mr Manabela Chauke
Director (CEO)



Mr Philani Mthethwa
Deputy Director: Law Enforcement



Ms Mpho Mofikoe
*Deputy Director: Communications,
Training and Customer Relationship
Management (CRM)*



Mr Raymond Kevan
Deputy Director: Finance and Administration





Law Enforcement Operational Report – 1 April 2014 to 31 March 2015

LAW ENFORCEMENT DIVISION

The main purpose of the Law Enforcement Division is to ensure that the objectives of the Authority are attained through effective compliance with legislation by security service providers. The division is responsible for active monitoring and investigating the affairs for compliance with the PSiR Act. The division conducts regular inspections on both security officers and security businesses and further ensure that those who are not complying with the regulations are charged and prosecuted accordingly. The division consists of three units/departments namely:

- The Enforcement Unit
- The Compliance Unit
- The Legal Services and Prosecution Unit

In order to give effect to the Authority's mandate of ensuring a well regulated private security industry, the Authority has implemented a compliance and enforcement strategy that provides for two departments, namely, the Compliance and Enforcement Units. This strategy not only includes enforcement and prosecution, but also focuses on regulatory compliance through inspection.

1. Compliance

In general, compliance means conforming to a rule such as a specification, policy, standard or law. In the private security industry context, compliance describes the goal that the industry needs to aspire

to in order to ensure that it and its personnel are aware of, and take the necessary steps to comply with the relevant rules and regulations governing the occupation of security service providers.

The communication of risk to the industry and to others, such as the public and clients forms part of the Authority's compliance strategy. It involves 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 risks known.

COMPLIANCE INSPECTIONS

In terms of the Law Enforcement Division's operational policy, each compliance inspector must conduct a minimum of 14 security business inspections and 62 security officer inspections per month. This target is considered reasonable, considering all the other functions associated with the position of a compliance inspector.

During the period 1 April 2014 to 31 March 2015, a total of 27 669 compliance inspections of security service providers were conducted or inspections as part of investigations by the Enforcement Department, compared to 27 073 inspections the previous financial year.

"During the period 1 April 2014 to 31 March 2015, a total of 27 669 compliance inspections of security service providers were conducted"



The regional breakdown was as follows:

REGION	NUMBER OF INSPECTIONS 2013/2014	NUMBER OF INSPECTIONS 2014/2015
HEAD OFFICE	12 949	13 102
▪ Gauteng	6 070	10 058
▪ Mpumalanga	1 215	899
▪ Limpopo	1 609	702
▪ North West Province	1 287	969
▪ Free State	2 768 (Includes N/Cape)	330
▪ Northern Cape	-	144
WESTERN CAPE	6 709	5 637
EASTERN CAPE	1 899	3 672
KWAZULU-NATAL	5 515	5 258
TOTAL	27 073	27 669

Of the 27 669 compliance inspections conducted, 4 114 compliance inspections were conducted on security businesses compared to 4 283 inspections for the previous financial year.

The regional breakdown was as follows:

REGION	NUMBER OF SECURITY BUSINESS INSPECTIONS 2013/2014	NUMBER OF SECURITY BUSINESS INSPECTIONS 2014/2015
HEAD OFFICE	2 229	1 969
▪ Gauteng	1 058	1 228
▪ Mpumalanga	222	196
▪ Limpopo	420	208
▪ North West Province	243	193
▪ Free State	286 (Includes N/Cape)	78
▪ Northern Cape	-	66
WESTERN CAPE	907	820
EASTERN CAPE	381	599
KWAZULU-NATAL	765	726
TOTAL	4 283	4 114

Further, of the 27 669 compliance inspections conducted, 23 555 compliance inspections were conducted at security officers deployed at different sites, compared to 22 790 inspections for the previous financial year.





The regional breakdown was as follows:

REGION	NUMBER OF SECURITY OFFICER INSPECTIONS 2013/2014	NUMBER OF SECURITY OFFICER INSPECTIONS 2013/2014
HEAD OFFICE	10 720	11 133
▪ Gauteng	5 012	8 830
▪ Mpumalanga	993	703
▪ Limpopo	1 189	494
▪ North West Province	1 044	776
▪ Free State	2 482 (Includes N/Cape)	252
▪ Northern Cape	-	78
WESTERN CAPE	5 802	4 817
EASTERN CAPE	1 518	3 073
KWAZULU-NATAL	4 750	4 532
TOTAL	22 790	23 555

The regional breakdown in respect of in-house security officer inspections conducted from the 23 555 inspected during the period under review, was as follows:

REGION	NUMBER OF SECURITY OFFICER
HEAD OFFICE	160
▪ Gauteng	120
▪ Mpumalanga	3
▪ Limpopo	2
▪ North West Province	3
▪ Free State	1
▪ Northern Cape	31
WESTERN CAPE	64
EASTERN CAPE	112
KWAZULU-NATAL	110
TOTAL	446

A regional breakdown as far as the type of inspection and investigations conducted at security businesses from 1 April 2014 to 31 March 2015 is as follows:

HEAD OFFICE	Gauteng	Mpumalanga	Limpopo	North West	Free State	Northern Cape	Total
Total number of routine/regulatory/training/infrastructure/accreditation/inspections conducted	1 228	196	208	193	78	66	1 969
First time inspections	105	14	19	9	8	2	157
Triggered inspections/investigations	704	23	50	46	22	2	847
Infrastructure inspections	681	91	103	80	30	19	1 004

COASTAL REGIONAL OFFICES	Western Cape	Eastern Cape	KwaZulu-Natal	Total
Total number of routine/regulatory/training/infrastructure/ accreditation/ inspections conducted	820	599	726	2 145
First time inspections	80	88	67	235
Triggered inspections/investigations	277	231	300	808
Infrastructure inspections	168	155	254	577

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

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

Statistical information pertaining to inspections conducted at large, medium and small businesses from 1 April 2014 to 31 March 2015 is as set out below. For the purpose of this statistical information, a small business employs less than 20 security officers, medium 21 to 50 security officers and large, 51 and above security officers.

REGION	NUMBER OF INSPECTIONS			
	Small Businesses	Medium Businesses	Large Businesses	Infrastructure & Capacity
Head Office	557	176	232	1 004
Western Cape	412	123	117	168
Eastern Cape	331	59	54	155
KwaZulu-Natal	365	53	54	254
TOTAL	1 665	411	457	1 581

With reference to all of the above statistics, the overall performance pertaining to the total number of compliance inspections conducted for the period

1 April 2014 to 31 March 2015 in relation to the Authority’s Annual Performance Plan’s target is 106%. The regional breakdown is as follows:





REGION	TARGET	NUMBER OF INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	13 000	13 102	101%
Western Cape	5 290	5 637	107%
Eastern Cape	3 625	3 672	101%
KwaZulu-Natal	4 225	5 258	124%

The performance pertaining to the number of compliance inspections conducted at security businesses for the period 1 April 2014 to 31 March 2015 in relation to the Authority's Annual Performance Plan's target is **106%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF SECURITY BUSINESS INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	1 850	1 969	106%
Western Cape	840	820	98%
Eastern Cape	675	599	89%
KwaZulu-Natal	505	726	144%

The performance pertaining to the number of compliance inspections conducted at security officers at different sites for the period 1 April 2014 to 31 March 2015 in relation to the Authority's Annual Performance Plan's target is **106%**. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF SECURITY OFFICER INSPECTIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	11 150	11 133	100%
Western Cape	4 450	4 817	108%
Eastern Cape	2 950	3 073	104%
KwaZulu-Natal	3 720	4 532	122%

Statistical information pertaining to the **different categories or classes of security businesses inspected and investigated** from 1 April 2014 to 31 March 2015 is as follows:

HEAD OFFICE	Gauteng	Mpumalanga	Limpopo	North West	Free State	Northern Cape
Total Number of Security Business Routine/Regulatory/Training/ Infrastructure/Accreditation Inspections and investigations (finalised and pending)	1 228	196	208	193	78	66
Category or Class of Security Service Provider's inspected						
▪ Commercial/Industrial/Residential/Guarding or Patrolling	1 097	165	182	141	72	62
▪ Assets in transit	43	2	4	2	0	0
▪ Close protection services	146	5	3	10	5	0
▪ Reaction or Response services and monitoring signals from security equipment (control room)	306	40	35	41	19	2
▪ Ensuring safety and order on premises (special events)	230	6	4	7	12	2
▪ Car watch or related activities	182	4	1	4	11	0
Providing advice on the protection of persons/property (consultants/advisors)	110	4	6	1	22	0
Installing, servicing or repairing security equipment	166	15	10	16	5	4
Private investigators	116	3	3	4	10	0
Providing security training or instruction as well as accreditation	87	9	23	13	3	3
Providing services of a locksmith	52	0	0	0	1	0
Making persons or their activities available for rendering of security service (labour brokers)	49	0	1	0	0	0
In-house	8	4	0	4	1	0
Manufacturing, importing, distributing or advertising of monitoring devices	0	0	0	0	0	0





WESTERN CAPE/EASTERN CAPE/KWAZULU-NATAL	Western Cape	Eastern Cape	KwaZulu-Natal
Total Number of Security Business Routine/Regulatory/Training/Infrastructure/Accreditation Inspections and investigations (finalised and pending)	820	599	726
Category or Class of Security Service Provider's inspected			
▪ Commercial/Industrial/Residential/Guarding or Patrolling	632	514	609
▪ Assets in transit	8	9	35
▪ Close protection services	10	22	35
▪ Reaction or Response services and monitoring signals from security equipment (control room)	93	176	89
▪ Ensuring safety and order on premises (special events)	15	56	16
▪ Car watch or related activities	1	69	10
Providing advice on the protection of persons/property (consultants/advisors)	10	21	19
Installing, servicing or repairing security equipment	133	49	53
Private investigators	6	5	14
Providing security training or instruction as well as accreditation	38	32	17
Providing services of a locksmith	32	14	2
Making persons or their activities available for rendering of security service (labour brokers)	1	0	0
In-house	23	16	2
Manufacturing, importing, distributing or advertising of monitoring devices	0	0	0

*On review of the statistical information presented above, it must be noted that certain security service providers may render more than one particular security service. One inspection or investigation conducted at a particular security business may therefore result in two or more categories or classes of security services being inspected. It must be noted that certain categories or classes of security service providers were not subjected to any inspections/investigations 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/investigations to be conducted

in a particular month, for security businesses are on average subjected to one inspection every 12 to 18 months and/or investigation.

SITE INSPECTIONS/INVESTIGATIONS

Part of the Division's operational plan is to conduct site investigations in order to, *inter alia*, verify the accuracy of information provided by security businesses to inspectors, as well as conduct security officer inspections. These site investigations are at times also conducted in co-operation with the South African Police Services (SAPS), especially in cases where unregistered security officers were found,

illegal immigrants are used or firearms are used in contravention of the Private Security Industry Regulations. The following site investigations were conducted during the period under review:

HEAD OFFICE

Several site investigations and inspections were conducted by inspectors of the Compliance and Enforcement Departments and some were done in conjunction with the SAPS. A total of 952 site investigations were conducted during the period under review.

EASTERN CAPE

670 Site investigations were conducted during the period under review.

KWAZULU-NATAL

1 000 Site investigations were conducted during the period under review.

WESTERN CAPE

730 Site investigations were conducted during the period under review.

The regional breakdown is as follows:

REGION	NUMBER OF INVESTIGATIONS 2013/2014	NUMBER OF INVESTIGATIONS 2014/2015
HEAD OFFICE	1 183	741
<ul style="list-style-type: none"> ▪ Gauteng ▪ Mpumalanga ▪ Limpopo ▪ North West Province ▪ Free State ▪ Northern Cape 	<p style="text-align: right;">695 75 172 98 143 (Includes N/Cape) -</p>	<p style="text-align: right;">648 19 22 22 8 22</p>
WESTERN CAPE	341	355
EASTERN CAPE	235	200
KWAZULU-NATAL	256	252
TOTAL	2 015	1 548

2. ENFORCEMENT

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

In terms of the Law Enforcement Division’s operational policy, all enforcement inspectors must finalise a minimum of 10 investigations per month. In certain cases the target of individual inspectors are reduced under special circumstances i.e. annual leave, sick leave, testifying in criminal case and improper conduct cases, etc.

During the period under review, a total of 1 548 investigations were finalised, compared to 2 015 investigations in the previous financial year. A lesser number was finalised in view of a number of resignations during the financial year.



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

REGION	NUMBER OF SECURITY BUSINESS INVESTIGATIONS	NUMBER OF SECURITY OFFICER INVESTIGATIONS	TOTAL
HEAD OFFICE	564	177	741
▪ Gauteng	475	173	648
▪ Mpumalanga	16	3	19
▪ Limpopo	21	1	22
▪ North West Province	22	0	22
▪ Free State	8	0	8
▪ Northern Cape	22	0	22
WESTERN CAPE	333	22	355
EASTERN CAPE	162	38	200
KWAZULU-NATAL	148	104	252
TOTAL	1 207	341	1 548

With reference to the above statistics, the overall performance pertaining to investigations conducted for the period 1 April 2014 to 31 March 2015 in relation to the Authority's Annual Performance Plan's target is 99%. The regional breakdown is as follows:

REGION	TARGET	NUMBER OF INVESTIGATIONS CONDUCTED	PERFORMANCE
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	720	741	103%
Western Cape	360	355	99%
Eastern Cape	240	200	83%
KwaZulu-Natal	240	252	105%

The underperformance in the Eastern Cape and KwaZulu-Natal is as a result of vacancies in the Enforcement Department.

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

REGION	NUMBER OF INVESTIGATIONS FINALISED (ALL INVESTIGATIONS FOR PERIOD APRIL 2014 TO MARCH 2015)	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	741	253	240
WESTERN CAPE	355	64	64
EASTERN CAPE	200	72	63
KWAZULU-NATAL	252	137	85
TOTAL	1 548	526	452

The position in respect of Enforcement complaints are as follows:

REGION	NUMBER OF COMPLAINTS CARRIED OVER BY ENFORCEMENT DEPARTMENT OR UNIT FROM PREVIOUS FINANCIAL YEAR	NUMBER OF NEW COMPLAINTS RECEIVED IN YEAR	TOTAL NUMBER OF COMPLAINTS FINALISED IN YEAR	NUMBER OF COMPLAINTS CARRIED OVER TO APRIL 2015
HEAD OFFICE	268	880	784	364
WESTERN CAPE	10	232	227	15
EASTERN CAPE	20	191	202	9
KWAZULU-NATAL	9	263	264	8
TOTAL	307	1 566	1 477	396

COMPLIANCE ANALYSIS CONDUCTED

Following on from compliance inspections conducted at security businesses and security officers during 1 April 2014 to 31 March 2015, the following was found in terms of compliance:

SECURITY BUSINESS INSPECTIONS

REGION	NUMBER OF INSPECTIONS CONDUCTED	NUMBER OF INSPECTIONS CONDUCTED (EXCLUDING INFRASTRUCTURE INSPECTIONS)	NUMBER OF THESE SECURITY BUSINESSES WHO COMPLIED WITH DEPLOYING REGISTERED & TRAINED SECURITY OFFICERS, PAID ANNUAL FEES, REPORTED INTAKES / DISMISSALS, COMPLIED WITH REGULATION 10 DOCUMENTATION, PAID MINIMUM WAGES & COMPLIED WITH PSSPF	NUMBER OF THESE SECURITY BUSINESSES WHO DID NOT COMPLY WITH DEPLOYING REGISTERED & TRAINED SECURITY OFFICERS, PAID ANNUAL FEES, REPORTED INTAKES / DISMISSALS, COMPLIED WITH REGULATION 10 DOCUMENTATION, PAID MINIMUM WAGES & COMPLIED WITH PSSPF
HEAD OFFICE	1 971	903	465	438
WESTERN CAPE	820	632	388	244
EASTERN CAPE	599	445	247	198
KWAZULU NATAL	724	465	133	332
TOTAL	4 114	2 445	1 233	1 212
PERCENTAGE	-	-	50%	50%

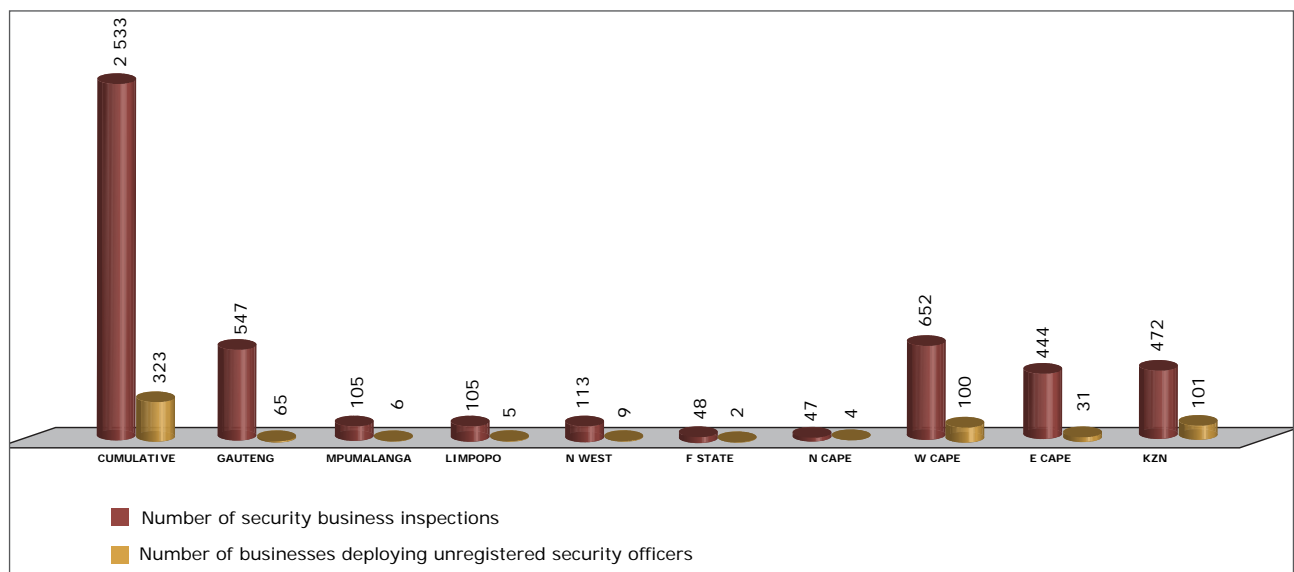


SECURITY OFFICER INSPECTIONS

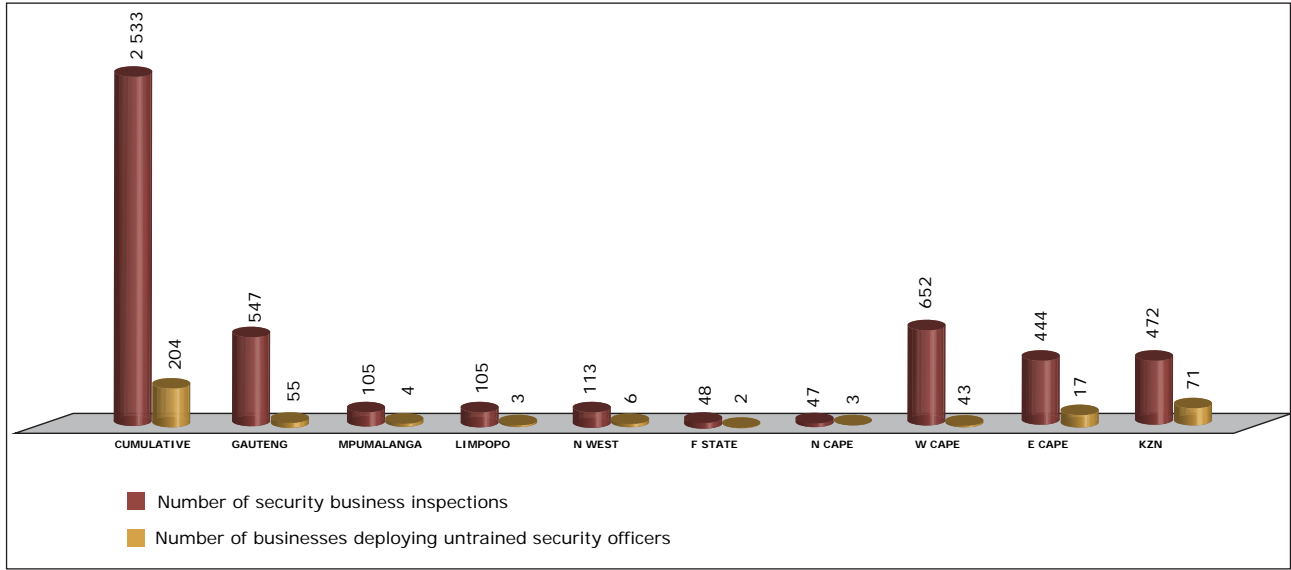
REGION	NUMBER OF INSPECTIONS CONDUCTED	NUMBER OF SECURITY OFFICERS COMPLYING WITH REGISTRATION, TRAINING, ID CARDS & UNIFORM REQUIREMENTS	NUMBER OF SECURITY OFFICERS NOT COMPLYING WITH REGISTRATION, TRAINING, ID CARDS & UNIFORM REQUIREMENTS
HEAD OFFICE	11 213	6 099	5 114
WESTERN CAPE	4 817	1 454	3 363
EASTERN CAPE	3 248	1 179	2 069
KWAZULU NATAL	4 277	1 106	3 171
TOTAL	23 555	9 838	13 717
PERCENTAGE	-	42%	58%

In addition, the next graphs and tables represents a provincial breakdown of the levels of compliance found in respect of the different compliance areas following on from inspections and some investigations conducted at security businesses as well as inspections and investigations (including interviews) conducted with security officers during the year.

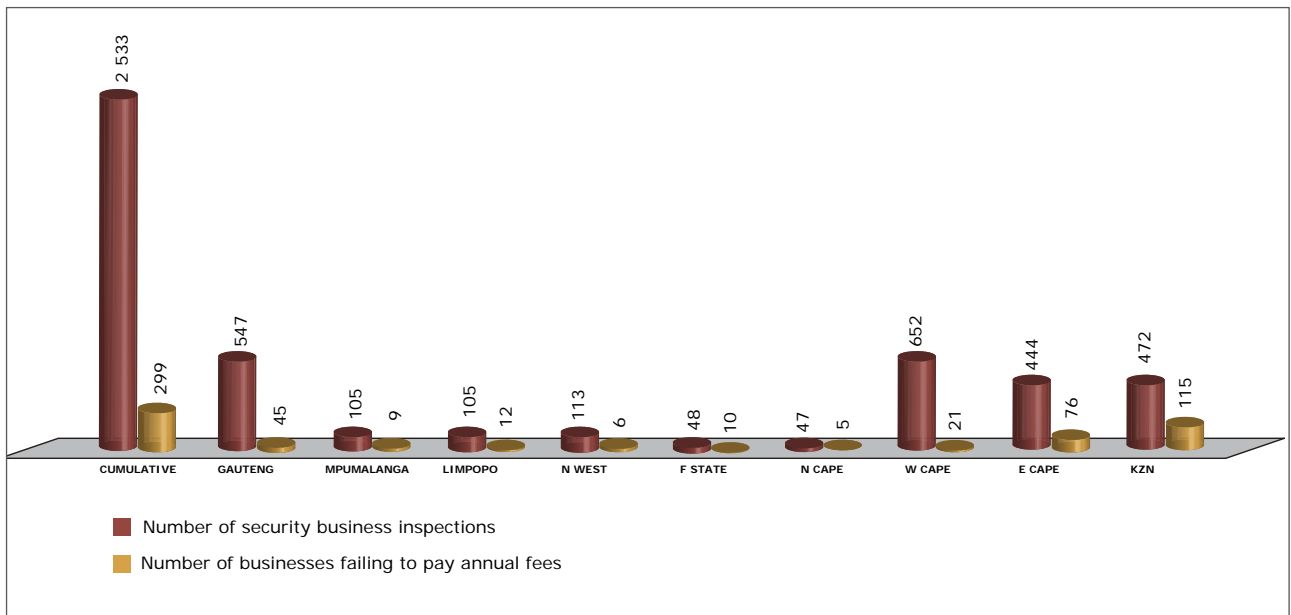
BUSINESSES DEPLOYING UNREGISTERED SECURITY OFFICERS



BUSINESSES DEPLOYING UNTRAINED SECURITY OFFICERS

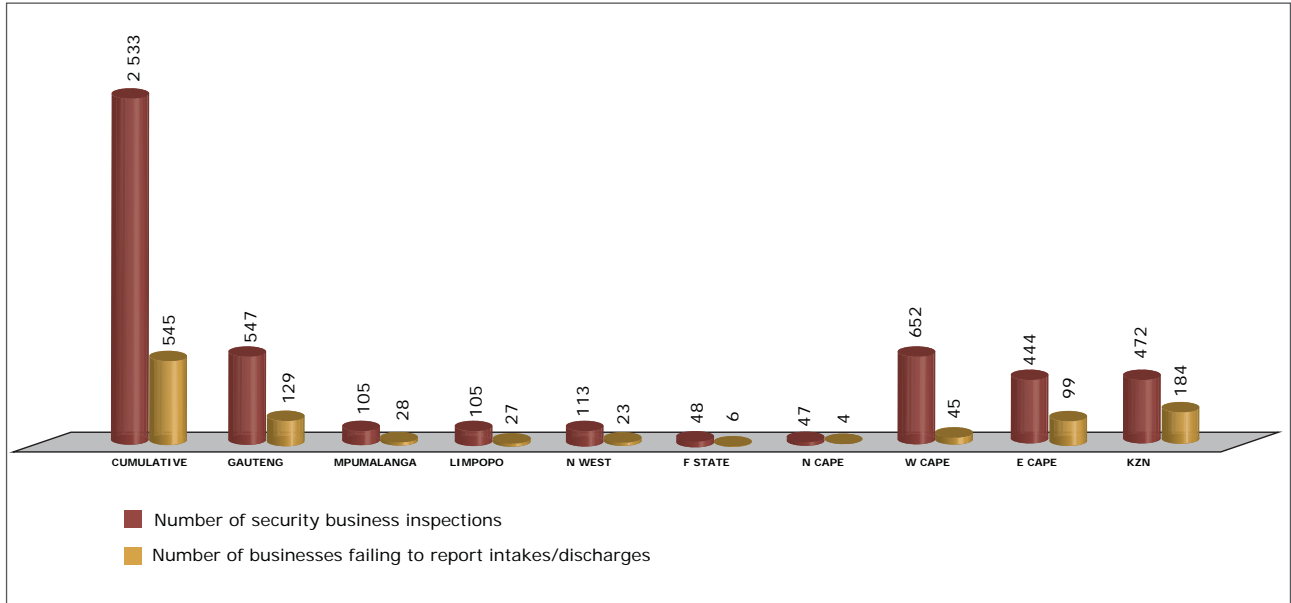


BUSINESSES FAILING TO PAY ANNUAL FEES

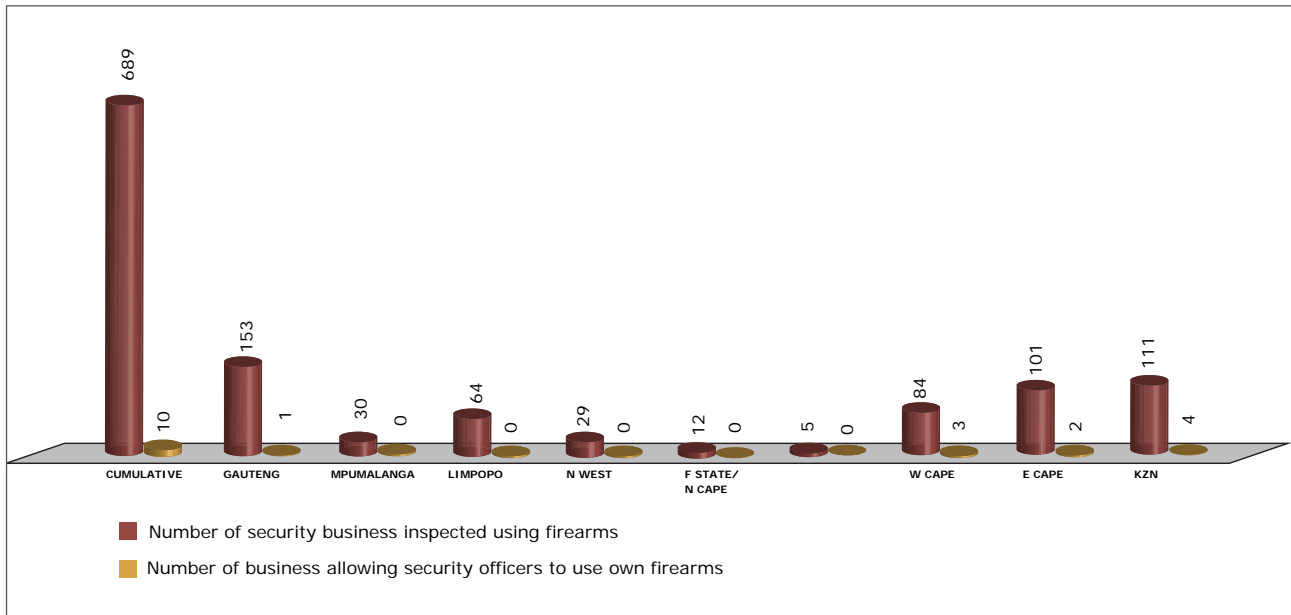




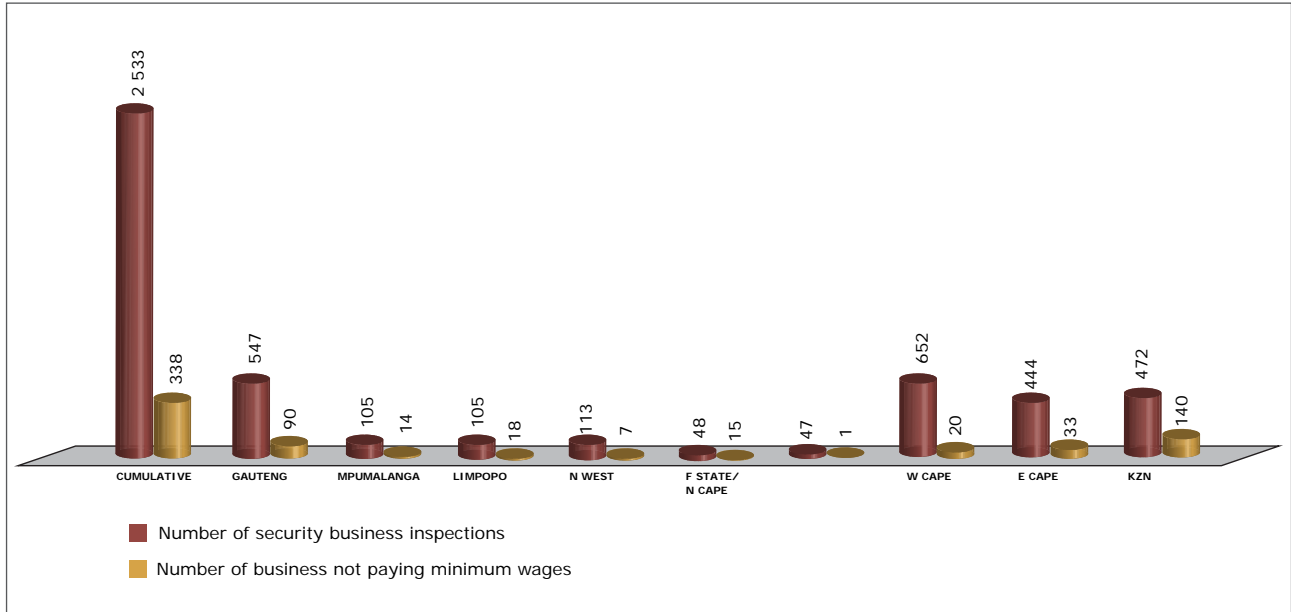
BUSINESSES FAILING TO REPORT INTAKES/DISCHARGES



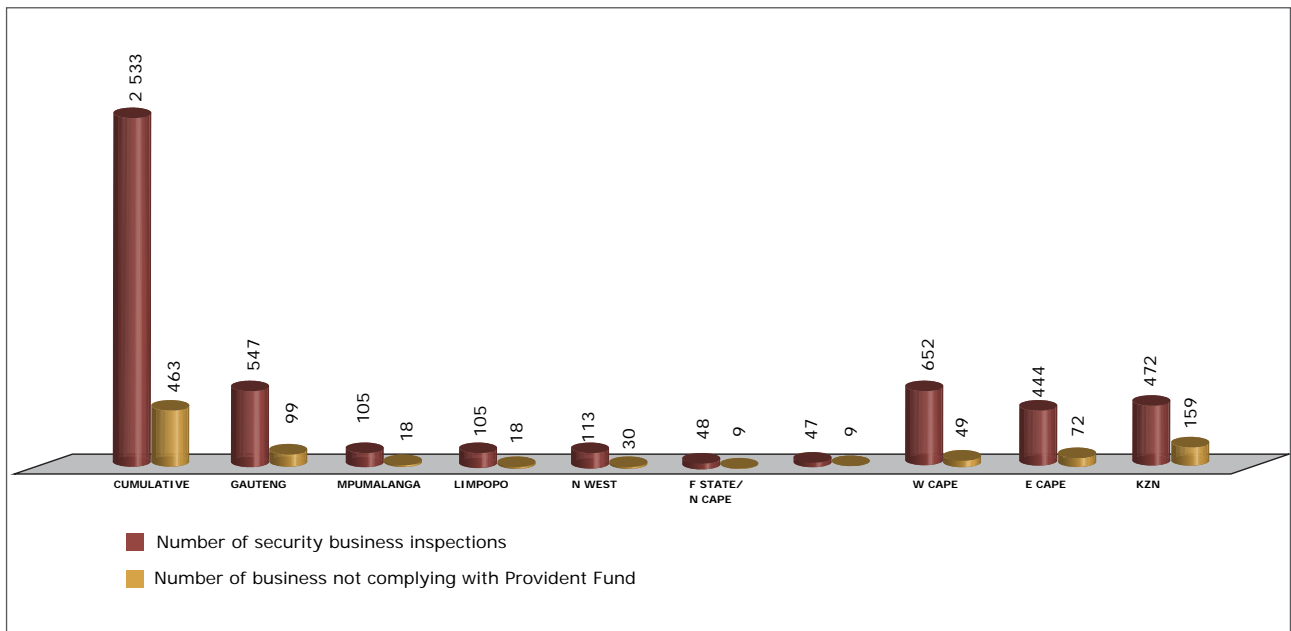
BUSINESSES USING FIREARMS NOT COMPLYING WITH REGULATION 13(5) OR (6)



BUSINESSES NOT PAYING MINIMUM WAGES



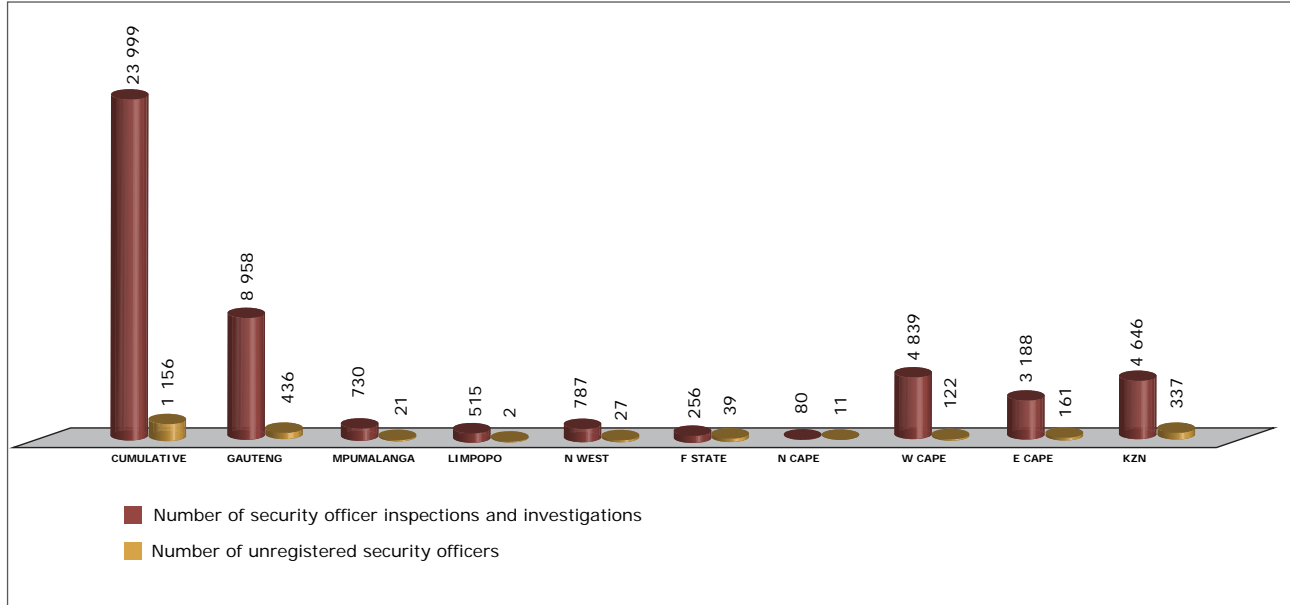
BUSINESSES NOT COMPLYING WITH THE PROVIDENT FUND



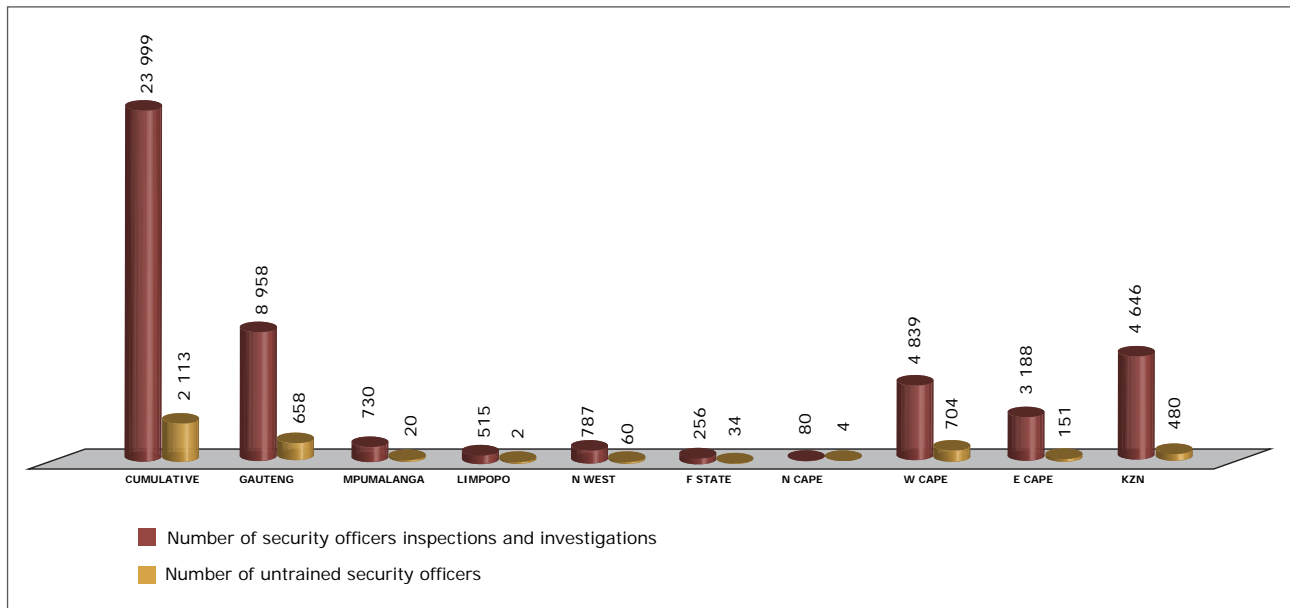


SECURITY OFFICER INSPECTIONS AND INVESTIGATIONS/INTERVIEWS

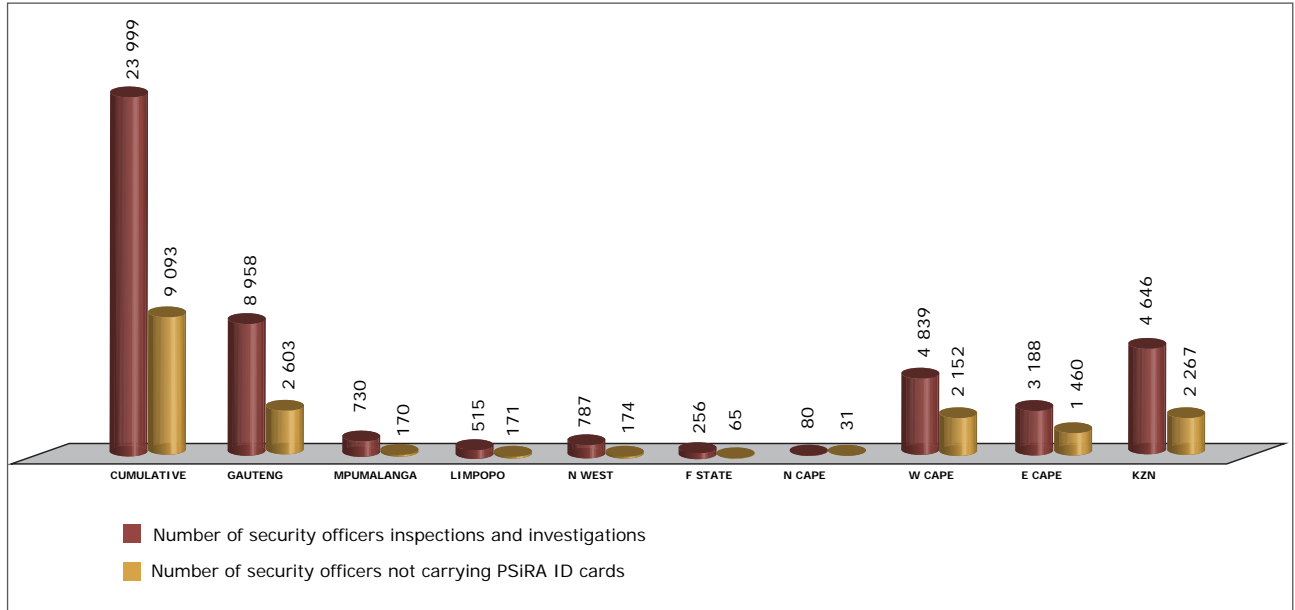
UNREGISTERED SECURITY OFFICERS



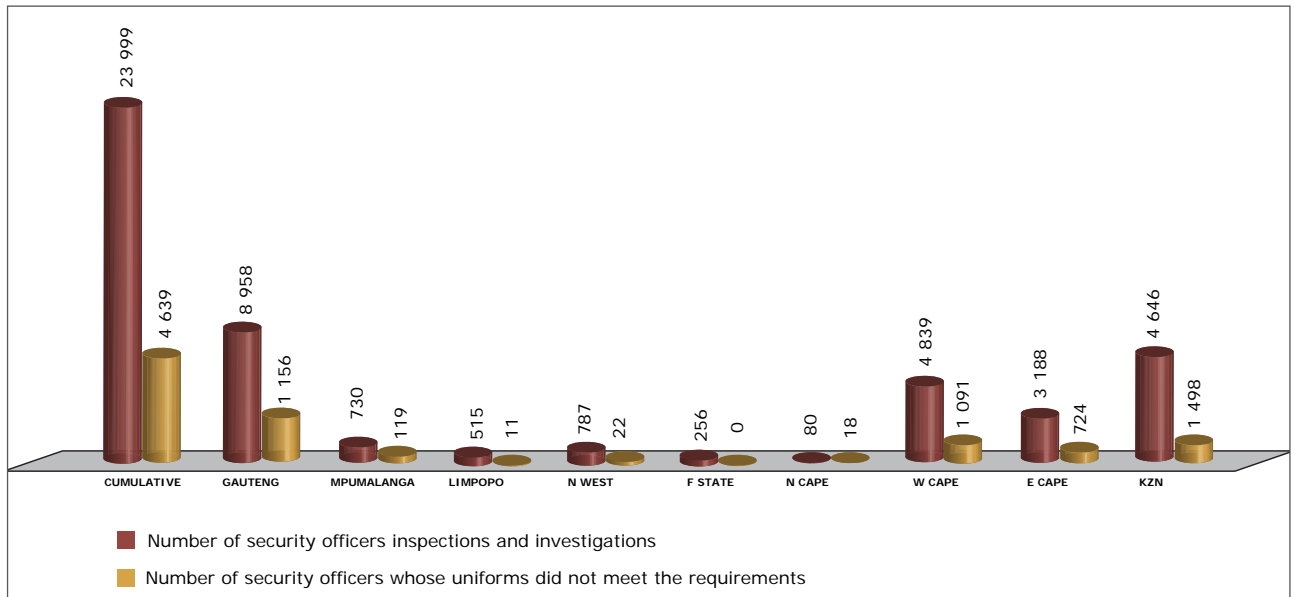
UNTRAINED SECURITY OFFICERS



SECURITY OFFICERS NOT CARRYING PSIRA ID CARDS

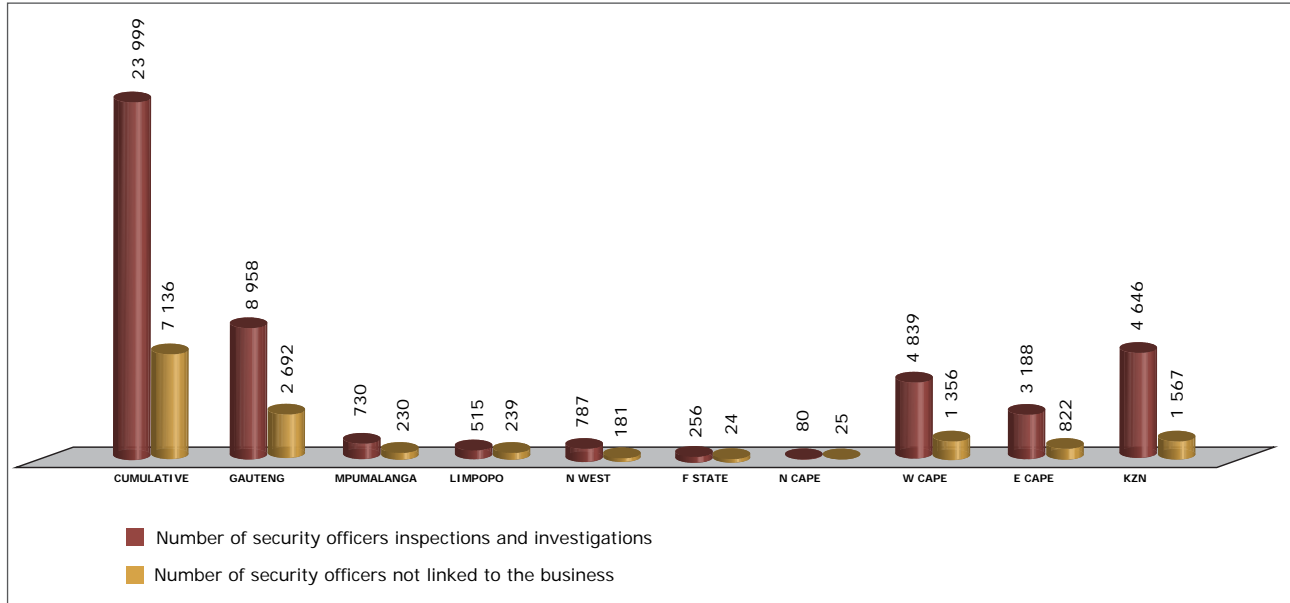


SECURITY OFFICER UNIFORMS

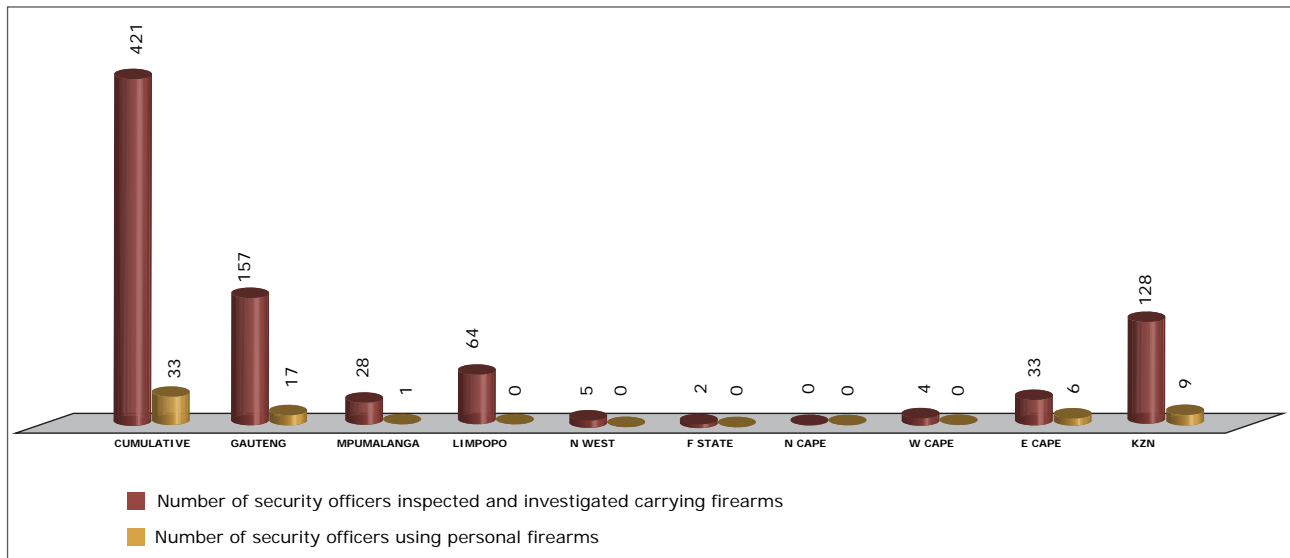




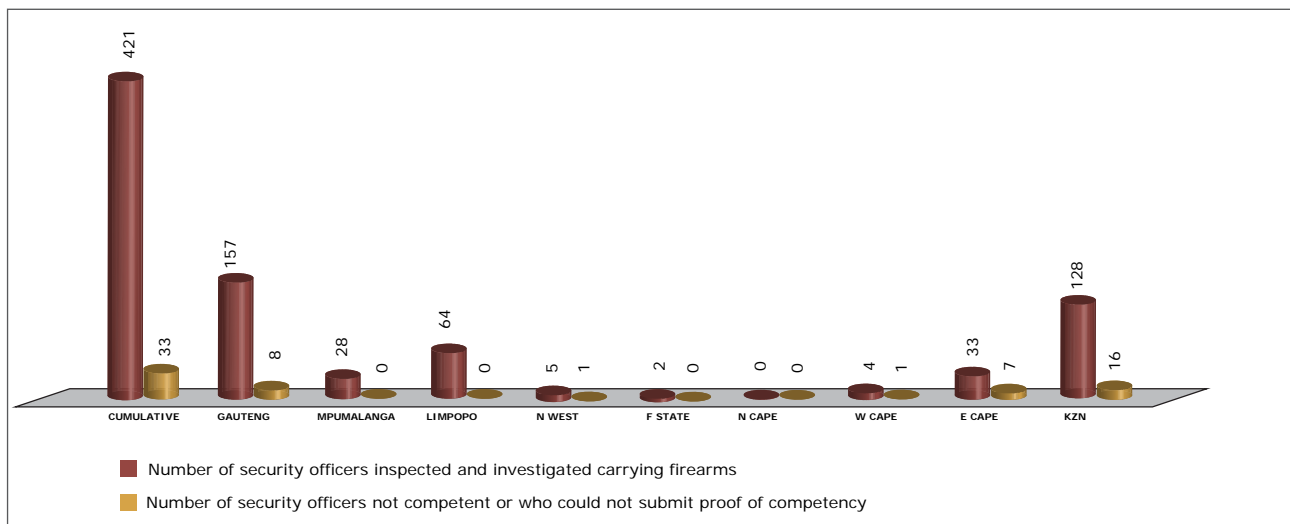
SECURITY OFFICERS NOT LINKED TO THE BUSINESS



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



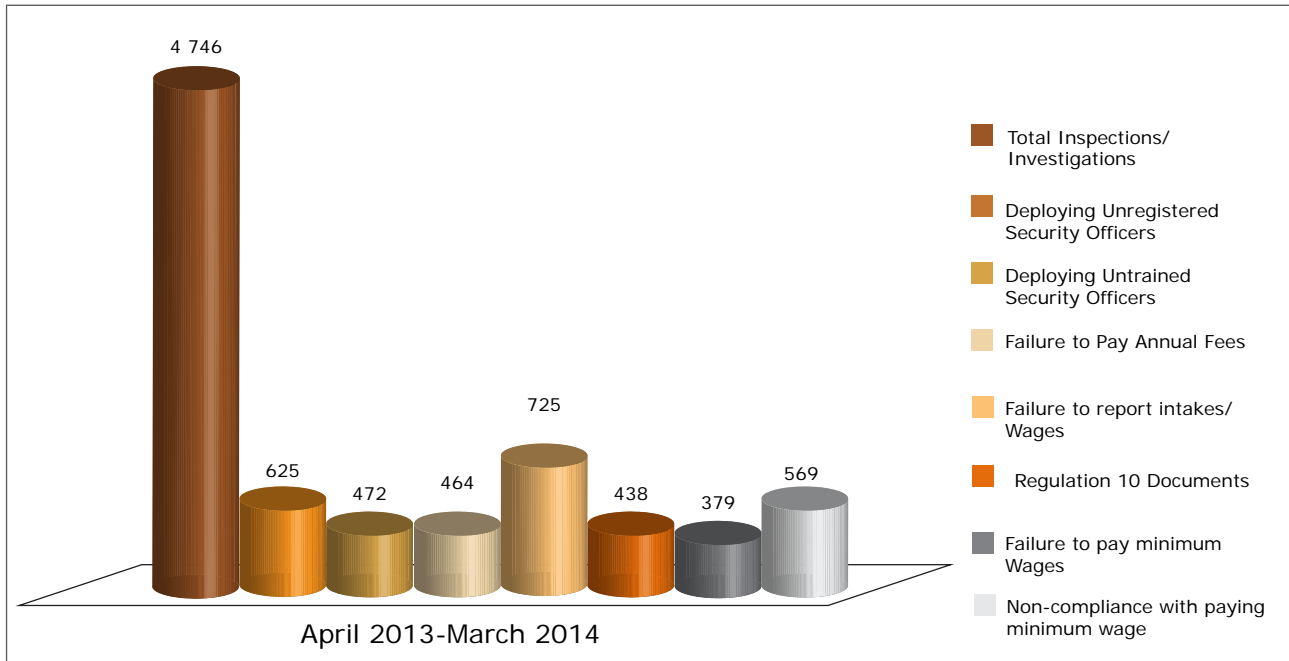
SECURITY OFFICERS CARRYING FIREARMS NOT COMPETENT IN USING FIREARMS



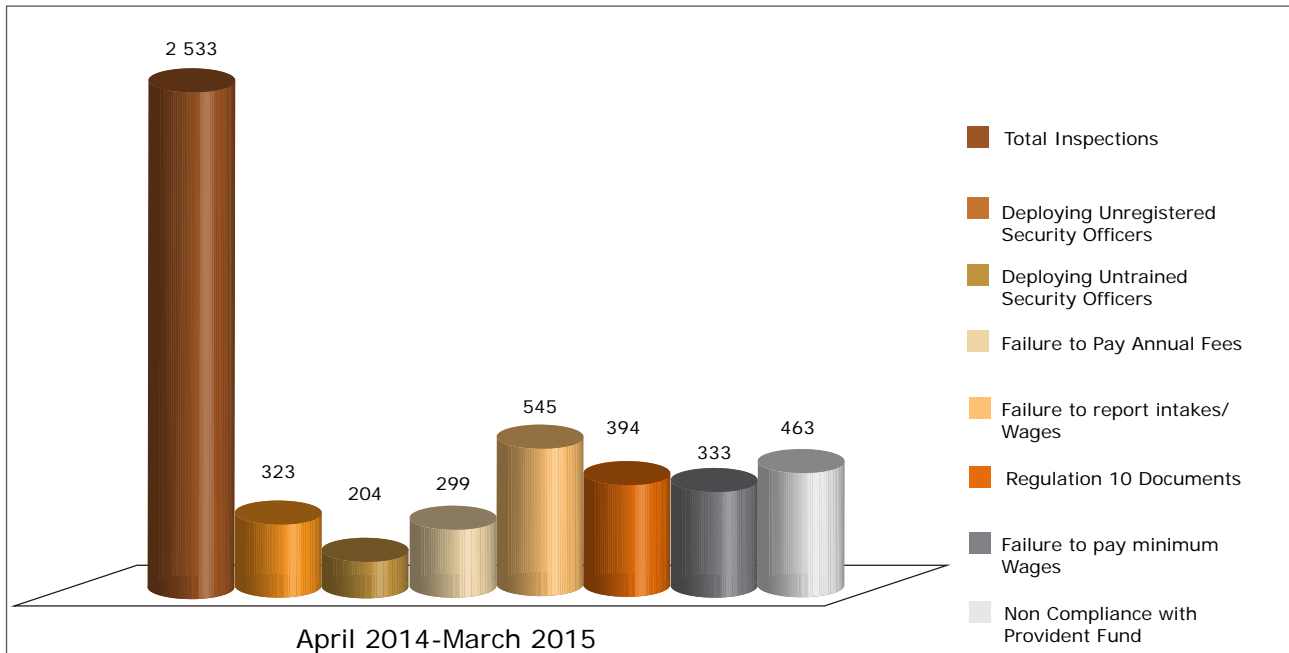
A comparison in respect of compliance over the last two financial years is as follows:

SECURITY BUSINESS INSPECTIONS

COMPLIANCE ANALYSIS – SECURITY BUSINESS INSPECTIONS/INVESTIGATIONS (NATIONAL)



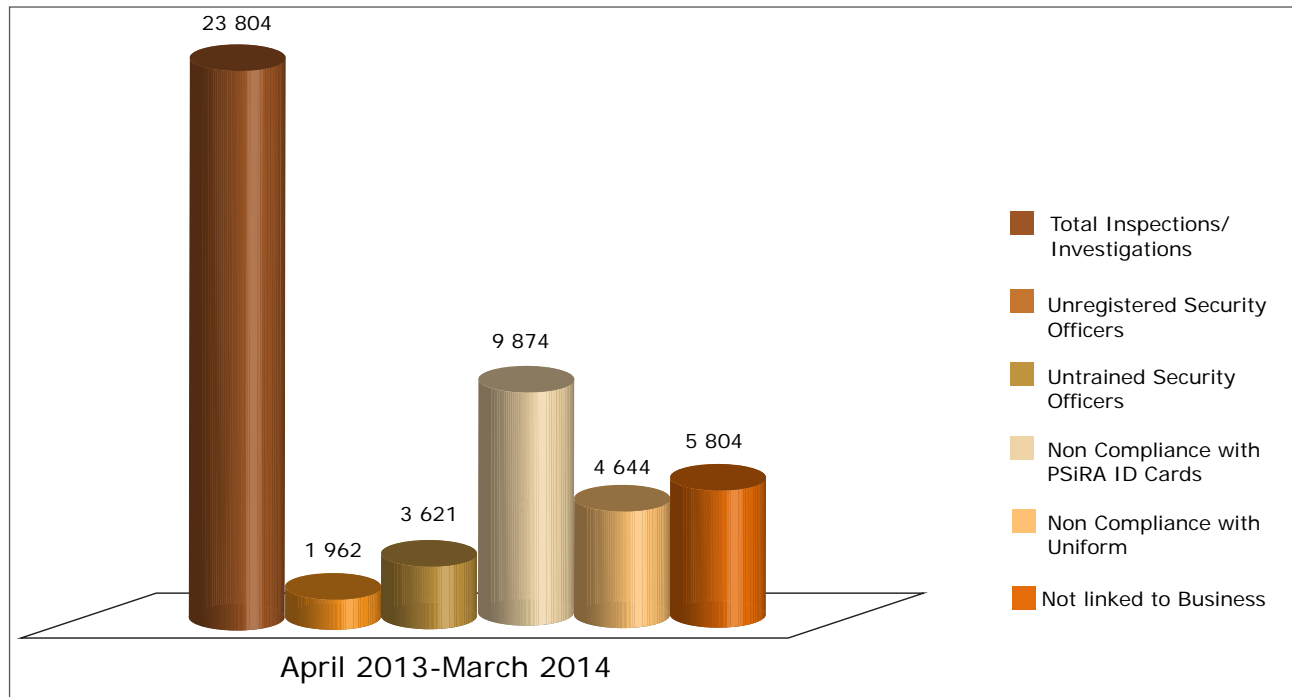
COMPLIANCE ANALYSIS – SECURITY BUSINESS INSPECTIONS/INVESTIGATIONS (NATIONAL)



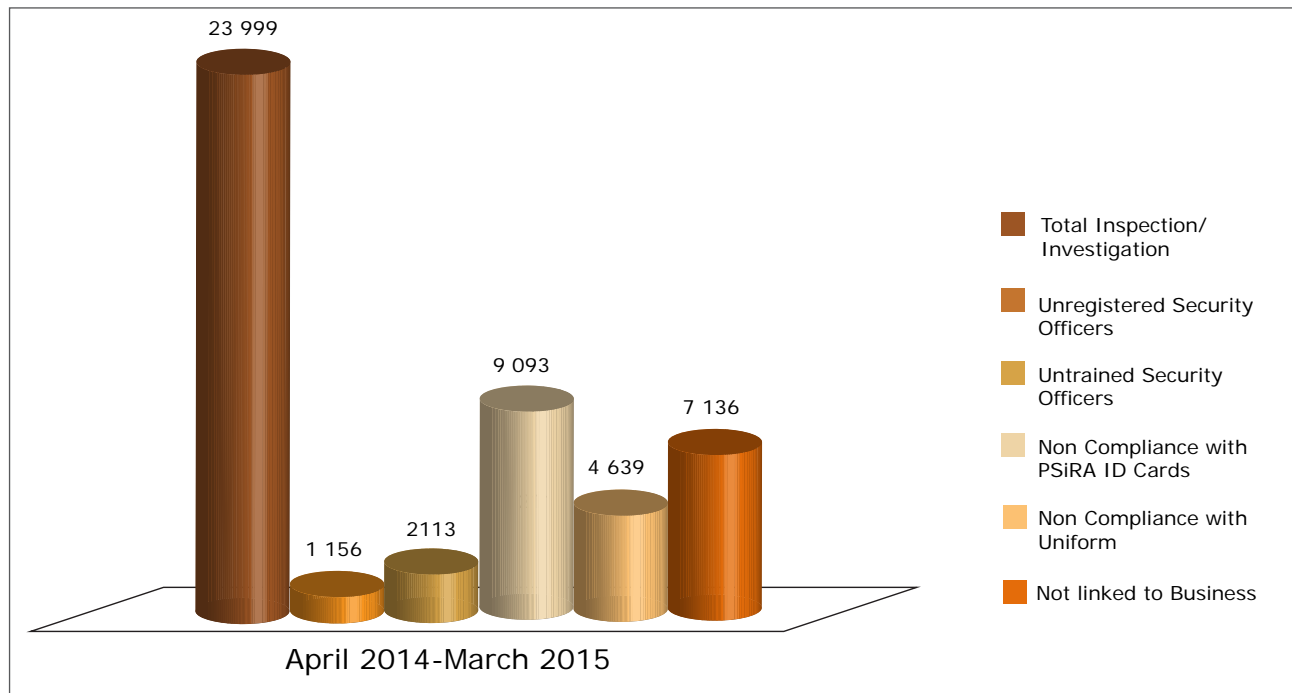


SECURITY OFFICER INSPECTIONS

COMPLIANCE ANALYSIS – SECURITY OFFICER INSPECTIONS/INVESTIGATIONS (NATIONAL)



COMPLIANCE ANALYSIS – SECURITY OFFICER INSPECTIONS/INVESTIGATIONS (NATIONAL)



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 (DoL). The focus is on compliance in terms of the PSiR Act which includes the deployment of registered and trained security officers, illegal immigrants and compliance with the Firearms Control Act. During the period under review, the following operations were held:

REGION	NUMBER OF OPERATIONS	STAKE HOLDERS	NUMBER OF ARRESTS	UNREG-ISTERED	FOREIGNERS	FIREARMS	OTHER
Head Office	13	SAPS/DOL/METRO	148	147	57	0	6 DOL/PSiRA Inspections
Western Cape	3	SAPS	4	4	4	0	0
Eastern Cape	6	SAPS	34	34	0	1	0
KwaZulu-Natal	3	SAPS/ICASA/DOL	6	6	3	0	1 DOL/PSiRA Inspection
TOTAL	25	-	192	191	64	1	7

The Authority also deployed inspectors at different sport stadiums throughout the year to monitor compliance of security officers deployed at the events.

IMPROPER CONDUCT INVESTIGATIONS

During the period 1 April 2014 to 31 March 2015, a total of 1 100 improper conduct dockets against security businesses were compiled compared to 1 490 dockets for the same period last year. The regional breakdown for the period under review is as follows:

REGION	NUMBER OF DOCKETS
Head Office	379
<ul style="list-style-type: none"> ▪ Gauteng ▪ Mpumalanga ▪ Limpopo ▪ North West Province ▪ Free State ▪ Northern Cape 	210 23 62 39 22 23
Western Cape	241
Eastern Cape	158
KwaZulu-Natal	322
TOTAL	1 100

A further regional breakdown as far as the Code of Conduct dockets against, large, medium and small

businesses from 1 April 2014 to 31 March 2015 are concerned, is as follows:



Region	Number of Dockets		
	Small Businesses	Medium Businesses	Large Businesses
Head Office	137	94	148
Western Cape	106	53	82
Eastern Cape	99	21	38
KwaZulu-Natal	165	58	99

The following number of Improper Conduct dockets were typed from 1 April 2014 to 31 March 2015 by the Law Enforcement Division:

Region	Number of Dockets Typed	Outstanding
Head Office	410	15
Western Cape	338	3
Eastern Cape	184	4
KwaZulu-Natal	303	14
TOTAL	1 235	36

A case list and progress report is 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 outcome thereof.

IMPROPER CONDUCT INVESTIGATION DOCKETS PERTAINING TO EXPLOITATION OF LABOUR

One of the objects of the Authority is to promote the protection and enforcement of the rights of security officers and other employees in the private security industry, particularly to ensure that security businesses pay the prescribed minimum wages as determined by the Department of Labour and comply with the Private

Security Sector Provident Fund in order to ensure that employee security officers are not exploited.

As at end March 2015, there were 266 Improper Conduct dockets pending against security service providers for allegations of failing to pay the statutory minimum wage to employee security officers. The regional breakdown was as follows:

Region	Number of Dockets
Head Office	143
▪ Gauteng	77
▪ Mpumalanga	29
▪ Limpopo	13
▪ North West Province	11
▪ Free State	6
▪ Northern Cape	3
▪ Other provinces	4
Western Cape	54
Eastern Cape	10
KwaZulu-Natal	59
TOTAL	266

As at end March 2015, there were 384 Improper Conduct cases pending against security service providers for allegations of failure to comply with the Private Security Sector Provident Fund. The regional breakdown was as follows:

Region	Number of Dockets
Head Office	152
▪ Gauteng	68
▪ Mpumalanga	12
▪ Limpopo	32
▪ North West Province	22
▪ Free State	8
▪ Northern Cape	5
▪ Other provinces	5
Western Cape	127
Eastern Cape	15
KwaZulu-Natal	90
TOTAL	384

The issue of general co-operation between the Authority and Department of Labour resulted in a process that was developed and implemented for the referral of complaints to the Department of Labour.

2.1 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 2015, a total of 1 196 outstanding criminal cases were pending with the South African

Police Service, compared to 1 740 cases in March 2014.

During the period 1 April 2014 to 31 March 2015, a total of 471 criminal cases were opened by inspectors of the Authority.

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

Region	Criminal Cases Opened
Head Office	239
▪ Gauteng	213
▪ Mpumalanga	11
▪ Limpopo	6
▪ North West Province	4
▪ Free State	1
▪ Northern Cape	4
Western Cape	70
Eastern Cape	63
KwaZulu-Natal	99
TOTAL	471



During the period under review, 147 criminal cases were finalised by the National Prosecuting Authority. The regional breakdown is as follows:

Region	Successfully Finalised	Unsuccessfully Finalised	Total
Head Office	90	0	90
▪ Gauteng	88	0	88
▪ Mpumalanga	2	0	2
▪ Limpopo	0	0	0
▪ North West Province	0	0	0
▪ Free State	0	0	0
▪ Northern Cape	0	0	0
Western Cape	1	6	7
Eastern Cape	48	1	49
KwaZulu-Natal	1	0	1
TOTAL	140	7	147

Following on from an audit conducted by SAPS late March 2015 on the outstanding criminal case list of all the provinces of the Compliance and Enforcement Department, it was found that a high number of cases on the historic list were finalised. The details are as follows:

Region	Number of Cases Finalised	Successful	Unsuccessful	Unknown
Head Office	441	87	354	-
Western Cape	198	-	-	198
Eastern Cape	18	11	-	7
KwaZulu-Natal	222	-	-	222
TOTAL	879	98	354	427

A further audit will be conducted by the SAPS on the cases of the regional offices in April 2015.

As previously stated, there were as at 31 March 2015, a total of 1 196 criminal cases outstanding with the South African Police Services countrywide. The regional breakdown is as follows:

Region	Outstanding Criminal Cases
Head Office	334
▪ Gauteng	213
▪ Mpumalanga	37
▪ Limpopo	23
▪ North West Province	21
▪ Free State	24
▪ Northern Cape	16
Western Cape	238
Eastern Cape	271
KwaZulu-Natal	353
TOTAL	1 196

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

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

During the period under review, the following number of arrests were made:

Region	Number of Arrests
Head Office	140
▪ Gauteng	135
▪ Mpumalanga	3
▪ Limpopo	2
▪ North West Province	0
▪ Free State	0
▪ Northern Cape	0
Western Cape	1
Eastern Cape	34
KwaZulu-Natal	21
TOTAL	196

2.2 Firearms

2.2.1 Firearm Applications

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

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

During the period under review, a total of 1 062 firearm application enquiries were received from the CFR and finalised compared to 1 119 enquiries the previous financial year. Of the 1 062 processed, the CFR was informed that 36 of the applicants owed annual

amounts or fines, 112 of the applicants failed to inform the Authority of changes, 72 responsible persons for the firearms were not linked to the business or registered, 25 businesses were not registered, 6 directors/members/partners/owners of the businesses were not registered or trained, 1 business was liquidated as per Companies and Intellectual Property Commission (CIPC) and in 26 cases, the SAPS/businesses provided incorrect information. A total of 784 applicants were cleared by the Authority for consideration by the CFR.

2.2.2 Firearm Inspections

In addition, the Authority also launched, as part of its 2014/2015 Annual Performance Plan (APP), a firearm inspection programme. The regional number of firearm inspections conducted during the period 1 April 2014 to 31 March 2015 is as follows:

Region	Number of Firearm Inspections
Head Office	571
▪ Gauteng	359
▪ Mpumalanga	65
▪ Limpopo	67
▪ North West Province	25
▪ Free State	48
▪ Northern Cape	7
Western Cape	215
Eastern Cape	119
KwaZulu-Natal	130
TOTAL	1 035





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

With reference to the above statistics, the overall performance pertaining to the total number of

firearm inspections conducted for the period 1 April 2014 to 31 March 2015, based on the APP target of the Compliance Department is 115%. The regional breakdown is as follows:

Region	Target	Number of Firearm Inspections Conducted	Performance
HEAD OFFICE: Gauteng, Mpumalanga, Limpopo, North West, Free State & N. Cape	370	571	154%
Western Cape	225	215	96%
Eastern Cape	180	119	66%
KwaZulu-Natal	125	130	104%

2.2.3 Firearm Regulatory Sub-Committee

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

- a. The Firearm Regulatory Committee serves to uphold the objects of the Authority in promoting a legitimate private security and in particular relating to firearm control.
- b. To facilitate the establishment and implementation of effective internal systems to enhance assistance in the control of firearms in the industry. This includes, but are not limited, to –
 - i. The enhancement of the security service 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 licenses granted/withdrawn by the Office of the Central Firearm Register of the SAPS
 - iii. Submitting regular reports on those businesses licensed to the Central Firearm Register in respect of changes i.e. registration status, number of security

- officers employed, address changes, etc.
- c. To facilitate the establishment of a Standing Committee between the Authority and the Office of the Central Firearm Register of the South African Police Service in order to –
 - i. Guide and 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 licenses and guidelines for the withdrawal of licenses
 - iv. Oversee co-operation and co-ordination between the Authority and the SAPS in respect of Law Enforcement operations
 - v. Facilitate and improve communication and liaison between the Office of the Central Firearm Register and the Authority
 - vi. Generally share information from each other’s databases in respect of security service providers and licensed institutions

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

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

CHARGE SHEETS AND SUMMONSES ISSUED

During the period 1 April 2014 to 31 March 2015, 1 011 charge sheets and 583 summonses in respect of improper conduct cases were prepared by the Authority compared to 1 450 charge sheets and 1 319 summonses for the same period last year.

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

Region	Charge Sheets	Summonses
Head Office	404	201
Western Cape	152	67
Eastern Cape	142	107
Kwazulu-Natal	296	169
TOTAL	994	544

2.3 ANNUAL FEES AND FINES COLLECTED

During the period 1 April 2014 to 31 March 2015, a total of R1 559 253,19 annual fees and R103 282,26 fines were collected by inspectors of the Authority.

2.4 STAFF COMPLEMENT OF THE COMPLIANCE AND ENFORCEMENT DEPARTMENTS

2.5 Inspectors

As at March 2015, there were 49 inspectors which included 4 managers. The inspectors are in turn supported by a total of 8 administrative support staff that underpins the Department's administration in the 4 regional offices of the Department.

The Law Enforcement staff complement in the different regions was at end March 2015, as follows:

	Head Office	KwaZulu-Natal	Eastern Cape	Western Cape
MANAGERS	1	1	1	1
SENIOR INSPECTORS/ INSPECTORS	19	7	6	7
ASSISTANT INSPECTORS	4	1	0	1
SUPPORT STAFF	6	2	1	1

However, the operational deployment within the Compliance and Enforcement Departments during the period under review, was as follows:



Region	Compliance Department	Enforcement Department	Total
HEAD OFFICE	14	7	21
▪ Gauteng	8	-	-
▪ Mpumalanga/Limpopo	3	-	-
▪ North West Province/	2	-	-
▪ Free State/Northern Cape	1	-	-
WESTERN CAPE	5	3	8
EASTERN CAPE	4	2	6
KWAZULU-NATAL	5	3	8
TOTAL	28	15	43

There were 12 vacant inspector positions (6 senior inspectors and 6 inspectors) within the Compliance and Enforcement Departments at Head Office as a result of previous resignations/alternative deployments/dismissals and promotions.

2.5.1 REGULATORY SUB-COMMITTEE

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

- a. The suspension of the registration of security service providers
- b. The upliftment of the suspension of registration of security service providers
- c. The withdrawal of the registration of security service providers
- d. The confirmation, review and substitution of the findings, penalties and other orders

at improper conduct enquiries, and implementing suspended penalties at such enquiries

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

During the period under review, 27 Regulatory Sub-Committee meetings were held and the following decisions taken:

Business Registration							Individual Registration			Number of Improper Conduct Confirmations of Convictions/Sentences			
Withdrawal (Annual Fees)	Withdrawals (Voluntary)	Withdrawals at Code of Conduct Enquiries	Upliftment: Suspension	Withdrawals (REG.5.)	Suspensions (Annual Fees)	Suspension (Voluntary)	Withdrawals	With-drawals at Code of Conduct Enquiries	Registrations Suspended	H/O	EC	WC	KZN
883	78	14	75	6	953	0	89	3	95	43	8	8	2

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

3. LEGAL SERVICES DEPARTMENT

PROSECUTIONS

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

- Charge sheets issued
- Summonses issued
- Cases finalised at Code of Conduct Enquiries
- Cases settled without the need of enquiries

The above will be presented indicating results for the financial year 2014/2015 hereunder:

	Head Office	Eastern Cape	KwaZulu-Natal	TOTAL
Charge Sheets issued	360	143	297	800
Summonses issued	196	113	185	494
Cases finalised at code of conduct enquiries	43	5	0	48
Cases settled without the need of code of conduct enquiries	408	154	305	867

1. A total of 800 charge sheets were issued during the year under review.
2. Only 494 summons were issued, due to the fact that cases were settled between the periods prior to issuing of summonses.
3. Of the 800 charge sheets issued during the year under review, 632 cases were finalised. The remaining 283 cases are those coming from the previous final year.

LITIGATION

In terms of legal services, 8 cases were litigated during this period. In 2 of these cases PSiRA was only an interested party. No cases were dismissed in favour of PSiRA without costs and 6 cases are still pending.



1. 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 2013 / 2014	Total Received For 2014 / 2015	TOTAL MATTERS ON HAND	Dismissed	Upheld	Pending	Matter Referred Back to the Authority
122	732	854	664 (of which 109 were from the previous financial year)	50 (of which 13 were from the previous financial year)	140 (all 2014 / 2015 matters carried forward to 2015 / 2016)	0

Appeals against the Authority's refusal to register a security service provider due to non-South-African residence			
Total Received	Dismissed	Upheld	Pending
2	2 (One (1) were from the previous financial year)	1	0

Appeals against conviction and/or sentence following the finalisation of improper conduct enquiries convened in terms of the Act		
Total Received	Dismissed	Upheld
2	6 (Four (4) were from the previous financial year only dealt with in current financial year)	2

2. APPLICATIONS FOR EXEMPTION

Applications for Exemptions		
Total Received	Dismissed	Granted
3	0	2



Registrations (CRM) Operational Report – 1 April 2014 to 31 March 2015

OVERVIEW

The unit's core function is to ensure that all individual and business applications received are processed and considered for registration in accordance with PSiR Act without undue delays. The unit's annual performance target for the financial year under review was to complete the registration of businesses and security officers meeting all the requirements within 20 days. Improved operational efficiencies, continuous staff training and enhanced stakeholder communications on requirements for registration helped the Authority to achieve a 17 days turnaround time for individual registration and 15 days turnaround time for business registration meeting all requirements.

The Renewal of Certificate Project

The Authority embarked on a process of renewing certificates for all security officers and businesses. The renewal process started on 1 December 2014 where all the registered security officers and businesses are required to visit our offices and get new certificates. A total of 64 106 individual certificates were renewed and 1 234 businesses also renewed their certificates. Furthermore, a total of 75 new employers/companies were registered with the Private Security Sector Provident Fund (PSSPF) from the 1st December 2014 to 31 March 2015 as a result of effective implementation of the project.

The Authority identified industry non-compliance as a risk that must be managed and controlled effectively. The increasing identity theft currently taking place within the industry is not only compromising the integrity of the industry but further put public safety at risk. In our engagements with the various stakeholders through the Compliance Forums, it became evident and critical that we must address these challenges by reissuing certificates to everyone in the industry. Furthermore, the ongoing industry exploitation in relation to some companies employing/deploying unregistered illegal emigrants at the

expense of South African citizens presented a critical need for the project.

Some of the key benefits of the reissuing of the New Certificate are:

- Integration with the Department of Home Affairs to verify citizenship through the use of electronic fingerprints scanning, help PSiRA to properly screen Security Officers to confirm and authenticate their citizenship before certificates are issued.
- The paper quality of the New Certificates has been improved and security features incorporated to further protect it from being manipulated and forged. Certificates are being printed on high security paper, instead of the old normal paper which did not have any security features and can be duplicated or forged.
- The introduction of an expiry date on the certificate provides PSiRA with the opportunity to effectively monitor security service providers' information and further improve the levels of accountability for compliance purposes.
- Security Officers who have been issued new certificate have been screened with Department of Home Affairs to confirm who they are and their citizenship using their fingerprints. Through proper screening of the Security Officers we are eliminating the current problem of identity theft. The process also assists in eliminating untrained and unregistered illegal migrants.
- The new certificate has a barcode linking all information to the individual Security Officers or Businesses records.
- The issuing of the New Certificate requires all employers to fully comply with Private Security Sector Provident Fund (PSSPF). Through this process we assist all employees currently contributing to the Provident Fund (PSSPF) to be fully accountant for, benefit from the Fund and eliminate any unlawful deduction in this regard. The PSSPF has expressed their gratitude to the renewal project, as since its implementation they have seen great improvement to the fund.



As part of our commitment to improve service delivery and address the current footprint challenges, we have ensured that Security Officers situated in both remote and rural areas have access to our services. Since the implementation of the project, we have created a convenient access to our services and further address the footprint challenges by taking our services to the remote areas where we don't have offices such as Bloemfontein, Empangeni, Kimberly, George, Ermelo, Giyani, Mafikeng, Kuruman, Rustenburg and East London.

This project will continue even into the new financial year of 2015/2016 and many remote and rural areas have been identified for the renewal project where

See table below

Financial year	Total No. Of SOs (employed and unemployed)	Male	Female
2013/2014	1 868 398	1 303 299	565 099
2014/2015	1 979 969	1 371 249	608 720

The number of registered active (employed) security officer decreased by 7.2% from 487 058 to 451 565 employed during the financial year ended 31 March 2015. This decline in the number of active or employed security officers can be attributed to our poor economic growth and increasing demand

See table below

Financial year	Total No. Of SOs (employed)	Male	Female
2013/2014	487 058	393 034	94 024
2014/2015	451 565	358 679	92 886

There are 8 195 registered security businesses in the Authority's database during the 2014/2015 financial year compared to 8 144 registered security business in the last financial year 2013/2014 which shows an increase of 0.63% of the security businesses

the Authority does not have footprint. The intention is use the project to address the current footprint and accessibility challenges through improved service delivery initiatives.

Registrations Statistics

During the financial year under review the number of registered security officers increased by 5.97% from 1 868 398 to 1 979 969 as at 31 March 2015. The industry is dominated by males representing 69.3%, while female security officers represent 30.7% of the total registration.

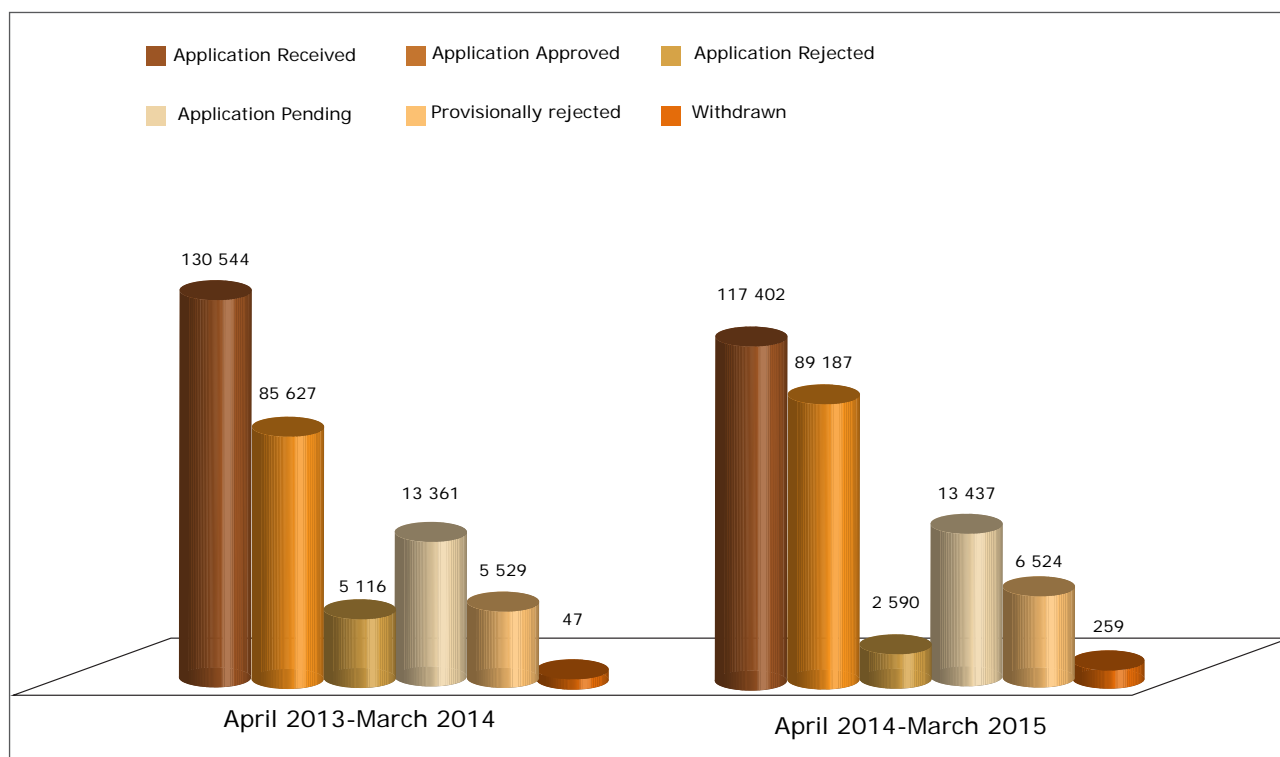
for improved technology to replace human capital which are contributing to job losses within the private security industry. According to the Authority's registration statistics, males represent 79.4% of the active/employed security offices while females only account for 20.6%.

employed as registered security service providers. Again the slow growth in the number of new security companies registering with the Authority is due to a snail pace in the country economic growth and lack of job opportunities in the industry.

See table below

Province/ Regions	No. of Active Registered Business
Gauteng	3177
Mpumalanga	523
Eastern Cape	688
Western Cape	905
Limpopo	805
Northwest	356
Free State	218
Northern Cape	688
Kwazulu Natal	1396
Total	8195

Statistical comparison of Individual applications received, registered, rejected and not finalised during the 2013/2014 and 2014/2015 financial year.



- A total number of 117 402 individual applications were received and processed during the year under review compared to 130 544 applications received the previous financial year 2013/2014. This shows a decline of 10.1% of the number of applications received during the 2014/2015 financial year. The decline can be attributed to slow growth and fewer job opportunities in the private security.
- 89 187 individual applications were registered during the 2014/2015 financial year compared to 85 627 of the previous financial year 2013/2014. This shows an increase of 4.5% of the number of individual applications registered during the 2014/2015 financial year. The slight increase is as a results of people seeking employment in the security sector.
- 2 590 individual applications were rejected during the 2014/2015 financial year compared to 5 116 of the previous financial year 2013/2014. This shows a decrease of 49.4% of the number of individual applications rejected during the 2014/2015 financial year.
- 13 437 individual applications were not finalised during the 2014/2015 financial year compared to 13 361 of the previous financial year 2013/2014.



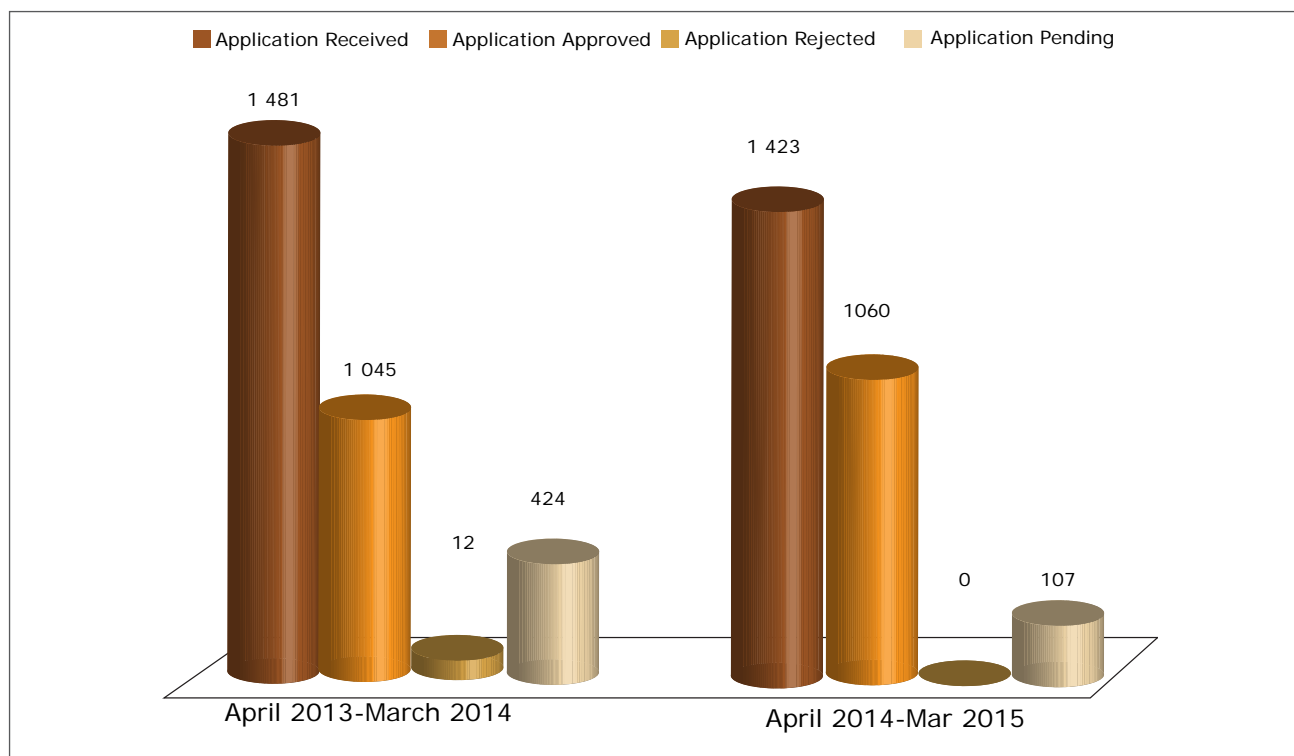
- This shows an increase 0.57% of individual applications pending during 2014/2015 financial year.
- The reasons for the 13 437 individual applications which were pending or not finalised during the 2014/2015 financial year were that, some of these applications were still new applications, some of the applications were still waiting for adjudication by the registrations subcommittee, some were sent correspondence to provide the committee with further particulars and some have pending criminal records and should provide the authority with the final results of their criminal cases.
- A total of 259 individual applications were withdrawn by the Authority during the 2014/2015 financial year

compared to 47 withdrawn during the 2013/2014 financing year.

Business Applications Received During 2014/2015 Financial Year

There was 0.63% increase in the number of active registered businesses during the year under review. A total of 8 195 businesses were registered during the 2014/15 when compared to 8 144 during the 2013/2014 financial year. The slight increase in the number of businesses registered with the Authority is as a result of fewer opportunities for the emerging businesses in the industry.

Statistical comparison of business applications Received, Registered, Rejected and Not finalised / pending during the 2013/2014 and 2014/2015 financial year.



- During the financial year under review, the Authority received a total number of 1 423 business applications for registrations compared to 1 481 business applications received in the previous financial year. This shows a decrease of 3.92% of the number of business applications received in the financial year under review.
- A total of 1 060 business applications were registered during the 2014/2015 financial year compared to 1 045 business applications registered during the previous year 2013/2014. This shows an increase of 1.4% in the number of business registered over the 2013/2014 financial year.
- No businesses were rejected during the 2014/2015 financial year.
- A total of 107 business applications were still pending on our system as at 31 March 2015. The reasons for pending applications are:
 - Some of the business applications were still new applications;
 - Some of the applications were still waiting for adjudication by the registrations subcommittee; and
 - Some were sent correspondence to provide the committee with further particulars.

Statistical Comparison of ID cards Issued during the 2013/ 2014 and ID cards Issued During 2014/ 2015 Financial Year.

ID Cards issued during 2013/2014

Total ID cards printed during 2013/2014	First issue	Re issue	Upgrades
170 220	138 521	17 938	13 761

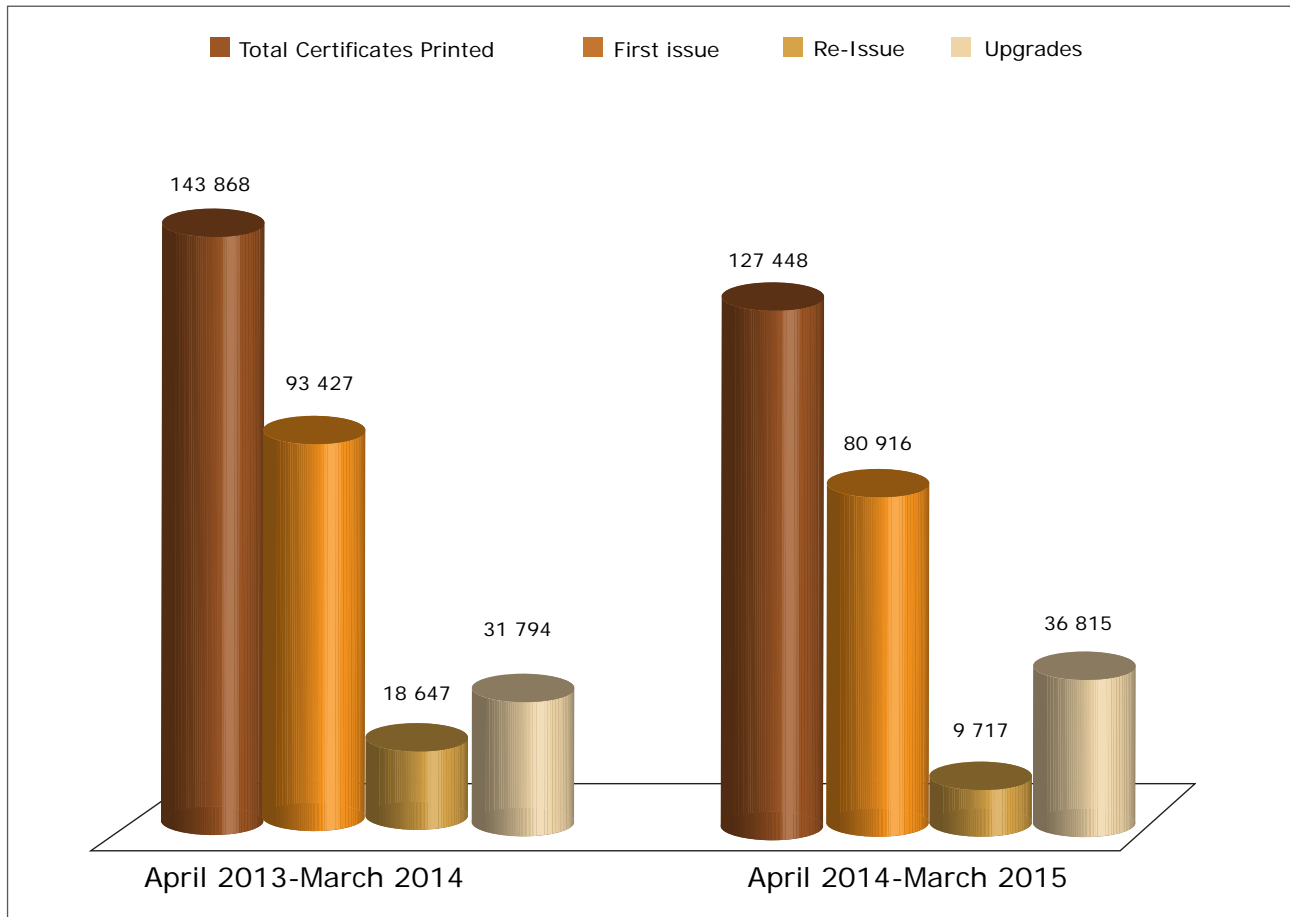
ID Cards Issued During 2014/2015

Total ID cards printed during 2014/2015	First issue	Re issue	Upgrades
42 001	18 790	10 574	12 637





Statistical Comparison of Individual Certificates Issued During the 2013/2014 Financial Year and Individual Certificates Issued During 2014/2015 Financial Year.



1.1 Individual Certificates Issued During 2013/2014

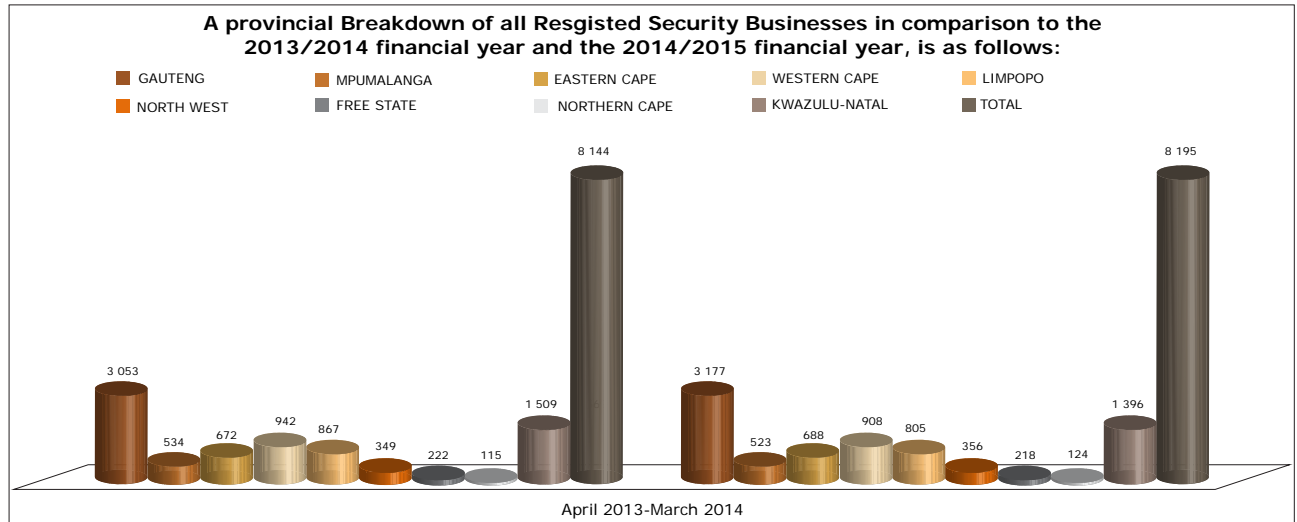
Total Certificates printed during 2013/2014	First issue	Re issue	Upgrades
143 868	93 427	18 647	31 794

1.2 Certificates Issued During 2014/2015

Total Certificates printed during 2014/2015	First issue	Re issue	Upgrades
127 448	80 916	9 717	36 815

Provincial Breakdown of All Registered Security Businesses Compared to 2013/2014 Financial Year and 2014/2015 Financial Year is as follows:

Regions/Provinces	Number of Active Registered Businesses	
	2013/14	2014/15
Gauteng	3 053	3 177
Mpumalanga	534	523
Eastern Cape	672	688
Western Cape	942	908
Limpopo	867	805
North-West	349	356
Free State	222	218
Northern Cape	120	124
KwaZulu-Natal	1 385	1 396
TOTAL	8 144	8 195



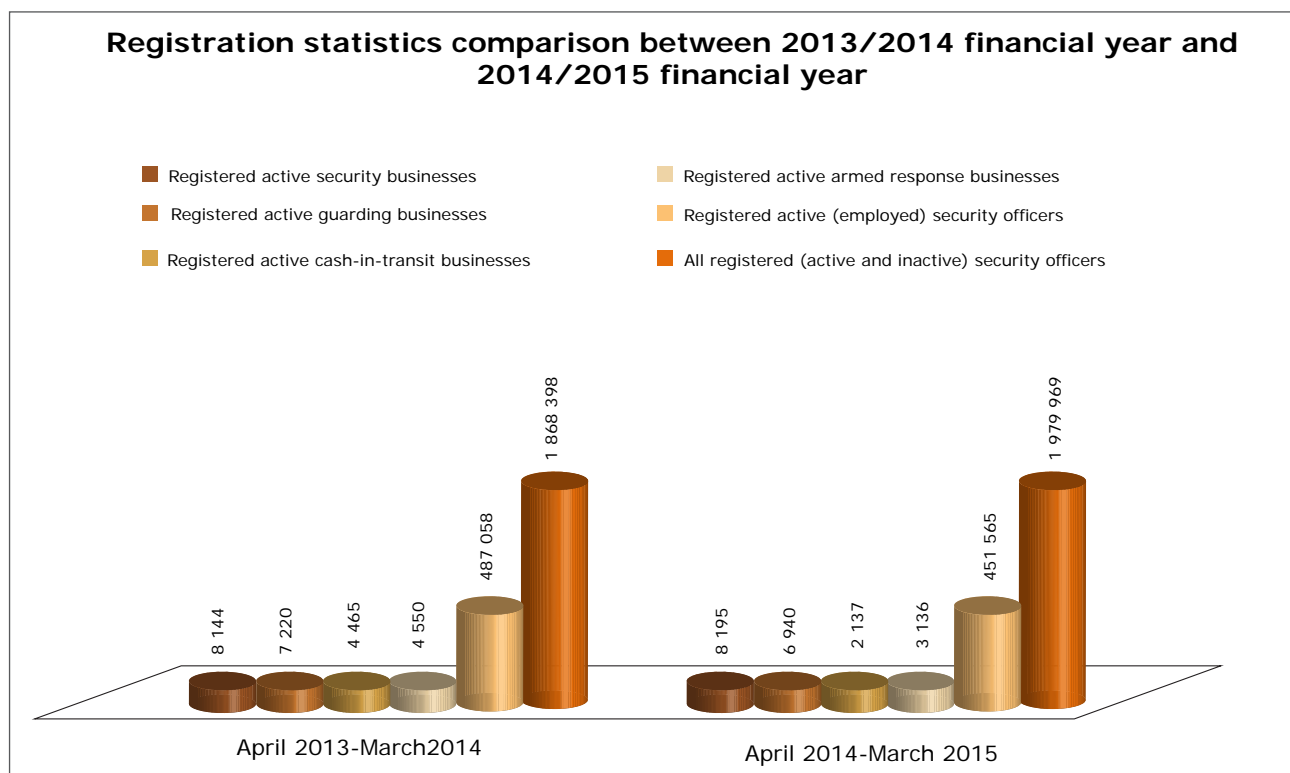
1. Below is the 2013/2014 and 2014/2015 financial year comparison on number of active security officers per province.

Province	No. of SOs during 2013/2014	No. of SOs during 2014/2015
1. Gauteng	196 530	179 849
2. Mpumalanga	32 307	28 457
3. Eastern Cape	40 391	39 087
4. Western Cape	52 185	47 643
5. Limpopo	36 444	34 166
6. Northwest	27 779	25 714
7. Free State	17 425	15 449
8. Northern Cape	4 772	4 514
9. Kwazulu Natal	79 225	76 686
TOTAL	487 058	451 565



2. Registration information pertaining to the number of different types of security services which the 8 195 registered security businesses are offering to consumers.

Category of security services	No. of Businesses as per 2013/2014 financial year	NO. of Businesses as per 2014/2015 financial year
1. Security guards	7 220	6 940
2. Security guards – Cash-in- Transit	4 465	2 137
3. Body Guarding	6 089	2 683
4. Security consultant	4 181	2 564
5. Reaction Services	4 550	3 136
6. Entertainment / venue Control	6 231	2 897
7. Manufacture Security Equipment	1 705	971
8. Private Investigator	4 478	1 698
9. Training	5 304	1 913
10. Security Equipment Installer	3 670	2 108
11. Locksmith / Key Cutter	1 160	622
12. Security Control Room	5 715	2 503
13. Special Events	5 578	3 018
14. Car Watch	3 199	1 790
15. Insurance	846	118
16. Security and Loss Control	707	70
17. Fire Prevention and Detection	459	70
18. Consulting Engineer	155	28
19. Dog Training	13	11
20. Alarm Installers	129	59
21. Anti Poaching	5	7
22. Rendering of security service	5 093	2 172



	2013/2014	2014/2015
Registered active security businesses	8 144	8 195
Registered active guarding businesses	7 220	6 940
Registered active cash-in-transit businesses	4 465	2 137
Registered active armed response businesses	4 550	3 136
Registered Active (employed)security officers	487 058	451 565

Registration Sub-committee

- The Director of the Authority established the Registration Sub-Committee which is a Sub Committee of the Executive Committee. The Registration Sub-Committee is responsible for considering individual and business applications which do not meet the requirements for registrations in terms of section 21 and 23 of the PSiR Act.
- One of the core mandates of the registration subcommittee is to consider applications for registrations in terms of section 23 (6) of the Private

security industry regulatory Act 56 of 2001 which clearly states that “despite *the provision of section 23 (1) and (2), the Authority may on good cause shown and on grounds not in conflict with the purpose of this Act, and the objects of the Authority, register any applicant as a security service provider*”.

During the period under review, 11 Registration Sub-Committee meetings were held and the following decisions taken:

Business applications		Individual applications		Non S A citizens	
Registered	Rejected	Registered	Rejected	Registered	Rejected
782	0	576	3 049	2	21





Training Unit Operational Report – 1 April 2014 to 31 March 2015

During the year under review we recorded 401 accredited training providers when compared to 406 of the previous financial year ended 31 March 2014. A total of 402 924 course reports were processed successfully during the year under review when compared to 384 809 in the previous financial year.

COURSE REPORTS

	2013/2014	2014/2015
	Number of course reports	Number of course reports
Course reports		
Course reports on hand end March	1 703	9 784
Course reports received during April to March	393 812	404 381
Course reports processed during April to March	384 809	402 924
Course reports returned during April to March	922	401
Course reports carried over to April	9 784	10 840

The average turnaround time for processing course reports excluding weekends, was 5 days and including weekends, 6 days.

Reasons as to why the number of accredited training centres can reduce:

- Registration and Accreditation withdrawn by the Regulatory Sub Committee due to arrear fees;
- Registration and Accreditation voluntary withdrawn and or suspended by the business via the Regulatory Sub Committee;
- Business closed down the T number (accreditation) but will continue with guarding services or closed down the registration and accreditation;
- Business registration and accreditation withdrawn due to Code of Conduct / Improper conduct;

- Accreditation withdrawn due to Code of Conduct / Improper conduct;
- Accreditation status changed from "accredited" to "not accredited" – awaiting re-accreditation (sometimes the training centre does not submit the application immediately as they must find new premises);
- Registration and accreditation are suspended due to arrear annual fees; and
- Voluntary closure of the business

** The total will not increase as a moratorium was placed on 8 May 2007 on accreditation of training centres due to the implementation of the MOU between PSiRA and SASSETA **

MEMORANDUM OF UNDERSTANDING BETWEEN THE PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY (PSiRA) AND THE SAFETY AND SECURITY SECTOR EDUCATION AND TRAINING AUTHORITY (SASSETA)

A new Memorandum of Understanding was signed between the PSiRA and SASSETA on 1 April 2014. A joint communique on the M.O.U. was also compiled and circulated to the industry. The Authority intends to replace the training courses made in terms of the Training of Security Officers Regulations, 1992 (grade E to A, armed response, assets in transit, special events, dog handler) with qualifications and unit standards developed and registered by SAQA on the National Qualification Framework.

The Private Security Industry Regulation Act (Act No. 56 of 2001) stipulates the requirement that all those who fall within the definition of "security service provider" (which includes persons providing training in the security field) must comply with the registration provisions and be registered with PSiRA before becoming active in the industry. Some of the areas of mutual corporation include:

- Joint Quality Assurance;
- Establishment of an industry stakeholder training forum; and

- Establish a stakeholder committee with **SAQA and the QCTO**.

During the year under review, the Authority conducted stakeholder engagements workshops with Security Training Providers with the objective to bring some clarity on the content of the MOU and address any stakeholder concerns thereof. The Authority also had numerous stakeholder engagements with the Electronic Sector to address the development of qualifications for the sector.

PSiRA and SASSETA have been mindful of the demands and impacts of the system that change brings and acknowledges that reform to the minimum statutory training standards for the private security industry, is not to be implemented hastily. However, in also considering the risks associated with continuing with the existing PSiRA curriculum and in the absence of any statutory security training standards for the new categories or classes of security service providers, *PSiRA on a balance believes it is now time for change*. Furthermore, throughout previous consultative sessions in developing the skills programmes, it has been evident that there is a strongly shared view across most stakeholders on the need for change to the minimum statutory training standards in order to assure the integrity of training and improve the competency of security officers, although concerns have been raised in respect of the costs and time associated with new NQF based programmes.

The Authority is further conscious of the impact of the proposed changes on the private security sector and is committed to consider all options to mitigate against any potential unintended consequences, especially as far as existing registered security officers are concerned who have completed the current non NQF aligned grade courses. This will provide for the new training standards not to have an immediate impact on the existing registered security officers and a phase-in-approach will be implemented and also in line with a credible recognition of prior learning solution. However, the transition will also have to recognise that the new categories or classes of security service providers, who registered as security service providers on irrelevant statutory training standards

for their occupation, will have to complete the new programmes over a prescribed period.

2.4 TRAINING SUB - COMMITTEE

The Director of the Authority also established a Training Sub-Committee which is also a Sub-Committee of the Executive Committee. The Training Sub-Committee is responsible to perform, *inter alia*, the following functions:

- Develop policy on the promotion of high standards in the training of security service providers and prospective security service providers based on the principles of the National Qualification Framework as contemplated in the National Qualifications Framework Act and Skills Development Amendment Act.
 - Liaison with SAQA, SASSETA and the Quality Council for Trades and Occupations in respect of the development of qualifications within the private security industry.
- Liaison with SAQA, SASSETA and the Quality Council for Trades and Occupations on the Education and Training Quality Assurance functions in respect of the security related qualifications registered on the NQF and advising the Executive Committee on the registration/delegation as an ETQA Body.
- Ensure the registration of the Authority as a Professional Body as contemplated in the National Qualifications Framework Act.
 - Draft, review and if necessary, update the proposed skills programmes for all the categories or classes of security service providers.
 - Review draft training regulations in line with developed policy on the promotion of high standards in the training of security service providers.
 - Advise the Executive Committee on all aspects relating to the proposed implementation



- of the new training regulations, including proposed promulgation of the regulations.
 - g. General communication and consultation with stakeholders on progress in the promulgation of the draft training regulations in conjunction with the Communication Department.
 - h. Consideration of recognition of prior learning applications; and
 - i. Consideration of instructor applications;
- During the period under review, 4 Training Sub-Committee meetings were held and the following decisions taken:

2013/2014							
Instructor Applications Considered				Recognition of Prior Learning Applications Considered			
Total received	Approved	Rejected	Additional information required	Total received	Approved	Rejected	Additional information required
87	75	3	9	30	25	1	4

2014/2015							
Instructor Applications Considered				Recognition of Prior Learning Applications Considered			
Total received	Approved	Rejected	Additional information required	Total received	Approved	Rejected	Additional information required
113	90	9	14	52	47	4	1

TRAINING COMPLIANCE FORUM (TCF)

The first meeting of the Training Compliance Forum was held during the period under review. The purpose, scope and functions of the TCF are, *inter alia*, the following:

- a. To uphold the objects of the Authority in promoting high standards in the training of security service providers and prospective security service providers.
- b. To support the implementation of the National Qualifications Framework.
- c. To assist in addressing and reducing non-compliance in the training sector.
- d. To undertake or facilitate proper communication on training matters between the Authority and stakeholders on national and provincial level.
- e. To strengthen a co-operative approach between stakeholders in enhancing training standards within the private security industry.
- f. To initiate collaboration and co-operation with stakeholders in respect of the development of training standards for the different categories or classes of security service providers, which includes:
 - Advise on the determination of different training levels for the different categories or classes of security service providers in the private security sector;
 - Advise on the development of minimum competency requirements for the different training levels of security service providers;
 - Advise on the formulation of policy for approval by the Authority on setting minimum training standards for the private security industry;

- In consultation with the Quality Council for Trades and Occupations, review and propose changes in the training standards and advise on any Authority regulations in respect of entry training requirements for the private security industry.
- g. To provide or disseminate information promoting and encouraging compliance and best practice in the training sector.
- f. Organised Employer Organisations;
- g. Organised Labour;
- h. Professional Bodies representing the private security industry; and
- i. Any other Associations, bodies or interest groups who represent members within the private security industry and who are approved by the Authority to serve on the Forum.

The TCF comprise of representatives from the following organizations:

- a. Private Security Industry Regulatory Authority;
- b. South African Police Service;
- c. The Department of Higher Education;
- d. The Safety and Security Sector Education and Training Authority;
- e. The Quality Council for Trades and Occupations;

Following on from the first meeting held, 10 Sub-Committees were established which represents all the different categories or classes of security service providers. These Sub-Committees will review the existing NQF training programmes and also pave the way to develop new occupational qualifications in the next financial year.





Communications and Stakeholder Relations Report – 1 April 2014 to 31 March 2015

Creating awareness about the role and functions of PSiRA remains a critical strategic imperative. During the year under review, the Communications and Stakeholder Relations Unit deployed an integrated approach towards:

- Promoting and profiling the mandate of the Authority in the industry and also to the public at large;
- Building the reputation and brand of PSiRA with the public and private security industry;
- Help the industry and the public to understand PSiRA's regulatory mandate in the interest of public safety.

Improving industry compliance through effective stakeholder engagements:

During the year under review, the Authority conducted a total of 26 Provincial Industry Compliance Forums (PICF). The forums were held in Gauteng, KwaZulu Natal, Mpumalanga, Limpopo, Eastern Cape, Western Cape, Free State and Northern Cape.

The purpose and scope of the PICF include identifying areas of common concerns and initiate joint measures to properly address and reduce non-compliance in the private security industry through a co-operative approach between different stakeholders. Members of the PICF include Employer Organisations, Trade Unions/Organised Labour, the different Chamber of Commerce, Department of Labour, CCMA, Department of Home Affairs, the South African Police Service (SAPS), Private Security Sector Provident Fund (PSSPF), Consumer Representatives, National Prosecuting Authority (NPA) and State Security Agency (SSA) to mention but a few.

The Authority also conducted over 30 Employer/Employee sessions in partnership with the Private Security Sector Provident Fund (PSSPF) across 9 provinces. The sessions were aimed at engaging security service providers on the roles and functions of PSiRA and at the same time highlighted key areas in relation to their respective obligations on the Code

of Conduct for the Security Service Providers. PSiRA participated in the awareness sessions which were conducted in Nelspruit, Bloemfontein, Kimberley, Upington, Rustenburg, Potchefstroom, Midrand, Kuruman, Vryburg, Bethlehem, Welkom, Kroonstad, Parys, Witbank, Secunda, Polokwane and Klerksdorp.

Launch of the Industry Training Compliance Forum

In the same period under review, PSiRA launched the National Training Compliance Forum (TCF).

The TCF serves to uphold the objects of the Authority in promoting high standards in the training of security service providers and prospective security service providers; initiate collaboration and co-operation with stakeholders in respect of the development of training standards for the different categories or classes of security service providers and support the implementation of the National Qualifications Framework.

It further assists in addressing and reducing non-compliance in the training sector; strengthening a co-operative approach between stakeholders in enhancing training standards within the private security industry and undertaking or facilitating proper communication on training matters between the Authority and stakeholders on national and provincial level.

Another milestone is the establishment of the Industry Training Capacity Building Workshops targeted at various security training providers. The workshops are aimed at empowering training providers with the various industry legislations and regulatory requirements.

Empowering Consumers

During the year under review, the Authority implemented an aggressive awareness campaign to educate and empower the public, including consumers of private security services, about the role and functions of PSiRA and the role of the industry as well as further empowering them about their rights and obligations in respect thereof. The Authority implemented an integrated awareness drive which included Radio and TV interviews, Compliance Forums; Print Media Campaigns, Industry Circulars, SMS Campaigns,

Trade Exhibitions, Community Outreach programmes; Consumer education workshops; Capacity Building Workshops; and Social Media platforms.

Education workshops were also conducted with the National Association of Managing Agents (NAMA) to empower them with the right information required for compliance when they engage with and further procure the private security services on behalf of various consumers (i.e residential areas, office parks, malls, etc).



Review of Annual Fees Consultation Sessions

During the year under review the Authority also conducted industry consultations in 9 provinces on the Review of Annual Fees. The participation of the private security industry stakeholders regarding the proposed increase in annual fees was opened through

various medias, (i.e. public hearings in identified provinces, postings on the PSiRA website, email and text messages). The due date for submission of representations from interested persons was on 22 March 2015. All comments and submissions from interested persons, stakeholders and industry participants were considered.

Reviewed Annual Fees

Class or Category of Security Service Provider	Annual fees before consultation fees	Annual fees per security officer employed before consultations	2015/2016 annual fees	2015/2016 fees per security officer employed
Large Business employing 5 000 and more security officers	R3,000.00	R0,70	R31,500.00	1.98
Medium Businesses employing 501 to 5 000 security officers	R3,000.00	R0,70	R22,500.00	1.98
Emerging Small Businesses employing 101 to 500 security officers	R3,000.00	R0,70	R10,800.00	1.98
Small Businesses employing 100 and less security officers	R3,000.00	R0,70	R7,650.00	1.98
Security Officer		N/A	R84,00	N/A



Over and above the planned activities, PSiRA also took part in the outreach initiatives undertaken with the Ministry, especially those affecting the private security sector. Eg. Taxi Violence workshop and meetings in KZN, Women in Security, and Launch of the Office of the Directorate for Priority Crimes Investigation (DPCI) Judge.

Going forward, we will continue to intensify our stakeholder engagement programmes for security officers, consumers and government departments. Furthermore, building capacity within our call centre

to address the growing needs of our customers remains critical.

Complaints and Helpdesk

The Authority has a full-time Complaints and Helpdesk at our Arcadia and Kwazulu-Natal offices. The purpose of these offices is to deal with general enquiries and to register complaints that need further investigation by inspectors. Statistical information pertaining to the number of enquiries received during the period under review is as follows:

Number of Enquiries / Complaints	Head Office	KZN
Telephonic	16 929	303
Personal	2 725	375
Enquiries	1 360	618
Complaints	1 005	333
Enquiries / Complaints pertaining to registration / Training	130	430
Wages	759	323
Provident Fund	116	209

Investing in Our Communities

The staff members of the Authority celebrated the Mandela Day by donating food parcels and clothes to the Boitumelo Children’s Home in Soshanguve. In addition to the donation, our staff members dedicated that their time by cleaning the Home and assisted in looking after the kids for a day. Another initiative we engaged in was the “Take-a-Girl child to work” campaign in collaboration with Cell-C.



Stakeholder Awareness and Activities undertaken from 1 April 2014 to 31 March 2015

KEY PERFORMANCE INDICATORS (KPI's)	ANNUAL TARGET 2014 / 2015	Quarter 1 (Apr – June)	Quarter 2 (July – Sep)	Quarter 3 (Oct – Dec)	Quarter 4 (Jan – March)
<ul style="list-style-type: none"> Number of public awareness programmes on PSIRA's role and functions 	18 Public Awareness Programmes	<p>8 Industry Compliance Forums held in the following provinces:</p> <ul style="list-style-type: none"> PICF Gauteng PICF KZN PICF Western Cape PICF Eastern Cape PICF Limpopo PICF Mpumalanga PICF Free State PICF North West <p>Conducted consumer awareness on the following:</p> <ul style="list-style-type: none"> Cosmo city youth empowerment exhibition Career opportunities within the industry at the Career information day in Ga-Rankuwa Career opportunities within the industry at the Career information day in Sasolburg Speak Out episode on the consumer rights violations when dealing with security service providers Issued a media advisory for coverage on security service providers busted for rendering security service whilst not registered Security Clean-Up-Honeydew-Media Statement Article in Finweek Magazine-info on private investigators 	<p>7 Industry Compliance Forums held in the following provinces:</p> <ul style="list-style-type: none"> PICF Gauteng PICF KZN PICF Western Cape PICF Eastern Cape PICF Limpopo PICF Mpumalanga PICF Free State <p>Conducted consumer awareness programmes on the following:</p> <ul style="list-style-type: none"> Budget Vote Exhibition – 21 July 2014 Profiling of the news PSIRA certificate in Hi-Tech Magazine for July 2014 Security Sector Workshop – 21 August 2014 Celebration: Women in the police and private security industry – 29 August 2014 Presidential Imbizo in KZN-exhibition 30 September 2014 Consumer awareness-Mandela Day Stakeholder Workshop-Taxi Violence Presentation at the NAMA seminar - 18 September 2014 Presentation to the Human Rights Commission and the Media on 16 September 2014 	<p>7 Industry Compliance Forums held in the following provinces:</p> <ul style="list-style-type: none"> PICF Gauteng PICF KZN PICF Western Cape PICF Eastern Cape PICF Limpopo PICF Mpumalanga PICF North West <p>4 Consumer awareness programmes conducted</p> <ul style="list-style-type: none"> Presentation & exhibition at the Secretariat of Police national launch of provincial offices. KZN-11 November 2014 Eastern Cape -24 November 2014 Western Cape - 8 December 2014 Presentation: Security Officer's Liaison Forum 21 November 2014 <p>2 Media statements issued:</p> <ul style="list-style-type: none"> 05 November 2014 – Independent contractor 17 December 2014- BlueShield case 	<p>5 Industry Compliance Forums held in the following provinces:</p> <ul style="list-style-type: none"> PICF Gauteng PICF KZN PICF Western Cape PICF Free State National Training Compliance Forum- Gauteng <p>Conducted consumer awareness exhibition on the following provinces</p> <p>27 March 2015:</p> <ul style="list-style-type: none"> Gauteng <ul style="list-style-type: none"> Maponya Mall East Rand Mall KZN <ul style="list-style-type: none"> Izinkwazi Mall Northern Cape <ul style="list-style-type: none"> Diamond Mall Mpumalanga <ul style="list-style-type: none"> Highveld Mall <p>31 March 2015</p> <ul style="list-style-type: none"> Free State <ul style="list-style-type: none"> Mimosa Mall Presentation & exhibition at the Secretariat outreach. 11 March 2015 Media statements issued;



KEY PERFORMANCE INDICATORS (KPI's)	ANNUAL TARGET 2014 / 2015	Quarter 1 (Apr – June)	Quarter 2 (July – Sep)	Quarter 3 (Oct – Dec)	Quarter 4 (Jan – March)
<ul style="list-style-type: none"> Number of public awareness programmes on PSiRA's role and functions 	18 Public Awareness Programmes		<ul style="list-style-type: none"> Presentation on the role of PSiRA and compliance with training standard for RHINO ANTI-POACHING WORKSHOP on 25 & 26 September 2014 	<p>8 Radio and TV interviews on the role of PSiRA</p> <ul style="list-style-type: none"> 05 November 2014 – Mghana Lonene 06 November 2014- CCTV 26 Nov 2014 – Cape Talk 02 Dec 2014 – 702 Talk radio 04 Dec 2014 – Cape Talk 09 Dec 2014 – East Coast Radio 19 December 2014 – Mngghana Lo nene 18 December 2014 – Lesedi FM 	<ul style="list-style-type: none"> Joint statement, PSiRA /SIA PSiRA/Secure 2 Industry Circulars on the Renewal of Certificate Project in February and March 2015 TV interviews on the role of PSiRA 26 March 2015 –SABC-Leihlo la setjhaba Radio interviews with Lesedi FM Radio interview on 04 February 2015 with 702/ Cape Talk interview: Role of the Private security industry in South Africa. <p>Advertorials on the review of and notice to increase administration fees for 2015/16 financial year:</p> <ul style="list-style-type: none"> City Press - 29 March 2015 Sunday Times – 29 March 2015 Daily Sun – 31 March 2015 <p>Public Notice on Publication of Amendment to the Annual Fees for the Private Security Industry.</p> <p>Advertorials on:</p> <ul style="list-style-type: none"> Mail and Guardian – 20 to 26 Feb 2015 Sunday Times – 22 Feb 2015 City Press – 22 Feb 2015 Sowetan – 23 Feb 2015 Sake – 20 Feb 2015 <p>SMS to Security Businesses on "Dear Stakeholder, PSiRA hereby intends to re-publish a review of the Annual fees Regulations 2015. Please visit www.psiira.co.za or PSiRA offices for more info. " Feb 2015</p> <ul style="list-style-type: none"> SMSs on the Renewal of Certificate collection to Security Officers and Businesses in Feb and Mar 2015 Presentation at Wits School of Law on the Bill on the 19 Mar 2015



KEY PERFORMANCE INDICATORS (KPI's)	ANNUAL TARGET 2014 / 2015	Quarter 1 (Apr – June)	Quarter 2 (July – Sep)	Quarter 3 (Oct – Dec)	Quarter 4 (Jan – March)
<ul style="list-style-type: none"> Number of public awareness programmes on PSIRA's role and functions for security businesses 	6 Industry Awareness Programmes	<p>8 Presentation of the code of conduct enquiries process in the following provinces;</p> <ul style="list-style-type: none"> Gauteng Kwa-zulu Natal Western Cape Eastern Cape Limpopo Mpumalanga Free State North West Compiled a leaflet on training, registration & law enforcement Contributed an article on the new certificate with Hi-Tech magazine 	<p>4 Presentations at the employers: workshops in partnership with PSSPF</p> <ul style="list-style-type: none"> 9 September-Uppington 10 September-Kimberley 11 September- Kuruman 12 September - Vryburg 	<p>8 Presentation at the employers workshops in partnership with PSSPF:</p> <ul style="list-style-type: none"> 7 October 2014-Nelspruit 7 October 2014-Bloemfontein 8 October 2014-Kimberly 9 October 2014-Uppington 28 October 2014-Rustenburg 30 October 2014-Potchefstroom 26 November 2014 – Midrand 12 November 2014-National SJA conference 	<p>6 Annual Fees Consultations Workshops with SSPs:</p> <ul style="list-style-type: none"> Gauteng Limpopo KZN Western Cape Mpumalanga Eastern Cape
<ul style="list-style-type: none"> Number of public awareness programmes on PSIRA's role and functions for security officers 	6 Industry Awareness Programmes		<p>2 Presentations done:</p> <ul style="list-style-type: none"> 29 August – Polokwane 9 September- Klerksdorp 	<p>10 Industry Awareness Programmes</p> <p>Presentation to security officers:</p> <ul style="list-style-type: none"> 7 October 2014-Nelspruit 27 October 2014-Bethlehem 28 October 2014-Bloemfontein 29 October 2014- Welkom 30 October 2014-Kroonstad 31 October 2014-Parys 25 November 2014-Nelspruit 26 November 2014-Witbank 26 November 2014 27 November 2014-Secunda 	<ul style="list-style-type: none"> 2 Industry Circulars on the Renewal of Certificate Project in February and March 2015 <p>SMS to Security Businesses on "Dear Stakeholder, PSIRA hereby intends to re-publish a review of the Annual fees Regulations 2015. Please visit www.psira.co.za or PSIRA offices for more info." Feb 2015</p> <ul style="list-style-type: none"> SMSs on the Renewal of Certificate collection to Security Officers and Businesses in Feb and Mar 2015



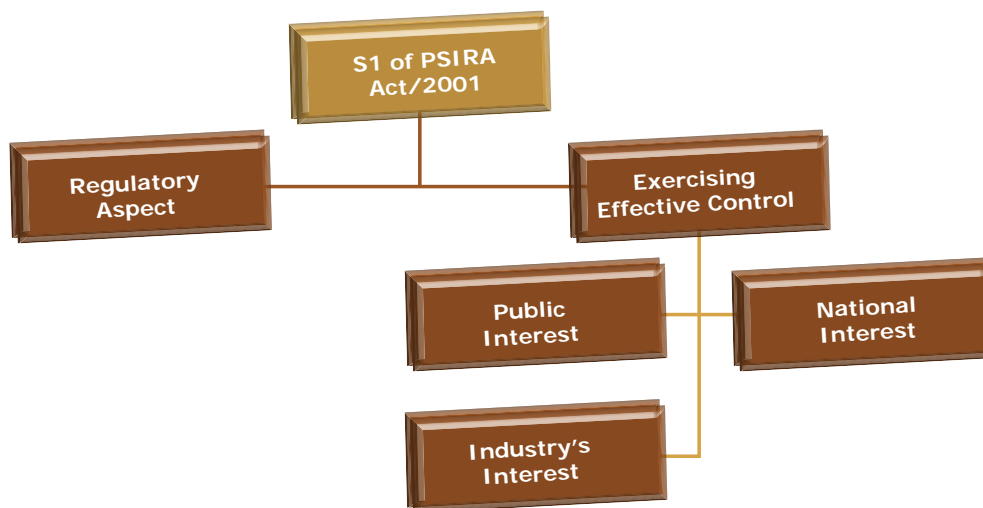
KEY PERFORMANCE INDICATORS (KPI's)	ANNUAL TARGET 2014 / 2015	Quarter 1 (Apr – June)	Quarter 2 (July – Sep)	Quarter 3 (Oct – Dec)	Quarter 4 (Jan – March)
<ul style="list-style-type: none"> Number of awareness programmes on the Sectoral Determination 	12 Awareness programmes	4 Awareness programmes	<p>Presentations of the illustrative contract pricing in the following 8 provinces;</p> <ul style="list-style-type: none"> Gauteng Kwa-zulu Natal Western Cape Eastern Cape Limpopo Mpumalanga Free State North West 	<p>Presentation at Security Sector Workshop - 21 August 2014</p>	<p>Presentations of the illustrative contract pricing in the following 7 provinces:</p> <ul style="list-style-type: none"> KZN- 7 November 2014 Gauteng-14 November 2014 Western Cape- 18 November 2014 Eastern Cape-20 November 2014 Limpopo-27 November 2014 North West-02 December 2014 Mpumalanga-28 November 2014



Research & Development Unit Report – 1 April 2014 to 31 March 2015

In accordance with the Authority’s strategic objective of ensuring that the entity is a centre of excellence in private security research, the Research and Development Unit’s vision and mission is to conduct cutting-edge research, aimed at providing relevant insights on how PSiRA’s legislative mandate can be enhanced. To this end, the Research and Development Unit, recognised that in order to ensure that PSiRA’s mandate is effectively carried out, research must be undertaken to strengthen the regulatory aspect of the private security sector and exercise effective control.

In exercising effective control, the Authority takes into cognisance public and national interests, which in effect requires a balancing act, as shown in the diagram below.



Priority Research Topics and Surveys

As a Unit entrusted with the responsibility of undertaking cutting-edge research that provides relevant insights for the purpose of enhancing the Authority’s core business activities in order to achieve excellent service delivery, the Research and Development Unit worked on a number of research activities. In line with the Annual Performance Plan,

two priority research topics and four research surveys were conducted. The summaries of these are detailed below.

Priority Research Topic 1: *Caught in Between: The Involvement of the Private Security Sector in the Taxi Violence in KwaZulu-Natal: Focus on Ntuzuma, Piesang and other areas.*

During the financial year, a research study was undertaken to determine the involvement of the private security sector in the taxi violence in KwaZulu-Natal with a focus on Ntuzuma, Piesang and other areas. This was on the basis that the private security industry in South Africa plays a critical role in the provision of security in South Africa, particularly as a contributor to crime prevention. The focus of the research was on

the salient features of the involvement of the private security industry in the taxi violence, which currently presents a plethora of challenges, particularly in so far as the industry’s regulation and control is concerned. Among other things, the research objectives included uncovering in detail the involvement of the private security sector in the taxi violence in KwaZulu-Natal, with much focus on Ntuzuma, Piesang and other areas. One of the research findings revealed by the study



was the pervasive violation of the PSiRA regulations by the private security companies. Recommendations made included the need for PSiRA to invest in human and financial resources in order to ensure that PSiRA inspectors are able to conduct frequent and effective inspections on private security providers rendering services in the taxi industry.

Priority Research Topic 2: *Canine Protection: Dogs and Dog Handlers in the South African Private Security Industry*

During financial year, a research was also undertaken on dogs and dog handlers in the South African private security industry. This was again informed by the fact that the private security industry in South Africa arguably plays a critical role in the provision of security in South Africa, particularly as a contributor to crime prevention. The focus of the research was on the salient features of dogs and dog handlers in the private security industry. Among other things, the research objectives included uncovering the various factors associated with the dog-handling sector of the private security industry, with the overarching aim of promoting high standards in the training of security providers and prospective service providers in South Africa. One of the main research findings was that within the sector, there were dog suppliers who were operating without adhering to the law. This was compounded by the fact that PSiRA inspectors were not familiar with the requirements for ensuring animal welfare. Among others things, a recommendation was made for PSiRA to actively engage with the Society for the Prevention of Cruelty to Animals in order to ensure compliance with the law in this sector.

Research Surveys

During the financial year, the Research and Development Unit conducted four consumer surveys pursuant to the 2014/2015 strategic objectives of the Authority that aims to foment industry stewardship and develop customer relationships. The surveys were facilitated through the engagement with the management and in some cases communication representatives of different target markets. These

surveys focused on *consumer trends in mall security; consumer trends in public and private hospitals; consumer trends in public and private universities; and consumer trends in public and private schools.* Among other things, the consumer trend surveys revealed the significant role that consumers play in ensuring compliance or adversely perpetuating non-compliance. For example, the surveys found that the consumers who knew about PSiRA were more likely to receive better services, than the consumers that were oblivious to the role of PSiRA. This pointed to the fact that PSiRA still needs to invest in more human and financial resources in order to promote its visibility.

Other Research Projects

Over and above the research topics and surveys, the Research and Development Unit continued to work on an ongoing three-year research project that is funded by the International Research and Development Centre (IDRC), namely, *Promoting Partnership for Crime Prevention between State and Private Security Providers in Southern Africa.* The project was initiated in October 2012 and will be concluded in November 2015. During the financial year, the Research and Development Unit facilitated the peer review process, worked on the overall editorial work and the eventual publication of the monograph. A more detailed report on this research project will be reported in the next annual report.

Having considered the important role played by the Research and Development Unit, the Authority will ensure the retention of staff in line with the Retention and Succession Policy, which was approved by Council on 31 March 2014. The Unit will further be expanded to cover the development of policies, which are essential to the work of the Authority. This will entail the establishment of a policy sub-unit, which will work alongside the research sub-unit. The Unit will be pitching for further research funding to potential funders, which will enable the generation of further knowledge, essential for the Authority.



PART B

GOVERNANCE



Legislation and Guidelines

The Authority is listed as a public entity in Schedule 3A to the Public Finance Management Act. As a public entity, the Authority must adhere to the statutory duties and responsibilities imposed by the Public Finance Management Act. In addition, the Authority is guided on best practices by the King III Report.

The King III Report has broadened the scope of corporate governance in South Africa with its core philosophy revolving around leadership, sustainability and corporate citizenship.

These key principles are given prominence:

- Effective corporate governance is essentially about effective ethical leadership. Leaders need to define strategy, provide direction and establish the ethics and values that will influence and guide practices and behaviour with regard to sustainable performance.
- Sustainability is now the primary moral and economic imperative and it is one of the most important sources of both opportunities and risks for businesses. Nature, society and business are interconnected in complex ways that need to be understood by decision-makers. Incremental changes towards sustainability are not sufficient, we need a fundamental shift in the way companies and directors act and organise themselves.
- Innovation, fairness and collaboration are key aspects of any transition to sustainability – innovation provides new ways of doing things.
- Social transformation and redress is important and needs to be integrated within the broader transition to sustainability. Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies and benefits for both the entity and society, particularly the private security industry. The Authority subscribes to the King III Code of Good Corporate Governance.

Governing Body

The Authority is governed by its Council which was established in terms of the Private Security Industry Regulatory Act 56 of 2001. The Act prescribes that the Council should consist of a Chairperson, a Deputy Chairperson and three additional Councillors to be appointed by the Minister of Police after consultation with cabinet. Councillors are drawn from diverse backgrounds and offer a wide range of expertise and professional skills. At Committee level, these skills are supplemented by external members of the Audit and Risk Committee.

During the year under review, the Minister of Police ensured that a full Council was in place and four new members were appointed in September 2013. The term of contract for the Chairperson, Mr Bopela ended on 31 December 2014. The new Chairperson, Professor Ntombifikile Mazibuko was appointed in April 2015.

The Council now constitutes the following members:

- Professor Ntombifikile Mazibuko (Chairperson)
- Mr Daniel (Joy) Rathebe (Deputy Chairperson)
- Mr Benjamin Ntuli (Council Member)
- Major-General Cynthia Philison (Council Member)
- Advocate Nontokozi Mthembu (Council Member)

Good corporate governance requires a regular review of the composition of the governing body. The term of office for Council members is three years. Retiring Council members are eligible for reappointment, subject to a maximum of two additional terms.

Council Committees

Committees of Council include:

- Remuneration and Human Capital Committee (RemCom);
- Stakeholder and Core Business Committee; and
- Audit and Risk Committee.

These Committees were established in view of the scope of the Authority's mandate, its strategic position and direction. The terms of reference of each committee are stated below:

Remuneration and Human Capital Committee

Objectives

- Consider and approve policies relating to human resources.
- Oversee the effective and continued implementation of performance management practices and policies.
- Oversee and ensure that performance management is linked to job outputs.
- Act as a performance assessment and moderating body.
- Oversee the implementation of practices and policies relating to recognition and reward.
- Periodically review the appropriateness of the organisational structure.
- Monitor the workplace environment to ensure that it is conducive for the Authority to deliver desired outcomes.
- Act as a selection panel for the appointment of EXCO.

Stakeholder and Core Business

Committee

Objectives

- Manage and measure the gap between stakeholder perceptions and the Authority's performance to enhance and protect its reputation.
- Deliberate on the Authority's reputation and its linkage with stakeholder relationships.
- Provide guidance and oversight on strategy and policies for the management of relationships with each stakeholder grouping.
- Provide guidance on stakeholder engagement process, whether formal or informal.
- Strive to achieve an appropriate balance between the various stakeholder groupings, in the interest of the Authority;
- Promote transparent and effective communication with stakeholders in order to build and maintain trust and confidence.
- Promote industry research.

Audit and Risk Committee

The Committee comprises three independent members. The members collectively have sufficient qualifications and experience to fulfill their duties. The members of the Committee also have sufficient understanding of financial reporting, internal financial controls, the external audit process, the internal audit process, risk management and information technology governance.

The roles and responsibilities of the Committee include:

- Monitoring the internal control system to protect the interests and assets of the Authority.
- Reviewing the accuracy, reliability and credibility of statutory financial reporting and the annual financial statements, as presented by management prior to Council approval.
- Ensuring that an effective internal audit function is in place and the roles and functions of external audits are clear and coordinated to provide an objective overview of the operational effectiveness of the Authority's systems of internal control, risk management, governance and reporting. It also assesses the performance of the internal audit function.
- Ensuring that the Authority has implemented an effective policy and plan for risk management which will protect it from undue loss.
- Reviewing any accounting and auditing concerns raised by internal and external audit, and the annual financial statements.
- Obtaining assurance for information technology in relation to the management of IT assets, governance and controls, risks and disaster recovery.
- Reviewing the effectiveness of the system that monitors compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Instituting and overseeing special investigations as needed.



Seven meetings were held during the year, which were attended by internal and external auditors, the Director, the Deputy Director of Finance and Administration and relevant officials. Details of activities of this Committee are presented in the Audit Committee report.

Delegation of authority

In terms of the PFMA, Council is the accounting authority of PSiRA. The entity is also listed in Schedule 3A to the PFMA. Furthermore, Council has the

authority to lead and exercise general control over the performance of the functions of the Authority and of the activities of the persons appointed by it to perform its function. Council delegates the management of the day-to-day operations of the Authority to the Director (Chief Executive Officer) appointed in terms of the Act. The Director is assisted by the Executive Management Committee (ExCO) as well as ExCO Sub-Committees. A clear and comprehensive delegation of authority is in place to assist with decision-making and furtherance of the Authority’s objectives.

Council meeting attendance

Name	Designation (in terms of the Public Entity Board structure)	26 March 2015	*23 January 2015	*29 September 2014	*19 September 2014	28 August 2014	24 July 2014	*29 May 2014	Total Attendance
T Bopela**	Chairperson	x	x	√	√	√	√	√	5
DCM Rathebe	Deputy Chairperson	√	√	√	√	√	x	√	6
B Ntuli	Council Member	√	√	√	√	√	√	√	7
C. Philison	Council Member	√	√	√	x	√	√	x	5
N Mthembu	Council Member	√	√	√	x	√	√	√	6

*Special Meetings

**Mr Bopela’s contract ended on 31.12.2014



Name	Designation (in terms of the Public Entity Board Structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Mr Thula Bopela	Chairperson	01.01.2010	31.12.2014 (term ended)	<ul style="list-style-type: none"> ▪ Master of Arts, Marketing ▪ Master of Arts, Development Studies ▪ Bachelor of Arts, Sociology/ Anthropology 	<ul style="list-style-type: none"> ▪ Security ▪ Intelligence ▪ Governance 			5
Mr DCM (Joy) Rathebe	Deputy Chairperson	06.09.2013		<ul style="list-style-type: none"> ▪ Bachelor of Law (LLB) ▪ Law ▪ Corporate Governance 	<ul style="list-style-type: none"> ▪ Policy Analyst 			6
Mr Benjamin Ntuli	Council Member	06.09.2013		<ul style="list-style-type: none"> ▪ Master of Management in Security ▪ Post grad Diploma in Policy and Development Administration ▪ Post grad Diploma in Economics and Public Finance ▪ Teacher's Diploma 	<ul style="list-style-type: none"> ▪ Education ▪ Management ▪ Governance ▪ Defence 			7
Maj. Gen. Cynthia Phillison	Council Member	06.09.2013		<ul style="list-style-type: none"> ▪ National Diploma in Police Admin 	<ul style="list-style-type: none"> ▪ Intelligence ▪ Governance ▪ Policing 			5
Adv. Nontokozo Mthembu	Council Member	06.09.2013		<ul style="list-style-type: none"> ▪ Bachelor of Social Science (B. Soc. Sc.) ▪ Bachelor of Law (LLB) 	<ul style="list-style-type: none"> ▪ Law ▪ Corporate Governance 			6

**Councillors' remuneration**

Councillors have been disclosed in the notes to the annual financial statements.

The remuneration of Councillors is determined by the Minister of Police. The details of the remuneration to

Audit Committee Meeting attendance

Name	Designation (in terms of the Public Entity Board structure)	17 March 2015	09 February 2015	27 October 2014	*31 July 2014	*22 July 2014	*28 May 2014	*26 May 2014	Total Attendance
J Meissner**	Chairperson	-	-	-	-	-	√	√	2
N Mhlongo	Chairperson	√	√	√	√	√	√	√	7
N Tshobeni	Deputy Chairperson	√	√	√	√	√	-	-	5
B Mkhize	Member	√	√	√	x	√	-	-	4
C Motau	Member	x	√	√	√	√	-	-	4
T Mvelase	Member	√	√	√	√	x	-	-	4

***Special Meetings**

**Ms Meissner resigned on 29.05.2014

AUDIT COMMITTEE REPORT

REPORT OF THE AUDIT & RISK COMMITTEE FOR THE YEAR ENDED 31 MARCH 2015

We present our preliminary report for the year ended 31 March 2015.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee, consisting of the members listed below, which convened seven times during the year under review.

Name of Member	Number of eligible meetings	Number of meetings attended
J Meissner	2	2
N Mhlongo	7	7
N Tshobeni	5	5
B Mkhize	5	4
C Motau	5	4
T Mvelase	5	4

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 76 and 77 of the PFMA and Treasury Regulations 3.1.13. The Audit Committee also reports that it has appropriate terms of reference in the form of its Audit Committee Charter, has regulated its affairs in compliance with this charter and, has discharged all its responsibilities as contained therein.

EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal control are designed to provide effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

In line with the PFMA and the Treasury Regulations, Internal Audit provides the Committee and management with the assurance that internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested

enhancements to the controls and processes. From the various reports of internal auditors, we noted that there are matters that were reported that indicated deficiencies in the system of internal control.

A formal risk assessment was undertaken during the period. Consequently, internal audit used this data to prepare the three year rolling strategic plan and the annual audit plan. Management is committed to address the issues raised by internal and external auditors, and this is reviewed by the Committee during its meetings.

Oversight activities by the Audit and Risk Committee were fulfilled satisfactorily, and members of the committee attended most of the scheduled meetings.

The Audit Committee still considers the system of internal control to be satisfactory. Management has provided the Committee with assurance that they will continue with improvement efforts.





RISK MANAGEMENT

The Audit Committee fulfills an oversight role regarding risk management process within the organisation. The Committee monitored the significant risks faced by PSiRA, and it is satisfied that these risks were being mitigated. PSiRA has implemented a risk management strategy which includes the fraud prevention plan.

INTERNAL AUDIT

The Audit Committee is responsible for ensuring that the organisation's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the Committee oversees cooperation between the internal and external auditors, and serves as a link between the Council and these functions.

The Audit Committee considered and approved the Internal Audit Charter and is satisfied that the internal audit plan was executed accordingly.

The internal audit function is outsourced to an outside independent accounting firm. The partner / director responsible for the account acts as the Chief Audit Executive for the entity.

The internal audit function reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the organisations' operations. The Chief Audit Executive is responsible for reporting the findings

of the internal audit work against the agreed internal audit plan to the Audit Committee on a regular basis. The Chief Audit Executive has direct access to the Audit Committee, primarily through its chairperson.

The Audit Committee is satisfied that the internal audit function is operating effectively, and that it has addressed the risks pertinent to PSiRA in its audits. The Committee believes that internal audit has contributed to the improvement of internal controls within the entity.

QUALITY OF MANAGEMENT REPORTS

The Audit Committee is satisfied with the content and quality of the quarterly reports as prepared and issued by Management during the year under review in terms of the PFMA.

EVALUATION OF THE UNAUDITED FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed with management the Audited Annual Financial Statements;
- Reviewed the appropriateness of accounting policies and practices;

The Audit Committee concurs with and accepts the conclusions of the Auditor General (SA) on the Annual Financial Statements.

A.N. Mhlongo

Chairperson of the Audit Committee

29 July 2015



PART C

HUMAN RESOURCES MANAGEMENT



Human Capital Report – 1 April 2014 to 31 March 2015

1. HUMAN CAPITAL

The human resources services support to PSiRA is provided by the Human Capital Unit which is a strategic partner in ensuring that the relevant and right skills are acquired to realise the objectives of PSiRA. The Human Capital Unit includes Human Resources Provisioning, Labour Relations, Training and Development, Compensation Management, Employee Wellness, Organisational Development and Performance Management. The Human Capital Unit has applied an integrated approach to ensure that PSiRA's strategic goal of creating an enabling environment with competent and skilled workforce is realised.

In pursuance of the aforesaid strategic goal, the Authority has adopted the Balance Score Card Performance Management System. The Authority uses this system to measure how it implements its strategic goals. It is also a very useful management tool used to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness and impact of service delivery by the Authority. A scorecard based on four perspectives, namely, the Customer perspective; Financial perspective; Internal Business Processes perspective and Learning and Growth perspective.

The unit has successfully integrated all the values of the Authority into the performance contract for all the employees on both the sections of the Generic Assessment Factors (GAFs) for all the employees below managerial positions and the Core Managerial

Competencies (CMCs) for all the employees in a managerial and executive management position. These developments were implemented to ensure that all employees of the Authority embrace the values of the organisation and that it is reflected in their job performance outputs. It is envisaged that at least five of the GAFs/CMCs containing these values would be selected to specific jobs and job contexts of the employee, and employees will be assessed against 20% of the GAFs/CMCs which will be allocated on the total measurement of the employee's key performance indicators (KPIs) which will be out of 80%. In this regard, both the GAFs/CMCs and the KPIs will total to 100%.

During the year under review, all employees signed the Performance Scorecards and were assessed twice (mid-year in September 2014 and final annual assessments in April 2015). During the mid-year assessment, 78% of the staff complement achieved more than average performance outputs. Appropriate interventions were employed for those who performed below the required performance standards, and as a result, the number of poor performers during the final annual assessment decreased.

Challenges facing Human Capital Unit

The Human Capital Unit acknowledges that employee retention is the most critical issue facing most employers in this current era as a result of the shortage of skilled labour; economic growth and employee turnover. To address this challenge, the Human Capital developed a Retention and Succession Policy.

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	128
Finance and Administration	63
Communication and Training	29
Total	220

Graph 1.1 Staff composition according to programmes (Permanent staff)

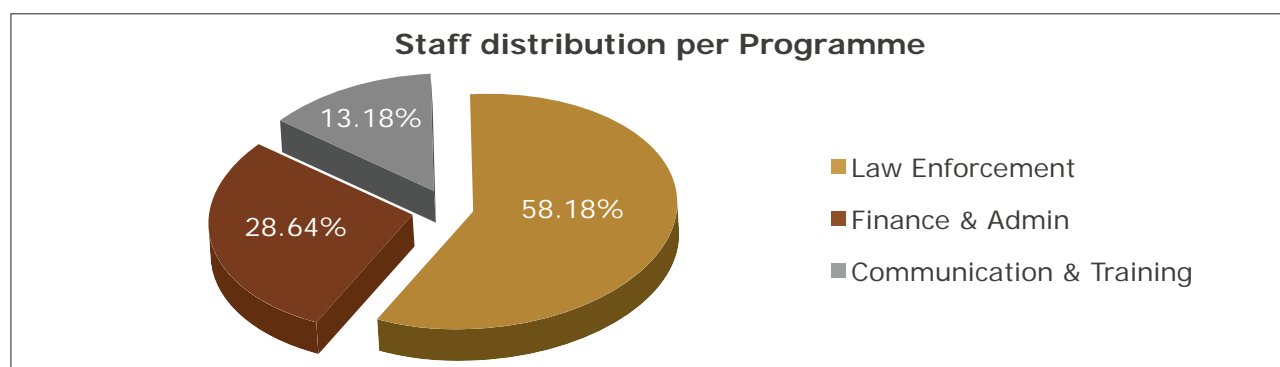


Table 1.1 Contracts and interns composition

Programme	Employees on fixed-term contract	Interns	Total
Law Enforcement	3	3	6
Finance and Administration	5	3	8
Communication and Training	1	1	2
Total	9	7	16

1.2 Employment Equity

The Authority adheres to equal opportunity and affirmative action principles, as promulgated in the Employment Equity Act (Act No. 55 of 1998).

The Authority is classified as a designated employer in terms of the Employment Equity Act. In compliance with this Act, the Authority provides equal employment opportunities to the designated population in the labour market. The Authority is also required to review its Employment Equity Committee and appointed the Employment Equity Committee which represents all genders, races and employees with disabilities across all its occupational categories. The duties of the Committee are, inter-alia, to ensure that the Employment Equity Plan of the Authority is implemented and monitored effectively.

The Authority has a five-year approved Employment Equity Plan which started from 1 October 2014 to 30 September 2017. This plan is monitored by the established Employment Equity Committee.

1.2.1. Equity Target and Employment Equity Status:

The equity target and the employment equity status reflected in the table below excludes contract employees.



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	4	0	0	0	0	0	1	0
Professional qualified	5	0	0	0	0	1	1	0
Skilled	24	2	1	1	1	0	7	0
Semi-skilled	34	0	1	1	0	1	0	0
Unskilled	2	0	0	0	0	0	0	0
Total	71	2	2	2	1	2	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	1	1	0	0	0	0	0	0
Senior Management	1	1	0	0	0	0	0	0
Professional qualified	6	0	0	0	0	0	1	0
Skilled	24	1	1	0	1	0	4	0
Semi-skilled	75	2	7	3	3	2	7	0
Unskilled	5	0	0	0	0	0	0	0
Total	112	5	8	3	4	2	12	0

Table 1.5: Female employment equity target

Level	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	1	1	1	1
Unskilled	0	0	0	0
Total	1	1	1	1

1.2.2. Explanation of variances

It is not intentional nor deliberate that the Authority created the variance with regard to certain designated genders, races and people with disabilities. It is caused by the nature of the responses to advertised vacancies. The Authority encourages applications from the designated employees but in vain. It is also acknowledged that this challenge is not only experienced by the Authority but a vast number of employers. The Authority uses various media such as the press; on line career junction and the agencies to assist in attracting candidates from the designated groups.

1.2.3 Attempts made to address the variances:

- i. The Employment Equity Plan has been developed to radically address the imbalance in terms representation.
- ii. Preference will be given the designated groups who have the pre-requisite knowledge, skill, ability and qualifications, acknowledging such person's prior learning and relevant experience.
- iii. Employment barriers which adversely affect people from designated groups,

and which are not justified, given the inherent requirement of the job, will be identified and eliminated.

- iv. Workplace infrastructure and facilities are aligned to accommodate the needs of the disabled.
- v. Measures to retain and develop people from designated groups would be considered by management.

1.3 PERSONNEL EXPENDITURE

The organisation views remuneration and benefits as one of the fundamental factors to attract, motivate and retain high performers. During the year under review, the Authority, after sufficient consultations with its stakeholders, adjusted salaries of employees by 7.2% across the board. PSiRA has adopted the Paterson System to determine the post levels in their 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 2014/15

Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. As a % of total exp	Total No. Staff	Average personnel cost pp
Law Enforcement	61 965 000	44 408 659	72%	135	328 953
Finance and Administration	68 651 000	28 950 255	42%	70	413 575
Communication and Training	18 095 027	10 464 185	58%	31	337 554
Totals	148 711 027	83 823 099	56%	236	355 182



Graph 1.2: Personnel cost per programme 2014/15

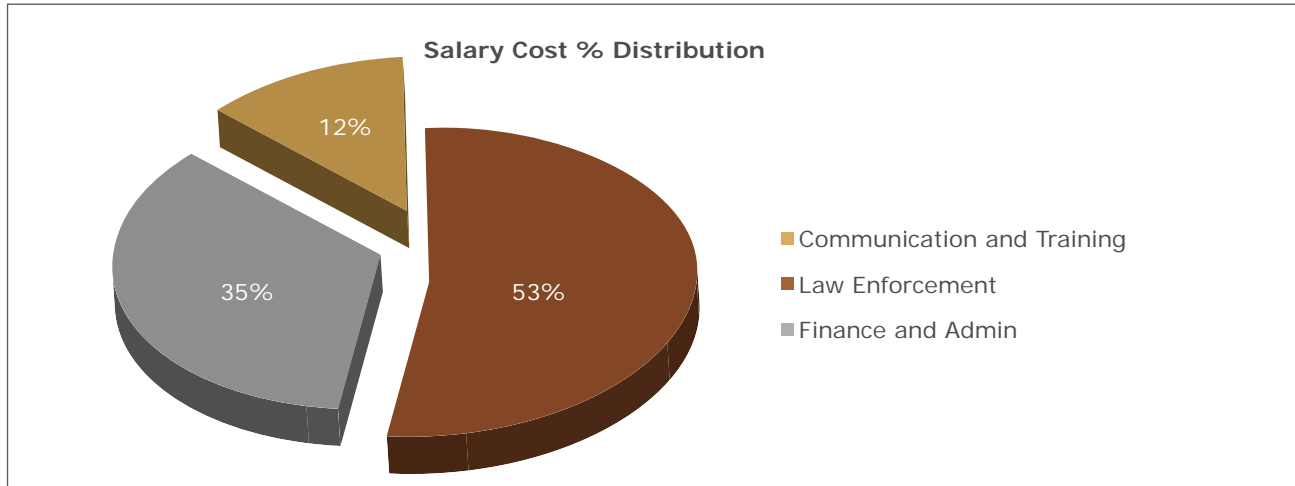


Table 1.7: Personnel cost salary band 2014/15

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	5 492 461	7%	5	1 098 492
Senior Management	5 945 676	7%	6	990 946
Professional qualified	10 661 285	13%	14	761 520
Skilled	31 426 608	37%	63	498 835
Semi-skilled	27 645 315	33%	125	221 163
Unskilled	991 813	1%	7	141 688
Contracts and interns	1 659 941	2%	16	103 746
TOTAL	83 823 099	100%	236	355 182

1.4 EMPLOYMENT AND VACANCIES

The table below depicts the number of the posts per establishment, posts which are vacated and filled. The high rate of vacancy is as a result of the fact that the approved new structure could not be fully implemented

due to a lack of funds. PSiRA always ensures that vacated posts are filled within a reasonable time to avoid disruptions on its operations.

Table 1.8: Employment and vacancies per programme

Programme	2013/2014 No. of Employees	2014/2015 Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies	% of vacancies
Law Enforcement	125	154	128	26	17%
Finance & Admin	54	89	63	26	29%
Communications & Training	32	38	29	9	24%
TOTAL	211	281	220	61	27%

Graph 1.3: Vacancy rate per programme

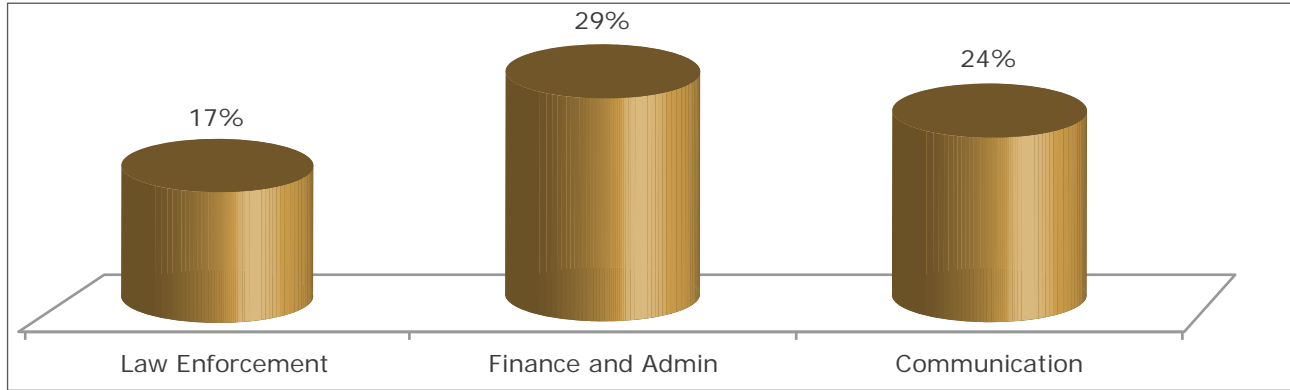


Table 1.9: Employment and vacancies per occupational levels

Occupational Levels	2013/2014 No. of Employees	2014/2015 Approved Posts	2014/2015 No. of Employees	2014/2015 Vacancies
Top Management	5	5	4	1
Senior Management	6	9	6	3
Professional qualified	12	19	12	7
Skilled	64	84	65	19
Semi-skilled	117	149	125	24
Unskilled	7	15	8	7
TOTAL	211	281	220	61

1.5 ANNUAL EMPLOYMENT TURNOVER

This section gives information on changes in employment over the financial year. During the financial year under review, the total termination rate was 12% of the staff composition (only permanently employed). The standard industry practice recommends that if the turnover is 26.7% in a given time, the organisation

might want to review its selection and on-boarding processes. In the instance of PSiRA, it was established that most of the employees who voluntarily resign are leaving for higher positions. This is probably affected by the organisational flat structure which limits advancement in some levels within the occupational structure of the Authority.

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

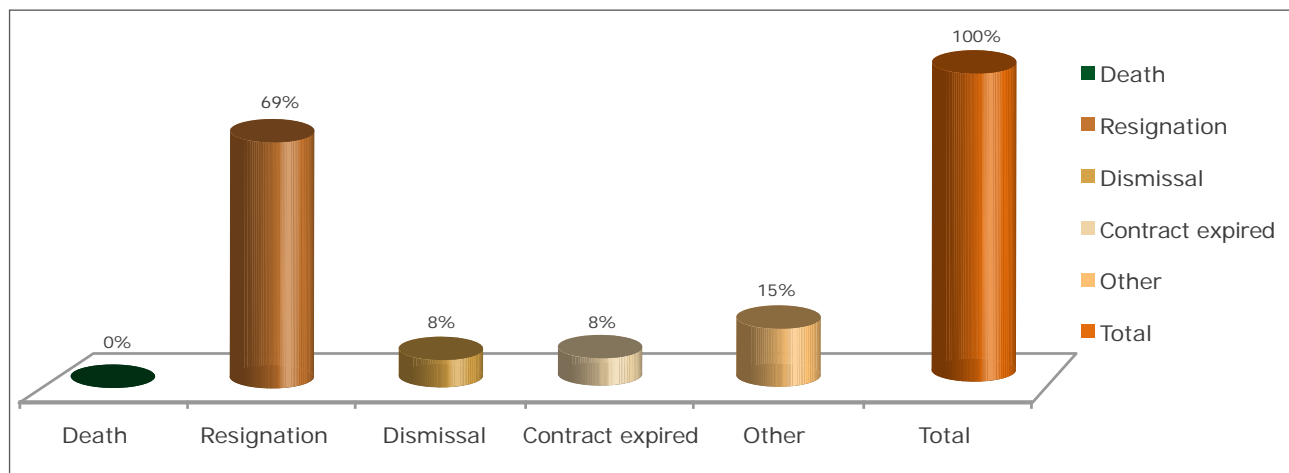
Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	5	1	2	4
Senior Management	6	0	0	6
Professional qualified	12	3	3	12
Skilled	64	10	9	65
Semi-skilled	117	17	9	125
Unskilled	7	4	3	8
Total	211	35	26	220



Table 1.11: Reasons for termination (Permanent and contract)

Termination Type	Number	%
Death	0	0%
Resignation	18	69%
Dismissal – Misconduct	2	8%
Retirement	0	0%
Ill Health	0	0%
Contract expired	2	8%
Other	4	15%
Total	26	100%

Graph 1.4: Reasons for termination (Permanent and contract)



1.12. Vacancies per programme

Programme	Department/Region	No. Vacancies
Law Enforcement	Head Office	8
	Mthatha	3
	Port Elizabeth	1
	Nelspruit	0
	KwaZulu-Natal	3
	Western Cape	4
	Limpopo (Polokwane)	1
	Legal Services (HO)	3
	Johannesburg	3
	Total- Law Enforcement	
Finance and Admin	Finance and Account (HO)	4
	Accounts Receivable (HO)	2
	Business Information System (HO)	5
	SCM (HO)	2
	Office Service and facilities	1
	Asset Management	4

Programme	Department/Region	No. Vacancies
	Office of the CEO	3
	Human Capital	4
	Office of the Chairperson	1
Total Finance and Admin		26
Com and Training	Registration	2
	Communications, Events and Research	6
	Training	1
Total Com & Train		9
Grand Total		61

2. SKILLS DEVELOPMENT AND TRAINING

The Authority through its Human Capital Division recognises its human capital as the most important asset that drives its strategic objectives and the realisation of its mission and vision. The Authority has therefore put in place various training and development programmes to enable and capacitate its employees to perform effectively and efficiently towards its strategic goals attainment.

The Human Capital Division has undertaken various training and development programmes to capacitate the Authority's employees in this regard. The training needs were identified through vigorous skills audit exercises and also by means of the Performance Management System by setting the personal development plans (PDP) for every employee. Employees from different occupational levels were recommended for various trainings which aimed to improve their skills and ultimately contribute to the overall performance of the organisation.

Table 1.13: Training and development per programme

Directorate/ Business unit	Total no. of personnel	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No. of employees trained	Avg training cost per employee
Law Enforcement	128	44 408 659	220 247	0,5%	96	2 294
Finance and Admin	63	28 950 255	285 916	1,0%	71	4 027
Communications and Training	29	10 464 185	95 941	0,9%	14	6 853
Total	220	83 823 099	602 104	0,7%	181	3 327

2.1 Internship Programme

During the 2014/2015 financial year (FY), the Authority appointed five Interns from the South African Safety and Security Sectorial Education and Training Authority (SASSETA) in the Private Security Chamber. These Interns were placed in different programmes within the Authority. The sixth Intern was absorbed from the 20 Interns who were appointed in the FY 2013/2014.

Through this engagement, the Authority fulfilled its social responsibility and also assisted in the call out of the Government's mandate to reduce unemployment of the youth and graduates in the country. Through this gesture, the Authority made a difference to these five appointed Interns by offering them employment opportunities and meaningful hands-on work experience and exposure in the workplace. These Interns were retained on permanent appointments and long term fixed term contracts.





Table 1.14.1: Placement of Interns

Internship Programme	Division/Region	Number of placements	Permanent appointment		
			No. of Interns absorbed	External permanent appointments	Contract placement by PSiRA
Compliance and Law Enforcement	Eastern Cape	1	0	0	1
	Western Cape/Legal	1	1	0	0
Communication and Training	Johannesburg Satellite Office	1	0	0	1
	Research and Development	1	0	0	1
Finance and Procurement	Registration	2	0	0	2
Total		6	1	0	5

3. LABOUR RELATIONS

3.1 Management of Industrial Relations

The Authority, through its Human Capital Unit endeavours to establish a harmonious working environment which is conducive to a collaborated team effort to attain its strategic objectives. The Authority embraces its human capital as the most important asset in this regard. The Human Capital Unit upholds the organisation's Code of Conduct to ensure that the Human Capital's performance and conduct are in adherence to its Code of Conduct and the required performance standards.

The Human Capital Unit has an effective grievance resolution mechanism which seeks to encourage

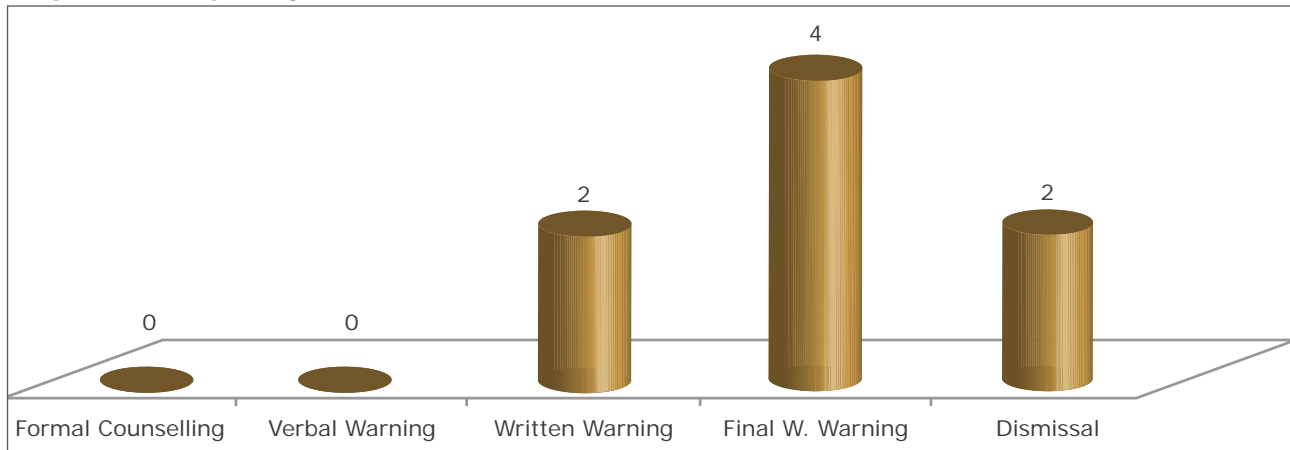
parties' to adapt to the environmental changes within which the organisation operates from, inter-alia, the diversity issues amongst the employees and the clients they serve. Effective communication and consultation between management and employees has yielded positive results to address matters of mutual interests in a flexible manner which cultivates productivity and a harmonious working environment. Disciplinary matters finalised for the FY 2014/2015:

Progressive disciplinary actions taken against the Authority's employees as corrective measures to enforce the Code of Conduct and its values for staff members and Inspectors:

Table 1.15 Disciplinary matters finalised

Disciplinary Actions taken	Number of incidents
Verbal warning	0
Written Warning	2
Final Written Warning	4
Dismissal	2
Total	8

Graph 1.5 Disciplinary matters finalised



Towards the end of the FY 2014/2015, the Authority suspended a number of its employees on allegations of misconduct relating to the loss of certificates and those who tampered with Compiere System to undertake unauthorised activities.

3.2 Union involvement

In compliance with the requirement of the Labour Relations Act and the Constitution, the Authority recognises the right of freedom of association for its employees. To this effect, the Authority has recognised South African Transport and Allied Workers Union (SATAWU) as the official Trade Union which represents the interests of the majority of its employees. It also acknowledged that Solidarity represents a smaller percentage of workers compared to SATAWU. It is therefore on these grounds that the Authority maintains a functional and harmonious working relationship with them as contained in the collective agreement which both the parties entered into. This agreement ensures that the parties consult with each other on conditions of service, such as, salary negotiations and development of policies. SATAWU’s shop stewards are further allowed representation on the appointment of staff, disciplinary matters of their members and general consultation with their constituencies.

The Human Capital Division of the Authority undertakes the administrative function of debiting and crediting SATAWU and Solidarity members’ subscriptions.

4. PSiRA’s EMPLOYEE WELLNESS PROGRAMME

CAREWAYS was appointed as the new provider of Employment Assistance Programme (EAP) replacing Metropolitan Health whose contract ended in August 2014.

This initiative, in past years, has immeasurably contributed to the wellbeing of the employees and has evidently positively impacted on the performance of the Organisation. Employees and their family members are voluntarily participating or making use of this programme. The main purpose of this programme is to provide assistance to PSiRA employees with socioeconomic challenges. This programme is designed to ensure that the following is achieved:

- Promote a workplace wellness programme
- Create awareness programmes, provide care and support on HIV/Aids and other life threatening diseases
- Reduce behavioural crises associated with personal problems

The utilisation of the programme has tremendously increased since the appointment of the CAREWAYS Group and it is therefore presumed that the increase was the result of aggressive marketing and awareness campaigns they employed, subsequent to their appointment last year. The following table depicts the number of problems experienced by PSiRA employees and their families



Table: 1.16 Referral report

Category	Problems	No. of events
Legal	Matrimonial	1
	Consumer	4
	Wills and succession	7
	Family	1
	Total	13
Personal emotional	Traumatic event	3
	Stress	1
	Total	4
Couple and Family	Child behavioural problems	3
	Couple relationship	2
	Divorce	1
	Total	6
Work related	Health issue	1
	Lower production	2
	Poor motivation	1
	Total	4

5. LEAVE UTILISATION

Leave administration is managed within the provision of the leave policy. The leave module on the VIP payroll

is constantly managed to ensure correct balances of leave days. The table below depicts the summary utilisation of leave in the Authority.

Programme	No of Employees	Annual	Sick	Family	Study	Totals	Ave. per Employee
Law Enforcement	128	2 073	680	86	22	2 861	22
Finance and Admin	63	1 209	1 005	58	43	2 315	37
Communications and Training	29	474	253	25	4	756	26
Total	220	3 756	1 938	169	69	5 932	27





PART D

PERFORMANCE INFORMATION



STRATEGIC OUTCOME ORIENTED GOALS

In August 2010, National Treasury published a Framework for Strategic Plans and Annual Performance Plans (Framework). As a schedule 3A public entity, PSiRA has to comply with the requirements of this Framework. PSiRA's Strategic Plan (2014/15 – 2018/19) and Annual Performance Plan (2014/15 – 2016/17) have been developed in line with this Framework.

PSiRA is expected to deliver in terms of the fifteen outcomes as per the Strategic Plan and its achievements in line with the goals are as follows:

PROGRAMME 1: ADMINISTRATION

- Outcome 1: Effective Revenue Management
- Outcome 2: Sustainable Funding Model
- Outcome 3: Compliance to PFMA
- Outcome 4: Compliance to corporate governance and IT standards
- Outcome 5 : Competent and performing workforce

PROGRAMME 2: LAW ENFORCEMENT

- Outcome 6: Increased monitoring and investigation of security service providers to ensure compliance with existing legislation.
- Outcome 7: Security businesses licensed to possess firearms in the private security industry are fully

accounted for.

- Outcome 8: Increased compliance to minimum standard of occupational conduct of SSP'S

PROGRAMME 3: COMMUNICATIONS, REGISTRATION (CRM) AND TRAINING

- Outcome 9: Increased awareness of the functions and role of PSiRA in the industry
- Outcome 10: Increased efficiency of resolving consumer complaints
- Outcome 11: Increased protection and enforcement of Private Security Industry Personnel Right
- Outcome 12: Increased compliance to minimum professional standards in the training of SSP's
- Outcome 13: Effective and efficient Registration Process
- Outcome 14: Improve the integrity of PSiRA registration certificate
- Outcome 15: Research to support external functions

STRATEGIC OBJECTIVES AGAINST PRE - DETERMINED TARGETS

1. PROGRAMME 1: ADMINISTRATION

- Purpose** : Provide leadership, strategic management and administrative support to the authority.
- Measurable Objectives** : The programme aims to ensure effective leadership, management and administrative support to the entity through continuous refinement of organisational strategy and structure in line with appropriate legislation and best practice

1.1 SUB-PROGRAMME: FINANCE AND ADMINISTRATION

Strategic Objective: Ensure good governance and sound financial control environment					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
a. Annual Adjustments of administrative fees with CPI	The administration fees were reviewed and implemented in March 2014	Adjustment of administration fees with CPI	The adjusted administration fees were published in March 2015	Achieved	
b. Reviewed annual fees in place	NA	Annual fees reviewed	The new annual fees were reviewed and effective on 1 April 2015	Achieved	
c. Funding Policy in place	N/A	Develop a funding policy in March 2015	Funding policy in place	Achieved	
d. Reduced external audit findings	N/A	95% of findings resolved by tracking against CAP	97% of findings resolved	Achieved +2%	More efforts and measures were placed to resolve all findings, which resulted in over achieving our target.

1.2 SUB- PROGRAMME: BUSINESS INFORMATION TECHNOLOGY

Strategic Objective: Ensuring that PSiRA has in place effective and reliable IT Systems

Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
a. Critical IT Infrastructure restored within the set timeline on the Business Continuity policy (working days)	N/A	120 hours	36 hours	Achieved + 84 hours	The over achievement is due to focus on critical IT infrastructure, which were duly identified and tested. If the entire IT infrastructure system were recovered, it would have taken the Authority close to 120 hours.
b. % of improved IT user satisfaction	2 Surveys were conducted	70% user satisfaction rating	Average of 76.10% user satisfaction rating	Achieved + 6.10%	The user services for IT have been improved.
c. Reviewed IT business Continuity Policy in place	Policies were approved by Council on 31 March 2014	Review IT Business Continuity in place	Reviewed policy approved by council	Achieved	

1.3 SUB-PROGRAMME: HUMAN CAPITAL

Strategic Objective: To ensure that PSIRA has a competent, ethical and skilled workforce					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
a. Frequency of conducting employee performance assessments	Only 95% of assessment conducted midyear and end of financial year	Bi-Annually	Performance assessments were successfully conducted	Achieved	
b. % of employees achieving a performance rating of 3 and above	N/A	90%	79% of employees achieved a rating of 3	Not Achieved -11%	Mid-year assessment was used for reporting. Remedial steps have been employed to improve the rating with the final assessment.
c. % training programmes completed in line with the Work Skill Plan	N/A	85%	91%	Achieved +6%	

2. PROGRAMME 2: LAW ENFORCEMENT

- Purpose** : Ensure that there are effective regulations in the security industry and enforcement of law and compliance to the regulations
- Measurable Objectives** : The programme aims to ensure that SSP comply with the regulations by doing regular inspections for both security officers and security businesses.
- Ensure that those who are not complying with the regulations are charged and prosecuted.

2.1 LAW ENFORCEMENT, COMPLIANCE AND LEGAL SERVICE

Strategic Objective : To enable effective compliance and enforcement of PSIRA legislation in order to achieve behavioural changes in the industry					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
a. Number of inspections conducted at security businesses	4 283	3 870	4 114	Achieved +244	Filling of inspector vacancies during the financial year. Assistance from inspectors in the Law Enforcement Department in conducting inspections as part of their investigations
b. Number of inspections conducted on security officers	22 790	22 270	23 555	Achieved +1 285	Filling of inspector vacancies during the year. The Department was also involved in a number of weekend and after hour operations at sport stadiums to ensure compliance during the events. As a result a high number of security officer inspections were conducted in the 4th quarter. Assistance from inspectors in the Law Enforcement Department to conduct security officer inspections also contributed to the over achievement.

Strategic Objective : To enable effective compliance and enforcement of PSIRA legislation in order to achieve behavioural changes in the industry

Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
c. % of investigations finalised in respect of non-compliant SSP's	N/A	60%	79%	Achieved +19%	Appointment of additional inspectors in the Law Enforcement Department.
d. % of criminal cases opened against non-compliant SSP'S	N/A	75%	86%	Achieved +11%	SAPS registered criminal case codes in respect of offences in terms of PSIR Act on CAS. General improved relations with SAPS on station level through PSIRA/SAPS interaction as well as through stakeholder forums i.e. PICF's
e. Reviewed law enforcement strategy in place	N/A	Review of law enforcement strategy	Strategy reviewed	Achieved	
f. Number of security businesses licensed to possess firearms inspected	N/A	900	1 035	Achieved +135	Assistance from inspectors in the Law Enforcement Department to conduct inspections in respect of businesses licenced for fire-arms.
g. % of inspected SSP's (businesses) complying with the minimum standards per year	N/A	60%	50%	Not Achieved -10%	Refer to note* below

Strategic Objective : To enable effective compliance and enforcement of PSiRA legislation in order to achieve behavioural changes in the industry					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
h. % of inspected SSP's (officers) complying with the minimum standards per year	N/A	60%	42%	Not Achieved -18%	Refer to note* below
i. % of cases of non-compliant SSP's prosecuted per year	89%	70%	79%	Achieved +9%	Alternative dispute resolution methods employed.

Note (*) – In determining the level of compliance in respect of security businesses and security officers as per the strategic plan, it was the intention of the Authority to determine the average level of compliance of both security businesses as well as security officers against pre-determined compliance areas. In the case of security businesses, these compliance areas includes the deployment of registered security officer, deployment of trained security officers, paying annual fees, reporting intakes/dismissals, complying with regulation 10 documents, paying minimum wages and complying with provident fund. The average level of compliance against these pre-determined compliance areas are 86%.

In the case of security officers, the compliance areas includes the registration and training status of the security officers, the carrying of PSiRA cards, compliance with uniform requirements and whether the security officer is linked to the security business. The average level of compliance against these pre-determined compliance areas are 80%.

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

Purpose : Provide effective communication with stakeholders

Ensure that training standards are adhered to

Ensure that registration process is done in accordance with the PSIR Act.

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

3.1 Communications and Stakeholder Management

Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSIRA in the industry					
Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
a. Number of public awareness programmes on PSIRA's role and functions	43 Public awareness activities done	18 Public Awareness Programmes	66 Public Awareness Programmes	Achieved +48	<ul style="list-style-type: none"> ▪ The over achievements are as a result of: ▪ Deployment of innovative awareness programmes through integrated marketing communication platforms. ▪ Furthermore, we intensified our stakeholder collaborative engagements and initiatives with the media and strategic partners such as SAPS, DoL, CCMA and PSSPF.
b. Number of public awareness programmes on PSIRA's role and functions for security businesses	N/A	6 Industry Awareness Programmes	28 Industry Awareness Programmes	Achieved +22	<ul style="list-style-type: none"> ▪ Intensified our compliance forum initiatives ▪ Intensified our stakeholder collaborative engagements and initiatives with the media and strategic partners such as SAPS, DoL, CCMA and PSSPF



Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSiRA in the industry					
Performance indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
c. Number of public awareness programmes on PSiRA's role and functions for security officers	N/A	6 Industry Awareness Programmes	13 Industry Awareness Programmes	Achieved +7	<ul style="list-style-type: none"> ▪ Intensified our compliance forum initiatives ▪ Intensified our stakeholder collaborative engagements and initiatives with the media and strategic partners such as SAPS, DoL, CCMA and PSSPF



Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSIRA in the industry

Performance indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations				
d. Average turnaround time taken to resolve complaints received from consumers through the call centre (working days)	N/A	Average of 24 hours	Average of 14 hours	Achieved +10 hours	<ul style="list-style-type: none"> ▪ All complaints received through the call centre were resolved within the 24-hour period. Folders of all emails documenting the time for each complaint received and resolved were kept as evidence for auditing purposes. However, this evidence was not sufficient for auditing purposes. ▪ Another calculation in line with the technical indicator description formula was done and 93% of complaints received through the call centre were successfully resolved. ▪ Both the KPI description and calculation formula of this indicator will be properly aligned to eliminate any discrepancies that might occur in future thereof. <p>Total of number of consumer complaints resolved through the call centre</p> <hr/> <p>Total number of complaints received from consumers through the call centre</p> <table style="margin-left: 20px;"> <tr> <td>16 984</td> </tr> <tr> <td><u>18 191</u></td> </tr> <tr> <td>0.93</td> </tr> <tr> <td>93%</td> </tr> </table>	16 984	<u>18 191</u>	0.93	93%
16 984									
<u>18 191</u>									
0.93									
93%									



Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSiRA in the industry					
Performance indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
e. Number of awareness programmes on the Sectoral Determination	N/A	12 Awareness programmes	17 Awareness programmes done	Achieved +5	The over achievements are as a result of: <ul style="list-style-type: none"> ▪ Deployment of innovative awareness programmes through integrated marketing communication platforms. ▪ Intensified our compliance forum initiatives with both employer associations and trade unions.
f. Number of formalised partnerships with employee-based stakeholders	N/A	1 MoU	1 MOUs done	Achieved	

3.2 Industry Training

Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSiRA in the industry					
Performance indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
g. Date of implementation of security training policy	N/A	March 2015	Established various sector subcommittee to review the current skills programme	Not Achieved	Unavailability of Key role players such SASSETA and QCTO. The unavailability and commitment of these stakeholders (in particular SASSETA) has contributed to the target not being successfully achieved.
h. % of accredited training SSP's complying with the minimum professional standards as stipulated in the training policy	N/A	5 %	7%	Achieved +2%	<ul style="list-style-type: none"> ▪ Industry awareness created in relations to the signed MoU between SASSETA and PSiRA. ▪ Effective stakeholder engagement through industry compliance forums especially targeted at training providers also contributed to the over achievement.
i. Training compliance forums established	N/A	Establish 1 national forum	1 national forum established	Achieved	
j. Number of capacity building activities for SSP training institutions	N/A	4 Capacity building activities	6 Capacity building initiative/workshop	Achieved +2	<ul style="list-style-type: none"> ▪ Industry awareness created by the Authority in relations to the signed MoU between SASSETA and PSiRA. ▪ Improved stakeholder relations between PSiRA and the Electronic Sector also contributed to the over achievement as more stakeholders demanded additional engagements with the Authority with the objective of improving their compliance in relation to industry training.



3.3 Registration

Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSiRA in the industry					
Performance indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
k. Average turnaround time of applications for registration meeting all the requirements for security businesses (working days)	Average of 15 days	Average of 20 days	Average of 15 Days	Achieved + average of 5 days	<ul style="list-style-type: none"> The stakeholder awareness that took place during the 2014/2015 financial year contributed towards achieving this target. Staff training within the registration unit with objective also added to the operational efficiency improvements. Compiling the registration manual which clearly outlined the processes that internal staff should follow when registering security service providers immensely also had a positive contribution to the target achievement.
l. Average turnaround time of applications for registration meeting all the requirements for security officers (working days)	Average of 19 days	Average of 20 days	Average of 17 days	Achieved + average of 3 days	<ul style="list-style-type: none"> The stakeholder awareness that took place during the 2014/2015 financial year contributed towards achieving this target. Staff training within the registration unit with objective also added to the operational efficiency improvements. Compiling the registration manual which clearly outlined the processes that internal staff should follow when registering security service providers immensely also had a positive contribution to the target achievement.



Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSIRA in the industry

Performance indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
m. % of new registration certificates rolled out (on active security officers)	N/A	20% (90 000)	14% (64 106)	Not Achieved -6% (-25 894)	The project was only implemented with effect from the 1st December 2014 due to delays experienced with Home Affairs in integrating the system for finger print verification. Also aging IT infrastructure challenges.
n. % of new registration certificates rolled out (on active businesses)	N/A	20% (1 800)	13% (1 234)	Not Achieved -7% (-566)	<ul style="list-style-type: none"> ▪ The project was only implemented with effect from the 1st December 2014 due to delays experienced with Home Affairs in integrating the system for finger print verification. Also aging IT infrastructure challenges. ▪ The target could not be achieved as some businesses did not meet the compliance requirements such as full payment of annual administration fees, tax clearance certificate, COID and Provident Fund.

3.4 Research and Development

Strategic Objective: Promote awareness amongst the public and the private security industry on the functions and role of PSiRA in the industry					
Performance indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
o. Number of completed areas of research that are of high priority	2 research topic proposals were completed	2 Research Topics	2 Research Topics	Achieved	
p. Number of completed surveys	N/A	4 Surveys	4 Surveys	Achieved	

Strategy to overcome areas of under performance

a) Programme 1: Administration

% of employees achieving a performance rating of 3 and above

- Mid-year assessment was used for reporting. Remedial steps have seems been employed to improve the rating with the final assessment.

b) Programme 3: Communication, Training and CRM

Date of implementation of security training policy

- Part of the achievement of this target is reliant on the critical participation and full commitment of external agencies such SASSETA, QCTO and SAQA. The unavailability and commitment of these stakeholders (in particular SASSETA and QCTO) has contributed to the target not being successfully achieved.
- The Authority has successfully established sector subcommittees to review the current skills programme and make the necessary recommendations for the draft training regulations.

% of new registration certificates rolled out on active businesses and security officers

- The project was only implemented with effect from the 1st December 2014 due to delays by Home Affairs system for finger print verification.
- The Authority has intensified its awareness programmes with all stakeholders in order to effectively promote the initiative. Furthermore, the Authority has taken the Renewal Project to the remote areas through establishment of temporary mobile offices with the objective of making the services accessible to all stakeholders.

Unaudited Budget v/s Expenditure per Programme for 2014/15

Programme Name	2014/15			2013/14		
	Budget	Actual	(Over)/Under Expenditure	Budget	Actual	(Over)/Under Expenditure
R'000						
Administration	83 211	76 704	6 507	83 217	63 651	19 566
Law Enforcement	66 221	56 044	10 177	55 691	56 999	(1 308)
Communication, CRM and Training	19 029	15 963	3 066	15 120	16 475	(1 355)
Total	168 461	148 711	19 750	154 028	137 125	16 903



2014 Mandela Day





PART E

FINANCIAL INFORMATION



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PART E

FINANCIAL INFORMATION

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PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

REPORT OF THE DIRECTOR

Report of the Director to the Executive Authority and Parliament of the Republic of South Africa.

1. General Review of the State of Affairs

Financial Performance

The entity posted a deficit of **R16.7 million** for the year ended 31 March 2015, compared to a deficit of **R6.5 million** for the year ended 31 March 2014 (originally reported a surplus of **R21.6 million**). The deficit for the current financial year and the restated deficit for the prior year are as a result of passing credit notes for the period 1 January 2012 to 30 November 2014 to correct the overbilling of the annual fees which were amended in the fees promulgated in the revised 2011 Annual Fees Regulations which were set aside by the Supreme Court of Appeal. Credit notes totalling **R115.6 million** were passed **R31.5 million** applicable to the financial year ending 31 March 2015, **R39.6 million** applicable to the financial year ending 31 March 2014 and **R44.5 million** applicable to the financial year ending 31 March 2013 and prior. These adjustments were treated as prior period errors and the prior periods were restated to reflect the impact of these credit notes.

Revenue and Other Income

Gross revenue for the year ended 31 March 2015 was **R132.0 million** compared to **R130.6 million** for the year ended 31 March 2014 (originally reported **R170.3 million**).

Gross Revenue

Gross revenue R million	Restated		
	2015	2014	%
Revenue	127.1	126.7	100%
Other income	4.9	3.9	126%
Gross revenue	132.0	130.6	101%

Revenue is flat due to revenue from course reports which increased by **24.9%** over the financial years and revenue from registrations which increased by **9.1%** over the financial years being compensated by a drop in annual fees of **4.5%**.

Other income has increased due to interest income and bad debts recovered increasing.

Operating Expenses

Gross operating expenses for the year ended 31 March 2015 was **R148.7 million** compared to **R137.1 million** for the year ended 31 March 2014 (originally reported **R148.7 million**)

Gross Operating Expenses

R million	Restated		
	2015	2014	%
Gross operating expenses	148.7	137.1	108%

Employee costs increased by **28.3%** over the financial years however if the actuarial gains and the performance bonus provision movements are excluded the increase is only **6.4%** year on year. The bad debts provision movements dropped by **68.4%** year on year.

Impairment of Debtors

The impairment of debtors for the year ended 31 March 2015 was **R5.0 million** compared to **R16.0 million** for the year end 31 March 2014 (originally reported **R27.8 million**). The restated impairment of debtors figure for the 2014 year end was as a result of identifying debtors which had been written off in that year amounting to **R5.2 million** which were still active debtors accounts and by the identification of a material error in the calculation of the bad debts impairment provision of **R6.4 million**.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

REPORT OF THE DIRECTOR

Consulting and professional fees

Consulting and professional fees for the year ended 1 March 2015 was **R3.5 million** compared to **R3.0 million** for the year ended 31 March 2014. Included in these amounts is Information Technology Consulting which was **R1.3 million** for both 2015 and 2014. Other amounts included in consulting and professional fees are forensic investigation fees, debt collection fees, recruitment agency placement fees and strategic planning facilitation fees. An amount of **R0.5 million** paid for forensic investigation fees accounted for the current year increase.

Rental of Equipment and Premises

Lease payments for the year ended 31 March 2015 were **R13.7 million** compared to **R13.8 million** for the year ended 31 March 2014.

Financial Position

Debt Management

Debt arises from the annual fees, fines, penalties and interest that are billed to registered security service providers.

Bad debts recovered in the financial year ended 31 March 2015 was **R1.9 million** compared to **R0.4 million** in the financial year ended 31 March 2014. Bad debts written off in the financial year ended 31 March 2015 was **R0** compared to **R24.6 million** written off during the financial year ended 31 March 2014. The passing of the credit notes as a result of overbilling on annual fees had the impact of improving the debtor's book.

Working Capital Management

The liquidity of the entity has been compromised by the passing of credit notes for the overbilling of annual fees. The current ratio is a liquidity measure, which

tests an entity's ability to pay its maturing short-term obligations. The liquidity ratio at 31 March 2015 is **0.60:1** compared to **0.75:1** as at 31 March 2014. To overcome the liquidity problem faced immediately, refunds due to the security service providers will be made over the next three years as and when funds are available. The refunds due to security service provider's amounts to **R80.3 million** at 31 March 2015.

2. Service rendered by the Authority

PSiRA is mandated to regulate the private security service industry. In doing so, certain services, such as registration of security officers and businesses, are offered. The statistics on operational activities as they relate to the services rendered are presented in the Operational Review Section. Such services include the following:

- Registration of security officers
- Deregistration of security businesses
- Issuing and reissuing letters of good standing
- Reissuing of registration certificates
- Reissuing of PSiRA identity cards; and
- Processing of training course reports.

Free services include:

- Verification of security services to facilitate firearm licensing by SAPS.

Tariff Policy

There is a tariff structure for administration services rendered. The fee structure was reviewed and approved by the Accounting Authority. The annual fees are determined in accordance with the enabling legislation. The annual fees are the biggest contributor to revenue and these are imposed through the enabling legislation. Such fees are charged to and collected from registered security businesses and security officers who are in employment.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

REPORT OF THE DIRECTOR

3. Capacity constraints

The number of inspectors employed by PSiRA is not aligned to the size of the industry. This is due to the exponential growth in the industry not being matched by employment of inspectors due to funding constraints.

4. Events after the Reporting Date

Professor N Mazibuko was appointed chairperson of the accounting authority on 16 April 2015.

The accounting authority approved the payment of performance bonuses for the 2014 financial year.

5. Information of Predetermined Objectives

The predetermined objectives, performance results and variance explanations are presented in the Performance Information section.



Mr Manabela (Sam) Chauke
Director (CEO) PSiRA



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Private Security Industry Regulatory Authority (PSiRA) set out on pages 117 to 164, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, statement of cash flow and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the PSiRA as at 31 March 2015 and its financial performance and cash flows for then ended, in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the PFMA.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

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

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 24 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of errors discovered during financial year ending 31 March 2015 in the financial statements of the PSiRA at, and for the year ended, 31 March 2014.

Going concern

9. Note 27 to the financial statements indicates that the PSiRA incurred a net loss of R16 727 505 during the year ended 31 March 2015 and, as of that date, the public entity's current liabilities exceeded its total assets by R85 020 779. These conditions, along with other matters as set forth in note 27, indicate the existence of a material uncertainty that may cast significant doubt on the public entity's ability to operate as a going concern.

Material impairments

10. As disclosed in note 6 to the financial statements, provision for impairment to the amount R8 957 998 (2013: R3 911 510) was raised on trade debtors, as a result of uncertainty regarding the recovery of the amounts due.

Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in

terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2015:
 - Programme 2: Law Enforcement on pages 94 to 96
 - Programme 3: Communication, Registration (CRM) and Training on pages 97 to 104
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for Managing Programme Performance Information (FMPPI)*.





PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

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

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. The material findings in respect of the selected programmes are as follows:

Programme 2: Law Enforcement

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for Law enforcement.

Programme 3: Communication, Registrations (CRM) and Training

Usefulness of reported performance information

18. Performance indicators should be well defined and have processes and systems that are verifiable by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPPI. A total of 31% of the indicators were not well defined and verifiable. This was due to management not ensuring that proper systems, processes and sufficient technical indicator descriptions are in place.

19. As a result of the above, a total of 31% of the performance targets were not specific in clearly identifying the nature and required level of performance and measurable as required by the FMPPPI.

Reliability of reported performance information

20. The FMPPPI required auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete

reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to:

- The reported achievement for the indicator percentage of new registration certificates rolled out to security officers was not valid, accurate and complete. This was due to insufficient systems and processes to provide adequate and reliable appropriate audit evidence
- The reported achievement for the indicator percentage of new registration certificates rolled out on active business was not valid and accurate. This was due to insufficient systems and processes to provide adequate and reliable appropriate audit evidence
- The reported achievement for the indicator average turnaround time taken to resolve complaints received from customers through the call centre could not be verified. This was due to insufficient systems and processes to provide adequate and reliable appropriate audit evidence

Additional matters

21. We draw attention to the following matters. Our conclusion is not modified in respect of these matters:

Achievement of planned targets

22. Refer to the annual performance report on pages 94 to 104 for information on the achievement of planned targets for the year. This information should be considered in the context of material findings on the usefulness and reliability of the reported information for the selected programmes reported in paragraph 17, 18, 19 and 20 of this report.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

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

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for programme 2: Law enforcement. As management subsequently corrected the misstatements we did not raise any material findings on the usefulness and reliability of the reported performance information.
24. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for programme 3: Communication, registrations (CRM) and training. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

25. The supplementary information set out on page 105 does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not express a conclusion thereon.

Compliance with legislation

26. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

27. Effective, efficient and transparent systems of risk management and internal controls with respect to performance information and management was not maintained at all times as required by section 51(1)(a)(i) of the PFMA.

Financial statements, performance and annual reports

28. The financial statements submitted for auditing were in some instances not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of non-current assets, current assets, liabilities, disclosure items, expenditure and revenue identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Revenue management

29. Effective and appropriate steps were not taken to collect all money due, as required by section 51(1)(b)(i) of the PFMA and Treasury Regulations 31.1.2(a) and 31.1.2(e).

Expenditure management

30. The accounting authority did not take effective steps to prevent irregular expenditure and fruitless and wasteful as required by section 51(1)(b)(ii) of the PFMA.

Consequence management

31. Effective and appropriate disciplinary steps were not taken against officials who incurred and, or permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

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

This was due to the accounting authority not condoning irregular expenditure.

Procurement management

32. In some instances quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

Internal control

33. I considered internal control relevant to my audit of the financial statements, performance information report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion, the findings on the performance information report and the findings on non compliance with legislation included in this report.

Leadership

34. Management did not sufficiently monitor compliance with internal controls to ensure that performance information reported is accurate and reliable.

35. The accounting authority did not ensure that proper systems and internal controls were in place as part of performance target setting processes.

Governance

36. The audit committee did not approve the internal audit plan timely. As a result, internal audit work pertaining to the current financial year commenced late.

Pretoria

31 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The accounting authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in accordance with the Public Finance Management Act (Act 1 of 1999).

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

The accounting authority acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties

to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The 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 the entity's cash flow forecast for the year to 31 March 2016 and in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 112.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

**ACCOUNTING AUTHORITY'S RESPONSIBILITIES
AND APPROVAL**

The annual financial statements set out on pages 122 to 164, which have been prepared on the going concern basis, were approved by the accounting

authority on 31 July 2015 and were signed on its behalf by:

Professor NM Mazibuko

Chairperson of the Accounting Authority

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

ACCOUNTING AUTHORITY'S REPORT

1. Nature of business

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

2. Review of activities

Strategic Objectives and targets

The Authority's Strategic Plan and Annual Performance Plan clearly outline and provide a summary overview of the set objectives and targets. The Authority continued to strengthen its effort towards delivering excellent service in areas of law enforcement, registration and training, stakeholder and customer relationship management. During the year under review compliance inspections of security service providers conducted improved by 2.2% from 27 073 in the previous financial year to 27 669.

Registration of active security officers (employed) decreased by 7.2% from 487 058 to 451 565 during the year under review. This is as a result of the registration renewal drive which has improved the integrity of the database.

The registered active cash-in-transit businesses decreased from 4 465 businesses to 2 137 businesses during the year under review, representing an decrease of 52.1%. The registered active armed response businesses decreased from 4 550 businesses to 3 136 businesses during the year under review, representing a decrease of 31.1%.

Stakeholder awareness and engagements were reinforced using radio and TV interviews, compliance forums, print media campaigns, industry circulars, trade exhibitions, community outreach programmes, capacity building workshops and social media. In addition to these objectives, PSiRA also focused its resources on internal matters like building the organisation, and improving resources and systems to ensure a streamlined service to stakeholders.

Financial performance

During the year under review, actual total operating revenue generated amounted to R132.0 million broken down as follows: R68.7 million (52.0%) annual fees, R26.2 million (19.8%) registration fees, R23.9 million (18.1%) course reports, R4.4 million (3.3%) fines and the balance of R8.8 million (6.8%) was generated from administration fees and other related income.

Revenue for the current financial year amounted to R132.0 million compared to R130.7 million last year. The revenue budget of R185.9 was not met due to the credit notes passed as a result of the overbilling arising from the loss of court case over the promulgated annual fee increases raised from 1 January 2012 to 30 November 2014.

Total expenditure under spending of R19.7 million when compared to the budget was realised. The underspending was as a result of cost containment in light of the loss of the court case. The deficit for the year is R16.7 million against a deficit of R6.5 million in the prior year. The deficits are as a result of the overbilling on annual fees.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

ACCOUNTING AUTHORITY'S REPORT

Cash and cash equivalents balance for the year amounted to R32.0 million. Trade and other receivables amounted to R32.8 million after impairment. Trade and other payables amounted to R97.8 million. Current liabilities exceeded current assets leading to a current ratio of 0.6:1.

3. Going concern

At the time of preparation of annual financial statements for the period under review, the Council members believed that PSiRA will be a going concern in the foreseeable future. For this reason they continue to adopt a going concern basis in the preparation of these annual financial statements. For further details on going concern, refer to note 27 of the financial statements.

4. Accounting policies

The financial statements have been prepared in accordance with GRAP, including any interpretations, guidelines and directives, issued by the ASB.

5. Corporate governance

Council

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

Professor Fikile Mazibuko was appointed Chairperson on 16 April 2015

Mr Thula Bopela (Chairperson) contract ended 31 December 2014

Mr Joy Rathebe (Deputy Chairperson)

Mr Benjamin Ntuli (Council Member)

Major General Cynthia Philison (Council Member)

Adv. Nontokozo Mthembu (Council Member)

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 the Director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Audit Committee

The Audit Committee consists of external members, Mr Nala Mhlongo (Chairperson), Ms Nosiviwe Tshobeni, Mr Charles Motau, Mr Bheki Mkhize and Adv. Thokozani Mvelase. The previous Chairperson Janice Meissner resigned in May 2014. The committee meets at least four times per annum as per its approved terms of reference. Appointed by the Council the committee met more than four times in the current year. The Audit Committee is chaired by an independent chartered accountant 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.

Internal Audit Unit

The Internal Audit Unit is outsourced to BIG Chartered Accountants. Its function is mandated by the Audit 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 policy, and general compliance with governance principles, regulation and the safeguarding of assets. In the year under review internal audit focused on the registration, supply chain management, human resources, law enforcement and financial management.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY

STATEMENT OF RESPONSIBILITY AND GOING CONCERN

At the time of preparation of the financial statements for the year end 31 March 2015, the Council believed that PSiRA will be a going concern for the foreseeable future. The Council, at the date of the signing of this report, believes that the going concern basis is still applicable to PSiRA.

RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The members of the Council are responsible for the preparation of the financial statements.



Mr MS Chauke

Director

Date: 31 July 2015

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2015, set out on pages 122 to 164, have been approved by the Council in terms of section 51(1)(f) of the Public Financial Management Act (PFMA), No 1 of 1999 on 31 July 2015.



Professor NM Mazibuko

Chairperson

Date: 31 July 2015



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

STATEMENT OF FINANCIAL POSITION

Figures in Rands	Note(s)	2015	Restated 2014
Assets			
Non-current Assets			
Property, plant and equipment	3	19 799 175	12 390 138
Intangible assets	4	222 593	300 635
Total Non-Current Assets		20 021 768	12 690 773
Current Assets			
Inventories	5	175 281	625 000
Trade and other receivables	6	32 827 784	26 975 564
Cash and cash equivalents	7	31 995 946	34 743 627
Total Current Assets		64 999 011	62 344 191
Total Assets		85 020 779	75 034 964
Net Assets and Liabilities			
Net assets		(26 088 211)	(18 099 672)
Total Equity		(26 088 211)	(18 099 672)
Non-current Liabilities			
Operating lease liability	9	2 219 725	8 136 387
Employee benefit obligations	8	-	1 691 000
Total Non-current Liabilities		2 219 725	9 827 387
Current Liabilities			
Trade and other payables	10	97 756 806	77 099 706
Unspent conditional grants and receipts	11	-	777 778
Provisions	12	5 587 421	1 185 770
Operating lease liability	9	5 545 038	4 096 995
Employee benefit obligations	8	-	147 000
Total Current Liabilities		108 889 265	83 307 249
Total Liabilities		111 108 990	93 134 636
Total Net Assets and Liabilities		85 020 779	75 034 964

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rands	Note(s)	2015	Restated 2014
Operating revenue			
Revenue from exchange transactions			
Sale of goods	13	2 494 971	2 560 636
Rendering of services	13	549 834	373 960
Annual fees	13	68 713 861	71 975 117
Infrastructure re-assessment	13	27 250	10 000
Course Reports	13	23 979 200	19 201 770
Registration fees	13	26 152 187	23 976 305
		121 917 303	118 097 788
Revenue from non-exchange transactions			
Grant received	13	777 778	2 144 911
Bad debts recovered	14	1 886 753	369 957
Interest received	15	2 122 688	1 449 942
Sundry income	14	899 959	2 035 307
Fines and penalties	13	4 393 382	6 552 450
		10 080 560	12 552 567
Total operating revenue		131 997 863	130 650 355
Operating expenditure			
Employee costs	19	(83 823 099)	(65 330 851)
Other operating expenses	18	(57 233 307)	(53 103 013)
Bad debts	6	(5 046 488)	(15 951 572)
Finance costs	17	(9 749)	(27 819)
Depreciation and amortisation	3 & 4	(2 598 384)	(2 711 886)
Total expenditure		(148 711 027)	(137 125 141)
Loss on disposal of assets		(14 341)	(19 524)
Total other expenditure		(14 341)	(19 524)
Deficit for the year		(16 727 505)	(6 494 310)





PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rands	Note(s)	Revaluation reserve	Accumulated surpluses/(deficits)	Total
Balance at 1 April 2013 as reported			32 877 310	32 877 310
Prior period errors	24		(44 482 672)	(44 482 672)
Restated balance at 1 April 2013			(11 605 362)	(11 605 362)
Deficit for the year			(6 494 310)	(6 494 310)
Restated Balance at 31 March 2014			(18 099 672)	(18 099 672)
Revaluation surplus	3	8 738 966	-	8 738 966
Deficit for the year		-	(16 727 505)	(16 727 505)
Balance at 31 March 2015		8 738 966	(34 827 177)	(26 088 211)

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

STATEMENT OF CASH FLOW

Figures in Rands	Note(s)	2015	Restated 2014
Cash flows from operating activities			
Receipts			
Sale of goods and services and other income		141 848 895	143 238 140
Grants		-	2 144 911
Interest received		2 122 688	1 449 942
Cash generated from operations		143 971 583	146 832 993
Payments			
Employee costs		(81 259 448)	(76 396 851)
Suppliers		(64 245 309)	(57 984 254)
Interest paid	17	(9 749)	(27 819)
Cash used in operations		(145 514 506)	(134 408 924)
Net cash flows from operating activities	20	(1 542 923)	12 424 069
Cash flows from investing activities			
Purchase of Property, plant and equipment		(1 016 818)	(473 501)
Purchase of Intangible assets		(187 940)	-
Net cash flows from investing activities		(1 204 758)	(473 501)
(Decrease)/Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		34 743 627	22 793 059
Cash and cash equivalents at end of the year	7	31 995 946	34 743 627





PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

STATEMENTS OF COMPARISON OF BUDGET AND
ACTUAL AMOUNTS

Figures in Rands	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue from exchange transactions					
Sale of goods	11 415 569	-	11 415 569	2 494 971	(8 920 598)
Rendering of services	4 559 702	-	4 559 702	549 834	(4 009 868)
Annual fees	97 117 428	-	97 117 428	68 713 861	(28 403 567)
Infrastructure re-assessment	1 253 246	-	1 253 246	27 250	(1 225 996)
Course Reports	40 811 058	-	40 811 058	23 979 200	(16 831 858)
Registration fees	19 590 548	-	19 590 548	26 152 187	6 561 639
Total revenue from exchange transactions	174 747 551	-	174 747 551	121 917 303	(52 830 248)
Revenue from non-exchange transactions					
Grant received	1 899 000	-	1 899 000	777 778	(1 121 222)
Bad debts recovered	-	-	-	1 886 753	1 886 753
Interest received	1 601 004	-	1 601 004	2 122 688	521 684
Sundry income	1 238 445	-	1 238 445	899 959	(338 486)
Fines and penalties	6 462 000	-	6 462 000	4 393 382	(2 068 618)
Total revenue from non-exchange transactions	11 200 449	-	11 200 449	10 080 560	(1 119 889)
Total operating revenue	185 948 000	-	185 948 000	131 997 863	(53 950 137)
Employee costs	(82 992 004)	-	(82 992 004)	(83 823 099)	(831 095)
Other operating expenses	(82 663 197)	-	(82 663 197)	(57 233 307)	25 429 890
Bad debts	-	-	-	(5 046 488)	(5 046 488)
Finance costs	(53 000)	-	(53 000)	(9 749)	43 251
Depreciation and amortisation	(2 752 409)	-	(2 752 409)	(2 598 384)	154 025
Total expenditure	(168 460 610)	-	(168 460 610)	(148 711 027)	19 749 583
Loss on disposal of assets	-	-	-	(14 341)	(14 341)
Total other expenditure	-	-	-	(14 341)	(14 341)
Surplus/(deficit) for the year	17 487 390	-	17 487 390	(16 727 505)	(34 214 895)

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

STATEMENTS OF COMPARISON OF BUDGET AND
ACTUAL AMOUNTS

Figures in Rands	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Position					
Assets					
Non-current Assets					
Property, plant and equipment	12 508 000	-	12 508 000	19 799 175	7 291 175
Intangible assets	1 054 000	-	1 054 000	222 593	(831 407)
Total Non-Current Assets	13 562 000	-	13 562 000	20 021 768	6 459 768
Current Assets					
Inventory	-	-	-	175 281	175 281
Trade and other receivables from non-exchange transactions	8 736 000	-	8 736 000	32 827 784	24 091 784
Cash and cash equivalents	22 142 000	-	22 142 000	31 995 946	9 853 946
Total Current Assets	30 878 000	-	30 878 000	64 999 011	34 121 011
Total Assets	44 440 000	-	44 440 000	85 020 779	40 580 779
Net Assets and Liabilities					
Revaluation reserve	-	-	-	8 738 966	8 738 966
Accumulated surplus/(deficit)	3 182 000	-	3 182 000	(34 827 177)	(38 009 177)
Total Equity	3 182 000	-	3 182 000	(26 088 211)	(29 270 211)
Non-current Liabilities					
Operating lease liability	13 600 000	-	13 600 000	2 219 725	(11 380 275)
Long-term employee benefit obligations	5 529 000	-	5 529 000	-	(5 529 000)
Total Non-current Liabilities	19 129 000	-	19 129 000	2 219 725	(16 909 275)
Current Liabilities					
Trade and other payables	19 589 000	-	19 589 000	97 756 806	78 167 806
Unspent conditional grants and receipts	440 000	-	440 000	-	(440 000)
Provisions	-	-	-	5 587 421	5 587 421



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Financial Statements for the year ended 31 March 2015

**STATEMENTS OF COMPARISON OF BUDGET AND
ACTUAL AMOUNTS**

Figures in Rands	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual
Operating lease liability	-	-	-	5 545 038	5 545 038
Employee benefit obligations	2 100 000	-	2 100 000	-	(2 100 000)
Total Current Liabilities	22 129 000	-	22 129 000	108 889 265	86 760 265
Total Liabilities	41 258 000	-	41 258 000	111 108 990	69 850 990
Total Net Assets and Liabilities	44 440 000	-	44 440 000	85 020 779	40 580 779



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

STATEMENTS OF COMPARISON OF BUDGET AND
ACTUAL AMOUNTS

Figures in Rands	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Cash Flow					
Cash generated from operations					
Sale of goods and services and other income	174 321 004	-	174 321 004	143 971 583	(30 349 421)
Interest received	170 821 000	-	170 821 000	141 848 895	(28 972 105)
Grant received	1 601 004	-	1 601 004	2 122 688	521 684
	1 899 000	-	1 899 000	-	(1 899 000)
	(166 461 000)	-	(166 461 000)	(145 514 506)	20 946 494
Employee costs	(82 992 000)	-	(82 992 000)	(81 259 448)	1 732 552
Payments to suppliers and other	(83 255 000)	-	(83 255 000)	(64 245 309)	19 009 691
Finance costs	(214 000)	-	(214 000)	(9 749)	204 251
Net cash flow from operating activities	7 860 004	-	7 860 004	(1 542 923)	(9 402 927)
Cash flows from investing activities					
Purchased property, plant and equipment	(2 250 000)	-	(2 250 000)	(1 016 818)	1 233 182
Purchased intangible assets	(750 000)	-	(750 000)	(187 940)	562 060
Net cash flows from investing activities	(3 000 000)	-	(3 000 000)	(1 204 758)	1 795 242
(Increase)/Decrease in cash and cash equivalents					
Cash and cash equivalents at beginning of the year	4 860 004	-	4 860 004	(2 747 681)	(7 607 685)
	11 105 000	-	11 105 000	34 743 627	23 638 627
Cash and cash equivalents at end of the year	15 965 004	-	15 965 004	31 995 946	16 030 942



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

ACCOUNTING POLICIES

1. Presentation of Financial Statements

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and Section 122(3) of the Private Security Industry Regulation Act (Act no. 56 of 2001).

The annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Comparative information

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassification and restatement are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods, except where indicated.

1.5 Significant judgements and estimates

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.

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.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

ACCOUNTING POLICIES

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 the entity's accounting policies the following estimates, were made:

Provisions

Provisions are measured as the present value, in the event that the time value of money is material, of the estimated future outflows required to settle the obligation based on information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Pension and other post-employment benefits

Post-employment benefits offered by the entity take the form of defined benefit plans.

The cost of defined benefit plans, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions.

The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate

discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions, which include future salary increases, mortality rates and future pension increases, for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Provision for impairment of trade and other receivables

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 for impairment is disclosed in Note 6.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. Depreciation is disclosed in Note 3 and amortisation is disclosed in Note 4.



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Financial Statements for the year ended 31 March 2015

ACCOUNTING POLICIES

1.6 Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets including assets that are or supply of goods or services, or for administrative purposes and are expected to be used during more than one year.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

Subsequent measurement

Subsequent to initial recognition, land and buildings are measured using the revaluation model. Application of the revaluation model results in carrying land and buildings at re-valued amounts. Depreciation is eliminated against the gross carrying amount of buildings and the net amount is restated to the revalued amount of the asset. Revaluation increases / decreases are recognised in the revaluation reserve within the Statement of Changes in Net Assets. The revaluation model is applied, consistently for the entire classes of land and buildings. The frequency of revaluations depends on the changes of fair values of items of land and buildings but is conducted at least every three years. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent to initial recognition, items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated asset useful lives:

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

ACCOUNTING POLICIES

Category assets	Useful life range in years
Land	Indefinite Life
Buildings	20 years
Furniture and fittings	10 - 20 years
Motor vehicles	5 - 10 years
Office equipment	5 - 15 years
Computer equipment	5 - 10 years
Leasehold improvements	5 - 10 years

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

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 or

disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.7 Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.



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Financial Statements for the year ended 31 March 2015

ACCOUNTING POLICIES

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method. The annual amortisation rates are based on the following estimated average asset lives:

Category assets	Useful life range in years
Computer Software	3

Derecognition

An intangible asset will be derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss from the derecognition of intangible asset shall be included in surplus or deficit when an asset is derecognised.

1.8 Financial instruments

Initial recognition

PSiRA recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial

instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial 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.

Financial assets

PSiRA classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. PSiRA has not classified any of its financial assets as held to maturity, fair value through profit and loss or available for sale.

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

ACCOUNTING POLICIES

PSiRA assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Offsetting

PSiRA does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. PSiRA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Investments at amortised cost

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

The accounting policy for each category is as follows:

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an impairment account.

Bad debts are written off in the year in which they are identified and approved as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

PSiRA derecognises the financial assets using trade date accounting.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Commitments

A commitment arises where an agreement has been entered into with an external party that will result a future obligation to make an outflow of resources. Such agreement is normally in the form of a purchase order or other contractual documentation.



PRIVATE SECURITY INDUSTRY REGULATORY AUTHORITY
Financial Statements for the year ended 31 March 2015

ACCOUNTING POLICIES

1.9 Leases

PSIRA as lessee

Recognition

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005, in accordance with the transitional requirements of GRAP 3.

Measurement

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

Derecognition

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

1.10 Inventories

Initial recognition and measurement

Inventories comprise stationery and consumables, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Subsequent measurement

Inventories is measured at the lower of cost or current replacement cost where they are held for distribution.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

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Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was used.

1.11 Employee benefits

Short term employee benefits

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Defined benefit plans

Pursuant to the entity's obligation to fund the post-employment benefits provided through a defined benefit plan, the entity recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the entity recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the entity recognises as defined benefit asset. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the entity nor can they be paid directly to the entity.

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration (further detail is available in Note 8 Post-employment benefits).

The plan liabilities are measured at the present value of the future benefits payable. This present value of the plan liabilities is determined through actuarial valuation techniques.

Actuarial valuations are conducted on an annual basis by independent actuaries for each plan. Actuarial gains and losses are recognised in full in the Statement of Financial Performance in the year that they occur. Employees that are on a cost to company package have an option whether to join the fund. Membership is compulsory for all the other staff.

1.12 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) PSiRA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction



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will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

1.13 Revenue from Non-exchange Transactions

Grants

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received. Grants made with conditions are recognised as and when the conditions are met.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Fines and Penalties

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

Investment income

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

Bad debts recovered

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

Other income

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

1.14 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 12 months 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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1.15 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) Public Finance Management Act (Act 1 of 1999); or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

All expenditure relating to irregular 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.

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

Recovery of irregular, fruitless & wasteful expenditure

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

1.16 Events after the reporting date

Events after the 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.

Adjusting events after the reporting date are those events that provide evidence of conditions that existed at the reporting date. The relevant amounts and other disclosures are updated due to the new information.

Non-adjusting events after the reporting date are those events that are indicative of conditions that arose after the reporting date. The nature of the event and an estimate of the financial effects are disclosed, where material.

1.17 Contingent liabilities/assets

A contingent liability is a possible obligation, 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 is not probable; or a real present obligation, that may not be recognised, either because the timing or the amount is unknown. The amounts, where known, are not recognised but disclosed unless the outflow of economic resources is remote.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events beyond the control of the entity. The amounts, where known, are not recognised but disclosed if the inflow of resources is probable.



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1.18 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 1 April 2014 to 31 March 2015.

This accounting policy applies only to the approved budget of the entity. The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

The statement of comparative and actual information has been included in the financial statements as the recommended disclosure when financial statements and the budget are on the same basis of accounting as determined by National Treasury. Comparative information is not required.

1.19 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operational decisions. Key management staff and their close family members are also regarded as related parties. Key management staff are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity.

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

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2. New Standards and interpretations

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

2.1 Standards and interpretations issued and adopted in the current financial year

Standard/ Interpretation:	Effective date:	Impact:
GRAP 5: Borrowing costs	01/04/2014 (revised 1 April 2015)	The adoption of this standard did not have an impact on the entity.
GRAP 100: Discontinuing operations	01/04/2014 (revised 1 April 2015)	The adoption of this standard did not have an impact on the entity.

2.2 Standards and interpretations issued, but not yet effective

In the current year the entity has not adopted the following standards that are not effective for the current financial year :

Standard/ Interpretation:	Effective date:	Impact:
GRAP 20: Related Party Disclosures	No effective date	The adoption of this standard will have no impact on the entity.
GRAP 32: Service Concession Arrangements: Grantor	No effective date	The adoption of this standard will have no impact on the entity.
GRAP 108: Statutory Receivables	No effective date	This standard will have an impact on the entity, as the entity acquires its receivables in accordance with the legislation.
IGRAP 17: Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	No effective date	The adoption of this standard will have no impact on the entity.

2.3 Standards and interpretations improved and early adopted in the current financial year

Standard/ Interpretation:	Effective date:	Impact:
GRAP 1: Presentation of Financial Statements	01 April 2015	All comparative information has been disclosed as required by the standard
GRAP 2: Cash Flow Statements	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 4: The Effects of changes in Foreign Exchange Rates	01 April 2015	The adoption of this standard did not have an impact on the entity.



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Standard/ Interpretation:	Effective date:	Impact:
GRAP 6: Consolidated and Separate Financial Statements	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 7: Investments in Associates	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 8: Interest in Joint Ventures	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 9: Revenue from Exchange Transactions	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 10: Financial Reporting in Hyperinflationary Economies	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 11: Construction Contracts	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 12: Inventories	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 13: Leases	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 14: Events after the reporting date	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 16: Investment Property	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 17: Property Plant and Equipment	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 18: Segment Reporting	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 19: Provisions, Contingent Liabilities and Contingent Assets	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 21: Impairment of Non-cash- generating Assets	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 23: Revenue from Non- exchange Transactions	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 24: Presentation of Budget Information in Financial Statements	01 April 2015	The entity complies with the standard requirements. Refer to note 29
GRAP 25: Employee benefits	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 26: Impairment of Cash- generating assets	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 27: Agriculture	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 31: Intangible Assets	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 103: Heritage Assets	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 104: Financial Instruments	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 105: Transfer of Functions Between Entities Under Common Control	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	01 April 2015	The adoption of this standard did not have an impact on the entity.
GRAP 107: Mergers	01 April 2015	The adoption of this standard did not have an impact on the entity.

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Figures in Rands

3. Property, plant and equipment

	Cost/ Valuation	Accumulated depreciation	2015 Carrying value	Cost	Accumulated depreciation	2014 Carrying value
Owned assets						
Land	8 800 000	-	8 800 000	2 623 000	-	2 623 000
Buildings	4 600 000	-	4 600 000	5 591 393	(3 294 039)	2 297 354
Motor vehicles	-	-	-	120 783	(115 247)	5 536
Office furniture	5 553 518	(3 381 059)	2 172 459	5 519 890	(2 733 350)	2 786 540
Office equipment	4 129 593	(2 301 623)	1 827 970	3 565 398	(1 937 792)	1 627 606
Computer equipment	5 404 036	(3 672 733)	1 731 303	2 618 620	(573 343)	2 045 277
Leasehold improvements	1 754 377	(1 086 934)	667 443	1 754 377	(749 552)	1 004 825
	30 241 524	(10 442 349)	19 799 175	21 793 461	(9 403 323)	12 390 138

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Revaluation surplus	Additions	Disposals	Depreciation	2015 Carrying value at end of year
Owned assets						
Land	2 623 000	6 177 000	-	-	-	8 800 000
Buildings	2 297 354	2 561 966	-	-	(259 320)	4 600 000
Motor vehicles	5 536	-	-	(2 768)	(2 768)	-
Office furniture	2 786 540	-	33 633	-	(647 714)	2 172 459
Office equipment	1 627 606	-	565 695	(963)	(364 368)	1 827 970
Computer equipment	2 045 277	-	417 490	(10 610)	(720 854)	1 731 303
Leasehold improvements	1 004 825	-	-	-	(337 382)	667 443
	12 390 138	8 738 966	1 016 818	(14 341)	(2 332 406)	19 799 175



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	Carrying value at beginning of year	Revaluation surplus	Addition	Disposals	Depreciation	2014 Carrying value at end of year
Owned assets						
Land	2 623 000	-	-	-	-	2 623 000
Buildings	2 556 674	-	-	-	(259 320)	2 297 354
Motor vehicles	8 304	-	-	-	(2 768)	5 536
Office furniture	3 353 197	-	14 858	(10)	(581 505)	2 786 540
Office equipment	1 745 253	-	86 574	(2 152)	(202 069)	1 627 606
Computer equipment	2 266 079	-	372 069	(17 362)	(575 509)	2 045 277
Leasehold improvements	1 342 207	-	-	-	(337 382)	1 004 825
	13 894 714	-	473 501	(19 524)	(1 958 553)	12 390 138

The asset classes of land and buildings are carried at revalued amounts. This is a change in accounting policy from that applied in the prior year. Land and buildings were revalued on 31 March 2015. The Land and Buildings were revalued by independent valuers. The fair values were determined by using either the comparative sales or the income capitalisation methods. Accumulated depreciation for the revalued buildings has been eliminated against the gross carrying value of buildings.

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

	2015	Restated 2014
Proceeds from insurance claim	49 780	2 500

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4. Intangible assets

	Cost	Accumulated amortisation/ impairment	2015 Carrying value	Cost	Accumulated amortisation/ impairment	2014 Carrying value
Computer software	5 986 535	(5 763 942)	222 593	5 798 595	(5 497 960)	300 635
	5 986 535	(5 763 942)	222 593	5 798 595	(5 497 960)	300 635

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Amortisation / Impairments	Transfers	2015 Carrying value at end of year
Computer software	300 635	187 940	(265 982)	-	222 593
	300 635	187 940	(265 982)	-	222 593

	Carrying value at beginning of year	Additions	Amortisation / Impairments	Transfers	2014 Carrying value at end of year
Computer software	1 053 968	-	(753 333)	-	300 635
	1 053 968	-	(753 333)	-	300 635

	2015	Restated 2014
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5. Inventories

Inventories comprise:

Stationery and consumables	175 281	625 000
	175 281	625 000



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	2015	Restated 2014
6. Trade and other receivables		
Trade debtors	38 824 642	29 913 798
Provision for impairment	(8 957 998)	(3 911 510)
Deposits	551 296	554 860
Other trade receivables	367 235	202 495
Prepaid expenses	2 042 609	215 921
	32 827 784	26 975 564
Trade and other receivables		
Trade and other receivables from exchange transactions	35 433 313	25 149 398
Trade and other receivables from non-exchange transactions	3 391 329	4 764 400
	38 824 642	29 913 798
Ageing of trade receivables		
Current (0 – 30 days)	1 288 299	1 093 050
31 - 60 Days	1 079 027	759 212
61 - 90 Days	745 308	1 805 204
91 - over	35 712 008	26 256 332
	38 824 642	29 913 798
Reconciliation of provision for impairment of trade and other receivables		
Balance at beginning of the year	3 911 510	12 515 343
Current year provision	5 046 488	15 951 572
Amounts written off as uncollectable	-	(24 555 405)
Balance at end of year	8 957 998	3 911 510
All trade debtors have been impaired when no payments have been received from the debtor within the last 24 months (2014: 24 months)		
7. Cash and cash equivalents		
Favourable cash balances		
Cash on hand	520 859	405 143
Short-term deposits	29 266 972	30 258 281
Deposits and current accounts	2 208 115	4 080 203
	31 995 946	34 743 627

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8. Employee benefit obligations

The defined benefit plan, to which 217 (2014: 207) employees belong, is the Private Security Regulatory Authority Pension Fund "the fund".

The IAS 19 report was prepared by an independent actuarial valuator at the 31 March 2015. The statutory actuarial valuation is done triennially. The last statutory valuation was done 31 March 2013. The actuarial valuation revealed that the fund was in a financially sound position.

The plan is a final salary pension / flat plan or a post employment retirement benefit plan.

The book value of the capital account of the Stable Bonus Portfolio is guaranteed. The capital bonuses are not guaranteed, but depend on the underlying value of the total portfolio. Should the fund, however, terminate its investments in this portfolio, the lower of the book value and market value will be payable. The book value was taken into account in the IAS 19 valuations since this was lower than the market value on the valuation date. This approach is consistent with the best estimate valuation basis used to place a value on the liabilities of the fund.

The assets of the fund are invested in Sanlam stable bonus potfolio. On 1 April 2015 contributions to the fund ceased when all members started contributing to the Alexander Forbes access retirement fund. The fund will be converted from defined benefit to a defined contribution fund with effect from 1 April 2015.

The amounts recognised in the statement of financial position are as follows:

	2015	Restated 2014
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	-	1 218 000
Other	-	(3 056 000)
	<u>-</u>	<u>(1 838 000)</u>
Non-current liabilities	-	(1 691 000)
Current liabilities	-	(147 000)
	<u>-</u>	<u>(1 838 000)</u>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	62 459 000	56 830 000
Benefits paid	(4 252 000)	(4 863 000)
Actuarial deficit	2 180 000	5 851 000
Enhancement on conversion	5 542 000	(7 154 000)
Change in valuation basis	(6 948 000)	-
Current service cost	6 825 000	6 845 000
Interest	5 659 000	4 950 000
	<u>71 465 000</u>	<u>62 459 000</u>



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The authority agreed that any residual surplus may be utilised in the conversion process. This surplus is an enhancement on conversion.

	2015	Restated 2014
Changes in the fair value of plan assets are as follows:		
Opening balance	60 621 000	42 741 000
Expected return	7 634 000	8 224 000
Contributions by employer and employees	10 252 000	8 875 000
Additional contribution to fund	-	1 332 000
Exchange differences	-	1 479 000
Benefits paid	(4 252 000)	(4 863 000)
Insured pensions	(93 000)	4 985 000
Expense	(2 697 000)	(2 152 000)
	<u>71 465 000</u>	<u>60 621 000</u>

Key assumptions used

Assumptions used at the reporting date:

Actual return on plan assets	14.50%	69.00%
Expected rate of return on assets	9.00%	8.50%
Expected increase in salaries	8.00%	7.50%
Expected pension increases	3.30%	3.50%

Summary of results:

	2015	2014	2013	2012	2011
Present value of obligation	71 465 000	62 459 000	56 830 000	37 737 000	29 950 000
Present value of asset	71 465 000	60 621 000	42 741 000	30 558 000	34 375 000
Excess/(shortfall)	-	(1 838 000)	(14 089 000)	(7 179 000)	5 575 000
Experience adjustments on liabilities	2 180 000	5 851 000	2 811 000	2 408 000	6 540 000

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	2015	Restated 2014
9. Obligations under operating leases		
Non- current liabilities	2 219 725	8 136 387
Current liabilities	5 545 038	4 096 995
	7 764 763	12 233 382

Lease payments (Non-cancellable leases - Buildings)

The entity has regional offices in Johannesburg, Durban, Port Elizabeth and Mthatha, and its head office in Centurion, where it leases premises for the purpose of providing services to the security industry.

Johannesburg : 130 Marshall Street

5 year contract expired 30 November 2014 - escalation of 9% per annum and it was extended.

Kwa- Zulu Natal: 26 Mathews Road,Greyville

5 year contract expiring 31 May 2017 - escalation of 7% per annum.

Pretoria Corporate Office: Eco Glades 2 Office Park, Centurion

5 year contract expiring 31 July 2016 - escalation of 10% per annum.

The timing of lease payments have been deferred over the term of the lease. The deferred payment arrangement is based on the percentage of total lease payments under the agreement. The amounts payable for the initial two years is fixed at 7%, increasing to 26%, 29% and 31% in the outer years.

Lease payments: Operating costs buildings

Pretoria Corporate Offices: Eco Glades 2 Office Park, Centurion

5 year contract expiring 31 July 2016 - escalation of 10% per annum.

	2015	Restated 2014
Summary for all the operating lease obligations		
Not later than one year	5 545 038	4 096 995
One to five years	2 219 725	8 136 387
	7 764 763	12 233 382
Total operating lease obligation		
Lease payments: buildings	7 334 315	11 683 993
Lease payments: operating costs of buildings	430 448	549 389
	7 764 763	12 233 382



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	2015	Restated 2014
10. Trade and other payables		
Current trade and other payables		
Overpayments on annual fees by debtors (see note 24)	80 363 013	59 624 013
Trade payables and accruals	2 553 586	1 440 111
Credit balances in debtors	10 550 677	7 632 416
Accruals for salary related expenses	2 825 965	6 096 092
Accrued 13th cheque	1 014 412	948 092
Unknown deposits	449 153	1 358 982
	<u>97 756 806</u>	<u>77 099 706</u>

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

The leave pay accrual is part of salary accruals and the comparative figure for 2014 has been reclassified from provisions (see note 12) to accruals.

11. Unspent conditional grants and receipts

Grants are received for specific research projects and do not relate to funding for operational requirements.

Unspent conditional grants and receipts comprises of:

Research grant	-	777 778
Total Unspent conditional grants and receipts	<u>-</u>	<u>777 778</u>

Movement during the year

Balance at the beginning of the year	777 778	440 315
Additions during the year	-	2 482 374
Income recognition during the year	(777 778)	(2 144 911)
Total Unspent conditional grants and receipts	<u>-</u>	<u>777 778</u>

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12. Provisions

	2015	Restated 2014
Performance bonus	5 587 421	1 185 770
Total Provisions	5 587 421	1 185 770

The leave pay accrual is now disclosed under trade and other payables (see note 10).

Reconciliation of provisions - 2015

	Opening balance	Additions	Utilised during year	Carrying value at the end of year
Performance bonus				
Performance bonus 2015	-	3 819 840	-	3 819 840
Performance bonus 2014	1 185 770	581 811	-	1 767 581
Total Provisions	1 185 770	4 401 651	-	5 587 421

Reconciliation of provisions - 2014

	Opening balance	Additions	Utilised during year	Carrying value at the end of year
Performance bonus 2014	-	1 185 770	-	1 185 770
Total Provisions	-	1 185 770	-	1 185 770

	2015	Restated 2014
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13. Revenue

Sale of goods	2 494 971	2 560 636
Rendering of services	549 834	373 960
Annual fees	68 713 861	71 975 117
Infrastructure re-assessment	27 250	10 000
Course Reports	23 979 200	19 201 770
Registration fees	26 152 187	23 976 305
Fines and penalties	4 393 382	6 552 450
Grant received	777 778	2 144 911
Total Revenue	127 088 463	126 795 149

Revenue from exchange transactions

Sale of goods	2 494 971	2 560 636
Rendering of services	549 834	373 960
Annual fees	68 713 861	71 975 117
Infrastructure re-assessment	27 250	10 000
Course Reports	23 979 200	19 201 770
Registration fees	26 152 187	23 976 305
Total Revenue from exchange transactions	121 917 303	118 097 788



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	2015	Restated 2014
Revenue from non-exchange transactions		
Grant received	777 778	2 144 911
Fines and penalties	4 393 382	6 552 450
Total Revenue from non- exchange transactions	5 171 160	8 697 361
14. Other Income (Non-Exchange Revenue)		
Bad debts recovered	1 886 753	369 957
Sundry income	899 959	2 035 307
Total Other Income	2 786 712	2 405 264
15. Finance Income (Non-Exchange Revenue)		
Interest received (Call account)	2 122 688	1 449 942
Total Finance Income	2 122 688	1 449 942
Included in the amount above is the interest received from grant received amount of R16 854 (2014: R5 965).		
16. Auditors' remuneration		
Fees		
Internal Audit Fees	883 848	177 388
External Audit Fees	2 295 333	1 406 199
Total Auditors' remuneration	3 179 181	1 583 587
17. Finance costs		
Interest paid	9 749	27 819
Total Finance costs	9 749	27 819

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	Note	2015	Restated 2014
18. Other operating expenses			
Advertising		1 489 939	459 500
Auditors remuneration	16	3 179 181	1 583 587
Bank charges		720 912	738 064
Cleaning		669 294	610 110
Consulting and professional fees		3 548 539	3 032 673
Consumables		17 120	318 126
Finger Print costs		5 566 396	5 700 865
Functions and workshops		699 663	704 592
Insurance		480 008	1 142 337
Lease rentals on operating lease		655 484	731 717
Legal Fees		1 047 897	690 135
Postage and courier		979 116	1 041 528
Printing and stationery		2 456 892	1 579 058
Property rental		12 998 690	13 100 687
Repairs and maintenance		2 552 201	2 507 123
Royalties and license fees		1 167	436
SARS penalties		90 236	-
Security		4 338 735	4 158 494
Software expenses		1 583 718	467 678
Subscriptions and membership fees		64 650	44 899
Sundry expenses		478 989	763 218
Telephone and fax		5 980 819	5 513 123
Training		677 625	665 014
Travel - local		3 548 978	3 788 459
Uniforms		13 111	2 172
Water , electricity and levies		3 393 947	3 759 418
Total other operating expenses		57 233 307	53 103 013



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	2015	Restated 2014
19. Employee costs		
Basic salaries	57 855 720	53 924 735
Performance bonus provision movement	4 401 651	1 185 770
Medical aid - entity contributions	5 131 998	4 826 108
Unemployment Insurance Fund (UIF)	376 047	358 305
Skills Development Levy (SDL)	667 903	619 465
Pension contributions	6 567 997	6 113 046
13th cheques	3 844 688	3 592 989
Travel and other allowances	5 721 972	5 437 234
Actuarial gains recognised	(950 000)	(11 066 000)
Workmen's compensation	205 123	339 199
Total Employee costs	83 823 099	65 330 851
20. Net cash flows from operating activities		
Net deficit	(16 727 505)	(6 494 310)
Adjustment for:		
Depreciation and amortisation	2 598 384	2 711 886
Debt impairment	5 046 488	15 951 572
Loss on disposal of property, plant and equipment	14 341	19 524
Movements in operating lease assets and accruals	(4 468 619)	208 929
Movements in retirement benefit assets and liabilities	(1 838 000)	(12 251 000)
Movements in provisions	4 401 651	1 036 449
Movements in working capital		
Inventories	449 719	(625 000)
Unspent conditional grants and receipts	(777 778)	337 463
Trade and other payables	(2 993 104)	(4 550 841)
Trade and other receivables	12 751 500	16 079 397
Total Net cash flows from operating activities	(1 542 923)	12 424 069

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	2015	Restated 2014
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21. Events after the reporting date

The accounting authority approved the payment of performance bonuses for the 2014 financial year as disclosed in Note 12 for payment on 17 July 2015.

Professor N Mazibuko was appointed chairperson of the accounting authority on 16 April 2015.

22. Irregular expenditure

Opening balance	16 114 589	11 300 540
Irregular expenditure - current year	1 277 035	8 888 151
Less: Errors on the compilation of 2014 amount	-	(2 511 925)
Less: Items identified as not being deviations	-	(1 562 177)
Total irregular expenditure awaiting condonation	17 391 624	16 114 589

Analysis of irregular expenditure awaiting condonation per age classification:

2014/15	1 277 035	-
2013/14	4 814 049	4 814 049
2012/13	7 739 272	7 739 272
2011/12	3 561 268	3 561 268
Total irregular expenditure awaiting condonation	17 391 624	16 114 589

Details of irregular expenditure - current year

Amount was incurred due to non adherence to prescripts and applicable legislation, as follows:	Type of expenditure	2015	2014
Single supplier	Irregular	108 052	56 009
Less than three quotes	Irregular	67 993	364 434
Deviation from supply chain procedures and prescripts	Irregular	853 370	3 880 156
Non- compliance to the prescripts or legislations	Irregular	247 620	513 450
Total current year irregular expenditure		1 277 035	4 814 049

Disciplinary steps taken/ criminal proceedings

No losses were identified and no disciplinary steps have been taken against officials at the date of approval of the financial statements.

17 391 624

16 114 589



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	2015	Restated 2014
23. Fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure - current year	109 869	27 630
Fruitless and wasteful expenditure - written off	(109 869)	(27 630)
Total closing balance at year end	-	-
Details of fruitless and wasteful expenditure - current year		
SARS penalties	90 236	-
VAT paid to non registered vendor	5 476	-
Leave pay over paid on termination	4 408	-
SARS interest	2 470	-
Interest on creditors accounts	7 279	27 630
Total fruitless and wasteful expenditure	109 869	27 630

During the current year fruitless and wasteful expenditure of R109 869 (2014: 27 630) was incurred as a result of late payments made to creditors, VAT paid to non registered vendor, SARS penalties and interest and overpayment of leavepay on termination.

The VAT overpaid is being recovered from the vendor. The SARS interest and penalties are being disputed. Procedures have been implemented to track invoices to ensure payments are made on time. Procedures have been implemented to ensure that leave pay is accurately calculated.

24. Prior period errors

a. Nature of error : Material misstatement

On the 15 August 2014 the Supreme Court of Appeal ruled against PSiRA and held that the amendment to the fees promulgated in the revised 2011 Annual Fees Regulations be set aside. PSiRA petitioned the Constitutional Court for leave to appeal. The Constitutional Court ruled on the 19 November 2014 that the case had no prospects of success and refused leave to appeal.

Credit notes were passed against the overbilling of annual fees from the inception of the revised 2011 Annual Fees Regulations which were implemented from 1 January 2012. Credit notes were passed amounting to R1 250 per annum per security service provider and R6.30 per security officer per month employed by a security service providers covering the period 1 January 2012 to 30 November 2014.

Financial year ending	Net credit notes*	Decrease in the accumulated surplus	Overpayments by debtors on annual fees**	Net effect on debtors***
31 March 2013 and prior	44 482 672	(44 482 672)	31 971 368	(12 511 304)
31 March 2014	39 602 651	(39 602 651)	27 652 645	(11 950 006)
31 March 2015	31 520 180	(31 520 180)	20 739 000	(10 781 180)
Total	115 605 503	(115 605 503)	80 363 013	(35 242 490)

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Note

* Reduces revenue from annual fees and reduces trade debtors.

** The amounts are reflected under trade and other payables (see note 10). These amounts will be refunded based on a set of criteria.

*** Trade debtors are reduced by the credit notes passed and increased by the over payments which are shown as trade creditors.

b. Nature of error: Material misstatement

On restating the debtors age analysis for the impact of passing the credit notes additional trade debtors had credit balances.

Financial year ending	Increase in accumulated surplus	Increase in debtors	Increase in credit balances in debtors
31 March 2014	-	2 217 637	2 217 637

c. Nature of error : Incorrect calculation

The provision for impairment of trade and receivables was incorrectly computed in 2014. The disclosed method of computing the impairment was disclosed as all amounts which were 36 months past due are not considered to be impaired. This specifically excluded all amounts to which the overbilling related.

The impairment charge for 2014 has been restated on the same basis as 2015, all trade debtors have been impaired where no payments have been received from the debtor within the last 24 months.

Financial year ending	Increase in accumulated surplus	Decrease in provision for impairment	Increase in trade receivables
31 March 2014	6 395 445	(6 395 445)	6 395 445

d. Nature of error : Material mistatement

The credit balance in debtors for 2014 was overstated by the amount of unknown deposits amounting to R769 649.



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Financial year ending	Effect on accumulated surplus	Increase in unknown deposits	Decrease in credit balances in debtors
31 March 2014	-	769 649	(769 649)

e. Nature of error : Material misstatement

Trade debtors were written off as unrecoverable in 2014 even though the trade debtors were active trade debtors to the amount of R5 160 786.

Financial year ending	Effect on accumulated surplus	Increase in trade debtors
31 March 2014	5 160 786	5 160 786

Total overall impact of prior period errors

Financial year ending	Note	Decrease on accumulated surplus	Increase/ (Decrease) in trade debtors	Increase in creditors
31 March 2013 and prior	a	(44 482 672)	(12 511 304)	31 971 368
31 March 2014	a	(39 602 651)	(11 950 006)	27 652 645
	b	-	2 217 637	2 217 637
	c	6 395 445	6 395 445	-
	d	-	-	-
	e	5 160 786	5 160 786	-
Total 31 March 2014		(28 046 420)	1 823 862	29 870 282
Total overall impact		(72 529 092)	(10 687 442)	61 841 650

25. Contingent liabilities/ assets

Litigation

PSiRA is a defendant in a number of legal actions. The cases are yet to be brought before the Courts. It is not possible at this stage of proceedings to determine the losses that PSiRA would suffer in the event that the Courts found against PSiRA.

Arcadia building

The valuator's report for the valuation of land and buildings at 31 March 2015 disclosed that the demolition costs for the Arcadia office building, which has been declared unoccupiable, would amount to R1 500 000. The property was valued as the expected sale value of the property voetstoots, see Note 3. PSiRA will only incur the demolition costs in event that the property is developed by PSiRA and in which event, the land value will increase by a commensurate amount.

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26. Risk management

Liquidity risks

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

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

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 year and 2 years	Between 2 and 5 years	Total
Contractual undiscounted cash flows				
Operating lease obligations	5 545 038	2 219 725	-	7 764 763
Trade and other payables	97 756 806	-	-	97 756 806
Total contractual undiscounted cash flows	103 301 844	2 219 725	-	105 521 569

Interest Rate Risk

Interest rate risk relates to fluctuation of the fair value or future cashflows of financial instruments, as a result of changes in market conditions. The entity 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 the entity's surplus funds 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 receivables. 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 security service provider applicants on an ongoing basis. If there is no independent rating, risk control assesses the credit quality of the security service provider applicant taking into account its financial position, business plans, past experience and other factors. In addition, security service providers are required to lodge surety with respect to annual fees. This is a requirement for all applications for registration to be a security service provider.

The carrying value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was as follows:

	2015	Restated 2014
Financial instruments		
Trade and other receivables	32 827 784	26 975 564
Cash and cash equivalents	31 995 946	34 743 627
Total financial instruments	64 823 730	61 719 191





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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the 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. In assessing the going concern, the accounting authority considers financial position, legal and statutory factors and potential sources of funding.

Financial consideration

At reporting date, the entity had net liabilities of R26 088 211. The entity has posted a net deficit of R16 727 505 for the current financial year, this was due to passing credit notes against overbillings see note 24.

Revenue was negatively impacted by credit notes passed for overbilling of annual fees.

Legal and statutory consideration

The Private Security Industry Regulatory Authority was established in terms of Section Two of the Private Security Industry Regulation Act (Act No.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. PSiRA retains the right to levy fees from the industry 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 liability position.

PSiRA increased annual fees paid by security service providers from R3 000 per annum to R7 650 per annum for small businesses and the monthly fees paid by security service providers for the security officers employed from 70 cents per security officer to R1.98 with effect from 1 April 2015. These fees had previously not been increased for the past 13 years. Administration fees were also increased by an average of 6%. Budgeted revenue is expected to rise to R199 million in the 2016 financial year as a result. Cost containment in all areas for the next three years will allow PSiRA to attain both solvency and liquidity within the next three years. The refunds to security service providers arising from paying the overbilled amounts as disclosed in Note 10 has been ring fenced from the debtors accounts and will be refunded based on meeting certain criteria and repaid as and when funds are available.

The accounting authority is of the opinion that the entity will continue to operate in the foreseeable future.

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	2015	Restated 2014
28. Commitments		
Capital expenditure: Approved and contracted		
Property, plant and equipment	212 438	32 484
Total capital commitments	212 438	32 484
Operational expenditure: Approved and contracted		
Consulting	-	121 728
Advertising	-	508 862
Computer equipment	-	77 119
Printing and stationery	7 860	138 725
Repairs and maintenance	-	5 214
Training	77 132	6 028
Other	-	429 567
Total operational commitments	84 992	1 287 243
Total commitments	297 430	1 319 727

29. Related Party Transactions

PSiRA is a section 3A Public Entity listed on the PFMA. In terms to the PFMA, PSiRA is mandated to report to the Minister of Police as its Executive Authority. No transactions took place between PSiRA and the Department of Police during the period under review.

Board and Executive Members Emoluments

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

Council Members - 2015

	Remuneration	Car allowance	Leave pay	Reimbursive and other allowances	Total
Mr TO Bopela (Chairperson) *	1 129 319	180 000	239 855	18 000	1 567 174
Mr DCM Rathebe (Dep. Chairperson)^	-	-	-	-	-
Mr B Ntuli**	63 960	-	-	6 636	70 596
Ms N Mthembu**	75 552	-	-	4 418	79 970
Major General CL Philison**^	-	-	-	2 466	2 466
Total Council remuneration and allowances	1 268 831	180 000	239 855	31 520	1 720 206



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Council Members - 2014

	Remuneration	Car allowance	Leave pay	Reimbursive and other allowances	Total
Mr TO Bopela (Chairperson) *	1 487 352	120 000	-	24 000	1 631 352
Mr DCM Rathebe (Dep. Chairperson)^	-	-	-	-	-
Mr B Ntuli**	53 480	-	-	7 139	60 619
Ms N Mthembu**	16 044	-	-	780	16 824
Major General CL Philison**^	-	-	-	-	-
Total Council remuneration and allowances	1 556 876	120 000	-	31 919	1 708 795

* Term ended in December 2014

** Appointed in September 2013

^ Not remunerated government employee

Audit Committee - 2015

	Meetings attended	Remuneration	Special assignments and other meetings	Reimbursive and other allowances	Total
Mr AN Mhlongo (Chairperson)**	Seven	144 648	-	4 620	149 268
Ms J Meissner (Chairperson)*	Two	43 265	53 328	-	96 593
Ms N Tshobeni***	Five	45 536	-	1 214	46 750
Mr C Motau***	Four	15 344	19 352	-	34 696
Mr B Mkhize***	Four	20 352	-	666	21 018
Mr T Mvelase***	Four	20 352	-	-	20 352
Total Audit Committee remuneration and allowances		289 497	72 680	6 500	368 677

Audit Committee - 2014

	Meetings attended	Remuneration	Special assignments and other meetings	Reimbursive and other allowances	Total
Ms J Meissner (Chairperson)*	Five	106 430	117 056	-	223 486
Mr AN Mhlongo**	Five	110 772	143 009	6 500	260 281
Total Audit Committee remuneration and allowances		217 202	260 065	6 500	483 767

* Resigned in May 2014

** Appointed as Chairperson in August 2014

*** Appointed in June 2014

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Key Management Personnel - 2015

	Office held	Remuneration	Car, other allowances and benefits	Reimbursive allowances	Total
Mr SM Chauke	Director	1 304 490	290 951	15 601	1 611 042
Ms MP Mofikoe	Deputy Director: Comm, Train & Reg	1 201 714	18 000	-	1 219 714
Mr PP Mthethwa	Deputy Director: Law Enforcement	1 068 859	174 540	16 715	1 260 114
Mr R Kevan****	Deputy Director: Fin & Admin	474 200	6 750	-	480 950
Mrs PB Mngomezulu**	Deputy Director: Fin & Admin	519 094	400 734	813	920 641
Mrs Z Mthembu***	Corporate Secretary	599 650	242 370	1 760	843 780
Total Key Personnel remuneration and allowances		5 168 007	1 133 345	34 889	6 336 241

Key Management Personnel - 2014

	Office held	Remuneration	Car, other allowances and benefits	Reimbursive allowances	Total
Mr SM Chauke	Director	1 150 733	314 184	14 120	1 479 037
Ms MP Mofikoe	Deputy Director: Comm, Train & Reg	940 183	16 500	-	956 683
Mr PP Mthethwa	Deputy Director: Law Enforcement	926 857	139 700	5 648	1 072 205
Mr PM Mongwenyana*	Deputy Director: Fin & Admin	880 180	184 500	-	1 064 680
Mrs PB Mngomezulu**	Deputy Director: Fin & Admin	46 147	-	-	46 147
Mrs Z Mthembu***	Corporate Secretary	358 282	178 673	-	536 955
Total Key Personnel remuneration and allowances		4 302 382	833 557	19 768	5 155 707

* Resigned in February 2014

** Appointed in March 2014 and resigned in October 2014

*** Appointed in August 2013

**** Appointed in November 2014



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30. Actual operating expenditure versus budgeted operating expenditure

Material differences between budget and actual amounts

Statement of financial performance

The revenue from annual fees was R28 million below budget as a result of the budget being based on the fees which were successfully challenged by Security Industry Alliance (SIA) (see note 24).

The revenue for course reports was R17 million below the budget due to lower than expected new security officer's registration and the change in training from the grading system to NQF standards.

The bad debt recovered was R2 million above budget due to certain debtors written off over the past two years still being active trade debtors and reinstated.

Statement of financial position

Trade and other receivables was R24 million over budget as a result of the budget being based on the fact that significant amount of bad debts were written off in the past years and they were not active trade debtors anymore.

The revaluation reserve of R9 million was not budgeted for, however a change in accounting policy to revalue land and buildings was done during the reporting period.

The accumulated deficit was R38 million below budget as a result of processing credit notes resulting from the successful challenge of the annual fees (see note 24).

The long term operating lease liability was R11 million below budget partly because there was no budget for the short term portion of the lease liability and new leases were expected to have been negotiated for the Johannesburg, Port Elizabeth and Mthatha.

The long term employee benefit was R5 million under budget as a result of switching from defined benefit contribution fund to a defined contribution fund.

The trade and other payables was R78 million over budget as a result of the passing of credit notes to correct the overbilling which resulted in the security service providers (SSPs) who actually paid the new fees being in credit. Those credit balances on annual fees have been ring fenced and are subject to repayment based on certain criteria.

Provisions are R5 million over the budget as the performance bonuses for 2014 and 2015 remained unpaid at year end.

Statement of cash flow

Cash generated from sales of goods and services and other income was under budgeted by R29 million as a result of SSPs not paying the budgeted annual fees.

Cash used in payment of suppliers was R19 million below budget was as a result of cost containment measures.



PSiRA

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